



## **Trafford Core Strategy Examination**

### **Main Matter 6**

**Comments in response to  
Council's proposed changes  
to Core Strategy Policy L2.**

- **CD 12.57.6**
- **CD 12.57.7**
- **CD 12.57.10**

Pioneer Property Services

On behalf of Emery  
Planning Partnership

Date:

**14<sup>th</sup> March, 2011**



## **1.0 Introduction**

1.1 In respect of the Matters Arising from Hearing Session 6 – Housing on 7<sup>th</sup> March 2011, the inspector invited the Council to suggest changes to the Core Strategy. Several of these were directly related to previous written objections to the proposed affordable housing threshold in policy L2 which were discussed further during the hearing session.

1.2 The matters which the Council were invited to consider which have direct relevance to previously submitted objections were as follows:

*9) The first sentence of paragraph 11.11 of the Core Strategy does not read well and could infer that policy L2 is not founded on robust evidence. This should be clarified by an amendment.*

*10) Should text be added to Policy L2 or its justification to clarify how viability considerations will influence affordable housing requirements on a site by site basis?*

*13) Is the reference to a 'substantial increase' in the penultimate sentence of paragraph 11.17 justified by evidence. Is it unduly optimistic?*

1.3 The Council published their proposed changes in respect of each of these matters on 9<sup>th</sup> March 2011 (CD.12.57.6, CD 12.57.7 & CD.12.57.10 respectively) although these were not distributed by the Programme Officer to parties present at the hearing until the following day.

1.4 Comment will firstly be made in respect of each of the proposed changes before drawing final conclusions in respect of the Councils overall approach to the proposed reduction of the affordable housing threshold to 5 dwellings in 'hot' and 'moderate' market locations.

## **2.0 CD.12.57.6**

2.1 Despite the changes proposed to paragraph 11.11 it is contended that the wording still implies that the policy target of 40% affordable housing was not founded on robust evidence. The rationale behind this assertion is that it was not the role of a consultant

appointed to undertake a Housing Market Assessment (HMA 2006) to make judgements relating to the potential delivery (or otherwise) of affordable housing in Trafford.

- 2.2 Their comments were not founded on any knowledge of the housing land availability situation in Trafford, a consideration of site typology, or any detailed information regarding likely site infrastructure or viability constraints. In the absence of this knowledge there is simply no way in which they could claim with certainty that a 50% target on all qualifying developments '*would never yield its face value*'.
- 2.3 Neither is it clear how a 50% target on '*all qualifying developments*' would mean that some sites would escape the target by being '*too small*'. Clearly a '*Qualifying Development*' would mean one that is above the site size threshold for requiring provision of affordable housing, and therefore sites that are '*too small*' would not constitute '*qualifying developments*' in the first place. At the date of publication of the HMA Circular 6/98 comprised the statutory guidance on the setting of affordable housing thresholds which for authorities outside London was sites in excess of 25 dwellings or 1 hectare in size. Policy H8 of the Trafford Revised Unitary Development Plan adopted the same year also used the thresholds within the Circular.
- 2.4 The consultants producing the HMA however had no information before them to conclude that a 50% target would not be achievable but that a 40% target would be. It was simply a judgement they made which was completely unsupported by any evidence particular to local circumstances. That this comment, contained within a single paragraph of the HMA (Para 21.4, chapter 21 – '*Some Policy Implications*') has come to comprise such a central component for the justification of the Council's proposed affordable housing policy is a matter of concern, and appears to have been taken forward without any objective scrutiny being applied to the opinion of a consultant who was appointed solely to assess the underlying level of housing need.

### **3.0 CD 12.57.7**

- 3.1 The proposed revisions to paragraph 11.17 only appear to provide justification to our previous objections that the Trafford Economic Viability Study (TEVS) is not robust and credible, and fails to duly take account of risks to delivery. It is difficult to appreciate how the outcomes of the TEVS can be used in the determination of individual planning applications for sites beneath the indicative minimum threshold of 15 dwellings as the

authors of the TEVS themselves cast doubt on the validity of their own findings in this respect. In paragraph 6.66 they qualify their suggestion that a threshold as low as 5 dwellings might be viable in 'hot' and 'moderate' market locations by stating:

*“However, it is noted that this analysis is based on a set of generalised assumptions within the viability model. Viability should be assessed on a site by site basis by Trafford Council, and judgements made regarding exact contributions in light of more detailed cost and value information being provided at the time of the application”.*

It is therefore apparent that there are no 'outcomes' arising from the TEVS in respect of sites beneath the national indicative minimum threshold of 15 dwellings which could usefully be applied in the determination of applications for schemes of 5 -14 dwellings. The TEVS merely indicates that an open book viability may be required in to establish whether any affordable housing contributions are in fact viable on a case by case basis, without specifying the criteria upon which such an assessment should be made.

- 3.2 What the authors of the TEVS appear to be implying, but do not elaborate on in further detail is that their methodology, whilst designed to appraise the viability of new build development on larger sites does not readily accommodate analysis of smaller sites down to the level of 5 dwellings. This may include schemes comprising the conversion, or part conversion of existing residential or commercial properties, the scope of which was completely outside the terms of reference of the TEVS.
- 3.3 That this was the case is evident from an examination of the assumptions used in TEVS. Within a 'hot' market area, a site was considered viable if it were able to generate a value (inclusive of affordable housing provision) equivalent to £3.5m per hectare (Paragraph 3.47). Despite the apparent magnitude of this sum it would appear modest in relation to the prevailing market values of existing dwellings in the area. For example a detached property occupying a plot of ¼ acre (0.10) hectares would have a deemed viability threshold of £350,000.
- 3.4 Figure 4.7 of the TEVS however confirms the assumptions used for property values in each of the housing market locations. In the 'hot' market area a value of £500,000 is suggested as a realistic sales receipt for a '4/5 bed detached' property under 'normal' market conditions. It is evident that any owner of a detached property that offered the scope

for conversion to say 5 self contained apartments (in full compliance with any other development management policies and objectives), would require at least market value for their property (most likely with an additional premium on top), before they would consider selling for development. The assumptions used in the TEVS however would indicate that they would be expected to sell for below market value.

- 3.5 Our previous representations have dealt at length with our concerns in this regard to the extent that the TEVS is not considered robust and credible in respect of its approach to smaller sites and therefore policy L2 must be considered unsound. A policy providing flexibility when certain sites exhibit characteristics or specific costs not accounted for in the TEVS is welcome, but a policy seeking to appraise every single application for a sites of between 5 - 14 dwellings is unjustified and unsound, as there is no conclusive evidence to assume that such provision is viable as a matter of course.

#### **4.0 CD.12.57.10**

- 4.1 The Councils proposed change to paragraph 11.17 is considered wholly inadequate. In making the change it is not apparent whether the Council have understood the inspector's question, or if they did understand the question, considers the prospect of sanctions arising from their determination to resist acknowledging the deficiencies of their evidence base to be particularly remote. The proposed change is considered to be entirely a matter of semantics and does not appear to go to provide a response to the matters which formed the basis of very detailed objections.
- 4.2 The proposed change of the word '*substantial*' to '*significant*' in terms of the amount of affordable housing that may be delivered from sites below the national indicative minimum threshold still infers that such provision is likely to comprise a major component of affordable housing delivery in Trafford.
- 4.3 Evidence submitted to the examination process however has demonstrated that this is clearly not the case, and that there are numerous sites above the national indicative minimum (including in 'hot' and 'moderate' market locations) that are likely to contribute a far greater proportion of affordable housing overall. Based on an analysis of sites within the Trafford SHLAA review (September 2010) it is evident that sites of between 5 – 14 dwellings in the 'hot' and 'moderate' market locations would contribute at best 15% of the

affordable housing numbers in these two areas alone, not having regard to the fact that they in turn comprise just 37% of all dwellings identified in the SHLAA.

**Table 1 – Analysis of September 2010 SHLAA Review**

Site Size	Dwellings	%	Sites	%	Maximum AH Yield*
<b>'Hot' Locations</b>					
15+	1210	30.3%	24	6.9%	484
4 -15	190	4.8%	22	6.3%	76
1 - 4	375	9.4%	152	43.8%	0
<b>'Moderate' Locations</b>					
15+	1800	45.1%	51	14.7%	360
4 – 15	340	8.5%	39	11.2%	68
1 – 4	72	1.8%	59	17.0%	0
<b>Totals</b>	<b>3987</b>		<b>347</b>		<b>988</b>

\* Assumes 'Normal' market conditions. 'Hot' locations – 40% affordable housing, 'Moderate' locations 20% affordable housing

- 4.4 Given the limitations of the viability study and the uncertainty of its authors that any affordable housing on sites of 4 -15 dwellings could viably be delivered it is considered that references to either '*substantial*' or '*significant*' increases in the amount of affordable housing which may be delivered are overly optimistic. It should also be noted that paragraph 11.17 implies that the authors of the TEVS concluded that lowering the threshold beneath 15 dwellings would in a substantial/significant increase in the actual levels of affordable housing being delivered.
- 4.5 Having undertaken a detailed review of the TEVS however it is not apparent that such a statement is attributable to its authors. Whilst it is true that they consider that a reduction in the threshold would bring more dwellings within the scope of the affordable housing policy, and potentially maximise delivery, they make no such claim that it would result in an increase in the actual levels of affordable being delivered. Clearly given the qualification they provided to their own findings in paragraph 6.66 it is evident that they would not be able to support the making of such a statement.

- 4.6 The Council have given no consideration as to the question asked by the inspector, namely whether their evidence base justifies a reduction in the affordable housing threshold on the premise that this would lead to an increase in the provision of affordable housing.
- 4.7 Detailed representations have been submitted which demonstrate that the expectation for sites beneath the national indicative minimum threshold of 15 dwellings to contribute toward affordable housing provision are flawed. The fact that smaller sites in ‘hot’ and ‘moderate’ locations are currently considered to be the most viable is precisely because they are not required to provide affordable housing. If the proposed policy were already in place then these smaller sites would also be unviable in current market conditions, and housing delivery in Trafford would be even more constrained. That such a reality is not recognised by the TEVS is a result of its methodological shortcomings which have been highlighted previously. However, the authors of the TEVS recognised these shortcomings, hence the qualification provided to their findings. Despite this the Council remain convinced that the introduction of a 5 dwelling threshold in ‘hot’ and ‘moderate’ market locations will result in a substantial/significant increase in the delivery of affordable housing, despite the absence of evidence in support of this.
- 4.8 The examination process has identified that the TEVS did not have regard to the full scope of planning obligations being sought by emerging policy but relied instead on a consideration of those contributions currently being sought under the UDP. The scope of planning obligations proposed under policy L8 is far more extensive than those assumed by the TEVS and is likely to have an impact on development viability that has not been accounted for in the setting of thresholds and proportions of affordable housing to be sought pursuant to policy L2. The Councils suggestion is to devolve this viability review to the Developer Contributions SPD thereby avoiding the requirement for independent examination and inspector deliberation. Given the inconsistencies and discrepancies identified it is evident that the policy cannot be found sound in the absence of robust viability information.

## 5.0 Conclusions

- 5.1 The changes proposed by the Council fail to address the substantive and detailed objections submitted previously in respect of policy L2 and the suggested 5 dwelling threshold for affordable housing provision in ‘hot’ and ‘moderate’ market locations. In many

respects the changes proposed by the Council are considered to be little more than cosmetic alterations.

- 5.2 The underlying deficiencies of the evidence base have not been acknowledged and policy developed on this basis must be considered unsound. In line with our previously submitted objections we continue to request that the threshold for the provision of affordable housing should remain consistent with the national indicative minimum of 15 dwellings as per paragraph 29 of PPS3.
- 5.3 Our clients do not consider that due regard has been had to the objections submitted to date, hence the reason for the comprehensive response in respect of the Councils proposed changes. They remain optimistic that changes to the wording of policy L2 will be made to bring the threshold for affordable housing provision line with the national indicative minimum, but have indicated a willingness to explore all possible avenues for redress should these changes not be forthcoming.

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