

Joint Core Strategy

Note for the Inspector

Subject: 5% Uplift and Affordable Housing Delivery

Dated: Friday 15th July 2016

1. Anticipated Affordable Housing Delivery

- 1.1. The JCS has previously submitted to the examination, through EXAM 177 (February 2016), a note on how the future housing delivery planned in the JCS would contribute to meeting affordable housing needs.
- 1.2. Discounting previous delivery of the plan period and already consent/committed schemes as at that point there was a potential development pool across the JCS area of around 18,990 dwellings. Using the conclusions of the Plan Viability, CIL and Affordable Housing Study (EXAM 176) it was calculated that future development could contribute 5,520 affordable homes (29% overall). Based on the SHMA conclusions of an annual requirement for 420 affordable homes and an overall need of 6,300 dwellings (over the 15 year period taken from 2015/16) this would indicate a shortfall of 780 affordable homes over the plan period.
- 1.3. The Interim Report (EXAM 232), however, states that the affordable housing need should be 638 dwellings per annum, giving a requirement over a 15 year period of the plan period of 9,570. This represents a significant increase in the affordable need and based on the supply set out in EXAM 177 would leave a shortfall of 4,050. It should however be noted that EXAM 177 was based on delivery as set out in the Pre-Submission JCS and an OAN of 30,500. It also, as the figures below, did not make allowance for affordable housing provided via windfall sites.
- 1.4. The latest demographic OAN evidenced by the JCS plus the additional economic uplift would raise the total OAN to 33,500. Making the assumption that these additional dwellings would be provided at strategic allocations then an additional 1,050 affordable homes could be anticipated based on a 35% contribution. This would reduce the shortfall to approximately 3,000 dwellings over the remainder of the plan period.
- 1.5. A more nuanced assessment of affordable housing delivery will be achievable following the availability of a main modifications trajectory to take into account any new strategic allocations and district capacity. However, it is evident that a shortfall against the total need would remain in terms of what could be expected from market housing delivery.
- 1.6. A year by year trajectory has not been included as the information provided would be unreliable as the timing of the delivery of affordable housing from any site is difficult to determine with any certainty. Furthermore, while the strategic allocations are more predictable an assessment of the various sites that could come forward from the district plan potential would be difficult to accomplish with any accuracy.

2. Affordable Housing Delivery from a 5% Uplift

- 2.1. The Inspector's Interim Report (EXAM 232) states that, based on evidence of viability and affordable housing delivery, the proportion of affordable housing that is deliverable through market housing schemes will not meet the full affordable housing need. As such, the Inspector

has sought to increase the housing requirement (demographic OAN plus economic uplift) by a further 5% to help deliver the required number of affordable homes.

- 2.2. The impact of this 5% uplift is to raise the economically led OAN of 33,500 to an increased housing requirement of 35,175, an additional 1,675 dwellings.
- 2.3. The Interim Report states that additional strategic allocations need to be identified in order to meet the housing requirements, including the 5% uplift. Therefore, a fair assumption would be that this 5% uplift and any additional affordable housing would be delivered through strategic allocations. The emerging JCS policy SD13 (EXAM178), based on latest viability work (EXAM176), indicates that 35% affordable housing could be deliverable from the strategic allocations.
- 2.4. **Assuming 35% delivery from strategic allocations the 5% uplift has the potential to deliver 586 affordable homes over the plan period. This would equate to 42 dwellings per year over the remainder of the plan period from adoption (14 years from 2016/2017).**
- 2.5. While the addition of any affordable housing delivery is valued, taking the annual affordable housing need of 638 it can be seen that the 5% would not deliver a year's requirement in total over the plan period and that the annual contribution would be modest.
- 2.6. This calculation of 586 affordable homes is also made on the basis that the strategic allocations would indeed be able to provide a 35% contribution. It is recognised that there are significant viability pressures, particularly on larger sites, which will need to meet the infrastructure requirements of new development in order to ensure a site is deliverable. This challenge is recognised in the latest draft of JCS policy SD13 (EXAM178) which states that there will need to be balance between infrastructure provision and affordable housing. The delivery of 35% is therefore uncertain and could further impact on the effectiveness of a 5% uplift as show in the table below.

Potential affordable delivery from 5% uplift				
35%	30%	25%	20%	15%
586	502	418	335	251

- 2.7. The JCS Plan Viability, CIL and Affordable Housing Study (EXAM 176) supports this and recognises the differing viability situation across the JCS area. Gloucester has a particular challenge, for example, where the study recommends that a 20% affordable housing contribution would be viable. However, viability across the whole area will need to be judged on a site-by-site basis based on the individual circumstances of the development and its constrains and infrastructure needs. EXAM 44 (May 2015) shows that historically, across the JCS area overall the affordable housing contribution has been about 26.5%. While the JCS and strategic allocations present the opportunity to increase this, it does demonstrate the uncertainty over affordable delivery.

3. Impacts of Delivering a 5% Uplift

- 3.1. While the contribution to affordable housing arising from a 5% uplift is uncertain and relatively modest, as set out above, there will be a significant impact in terms of identifying additional sites and meeting the OAN and providing a 5 year supply of housing land.
- 3.2. The Interim Report notes (paragraph 19) that there will be adverse environmental impacts from development, including pressures of Green Belt land. Nevertheless, the judgement was that these impacts would not outweigh the benefits of providing an uplift to the OAN. However, it can be seen that the 5% uplift would only make a modest contribution to affordable housing delivery over the plan period even if a full 35% contribution were achieved from any additional strategic allocations.
- 3.3. Conversely, there are substantial implications in bringing any new sites forward to deliver the total additional dwellings as a result of the uplift, particularly in the shorter-term. As has been recognised, any additional allocations create further pressures on the important environmental constraints apparent in the JCS area as well as the infrastructure requirements in delivering them and mitigating any impact. Furthermore, the identification of sites at this stage of the plan making process poses significant political and community engagement challenges.
- 3.4. The Interim Report also recognises that the 5% uplift would still leave a shortfall in affordable housing based on an annual requirement of 638, but recognises that there is a balance to achieve in view of the constraints to development and limited availability of sites. Therefore, in light of the above the benefits of what an uplift would achieve should be effective and robust.
- 3.5. The additional 5% uplift would also add further pressure on the ability of the councils to meet housing requirement figures including such an uplift over the plan period and in identifying a 5 year supply of deliverable housing land. This would also serve to restrict any flexibility in housing land supply against the OAN figures.

4. Alternative Sources of Affordable Housing Delivery

- 4.1. Further to supply from new market housing there is also a significant level of supply of affordable housing from alternative sources. This has been detailed through the Inspectors Affordable Housing Note from the JCS (EXAM 44). This includes smaller-scale developments for 100% affordable housing brought forward by Registered Providers. EXAM 44 demonstrated that over a 5 year period between 2009/10 and 2013/14 a total of 474 affordable dwellings were delivered across the JCS area on schemes not contributed towards from market housing. Sources of supply such as this are expected to continue and will complement supply provide for through market housing. If past trends continue then these could contribute a significant number (approx. 1400) of affordable homes.

5. Conclusions

- 5.1. The effectiveness of a 5% uplift in delivering additional affordable housing is uncertain and at best would still make only a modest contribution towards the overall needs. Meanwhile, the challenges of delivering the 5% uplift are significant in terms of dealing with the infrastructure and environmental constraints of adding new sites and negotiation the political and public engagement processes at this stage of plan making process. There is also additional pressure put on the ability of the Councils in meeting an OAN with flexibility of supply and providing a 5 year housing land supply.
- 5.2. As a result the JCS authorities consider that the 5% uplift would not present an effective method for delivery of housing. Therefore the preference would be for this 5% uplift to be removed from the housing requirement first and foremost. However, as a minimum the JCS authorities consider that any uplift would be more appropriately provided for later in the plan period to allow for a further review to provide an fully considered strategy for delivery.