

Conwy CBC – Replacement Local Development Plan 2018 – 2033.

Comments on the Preferred Strategy.

1. Introduction.

1.1. This representation has been prepared jointly on behalf of three leading housebuilders in Conwy County Borough:

Anwyl Construction

Beech Developments

Macbryde Homes

1.2. All three housebuilders share concerns with regard to the approach to the assessment of housing need in the Borough and consider that the Preferred Strategy approach, in seeking to provide for the delivery of 4300 new dwellings in the period 2018 – 2033 (290 dpa), neither addresses the need for housing, nor does it match housebuilding to employment growth in an adequate fashion.

1.3. Furthermore, given the scale of the affordable housing issue in Conwy, the amount of affordable housing to be provided as part of new housing delivery is not sufficiently ambitious; a higher overall figure for the housing requirement would be consistent with the objective of addressing affordable housing need.

1.4. Finally, the apparently emerging approach of the Plan to housing mix is inconsistent with the housebuilders direct experience of market demand, whilst clearly there is a relationship between household size and the type of dwellings required, that relationship is nowhere near as direct as the Preferred Strategy appears to be contemplating.

1.5. The Preferred Strategy is, of course, the first time that the Council has set out its suggested strategy in any detail and invited comment. In submitting these representations, our primary purpose is to engage in further discussion so that our respective positions can be properly understood and, hopefully, resolved prior to the Plan being placed on Deposit.

2. General Approach.

- 2.1. In general terms the approach of the emerging Plan to addressing housing need, as set out in BP01, Growth Level Options Report, July 2019, is supported. The increasing imbalance between persons of working age and those in the 65+ age group is an ongoing concern, as is the reduction of population in the younger age groups.
- 2.2. The selected approach of pursuing an employment-led approach is, therefore, supported, it is considered that putting in place an ambitious strategy designed to encourage economic growth is the most appropriate way in which the planning system can address the identified population imbalance.
- 2.3. In the above respect, it is noted that the Preferred Strategy approach reflects, in principle at least, the already adopted policy approach of the Council in the Economic Growth Strategy.

3. Proposed level of growth.

- 3.1. In response to the above, the Preferred Strategy puts forward an employment-led approach at paragraph 2.28 that will involve the provision of 4300 new homes which will support the provision of 1800 new jobs.
- 3.2. Whilst the approach does link housing growth to a level of employment growth, the Council's Economic Growth Strategy is to create 3500 new jobs in the County during the period 2017 – 2027 (in addition to 1980 jobs through reduced levels of out-commuting). It is clear that there is a fundamental mismatch between the scale of economic growth that is already the adopted approach of the Council and that put forward in the Preferred Strategy which is approximately half as much.
- 3.3. Paragraph 4.6 onwards of BP01 sets out the justification for the preferred growth option, the various elements of the justification are commented upon as follows:
 - 3.3.1. *Dwelling growth within the range of recent completions figures (4.6)* – Whilst this is indicative of a level of housing production that is certainly within the capacity of the housebuilding industry, it does not appear to assist any more significantly. Indeed, the JHLAS has revealed a sub 5 year housing land supply for several years which, despite the positive efforts of Officers in recommending sites for approval, has not resulted in approvals other than through the appeal system, at times, developers have found themselves without a site to develop in Conwy. Furthermore, the period has included significant numbers of years of recession or low levels of economic growth; it is a period that should reasonably be described as one of fettered demand and,

therefore, not indicative of future need.

3.3.2. *Dependency ratios are lower than for migration-led projections (4.7)* – Whilst this provides a good reason for departing from a migration-led approach, it is only indicative of a preferred direction of change and does not just justify the proposed level of growth in itself.

3.3.3. *Jobs growth of 1850 helps match aspirations for economic growth (4.8)* – Having noted that the proposed rate of growth is similar to that achieved in recent years, and having also identified a series of demographic issues in association with that period, it hardly provides a strong justification for continuing with the same approach (Section 2 of BP01 – population growth below National levels, age structure biased towards older age groups and getting older, resulting in a high dependency ratio, out-migration of younger people).

Furthermore, whilst 1850 jobs may “help match” aspirations for economic growth, it is clear that it is at odds with the Council’s adopted approach. The Conwy Economic Growth Strategy proposes the creation of 3,500 new jobs in the period 2017 – 2027, consequently the proposal to create 1850 jobs within the Plan period at an average of 123 jobs per annum, is just 35% of the rate that the Council has already resolved to pursue.

The Development Plans Manual (3rd Edition Draft) indicates at paragraph 5.50 that *“The critical point is ensuring that both economic and housing growth are broadly aligned, accepting that there is no direct mathematical relationship. Both forecasts and the scale of growth should be similar to support each other.”* The scale of growth proposed within the Preferred Strategy, far from supporting the Council’s approach to the economy, actually appears likely to constrain such growth and, at the same time, increase pressures for unsustainable in-commuting.

3.3.4. *Jobs driven in-migration sees growth in the working age population* – This is a similar point to that made at 3.33 above, growth in the working age population is a positive factor, but it is clear that it is not at a scale that would support the Council’s adopted economic growth strategy.

3.4. The two key issues arising from the above appear to be that, first of all, the proposed rate of housing growth is not materially different to that achieved in recent years in association with which there is clear evidence of factors that have suppressed demand. Secondly, the approach does not adequately support the Council’s adopted Economic Growth Strategy, despite the approach being described as employment-led. These two factors point to the need to increase housing

provision to better match housing demand and to support the employment strategy of the County.

- 3.5. There is one further matter that also points towards the desirability of increasing the housing requirement within the emerging Plan and that is the issue of affordable housing provision. The currently adopted UDP identified an affordable housing need for 125 dpa, by contrast, BP11 identifies an overall need for 230 dwellings per annum for the first five years of the Plan period (reduced to 180 dpa using the new Welsh Government Methodology, the basis of which we find unconvincing). It is clear that, despite housing growth in the current Plan period at a rate that is similar to that proposed within the Preferred Strategy, affordable housing need has increased dramatically, there is no reason to presume that a similar rate of growth in the future will have a markedly different impact.

We note that BP11 further reduces the 180 dpa figure to 130 dpa, once again using the new Methodology, it is not clear how this is achieved save that the approach to households that are housed, but in need of a different home for reasons of overcrowding, appears particularly illogical as it assumes that the accommodation within which they are living is a suitable affordable home for somebody.

However, having reduced the figure for affordable housing need to 130 dpa, the Preferred Strategy then suggests that the requirement is 120 dpa, equating to 1800 affordable dwellings over the Plan period, of which 1000 would be provided through the construction of new affordable homes. Further explanation of the assumptions underlying the provision of 1000 dwellings through new build is required, BP11 acknowledges that the majority of affordable housing has in the past been provided by RSL's through capital grant funding which cannot be assured in the future and that, thereafter, the number of new affordable housing units provided without funding has been "particularly low" (9% over the past five years).

However, the above would leave 800 dwellings to be delivered through "*policy mechanisms and Council initiatives*". Despite the comments in Section 3 of BP11, we find it highly unlikely that 800 affordable dwellings will be delivered from this source, no significance evidence of past performance or the availability of new resources in the future is provided to justify this assumption.

Consequently, there are significant concerns in relation to the delivery of affordable housing at a level that will address need and, once again, an increased level of housing provision in overall terms would also contribute to an improved provision of affordable housing (we hope that it is recognised that simply increasing the affordable contribution from individual sites is not a solution to the affordable housing problem because this would impact on the viability of delivering any

development).

3.6. Whilst the approach of the Preferred Strategy in looking to address current undesirable population trends and looking to support economic growth through housing provision is supported, ultimately, it does not appear to us that the proposed approach is sufficiently ambitious for all of the reasons identified above. Whilst it is acknowledged that planning policy is not a 'magic wand' that can instantly solve all problems, it can certainly constrain growth, and in our view a more aspirational approach with a higher level of housing need and better support for economic growth would have positive benefits.

4. Our preferred approach.

4.1. Having concluded that there is good justification for increasing the housing target from that currently proposed within the Preferred Strategy, the question is what that increased level should be? It is considered that the answer to this lies in the previous Strategic Growth and Spatial Distribution Paper (August 2018).

4.2. Option 5 in the above paper was an employment led option, but the key difference was that it matched housing growth to the job growth target within the Economic Growth Strategy as opposed to a reduced level that does not reflect current Council policy. As a consequence, the resulting housing need was increased to 7,150 dwellings, or 480 dpa.

4.3. The positive attributes of the Preferred Strategy which are set out at paragraphs 4.6 – 4.9 of BP01 (and commented on above) would also apply to this option, only the extent of the benefit would be greater in each case. Increased affordable housing provision would also be of significant benefit and an overall increase in market housing should have the added benefit of reducing the pressure within the housing market that has resulted in the increase in affordable housing need in the first place.

4.4. The Preferred Strategy does not explain why this growth option was apparently discounted, it appears to have significant advantages over the option that has been selected. It has sometimes been suggested in the past that the growth potential in Conwy is restricted by the capacity of the housebuilding industry, we have never seen any evidence for this proposition, the housebuilding industry in Conwy has for many years been operating in a market that is constrained by lack of supply, difficult economic times and, it has to be said, by a Council that has repeatedly resisted the release of additional sites that would have the potential to improve delivery. Anwyl Construction, Beech Developments and Macbryde Homes, given the availability of appropriate sites, have the capacity within their existing businesses to deliver this level of growth themselves and with the involvement of all of the other

housebuilding companies in the County Borough, large and small, have no doubt that this level of housebuilding is deliverable.

5. Housing mix.

5.1. Strategic Objective 2 identifies the desire to deliver new homes, “*ensuring that the right range of housing types, sizes and tenure are brought forward*”. This objective is not taken forward in the Preferred Strategy through a proposed policy, we do not question this as it is, presumably, a more detailed policy issue to be addressed in the Deposit Plan itself.

5.2. However, whilst the detailed policy addressing this matter is awaited, it is, nevertheless, an appropriate opportunity to express the views of the housebuilders on this matter. There is no objection in principle to the mix of affordable housing on any site being linked closely to need as expressed in the Local Housing Market Assessment (LHMA), so long as the document is kept up to date, however, there is significant concern that market housing might be controlled in a similar fashion.

5.3. Housebuilders have consistently demonstrated that they provide a range of housing on their sites, responding to the evolving demands of the market which they monitor closely and respond to accordingly; if the housebuilding industry built a product for which there was no demand, then they would not sell, hence why there is a commercial imperative to address demand.

5.4. It is noted that at paragraph 5.23 onwards of BP01 an approach to housing mix appears to be promoted that could look to control housing development in accordance with an assessment of housing need whereby housing with more bedrooms than residents would be viewed as under-occupied. Housebuilders would oppose any such policy as, certainly within the private sector, demand is not directly related to household size, a larger house than the above, over simplistic, approach would suggest as appropriate can provide:

- larger, more attractive, living spaces,
- space for studies or even providing for the ability to work from home, and
- the opportunity for family members to visit with their families.

All of the above are perfectly legitimate reasons why people should not be prevented from purchasing a new house that accords with their particular lifestyle wishes.

5.5. The recent example in England when the Government sought to introduce rules that would have sought to 'match' residents household size to the number of bedrooms within the Council housing stock, resulting in a public outcry, is a clear illustration of why such a form of 'market engineering' is not only an over simplification of need, but is also strongly opposed by the public.

5.6. It is, therefore, to be hoped that these comments will be helpful in encouraging an approach to housing mix that does not seek to prescribe or unnecessarily control the type of housing that is provided in order to address market demand, the housebuilding industry has traditionally provided a mix of housing types within its developments and there is no reason to think that this will not continue.

6. Conclusions.

6.1. It is hoped that this submission, setting out the thoughts of three leading housebuilders in Conwy, is of assistance at this stage.

6.2. It has been concluded that there is sound justification for a strategy that increases the proposed rate of growth, such an approach would better address the needs of the County Borough and is deliverable.

6.3. In addition, it is hoped that the approach to housing mix, when it is clarified by detailed policy will not seek to intervene in any significant fashion in the way in which the housebuilding industry always has responded to market demand and delivered the mix of housing that house purchasers wish to see.

6.4. We would welcome the opportunity to further discuss our views with the Council prior to the Deposit Plan being finalised.