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Hearing Statement: Matter 2

Hethersett Land Ltd [8570]

Agent ref: [309]

Hearing Statement

Greater Norwich Joint Core Strategy
Development Plan Document
Matter 2

BIDWELLS



Quality Assurance

Site name: Land at Hethersett, South Norfolk (SS39600009)

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Signed _____

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1 INTRODUCTION

1.1 This Hearing Statement has been prepared by Bidwells on behalf of Hethersett Land Ltd. It relates to:

- Representations submitted by Bidwells, on behalf of Hethersett Land Ltd to the pre-submission version of the Greater Norwich Joint Core Strategy and the Statement of Focussed Changes in respect of **Policy 4 (Housing Delivery)**, **Policy 9 Strategy for growth in the NPA)**, **Policy 10 (Locations for major new or expanded communities in the NPA)**, and **Policy 14 (Key Service Centres)** (Respondent ID: 8570); and
- A **Statement of Common Ground** agreed between the GNDP and Hethersett Land Ltd covering Matters 2 and 3.

1.2 This Hearing Statement is intended to amplify the representations made by Bidwells at the pre-submission stage of the Joint Core Strategy's production and update those comments in light of the suggested Focussed Changes and publication of new evidence, including the Divas Jonas Deloitte Affordable Housing Viability Study (July 2010).

1.3 Since the issues raised in the representations are relevant to Matters 2, 3, 4 and 10, this statement (for Matter 2) should be read in conjunction with the accompanying statements for Matter 3, 4 and 10 and the agreed Statement of Common Ground between GNDP and Hethersett Land Ltd (Covering Mattes 2 and 3).

1.4 This Hearing Statement is concerned with the 'matters still in dispute', relevant to Matter 2: Housing Delivery. See section 4 of the Statement of Common Ground.

1.5 For information, Hethersett Land Ltd is taking forward the promotion of the land at Hethersett on behalf of landowners in control of land to the north and south of Hethersett.

1.6 The location and extent of the land being promoted (approximately 315 hectares) is shown in Appendix A.

1.7 The Statement has been sub-divided under the questions posed by the Inspectors in their Matters & Key Questions for Examination at the Hearings document (20/08/10).

2 MATTER 2 DOES THE JCS MAKE SOUND PROVISION FOR HOUSING DELIVERY (POLICY 4 AND APPENDIX 6: THE HOUSING TRAJECTORY

A. Is the JCS's planned provision of housing to 2026 justified, effective and consistent with national policy, including the recent changes to PPS3 Housing with regard to the status of garden land and the deletion of a national indicative minimum density?

B Is the JCS Effective and Clear about the mechanisms and timescales for achieving a supply of developable housing land for years 0-5 (and deliverable land for years 6-15 in the overall context of the 3 Council's planned and programmed LDDs.

C If the JCS is unsound in relation to general housing policy, are there any specific changes that would render it sound

- 2.1 The Statement of Common Ground between the GNDP and Hethersett Land Ltd confirms the agreed position on Matter 2 A-C.
- 2.2 In summary, Hethersett Land Ltd consider that the JCS's housing provision (36, 820 – 37,750 dwellings, 2,050-2,100 dwellings per year) is appropriate and justified and consistent with national policy and necessary to deliver on all reasonable estimates of need. Also, Hethersett Land Ltd suggest that the JCS's housing provision represents the minimum amount of housing needed to deliver the GNDP's aspirations for affordable housing and housing to support job growth.
- 2.3 However, there are still matters of dispute between the 2 parties:
- 2.4 Hethersett Land Ltd does not consider that the JCS is effective and clear about the mechanisms for achieving a supply of developable housing land for years 0-5.
- 2.5 It is Hethersett Land Ltd's understanding that the GNDP has recently submitted a Position Statement regarding 5 year housing supply to Government seeking endorsement for a change in how the GNDP calculates its 5 year supply. The GNDP had previously calculated its 5 year housing supply on the basis of assessing the need in the Norwich Policy Area (NPA). Hethersett Land Ltd supported this approach as it sought to manage the supply of homes where need and demand was most significant, i.e. in the Norwich Policy Area (NPA).
- 2.6 This approach confirmed that there is insufficient housing supply in the Norwich Policy Area to meet local need (3.76 year worth of supply at April 2010). In the current planning and economic circumstances it is predicted that this level of supply will not significantly improve for the short term and in particular the number of affordable units coming on to market will continue to decline.
- 2.7 This is reflected in the JCS Appendix 6: housing trajectory, which predicts only limited delivery rates in the period 2010-2015.
- 2.8 The consequence of the previous method of assessing 5 year supply on a NPA basis was that Councils would be required to look favourably at planning proposals coming forward in line with the development plan and the emerging JCS, but prior to the adoption of Site Specific Allocation Documents.

- 2.9 However, it is understood that the GNDP is now seeking to change its approach so that the housing need and supply is based on district areas rather than the Norwich Policy Area. This approach shows that in South Norfolk there is now a 5 year housing supply of available and deliverable sites.
- 2.10 This change in approach varies from the JCS, which acknowledges the need for growth to be considered on the basis of the Norwich Policy Area. Hethersett Land Ltd, suggest that there is still a significant need and demand in the Norwich Policy Area that is not currently being met in the years 0-5.
- 2.11 Given that the GNDP has through the JCS, clearly acknowledged that the Norwich Policy Area is a key tool for managing sustainable growth in and around Norwich to meet need and demand, it is somewhat of a surprise that, on the basis of the new 5 year supply methodology, the mechanism for managing delivery in years 0-5 is somewhat different.
- 2.12 It would appear that in managing growth in South Norfolk, the NPA is no longer considered to be a relevant tool and future calculations of 5 year supply ignore the fact that there is a shortage of homes in the NPA.
- 2.13 This approach could potentially frustrate the delivery of new homes where they are needed most, in the Norwich Policy Area, because the Council will potentially argue that such sites need not come forward in the NPA because there is sufficient supply elsewhere in the District, i.e. outside of the NPA.
- 2.14 It is Hethersett Land Ltd's opinion that it is not sensible planning to expect the current and urgent housing needs of Norwich to be met many miles away in the rural parts of Norfolk, when there is still an acknowledged unmet need and demand in the NPA, particularly in years 0-5.
- 2.15 It is Hethersett Land Ltd's view that the Norwich Policy Area is still a relevant planning tool to manage growth in Norwich and the immediate surrounding area and to ensure that Norwich's growth needs are met close by to encourage more sustainable development patterns.
- 2.16 It, therefore, follows that the mechanisms for managing the supply of homes in years 0-5 of the JCS, i.e. the 5 year supply calculations should also be based on the Norwich Policy Area. It is very important that Norwich housing growth needs for the next 5 years and beyond are met close to Norwich.
- 2.17 The JCS needs to be clearer in terms of how it advises Councils and developers to manage the supply of developable housing land for years 0 to 5.

- 2.18 The JCS needs to confirm that the mechanism for managing growth in years 0-5, including the calculations of 5 year supply will be the basis of the NPA.

Affordable Housing

D Is Policy 4 (as amended) justified, effective and consistent with national policy in relation to AH

E Does the viability study by DJD (July 2010) provide sound evidence for the amended policy on AH

F Does the JCS expressly fulfill the requirements the requirement of PPS3 (para 29) for a plan-wide target for the amount of AH to be provided, in terms of both social rented and intermediate tenures, the size and type of AH and the approach to developer contributions?

J If the JCS is unsound in relation to AH, are there any specific changes that would render it sound.

- 2.19 Hethersett Land Ltd suggests that Policy 4 (as amended) fails the "Justified" and "Effective" soundness tests because the proposed focussed changes maintain a policy requirement for 40% affordable housing, which the GNDP's own evidence (Affordable Housing Viability Study, DJD, July 2010) demonstrates cannot be delivered in the majority of tested scenarios, without public subsidy.
- 2.20 Furthermore, Hethersett Land Ltd considers that the GNDP's evidence (Affordable Housing Viability Study, DJD, July 2010) is not robust and credible. In particular, the Study's assumptions in relation to the development area ratios, availability of public subsidy; the effect of complying with the JCS Policy 3's requirement for all new homes to achieve Code for Sustainable Homes level 6 by 2015; the likely level of CIL and the dismissive comments regarding the effect of various tenure splits and overall affordable housing percentages etc., are called into question (see below).
- 2.21 Hethersett Land's Ltd main concern is that the baseline for the Report's assumptions and scenario testing is the '1 hectare' theoretical site. This is not representative of the way in which the majority of housing is likely to come forward within the GNDP area within the foreseeable future. This approach has skewed the report's findings and conclusions.
- 2.22 The majority of housing delivery is likely to be through large strategic sites which will have different costs and issues than a small site. Using the 1 hectare site as the baseline has resulted in more tested scenarios being considered viable than would be the case if a more representative baseline site was used.
- 2.23 Importantly, the 1 hectare examples also assumes a gross/net development area ratio of 100% and, therefore, by multiplying this up it ignores the fact that most sites (particularly

larger ones) have a gross/net development area ratio of 50-70%, because of strategic infrastructure, landscaping, open space, roads etc. .

- 2.24 Other flaws include the omission of achieving Code for Sustainable Homes Level 6 from the calculations. Achieving CSH Level 6 is a policy requirement in the JCS and will apply for most of the development in the GNDP area. There will be significant cost to increasing CSH up to Level 6 and this will need to be built into feasibility and viability models. Alternatively, if the GNDP are now suggesting that achieving Code Level 6 is not viable using current assumptions, then the JCS will need to provide more flexibility regarding the provision of this.
- 2.25 The assumptions about the level of CIL/S106 are also questioned. Whilst the report's suggestion that a S106 contribution of £7k per unit is reflective of current requirements it does not take into account the implementation of new policies in the JCS and potentially a CIL. It will be important for the CIL viability work, being undertaken by GVA Grimley, and the Drivas Jonas assumptions to be consistent. If the GVA Grimley study recommends a different CIL figure, the affordable housing testing model will need to be re-run.
- 2.26 The Joint Core Strategy document itself states that under normal circumstances public subsidy of any form should not be assumed for the provision of the affordable housing. The Study's approach of including a level of public subsidy in the testing scenarios and seeking to justify the 40% target on the basis of the provision of public subsidy is, therefore, unsound. It is Hethersett Land Ltd's opinion that there is little point, therefore, in building in any grant assumptions into the DJD methodology.
- 2.27 Notwithstanding Hethersett Land's concerns over the Study's methodology, the assumptions used and its results, the GNDP's interpretation of the results in attempting to justify the 40% policy target for sites of 16 or more dwellings is also flawed.
- 2.28 The Study's findings suggest that the 40% target is in the majority of cases unviable, without public subsidy. Section 9.3 (Key Findings) of the Viability Study reports that in **60%** of the testing scenarios the 40% affordable housing figure cannot be achieved without public subsidy and in a further **10%** of scenarios, it is marginal. In other words, the Report confirms that in only **30%** of testing scenarios can 40% affordable housing be achieved without social housing grant.
- 2.29 This being the case, and given the state of the public purse, and the likely inability for public funding to be available to subsidise all affordable housing in the Greater Norwich area, the GNDP's suggestion that this represents a "significant" number of instances, sufficient to justify the 40% target is unsound.

- 2.30 The Study's findings (Chart 2) also suggest that even with a 20% affordable housing target, without public subsidy, schemes will be unviable in 46% of the tested scenarios and marginal in 8% of cases. In other words, even with a 20% affordable housing target, where no public subsidy is available, it is only viable in 46% of tested scenarios.
- 2.31 Given that the 40% target is unlikely to be deliverable in the majority of cases (even on the basis of potentially flawed assumptions), Hethersett Land Ltd suggests that the Policy's starting point for any such negotiations, should be reduced to a level that is in the majority of cases likely to be deliverable.

Conclusions

- 2.32 Hethersett Land Ltd have concerns over the robustness and credibility of the evidence underpinning Policy 4, in particularly the AH target. The assumptions in relation to the likely availability of public subsidy and the financial viability of schemes being required to deliver 40% affordable with a tenure split between 60/40 and 85/15 are not properly justified.
- 2.33 Hethersett Land considers that little weight has been given to testing the financial viability of large strategic development sites. Instead, by using a 1 Hectare hypothetical site as a working example in the Affordable Housing Viability Study, the affect has been an affordable housing target which is completely undeliverable for the sites which are contributing to the majority of the proposed new housing.
- 2.34 Hethersett Land Ltd also have concerns in the way that the GNDP have translated the study's findings and used them to attempt to justify the Policy's 40% Affordable Housing Target for schemes of 16 dwellings or more.
- 2.35 Hethersett Land Ltd acknowledges that the AH Policy as amended allows for an applicant to negotiate with the local authority on housing targets and viability, in line with PPS 3. However, this was not why viability testing was originally included in the policy. Its purpose instead was to provide Councils with flexibility in dealing with sites which had unusual characteristics that made the standard housing provision financially unviable. In the JCS's case the GNDP's approach has led to an Affordable Housing Policy target that in the majority of cases is not viable, irrespective of unusual/abnormal circumstances.

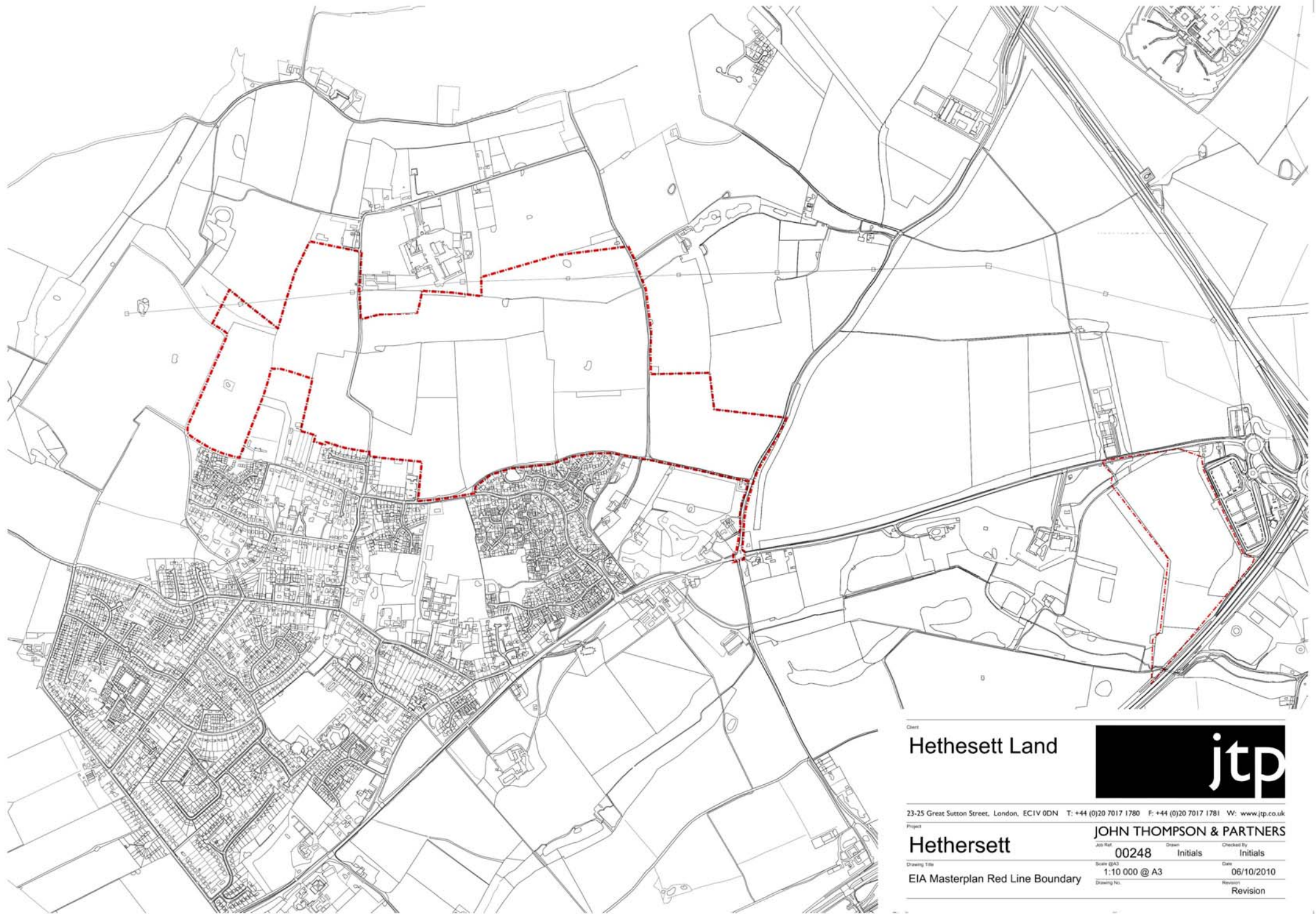
Suggested changes

- 2.36 **A)** Hethersett Land Ltd suggest that the JCS should be amended to confirm the mechanism for managing growth in years 0-5, including the calculations of 5 year supply need to be made on the basis of the NPA.

- 2.37 **B1)** Hethersett Land Ltd suggest that the affordable housing requirement on sites for 16 dwellings or more (0.6ha) should be reduced from 40% to a level that in the majority of testing scenarios cases is demonstrated to be viable without the provision of public subsidy.
- 2.38 **B2)** Alternatively, if the JCS Policy 4 maintains the 40% affordable target, then the evidence used by DJD to conclude that 40% is a justifiable target should be included within the JCS as an appendix in order to ensure financial non viability justifications and negotiations can be easily made in the future in a transparent manner. Also The JCS should also acknowledge that the 40% target will be unviable in the majority of cases:
- 2.39 Paragraph 5.29 should be amended along the following lines "**....it is acknowledged that at the time of the JCS's adoption, achieving 40% affordable housing on sites of 16 dwellings or more is unviable in the majority of cases**" , rather than suggest that it is viable in "~~...a significant number of the scenarios modelled~~"

Appendix A

Plan Indicating Promoted Land



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Hethesett Land



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Project
Hethersett **JOHN THOMPSON & PARTNERS**

Job Ref	00248	Drawn	Initials	Checked By	Initials
Drawing Title	1:10 000 @ A3			Date	06/10/2010
EIA Masterplan Red Line Boundary	Revision No.	Revision		Revision	

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