



Shropshire Council
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Shropshire
SY2 6ND

Date: 26 January 2021

Our Ref: LS M8/0814-19

By email only:
planning.policy@shropshire.gov.uk

Dear Sir/Madam,

RE: SHROPSHIRE LOCAL PLAN REVIEW PRE-SUBMISSION CONSULTATION

We represent the **West Midlands Housing Association Planning Consortium** (HAPC) which includes leading Housing Associations (HAs) across the West Midlands. Our clients' principal concern is to optimise the provision of affordable housing through the preparation of consistent policies that help deliver the wider economic and social outcomes needed throughout the West Midlands region.

As significant developers and investors in local people, the HAPC is well placed to contribute to local plan objectives and act as long-term partners in the community. We welcome the opportunity to make comments on this document.

Spatial Vision

We are pleased to see that a reference to affordable housing has been incorporated into the Local Plan Spatial Vision on page 11. It is important that affordable housing is given sufficient weight and status within the Plan so that those whose needs are not met by the current market are still provided for through the provision of a wide choice of high quality affordable homes.

SP2 – Strategic Approach

Sub-section 3 of policy SP2 states the following:

“Delivery of affordable housing remains a key priority in Shropshire, as such around 7,700 affordable dwellings (equating to around 25% of the total housing requirement) will be delivered during the plan period from 2016 to 2038.”

A fundamental requirement of the NPPF is the responsibility placed upon Local Planning Authorities to *“boost significantly”* the supply of market and affordable housing. It is therefore critical for the Local Plan to ambitiously plan to meet affordable housing need across the District. Failure to do so will inevitably cause further deterioration in the delivery of affordable housing, placing many more families on ever-increasing housing waiting lists; an issue which is already a serious one in Shropshire as documented at supporting paragraph 3.15:

“The provision of affordable housing is a local priority and the demand for such accommodation is well evidenced. For instance, there are in excess of 5,000 households on the Councils Choice based housing register who are looking for homes. Furthermore, the Strategic Housing Market Assessment (SHMA) (2020) for Shropshire concluded that during the Local Plan period from 2016 to 2038 an estimated 799 households per year will require affordable housing.”

Given an estimated affordable housing need of 799 households per year, it is clear that the delivery of 7,700 affordable units over the lifetime of the emerging 18 year plan period will not be enough to support all of those who are in housing need. It is therefore critical that the Council are pro-active in their efforts

to secure the maximum provision of affordable housing in Shropshire in order to meet the needs of its residents. This means that local plan should seek to drive change across the Authority through a pragmatic and ambitious approach to affordable housing, encouraging greater diversity to meet all needs where possible. Maximising the delivery of affordable housing is a priority of the plan and introducing policies that restrict the delivery of affordable housing should be avoided where possible.

SP11 – Green Belt and Safeguarded Land

We are pleased to see part six of policy SP11 allows for the delivery of affordable housing on rural exception sites within the Green Belt, where there is a proven need, in line with national policy.

DP1 – Residential Mix

Nationally Described Space Standard

Sub-section 3 of policy DP1 reads as follows:

“All affordable dwellings will achieve the nationally described space standard. All open market dwellings are strongly encouraged to comply with the nationally described space standard.”

We support the introduction of the Nationally Described Space Standard (NDSS) where there is a proven need for such a technical standard. However, we ask the Council to strongly consider applying this standard across all tenures to ensure Registered Providers are competing on an equal basis for land purchases.

Currently, the introduction of policy DP1, implementing the Nationally Described Space Standards, does not meet the tests set out in the Planning Practice Guidance (Paragraph: 002 Reference ID: 56-002-20160519) and as originally set out in a Written Ministerial Statement (WMS, 2015), each of which set out a requirement to address a *clearly evidenced need*. The Council has not published any evidence which shows the need for adopting the standards, and nor is this demonstrated in the Submission Draft. As a result, the introduction of NDSS is not consistent with national planning guidance.

The concern is that applying the NDSS could potentially result in fewer affordable homes being delivered across Shropshire as optional technical standards have implications for build costs and sales values, with implications in turn for development viability. It is possible that many eligible households in Shropshire may not desire, or require housing that meets the NDSS, as it may result in for example, higher rental and heating costs. Not as to hinder the delivery of much needed affordable housing, we recommend that the requirement for all affordable dwellings to achieve NDSS is removed unless it can be demonstrated that there is a clear need for such a standard in all residential properties in Shropshire.

Building regulations

We support the Council's implementation of 70% of dwellings meeting the Building Regulations Part M4(2) on new housing developments of 5 or more dwellings subject to the appropriate viability testing. Similarly, the construction of wheelchair friendly homes conforming to Building Regulations Requirement M4(3) is supported but only where there is an identified need.

DP3 – Affordable Housing Provision

Affordable housing thresholds

Given the need for affordable housing across the authority and increasing affordability issues, we are pleased to see that the Council has included a requirement for sites of five or more dwellings in designated rural areas to provide affordable housing. This is a useful mechanism to boost supply of affordable housing in the area.

By implementing a lower affordable housing threshold in these areas, Councils can boost their supply of affordable housing through the contributions made on smaller sites. Smaller sites often form a considerable proportion of windfall delivery in a Local Authority and as a result can significantly increase affordable housing delivery. This is due to the fact that as these types of sites generally take less time to be built out and consequently will be available to the market sooner than provision on larger schemes.

We are concerned however that the affordable housing thresholds listed in points 1(a) of policy DP3 for the northern and southern regions are exceptionally low. As mentioned, there are in excess of 5,000 households on the Councils Choice based housing register who are looking for homes and the Shropshire SHMA (2020) concluded that an estimated 799 households per year will require affordable housing over the plan period. This is a substantial need. In addition, linking the proposed 10% and 20% affordable housing thresholds to sub-section 3 of policy SP2 (Strategic Approach), it is unlikely that the Council will achieve an overall housing delivery of 25% of the total housing requirement stated in the local plan's strategic vision.

Given this level of need, we strongly encourage the Council to review the thresholds and set ambitious targets for affordable housing as a mechanism to significantly increase delivery and improve affordability across the Authority. The scale of need means that the Council is justified in seeking to secure as much affordable housing as viability allows. Nonetheless, such thresholds must be realistic and viable for most development scenario so must therefore undergo rigorous testing.

We are reassured to see that the Council has recognised that there is a clash between the Council's chosen affordable housing threshold of 10% in the northern geographic area and the NPPF's requirement to provide 10% of all housing on site as homes for affordable home ownership. As the text at 4.54 describes, this is a concerning issue as under national policy requirement this would mean that only affordable home ownership products would be delivered in the northern region. It is incredibly important that the local plan enables the delivery of a wide variety of affordable housing products in order to meet the needs of all.

Tenure Mix

We are pleased to see that the policy allows for negotiation on the final tenure mix of affordable housing on individual sites, and that the supporting text at paragraph 4.53 includes the range of affordable tenures defined within Annex 2 of the NPPF. This will ensure that a variety of affordable products are provided in Shropshire in line with local needs, while considering viability on a site by site basis.

Rental caps

We note at section 1(e) of policy DP3 that the re-submission draft plan is looking to restrict affordable rents to be set at 80% of market rent, however this must not exceed the Local Housing Allowance Benefit. We acknowledge in the supporting text at paragraph 4.51 that this has been proposed in order to ensure affordability and compliance with Government regulations. We would like to raise that this policy practice is acceptable as long as the guidance within the MHCLG policy statement on Rents for Social Housing is applied, which permits annual rent increases on both social rent and affordable rent properties of up to CPI+1% point from 1 April 2020.

Typically, when pursuing a new development, Registered Providers often cap affordable rents equal to Local Housing Allowance (LHA) on first let, *assuming* that rents will inflate in line with Government policy on rent increases. By capping affordable rents in perpetuity, it prevents Housing Associations from increasing their affordable rents in line with Government policy.

Preventing such inflation can have critical impacts on Registered Providers. For example, a Housing Associations long term assets may experience a static rent against a rise in all of their costs of management and maintenance in the face of inflation. In essence, this would give the effect of a rent cut for these businesses. The significant concern is that this scenario would be highly unsustainable and uncompetitive for Housing Associations and could potentially severely threaten the delivery of affordable housing across Shropshire.

Shared ownership

Section 1(f) of policy DP3 states that the staircasing of shared ownership properties is to be capped at 80%. Not only does this restriction impact consumer appetites for the product, but it also has a financial impact on housing associations as they have to retain the asset and remarket the property. Moreover, this restriction confuses the shared ownership product with First Homes, which would be sold at 30% (or more) discount from market prices. Shared ownership is distinctly different product to First Homes as it enables households to step on the housing ladder with as little as 25% share and bridges the

affordability gap to homeownership. Staircasing up to full ownership is a distinct feature of the shared ownership product which is why it remains a popular affordable home ownership products. Therefore, the requirement for the staircasing to be capped at 80% is not warranted or justified and should be removed.

Distribution of affordable housing

As providers of mixed tenure schemes, the West Midlands HAPC recognises the importance of creating mixed and sustainable communities where market and affordable housing is integrated. The distribution of affordable housing within housing schemes should allow for social integration within the overall design but should also consider the practical implications for housing associations when it comes to the management of their housing stock. Referring to sub-section 1(h) of policy DP3, encouraging pepper potting across a scheme makes management more difficult as the properties are more spread out. We would recommend that affordable housing is clustered across larger sites, with policy expressing a maximum group size or range; 10 to 15 dwellings forming each cluster on larger sites is commonly favoured. Clustering can be achieved while delivering visually indistinguishable housing products that are well dispersed throughout developments.

Affordable housing in perpetuity

1(i) The sole reference to retaining affordable housing in perpetuity is in Annex 2 where this is sought for affordable housing delivered on rural exception sites. This principle is appropriate and supported by our Members as this helps to secure land for delivery of affordable housing in rural areas where housing delivery would otherwise not be supported.

Securing affordable housing in perpetuity more widely is not supported for a number of reasons, foremost of which is that it restricts lenders appetite to fund development, as mortgage provision becomes more difficult with greater restrictions on individual properties. Private companies will not typically invest in developments if there is no prospect of realising the original investment and any returns. We therefore suggest that the Council remove any references to retaining affordable housing in perpetuity unless explicitly referring to rural exception sites.

First Homes are required to be remained as such in perpetuity. Again we stress the difference between First Homes and other forms of affordable housing principally social and affordable rent and shared ownership and how the requirement for First Homes to be maintain in perpetuity is appropriate and set out in the Government's draft regulations.

DP4 – Affordable Housing Exception Schemes

We support the Council's decision to include policy DP4, enabling the development of affordable housing on various types of exception sites. Exception sites can be an effective way of creating a steady stream of affordable built homes in areas of need.

1(e) Affordable housing should only be retained in perpetuity on rural exception sites as referenced in the glossary to the NPPF. Any references to retaining affordable housing in perpetuity unless explicitly referring to rural exception sites should be removed from the pre-submission draft.

DP5 – Entry Level Exception Sites

We are pleased to see that the Council has included this form of policy approach in the emerging plan following its introduction in the revised NPPF. Our members support the opportunity to meet local housing needs including first time buyers or those looking to rent their own home.

However, as mentioned in response to policy DP4, we are concerned by the statement that the '*All the dwellings will be retained as affordable in perpetuity*'. Paragraph 71 of the NPPF makes no reference to affordable housing being retained *in perpetuity* on entry level exception sites. Nor is it included in the Glossary in Annex 2. Government policy only requires affordable housing to secured in perpetuity on rural exception sites. Entry level exception sites are distinctly different to rural exception sites as they are aimed at first time buyers or young households wishing to rent their first property.

DP7 - Cross-Subsidy Exception Schemes

The West Midlands HAPC strongly supports the allowance of some market housing under this preferred option to support the delivery of affordable housing in locations where it may not be possible otherwise.

DP11 – Minimising Carbon Emissions

While we are pleased to see that Shropshire has a strong agenda in promoting renewable energy and its use in development in line with paragraph 51 of the NPPF, there are concerns regarding the costs for housing associations to implement such an increase in renewable energy generation across their sites. We appreciate that more efficient technologies have become available in recent years, nonetheless robust viability testing should be carried out to ensure that applicants continue to be able to deliver affordable housing schemes with such an increase.

Such a policy should ensure that while schemes are future proofed this should not prejudice the delivery of affordable housing which remains one of the most critical priorities for the Council, understanding the level of need identified in the SHMA and the housing register.

DP12 – The Natural Environment

The requirement for 10% biodiversity net gain is expected to be a mandatory requirement when the Environment Bill is enacted. However, if the Council is looking to mandate biodiversity net gain through the Local Plan, guidance must be provided (or signposted) on how to practically achieve net gain in development. This would allow for net gain to be designed into processes at early stages and for any design issues to be detected and resolved without causing delay to development.

The above comments are intended to be constructive, to ensure the policies are found sound at examination. We would like to be consulted on further stages of the above document and other publications by the Council, by email only to consultation@tetlow-king.co.uk; please ensure that the **West Midlands Housing Association Planning Consortium** is retained on the consultation database, with **Tetlow King Planning** listed as its agent.

Yours faithfully

**LEONIE STOATE BSc (HONS) MSc
PLANNER**

For and On Behalf Of
TETLOW KING PLANNING

cc: Accord
Aspire
Bromford
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