

## **WOKING CORE STRATEGY**

### **WRITTEN STATEMENT: MATTER 1**

#### **Vision, objectives and places**

*1. What is the relationship between the CS and the SEP? Is the former consistent with the latter? Does the CS reflect adequately the aims of the SEP?*

On the question of the conformity of the housing target in the CS with the SEP regard will need to be given to the decisions being made by adjacent planning authorities about their housing requirements. While we would not wish to see a housing requirement adopted that is lower than the level of provision set out by the SEP, we are concerned about the problems of considering the housing requirement for Woking in isolation from the other provisions of the SEP.

It is difficult to assess the soundness of the plan on the basis of conformity with the SEP housing target when that target is viewed in isolation from the many other strategic planning provisions of the SEP not least of which was the function of the SEP in apportioning housing supply between areas identified for growth and areas of restraint.

We would submit that insufficient regard has been given to the actions of adjacent authorities and those in the wider housing market and economic area. We are concerned that the CS has had insufficient regard to the new factors and forces that will impinge upon the Borough as a consequence of decisions being made by adjacent local authorities. Many adjacent local authorities (and indeed, some a little further afield) have adopted or are in the process of proposing housing requirements that are lower than the targets set out in the SEP. The consequence of this has not been considered by Woking.

Guildford Council has yet to provide an indication of its future housing requirement. Following its legal challenge to the SEP the target in the SEP was deleted. The unresolved planning uncertainties in the case of Guildford (the Council has yet to begin work on a new plan) will result in much lower rates of housing delivery in that district than would have been the case with the SEP embedded in the development plan process. As a consequence new house building is occurring at a low rate in the district (completions over the last six years have never reached the 422 target of the SEP) and its housing problem is being exported to other districts. It is very unlikely that Guildford will advance a housing requirement higher than that in the SEP. Runnymede has also yet to begin work on a new Local Plan to replace its Local Plan dating back to 2001. Elmbridge has an adopted CS target of 225 per year but this represents a reduction from the SEP target of 281 homes (average completions of 412 dwellings per year over the period 2006-12 does not account for the difference). Elmbridge Council justified this reduction on the basis of localism and the expression

of local views that uncertainties over the economy meant that lower growth prospects would reduce housing requirements. The selective citation by the Council of elements of the Localism regime to justify a reduced requirement, but the disregard given to the other provisions of Localism regime, as made manifest in the draft NPPF, the Localism Act's duty to cooperate and the *Planning for Growth* Ministerial statement, did not appear to be given any consideration. As such there must now be doubts regarding the conformity of Elmbridge's CS with the Localism Act and the provisions of the NPPF this will demand the need for a review. Surrey Heath tried and failed to propose a lower housing number than the SEP, and went through modifications at Examination to rectify the numbers.

Given the uncertainties regarding the levels of provision being made elsewhere by the adjacent Councils it is premature to conclude that the SEP target is the correct one. Such a decision must be the outcome of detailed discussion with adjacent authorities, including those that might fall within the Housing Market Area and the economic area of what had been defined as the London Fringe sub-regional area within the SEP. Although we accept that this sub-region may no longer be considered an appropriate basis for cross-boundary planning, the CS does not define what the new cross boundary area is.

In addition, there is a need to consider whether the SEP target is the right one for Woking, or whether it is necessary to consider new evidence which might indicate that this target will no longer prove adequate to address future needs. It is unclear from the CS or supporting documentation why the Council thinks that the SEP is still the correct one for the district. While the SEP housing target may have been the appropriate one within the context of a regional strategic approach to apportioning the housing need across the region, Woking can no longer assume this will be the case looking forward. This is especially the case as the former Growth Points of Ashford and Milton Keynes, which were previously earmarked by the SEP to absorb the lion's share of the region's housing need, but will no longer absorb as much of the housing growth as had originally been intended. The draft NPPF will require local plans to be examined on the basis of how far they have met the unmet requirements from neighbouring authorities (paragraph 48).

Both the SHMA and the 2008 based household projections point to levels of provision higher than that which the Council is proposing. The Council maintains that it is unable to meet this level of demand owing to 'environmental constraints' yet it is unclear how far it has tested whether those 'environmental constraints' are real and legitimate reasons to disregard the evidence from the SHMA. The SHMA indicates a need for 594 homes overall, of which 343 are market (see page 227 of the SHMA).

The SHLAA is a mechanism that should not treat all environmental constraints as inviolate (paragraph 21 of the DCLG SHLAA Practice Guidance) but consider whether they can be removed or relaxed to accommodate a higher level of growth. The SHLAA is thus used to inform decisions about the spatial options for accommodating growth that could require a change from existing planning policies. The SHLAA is not a tool that necessarily is constrained by current policies.

WBC/01 describes various fora that exist that might facilitate cross boundary working. It does not state what conclusions were reached and what measures have been agreed by the participating local authorities to accommodate cross boundary growth needs. It just lists a lot of meetings.

**CS2: Woking Town Centre**

24. *Should the plan include a specific non implementation allowance for development within Woking?*

The CS should provide for non implementation given our concerns about the deliverability of sites in Woking Town Centre (WTC). Woking Town Centre is unlikely to deliver the number of homes expected or at the pace anticipated by the Council because a) the ability of the market to provide and absorb the number of flats envisaged by the Council in the town centre; b) the impact of the 40% affordable housing target on viability as borne out by the Affordable Housing Economic Viability Assessment (EVA) and c) the impact of Part L and other local policy requirements on viability as borne out in the AH EVA report.

Paragraph 109 of the draft NPPF advises that local authorities should provide for an additional allowance of 20% of specific and deliverable sites to ensure choice and competition in the market for land.

As we have stated in our original representations we do not believe that the market is capable of delivering and absorbing 2,500 homes in Woking Town Centre over the plan period. This would require 166 completions per year when the average sales per outlet in England is currently 25 units per year. There would need to be lot of outlets (i.e. sites with planning permission that are being implemented) to sustain this level of completions annually. According to *DCLG table 122: Net additions by district*, Woking achieved the following net additions to the housing stock over the last five years:

2006-7	380
2007-8	270
2008-9	360
2009-10	260
2010-11	150

It should be noted that these are net additions achieved across the entire district, not from just a single location.

Allied to this is the problem that not all the sites necessary to achieve this volume of output have been identified. Analysis of the SHLAA reveals that there are ten sites in WTC. If these are all developed as hoped, then in total they *may* provide 1,551 dwellings. Clearly this is 1,000 short of the proposed number.

Lastly, it is extremely doubtful whether the market demand for flats in WTC is great enough to sustain this level of supply. This is probably also the reason why the

SHLAA has been unable to identify any other sites to supply the additional 1,000 homes needed.

25. *Has the deliverability of town centre developments been considered fully with particular regard to viability and the provision of infrastructure and affordable housing where necessary?*

The impact of the CS policy requirements will prove a severe impediment to delivery in WTC which is earmarked to provide the majority of housing supply over the plan period.

Aside from the lack of land identified to justify the target of 2,500 homes to be crammed into WTC, delivery will be further compromised by other CS policies, not least the policy requirement for 40% affordable housing. The evidence suggests that this location will not be able to sustain a target of 40% affordable housing.

For example, table 10 in appendix IIg, of the *Affordable Housing EVA*, shows the residual values at 40% affordable housing, with Code 5 (also a policy requirement and it should be remembered that the Part L element which constitutes 80% of the cost of the Code will be mandatory from 2016 onwards, i.e. for the last ten years of the life of the plan) and with a 70:30 tenure split between social rent and intermediate (in accordance with CS policy, see paragraph 5.86) and a modest total planning gain package of £5,000. The table shows the following:

50 unit mixed scheme: Nil RLV at value points 1 and 2. £595 at value point 3 (unviable). £1.4m at value point 4 (unviable). £2.3m at value point 5 (marginally viable).

50 unit flat scheme: Nil RLV at value points 1 and 2. £57k at value point 3 (unviable). £819k at value point 4 (unviable). £1.5m at value point 5 (unviable).

100 unit flat scheme: nil residual land values (RLV) at value points 1 to 4. Only £25k at value point 5 (unviable). Only £1.3m at value point 6 (unviable). These RLVs are derisory. They will not incentivise landowners to sell. *Since the Council intends that delivery will comprise of a number of flat schemes of this size and density this result of the AH EVA should be considered very carefully.*

100 unit mixed scheme: nil RLV at value points 1 and 2. £1.1m at value point 3 (unviable). £2.9m at value point 4 (unviable, it would work out at only £29k per unit for the landowner). £4.7m at value point 5 (marginally viable).

It must be remembered that RLVs are only gross figures. Once the landowner has paid tax on the sales price and covered his other promotion costs, the net figure will be reduced further. Viability is not simply a calculation of whether the RLV provides some value over the total development costs, but whether the RLV is sufficiently high enough to offer an attractive rate of return that will incentivise the owner to sell. These considerations have been emphasised in the Ministerial Statement *Planning for Growth* and paragraph 39 of the draft NPPF.

It is intended that most developments in WTC will have to consist of flats at high densities to deliver the volumes required. The results of the EVA shows that flat schemes cannot sustain the CS policy requirements and still be deliverable.

It should be noted that the AH EVA report considers that value points 3 and 4 serve as the best approximation to average prices across the borough (paragraph 3.2.4). Value point 6 will not be achievable for a flat and for this reason I have not bothered to quote the RLV for this value point from the AH EVA report. Value points 5 and 6 can only be achieved for semi and detached houses. These value points will not be applicable in WTC.

While the RLVs are better towards the more expensive end, they will not be sufficiently attractive prices to incentivise owners to sell their land. It is also very questionable whether these higher value points are attainable in WTC as the area exhibits the lowest average sale price in the whole district (see Figure 5, page 34 of the AH EVA).

It should also be noted that these results are predicated on what is a very modest overall planning gain package of no more than £5,000 per dwelling. If it is concluded that the affordable housing target is sound, then the Council will not be able to subsequently increase the level of its planning gain demands over the plan period to exceed £5,000 per unit lest it jeopardises the delivery of the plan.

Finally, and possibly most crucially in terms of assessing the deliverability of the Council's ambitions with regard to WTC, it must be noted that the AH EVA is based on modelling that assumes that prices that pertained in the market conditions of the pre-2007 credit crunch will return. As we stated in our original representations, basing a viability analysis on the most favourable and unsustainable (unsustainable because relaxed lending fuelled house price inflation) of development scenarios is not a sound basis for planning. It is also contrary to the draft NPPF, paragraph 43. We refer to our original representations where we discuss this matter at greater length.

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