

Hearing Statement – Affordable Housing

Question 1

1. Attached as an Appendix 1 to this statement is an academic dissertation undertaken in 2013 studying the viability of affordable housing in both Fenland and Cambridge City, which clearly concludes that the typical site, at current policy levels of provision, is not viable in Fenland, and significant upward price movement is required before viability is achieved. It is submitted that this research demonstrates an accurate position on viability.
2. Fenland D C's position is that their policy permits flexibility on a site by site basis. However, as Appendix 2 (a summary of planning consents for 5 or more dwellings since January 2012) demonstrates, sites being granted consent, which in policy terms might contribute to affordable housing targets, are either wholly affordable schemes by housing associations with outside funding, or are being waved the policy following viability assessment, or if granted consent with a policy requirement are challenging that requirement under the Growth & Infrastructure Act 2013, or are not being started because of the economics of compliance with the policy requirements.
3. We have undertaken viability assessments on 12 schemes in Fenland since September 2012 in connection with applications. We have not yet found a single scheme to be viable at policy levels of affordable housing, with most not supporting any affordable housing provision.
4. With regard to Q1, clearly the policy is not, and will not, at current viability levels, clear any backlog. The Update to the Housing Evidence report with 7 affordable units in 2011-2 and 60 in 2012-13, the latter almost entirely on 100% affordable schemes, is evidence of this. The fact of having a policy which implies a significant proportion of the provision will be achieved by a proportion of market housing, also paints an unrealistic picture when it comes to seeking other funding for affordable housing. If, instead of the unrealistic stance that 25% of the majority of the 11000 proposed dwellings will be affordable, when on viability grounds on most sites this will not be the case, Fenland acknowledged, by the policy change proposed, that currently affordable housing was not achievable from market housing, it would strengthen their case with the HCA and other funding providers for wholly affordable schemes, or additional funding to contribute to market schemes to address the viability issue. Approximately 90% of potential provision at this stage is for such outside funded schemes (See Appendix 2 summary) The backlog can only be addressed in this way, and indeed will grow greater if a market proportion at unrealistic levels remains the primary intended delivery mechanism.
5. There is no magic wand to wave to generate the affordable housing provision required. The plan should acknowledge that the requirements are challenging and beyond what the market can provide at present, and that there remains a need to seek additional outside funding if the backlog is to be addressed. The information in Appendix 2 indicates that this is how the majority of affordable provision is at present being met.

Question 2

6. NPPF requires (para 153) local plans to be realistic, and (paras 173 – 4) viable and this viability should be assessed (para 174).
7. The Harman Report (Viability Testing Local Plans – June 2012) gives specific advice including

The primary role of a Local Plan viability assessment is to provide evidence to show that the requirements set out within the NPPF are met. That is, that the policy requirements for development set out within the plan do not threaten the ability of the sites and scale of that development to be developed viably. Demonstrably failing to consider this issue will place the Local Plan at risk of not being found sound.

8. If the plan is not viable it will prevent delivery and affect the provision of housing the district requires – both market and affordable. If market housing is not delivered, it increases the completion for all forms of housing and will thus increase affordable housing demand as well.
9. Fenland District Council are relying upon a viability assessment undertaken in 2009 and reporting in January 2010 (CD014 within the Library) which, whilst recommending a target of 30% with a flexible approach, actually demonstrates that this level is not currently viable, but suggests that this is as a result of, what was then perceived as, short term market difficulties. Clearly with hindsight this view was not correct. No subsequent viability assessment has been undertaken. As in 1 – 3 above the plan policy is not viable. It is for this reason that the plan is considered unsound. It is not positively prepared, in that the plan has not been objectively assessed, nor is it justified given it is not viable, nor is it effective in that it is not capable of delivering the intended strategic priorities, nor is it consistent with national policy in the form of NPPF because of the lack of viability testing
10. The Council Viability Commentary 2013 seeks to justify the current position rather than providing any updated assessment.
11. In reality since 2009, the market value levels have not significantly increased, building costs have risen, and the viability position is even worse than in 2009.
12. We have undertaken viability assessments on 12 schemes in Fenland since September 2012 (see Appendix 2 information) in connection with applications. We have not yet found a single one of those schemes to be viable at policy levels of affordable housing, with most not supporting any affordable housing provision. In many cases they are also not able to support other S106 requirements for open space, education etc. In the 8 of these cases that have to date been considered by the planning authority all 8 have had the affordable housing requirements removed or officers are recommending that this occurs when consent is eventually released. The need to assess has also delayed consent whilst the assessment has been considered, and continues to delay consent in some cases where The County Council are declining to support withdrawal of the Education contribution. Sites being granted consent, which in policy terms might contribute to affordable housing targets, are either wholly affordable schemes by housing associations with outside funding, or are being waved the policy following viability assessment, or if granted consent with a policy requirement are challenging that requirement under the Growth & Infrastructure Act 2013, or are not being started because of the economics of compliance with the policy requirements.
13. Given that the District sits alongside West Norfolk where there is a lower proportion target adopted in their Core Strategy, with provision for annual review (notwithstanding that this review has been delayed), and an allocated site at East Wisbech which abuts and is in the same ownership as a West Norfolk proposed site, it is absurd that the two parcels, likely to be developed as part of the same comprehensive cross border scheme, will have differing policy requirements. It is clear that the West Norfolk site is more likely to be deliverable at

an earlier stage if current policy is maintained. If the review within the West Norfolk Core Strategy is implemented in accordance with the adopted procedure it is submitted it is likely to reduce requirement to low single figure percentages as revised policy.

14. Whilst flexibility has meant it has been possible to achieve a relaxation of the policy on a case by case basis, we submit that a policy over-ridden on every occasion is not a sound policy, and requires amendment.
15. We suggest that the policy, whilst maintaining a long term target of 25% for larger schemes and 20% for smaller schemes, should be amended to require objective annual viability assessment, in consultation with industry stakeholders, of a current realistically achievable proportion of affordable housing, that proportion for the first year being nil%, and annually reassessed on the basis of changes in value, build cost and landowners competitive return, which will allow progress towards the target as the market (hopefully) recovers. A financial contribution in lieu should be required when affordable provision is less than 2 units so that Housing Associations can acquire in suitable groupings to permit efficient management. The flexibility to consider amendment to policy for sites with development costs making development not viable should be retained. The intent to see outside funding to contribute to the Affordable Housing shortfall in the current challenging economic conditions should also be added.

Question 3

16. In failing to meet the requirement of NPPF, and the recommendations of Harman, to have an up to date and robust assessment of the proposed policy, the Council are forcing applicants to undertake their own testing to demonstrate that the policy requirements are not viable on a case by case basis. The fact that these assessments are succeeding in having policy set aside, almost without exception, demonstrates this. It is thus submitted that the Council's position is unsound and unreasonable. It is further submitted that the applicant to then have to fund the Councils examination of that assessment, when their policy is patently incorrect, is unsound and unfair. Many Councils undertake this work internally and do not charge applicants (eg adjoining authorities with similar viability considerations, West Norfolk, South Holland) The Council do not make charges for assessment of other specialist appraisals submitted in support of planning applications ie Agricultural appraisal, Archaeology, Contamination, Biodiversity, Flood Risk, Highways. The planning application fee covers the cost of such advice as the Councils feels it requires. It is considered that the same should happen with viability assessment, and in reality the Council are seeking to levy an additional planning fee beyond the statutory framework.
17. If the Core Strategy were amended to require regular robust assessment with policy requirements varied on the basis of that assessment, leaving only sites with exceptional requirements seeking to depart from the policy, this would reduce significantly the number of appraisals the Council would have to consider and the costs they would therefore incur. The need for separate examination of each case is only as a result of an unsound policy, and applicants, who already have to bear the cost of the appraisal, should not be required to fund the Councils costs in addition.

18. As such it is considered that the current requirement for applicants to pay is unsound, because it is both not positively prepared (because of the lack of objective assessment within the plan), and not justified given the absence of the Councils own up to date viability testing. The Core Strategy should be amended by deletion of the requirement.