MATTER 3: OVERALL HOUSING PROVISION

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 In relation to Matter 3.1(i), the Consortium has described in its written statement on Matter 1 the deficiencies of the process by which the housing figures in the Revised CS have been derived. Fundamentally, the process was not led by a robust assessment of need and demand, but by the 2-page analysis contained in Annex A of the document ‘Discussion Paper: What Next for the Core Strategy?’. The limitations of this document were acknowledged by the Council’s officers at the time in that it was intended merely to identify ‘broad options’ and was ‘for discussion’.

3.1.2 On the basis of the scant analysis contained in Discussion Paper: Annex A, the LDF Advisory Group and then the Council itself during meetings that took place in August and September 2010 agreed to substantially reduce planned levels of house-building. Throughout this time the more robust evidence of need and demand presented in the Council’s own SHMA (document: B58/B108) was ignored. Indeed councillors undertook to review the SHMA with the express intention of amending it to accord with the decision on house-building rates. By way of evidence that has arrived late to the process, the Council has produced its Housing Technical Paper (document: B126). The purpose of this document, however, is not to provide robust evidence of need and demand, but rather to set out ‘the rationale behind the reduced housing target…’ (paragraph 2.2). The Council has now issued the ‘Updated Housing Technical Paper’ (document: B126a). However, the updated HTP at paragraph 123 acknowledges that in terms of the background as to why the Council altered its housing target this remains as per the HTP of February 2011. The updated HTP therefore adds nothing to the Council’s case as to why the housing target was reduced to 28,000 homes.

3.1.3 The housing provision in the Revised CS of 1,750 new homes p.a. does not adequately provide for the projected employment growth in Milton Keynes. Recent job growth in Milton Keynes has exceeded the increase in new homes by a factor of around 2:1 (MKC states both 1.78 and 2.2 jobs per home), which exceeds the Council’s target figure of 1.5 new jobs per new home and by a greater factor than the 1:1 ratio proposed for the growth area in the South East Plan (RS). The result is an increasingly unsustainable pattern of in-commuting into MK, with its associated adverse effects of road congestion, additional noise and air pollution, and loss of productivity. The scale of the problem can be measured by the additional 19,000 commuters into MK in the period 2001 to 2008, representing an increase of 118% (Source: ONS/LTP3).
3.1.4 The Revised CS has inbuilt a continual worsening of the imbalance in jobs to homes by having the objective of creating an additional 1.5 jobs for each new home completed. Whilst this is the stated objective of the Revised CS, the figures in Table 5.3 show that the actual range of the disparity is between 1.8-2.4 jobs per dwelling. The increases in congestion, particularly on the main radial routes into town, will become a barrier to new businesses moving to the area and a cause for existing businesses to relocate. Equally, the competition among employers for local workers will cause difficulties for employers seeking to recruit and retain the best staff and thereby threaten the ability of MK to operate as a regional employment hub.

3.1.5 The Revised CS therefore takes account neither economic nor environmental factors, as the increases in in-commuting that are a consequence of the planned 1.5:1 ratio of jobs to new homes will have adverse effects for both.

3.1.6 The Council’s approach is inconsistent with national policy. NPPF, paragraph 156 sets out a range of strategic policies that are required in the Local Plan, including policies to deliver the homes and jobs needed in the area. The CS in contrast proposes to deliver a level of new homes well below that indicated by the evidence base, thereby resulting in an imbalance of homes and jobs. The CS therefore also fails to provide the integrated approach to the delivery of jobs and homes prescribed in NPPF, paragraph 158.

3.1.7 The NPPF requires an evidence base (in the form of a Strategic Housing Market Assessment) to determine the level of housing provision in the Local Plan. At paragraphs 158 and 159 the NPPF defines the requirements of the evidence base, including the need to cater ‘for housing demand and the scale of housing supply necessary to meet this demand’.

3.1.8 The Council has produced its SHMA (2008, updated 2009, documents: B58 and B108), albeit not for the full plan period. Both documents indicate a scale of annual house-building of the order of 3,370 homes p.a. Despite the availability of this evidence, the Council’s decisions have been informed (as previously stated) by a 2-page analysis of ‘broad options’ and historic rates of housing completions. The Council’s approach to determining planned levels of housing in the Revised CS is therefore not compliant with the NPPF.

3.1.9 The Council’s analysis is that 1,750 dwellings p.a. represents a ‘realistic’ level of delivery. Savills has produced a report that assesses the potential to increase rates of delivery to levels that are of the same order as those prescribed in the RS (2,070 p.a. for MK Borough and 2,500 p.a. for the MK Growth Area). An updated (May 2012) version of this Savills report accompanies this statement as Appendix 1. In summary, the report finds that:

- current indicators of market strength and capacity are a symptom of a partially malfunctioning market. They do not take account of the impact of emerging and future
Government measures to boost volumes of housebuilding, alongside the likelihood of a gradual improvement in market strength during the next five years. Therefore it would be inappropriate to limit market capacity on the basis of current indicators;

- market capacity in Milton Keynes has been limited by provision of relatively high density housing outside CMK, restricted by design codes on land controlled by EP/MKP. There is a mismatch between this form of provision and the full range of market demand for housing in the MK area. The development of privately owned land, at densities matched to market demand, will unlock demand that has been constrained by past development;
- higher levels of investment in the private rented sector, as sought by Government policies, would unlock development of new rented housing in all parts of Milton Keynes, but in particular Central Milton Keynes; and
- the existing housing stock of Milton Keynes does not appeal sufficiently to managerial and professional workers with the result that this category of worker tends not to live in MK, but commute to the town from elsewhere. The potential exists therefore to broaden the housing offer to meet the full range of demand and at the same time address the present low representation of managers / professionals in MK and reduce levels of in-commuting.

3.1.10 Widening of housing provision in Milton Keynes to meet the requirements of a broader cross section of employees would increase market capacity for delivery. The Savills report identifies market capacity to deliver 2,650 new homes per annum, if the housing offer is expanded to satisfy the needs of the full breadth of the market, in particular:

- 1,600 homes per annum from established sources of demand for homes outside of CMK, based on development at lower densities than in the recent past, with provision of car parking and gardens in line with market demand;
- 300 homes per annum in CMK, predominantly for private rent, potentially owned by institutional investors; and
- 750 homes per annum from diversification of the market to satisfy demand from those who would otherwise commute into work in the city, including managerial and professional employees.

3.1.11 This additional level of housing requirement can be met by the allocation of the Strategic Development Areas that are included in the RS in Policy MKAV1 and MKAV2. The SESDA accords with the principles of the NPPF, having been assessed as representing the most sustainable direction of growth for MK by the RS Panel. The SESDA is also allocated in the Central Beds CS under Policy CS1 for the purpose of accommodating the growth of MK. Its delivery can therefore be achieved by the joint working of the two relevant Councils: MK and Central Beds.
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 RS emerged through a detailed examination of the evidence base for housing and employment, and the most sustainable way of providing this growth. It continues to comprise part of the development plan and therefore prescribes the level of housing requirements for the Local Plan. The CS therefore needs to comply with the RS. Both the RS and the evidence base point to significantly higher levels of housing growth in Milton Keynes.

3.3 Are there reasonable prospects for delivery of the proposed level of housing? In particular,

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

ii) Is the reliance on existing commitments adequately justified, and especially, dependence on the Western Expansion Area?

iii) Are there any particular viability, infrastructure or other barriers to delivery that need to be addressed?

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

v) Does the plan provide for a five-year supply of specific deliverable sites and an appropriate buffer of supply, consistent with national policy?

3.3.1 The increased housing figures that the Consortium is proposing i.e. 2,650 houses p.a. cannot be accommodated on the land supply that has been identified. Over a 16-year period this would generate 42,400 dwellings as against the 28,000 that the CS proposes. This level of development requires additional strategic land releases, which should include the Strategic Development Areas identified in the RS.

3.3.2 The question, however, asks whether the proposed housing level can be accommodated on the land supply. The Consortium considers that even this considerably lower test is one that the Revised CS would fail. The Council itself has examined the ability of the land supply to meet the planned requirements over the period of the CS in a report to the LDF Advisory Group dated 9 September 2010 and titled ‘Housing Targets and Land Supply’. The report concludes that at a rate of 1,750 dwellings p.a. the current land supply could fulfil the requirement for the urban area. However, the report identifies in paragraph 3.10 that this conclusion is dependent on the existing sites maintaining the density of development assumed in the housing forecasts:

‘The figures are particularly close to delivering the urban part of a 1,750 target, meaning any changes in the density assumptions could make a significant difference.’ (LDFAG, 9 September 2010, paragraph 3.10)
3.3.3 The LDFAG report goes on to identify that it is the density of development on the large Greenfield sites that is key to determining the level of housing that can be accommodated. Of these large greenfield housing sites, many have an average density of around 40 dpha and some are in excess of this. There are two particular factors that give impetus to a review of density levels on planned sites:

i) the replacement of PPS3 with the NPPF, allowing greater flexibility for local authorities to determine density and parking levels; and

ii) change in market conditions with a shift away from higher density development, particularly flats, towards housing, particularly that with parking and garden space.

3.3.4 These factors apply equally to those sites where planning permission has already been granted, but where market conditions mean that the consent is no longer in accord with purchaser requirements. Traditionally MK has seen the development of flats in suburban locations. In the medium term there is unlikely to be significant market demand for flats outside of CMK (particularly in the new homes sector). Equally, whilst it may be desirable from a town planning perspective to maintain high density living in CMK, the rate of take-up of this type of product is likely to be reduced from that seen prior to 2007. Furthermore, the housing market evidence that we have presented indicates that development is moving towards lower densities, in line with market demand, and that there is potential to move further in this direction to satisfy higher levels of demand.

3.3.5 The LDFAG report considers in Table 1 the effect of a reduction in assumed density on sites in the land supply. Assuming 35dpha there is a reduction in capacity of 1,963 dwellings, with the deficit increasing to 3,380 dwellings if the assumed density drops to 30 dpha. This analysis relates only to those major sites where full planning permission is not in place (some 30% of the total land supply). No account has therefore been taken of those sites that may be subject to re-planning to better reflect market conditions. As a consequence, the CS should identify additional allocations to ensure the land supply is sufficiently flexible to allow for re-planning of sites at lower densities. An appropriate flexibility tolerance should be of the order of 20% given the present market uncertainties.

3.3.6 In relation to Matter 3.3(ii), the WEA represents a significant proportion of the land supply in the Revised CS, with the development comprising some 6,000 houses. The outline planning permission was granted in autumn 2007 and therefore reflects market conditions prior to the ‘Credit Crunch’. Area 10, which accommodates over 4,000 dwellings, has a comparatively high density of development i.e. 46 dpha in what is a suburban location. We are not aware of any proposals for re-planning the WEA. However, it would appear to be a contender for just such an approach, particular when compared with the average density for other permitted sites which is at a level of 23.5 dpha according to the updated HTP.
3.3.7 In relation to Matter 3.3(iii), there are clear viability barriers to development. In its current form the Revised CS identifies only the Strategic Land Allocation (SLA) as an additional land allocation for the plan period. The SLA (in large part) is subject to the MK Tariff formula for which there is an existing set of committed infrastructure schemes. There is therefore no significant source of additional funding over and above that in the Tariff to fund further infrastructure requirements. In this context, the wording in paragraph 16.5 of the Revised CS appears to be a remnant of the former draft of the document, in that it refers to a new Tariff agreement being established to cover infrastructure delivery ‘in new areas of growth’.

3.3.8 In relation to Matter 3(iv), the Consortium is not aware of the detailed proposals that have been made for each site. There is broadly a range of urban and suburban sites in the land supply. This should allow for choice of housing types in market terms albeit that this may require re-planning to reflect current market conditions as referred to above. The underlying issue of lack of an adequate supply of dwellings to meet the level of need and demand in the MK area however remains (see 3.1 above).

3.3.9 In relation to Matter 3(v), there is in strict volume terms an adequate supply of land to meet the 5-year requirement assuming 1,750 dwellings p.a. with the updated HTP indicating a 5.47 year housing land supply. There are however a number of challenges to delivery (as referred to above) as well as evidence that the specified annual rate being inadequate to meet objectively assessed need. In addition, the NPPF seeks to introduce flexibility by requiring an additional 5% or 20% supply to be brought forwards to the first 5 years of the plan period. Assessed against the submission plan requirement plus 20%, the land supply is only 4.56 years. When assessed against the RS requirement, the supply amounts to a 4.39 year supply. In addition, the Consortium proposes a further 20% flexibility to allow for re-planning of consented/allocated sites to respond to changed market conditions.

3.4 i) Overall, do the proposals for housing provision take sufficient account of uncertainties and risks?
   ii) Are the monitoring, managing and contingency measures adequate?
   iii) On this basis, is the overall strategy reasonably flexible?

3.4.1 The Consortium has stated in response to Matter 3.2 that it considers that the level of housing provision is insufficient and the land supply therefore inadequate. The Council’s own assessment in the LDFAG paper of 9 September 2010, paragraph 3.12 is that:

‘there is currently only just enough land identified to deliver 1,640 new homes in and around the urban area as part of an overall housing target of 1,750 per year.’ (our emphasis)
3.4.2 This analysis applies to the low level of house building that the Council propose, such that there is clearly inadequate provision to take account of any uncertainties and risks. This statement has identified a range of risks to delivery including the push to lower densities, the high proportion of large sites and issues of viability. There is therefore a very strong case for additional sites to be identified to allow for this risk. The Consortium suggests the provision of an additional 20% over and above planned housing levels to allow for these uncertainties, notwithstanding the Consortium’s overall case for higher levels of planned house-building at circa 2,650 dpa.

3.5 Does the Core Strategy give adequate consideration of the provision of affordable housing? In particular:
   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?
   ii) has the viability of provision been taken into account?

3.5.1 The CS provides an opportunity to revise the affordable housing policies contained in the Local Plan and it would seem to be appropriate to do so given the range of information that is available on the topic. However, in broad terms the requirement for 30% affordable housing provision set out in the Local Plan is in line with that prescribed in the RS. As a proportion therefore the figure is consistent with the RS (and RS Panel recommendations).

3.5.2 In gross terms, however, the level of expected affordable housing provision has been reduced in line with the overall reduction in housing numbers in the Revised CS. This is a consequence of the changes introduced to the CS between February 2010 and September 2010 that has been little considered, in particular including the viability of providing the same level of affordable housing against the shortage of market homes against which to fund necessary infrastructure. Given the level of demand for affordable housing, this is a further factor that argues for the overall level of housing provision proposed by the Consortium.

3.6 i) In the light of the Government’s Planning Policy for Traveller Sites, does the Core Strategy give sufficient consideration of 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?

3.4.1 The Consortium does not wish to comment on this matter.