

# CONSULTATION RESPONSE



**Bridgend LDP Examination - Housing Need and Supply**

**6/11/2012**

**1. Qn1a. Does the evidence support the proposed level of housing requirement? In particular:**

We do not believe the evidence to deviate from the projections is appropriate. Whilst we acknowledge there is work undertaken by CE to identify alternative projections, we believe there are some significant issues with this work that warrant further clarification and explanation. We set out our concerns below, following the questions posed by the Inspector.

**1.1 Affordable housing need**

Planning Policy Wales, paragraph 9.2.2 states specifically that local planning authorities should consider the appropriateness of the latest WG projections for their area, based upon all sources of local evidence, including the **need for affordable housing** identified by their **Local Housing Market Assessment**. In this respect, we believe the need for affordable housing has not been properly taken into account in the decision to deviate from the WG household projections, which is a clear contradiction to national guidance.

We provided detailed comments on this as part of our Deposit representations and therefore, we do not see the need to repeat these here. However, there has been a significant change in the evidence on affordable housing need since the time of the Deposit consultation, which we believe further justifies our position as set out within our Deposit reps.

In terms of this change in evidence, paragraph 6.62 of the updated Local Housing Market Assessment states that the annual requirement for affordable units per year in Bridgend has increased to 1,762 units since the release of the previous

assessment. This paragraph goes on to state that the principle reason for the increase is due to the fact that overall affordability levels in the County Borough have **worsened** since the original LHMA report. With this in mind, even when the original affordable housing need figure is considered (1514 dwellings), we believe the council would have very little grounds to reduce the LDP dwelling requirement for the area below the level proposed by the household projections. Particularly given the advice within PPW and also given that the level of affordable housing need per annum is more than double the total annual development rate proposed by the LDP. However, given that the level of affordable housing need has increased considerably in just a few years, we believe the decision to deviate from the projections is even more questionable. As such, we believe there are clear and robust grounds for the Council to consider adopting the household projections as the housing requirement for the LDP, based on the level of affordable housing need alone.

## **1.2 Sensitivity analysis within the LHMA**

We understand the LHMA includes a sensitivity analysis which suggests, in theory, that the level of affordable housing need could be significantly lower than projected. We fundamentally disagree with this assumption for the reasons set out below.

The first variable included in the sensitivity analysis relates to the assumptions on 'rent affordability'. In this respect, the variable in the assessment assumes that people can pay more rent than the standard rent multiplier given within the Welsh Government's Local Housing Market Assessment Guidance, which would result in a lower affordable housing need figure. However, we fundamentally disagree that this is a credible sensitivity analysis to pursue, primarily because it is contrary to national guidance on the appropriate methodology for assessing rental affordability. In addition to this, we also believe that assuming people can pay more for rental premiums is a very dangerous position to take, particularly given the comments in the LHMA that affordability has **worsened** over the last few years, and also given there is no evidence to demonstrate that people can actually afford to pay increased rental premiums.

In light of the above, we do not believe this particular sensitivity analysis offers a credible basis to demonstrate that the actual level of affordable housing need in the county borough could be lower than the official assessment of need suggests.

### **1.2.1 Local Housing Allowance**

The second sensitivity analysis within the LHMA relates to households in the private rental sector and the receipt of Local Housing Allowance. This sensitivity analysis begins by highlighting that 1,359 households living in the private rented sector were considered to be 'in need' and were claiming Local Housing Allowance. The analysis then goes on to suggest that if the definition for affordable housing were changed in order to include the private rental units being occupied by these households, then the actual level of need would reduce to 403 per annum.

We believe this sensitivity analysis is also inappropriate. In the first instance, the dwelling units being discussed could not be classed as 'affordable housing' under the official definition given in National Guidance (which is recognised within the LHMA update). Affordable housing provision should be viewed as a long term, secure option for those that cannot access the property ladder and in terms of the property itself, this should remain 'affordable' in perpetuity. Clearly, the properties being considered in this sensitivity analysis adhere to none of these criteria and therefore, cannot be considered suitable as a substitute for affordable housing provision.

In addition to the above, it is interesting to note that the LHMA describes the households living in these properties as 'in need'. As such, this suggests that their current property is unsuitable for them. Therefore, even if the definition of affordable housing were altered, simply converting these properties into 'affordable housing' in order to make the affordable housing target figures appear more palatable, would still leave these households residing in unsuitable accommodation.

In light of the above, we again believe this particular sensitivity analysis does not present a credible option for assuming the level of affordable housing need as reduced in real terms.

### **1.2.2 Sensitivity analysis conclusions**

We do not believe the sensitivity analysis in the LHMA provides a credible assessment of the potential to reduce the level of housing need. We believe the key point to note from the assessment is the fact that affordable housing need has increased since the last study, as a result of affordability levels deteriorating over the last few years.

The level of affordable housing need is a serious matter for the LDP and more so for the people of Bridgend. As such, to assume this level of need has reduced drastically by undertaking questionable alterations to the background data and fundamental changes to national guidance, rather than increasing supply, could impact severely on the lives of many people in the County Borough.

In light of the above, given the many problems inherent with the sensitivity analysis, we do not believe the LDP should assume that the level of affordable housing need reduced significantly. The LDP should assess the level of need at 1,762 affordable units per year, as this is the only robust assessment of housing need in the County Borough that exists, which complies with the requirements of national guidance. We reiterate that this is supported by paragraph 9.5 of the LHMA update, which states the following - *“The figure of 1,762 remains the overall need figure because it is calculated **in accordance with the approach set out in the Welsh Government Local Housing Market Assessment Guide** and is therefore comparable with historical estimates and figures derived elsewhere.” (bold emphasis is ours).*

### **1.3 Affordable housing need conclusions**

We do not believe the evidence to deviate from the projections properly reflects the requirements of national guidance. The need for affordable housing in Bridgend is nothing short of significant and as such, we believe the council should adopt the level of housing growth stated by the 2008 household projections, irrespective of the wider evidence submitted. In this respect, even if the council is correct in its assumption that 9000 dwellings is appropriate, when the extent of the need for affordable housing is considered alongside the council's evidence, the only reasonable assumption to make would be that the dwelling requirement would need to increase, particularly when the requirements of national guidance are considered. Therefore, we believe the housing requirement for the LDP should be set to the level proposed by the latest Welsh Government household projections as a minimum.

**2. Why is the projected dwelling requirement 2,000 less than the 2008-based Welsh Government household projection figure when the projected population is the same?**

In terms of the WG's household projections, the CE report states that the increase in dwellings within the projections, relative to the other scenarios, comes from the following:-

1. Higher population in 2006 than previously forecast
2. Higher assumed levels of net immigration
3. Revised fertility/mortality trends resulting in higher natural population change
4. Sharper projected falls in average household size

In terms of the criteria above, it is evident that the disparity between the dwelling requirements set out by the CE report and the 2008 projections seems (in the main) to be related to differing population assumptions. In light of this, one would expect to witness a more fundamental variation in the level of population change assumed by each projection. Furthermore, given that CE's dwelling requirement uses economic projections to inform the level of housing required, again one would expect any change in the dwelling requirement to be led primarily by population changes.

In light of the above, it is rather strange that the population levels within both the council's preferred dwelling requirement and the Welsh Government's household projections are relatively similar. Taking above into account, it could be argued that the difference in the dwelling requirement of both projections could actually be a result of changes in average household size, rather than population. We believe this requires further explanation and clarification.

**3. To what extent does this relate to different assumptions about household size and, if so, are they justified?**

We are confused with the assumptions made with respect to household size. Throughout the updated Population and Housing Background Paper, it is stated that evidence on the average household size has been taken from the WG's household projections. In this respect, if the council's dwelling projection has used Welsh Government's projections to determine average household size, and the

assumptions with respect to population are also similar to the WG projections, we cannot understand how the housing requirement would be so vastly different to that which is set out within the 2008 household projections.

In addition to the above, there is also quite a significant discrepancy between the figures on average household size assumed within the CE report and the actual figures for average household size within the WG projections. For instance, table 8 of the updated Population and Housing Background Paper (repeated below) describes how average household size might change.

<b>TABLE 8: IMPLIED AVERAGE HOUSEHOLD SIZE</b>					
	2006	2011	2016	2021	2026
Average hhd size	2.31	2.31	2.27	2.18	2.16

However, the tables below describe how average household size is projected to change within 2006 and 2008 WG projections. In this respect, it is clear that the Council's figures differ significantly from the WG's figures, which is rather odd considering the CE report states that average household size has been taken from the WG projections.

**Average household size – 2006 Projections**

Year	2006	2011	2016	2021	2026
Bridgend	2.31	2.24	2.17	2.11	2.07

**Average household size – 2008 Projections**

Year	2008	2011	2016	2021	2026
Bridgend	2.27	2.23	2.16	2.1	2.05

In light of the above, we do not understand the rationale behind the assumptions made with respect to average household size and we believe this requires further explanation.

**4. To what extent does it relate to the Council's assumption that all the additional dwellings will be fully occupied with none of the vacancies that occur in the existing stock and, if so, is that justified?**

We have covered this within our Deposit representations, however, we believe it is an important point needs to be addressed. We do not believe the Council's assumption is justified. There will always be a proportion of the housing stock that remains empty to enable the process of buying, selling and letting to work efficiently, whilst some will be empty to allow repairs and improvement. This applies equally to newly built homes and to existing dwellings. These vacancies are known as 'transactional vacancies' and most are brought back into use quickly and without intervention. In Wales it is estimated that the effective minimum level of empty homes as a result of these processes is around 4% of the housing stock. The figure varies slightly from local authority to local authority depending on evidence, however, generally speaking a level of 4% is considered sound. This figure also concurs with the vacancy rate Bridgend Council agreed to through the South East Wales Strategic Planning Group (SEWSPG) process, as described by our Deposit reps.

In light of the above, we believe that if the Council believes their particular housing market operates in a completely different way to every other housing market in the UK, substantial evidence needs to be provided to demonstrate this is the case. This is particularly pertinent given that Bridgend Council has previously accepted the existence of a 4% vacancy rate in the County Borough, through their involvement within the work undertaken by the SEWSPG.

**5. To what extent is the variation explained by any other factors and are these justified?**

**5.1 Housing growth and Jobs**

Through our Deposit representations, we raised concerns with respect to the assumptions used to link housing growth and job growth. Firstly, we could not see a direct link between the number of jobs projected and the number of homes proposed. Secondly, we also found it perplexing that the CE report suggested that Bridgend will not change in terms of its sub regional offer over the LDP period, yet

the LDP aims to significantly enhance Bridgend's offer and make it is key economic player in the City Region.

Further to the above, on closer inspection it is evident that a significant mismatch exists between the conclusions of the CE report and the employment aims and objectives of the LDP strategy. The LDP clearly attempts to promote job growth via a regeneration led strategy, yet despite this, the dwelling forecasts undertaken by CE assume a net reduction in jobs over the LDP period. In this respect, if you consider Table 6 of the updated Population and Housing Background Paper, it clearly projects a fall in employment of some 600 jobs over the LDP period. In our view, given the aspirations of the LDP in this area, we do not believe it would be appropriate to adopt a dwelling requirement that is based on employment levels reducing. We believe that any projection that employment might fall should be treated as a warning sign and thus a stimulus to create a strategy that aims to reverse this projected reduction. As such, the LDP should adopt a strategy that actively plans for employment growth and should ensure sufficient homes are provided to ensure it succeeds.

## **6. Housing Supply**

### **6.1 Qn2a. How in principle might an additional 1,000 to 1,100 dwellings be allocated whilst remaining in accord with the spatial strategy?**

We believe it is essential that sufficient homes are provided over the plan period. We cannot find any evidence to suggest that accommodating the level of development set out by the household projections would raise issues with respect to environmental or urban capacity. As such, we believe that there remains every possibility to provide a range and choice of sites over the County Borough, in order to ensure the dwelling requirement set out by the household projections can be supported, in addition to any flexibility allowance required.

## **7. Delivery Rate**



**7.1 Qn3i. Having regard to historic rates of delivery, how likely is it that the higher supply figures implied by implementation of the LDP flexibility allowance, and the still higher figures sought by others, can be achieved?**

Firstly, there is no evidence put forward to demonstrate that the Council's proposed development rate represents the absolute limit in terms of house building capacity. Therefore, we believe further opportunities exist to identify a range and choice of development sites in order to support the higher development figures required by the household projections and also those sought by various respondents.

Secondly, whatever the identified requirement is, the local authority has a duty to plan for it through the LDP. The LDP should be a document that enables and facilitates development and therefore, should include a strategy to plan for, and deliver, the right amount of housing growth for the area. We understand there is always the possibility that the LDP might not hit all of its proposed targets, however, to actively plan for this from the outset will inevitably result in failure. As such, we believe the housing strategy of the LDP should actively plan for the predicted level of housing required in the authority, and should set a policy approach that provides every opportunity for this strategy to succeed.

Whilst there will always be external challenges to housing delivery, we believe the ability to deliver the right amount of housing lies within the gift of the LDP and the planning department. In terms of the LDP, if we are to ensure the right amount of housing is provided, the LDP must firstly identify the correct target and then ensure the right amount of land is provided to support that target. In terms of housing supply, it is essential that a range and choice of housing sites is provided, which are viable and capable of being delivered. Providing a variety of housing sites will be a key aspect to ensuring housing delivery can be increased from that witnessed in the past, and crucially, to ensure delivery can be sustained. Furthermore, it is also essential that the planning department has an approach that prioritises the delivery of housing and an attitude that is geared towards facilitating development. Provided these conditions are set, given the attractiveness of Bridgend's market, and the plethora of major and smaller developers operating the South East Wales area, we (and our membership) are confident there remains a significant opportunity to increase housing delivery, beyond the levels experienced in the past.

Thirdly, we believe it is important not to consider the level of previous development in the authority as a robust marker for future development. As we describe above, the fact that a local authority has not achieved a development rate in the past, certainly does not mean it cannot happen in the future, particularly if the right conditions to facilitate development are set by the LDP and the planning department.

Further to the above, to a certain extent home building levels have been affected by the current economic climate, however, this should not be a marker for the future. Not only does this resign the housing strategy of the LDP to failure with respect to promoting and increasing house building, but it also fails to recognise the home building industry's ability to react quickly to any future change in circumstances. In this respect, the industry has the ability to increase delivery almost overnight, whilst the planning system would take a considerable length of time to adjust to such changes. As such, if the LDP strategy is to be successful, it must plan for growth and must be flexible to accommodate change, as and when the situation arises.

## **8. Final conclusion and recommendations**

In light of the above, we believe the council has failed to justify deviating from the 2008 WG Household Projections. We therefore believe the 2008 WG household projections should be the basis for Policy SP12 and the dwelling requirement should be changed to **11,659 dwellings**. This includes a 4% increase to account for the change in households to dwellings as stated above.

In terms of housing supply, we believe the LDP should allocate additional flexibility in order to ensure the requirement figure is achieved.

**End.**

**Richard Price**

**Planning and Policy Advisor – Wales**

**The Home Builders Federation**