Fox Land and Property

Written Submissions to the Hearing of the Independent Examinations of the Milton Keynes Core Strategy DPD

Matters 3: Overall Housing Provision (Policies CS2 & 10, Table 5.2, Chapter 17 & 18, Appendix D)
Introduction

This Matter has been prepared by Fox Land and Property on behalf of the Bow Brickhill Consortium. They do not seek to replicate written submission already provided for the Core Strategy or additional Consultations\(^1\) although where relevant references will be made.

Matters 3: Overall Housing Provision (Policies CS2 and 10, Table 5.2, Chapter 17 & 18, Appendix D)

3.1 Is the overall housing provision figure soundly based? Does the Core Strategy provision figure meet the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with national policy?

3.1.1 The overall housing provision is not soundly based. Firstly, it fails to account for the provision set out in the South East Plan (RS) which remains part of the Development Plan, and secondly disregards the most up to date housing evidence base available in the 2009 SHMA update. This issue runs to the heart of the soundness of the Core Strategy. Whether the provision is based on the housing requirement within the MKC area included within the RS\(^2\) of 41,360 or 2,068\(^3\) pa (which was properly evidenced and excludes additional provision for MK within Aylesbury Vale) or the most recent data as contained within the Councils SHMA\(^4\) being 3,366 pa, the proposed CS build rate of 1,750 pa represents a major under-provision. This approach is completely at odds with The Framework’s presumption in favour of sustainable development and boosting significantly the supply of housing.

3.1.2 The proposed reduction in total housing provision from the RS requirement of 41,360 homes to 28,000 homes was fully explored within our representations made to the CS. However, as the RS remains to be revoked and with the introduction of the Framework it is important to assess the reasoning and impacts of the Councils Submission Proposals.

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\(^1\) MKC Post Submission Response Alternative Sites July 2011
MKC Post Submission Response Employment Technical Paper July 2011
MKC Post Submission Response Housing Technical Paper July 2011
MKC Post Submission Response Strategic Land Allocation November 2011
\(^2\) The South East Plan Chapter 23 (p259):Policy MKAV1
\(^3\) This figure excludes back log from unmet housing supply from 2006
\(^4\) Milton Keynes Strategic Housing Market Assessment (SHMA) Draft 2009 by ORS
3.1.3 The Council’s Housing Technical Paper (HTP)\(^5\) and the 2012 Update\(^6\) set out to justify the reasons for the substantial reductions in the housing supply. This reasoning has been based on either the revised household projections of 1,560\(^7\) per annum or indigenous growth of 1,300 pa.\(^8\) This leads to a much lower annualised requirement, using past statistical trends, and discounting the significant implications of immigration.

3.1.4 It is also important to emphasise that these figures do not account for the backlog of objectively assessed needs that was not addressed in the SHMA (and which figure of 3366 dpa sought to address 50% of the need backlog) within its 5 year assessment timespan. SQW\(^9\) consider in detail the soundness of overall housing provision against the available evidence on household formation and its economic implications vis-à-vis the jobs per dwelling ration now applied.

3.1.5 The Housing Statistics Projections have been used to replace RS Projections and the SHMA 2009. The Population statistics are at the latest point of indexation from the 2001 census where the margin of error is at its greatest. The Council’s reliance on the projections should be treated with significant caution. The data carries its own health warning in that they are a ‘long term view’ purely based on population projections. The caveat on the data goes further in that ‘They do not attempt to predict the impact of future government policy, changing economic situation or other factors might have on demographic trends’. There is also a widely held belief that the underlying population is far in excess of projections due to continued residency on unexpired visas and where immigration has occurred undetected. The accuracy of this data will not be known until the results of the 2011 Census are published in September 2012. The SQW report at Appendix 1 reviews the parameters and current limitations of these latest projections.

3.1.6 From the work we have commissioned and submitted in respect of Matter 4, (and the detailed assessment of economic impacts contained at Appendix 1 to this statement) the evidence suggests that the likely jobs growth alone, even applying the proposed CS new job to household ratio of 1.5:1.0 will lead to a requirement of 1,992 dwellings per annum, rising to 2,988 dwellings per annum if neighbouring authorities cannot be relied upon to accommodate a share of Milton Keynes burden of employment driven

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\(^5\) CS Housing Technical Paper Feb 2011  
\(^6\) CS Housing Technical Paper Update April 12  
\(^7\) CS Housing Technical Paper Update April 12:Paragraph 3.13  
\(^8\) CS Housing Technical Paper Update April 12 Exec Summary Paragraph 3.2  
\(^9\) Appendix 1
demand. Again the only conclusion that can be drawn is that the (under) housing provision of 28,000 (1,750 dpa) is unsound and ineffective in meeting the future growth requirements of the City. Failure to provide for enough homes will lead to more unsustainable forms of growth in the region with more in-commuting.

3.1.7 The implications for affordable housing provision as a sub-tenant at 30% (Affordable Housing SPD 2007) would mean that the reduction in the overall housing provision in the remaining years of the plan of 5,088\(^{10}\) dwelling (Excluding backlog and former allocations within neighbouring districts) would have the knock-on result of 1,526 (@30% provision) fewer affordable homes as an absolute minimum even before the implication of likely housing shortfalls are considered.

3.1.8 The approach taken by MKC, based on a negative interpretation of historical delivery informing ongoing capacity is not consistent with National Policy set out in The Framework. As we detailed in responding to Matter 1, the Council is not looking to boost significantly the supply of housing or responding to objectively assessed needs for market and affordable housing or using an up to date evidence base. (NPPF 47)

3.2 How should the overall provision figure be assessed against the South East Plan and its evidence base, so far as they remain relevant?

3.2.1 The South East Plan currently remains part of the Development Plan in Milton Keynes and the most recent evidence that has been tested as sound. This has been confirmed by the Secretary of State as recently as January 2012, in responding to neighbouring Aylesbury Vale District Council in respect of a 350 dwelling residential development at Newton Leys\(^{11}\). The Secretary of State confirms in paragraph 12 of his decision letter dated 19\(^{th}\) January 2012 that “For the reasons given by the Inspector at IR 134, The Secretary of State agrees that at present, the SEP housing figure remains the only reliable evidence regarding need in this area.”

3.2.2 FLP consider that the RS provision should be considered as an absolute minimum, having due regard to the higher needs based findings of the SHMA referenced above and assessed in detail by SQW in their assessment at Appendix 1.

\(^{10}\) From 2010 base: 318 less per annum * 16
\(^{11}\) APP/J0405/A/11/2152198/NWF – Appeal by O&H (Q6)Ltd
3.3 Are there reasonable prospects for delivery of the proposed level of housing? In particular:

i) Is enough suitable land identified and will the sites be brought forward on time?

3.3.1 There are a number of issues surrounding whether sufficient land is available even at the level of the proposed 28,000 homes provision. Even this ‘lower’ level of growth requires a larger and more varied supply of housing land than currently identified, particularly with just one Strategic Land Allocation proposed. FLP have a number of concerns in respect of aspects of both the existing and proposed CS supply.

1) The Strategic Reserve Areas

3.3.2 The previous Strategic Reserve Areas (now SLA’s) are identified as delivering a maximum of 2,500 homes. Our research suggests even if they were suitable and deliverable they are unlikely to deliver more than 2,000. This leads to a potential shortfall of 500 dwellings against overall predicted CS supply. In Matter 6, FLP promote an alternative/additional freestanding Strategic Land Allocation Opportunity at Bow Brickhill (MKSA8 -at Appendix 2) which could also potentially deliver 2500 dwellings by taking in Church Farm, the most sustainable of the former SRA’s which lies immediately to the north east of Bow Brickhill and abuts the urban area.

2) Western Expansion Area (WEA)

3.3.3 The WEA is intended to deliver 6230 dwellings by 2026. To date no development has commenced, notwithstanding assumption in the 2011 HTP that 224 dwellings would be completed in WEA 10 in 2012/13, and a further 266 on WEA 10 together with 210 on WEA 11 during 2013/2014. To break the WEA into two areas is misleading when assessing realistic annual housing delivery, yet if the two adjoining areas are counted as one for this exercise, lead-in delivery commences during the period 2013-2014, builds up the following year and continues at ‘peak production’ from 2015-2016 to the end of the plan period, there will be a ‘requirement’ to deliver an average of around 500 dwellings per annum through to 2026 to meet the CS target. This is an unrealistic sustained annual target, even in a substantially improved market. At Appendix 3 - FLP propose modified build-rate adjustments for the WEA of 100

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12 Now referred to as Strategic Land Allocations
13 Dealt with more fully in Matter 6
14 2011HTP analysis of completion rates – p43/44
dwellings for 2013/2014, 250 for 2014/15 and then 450 dpa thereafter which remains challenging in MK even in an improving market. However this revised delivery schedule delivers only 5,300 of the 6,230 dwellings proposed by MKC, a further shortfall in supply of 930 dwellings built by 2026.

3) City Centre Apartments

3.3.4 The high density city centre apartment schemes raise two issues. Firstly can the density levels assumed when outline permissions were first granted be sustained? Secondly how many of the remaining 4,900 allocated / committed apartment supply (see schedule at Appendix 4) in Central Milton Keynes will actually be completed by 2026?

3.3.5 MKC themselves has recognised that their density assumptions may now be too optimistic. The first phase of the Central Milton Keynes Residential Quarter has been reduced from 650 to 400 (38% reduction). Whilst it is acknowledged this has been taken into account by the latest trajectory provided by MKC, if this trend was to be broadly followed across this source of supply then there would be a substantial reduction in overall supply. If we were to assume that the overall capacity of the other planned CMK apartment schemes at Appendix 4 (excludes SRQ and the 100 completed apartments) was to be reduced by a lesser margin of 25% from approximately 4,000, down to 3,000 apartments - then a further shortfall of 1,000 units would result against the promoted CS supply to 2026.

3.3.6 It is clearly evident that even just scratching at the surface of the current supply, the delivery of over 2,400 of the 28,000 committed and proposed dwelling supply is very doubtful. It is imperative that further sites are identified and /or additional directions of growth indicated within the CS plan period.

3.3.7 Doubts as to whether current sites can come forward, both in the 5 -year supply period to 2017 and within the full plan period to 2026 is a matter for concern. There is huge exposure to delay by over reliance on a few core areas within the Borough to deliver the growth (listed at Appendix 5). To propose just one further Strategic Land Allocation (SLA) to the south east of Milton Keynes is wholly inadequate to provide an unconstrained supply for the CS period.
ii Is the reliance on existing commitments adequately justified, and especially dependent on the Western Expansion Area?

3.3.8 For the reasons illustrated above there is over reliance on existing commitments that make up the majority of the land supply. The Western Expansion Area (WEA) at a combined size of 6,550 dwellings will have a population and infrastructure requirement which will take many years to implement and establish. Such developments in the same market area are very unlikely to peak to deliver more than 450 dwellings is any one year. Similar type developments nationally do not exceed this figure for a sustained period unless in very exceptional circumstances of very high market demand.

3.3.9 From our analysis of WEA completion rates contained within Appendix 3, our ‘alternative’ trajectory indicates that even following a sensible lead in for production and (optimistically) assuming a sustained delivery of 450 dwellings there would be a major shortfall in housing supply of some 1181 homes in the first 5 years from 2012-2017 and a deficit in the overall plan period to 2026 of around 930 of the 6230 dwelling target.

3.3.10 Owing to the geographical distribution of sites (many are concentrated to the East and West of the City), this ‘saturation’ issue could easily extend to the sites at Broughton and Brooklands and the proposed SLA as they are arguably within the same compact (eastern) market area. This then gives further concern to the achievement of future annual delivery from these sites also.

3.3.11 There is insufficient flexibility to take account of this scenario in the current CS. Additional sites are therefore required and in different market areas to the current supply concentrations. This is the only way to ensure there is reasonable opportunity to maintain the supply appropriate to the demands of Milton Keynes as a hub for economic growth. By assessing the SHLAA mapped information and acknowledging the current cross boundary constraints, more deliverable alternatives within the Borough Boundary need to be explored to the south of Milton Keynes; and particularly the SUE at Bow Brickhill (MKSA8) (adjusted as Appendix 2)
iii) Are there any particular viability infrastructure or other barriers to delivery that need to be addressed?

3.3.12 The main issue is how the infrastructure will be funded in the future and at what point is it needed. The transition between a MK Tariff system and the new payments for growth via the CIL\(^{15}\) and NHB\(^{16}\) will not be an easy one as this has to run in parallel with the cuts in public funding as announced via the Spending Review in 2010.

3.3.13 The CS does not set out in any great detail how this transition will work but clearly it is a mammoth task to keep the City building with investment certainty.

3.3.14 The reliance on large allocations such as WEA which at 2.3 persons per household will mean services are required for a population of over 15,000 and the timings and impacts of this have been underestimated. The CS needs to plan comprehensively and more realistically for the phased delivery of such an undertaking.

3.3.15 The only conclusion that can be drawn to ensure both a sufficient and flexible supply of housing, is that a more even spread of growth away from the western and eastern boundaries of the City is needed, selecting more sites that are planned, viable and deliverable and will integrate into the existing infrastructure framework of the city.

3.3.16 The specifics of infrastructure to service the SRAs and the importance of funding support for East West Rail will be dealt with separately.

iv Will the sites offer reasonable choice and flexibility in market terms?

3.3.17 The issue of over-concentration on the East and West of the City on the large urban extensions has been raised already. The problem of the high density schemes within the City boundary has also been recognised by MKC themselves. On the basis that the Central MK sites are mainly apartments (see breakdown at Appendix 6) and other developments will be mainly housing, the ratio of apartments to houses is about 26%\(^{17}\). Whilst some need remains for this household type there is a dearth of investors for apartments and there is now a greater need for houses and family homes. Such a proportion (of over 10% apartments) could now be considered as an

\(^{15}\) Community Infrastructure Levy

\(^{16}\) New Home Bonus

\(^{17}\) Taking all CMK, Campbell Pk, Central Bletchley and 8% on the major application gives 6547 Appts of the 24,808 total supply
over-supply exemplified by the slow delivery of Phase 1 Campbell Park that has only seen 101 completions over 4 yrs. The result of this is a massive reduction of previously assumed apartment completions and a consequent need to identify a greater contingency through the allocation of more housing sites.

V) does the plan provide for a five-year supply (From the expected date of adoption of the Core Strategy) of specific deliverable sites and an appropriate additional buffer of supply, consistent with national policy?

3.3.17 We would first make the point that Council do not have a five year supply when assessed against RS targets. The Aylesbury Vale- Newton Leys Inspector looked at housing land supply issues in both districts as part of the 2011 appeal in view of the cross boundary housing issues, and concluded on the evidence presented to him (at paragraph 138) that:

“In this regard, Milton Keynes figures show that it has a modest shortfall in the 5 year supply when assessed against SEP targets. On this basis it would be unlikely to compensate for housing supply deficiencies within the SWMK urban extension within Aylesbury Vale”

3.3.18. The Council further contends in its 2012 HTP update that it has a five year housing supply (albeit against the reduced 1,750 dpa provision of the Core Strategy) and a minimum (NPPF) 5% buffer of deliverable sites for the next seven years. MKC also suggest that as a high delivering authority, it should not be required to provide a 20% buffer based on underperformance against housing targets. These assertions do not however stand up to comparison against the actual performance of Milton Keynes against the South East Plan requirement of 2,068 dpa. From the 6 year period from 2006-2012, Milton Keynes has underperformed against the Development Plan as illustrated in the table below by over 18%.

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18 APP/J0405/A/11/2152198/NWF – Appeal by O&H (Q6)Ltd
Table 1 - Annual Housing Delivery in Milton Keynes 2006 -2012

<table>
<thead>
<tr>
<th>Year</th>
<th>SE Plan annual requirement</th>
<th>MK gross annual completions</th>
<th>Surplus (+) or shortfall (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/7</td>
<td>2068</td>
<td>1672</td>
<td>-396</td>
</tr>
<tr>
<td>2007/8</td>
<td>2068</td>
<td>2317</td>
<td>+249</td>
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<tr>
<td>2008/9</td>
<td>2068</td>
<td>1856</td>
<td>-212</td>
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<tr>
<td>2009/10</td>
<td>2068</td>
<td>1422</td>
<td>-646</td>
</tr>
<tr>
<td>2010/11</td>
<td>2068</td>
<td>1306</td>
<td>-762</td>
</tr>
<tr>
<td>2011/12</td>
<td>2068</td>
<td>1586</td>
<td>-482</td>
</tr>
<tr>
<td>Total</td>
<td>12408 (2068dpa)</td>
<td>10159 (1682dpa)</td>
<td>-2249 (-18.1%)</td>
</tr>
</tbody>
</table>

3.3.19 We would also suggest that the Council’s current forward supply is overly dependent upon major allocations and the claims of a five year supply is unrealistic. From our assumptions in respect of delivery at the WEA alone (Appendix 3), we consider that there is a likely delivery shortfall of 1181 dwellings from this site alone in the first five years 2012 -2017.

3.3.20 Similar delivery concerns are also raised in respect of the CMK where just 101 apartments have been completed in the last five years at Campbell Park, whilst none of the other schemes have got off the ground (Appendix 4). Nevertheless, the December 2011 Assessment of Five Year Land Supply still predicts that 1147 apartments are ‘expected’ to be delivered from these 5 central sites by 2017. The Council advise in their 2012 HTP update\(^{19}\) that a site for 400 high density homes has been sold (but no detailed PP), a re-plan of a stalled phase of Campbell Park is being considered (again no detailed PP), and a review of the Development Framework for CMK has begun with the aim of increasing delivery and to review housing numbers and densities. In the current absence of any detailed planning consents (or even applications), FLP consider that it is not unreasonable to assume that locations such as Campbell Park and the other CMK schemes are unlikely to deliver even half of the predicted (1147) supply by 2017. An assumed reduction in the delivery of apartments by 573 (50%), added to the 1181 dwellings delayed at the WEA will have a significant impact on the alleged five year housing supply of 5.47 years set out in the 2012 HTP. In Appendix 7 we set out a more realistic assessment of five year supply (still based on the CS provision) which demonstrates that the deliverable supply is closer to \textbf{4.29 years}. If the exercise was based

\(^{19}\) Updated Housing Technical Paper 2012 –Submission Document B126
against the annual housing requirements of the RS(2,068dpa + backlog adjustment) then the five year supply would clearly be even lower.

3.3.21 The only realistic conclusion is that a five-year supply cannot be achieved on either the current CS provision or particularly the RS provision without further allocations now to ensure that sites can be phased into the supply requirement as and when required. Clearly without the safety net of additional sites the CS Plan is unsound. In order “to boost significantly the supply of housing” Paragraph 47 of the Framework proposes a 5% or (in the case of underperforming authorities) 20% buffer of housing to be moved forward from later in the plan period. In our alternative five year supply assessment at Appendix 7, row (j) sets out the overall number of houses that MKC should be providing for between 2012-2017 taking on board the 5% and 20% contingencies (based on the current CS provision), and row (k) shows the shortfall in provision their current 5 supply based on our revised supply assumptions in row (g). This analysis shows (in row g) that the Council need to be making provision for between 1,792 and 3,196 additional dwellings between 2012-2017 based on the guidance at Para 47 of The Framework (notwithstanding our contention that the base provision of 1,750 dwellings per annum is inadequate and unacceptable). From the 2006-2012 housing completion rates set out in Table 1. (Under 3.3.18) This confirms that as MKC has not delivered housing against Development Plan (RS) targets, FLP consider that the 20% buffer should apply.

3.4 i) Overall, do the proposals for housing provision take sufficient account of uncertainties and risks?

3.4.1 No, the matters raised already conclude that there is insufficient flexibility and too much uncertainty of delivery in the land supply even to meet the 28,000 housing provision. The problem is more acute as clearly the MKC planned growth does not address either the Housing Need as identified in their SHMA or the need to ensure those that come to the City to work in respect of new employment opportunities can be met.

ii) Are the monitoring, managing and contingency measures adequate?

3.4.2 It is acknowledged that MK review system is very well organised and resourced providing a good level on information and does give the ability to identify changes where needed. However, the difficulty arises with the quantum of housing required and over optimistic assumptions on the timing of delivery on large sites. It takes time
to change course and identify new supply at the numbers needed to maintain housing delivery.

3.4.3 To ensure a certain supply other sites are required to make the plan sound, even just to attain the 28,000 figure that the CS currently proposes and before any consideration of compliance with the RS and the higher numbers previously supported by MKC. As such there is clearly no contingency in place at either level.

3.4.4 Would providing this level of contingency cause any demonstrable harm to the CS meeting its objectives? Simply put the answer is ‘No’. It can only assist the City fulfilling its potential as the hub of economic growth for the Region.

iii) On this basis, is the overall strategy reasonably flexible?

3.4.5 Overwhelming responses have been given in this matter to point towards the inflexibility of the CS to deliver even the reduced quantum. The uncertainties and risks summarised above gives the firm opinion that the plan cannot be found sound in this respect.

3.5 Does the Core Strategy give sufficient consideration to the provision of affordable housing?

i) Is the reliance on saved local plan policies and supplementary planning advice a justified and effective means of securing an appropriate quantity and mix of affordable homes?

3.5.1 The Policy content in the CS in respect to affordable housing is sparse. It is acknowledged that social deprivation (upon factors measured nationally) is less within this modern City but still cannot be ignored.

3.5.2 The implications on the delivery of affordable housing are clear by reference to the MKC Annual Monitoring Reports. Subsequent to the adoption of the SPD the proportion of Social Rented provision was for 5% of the Total. It is now 25%. This has created a backlog for those most in housing need. In 2008/9 only 10% social rented tenures of the annual provision was achieved although has now risen to 17% in the 10/11 report.

3.5.3 MKC are still underachieving the required affordable social rented supply. The only way this can be addressed and yet ensure residential schemes remain viable is to
increase the total supply of housing. National funding of RSL’s will remain restricted for the foreseeable future and therefore affordable tenures will be more reliant on private finance via house production. As such the housing provision should remain as that quantum identified in the RS otherwise the Councils SPD objectives on Affordable Homes will continue not to be met.

ii) **Has the viability of provision been taken into account?**

3.5.4 As set out above, funding cutbacks and the impacts of the recession will impact on the viability of provision placing a greater burden on the private sector to deliver.

3.5.5 The ability for house builders to cross-subsidise will be very much dependent on engaging with landowners/developers and consideration of what priority affordable housing will have in the round set against other infrastructure requirements.

3.5.6 The importance of understanding the viability issue of cross-subsidy will be even more of a priority with the introduction of the CIL which excludes the provision of affordable housing from the calculation. This is a serious omission from the CS. The SPD sets a new level of Social rented which has not been achieved since the policy was adopted in 2007. Is this level of affordable housing still deliverable? Subsequent to this Policy the SHMA has been produced. As such the SPD is likely to be out of date. There is no mention as to how the SPD will be updated in the light of this evidence. All these matters should have been dealt with in the CS

3.6 i) In the light of the Government’s *Planning Policy for Travellers Sites*, does the Core Strategy give sufficient consideration to this matter?

ii) Pending completion of the steps referred to in paragraph 10.8 of the Core Strategy, how and on what basis will such needs be addressed?

No Comment
HOUSING PROVISION APPENDIX


2. Bow Brickhill MKSA8 Revised Area Plan –FPCR

3. Western Expansion Area - Build Rate Adjustments Analysis of Land Source

4. Central Milton Keynes Apartment Analysis

5. Analysis of Land Source - Sites over 1,000

6. Estimate of Houses to Apartments

7. Milton Keynes - FLP Alternative Five Year Land Supply Assessment 2012-2017