

Verbal statement to LDP2 Examination Hearing 9

Principal Residence / Local Connections Housing

1. Is Policy 3 clear and does it provide an appropriate framework for managing development in Newport?

A statement has already been submitted to the Examination (HS9 3778), responding to the Background Paper (HS1 AP10: Principal Residence and/or Local Connections Policy Pembrokeshire Coast National Park Authority (PCNPA) dated August 2019), which criticises officers' analysis as of limited relevance to Newport's situation. Only a summary of this was read at Hearing Session 9

In a place where opportunities for any future development are severely limited (A Settlement Capacity Study for Newport commissioned by the National Park as long ago as 2007 concluded that **there was no room for further development at all**), there is a need for policy 3a) to be changed to allow only housing which supports community wellbeing, now and for future generations by restricting occupancy to those who will make it their principal residence. The limitations on further development imposed by landscape and infrastructure restrictions mean that it is imperative that future new build housing is designed to meet the **identified needs of people who wish to live here**.

The issues faced by Newport in achieving and maintaining community wellbeing, include not only the high proportion of 2nd homes and holiday homes but also that these are increasing faster than households with full time residents; the associated extremely high house prices - unaffordable to most people on local wages -; the low proportion of young people and continuing exodus of the young economically active; the in-migration of older people; the high proportion of older people; the weakening of community - with not enough volunteers to provide the low level support that is increasingly needed; reduction in use of the Welsh language and declining traditional culture.

The resident population of Newport without such a policy is predicted by the government to fall over the Plan period. Whatever, Edge analytics says, this will be the case, because building more market houses without occupancy control means they are more likely to be bought by those who will not be principal residents – in large part because that is the market that developers will be free to seek to satisfy.

The indicators that should be used to justify introduction of a principal residence policy include

- The proportion of households with no usual resident
- The pace of increase in the proportion of households with no usual resident
- House prices and proportion of households in Council Tax Bands above E
- Degree of demographic imbalance and in-migration and out-migration figures
- Numbers of former residents who would return if suitable and affordable residential accommodation were available
- Numbers of older people living alone
- Numbers of unpaid Carers
- Numbers of people living in residential accommodation unsuitable for their needs
- Decline in use of the Welsh language and Welsh customs
- Reduction in community resilience. Numbers of community groups that are ailing, lack of availability of volunteers etc

Compared with the other planning authority areas that we have all by now studied, Newport has a greater proportion of households with no usual resident than the majority of wards to which an

occupancy restriction is, or is sought, to be applied to market housing – **in 2011 the proportion was already over 37% here** (St Ives for instance has 26%, Northumberland is introducing a policy for areas with over 20%).

In addition 8.6 % of residents had a second address according to the 2011 census - with their Newport residences only occupied for part of the year, compared with an equivalent 4% for the whole of Wales

The increase in households with no usual resident in Newport between 2001 and 2011 was **2 and a half times more than** the increase in households with a usual resident

House prices are **the highest in the National Park** In 2011 **66% of all households were within council tax bands E to G** in Newport compared with just 25% nationally In 2011, only 18% of Newport resident households were owned with a mortgage/ loan, compared with 32% for the whole of Wales

We do not have, you do not have, and we have been unable to obtain, in-migration and out-migration figures for Newport. We know that in 2011, **only 5% of Newport residents were aged 18 to 24** compared with 9.8% for Wales.

We do not have, you do not have, figures for numbers of people who would return to live here if housing affordable to them to buy were made available

In 2011, **39% of Newport residents were over retirement age** compared with 23% for the whole of Wales

In 2011, there were **41% of people in Newport living alone, and 55% of those were 65 yrs of age or over**

We know the number of unpaid Carers registered with the surgery, but not the number of unpaid Carers. We know that the true figure will be high because Carers are mostly older people. About people living in housing unsuitable to their needs, in the absence of a Housing Needs Survey - which has not been carried out in Newport since 2003 -, we have only anecdotal evidence

As residents active in our community we know well about weakening community resilience

Whilst we can go on throwing statistics at the Authority as long as you can at us, there is no doubt that if Newport were under any planning authority which we have, between us, cited in this exercise – from Swansea, Anglesey and Gwynedd (spelling) in Wales through Cornwall, to the Lake District National Park and Cumbria, to the Yorkshire Dales and North York Moors National Parks, and Northumberland National Park and Northumberland itself etc – we would by now be finalising a principal residence policy for this ward, as we should be, after so many years of this process.

Other authorities, whilst accepting the need to provide affordable housing as a priority, have realised that, to meet community wellbeing, they must consider needs at community level. Cumbria, for instance takes a “Distinctive Area policy approach”, recognising “that a ‘one size fits all’ policy approach is not as effective as tailoring policies to recognise local needs and demands”

PPW10 makes many statements which ask you to focus and plan for sustainable development, improving social, economic, environmental and cultural wellbeing of communities, not just prioritise affordable housing, leaving the rest of housing development largely to market forces.

Authorities have an obligation to deliver and maximise the contribution planning makes to the achievement of the goals set out in the Well-being of Future Generations Act, to ensure planning for future resilient rural communities.

They should

- Enable provision of a range of well-designed, energy efficient, good quality market and affordable housing **that will contribute to the creation of sustainable places**; and focus on the delivery **of the identified** housing requirement and the related land supply (4.2.2)
- Focus on identified housing requirements and specifically consider the differing needs of their communities, including the needs of older people and people with disabilities (4.2.5)
- Make certain that sites of new housing ensure equality, access to the Welsh language, and encourage a sense of belonging; (page 2) and protect the health, amenity and wellbeing of communities (3.4.3)
- Allow all sectors and types of house-builder, including **the custom and self-build sector**, the opportunity to contribute to delivering the proposed housing requirement (4.2.12)
- Facilitate a range and choice of housing to respond to the change in household need... **assisting in the delivery of cohesive communities which will meet the needs and are accessible to all members of society (4.2.1)**

Promote sustainable residential mixed tenure communities with ‘barrier free’ housing, for example built to Lifetime Homes standards to enable people to live independently and safely in their own homes for longer (4.2.11)

PPW10 paragraph 4.2.9 explains justification for diverging from National Policy, including social impacts to achieve this and 4.2.6 states that key evidence in relation to issues such as **what the plan is seeking to achieve** should be studied. **What are you trying to achieve for Newport?**

Paragraph **(4.2.3)** states that “As part of the development plan process planning authorities need to understand their local housing market and the factors influencing housing requirements in their area over the plan period. In preparing and co-ordinating development plans and local housing strategies **a collaborative approach should be adopted**, involving housing and planning representatives in the public and private sectors **and communities**”

And paragraph **2.16** “The characteristics and qualities of places vary. Positive planning occurs at a level where detailed knowledge of how places ‘work’ is available and provides a valuable decision making resource. It is crucial when, in developing plans, planning authorities engage with people in their own communities, facilitating a collective, participatory process which focuses on achieving sustainable places. This requires engagement which goes beyond the statutory minimum for consultation set out in planning legislation and in accordance with the involvement principle set out in the Well-being of Future Generations Act”

The principal residence policy for Newport has been recognised as needed, has been put forward in the first place to the National Park by, and is now supported by - Newport Town Council. Whilst NAEG was unable to carry out an official Referendum, as our English counterparts are resourced to do, and as they are also helped to do by their planning authority, NAEG’s survey of all resident households in Newport showed that there is wide community support for this policy as well. (We asked PCNPA for help but received no reply)

Instead of insisting on looking at this policy as it would apply throughout the Park, and instead of concentrating on problems in introducing this policy, our National Park officers should be working with Government, with the Local Authority, and Newport to overcome any barriers, so that this policy can be implemented.

NAEG 01/10/19

Viability/Deliverability of development with Principal Residence (PR) applied.

It would seem that the main reason why a Principle Residence policy could not be adopted in Newport, is because the price of land in Newport is high. It is apparently higher than anywhere else in the County, including it would seem Tenby - Newport having a BLV of 552,273K against Tenby which has a BLV of 533,223K, where it appears a PR policy would be more feasible.

This is apart from other reasons the PCNPA has put forward, such as difficulty in obtaining a mortgage on PR homes, which is not backed up with any evidence. Speaking to the Town Council in St Ives, which has a PR policy it was suggested that major mortgage companies are willing to lend on PR homes, and the person suggested that homes with a PR restriction attached were less restrictive than a 106 agreements, which currently do qualify for mortgages. The Public Examination of Policy TAI 5 'Local Market Housing' in JLDP (Adopted 31 July 2017) for the Gwynedd Planning Area noted it would be possible to secure a mortgage for a Local Market House subject to relevant factors.

Another reason given by PCNPA was compliance and enforcement-"a County Council officer informally advised they would not want to see such controls introduced, due primarily to additional admin burden placed on the Council/Housing Association operating in the area,"(*chapter 6, 61*). It would be interesting to know what the official line is on this matter. It would probably be self-policing in a tight community like Newport

The authority also relies on the previous Inspector's view "that occupancy restrictions were too generous and did not represent appropriate use of a limited land supply that this policy purportedly intended to achieve". The conclusion being that the wrong criteria of person could benefit over and above intended persons (*chapter 6, 68*). It seems to be a very negative and combative stance to take when, if applied to Newport, it would entail such a small number of properties, and would go a long way to helping with the issues that Newport has got, with regard to the number of second homes and the massive problem of housing available to people who cannot afford current market prices and are not eligible for affordable rented housing.

The Topic Paper for Policy TAI 5 JLDP in Gwynedd, 3.11 states that if there is no suitable 'intermediate' housing available within a specific area, it can mean a

loss of a category of person, that could have a detrimental impact on the area in social and economic terms.

It is hard to see why land price should be higher in Newport than anywhere else. The price of agricultural land is dependent on its condition for farming purposes and currently sells for between 7,500-10,000K per acre. Other than land that may have potential planning the longer term, generally the price of land is the same wherever it is, if sold for agricultural purposes. So, it is hard to see why a landowner in Newport should be afforded a higher price than elsewhere. If the land was not being considered for inclusion in the LDP, its value would be a small percentage of the price paid for its use for development. It would appear that the landowner and developer have got the control, and use it to their full advantage.

It would require a landowner with a generous spirit to release land in favour of a more balanced community.

It has to be considered whether the model (DAT) used by the authority to attain the BLV (a reasonable uplift of the value of agricultural land), per hectare to demo a worst and best scenario reduction in market value that may arise from the application of a residency occupancy control on new build homes is reflective of the actual market in Newport. Also, it has to be seen as an assumption *Chapter 5, (Table 4)* and not a certainty. While factors such as build, contractor's returns, density and mix etc have been factored in, it is more difficult to predict the market value of the market houses.

As an example the development currently being built at Bentinck in Newport. The projected market price for the 21 open market houses is 8.5K. The land was sold by the landowner to the developer for 1.6K. This being a 1.5 hectare represents around 7.5K per hectare. According to the developer the properties will be for sale from 320k-550k. This is more than the PCNPA has quoted for the median cost of a house in Newport in 2016/17/18.

The assumption that although Newport sub-market area has a higher market value than Tenby, it fails to meet BLV with 30% reduction of market value with a PR policy applied, is based on a false premise, as the return for the developer and landowner will be higher than stated in the paper.

With Newport and Tenby being the highest value areas, it is stated that there comes the ability to negotiate greater levels of affordable housing. This being the percentage that the PCNPA envisages would provide a realistic percentage for deliverability of a housing scheme. But, invariably the percentage is knocked back to a lower percentage as the scheme goes through the process of planning. For example, the Bentinck development went down from 70% to 40% after an incredible amount of pressure from the agent to reduce it, claiming the scheme was not deliverable. But the process was flawed and now 35 dwellings are being built on a site that had a viability study for 28 dwellings and was originally in the LDP for 20.

Inevitably, this will happen again and therefore the BLV as outlined by PCNPA is flawed even further. Firstly, by the market value of the properties and secondly by the percentage of affordable housing that will actually be delivered by a scheme.

Research by the Yorkshire Dales National Park revealed that a 50% Affordable housing 50% open market encouraged landowners to offer sites in the Plan (Policy TAI 5 Anglesey and Gwynedd JLDP 2016 -Topic Paper 8.13). It went on to say that with the continuing high price of housing in the National Park, local market housing should still be financially attractive to landowners as an incentive to release mixed sites (8.14).

The PCNPA's concerns about the ability to negotiate affordable housing where no unfettered open market housing is provided is it would appear to be governed by the demands of the landowner and developer. This needs to be challenged. The PCNPA suggests that there would be a need for extensive consultation to alter the current situation of land use for the provision of housing. If we are to have sustainable communities going in to the future, there has to be a change of attitude to land use and the provision of housing.

Other Planning Authorities have taken the plunge and addressed the problems and issues facing their communities. The situation in Newport is urgent and cannot wait till the next Development Plan to be addressed. It is at a tipping point with the residents diminishing and the second home owners flourishing.

RM/NAEG 1st October 2019

Why LCHOs are not preferable to occupancy controls on market housing for Newport

York Dales saw a “low cost housing need that fell between the cracks of affordable housing and open market provision” (HS1/AP10 page 50)

Anglesey and Gwynedd recognised the need for market housing for locals, not quite open market prices, not quite LCHO levels, and found that local occupancy controls reduced prices by 15% - 30% (HS1/AP10 page 55 §§106 -107) Providing such housing “would be a means of ensuring the social sustainability of communities by filling the gap between open market housing and affordable housing.”

Yet in its overall conclusion in HS1 AP10, PCNPA Park Direction states that “The difference between these alternative models (Local Needs and Principal Residency Policies) and a low-cost home ownership model is questioned”. (HS1/AP10 page 55) !!!

That LCHOs might be cheaper to purchase is repeated several times in this Report e.g. in the Introductory summary (Paragraph 2.16 page 4 and 5 NPA065) (HS1/AP10 page 6 Repeated Page 31 §48). **However, they might not.** In several places also, it is suggested that LCHOs would mean properties were occupied more frequently than those with permanent residency controls **which we question.**

We welcome the new wording in the reasoned justification of policy 49 of LDP2 which is in the third new paragraph referring to LCHOs and describing the availability of support (HS7/AP3)

“Affordable housing is social rented, affordable rented and **intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.** Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as ‘low cost market’ housing, may not be considered as affordable housing for planning purposes”

This seeming enthusiasm for LCHOs by officers is sudden. PCNPA planning application forms in the past have not asked for information on Low-Cost Homes, only about social rented affordable housing. Provision has not been encouraged, the reason given being the alleged difficulty in obtaining finance.

According to Mr Davies Wrigley, Private Sector Housing & Housing Strategy Manager, there are only 43 completed LCHO’s across the County. There are no completed LCHO’s in the Park’s area.

Even now, it is very difficult to find out about LCHOs in Pembrokeshire. People are generally unaware of this option and do not join the Housing Register for this purpose. The PCC website currently (and often) states “No funding available”.

The eligibility criteria for LCHO properties is set out in para 5.20 in the Park's Affordable Housing Supplementary Planning Guidance (SPG). **The household must be "in Housing Need" which is those families who will fall into Gold and Silver bands in the allocation policy for social housing.** For LCHO they must also have a local connection which is stated in para 5.19 of the SPG. They must also be in financial need, i.e. not able to afford an open market property.

Topic Paper 17A Local Market Housing Gwynedd and Anglesey Joint Local Development Plan March 2016 "It is important to have different tiers within the housing market so that it operates effectively for the benefit of the community. While it is important to provide affordable housing to meet local needs, it is also important to provide units to meet the residential needs of other cohorts in society that are not eligible for affordable housing, but at the same time cannot afford to buy a house on the open market. This would help to ensure a more flexible housing market in areas where there are specific problems"

Provision of a small percentage of LCHOs within affordable housing - even if the possibility is publicised to the public and the Park begins to support them - will not answer Newport's needs to enable people on local wages to join the housing ladder, or to downsize into more appropriate accommodation, or to find a home suitable for a person to be cared for, let alone a plot to self-build, and most of these people simply won't be eligible to apply for affordable housing anyway.

Gwynedd planning authority has commented on the possibility of meeting need through LCHOs (to Local Plan Examination Hearing session 2)

2.14 Two factors require attention here, namely:

(i) **The level of open market housing required to ensure a suitable number of intermediate housing would be very high** and would be contrary to what the Plan seeks to achieve. This is stated because promoting so many open market housing would increase the risk of promoting additional holiday homes / summer homes and/or houses being purchased by older households that would come to the settlements to retire. Such provision would not address the need identified in the Plan;

(ii) **A number of the households would not be eligible for consideration as being in need of a social or intermediate affordable house as they have a significant income level. However, due to the pressure on the housing market in these areas, their income levels are insufficient to compete fairly within the housing market.** Neither market housing nor affordable housing therefore meet the need of this tier of the population. This policy would be an effective way of ensuring relevant units that meet the aims of the local community and would help maintain the sustainability of vulnerable communities

NAEG 1st October 2019