
Pembrokeshire Coast National Park Scrutiny Committee

10th April 2013

Lin Cousins

Three Dragons



Critical Friend

- Specialist in affordable housing delivery (and viability issues), joint author of s106 study for WG, HA board member
- Asked to assist the committee – with an ‘outsider’s perspective’
- A view on where you are
- Specific tasks
 - Wider market conditions/land owner expectations
 - Why sites have not been developed out in this National Park when they have planning permission
 - Whether your housing allocations look commercially realistic?
 - Possible actions to make development ‘happen’

Policy context – all very familiar

Policy 45 AFFORDABLE HOUSING (Strategy Policy)

- **Seek to negotiate** 50% affordable housing to meet the identified need in developments of 2 or more dwellings
- + higher targets in specific settlements e.g. Tenby (60%), Newport (70%)
- Allow exceptional release of land within or adjoining Centres for affordable housing

If by the end of the financial year 2014/15 the number of affordable homes built or under construction is below 80% of the proportion of the overall target for the plan period which should be available by that date, the Authority will immediately commence a review of the Affordable Housing Strategy Policy

Issues - delivery rates are sluggish

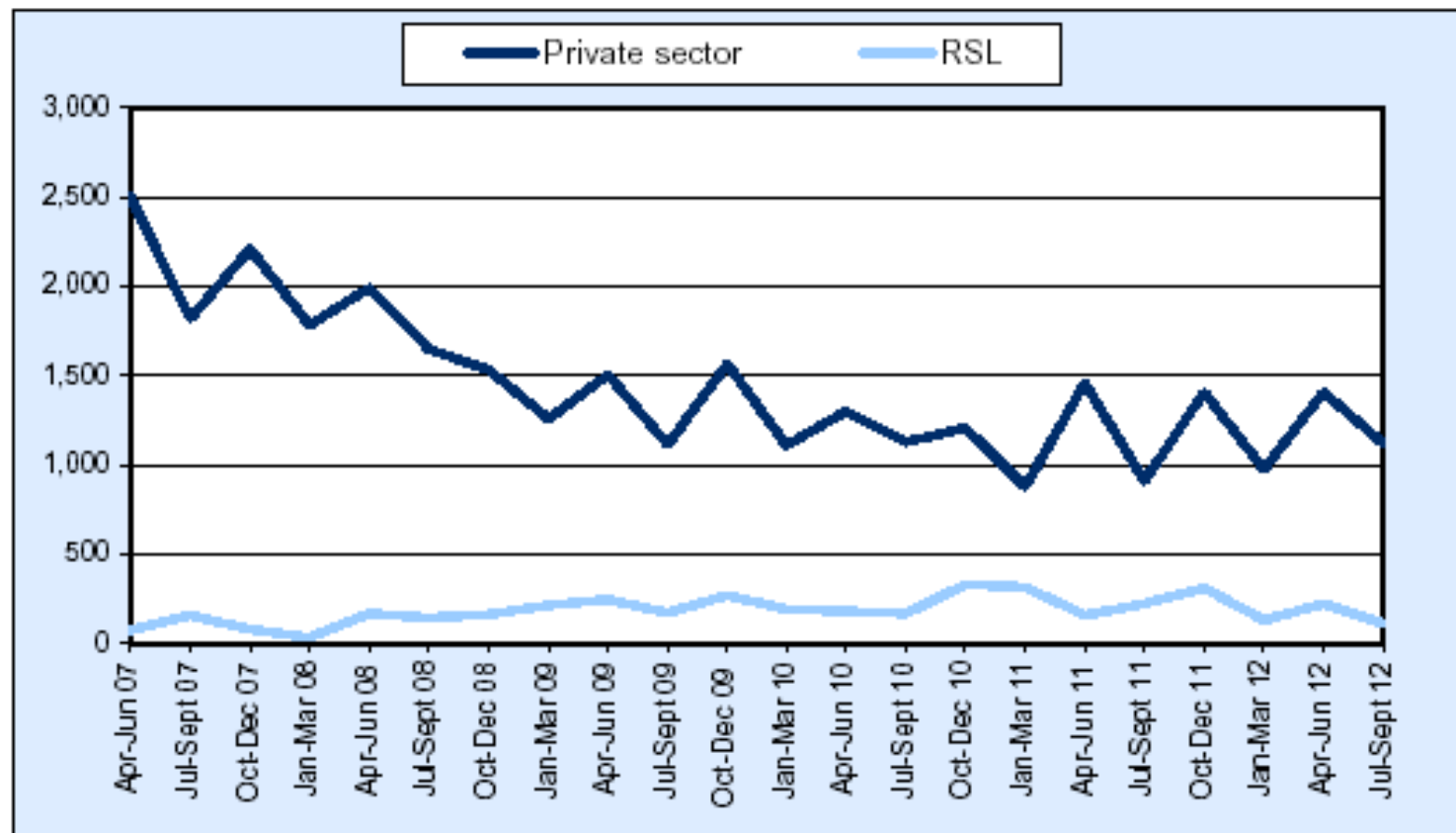
- Policy target = 50% +
- 2007-2015, policy = 28 AH per annum (built or under construction) (80% target)
- 2007 to 2012 = (<) 9 per annum

(In part, reflection of the previous plan)

- Market housing – target = 90 pa, provision = 55 pa to date
- % AH = 16%

Not alone.....familiar chart

Chart 3 - Number of new dwellings completed by tenure



Source: New house building collection from local authorities & NHRC.

New House Building in Wales, July to September 2012

Explanations offered by development industry

- Development industry claims viability (50% target) is behind this
 - HBF – re LDP “...affordable housing percentages ... were overly onerous ” and “Development viability is ... the biggest issue to face the national park with respect to the delivery of affordable housing. ”
 - PCC (major landowner) “The percentages being asked for are too challenging helping to stall an already flat market ...”
- Also negotiation process - “Viability appraisals will only be negotiated on after the applicant has made a heavy investment in assessing the site and making a Planning application” (PCC)
- Other more detailed aspects e.g. LCHO % share bought, cascade process for eligibility
- But - evidence indicates that the situation is not as simple as portrayed

Review of current permissions

	Market dwellings	AH dwellings	% AH
Under construction	62	23	37%
Start only	30	8	27%
Not implemented	27	9	33%
S106 negotiations	2	2	50%

LC analysis and conclusions

Developers are making applications, permissions are being granted

Clear willingness of the authority to negotiate

Overall % well below target and % for individual sites <50%

But quite a significant number of sites (dwellings) are 'sitting around' – even after negotiations

What explanation? Just waiting for market to pick up???????

Consider following issues

- Viability
- Portfolio of development sites
- Operational /process
- Landowner expectations
- A range of detailed issues

Viability

- Current policy (2010) based on data as at spring 2008
- Not attempting to re-run viability evidence from 2008
- But worth considering if obvious change in costs and values since then (Grant)

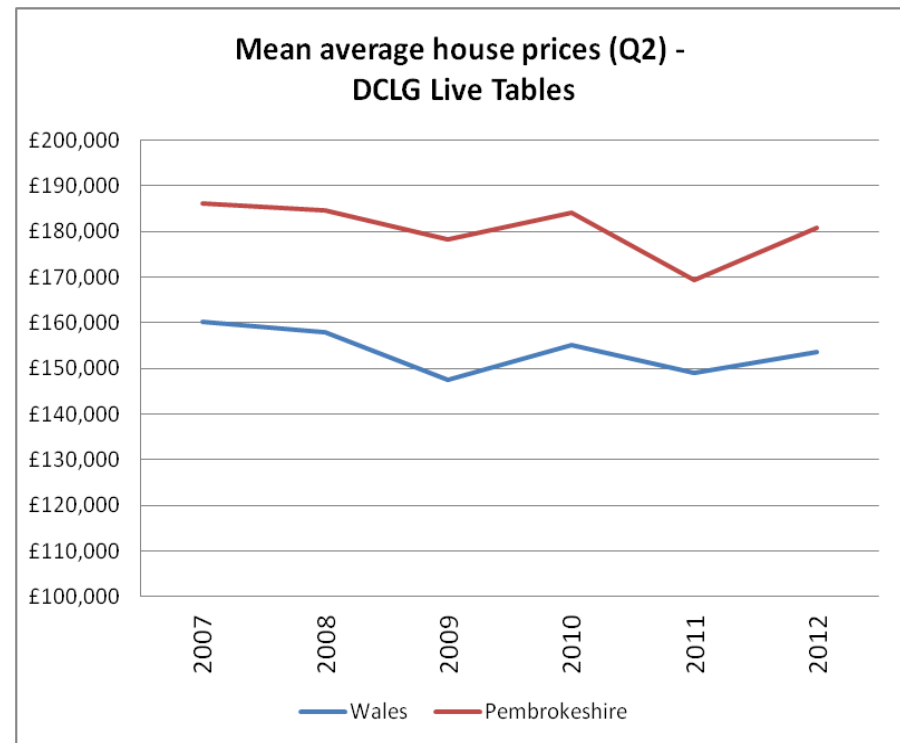
Not clear cut.....

Market values

- Volatile since 2008 - some evidence of a downturn in 2012/13
- But forecasters indicating increase in values e.g. +15% to 2017 (OBR), + 11.5% Wales to 2017 - only (publicly available) forecast for Wales

Costs

- Evidence that have reduced from peak at mid 2008
- But additional costs on the horizon - Building Regs for this year (c£4,500 per semi/detached) and introduction of fire suppression measures (c£3,075 per semi) - potentially significant impact on viability. Health warning – WG recently consulted on Build Regs changes – could be different outcome



Wrong sites for development?

- Seen issues with sites with pp – what about allocated sites – do these make sense from a market perspective?
- Drive by review of cross section of sites (5 to 160+), urban infill, redevelopment, edge of village/town
- Asked questions – are sites a reasonable size, are there obvious problems (e.g. site clearance), is the location good, are there major expenses e.g. new access?
- Overview = mixed group, some will take time/need a market upturn, some rely on other decisions, + group of sites look like good options (not clear what is holding them back?)

Inflexible /slow response

- (PCC and developer point)
- Current SPG has a negotiating protocol – does this need to be spelt out more clearly?
- Questions of process and resources
- Clarity of viability evidence needed (and who pays?)

Land owner expectations

- Who are the landowners?
- Local farmers (only sell land once)
- Local landowners of small parcels of land – AH is daunting?
- But also.....PCC – a very significant owner (c44% allocated units in LDP and very good sites) – are there opportunities to work in partnership with PCC? – alternative development vehicles to explore?
- New ways of encouraging exceptions sites (but what are these? May need to accept that exception sites take time)
- Are landowners waiting? Until market picks up and the end 2014 review??

More detailed points – picked up the following

Issue	Response
'Equity share product' - 70% ACG (lower than 70% market value)	Move to % of market value (SPG)
Cascade for LCHO is too slow – so properties are empty for long time	Streamline the cascade (SPG)
AH - Ask for DQR with grant and WHQS where no grant	Choice – higher standards = higher costs and less AH

Options for further consideration – part 1

- SPG = opportunity to smooth out some issues e.g. LCHO at 70% MV
- SPG = (another) opportunity to set out how will negotiate with applicants and (specifically) deal with viability concerns
- SPG sets out options to improve viability (e.g. alternative types of affordable housing) before have to reduce AH numbers
- Developers to pay for independent viability analysis?
- Programme of pro active discussions with landowners (allocated sites)/applicants (especially where sites appear to be ‘sticking’)
- High level initiative to strengthen partnership working with PCC (as landowner and highway authority)
- Work with RSLs to take more of a lead in development of sites
- New ways encourage release of exception sites (but don’t waste time if nothing new to offer?)
- Streamline process where possible – e.g. on-line self completion s106 agreements

Options for further consideration - cont

- Interim approach pre the review likely end of 14/15 Planning mechanisms that encourage development NOW = accept lower % AH
 - (small sites) short life permissions (already flagged up)
 - larger sites - review points in s106 agreements
- (Ideas to work up)