

Summary Affordable Housing Proof of Evidence of James Stacey BA (Hons) Dip TP MRTPI

Land adjacent to Oakhurst Rise, Cheltenham

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Outline application for 43 dwellings including access, layout and scale, with all other matters reserved for future consideration.

Land adjacent to Oakhurst Rise, Cheltenham

W Morrison (Cheltenham) Ltd & Carmelite Charitable Trust

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Introduction

Section 1

- 1.1 My name is **James Stacey** and my credentials as an expert witness are summarised as follows: I hold a Bachelor of Arts (Hons) degree in Economics and Geography from the University of Portsmouth (1994) and a post-graduate diploma in Town Planning from the University of the West of England (UWE) (1997). I am a member of the Royal Town Planning Institute. I have over 25 years' professional experience in the field of town planning and housing. I have been a Director of Tetlow King Planning Ltd for the past 10 years.
- 1.2 The Proof of Evidence (PoE) examines the affordable housing need in the Cheltenham Borough Council area and considers the weight to be attributed to affordable housing in the overall planning balance.
- 1.3 The appeal proposals seek permission for 43 dwellings, of which 42% - 18 dwellings - are proposed as affordable homes. The provision of 18 affordable homes (comprising six social rented units, seven affordable rented units and five shared ownership properties) at the appeal sites marginally exceeds the requirements of JCS Policy SD12 which requires 40% provisions on qualifying sites.
- 1.4 The affordable housing provision will be secured through a Section 106 agreement.
- 1.5 In researching the evidence which underpins my evidence, I have placed reliance upon a Freedom of Information (FOI) request submitted to Cheltenham Borough Council on 7 January 2021 seeking a range of information relating to affordable housing delivery. A partial response was received on 5 February 2021. A full response was received on 16 February 2021.
- 1.6 There is an acute need for more affordable homes to be delivered in Cheltenham Borough and within Charlton Kings which the appeal proposals would make a substantial contribution towards addressing.

Affordable Housing Evidence

Section 2

- i. This Proof of Evidence deals specifically with affordable housing and my consideration of the weight which I believe should be applied in the context of the acute need and the woeful level of affordable housing that has been delivered in Cheltenham.
- ii. The appeal proposals seek permission for 43 dwellings, of which 42% - 18 dwellings - are proposed as affordable homes. The provision of 18 affordable homes (comprising six social rented units, seven affordable rented units and five shared ownership properties) at the appeal sites marginally exceeds the requirements of JCS Policy SD12 which requires 40% provisions on qualifying sites.
- iii. The affordable housing provision will be secured through a Section 106 agreement.
- iv. There is irrefutable evidence of an acute national housing crisis. The former Housing Minister recently described the shortage of housing in the UK as possibly the largest scandal to hit the country in the past 30 years. Ms McVey acknowledged at her RESI Convention speech in September 2019 that the housing crisis has led *“to a rise in renting and costs, and to a fall in home ownership which has destroyed the aspiration of a generation of working people.”*

“Since the mid-1990s, house prices have risen to 8 times, 10 times, 12 times, in some of the most expensive parts of this country 44 times the actual income of someone, that cannot be right”, claimed the former Housing Minister.
- v. Meanwhile in a House of Commons debate in September 2019 it was resolved that *“this House notes with concern the ongoing shortage of housing and the housing crisis across England; further notes with concern the number of families in temporary accommodation and the number of people rough sleeping; [and] acknowledges that there are over one million households on housing waiting lists...”*
- vi. In a speech on 4 March 2020 to the Planning Inspectorate, the current Housing Minister, Christopher Pincher stated that:

“I know a lot about the need for new and better homes. Because in my part of the world, houses for purchase and rent are appreciatively more expensive than in other parts of the West Midlands as we simply do not have enough homes.

There isn't a week that goes by without my constituents contacting me saying, "Chris, we just aren't able to buy or to rent the homes that we want to live in in this beautiful part of the world." (emphasis added)

- vii. More recently at his speech on 14 October 2020 to the District Councils' Network, Housing Minister Christopher Pincher stated that: *"Local plans do not provide for the ambition we have – 300,000 new homes each year – nor enough to meet the demands of organisations and such as KPMG and Shelter, both of which say we need to be building north of 250,000 homes a year to deal with the housing challenges that we have."*
- viii. On a national level, in every scenario, against every annual need figure identified since the publication of the Barker Review in 2004, the extent of the shortfall in housing delivery in England is staggering and ranges from a shortfall of -1,105,490 to a shortfall of -2,635,490 homes over the past 17 years depending on which annual target actual housing completions are measured against. However, the true picture is that since 1969 the scale of the shortfall is over 5.5 million homes have not been provided. Not once in the last 50 years has the country built more than 300,000 homes. In January 2019, Shelter reported at least three million new homes will need to be built in England over the next 20 years to solve the housing crisis.
- ix. Analysis undertaken by Shelter and Savills in June 2020 identifies a range of scenarios for housebuilding recovery following the significant impact Covid-19 has had for the housebuilding industry and the wider economy in 2020.
- x. The scenarios anticipate that between 125,000 and 318,000 fewer new dwellings will be delivered in the five years 2020-2025, because of Covid-19, equating to a 9-23% drop in delivery. Of these, between 25,000 and 66,000 fewer affordable homes will be delivered (an 8-21% drop in delivery). Of these scenarios, the 'best case' assumes a rapid economic recovery (e.g. in light of medical advances) and the worst case assumes deeper and longer economic difficulties.
- xi. Shelter recommends boosting social housing provision in order to support overall housing output, with social housing demand being counter-cyclical to the prevailing wider economy. This merely serves to further compound the acute affordability problems that the country is facing.

Key Findings

xii. **Affordable Housing Needs in Cheltenham Borough**

- Joint Core Strategy Policy SD12 does not define a numerical target for the provision of affordable homes in Cheltenham Borough, instead it requires 40% provision from qualifying sites in Cheltenham.
- The reasoned justification to the policy draws reference to the need for 638 affordable homes per annum across the JCS area which is taken from the 2015 SHMA Update
- Within this JCS area need figure the 2015 SHMA Update identifies a need for 231 net affordable homes per annum in Cheltenham Borough between 2015/16 and 2031/32, equivalent to 3,696 net affordable dwellings when using 30% income thresholds.
- When comparison is drawn between affordable housing delivery and the needs identified in the SHMA Update since its 2015 base date, there has been a shortfall in the delivery of affordable housing of some -1,015 affordable homes against an identified need for 1,155 over the same period.
- The Gloucestershire LHNA published in September 2020 finds a minimum net annual need of 194¹ affordable homes per annum over the 20-year period between 2021 and 2041 for the Cheltenham Borough Council area. This equates to a minimum of 3,874 net affordable dwellings over the period.
- Is it important to note that the 2020 LHNA focuses on households with the most acute housing needs but does not however take into account households currently residing in the PRS.
- If these households were to be included the annual affordable housing need figure for the Borough increases significantly by 52% to 295 dwellings per annum, equivalent to 5,900 new affordable dwellings over the 20-year period.

xiii. **Affordable Housing Delivery in Cheltenham Borough and Charlton Kings parish**

- Since the start of the JCS period in 2011/12 there have been a total of 3,570 net overall housing completions and 373 net affordable housing completions. This equates to an average of 41 net affordable housing additions to stock over the

¹ Figures do not sum due to rounding – $3,874 / 20 = 193.7$

nine-year period. There has been an average rate of 10% affordable housing delivery over the period.

- Over the same period in Charlton Kings parish there have been a total of 140 net overall housing completions and -6 net affordable housing completions. This equates to an average of -0.7 net affordable housing additions to stock over the nine-year period. There has been an average rate of -4% affordable housing delivery over the period.
- These figures should also be viewed in context of the fact that since the start of the JCS period in 2011/12 there have been a total of 181 losses to affordable housing stock through the Right to Buy across the Borough, ten of which have occurred in Charlton Kings Parish. This equates to an average of more than 20 affordable dwellings lost from stock across the Borough per annum. Losses in Charlton Kings have average 6% of losses in the Borough over the period.
- It is abundantly clear that the Council have a poor performance record in terms of delivering affordable housing at a Borough and local level.

xiv. **Future Delivery in Cheltenham Borough**

- The future delivery of affordable housing is highly uncertain. Within Cheltenham Borough the delivery of affordable homes has fluctuated considerably since the start of the JCS period in 2011/12 and the 2015 SHMA Update period in 2015/16.
- The delivery of a higher number of affordable homes one year does not guarantee this will continue for future years. The supply of affordable housing is affected by the local market factors, including the number of sites with planning permission and also wider national factors including availability of public funding.
- When the Sedgefield approach is applied in seeking to address the backlog in delivery of affordable homes which has accrued since 2014/15 compared with identified needs taken from the 2015 SHMA Update there would be a need for 434 net affordable homes per annum for the five years period between 2020/21 and 2024/across the Borough.
- The Council produced its latest five-year housing land supply (5YHLS) statement in December 2019 covering the period 1 April 2019 to 31 March 2024. If we were generously to assume that all 2,265 dwellings included in the 5YHLS will come forward on sites eligible for affordable housing; and that all of these sites would provide policy compliant levels of affordable housing (i.e., 40%) as a proportion of

overall housing completions this is likely deliver only 906 affordable dwellings over the period, equating to just 181 new affordable dwellings per annum.

- This figure falls substantially short of both the 231 per annum and 434 per annum figure required when back log needs are addressed in the first five years in line with the Sedgefield approach. Similarly, this figure falls below the minimum net annual need of 194 affordable homes per annum over the 20-year period between 2021 and 2041 identified in the 2020 LHNA.
- It should also be highlighted that net affordable completions in the 2019/20 monitoring period only averaged 7% of net overall housing. This further serves to demonstrate the Council are actively failing to plan to address affordable housing needs across the Borough and have been for some time.

xv. **Affordability Indicators**

- Housing Register:

The housing register data has been updated and shows that at 1 April 2020 there were 2,418 households on the register, qualifying for assistance with their housing needs. Of these households 598 had expressed Charlton Kings as one of their three preferred choices of location². This is almost 25% of the entire register seeking a home in or near Charlton Kings.

- Temporary Accommodation

At 1 April 2020 there were 17 households being housed in temporary accommodation within the Borough, this represents almost a 31% increase from 1 April 2019.

- Private Market Rents

The lower quartile monthly rent in Cheltenham in 2019/20 was £600 per month whilst the average rental costs for the Borough were £825 per month for the same period.

Private market rents are increasingly unaffordable in the Borough, even with Local Housing Allowance support there are shortfalls in monthly rental costs ranging from -£89 to -£368 for average rental prices, to shortfalls of -£64 to -£155 for lower quartile rental properties which are typically considered to be the 'more affordable' segment of the rental market. For those in need of an affordable home in

² The Councils FOI response (**Appendix JS1**) notes that Applicants are asked to choose 3 preferred areas but not in any order.

Cheltenham, the private rental market fails to provide an appropriate alternative to genuinely affordable homes.

- Affordability:

The average house price to average income ratio in Cheltenham now stands at 10. Even those seeking a home in the 'more affordable' lower quartile segment of the market would need to find more than eight times their annual income to do so with the lower quartile house price to lower quartile income ratio now standing at 8.31, a 6% increase since the start of the JCS period in 2011 where it stood at 7.84.

- House Prices:

The National Housing Federation report that the average house price in Cheltenham in 2018/19 was £332,953 which exceeds the national average. By comparison, data taken from Zoopla shows that over the past 12 months the average house price in Charlton Kings was £442,085.

- Tenure Profile:

Using Census 2011 data, social housing tenures comprised 19% of all households nationally. Within Cheltenham just 13% of tenures were affordable. The picture in Charlton Kings Parish was even more bleak with just 5% of homes comprising affordable tenures. This means the prospect of the 598 households expressing a preference for having their needs met where they wish to live is exceedingly low.

- xvi. The weight to be applied to affordable housing in the planning balance is a matter for Mr Frampton to address in his planning evidence, however in light of the Borough's record of affordable housing delivery and the level of affordable housing needs identified I consider that the provision of 18 affordable dwellings on this site should be afforded substantial weight in the determination of this appeal.