

Barton Willmore on behalf of Metacre Ltd
Response to Council Document K13
Examination into the Telford and Wrekin Local Plan 2011-2031
Representor ID: 31

Matter 1 – Affordable Housing Supply

1. We have reviewed the Council's response [Examination Document K13] to the Inspector's request for clarification with regards to affordable housing needs which arose on Day 2 of the Examination in Public.

Defining the affordable housing need

2. In the first instance, we consider that the matter of confusion at the hearing arose through the Council's lack of clarity provided with regard to defining its 'need' for affordable housing over the Plan period.
3. It is now clear that the Council considers its net affordable housing need for the Plan period to be 5,280 new affordable dwellings; or a net need (quoted as an imbalance) of 264 homes per annum.
4. We dispute that this is a realistic position for the Council to take and note that, despite being questioned on the level of affordable housing need in the hearing session, the Council has not provided sufficient evidence to clarify how that level of need has been arrived at. The reasons for our disputing the realism of this position are set out below.
5. The Council notes that its current backlog (households in need now) of affordable housing is 3,373 homes. In addition to that need, the Council expects another 4,800 affordable homes to fall out of management over the Plan period and will be removed from the affordable housing stock. The Council shows that on the supply side, 696 affordable dwellings will arise from existing committed supply and from affordable dwellings being occupied by households in need. Overall, the 'backlog' position for the Plan period is expected to be 7,477. Whilst we are not clear on the changes shown in the 2016 SHMA and how those have been arrived at from the information presented in the 2014 SHMA, we do not consider it to be necessary to challenge the Council's figures on the backlog of affordable housing; which is significant.
6. In terms of needs arising over the Plan period, the Council has calculated that some 442 new households will fall into need every year. This gross figure is then to be added to the

overall need for the Plan period. This equates to an additional need for 8,840 dwellings arising over the Plan period. The total need, both existing and arising over the Plan period would therefore equate to 16,317 affordable dwellings.

7. Before any of the proposed delivery of new affordable housing is taken into account (through S.106 agreements or through provision from Registered Providers) the Council has calculated that there will be an annual supply of some 552 affordable dwellings arising predominately from social re-lets.
8. In the first instance, as a point of logic, this figure seems to be flawed. The Council suggest that there will be an arising annual supply of re-lets or re-sales which is higher than the newly arising need for affordable homes. In essence, and as raised at the hearing session, the Council's figures show that if no account is taken of new housing provision (and no new homes provided) that the massive affordable housing backlog which currently exists across the borough will start to resolve itself. In a 'do nothing' scenario, the Council's figures suggest that the affordable housing needs of the borough would fall from 16,317 to some 5,280 simply through what Mr Purser described as the 'churn' of affordable homes.
9. The Council have offered nothing by way of a tangible explanation as to what has changed so dramatically in the way that affordable housing is re-let or re-sold such that the system which previously generated a significant backlog of need will now start to generate an oversupply against arising need (552 annually arising supply against 442 annually arising need) before any new homes are delivered by the Plan. Indeed, evidence presented at the Examination would point towards the opposite being likely with evidence of worsening affordability being a trend across the local and national housing markets.
10. We have sought to 'dig down' into how these figures have been arrived at. The annual supply of social re-lets and intermediate re-lets and re-sales is something dealt with at Stage 3.6 and 3.7 (respectively) of Technical Appendix D of the Arc4 SHMA 2016 [Examination Document C2b(i)].
11. PPG Paragraph 2a-27 states that '*plan makers should calculate the level of likely future affordable housing supply taking into account future annual supply of social housing re-lets (net), calculated on the basis of past trends (generally the average number of re-lets over the previous three years should be taken as the predicted annual levels), and the future supply of intermediate affordable housing.*'.

12. Clearly the 'churn' of affordable housing is something that must be taken into account but it is simply not clear how this has been calculated in the SHMA or how robustly the exercise has been undertaken.
13. Paragraph D.30 of C2b(i) notes that the SHMA relies on a 'needs model' for considering the annual supply of social re-lets. How this model arrives at the predicted newly arising supply from social re-lets is unclear because the model has not been published as part of the Council's evidence base. However, there are several anomalies or potential problems that we raise in relation to what has been provided in the SHMA.
14. The SHMA notes, at paragraph D.30, that "Address-level RP CORE lettings data has been analysed for the years 2010/11 and 2012/13" but the results from year 2011/12 was excluded because "*it is suggesting only 578 lettings*"; the relevance of 578 lettings and why that year is excluded is not clear.
15. Moreover, an additional apparent difficulty with the model is that it is not clear to what extent the model accounts for the up to date circumstances in relation to affordable housing provision. The PPG states that modelling is normally undertaken from the previous 3 years of data, yet the 2016 SHMA notes that the data used for its model was 6 and 4 years old; no explanation was given to why more recent trends were not used. Moreover, that data relates to a significantly different chapter in the provision of affordable housing which has changed significantly with regard to HCA funding changes away from social rented affordable housing. Again, it is not clear to what extent the needs model has adjusted for those changes.
16. Paragraph D.30 goes on to state that the annual supply figures derived from CORE lettings data and used in modelling excludes those moving into accommodation from outside Telford and Wrekin and households moving within the Social Rented stock. The data includes households who moved from within Telford and Wrekin into social renting from another tenure; newly-forming households originating in Telford and Wrekin and moving in social renting; and households moving from specialist/supporting housing from within Telford and Wrekin into Affordable housing.
17. Whilst we cannot assess the model, the 'CORE data' shows that social re-lets and intermediate re-lets or re-sales totalled 552 per annum, but it is not clear where those re-lets and re-sales have come from; i.e. where the previous residents of the affordable stock moved to. If moves within the affordable housing stock are not included it must be assumed that the model either assumes that residents all moved out of the borough or they fell out of affordable housing need and moved to an open market house. As above, it

seems a highly unlikely scenario that the net homes being 'freed up' is higher than the newly arising need in the borough which has a worsening affordability and overall net in-migration.

18. A plausible answer for the above would be that residents are moving out of affordable housing into new affordable housing which has been provided in the borough in 2010/11 and 2012/13; the Council's 2016 AMR [Examination Document G1] demonstrates that 202 and 211 affordable homes were delivered in those years respectively. However, at this stage, it is impossible to tell to what extent the delivery of new affordable housing in the borough has effected the 'churn' of affordable housing in those years; or the extent to which that has been taken into account by the Council's model.
19. If the model does not adequately take account of the effect of new affordable housing on the 'churn' of affordable re-lets and re-sales then we consider that the Council's affordable housing supply calculations would not be robust. In essence, the Council would be double counting affordable housing by relying on new housing to fuel the 'churn' of re-lets and then, as per K13, counting the supply of new affordable housing as new supply after the 'churn' has been discounted from the identified need.
20. At paragraph 3 of K13, the Council sets out that it envisages the total supply of affordable housing from S.106 agreements and directly from RPs will be 3,334 over the Plan period (167 dpa). The proposed supply of housing is not considered to be significantly above the levels of affordable housing delivered in 2010/11 or 2012/13 to the extent that a 'change in the wind' is apparent which will begin to reverse the backlog of affordable housing provision against need.
21. In short, we consider that the needs model relied on by the Council to justify the amount of affordable housing supply likely to arise from re-lets and re-sales has produced what appear to be highly questionable and unrealistic results. Unfortunately, the Council has not provided respondents with the evidence required to analyse those results and, despite being questioned at the Examination, has not taken the opportunity to provide any further clarity with regards to that matter.

Analysing the supply

22. In the first instance, we consider that the evidence presented for the need for and supply of affordable housing is mismatched. Notwithstanding our various objections to the Council's needs calculations above, if the Council's evidence was taken as fact, its 'current need' is 3,373 homes; the SHMA notes that need has been calculated using 2015 Housing

Register (RP Core Lettings and Sales data) through the years from 2010 - 2015. However, the base year for the SHMA and the Plan period is 2011 and completions of affordable housing since the start of the Plan period have been included in the Council's supply. When read together, Table 1 and 2 of K13 demonstrate that some 1,232 of the Council's 3,334 identified supply was already delivered between 2011 and 2015 when the need for additional affordable housing was calculated. We consider that those dwellings which had already been delivered at the time the need for affordable housing was assessed should be discounted from the supply of affordable housing.

23. Paragraph 3 of K13 notes that its identified supply of 3,334 affordable homes includes both S.106 schemes and non-S.106 schemes by Registered Providers or RPs. However, the Council then suggests that additional supply will arise from investment via the 2016 – 21 SHOAP funding via the HCA. It is not clear the extent to which the Council considers additional housing will come forward through that program or to what extent it has consulted with RPs on their bids from that fund or current proposals within the pipeline. It is our view that, in light of the changes in many affordable providers models for housing provision, including a significant switch to the provision of open market housing as a funding stream for affordable development, it seems presumptuous to assume that a significant level of RP housing will continue to come forward from these avenues.

Implications for the Local Plan

24. Notwithstanding our concerns regarding the methodology used for calculating the affordable housing need within the evidence base it is clear that, even if the Council's evidence was taken as correct that there is still a significant need for affordable housing which the Plan does not propose to meet. The Council calculates that this need is some 1,946 dwellings which we consider to be an overoptimistic assessment.
25. Our objections to the Council's approach to affordable housing is set out in full within our representations and within our hearing statement to Matter 1. We consider that those points remain in light of the Council's revised position on affordable housing supply.
26. Paragraph 9 of K13 sets out three reasons why the Council considers its approach to meeting affordable housing to be justified; we disagree with those reasons.
27. In the first instance, the Council considers that it can meet nearly 2/3rds of the affordable housing requirement from its committed supply which is a significant contribution in its own right. As set out within our hearing statement to Matter 1, the Council has taken the position that meeting the full affordable housing needs of the borough is not the purpose

of the Local Plan. We disagree with that stance. The Framework (Paragraph 47) confirms that it is the role of the Local Plan to meet the full OAN of both market and affordable housing. We consider that the Council should be doing everything it can, within the realms of delivering sustainable development, to meet the full affordable housing needs of the borough.

28. We agree with the Council in principle that the housing requirement should be increased over and above the OAN figure to accommodate economic growth and deliver affordable housing (paragraph 5.6.9 of the HGTP). In the context of the evidence provided by the Council, we disagree that the proposed housing requirement goes far enough in terms of increasing the housing requirement to meet those needs; and is therefore not considered to be 'positively prepared'.
29. In terms of the ability of the housing requirement to overcome the acute and worsening shortfall in affordable housing, the requirement provides only for a limited level of development above already committed sites. The Council states that existing commitments will still result in a shortfall of nearly 2,000 affordable dwellings. That shortfall is very significant and needs to be given substantial weight in the planning balance for assessing the sustainability of the Plan overall.
30. The Council's second reason why it does not consider that it needs to do more is that it considers there are other sources of delivery which can be relied upon to deliver affordable housing. We consider that those sources are, as yet, unknown and their future reliability is uncertain. Nevertheless, the ability of other sources to deliver affordable housing does not detract from the benefits of meeting the remaining need through affordable housing provision through some open market provision. Indeed, as above, this is a model that RPs are pursuing ever more increasingly in the face of funding changes.
31. The Council's third reason for not going further in meeting affordable housing needs is, in summary, that to meet the needs of the borough in full would require such a large increase in the housing requirement (nearly 10,000 dwellings to meet the affordable housing requirement through S.106 provisions) that it would compromise the delivery of the Plan.
32. Clearly, the NPPF states that the starting point should be to meet the full needs of the borough but the NPPF notes, and Inspectors have agreed, that this obligation requires the Council only to go as far as it can whilst maintaining the overall sustainability of the Plan; which includes the Plan being realistic and deliverable.

33. Our argument remains that the Council can, and should, go further in aiming to meet those needs. The Council is not being presented with an 'all or nothing' scenario; there is clear evidence that further development can be delivered beyond its currently proposed housing requirement without compromising the overall sustainability of the Plan or negatively affecting the deliverability of the Plan. Indeed, the Council noted within the examination hearings that it was comfortable with its own housing requirement being exceeded.
34. The Council's Sustainability Appraisal (May 2016) notes that an option for up to 20,000 homes (Option 3) has been assessed in terms of its ability to deliver sustainable development; further to the 2014 SHMA identifying a need for housing in the region of 20,000 homes. The SA notes that that option is reasonable given the land capacity in the borough and reflects the level of development that the infrastructure of Telford was proposed to accommodate. The option for delivering 20,000 homes was considered to perform better than all other lower options in terms of the significance of the positive effects of growth; particularly in terms of meeting specific housing needs for the elderly and the vulnerable.
35. No clear justification for going for a lesser target than Option 3 assessed within the SA. Indeed, at the Examination, the Council advised that its SA concluded that the Option for 20,000 homes was the most sustainable option. Mr Oakley confirmed that this was the case but noted that the Council considered that option was not deliverable.
36. We do not consider that there is any meaningful evidence to suggest that a higher requirement of 20,000 homes could not be achieved in a sustainable manner in Telford to boost the supply of housing, in particular affordable housing. The level of delivery of homes at 1,000dpa is clearly deliverable and is being achieved in Telford currently (with the Local Plan projecting the delivery of 1,400 dwellings in 2016/17) and the Council's concerns over deliverability are unjustified. As noted at paragraph 4.19 of the SA, Telford's infrastructure was designed to cater for a larger population of over 200,000 people, with the Local Plan itself proposing a vision in which the population of Telford increases to 198,000 people. The PBA Trends Scenario envisages a population for Telford of only 183,456 in 2031 accommodated in 78,724 homes. Accordingly, the proposed housing requirement of 15,555 dwellings over the plan period would result in a population of less than 195,000 people. There is no difficulty in Telford accommodating an increased housing requirement. As highlighted by the Proposed Housing and Employment Sites (PHES) Document published in May 2014, Telford has land available to achieve such a level of growth. Indeed, the delivery of 26,500 homes were tested in the 2013 SA and noted as

giving the opportunity to invest in local communities to address service deficiencies, tackle housing need and improve existing infrastructure and the quality of Telford's centres.

37. We note the Inspector's line of questioning regarding the potential negative implications of an over delivery of homes compared to planned job growth which could lead to increased out commuting. As identified within the SA, there will inevitably be increased impacts on infrastructure and resources as with any development. As per our Hearing Statement to Matter 1, any impact on out commuting should be considered in the context that Telford already has functional travel to work links with Shropshire and the West Midlands conurbation which rely on Telford and Wrekin for their workforce. This relationship is practical and necessary for the continuing function of the employment market in the region.
38. Any concerns that the Council has in relation to the increase of out commuting are not ratified by its decision to decrease the amount of employment land to be delivered by the plan to 76ha from the 110ha previously proposed; the minimum employment the Council considers is needed to accommodate the 750dpa housing growth. Significant additional land is available for employment growth notwithstanding the Council's target.
39. In any event, it is our position that any adverse impacts of some increased out commuting should be seen in the context of the wider issues within the borough and the region. Clearly, the adverse economic and social impacts of not providing people (people most in need) with one of their fundamental human rights, of a place to live, is far more severe than the adverse impacts of increased commuting. This is particularly relevant in a wider area, including the West Midlands conurbation, which is very unlikely to be able to meet its own housing needs.
40. It is our contention that the housing requirement should be increased to boost housing supply whilst achieving sustainable development. The Council has claimed that it has increased its housing requirement to a 'growth target' which equates to approximately 778 units per annum. This actually comprises a growth target lower than the rate of delivery it is currently sustaining and has historically been able to achieve such that the housing requirement is likely to restrain growth over the plan period rather than boost it.
41. As set out in our representations to Matter 3, regardless of an increase in housing requirements, the Local Plan should be modified to allow sustainable housing development to come forward through the Plan period. In particular, housing which can be shown to deliver above expectations with regard to affordable housing delivery, should be encouraged by the Plan.