
Examination of the South Cambridgeshire District Council Local Plan Examination 2014/15

Matter 8: Housing Land Supply and Delivery
on behalf of MCA Developments Ltd (3652)

Objector Reference 60598

January 2015

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South Cambridgeshire District Council
Local Plan Examination 2014/15**

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Matter 8A

Are the housing trajectories realistic; will they deliver the number of new homes expected within the Plan period?

i. Expectations from existing permissions and new allocations.

- 1 The submitted housing trajectory for South Cambridgeshire is not realistic in that there is too much reliance on new settlements, most of which do not exist and therefore do not have established housing markets (Northstowe and Bourn). This makes it impossible to predict the actual rate of long term housing delivery. In contrast, anticipated rates of delivery from extensions to sustainable existing settlements, such as Cambourne, which have mature and predictable (including good internal) housing markets, with a strong record of delivery under all market conditions, are actually under-provided for.

- 2 Our representations to Matter 2 (spatial vision) identifies that heavy reliance on new settlements at Northstowe, Bourn and Waterbeach is a hallmark of the Council's historic over-dependence on prescriptive housing quotas from large single sites which do not exist, in locations where market buyers are unlikely to demand homes in the quantities projected by the Council. It is for this reason, that the rate of delivery from Northstowe, with an expectation of 400 dwellings per annum (dpa) to the end of the plan period, starting as soon as 2018, is wholly unrealistic and should be downgraded to 250 dpa, until there is sustained evidence to the contrary later in the Plan period, wherein this figure could be reviewed. To date, we are still not aware of any recorded dwelling completions at Northstowe.

- 3 Evidence has been submitted to the examination by other parties which identifies that sales revenues per sq ft in the vicinity of Northstowe are currently below that currently experienced at Cambourne, which as a new settlement, has delivered a more realistic benchmark average of 235 dpa over the past 15 years, under all market conditions.

ii. Flexibility to deal with changing circumstances.

- 4 As articulated in our representations to Matter 2, a spatial strategy based on large new settlements coming on line at specific times, with specific delivery rates is an approach which simply repeats the failures of the past and has no flexibility to deal with changing circumstances. For the sake of brevity, Paragraphs 12 to 20 of our submitted Matter 2 representations are therefore reiterated in answer to the above question ii.

Matter 8B

Will the plans ensure a rolling five year supply of specific deliverable sites?

iii. Memorandum of Understanding (MOU).

5. It is common ground that two planning application appeals at Waterbeach were allowed in 2014 on the basis that South Cambridgeshire District Council could not demonstrate a 5-year housing land supply, as required by the NPPF. It is also common ground that the Inspector fully considered the materiality of the MOU, but did not think it appropriate to take into account housing land supply within Cambridge, as to do so would have been without precedent. In this respect, we are not aware of any other comparable MOU's in the interim period which have altered this view and so we invite the Examination Inspector to reach the same conclusion, as the approach to the Joint Housing Trajectory (JHT) is fundamentally flawed.
6. The primary flaw in the approach is that it is contrived, as the MOU appears to mainly exist because, given its track record, it is now necessary for South Cambridgeshire to amalgamate its future housing delivery with that of a more successful authority in order to avoid the need for a step change in its long term spatial strategy of rural restraint and to avoid the requirement to allocate further sites at the larger settlements.
7. A second fundamental flaw is that the example of the East Cambridgeshire Local Plan (where it was considered acceptable for an element of Cambridge's needs to be met in Peterborough) is used out of context. In essence, the relationship between Cambridge and Peterborough is not representative of the more complex market dynamic between South Cambridgeshire and the City. For example, reference to the Greater Cambridge graph at Appendix A (RD/Strat/350) shows a reliance on Cambridge to deliver a greater percentage of the dwellings in the first five years when SCDC will be deficient. Such an approach however belies the huge disparity between land values in many parts of South Cambridgeshire district and the principal locations where development will take place in Cambridge, where in some cases, land values are nearly 100% more expensive.
8. This is simply not the same as exporting some of the City's needs to Peterborough, where land values are much cheaper and so there is some cost benefit to those working in Cambridge whom are prepared to commute to the City. However the MOU in this case is expected to operate in complete reverse, i.e. South Cambridgeshire district expects to export its unmet housing needs into a significantly more expensive HMA, which is an untenable approach, given the current level of house price inflation in the City.

9. Further reference to the graph at Appendix A also shows a massive decline in expected housing land supply from the City from around 2020 to the end of the Plan period. This places complete reliance on the South Cambridgeshire to deliver the bulk of the housing for both HMA's via the implementation of its proposed new settlements. However, given the economic cycle, it is not a strategy which can be relied upon, particularly given the past failed expectations for Northstowe. It is also notable that even the combined JHT is still deficient, as it does not meet the required target in the last five years of the Plan.
10. It is clear therefore that, taken individually, the two Plans do not independently provide for a rolling five year housing supply across the Plan period and are deficient, even in combination, for the last 5 years of the Plan period. This does not accord with the spirit of the NPPF and was therefore rightly rejected by the appeal Inspector.
11. There is also a hidden danger that as the land resources of the City are much more finite, it will be forced to consider the release of major strategic areas of Green Belt in future years if the South Cambridgeshire spatial strategy fails to deliver. In this respect, it is inevitable that there will be change in market conditions during the Plan period and a spatial strategy predicated on delivery from sites of the greatest complexity and requiring the greatest level of forward investment, is an approach which is much more vulnerable to failure, should current market conditions change in the future.

iv. Past delivery and the use of a 5% or 20% Buffer?

12. Table 3 of RD/Top/050 is a clear demonstration that SCDC has a persistent history of undersupply, which warrants the application of a 20% and not a 5% buffer. Primarily, Table 3 shows five consecutive years of major (500 +) deficit relative to the adopted Core Strategy, totalling 2,745 dwellings. Whilst part of this shortfall can be attributed to the recession, the shortfall still exists in absolute terms and must be resolved as it is having a direct impact upon market values in both the district and Cambridge, whereby demand now demonstrably exceeds supply, leading to considerable market stress.
13. The Greater Cambridge Housing Trajectory identifies that 585 dwellings were completed in South Cambridgeshire in 2013-14 and just 750 dwellings are anticipated in 2014-15. Accordingly, there are seven consecutive years of deficit, even against the much lower (disputed) figure of 950 dpa used by SCDC to calculate annual dwelling requirements. These seven years of consecutive deficit have taken place even though the local housing market has been recovering since 2010, as illustrated by the step change in median house prices, as shown in Table 3, from 2009-10 onwards.

14 The conclusion to be drawn from Table 3 is that the short term dwelling shortfall against the Core Strategy, since its adoption in 2007, is 3,258 dwellings (based on 1176 dpa per year) or 2,580 dwellings (using 950 dpa from 2011 onwards). Given the sustained high level of demand in South Cambridgeshire over recent years, relative to this consistent lack of completions, it is clear that there is a supply issue to be resolved, which justifies the use of a 20% buffer.

v. Compelling evidence that windfalls will contribute to the 5 year supply?

15 Windfalls can make a legitimate contribution to annual housing supply but should not be relied upon as a key component of (unplanned) housing delivery. In this respect, we do not question the inclusion of a modest 50 dpa from windfalls for years 2015-16 and 2016-17, but disagree with the proposition that thereafter 200 dpa from windfalls can reasonably be expected throughout the Plan period. Primarily, given the rural nature of the district we would question where these windfalls are expected to come from, given that brownfield sites are a finite resource and that greenfield proposals are resisted by the Council (i.e. Waterbeach). We also question the appropriateness of using a windfall figure which is disproportionate in relation to the annual dwelling figure from planned housing supply.

16 For example, the submitted SCDC housing trajectory shows anticipated windfalls in 2017-18 as totalling nearly 20% of annual supply, which is unrealistic in a district with a strong policy of development restraint in the rural areas. Accordingly, we submit that there is no compelling evidence in relation to expected future trends that windfalls will materially contribute to the five year housing land supply, as suggested by the Council.

vi. What is the shortfall in delivery from the early years of the Plan period and can this be made up in the first five years?

17 The shortfall in delivery from the early years of the Plan currently under examination can be calculated from the Greater Cambridge Housing Trajectory. Completions since 2011 total 2,573 dwellings against a requirement of 4 X 950 dpa plus a minimum 5% buffer. The shortfall from 2011 (based on the assumption that the revised 950 dpa requirement of the submitted Plan is correct) is therefore 3,990 minus 2,573 which leaves **1,417** dwellings which have not been delivered in the last four years under the strategy of the emerging Local Plan, notwithstanding a significant lowering of the annual housing requirement bar to only 950 dwellings. Should the Inspector consider that this is the limit of the accrued shortfalls for which SCDC must account for then only the Sedgefield method is appropriate, given current market conditions.

- 18 However such a limited appraisal of the shortfall masks the true extent of the problem which has accrued in the district since the base date of the extant and adopted Core Strategy, which has led to the extreme market stress now currently faced in the district. In essence, there is an extant adopted Core Strategy which has not been complied with.
- 19 The extant adopted Core Strategy, which is still within date, requires that by March 2015, **18,816** of the 20,000 planned dwellings should have been completed. However this target has been hugely undershot by over 7,711 dwellings as only **11,105** dwellings have actually been completed. In this respect, the Inspector has heard evidence from SCDC that it was simply not possible to meet these Structure Plan requirements from 1999 onwards as there were no strategic plans in place to deliver the numbers required until 2007/8, by which time the recession had curtailed the ability of large new sites such as Northstowe to deliver. However, the Structure Plan clearly foresaw the future (now current) level of market stress, should these dwellings not be delivered, which is precisely why these dwellings requirements were made.
- 20 Undisputed completions data is available for a 16 year period from 1999, derived from Table 3 and the GCHT, which shows annual completions under a variety of market conditions and adopted Plans. The consistent characteristic however is a constant failure to not only meet the Core Strategy annual target of 1,176 dpa, but the much lower prevailing adopted Local Plan figures of the day. For example, under the Local Plan 1993, in the period 1999 to 2004, when the housing market was very strong, the requirement of 843 dpa was met only once in five years (2003/4). This was followed by another year of deficit in 2004/5 despite an even lower annual requirement of only 753 dwellings from the 2004 Local Plan.
- 21 The three following years 2005-8, whereby the annual target was met, was short-lived, and also mainly underpinned by high rates of dwelling completions from Cambourne, which had strong momentum at the time. Thereafter, the annual dwelling target (even using the lowest ever of 753) has simply not been met in any year since 2008.
- 22 However justified by SCDC, these cumulative shortfalls since 1999 are highly significant as they are not attributable solely to market conditions alone, but are more directly related to the spatial strategies of the Plans prevailing at the time. There can however be no dispute that this historic backlog, from whatever date it is calculated is having a serious and distortive effect on market conditions which renders it meaningless to suggest that unmet dwelling demand in South Cambridgeshire can simply be met in Cambridge as part of a combined housing trajectory.

23 To ignore the significant shortfalls which accrued before the 2011 start date of the emerging Plan would be a mistake, as the 1,417 shortfall since 2011 could be recovered over the Plan period without significant modification of the existing spatial strategy. Our evidence to this examination is consistent in that fundamentally it is the spatial strategy itself which has limited the number of dwellings coming forward in every year since 1999. Therefore, unless it is forced to change i.e. by the requirement to make up at least some of the historic shortfall before 2011 (however 'justified' the Council considers the shortfall to be) then further shortfalls will accrue over the lifetime of this Plan, which will be disastrous for the local economy, as this is already happening.

24 Our calculation of the longer term shortfall is based on 3 scenarios. Each shows a different but significant deficit, which indicates why Greater Cambridge is experiencing the current very level of high market stress:

1. Cumulative Performance Against Adopted Core Strategy Since 1999.

Scenario 1 is an extrapolation of the requirements of the extant Core Strategy from its base date of 1999, relative to what has actually been delivered (11,105) in this period. In this respect, 18,816 new homes are required by March 2015, which leaves a shortfall of 7,711 dwellings.

25 As stated above, the Council's main contention is that strategic plans were not in place to address this dwelling requirement until 2007 which were then compromised by the 2008 recession. We contend that this shortfall nonetheless still exists, as evidenced by market conditions, and a clear strategic planning opportunity is now available, post recession, to redress the balance by adding some of this shortfall to objectively assessed housing needs, over the remaining life of the emerging Local Plan.

2. Cumulative Performance Against Adopted Core Strategy Since 1999 (factoring in lower annual requirement from 2011)

Scenario 2 is similar to the extrapolation given above, however lowering the annual requirement from 1,176 to the submitted Local Plan figure of 950 dpa from 2011 onwards. In summary:

2011 – 2015	4	years @ 950 =	3,800
1999 – 2010	12	years @ 1,176 =	14,112

Total Homes Required	<u>17,912</u>
Less completions of 11,105 = shortfall of	6,807

3. Performance Against all Prevailing Adopted Requirements Since 1999

Scenario 3 is a further derivative of the above extrapolation, using only the annual dwelling requirement prevailing at the time. In summary:

2011 – 2015	4	years @ 950 =	3,800
2007 – 2011	4	years @ 1,176 =	14,112
2004 – 2007	3	years @ 753 =	2,259
1999 – 2004	5	years @ 843 =	4,215

Total Homes Required	<u>14,978</u>
Less completions of 11,105 = shortfall of	3,873

- 26 It should be noted that in Scenarios 2 and 3, the requirement for only 950 dwellings per annum is disputed by MCA and others, equating to a minimum of 1,000 extra dwellings to be factored into the shortfall, should the Inspector accept the cumulative evidence of higher objectively assessed need.
- 27 This leads to the conclusion that whilst there is an undisputed shortfall of approximately 1,400 dwellings since 2011, there is a longer and more significant cumulative shortfall which must be addressed. The emerging Local Plan is the correct vehicle to do this. Scenario three illustrates the most objective scenario, as it judges the shortfall only against the targets prevailing at the time.
- 28 This suggests a minimum shortfall against the adopted Core Strategy of up to **5000** dwellings since 1999. The maximum cumulative shortfall is closer to **7000** dwellings, depending from what year the 1,176 dpa requirement is applied and whether the lower figure of 950 dpa of the submitted Local Plan is accepted.

29 In summary:

- Actual shortfall since 2011 (emerging LP) **1,417**
- Minimum cumulative shortfall since 1999 up to **5,000**
- Maximum cumulative shortfall since 1999 over **7,000**

Matter 8C

Should the more sustainable villages make an increased contribution to housing supply?

30 South Cambridgeshire is a rural district council which currently has no major towns, rather, a number of rural centres which have varying levels of sustainability. The largest and most sustainable rural centres in South Cambridgeshire, such as Cambourne, are the most logical centres to support additional growth to help meet the district's needs, with proportionate sustainable development at other larger villages to underpin the long term vitality and viability of existing local services.

31 The capacity of Cambourne West to make an enhanced, deliverable, and sustained contribution to housing supply will be fully articulated as part of future matter statement submissions in connection with Policy SS/8.