

WELSH GOVERNMENT

Examination Hearing Statement

**Anglesey and Gwynedd Joint Local
Development Plan**

Hearing Session 2: Housing Provision

7th September 2016

(Session 2): Questions

1. Is the housing requirement figure of 7,184 appropriate to meet the needs of the Counties over the Plan period?

a. Has the Plan been informed by a robust assessment of the housing requirement, having regard to Planning Policy Wales?

Planning Policy Wales (paragraph 9.2.2) requires LPAs to use the latest Welsh Government (WG) Household Projections to inform the evidence base in respect of housing provision in conjunction with the Local Housing Market Assessment, economic factors, delivery and the criteria set out in paragraph 9.2.1 of PPW. The LPA should set a level of housing provision that is appropriate for the area, linked to the key issues the plan is seeking to address, while also having regard to PPW. This applies equally as to whether they align, or deviate from the latest projections. Any level of provision should be linked to the key issues the plan is seeking to address, and not just become a mathematical calculation.

The Welsh Government considers that the authority has undertaken a significant amount of detailed work in respect of a range of factors such as demographic and economic issues, local needs, settlement sustainability, capacity and the Welsh Language. On balance the Welsh Government considers that the LDP has sufficient regard to PPW in this respect, subject to the points raised below.

b. In identifying the requirement figure, has adequate regard been paid to the Welsh Government household and population projections?

The latest WG projections are 2011 based, published in February 2014. The then Minister for Natural Resources in his letter to local authorities dated April 2014 provided a clear message that it is not appropriate for authorities to replicate such a period of poor economic performance that underpins the 2011 projections. The message is therefore clear that authorities should plan positively for the future and not replicate these negative trends going forward.

We note there is detailed consideration of the implications of the WG projections in various papers, alongside the testing of alternative economic and housing led scenarios (*Docs DC.017 and DC.018, Edge Analytics and Topics Papers 3, 3A*). We note however these papers do not contain firm conclusions on the appropriate level of housing provision for the plan. However, the Council within Topic Papers 4, 4A and 4B have gone some way to draw conclusions from all the evidence. The Welsh Governments understanding of the evidence is that the authorities' have chosen a 'hybrid approach' that aims to strike a balance between demographic factors, new drivers such as Wylfa and limitations such as deliverability, capacity and the Welsh Language. However, as we explain later on, some matters in this respect would benefit from explanation.

The tables overleaf summarise the various WG 2011-based projections in relation to the dwelling requirement of LDP.

Ynys Mon – WG 2011 Projection Summary	Principal projection	Lower variant	Higher variant	Zero migration variant	Ten year average migration variant
Total Household Growth Plan Period 2011-2026	886	567	1128	585	1652
*Conversion Ratio 11.9% (Dwelling Requirement)	991.434	634.473	1262.232	654.615	1848.588
*Conversion Ratio 10.5% (Dwelling Requirement)	979.03	626.535	1246.44	646.425	1825.46

Gwynedd – WG 2011 Projection Summary	Principal projection	Lower variant	Higher variant	Zero migration variant	Ten year average migration variant
Total Household Growth Plan Period 2011-2026	4300	3740	4708	2204	4925
*Conversion Ratio 16.5% (Dwelling Requirement)	5009.5	4357.1	5484.82	2567.66	5737.625
*Conversion Ratio 12.5% (Dwelling Requirement)	4837.5	4207.5	5296.5	2479.5	5540.625

Summary Table – Magnitude of deviation from WG-2011 based projections

	Gwynedd	Anglesey	Total Dwellings
Housing Requirement	3714	3470	<u>7184</u>
Housing Provision (10% Flexibility)	4084	3818	7902
Combined JLDP 2011-based principal projection requirement	5,816		
Magnitude of deviation from WG 2011 – Principal Projection (*using lower conversion rate)	-1123	+2491	
Combined JLDP-principal projection deviation total	+ 1268 dwellings		
Combined JLDP Area 10 year migration variant requirement	7365		
Magnitude of deviation from 10 year migration variant projection (*using lower conversion rate)	-1826	+1645	
Combined JLDP -10 year migration deviation total	- 181 dwellings		

*It is unclear from the Councils evidence what vacancy rate the Council has used therefore it is difficult to calculate what the actual deviation is in relation to the 2011-based projections. We elaborate on this matter within our statement.

As stated in our focussed change representation, it is not clear what the exact vacancy rate is for the LDP. It is therefore difficult to calculate to what extent the Council are deviating from the WG 2011-principal projection. For example, the Edge Analytics papers state that vacancy rates for Gwynedd & Anglesey are 12.2% and 10.5% respectively. However, the conversion rates utilised in DC.017/0.18 are 16.5% and 11.9%?

Focussed change NF13 includes a reference to state the dwelling requirement 'takes account' of the vacancy rate and other factors. However it is not clear what this statement means, especially as the Council are not adhering to a purely demographic led strategy? In addition the vacancy rates appear to be abnormally high when compared to other authorities across Wales (4-8%). It would be helpful if the Council could clarify this matter and explain how it has or has not influenced the dwelling requirement.

From the previous tables it can be seen that, the proposed JLDP requirement of 7184 dwellings represents a **deviation of around 1270 dwellings above the principal projection**, and a deviation below the 10 year average migration variant of 180 dwellings. However, when looking at the distribution of housing between Gwynedd and Anglesey individually, there is a significant difference in relation to the 2011-based projections. Gwynedd are deviating below the main projection by 1120 dwellings, and Anglesey is deviating above by 2500 dwellings. While we note that the impact of Wylfa and the Enterprise Zone is a major driver for change in Anglesey, it is not clear how the distribution of housing growth how this has been apportioned within the JLDP area in light of the issues identified in the evidence base. We elaborate on this further below.

In broad terms the WG does not object to the overall level of housing provision and are generally supportive of the 'hybrid approach' setting the level of housing including spatial strategy to distribute the growth. However, we do not consider that the Council has gone far enough within the evidence base or in references within the plan to explain why the level of housing growth has been set at 7,182. The following points are the areas where Welsh Government considers clarification and explanation is required to satisfy the requirements of PPW:

- Dwelling conversion rate clarification, explained above.
- While we note that the LDP strategy does not intrinsically link new job opportunities to homes as there are other considerations that have informed the requirement such as the delivery of affordable housing, albeit the creation of up to 10,000 jobs at Wylfa and Enterprise Zone requires further clarification in terms of alignment with the level of level of housing provision in the plan.
- Gwynedd – how has the LHMA and the need for affordable housing influenced the level of housing growth in Gwynedd given that the need for affordable housing is higher than Anglesey?
- Gwynedd – how does the level of housing in Gwynedd align with the Ministerial Letter in respect of the 2011-based projections and the negative trends underpinning them? How will the level of housing proposed combat the negative demographic trends within the 2011-projections, namely more deaths than births and a reliance on migration? Will the level of housing in Gwynedd be enough to sustain positive population growth?

- c. Has the requirement figure been informed by a robust assessment of the main local influences on housing demand, including: household formation, migration, and household conversion ratios.**

See our response to previous question.

- 2. Are the Housing Supply calculations set out in Policies TAI14-17 (as amended by NF77 & 78) appropriate?**

- a. Are the figures in TAI14-17 sufficiently up to date and accurate?**

The Welsh Government considers **there is a general lack of clarity as to how the level of provision has been calculated in relation to the components of supply that underpin it.** The Welsh Government has found it difficult to understand the various components of supply within the Housing Chapter of the LDP. It is not clear how the various policy tables within the plan relate to the housing provision and spatial distribution in the LDP. Topic Papers 20 and 20A (Housing Trajectory Update) add further confusion where the terminology and classification of some components appear to be used interchangeably, with particular reference to the land bank and windfalls which are then further confused by references to urban capacity.

The plan needs to make clear how the components of housing supply have been derived and their relationship to the spatial distribution of housing growth. Table 4: Topic Paper 20 (PT.033) attempts to explain the sources of supply but there is still confusion in terms of sites with planning permission and the relationship to windfall and urban capacity (rows 2, 3 and 4).

The individual housing policies in the plan should be supported by evidence, summarised by a table in the plan that clearly sets out from one base date, the completions to date, land bank (u/c, permissions and S106 sites, if appropriate) new allocations and windfall assumptions (small and large). In doing so, the Council should be clear that there is no overlap between the components and base dates. In essence the Council need to ensure there is no double counting. In particular, the policies should clearly differentiate between commitments, windfalls and allocations.

It would be helpful if the Council could include a table setting out all the components of supply by settlement hierarchy, and in doing so ensure that all figures within the plan and evidence align and are numerically correct. The Welsh Government considers that completion of a table similar to that overleaf will assist the examination and the Inspector to understand the various components of supply in relation to the settlement hierarchy.

	Components of Housing Supply	Sub Regional Centre / Urban Service Centre	Local Service Centres	Villages	Clusters	Open Countryside
A	Total completions (small and large) 01.04.11 – 31/03.15					
B	U/C – (not mandatory)					
C	Units with planning permission 01.04.2015					
D	New Housing Allocations					
E	Large windfall sites (+5) 10 years remaining					
F	Small windfall sites (-5) 10 years remaining					
G	Total Housing Provision					

b. Will the Plan provide a 5 year supply of housing for the duration of the Plan?

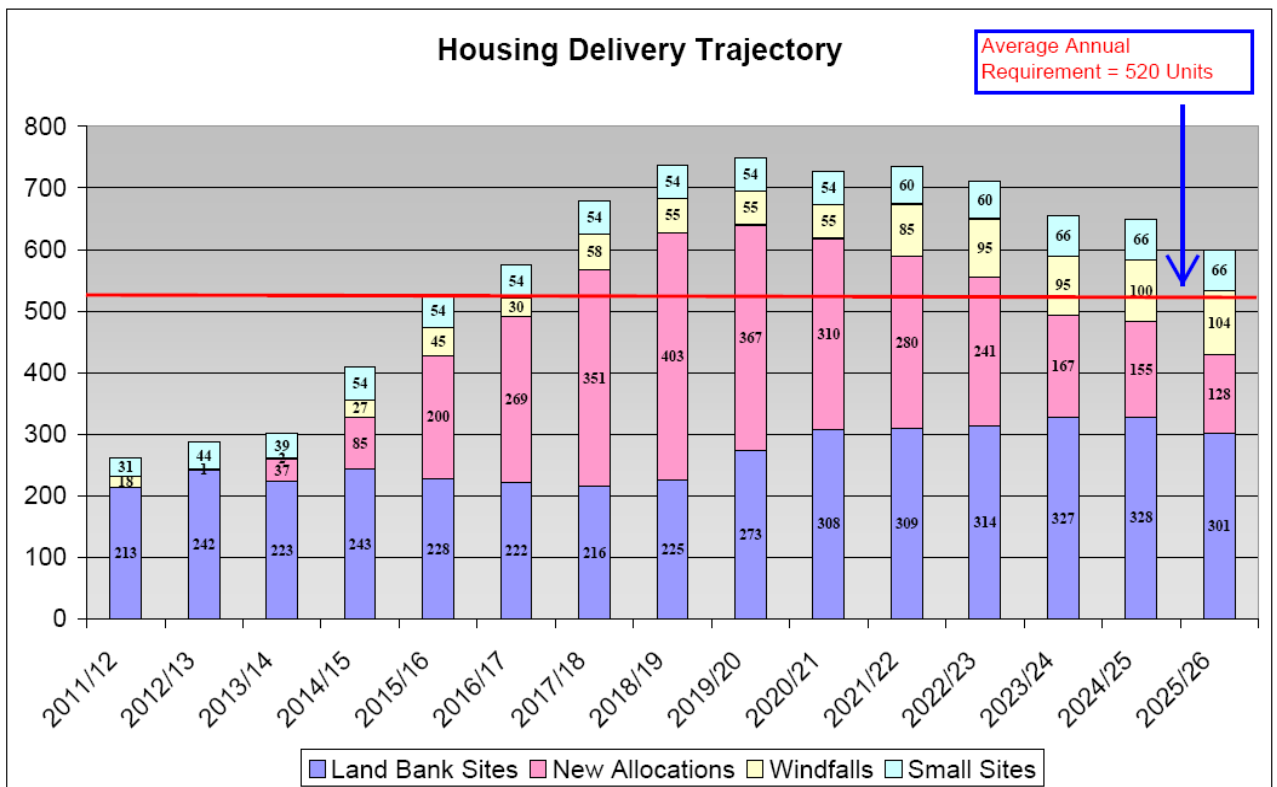
It is unclear. The revised trajectory in Topic Paper 20A does not include a 5 year land supply for the whole plan area, it should do. The authority should provide a revised trajectory and land supply for whole plan area. While it may be helpful to include commentary on the sub authority basis, this is a joint LDP and will need to be monitored as such and in the future. The JHLA study will need to be prepared jointly containing one overall land supply figure to ensure effective monitoring of the plan and compliance with PPW and TAN 1.

We note that the original trajectory paper and its update appear to demonstrate a numerical 5 year supply. However, we note that to achieve this completions will need to be around 600-700 dwellings from 2018 onwards, a substantial uplift to the required annual average of 479 dwellings per annum. In addition, completions to date (2011-2015) are 1700 units, which represents a 700 unit shortfall if the average annual rate is used (2,395). While we note the Council expect housing delivery to increase in the middle of the plan, the authority should demonstrate that the proposed rates are deliverable and a 5 year housing land supply can be maintained, using the residual method, not a 'graduated approach' to assessing housing land supply.

The Welsh Government has previously commented on the clarity of components of land supply. These comments are relevant here in relationship to the trajectory where it is unclear how all the components are classified and how they relate over the plan period. This is essential in order to ascertain that the rates are deliverable and that there is sufficient flexibility over the plan period.

Welsh Government has experienced this very issue at recent examinations. In order to assist the examination and help further address some of the Inspector's concerns we consider that following on from the clarification of components work, and the production of a joint land supply table, a simple graphical representation of the components of supply across the plan period would aid the understanding as to whether there is a five year supply and sufficient flexibility in the plan. The chart below is an example of a graphical housing trajectory that was produced at a recent LDP examination.

Example of a graphical housing trajectory: Neath Port Talbot LDP Examination (Arising from Action Point 4)



- c. Are all the site allocations available and deliverable within anticipated timescale? Are the allocations supported by a robust and comprehensive site assessment methodology, free of significant development constraints and demonstrated to be economically viable and deliverable?**

It is a matter for the LPA and the development industry to demonstrate that the level of housing growth proposed through the site allocations can be delivered through the plan period. We have made comments in respect of demonstrating delivery through the housing trajectory above. We note the site viability report which adds some clarity.

- d. Is the estimated yield of units from committed sites and windfall sites realistic, based on the available evidence?**

The Welsh Government understands that windfall rates in Local/Urban/Sub Regional Centres are based on the Urban Capacity Study, the result of which is that 75% of the identified capacity has been included with the plan. However in some 'constrained' settlements this figure is higher. How much higher? What settlements? Can the authority explain the rationale of this? What size are they? Is there double counting between large and small windfall? How does 'capacity' relate to past delivery rates in this settlement tier? For example, just because there is capacity this does not mean that it will be delivered in its entirety.

Windfall development on small sites in Service/Rural/Coastal/Local Villages and Clusters appears to be based on past development rates? Are these small sites based on past trends as set out in the JHLAS?

The authority needs to demonstrate that there is no double counting between windfall components, as previously stated a distinction between large and small windfall sites for each tier would aid the clarity of the plan. It is unclear as to why the windfalls are not phased at a flat rate throughout the plan given the windfall assumption is based on an average annual completion rates?

- e. Is the Plan's approach to phasing of delivery appropriate? How would the anticipated rate of delivery be facilitated in practice?**

As previously stated there has been under delivery of housing in the early years of the plan and there would need to be a significant step increase in the build rates to deliver the strategy and level of housing provision required. Given the challenging build rate this should negate the justification for new Policy TAI X in respect of phasing restrictions. The Welsh Government considers that the proposed new policy appears to restrict and control all housing allocations and windfall development over the plan period which in our view, is not clearly justified. The phasing of sites in the plan should already be reflected in the trajectory, taking into account infrastructure requirements such as sewerage infrastructure. The rationale for this policy is unclear, or how it would conform to PPW (paragraph 2.5). It would not be appropriate to delay

sites that are not constrained or integral to the delivery of key infrastructure in the plan where there is a high level of demand for private and affordable homes.

The Welsh Government also has concerns regarding the 'graduated approach' to housing requirements? As previously stated, the plan will be monitored using the residual method, not in separate phasing tranches. While we do not object to having phasing tranches to reflect when sites come forward, this approach would not be appropriate to control phasing/release of sites, or measure the land supply. The Welsh Government would like to understand what this means in practice?

f. Are the proposed completions rates realistic? What are the implications of failing to deliver the required amount of housing?

See our response to 2b above. The authority has a challenging housing target; therefore it is imperative that annual completion rates are delivered as expected.

It is also vital that the monitoring framework includes key triggers and action points so that any significant shortfalls do not arise and that appropriate action can be in place in advance to avoid such a situation. The flexibility allowance and how this relates to delivery should also avoid this scenario.

g. Does the 10% slippage allowance provide sufficient flexibility in the event of sites not coming forward as anticipated?

See our response to 2b above. It is unclear as to how the flexibility allowance relates to the trajectory and whether the 10% is sufficient to deal with issues of under delivery at key 'pinch points' in the trajectory. This will be a matter for the LPAs to demonstrate.

3. In relation to other specific types of housing provision:

a. Is there justification for limiting new housing in the lower tier settlements to meeting only 'community need' or affordable housing? Would the policy serve its intended purpose? How would it work in practice?

We have commented in some detail on this issue in our strategy statement in respect of Clusters and TA15 where 600 dwellings are potentially restricted on this basis. The key issue here is to demonstrate that the strategy and settlement hierarchy is in broad alignment to the LHMA and that the strategy is deliverable.

b. Is there a justification for the exception set out in criterion 1 of TAI2 (two storey terraced houses)?

i. Will it unduly inhibit the provision of a local mix of housing in areas where there may be a demand for smaller homes?

This is for the LPAs to answer.

II. Is it the most effective way of addressing any perceived pressure on the housing stock?

This is for the LPAs to answer.

c. Will policy TAI3 serve its intended purpose with regard to managing the effect of temporary construction workers on the future stock of housing?

Given this is a policy for temporary workers, some of the criteria would seem unnecessary and could not apply to this type of development? For example how would the criteria on 5 year supply relate to temporary workers dwellings as they would not count towards it? In addition, what is meant by legacy projects in respect of affordable homes requires clarification? How do the criteria relate to the principles of sustainable development and the strategy in this respect? Would general housing be an appropriate legacy in some locations? It may not be prudent to facilitate 'a new settlement' in a remote rural location e.g. (Criteria 4 "the site is located elsewhere in Anglesey") Should the criteria be more rigid and specific?

4. Does the Plan provide a sound basis for implementation and monitoring of housing provision?

a. Does the Plan incorporate robust monitoring and review mechanisms that will enable the housing strategy to respond effectively to changing circumstances?

The Welsh Government considers that from previous LDP examinations the Monitoring Chapter will require further consideration, particularly based on Action Points arising from the hearing sessions. The Welsh Government is prepared to work with the Local Authority to give further consideration in this area.