

## KNOWSLEY LOCAL PLAN: CORE STRATEGY

### KNOWSLEY METROPOLITAN BOROUGH COUNCIL

#### HEARING STATEMENT 7

#### Matter 7 PARTICULAR HOUSING NEEDS

*Issue: Whether the approach to affordable housing, specialist needs and accommodation for travellers would contribute to the creation of inclusive and mixed communities and assist in re-balancing the housing market.*

#### Questions

##### Affordable housing

**7.1 Is the borough-wide requirement for 25% affordable housing in policy CS 15 consistent with the objective of re-balancing the housing market? Is it appropriate for developments within or close to concentrations of predominantly social housing to provide this level of affordable housing?**

7.1.1 There is a clearly evidenced need for new affordable housing in Knowsley, set out in the Strategic Housing Market Assessment (SHMA) (EB04) and the Housing Market Update (SD24). Affordable housing provision will help to provide solutions for those unable to afford their own home within the market sector and for those already occupying homes in affordable tenures.

7.1.2 The objective of rebalancing the housing market is about more than just provision of a proportion of new housing in affordable tenures. This objective also aims to ensure that there is a balanced range and choice of accommodation in terms of type (e.g. apartments, terraced houses, and detached houses), size (i.e. number of rooms and bedrooms), design and location. Provision of affordable housing will also deliver homes in different tenures which are not currently widely available in Knowsley (e.g. rent-to-buy and shared ownership products). It is therefore anticipated that the implementation of policy CS15 will help to provide a range of homes across all types and tenures.

7.1.3 There is no evidence to suggest that exemptions or relaxation of policy CS15 by virtue of the tenure of existing housing stock in any particular location would be appropriate. It is recognised that in some areas of Knowsley it will be challenging to meet the requirements of policy CS15 in terms of provision of 25% affordable housing as part of market housing schemes, due to issues of development viability. The caveat provided in policy CS15 clause 1a accounts for this, stating that lower proportions of affordable housing will only be permitted where it is demonstrated that provision is being maximised and that meeting the policy's target would render the development not economically viable. The Council recognises that development viability can be

detrimentally affected by the existing local housing market in the area, which could be associated with mono-tenure neighbourhoods. Evidence of this was recorded in the Economic Viability Assessment (EVA) (EB06), which noted the most challenging areas for development viability in Knowsley including some areas with a higher than average existing proportion of social rented properties (e.g. Kirkby, North Huyton). However, this evidence has been accounted for in the KLPCS policies and the Council considers that viability should be the central caveat which would allow deviation from the requirements of policy CS15. As stated, the overriding objective to provide a range of affordable housing solutions in all areas of Knowsley is a key priority for the KLPCS.

**7.2 Does the 25% affordable housing requirement adequately reflect the findings of the viability assessment, particularly for sites in regeneration areas? Is this level of provision likely to impede the deliverability of brownfield sites in lower value areas? The KLPCS refers to variations to the target occurring “only exceptionally” – is this a true reflection of the viability evidence? Should the KLPCS give examples of what might be regarded as “exceptional circumstances”?**

7.2.1 The viability of developments of different types and sizes across all locations in Knowsley has been considered in detail (in the EVA, EB06). The viability assessment supported the Council’s position in policy CS15 that 25% affordable housing could be achieved for a proportion of new market housing developments in Knowsley, accounting for the likely development costs and values across the Borough. This target is also consistent with the findings of the SHMA, which made the initial recommendation that a 25% affordable housing target would be appropriate for Knowsley.

7.2.2 In setting the affordable housing target to reflect the EVA (EB06) evidence, the Council has been mindful of the extreme viability scenarios in some parts of Knowsley. It is recognised that development in lower value areas with more difficult development circumstances can be very challenging, including in some regeneration areas or areas with a high proportion of brownfield land availability, such as locations within North Huyton or Kirkby. Equally, there is evidence that 25% can be comfortably achieved in the higher value areas, even when accounting for other development costs attributable to the Core Strategy. These higher value areas are not restricted to one particular geographical location in Knowsley. The Council has sought to set a target which allows opportunities to deliver affordable housing to be maximised whilst retaining necessary flexibility in its implementation. This clearly allows for a lower contribution towards affordable housing provision in areas of challenging viability, if robust and appropriate evidence is presented. The Council is confident that the approach in the KLPCS will allow maximum affordable housing contributions in all areas of Knowsley without compromising the ability of the development industry to deliver new homes. Given the flexibility in the policy, the Council considers that the approach will not impede development in any part of Knowsley.

- 7.2.3 As noted, the EVA (EB06) demonstrates that for a significant proportion of future residential developments in Knowsley, viability will be very challenging. Based on this evidence, a significant proportion of developers may challenge the levels of affordable housing required by policy CS15 on viability grounds and seek a lower affordable housing contribution as a result. It is recognised that this may be more frequently than implied by the term “exceptionally” in the supporting text to the policy (paragraph 7.6, page 109). The current wording of policy CS15 emphasises the Council’s commitment to implementation of the policy, and suggests that the onus will be on the developer to demonstrate viability evidence. Notwithstanding this, the Council would be willing to consider introducing an additional modification to the wording of paragraph 7.6 of the KLPCS which would better reflect the evidence provided in the EVA (EB06) and help to interpret policy CS15.

#### **Potential Additional Modification\***

Amend Paragraph 7.6, second sentence to read:

*“[...] ~~Given that The policy has been set with regard to Borough-wide economic viability evidence, it is expected that this circumstance will occur only exceptionally.~~ Any proposals to relax the 25% requirement will need to be justified having regard to specific and independently verifiable evidence concerning the viability of the development proposal. Similarly [...].”*

### **7.3 Is the requirement in policy CS 15 that all affordable housing should be made available in partnership with Registered Providers necessary and consistent with national policy?**

- 7.3.1 Policy CS15 is aimed at ensuring that affordable homes secured through market housing developments are provided in perpetuity, and not subject to actions which would result in a change to market housing. This reflects the SHMA (section 14.11, page 186 (EB04)) which states that this should be a priority. The Council had considered that the involvement of Registered Providers in the provision of new affordable homes would help to ensure the longevity of their tenure. However, it also recognises that affordable homes can be delivered through other means, for example through products made available by market housing developers. In addition, it is recognised that Registered Partner involvement is not a guarantee of perpetuity, due to ongoing schemes such as “Right to Buy”, which facilitate changes in tenure.
- 7.3.2 To account for this, the Council would be willing to consider clarifying this position through a main modification to policy CS15, which would provide greater flexibility regarding the methods by which developers can ensure affordable housing provided is made available in perpetuity.

**Potential Additional Modification\***

Amend policy CS15, clause 1f to read:

*“All new affordable housing delivered through this policy will be made available in perpetuity ~~in partnership with Registered Providers~~”.*

**7.4 Is the tenure split between affordable rent and intermediate housing based on robust and up-to-date evidence?**

7.4.1 Policy CS15 clause 1e sets out that the tenure of affordable housing provided will be informed by evidence regarding local housing needs. At paragraphs 7.8 and 7.9 of the KLPCS, the Council has set out the position on this matter as informed by the evidence available at the time of publication of the KLPCS. The split between tenures proposed is based on the findings of the SHMA (EB04). It is stated that this is indicative only and that the position will be updated with regard to newly emerging evidence. At present there is no evidence available which would suggest that this approach is inappropriate, and there is sufficient flexibility within the supporting text to the policy to ensure that the policy can remain up-to-date over the plan period.

**7.5 Have the viability consequences of requiring affordable housing to comply with the size and design criteria of policy CS 17 been properly taken into account?**

7.5.1 Policy CS17 has been drafted on the basis that all new residential development will comply with the design policies within the KLPCS, regardless of tenure. This approach aims to ensure that all new homes in Knowsley meet the same design standards, and that homes should not differ in quality by virtue of their tenure. The approach in the KLPCS reflects EVA (EB06) evidence, only requiring compliance with design standards for which evidence had indicated that costs would be comparatively low. To complement this, the proposed submission version KLPCS built in flexibility to the more financially onerous design standards (e.g. Code for Sustainable Homes) by recognising that relaxations to prescribed standards may be permitted on viability grounds. It was envisaged that this approach would be equally appropriate for affordable housing schemes.

7.5.2 The government has now announced its intention to replace sustainability design standards set out in policy CS17 and policy CS22 (i.e. Code for Sustainable Homes) through changes to the statutory building regulations. The Council has set out its stance in relation to this in its statement relating to Matter 9 (see questions 9.7 and 9.8). In summary, the Council would consider modifying policy CS17 and policy CS22 to reflect the updated government position in relation to this matter. This will allow focus to be placed on compliance with the minimum statutory requirements introduced through the building regulations.

- 7.5.3 Statement 9 sets out further modifications which the Council wishes to consider for policy CS17, specifically in relation to Clause 4 of the policy which requires that all new residential development complies with the design standards set out in the policy (see question 9.2 and 9.3). In summary, the impact of these potential modifications would be that new residential development would be encouraged to comply with design standards, rather than this being a strict requirement. This would affect developments of affordable as well as market housing. The consequence of this would be that developers of affordable housing would have greater flexibility with regard to meeting design standards, including Lifetime Homes and Building for Life. The rationale for this is that viability evidence indicates that including policies in the KLPCS which require such standards may have an unnecessarily negative impact on the viability of new development.
- 7.5.4 The EVA (EB06) focuses on market housing development, rather than developments of 100% affordable housing. This is because affordable housing schemes are most commonly funded through grant (e.g. from the Homes and Communities Agency or HCA) or through investment of Registered Providers. Therefore, the same overall assumptions regarding economics of development (including costs and values) cannot apply. However, it is expected that the cost of meeting design standards for developers of affordable housing will be similar to costs incurred by developers of market housing. In addition, the costs will be similar for affordable homes provided as part of market housing developments (under policy CS15). It is therefore appropriate that all residential development be included in the proposed modifications to introduce flexibility in these requirements.
- 7.5.5 Notwithstanding the above, the Council understands that new affordable housing funded by the HCA will still be required to be of high quality. This is based on continuing the approach which saw the HCA require at least Code for Sustainable Homes Level 3 for its projects, although this particular requirement is likely to change in accordance with aforementioned government revisions to building regulations. This implies that a significant proportion of Registered Provider-led affordable housing will be required to meet higher standards through their compliance with funding arrangements (such as the current Affordable Homes Programme). This issue is, however, outside of the remit of the KLPCS.

### Gypsy and Traveller provision

#### **7.6 What is the objectively assessed need for gypsy and traveller accommodation and what is the evidence base for the assessment?**

- 7.6.1 At the current time, the Council does not consider itself to be able to definitively state the needs for gypsy and traveller or travelling show people accommodation in Knowsley. This is because the evidence base relating to this issue is currently under review, and new evidence on which to base a target is likely to be available in the near future.

- 7.6.2 The last study relating to this issue was the Merseyside Gypsy and Traveller Accommodation Assessment (GTAA) (LC04), which covered the Merseyside districts of Liverpool, Sefton, Wirral and Knowsley. This identified a need for 5 permanent pitches for gypsies and travellers in Knowsley, and 10 transit pitches to be provided across the study area, between the years of 2007 and 2016. This study is now considered at a sub-regional level to be out-of-date and requiring replacement.
- 7.6.3 The Council, along with its Liverpool City Region partners (Liverpool, Sefton, St. Helens, Wirral and West Lancashire Councils), is currently updating evidence to identify objectively assessed needs for gypsy and traveller and travelling show people accommodation. This is being undertaken through a jointly-commissioned study by independent consultants, Arc4. This study will wholly replace previously held evidence and will reflect updated national policy set out in Planning Policy for Traveller Sites (PG03) and the NPPF. It is expected that this study will be concluded and its findings agreed and reported (subject to approval by each participating authority) by the end of 2013. It is not possible for the Council to refer to emerging recommendations from the study, since the findings have not yet been confirmed.
- 7.6.4 Once this new study has been concluded and approval received from the participating authorities to publish its findings, the Council intends to draw on this to define the level of need for gypsy and traveller and travelling show people accommodation in Knowsley, within the Local Plan: Site Allocations and Development Policies (KLPSADP). This document will also contain policies relating to any site allocations required to deliver the pitches and/or plots to meet these needs. This approach is clearly explained within the KLPCS (paragraph 7.26–7.27, page 130-131) and discussed further in response to question 7.7 below.

**7.7 Planning Policy for Traveller Sites requires planning authorities to set pitch targets for gypsies and travellers and plot targets for travelling showpeople which address their accommodation needs. Why does the KLPCS not do this? In the absence of such targets, does not this part of the KLPCS fail the “positively prepared” test of national policy?**

- 7.7.1 As stated in response to question 7.6, the Council is participating in a study which will provide up-to-date evidence regarding the need for gypsy and traveller and travelling show people accommodation across the Liverpool City Region. The findings of this study, including the statement of the level of need for accommodation, will inform policies to be included within the KLPSADP. The Council intends to include in this document policies which state the number of sites and pitches to be delivered in Knowsley (including how this would translate as a plan period target and annual and five year supply targets) and also policies which allocate sites for this purpose, as required. This will enable the policies within the Knowsley Local Plan to be based on the most recent and robustly prepared evidence available which will meet the requirements of government policy on this matter. This approach will also enable the issue of site allocations to accommodate required pitches and/or

plots to be dealt with holistically alongside all other site allocations required in Knowsley.

- 7.7.2 In advance of this, policy CS18 of the KLPCS provides positively framed policy criteria which are intended to be used in decisions relating to any planning application for accommodation for travellers, and to guide the site allocations process in the subsequent stage of Local Plan preparation. Overall, the Council has taken a positive approach in the KLPCS and its evidence base to provide for all housing needs over the plan period, including the identification of a significant supply of housing land within the urban area and within the Green Belt for the longer term. The Council intends to continue this positive approach within the KLPSADP.
- 7.7.3 The Council considers that since the KLPSADP will be a part of the Local Plan and its policies will have equal weight to those within the KLPCS, its approach complies with national policy on this matter. In particular, the approach will meet Planning Policy for Traveller Sites (PG03) paragraphs 8-11 (pages 3-4) and NPPF paragraph 182 regarding the tests of soundness, including the test regarding the Local Plan (as a whole) being “positively prepared”. In the Council’s view, the fact that the policies setting out pitch targets for gypsies and travellers and plot targets for travelling show people will be contained within a separate Local Plan document does not materially affect the soundness of the KLPCS. The approach within the KLPCS has received support through the multiple stages of consultation on Core Strategy preparation, and there are no outstanding objections to the Council’s approach and stated intentions.
- 7.7.4 Importantly, the Council’s chosen approach accords with that taken by neighbouring authorities within their Local Plans. Where such authorities have undertaken a multi-document approach to the preparation of their Local Plans, they have not included detailed targets for gypsy and traveller and travelling show people accommodation within their Core Strategies, but have committed to include such provision in subsequent Local Plans. Some examples of this are set out as follows:
- St.Helens. The St.Helens Core Strategy (LC21) does not state the quantitative need for gypsy and traveller accommodation over the plan period, and contests the findings of past evidence (Policy CH3 and supporting text, pages 114-115). St.Helens Council intends to continue to review emerging evidence, and if site allocations are required, include policies in its Allocations DPD, which will form part of its adopted Local Plan. This approach was found to be sound (LC21a).
  - Halton. The Halton Local Plan Core Strategy (LC22) (Policy CS16 and supporting text, page 98-99) takes a similar approach to St.Helens. Halton Council intends to update available evidence which will inform locally set targets and any appropriate site allocations within its forthcoming Site Allocations and Development Management Local Plan. Again, this approach was found to be sound (LC22a).
  - West Lancashire. West Lancashire Council has prepared a single Local Plan (LC22 and LC22a), found to be sound in September 2013 (LC22b),

which does not contain any specific policies relating to travelling communities. The Inspector for this Plan agreed that under exceptional circumstances, West Lancashire Council could prepare a separate Local Plan document relating solely to the issue of gypsy and travellers and travelling show people, which will set out targets for accommodation provision and will also identify any site allocations required to deliver this target. These exceptional circumstances included that the Council is awaiting sub-regionally commissioned evidence, and has otherwise demonstrated a positive approach to meeting the needs of travellers.

7.7.5 In addition, St.Helens and West Lancashire Council are participating in the ongoing Liverpool City Region study relating to traveller needs, and therefore within Knowsley Council's preferred approach, all three Local Plans (alongside those in Wirral, Liverpool and Sefton) would be drawing from the same evidence base. This would provide valuable consistency in meeting needs across the sub-region, and will help the authorities to demonstrate compliance with the Duty to Co-operate.

**7.8 Policy CS 18 says that the Council will establish the level of need for gypsy and traveller accommodation and give due consideration to the number of pitches to be accommodated. How can this be robust without a process of target setting which is tested at examination?**

7.8.1 As stated in the responses to questions 7.6 and 7.7, the Council intends to include policies relating to requirements for gypsy and traveller and travelling show people accommodation, and any site allocations required to deliver such targets, within the KLPSADP, which will form part of the adopted Knowsley Local Plan. This will enable the approach to target setting and site allocations to be rigorously tested through the preparation of the KLPSADP. This process will include scrutiny of evidence and policy approaches through public consultation, statutory assessments and also through Examination in Public. Therefore, the target setting process will be subject to an equal level of testing as if it was included in the KLPCS or another Local Plan document.

7.8.2 To confirm that both the target for pitches / plots to be accommodated and the location of any site(s) will be identified in the KLPSADP the Council would be happy to consider making the following slight change to policy CS18 clause 5.

**Potential Main Modification\***

Amend policy CS18 clause 5 to read

*"[...] any appropriate viability issues. The target for accommodation to be provided and the location of any site(s) required to meet the target will be identified in the Local Plan: Site Allocations and Development Policies, using the criteria in this policy for guidance."*



**\*Note regarding modifications process**

*The suggested potential modifications to the KLPCS set out in this statement are put forward to assist the consideration of this matter at the hearing sessions. These and any other potential modifications would need to be approved by the Council's Cabinet and undergo formal public consultation before being considered for inclusion in any version of the KLPCS which is finally adopted.*