

PSB Part 2 – Examination – Hearing Statement – Milwood Ltd (Land interests at Stafford Town)

Issue 2: Sustainability Appraisal (SA) and Habitats Regulation Assessment (HRA)

2.1 Is PSB2 supported by the SA and HRA?

In accordance with its legislative requirement, an SA is provided alongside the PSB 2.

It concludes at p7.1 that, following assessment, no significant negative effects were identified, with no recommendations necessary, and does therefore, support PSB 2.

However, in the context of Policy SB1 and delivery of market and affordable housing, this support is questioned.

It assumes that the adopted Development Strategy, established as part of the PSB, its requirements, targets and aspirations, specifically in respect of both market and affordable housing, has, and will continue to be delivered over the Plan period.

Further, it does not, both in conjunction with the above, and in isolation, consider all of the material evidence, reasonable alternatives, possibilities and outcomes and assess the PSB 2 Proposals against the same.

It conducts its assessment on the basis that PSB 1 establishes the development strategy, and therefore the number of options open to Part 2, are limited (p2.13) and that, as at 31st March 2015, the number of commitments had already met the Plan housing requirement (p2.14/15/80). Further, given that the justification for the approach to defining the boundaries (policy SB1) is clearly set, most noticeably in that the housing requirement has been met, no reasonable alternatives have been identified (Table 2.4).

These key factors define the mindset and parameters of this assessment, being in effect that, given that the overarching strategy is already in place, the Plan housing requirement has already been met, and that the Plan has already satisfied these fundamental matters, the Part 2 proposals for settlement boundaries as per Policy SB1 represent the most sustainable approach to development in the Plan area, and as such, no reasonable alternative/s are identified.

A Sustainability Appraisal is a tool used at the Plan-making stage to assess the likely effects of the Plan when judged against reasonable alternatives, and to determine the most sustainable option going forward.

This does not identify a reasonable alternative to SB1, and limits itself to the mindset that this is the only way forward on the basis that, in effect, there is no need to, and therefore, does not assess the likely effects, other than not implementing SB1 at all (Table 2.4).

The principle of setting the settlement boundaries and mechanism for doing so is not disputed, and, notwithstanding that, on paper at least, the Plan requirement has been achieved, and therefore, on face value, there appears no need to allocate additional land for development, what is questioned here is whether, in their current SB1 form, they provide sufficient scope to enable delivery of the Plan, and are sufficiently flexible to cater for any future material requirement change over the Plan period, when taking into account all material considerations?.

If delivery is not meeting the requirement, this must be a material consideration to the SA assessment, and one which should have been considered? Which, may well have led to a reasonable alternative being identified?

The SA confirms (Section 3) that it has conducted a review of relevant International, National and Local Plans, Policies and Programmes (p3.4) and taken these into account, such as the Framework (p3.7), and PSB (p3.12).

Further, it confirms (p3.13/14) that it has included up to date Baseline Information in its assessment, providing the context for assessing the sustainability of proposals in Part 2 and the basis for identifying trends, and predicting the likely effects of the Plan and monitoring its outcomes.

The material evidence, when taken as a whole, questions whether Policy SB1 as proposed, is the most appropriate sustainable delivery option going forward.

In respect of Affordable Housing;

It's Baseline Data (Appendix 2 – pages 73/74/75), clearly identifies the significant and consistent deficit in provision of affordable housing since the start of the Plan period.

(1st April 2015-31st March 2016 = 159, against a 210 requirement).

it uses the AMR 2014 as the source, being out of date information, covering the period 1st April 2013 to 31st March 2014.

(The AMR 2015 was published February 2016 / the AMR 2016 remains unpublished to date).

At Appendix 3 ,Table A1 - Policy SB1 Stafford - page 92;

Despite the evidence of under delivery, it gives Sustainability Objective 6 a Sustainability Appraisal Score of **++**, defined within SAR table 2.11 as being the highest positive accolade, having a **significant positive impact**.

Its stated justification for this score is;

The new settlement boundary for Stafford includes significant areas of land allocated for housing (600 homes = east, 2,200 = west, 3,100 = north) for which Policy C2 Affordable Housing in the PSB sets out a requirement for 30% affordable housing in Stafford. The completion of these homes will make a positive contribution towards providing affordable homes and providing a mix of housing types.

(Stafford North SDL – First 100 dwellings Policy C2 exempt. Viability Appraisal conducted at 100th dwelling to assess whether affordable housing is provided or not.

5YS 2016 states that SDL is now at 100th dwelling)

This approach is repeated at Table A2 - Policy SB1 Stone - page 100;

It repeats the SA Objective 6 definition, the decision making criteria, and provides an identical Sustainability Appraisal Score of **++**.

(PSB Policy Stone 2 & C2 require 40% affordable at Stone. Stone 500 dwelling SDL has a reduced 32% provision).

Despite its Appendix 2 identified significant and consistent recorded deficit, and additional delivery information available, it gives the highest positive scoring possible to the Plan approach, and assumes that PSB Policy C2 has and will continue to perform as adopted and thereby, does not consider the evidence of the deficit in provision of affordable housing as a key sustainability issue.

In respect of Market Housing;

On the basis of p3.7/12/13/14;

Taking into account then, the PSB Development Strategy, and its Appendix F Housing Trajectory , and setting these alongside the most recent 5YS Statement of 31st March 2016 (the 2016 AMR being unpublished), it is clear that, despite the spike in delivery over the period 1st April 2015 to 31st March 2016 (688 dwellings), the Development Strategy as adopted, even with the benefit of the spike, has

produced an annual average delivery since the start of the Plan period of 452 dwellings, and is under delivering not only affordable housing, as detailed above, but also market housing in accordance with its stated requirement.

The PSB Development Strategy, as adopted, was deemed to be sound by the PSB Inspector on the 11th June 2014.

This is heavily reliant upon the SDL locations, totalling 5900 dwellings at Stafford, and 500 at Stone.

In the context of Stafford Town (at the November 2015 publication of the SAR);

As evidenced by the 2015 5YS Statement, only some 1,259 of the PSB allocated 5,900 dwellings have, nearly 5 years into the LP period, a potentially realistic guarantee of delivery, having the benefit of planning permissions, being only some 21.35% of the same.

On paper at least, with the 31st March 2015 5YS Statement asserting a 6.84 years supply of deliverable housing, SBC appear to currently have a valid and healthy supply of deliverable sites, yet, since the start of the Plan period, even the minimum requirement is not being delivered, so there is a clear disconnect between what is, on paper to be the supply case, and what is actually being delivered, even to satisfy the 'minimum' requirement.

Since 1st April 2011, there has been a consistent year on year under delivery equating to some 430 dwellings, as at 31st March 2015.

Taking account of C2 completions across this period reduces the 430 shortfall by 69, providing a net shortfall over the last 4 years of 361 dwellings, circa 18% of the total minimum requirement being undelivered.

However, as at 31st March 2014, the accumulated shortfall from the 2011/12 start of the Plan period was 358 dwellings, generating a revised annualised minimum requirement, including a 20% buffer of 672 dwellings.

However, inexplicably, this revised requirement hasn't been used as the basis for re-calculation of the 5 year/annual requirement over subsequent years to date?

At the publication of the SAR, the 2016 (year 2015/16) figures were not available.

(Year 2015/16 (5YS Statement 2016 – published June 2016) saw a spike in housing delivery of 688 dwellings, equating to some 1,847 of the PSB allocated 5,900 dwellings having, 5 years into the LP period, a potentially realistic guarantee of delivery, having the benefit of planning permissions, being only some 31.3% of the same.

As at 31st March 2016, SBC asserts a 6.76 years supply (Sedgefield) of deliverable housing.

Notwithstanding the spike of year 2015/16, since 1st April 2011, there has been, on average, a consistent year on year under delivery equating to some 242 dwellings, as at 31st March 2016. (this doesn't take account of the revised requirement at 31st March 2014, nor subsequent years calculations on this basis).

The SAR does not identify or consider the evidence of the deficit in provision of market housing as a key sustainability issue.

In respect of other potential material considerations;

There are a number of external material considerations of relevance which will have been known to the SAR at the time of its assessment and publication.

Proposed Changes to the NPPF

The DCLG consulted on proposed changes to the NPPF, from 7th December 2015 to 22nd February 2016.

These are envisaged to form secondary legislation during the Summer of 2016 to the Housing and Planning Act 2016, of 12th May 2016.

On the matter of delivery of housing allocated within Local Plans (p27 to 33); Where there is a shortfall between the houses provided for in a Local Plan (allocations / 5YS figures) and the houses actually being built, where the existing approach is demonstrably not delivering the housing requirement, to drive up delivery rates, the Government propose to make change, notably including the identification of additional sustainable sites with clear prospects for delivery.

The CLG Committee conducted a parallel Inquiry to assess the proposed changes from December 2015 to May 2016, publishing its Report on the 1st April 2016.

On the matter of housing delivery (p 43-49), It advises at p46 that; The proposed consequence of identified under-delivery—requiring LPA's to allocate more land for development— may not, by itself, mean that more houses will be built. (This draws on evidence given that additional allocations and permissions could sit idle and not built out in a timely manner. However, the DCLG makes clear at p33 that any additional sustainable site would have clear prospects for delivery, which could be set out within any future planning consent).

Given the clear under delivery of the PSB Development Strategy since 2011, of market and affordable housing, and that Policy SB1 could realistically serve to exacerbate this situation, these proposed changes to the NPPF – additional sites – would alleviate the problem and accelerate delivery to accord with the Plan requirements.

Once enacted, these proposed changes, in all reasonableness, could have implications during this LP period.

The Northern Gateway Partnership

The NGP was launched on 21st October 2015.

This is a landmark partnership to connect the Northern Powerhouse and the Midlands Engine. It has been agreed by and is a collaboration of seven LPA's, including SBC, and two LEP's. The Northern Gateway Development Zone aims to create 120,000 new jobs by 2040, deliver more than 100,000 new homes and unlock new growth and investment opportunities in the region, capitalising on the economic potential of HS2.

On the 17th March 2016, the NGP launched its 'Prospectus of Opportunities', focusing solely at this initial stage on commercial opportunities within the NGDZ.

SBC in their report of the 17th December 2015 to the Cabinet Meeting of the 21st January 2016 provided an update on the NGP.

It states at p3.3 that SBC's current focus continues to be on delivering the PSB development strategy to 2031, so involvement in the Development Zone is primarily to look beyond their Plan to 2040.

SBC being clearly of the view that any potential implications of the substantive additional housing provision requirement under the NGP will not materialise within this LP period, being a matter for the next LP after 2031.

However, the wording states that more than 100,000 new homes **will be delivered by 2040**. Therefore, it is not necessarily the case that this may be a matter solely for the next LP, and could, in all reasonableness, have implications during this LP period.

The Greater Birmingham HMA

Whilst not forming part of, what is now, the Greater Birmingham HMA, and broadly following the makeup of the North sub-regional HMA, Stafford Borough still remains part of the wider West Midlands HMA.

Birmingham has an identified housing need to 2031 of some 89,000 dwellings.

Even with the potential release of Green Belt land, Birmingham can only accommodate some 51,100 dwellings within its boundary, resulting in a shortfall of some 37,900 dwellings, which will have to be built elsewhere.

The most recent Strategic Housing Needs Study – Stage 3 Report of August 2015 states at p2.45 that the HMA as a whole has a *minimum* shortfall of some 37,600 dwellings in the period to 2031.

(The Stage 3 Report stresses at Para 2.27 that this total housing need is to be regarded as a *minimum*).

The 15 neighbouring LPAs within the GBHMA will be asked to take on extra development to accommodate the significant overspill and growth needs of Birmingham under the Duty to Cooperate.

A key constraint to such increased delivery, especially considering the delivery timescale of up to 2031, is the Green Belt, and possible need to 'export' this shortfall to other LPAs outside of the HMA, which could include Stafford Borough, especially given its transport links to Birmingham and immediate surrounds (SHNS – Stage 3 Report – p10.32 to 10.34)

It is understood that the GBSLEP through their Spatial Plan for Recovery and Growth will steer and arbitrate between LPA's over where and how the overall shortfall will be met, based on the conclusions of the Stage 3 Report.

Therefore, dispersal outside of the HMA cannot be discounted at this time, and could, in all reasonableness, potentially have implications for SBC during this LP period.

Community Infrastructure Levy (CIL)

The CIL is a charge on new developments to support the strategic infrastructure needs of the Borough, used to fund new strategic transport, education, open space and recreational provision that cannot be funded by other means.

SBC is moving forward with the implementation of CIL, under the CIL Regulations.

CIL is being introduced because the rules on the use of S106 agreements have changed. As of April 2015 it is no longer possible to pool more than 4 S106 agreements to support a specific project for local infrastructure needs, such as a new school or leisure facility. In addition, S106 agreements are being scaled back to those directly related to the development in question.

CIL will complement, not replace S106 agreements and other funding streams for infrastructure, specifically supporting the critical infrastructure set out in the Infrastructure Delivery Plan (IDP) 2012 to deliver the growth proposals in the PSB.

Developers will continue to contribute towards infrastructure in different ways; through CIL, S106 agreements, S278 highway agreements and conditions within planning permissions.

An initial Preliminary Draft Charging Schedule was produced and consulted upon in June/July 2015. The representations received have been considered and the Charging Schedule has been amended accordingly. Additional viability evidence has been produced as part of this process. The Draft Charging Schedule consultation is expected to take place in Summer 2016.

When introducing a CIL charge there are statutory procedures to be followed. Firstly, it is necessary to demonstrate that CIL is needed in the area to meet an identified infrastructure funding gap, and that a CIL charge is viable on new developments (i.e. there is enough profit margin in a development for the developer to afford to pay the charge). The Government is very clear that the introduction of CIL must not compromise development coming forward.

In April 2015, SBC produced a CIL Funding Gap Update.

It states that, as of April 2015, there is a CIL Infrastructure Funding Gap of some £59,767,350.00. Technical work produced shows that the infrastructure costs needed to support delivery of the LP and growth agenda in the Borough are around £180 million. There are identified funding sources of approximately £120 million with a funding shortfall of around £60 million. CIL is expected to meet some, but not all, of that funding shortfall.

The Stafford North and West SDL's are the two largest, in the following proportions;
Stafford North = 3100 dwellings + 36 Hectares commercial land,
Stafford West = 2200 dwellings + 5 Hectares commercial land.

Stafford Town North area, Stafford North and West SDL's will be subject to a zero rate of CIL (for residential sites).
Office, Employment and Leisure also being subject to a zero rate of CIL.

Whilst appreciating that CIL will not provide all of the Infrastructure funding required, it does highlight the concern whether sufficient funding overall can be obtained to deliver the PSB.

In light of the above, the concern is that the SA, in its support of PSB 2 as proposed, does not take account of either the persistent under delivery of market and affordable housing or of the material considerations that prevail within its assessment, and, as such, follows a narrow, almost fait accompli approach.

Had it recognised the under delivery and the possible implications of the material considerations, it would not be unreasonable to suggest that, specifically in respect of Policy SB1, an alternative be proposed that incorporated the flexibility and additional site allocations to cater for the same going forward.

2.2 Do any adverse effects identified in the SA require significant mitigation, and how does PSB2 address these issues?

It concludes at p32 / p5.24 to p5.26 that the minor negative effects identified will be mitigated via existing PSB policies.