

CABINET
19 February 2014
Public Questions/Statements

1. Question/Statement One

1.1 Mr Stephen Mulloy of Shrewsbury will ask the following question:

RE: AFFORDABLE HOUSING TARGET RATE

I have just been reading through the AHVS 2013 which produced the 3 Areas for different charging rates (A, B & C) which followed on from the AHVS 2010 produced by Fordham Research. I was critical of the evidence used in the AHVS 2010, and rightly so as it now appears, but there appears to be an over reliance in the latest AHVS 2013 of feedback from the developer panel which only represents 40% of the development in the County. This is evidenced by all reference to land values in the AHVS being in acres, which is not something most small developers (less than 5 units) would be involved in. This is best demonstrated by the average threshold prices given on Page 25 (AHVS 2013) which, assuming 12 houses per acre, give average plot prices as follows:

Area A = £43,750 Area B = £30,000 Area C = £16,666

These are 'plot prices' that are achievable by Large developers, but can you identify ANY individual building plots at those prices in any of the areas?

A quick look on the Rightmove website shows:

Area A - Battlefield 1 plot £85k Monkmoor 2 plots £200k Primrose Drive 1 plot £80k

Area B - Oswestry 5.6 acres (circa 67 plots) = £14,700 per/plot
 Llys Hill 3 plots @ £90k each

Area C - Craven Arms 1.73 acres (20 plots assuming 12 plots/acre) = £36k per/plot
 1.28 acres (15 plots) = £26k per/plot

A further problem is that in the Officers report to Cabinet (29th May 2013) paragraph 3.6 says: "... reflecting evidence that small developments are no less financially viable than larger developments." This appears to follow on from Paragraph 4.19 of the Core Strategy which says: "The initial viability assessment has shown that size is not critical to viability."

Not only is this at odds with the examples of plot prices above, but it contradicts the Council's own evidence base within the AHVS 2010 which at page 35 provides a table (5.2) 'Cost adjustments for small sites'.

Normally such a disparity would be dealt with by an application for discretionary relief, and this is what the Planning Inspector believed would happen when he reported on the Core Strategy Examination. He said (Para 68) with reference to Policy CS11: "It also confirms that the 'open book' approach will be applied, ensuring that the policy reflects site-specific circumstances and is flexible to changing economic conditions. This should only apply in a minority of cases, but ensures that economic viability issues are properly considered, ensuring a sound policy."

Unfortunately, after the examination, Shropshire Council changed the SPD and introduced a new paragraph in the March 2011 version which read: "Assessing the financial viability of a scheme is only one part of the process. There are wider issues for the council to consider when reaching a conclusion about whether a scheme should be allowed to proceed at a lower rate of affordable housing provision."

This has been used to deny discretionary relief on 'policy grounds'. I know this because it happened to me!

The Dynamic viability Index in the AHVS 2010 was flawed from the beginning, but only accepted as such by the council when it produced an AHC rate of 3%. You are aware that I have had concerns about that study, and the fact that Richard Fordham has now been banned from acting as a company director for over 6 years. It still concerns me that SC are using former employees of Fordham research and continuing to use a similar Dynamic approach based on flawed evidence, not backed up by an economist.

I notice that the latest DVI is based on December 2012 indices which set the area B rate at 15%. The 'BIS ALLCON rates published in December 2013 now show a 2.2% overall 'year on year' increase in build costs (2.6% for private housing). By my 'rough' calculation, this now puts the Area B rate at around 9% allowing for the 1.6% increase in house prices.

I would be grateful if you could respond to my concerns, as I feel that they are in no small part responsible for the current lack of a 5 year housing land supply, and also confirm when the next DVI change will take effect? Would you also consider commissioning an Economist to review the AHVS 2013?

1.2 The Portfolio Holder for Planning, Housing and Commissioning (Central) will respond as follows:

Mr Mulloy's previous analysis of this policy has highlighted punctuation, grammatical and some mathematical inconsistencies (for which we are grateful for his observations), but I do not think that his criticisms have demonstrated a structural flaw in the Councils approach. The fundamental test of the policy success is in its daily application.

The purpose of this policy in relation to affordable housing contributions, is to secure much needed affordable housing via a developer contribution, whilst not threatening the viability of a development. This is not an easy objective in the current climate. This approach has seen very few local challenges and has resulted in Shropshire Council being ranked in the top 30 (out of 330) Councils in England for housing delivery for the past 4 years running.

That would suggest the Council's approach through its policy encourages development and make Shropshire a good place to invest. This is endorsed by the Council's Developer Panel who are a cross section of building professionals that represent and speak on behalf all developers.

Plainly when attempting to formulate a workable policy that has to try and bring together so many economic strands from a plethora of differing scenarios and areas, there will be a degree of generalisation and assumption. Instances where this causes a particular viability issue are protected by an ability to offer discretionary relief. That approach is now firmly enshrined in national legislation.

I do not accept the premise that because the AHVS refers to land values in acres, it is because of the influence of the panel. When seeking general development land values in particular areas, the advice from industry experts is given using the acre and a standard density as the minimum geography. This gives an overall picture and allows for comparison with other areas. To use individual plot values would distort the overall picture because of a variety of factors (size, location, number, demographics etc).

I note the plot value comparisons which highlight the obvious fact that single plots always have a premium over multiple plots, usually because of the location and the ability to build a bespoke dwelling. What it does demonstrate however, is that there is more than sufficient land value to stand the AHC and CiL. A policy that targeted this extra land value on single or double plots could demonstrate sufficient viability to charge an even higher contribution, but there are many practical reasons (developer certainty, Landowner expectation, funding issues etc), why we seek a general level of contribution over an area which includes sites of all sizes but that broadly reflects the different market areas not an individual “location, location, location” approach. This seems to be in accordance with para 3.6 of the Cabinet report.

The apparent land values (though very difficult to compare like with like), demonstrate a substantial difference between areas A, B and C, which endorses the Council’s decision in policy to recognise 3 different housing market areas.

The SPD was not changed after the Core Strategy Examination, it was introduced for the first time following the examination.

There have been 2 appeals to date by applicants on the grounds of the Council refusing discretionary relief. The first appeal found in favour of the applicant, but in coming to his decision, the Inspector still followed the Councils policy in examining the “wider considerations” rather than viability alone, in coming to his differing decision. Mr Mulloy is the recipient of the 2nd appeal decision relating to discretionary relief which the Planning Inspector dismissed.

Mr Mulloy has since been given such relief on another planning application at the Planning Services Managers sole discretion.

No policy is perfect and we fully accept that the Dynamic Viability Index (DVI) in the AHVS 2010 has flaws and for the reasons stated above. It used baseline data from 2008 and was a methodology that sought to bring together multiple economic strands into a single generic workable policy for the whole of Shropshire, it was examined and found sound via a public hearing and I refer you to Shropshire’s subsequent performance in delivering housing development in a period of dire economic austerity since its implementation as a testament to its effectiveness.

However, having operated through unique economic austerity, the Council has gained considerable experience and expertise in site viability appraisals, with live data submitted weekly by developers that more accurately demonstrated the differing development issues within Shropshire. This knowledge, together with advice and direction from the Developer Panel, highlighted that the DVI approach needed recalibrating. This review was wholly in accordance with the Core Strategies published timeframe for such a review and resulted in the current target rates being set on an area basis. Shropshire will continue to use this approach.

The Council would not discriminate against a former employee of a company for an employment opportunity, by association alone. We are not currently, but have previously procured the services of an ex-employee of the Company.

The DVI will be adjusted in accordance with the published policy.

The Council has no plans to commission an economist.

The Council's New Homes Bonus receipts is testimony to the fact that our approach works to deliver affordable housing across Shropshire.

Response to technical points raised by Mr Mulloy

Paragraph 3.6 of the Cabinet report is quoted by Mr Mulloy as stating, "... reflecting evidence that small developments are no less financially viable than larger developments." There is a suggestion in Mr Mulloy's email that our 2013 evidence is wrong, but in fact paragraph 3.6 does not relate to 2013 evidence, but rather relates to the adopted Core Strategy policy CS11, which requires ALL new housing to make a contribution to affordable housing. The paragraph referred to is about the Core Strategy approach, which remains in force. The Core Strategy could only be treated in 2013 as a 'given'.

Turning to the evidence underpinning the Core Strategy approach, it should be noted that the Core Strategy policy is not based solely on the 2010 Affordable Housing Viability Study. Other arguments considered at the Core Strategy examination included the point that the majority of residential development in Shropshire occurs on small sites (60% over the previous 10 years 1998-2008 occurred on sites of under 5 dwellings). Therefore, it was successfully argued, it was critical that even small developments made a contribution to affordable housing if the target of 33% affordable housing over the plan period was to be achieved. The 33% target was based on the Strategic Housing Market Assessment (SHMA) 2008 and the RSS evidence, EV18 and EV20 respectively at <http://www.shropshire.gov.uk/planningpolicy.nsf/open/824E90773BF1399B80257922004C8F3>.

The Core Strategy approach to affordable housing was the subject of a whole session during the examination, and reflects many aspects of the evidence, not just the economic viability angle. As the 19th May 2013 Cabinet report refers to very briefly, the Core Strategy approach is set.

The DVI re-evaluation will be applied at least 12 months after being introduced.

2. Question/Statement Two

2.1 Mr Stephen Mulloy of Shrewsbury will ask the following question:

LENDING TO HOUSING ASSOCIATIONS

The Treasury Strategy (Agenda Item 11) sets out a policy, at Paragraph 19, to lend up to £30 million to three housing associations. Will the housing associations be permitted to use this funding to build open market housing, and if so, will this constitute notifiable state aid?"

2.2 The Portfolio Holder for Planning, Housing and Commissioning (Central) will respond as follows:

It was agreed by Council back in Feb 2010 to make available £20m through the use of Prudential borrowing to aid local Registered Providers. Legal advice was sought and a £10m facility agreed for the Shropshire Hsg Group and Severnside to access funding for the development of affordable housing and shared office accommodation.

3. Question/Statement Three

3.1 Councillor Michael Braid, Chairman and Mayor of Church Stretton Town Council will ask the following question which is supported by a statement also set out below:

SAMDEV: Church Stretton

Why is it that the SC has chosen to sideline the alternative proposals proposed by the TC which fully comply with the SC's requirements, in favour of development at NHF and what are the advantages of that site over the proposed alternatives?

Statement:

Good Afternoon. I am Michael Braid, Chair of CSTC and Mayor.

Today you will be taking the decision to either conserve or urbanise the central valley of Shropshire Hills, which as you are aware is in an AONB

The proposal you will be considering is that you approve a collection of houses, holiday cabins and industrial units at the foot of Caer Caradoc.

This proposal will harm the appeal of the area and cause considerable damage to the local economy.

CSTC proposal is that better sites, which are more viable and sustainable for both housing and employment, and which meet the target numbers that SC require, should be adopted. This proposal is approved by 96% of local residents and by our two unitary councillors.

We have had many meetings over the last two years and were assured that if we could come up with viable and sustainable alternatives they would be considered.

Instead the planners have brushed us aside without considering this unprecedented opposition to the New House Farm development, neither have they followed the core strategy of SC or the NPPF. Indeed they have not considered the consultation results that they insisted on us carrying out for alternative employment land.

The current preferred option shows an unseemly bias towards the developer. As elected members you have to scrutinise the basis of the planners' preference .

The decision you have to come to as elected members is not to take notice of the developers' "DEEP POCKETS", which will fund an appeal, but make a decision based on the evidence that I set before you earlier this week – to opt for the alternative sites proposed by the Town Council which provide the same number of houses closer to the built environment.

I urge you not to vote for the New House Farm preference which would do lasting harm to the area and blight the local economy but vote for the far better balance for Shropshire which is the CSTC proposal.

3.2 The Portfolio Holder for Planning, Housing and Commissioning will respond direct at the meeting.

4. Question/Statement Four

4.1 Mr George Chancellor, Chairman of the Shropshire Hills AONB Partnership will make the following statement:

SAMDEV: CHURCH STRETTON

Thank you for the opportunity to address you briefly today on behalf of the Joint Advisory Committee established by your Council to advise it on the Shropshire Hills Area of Outstanding Natural Beauty.

The AONB Partnership welcomes the extent to which the importance of this nationally-protected landscape and its statutory Management Plan, adopted by the Council, is emphasised throughout the emerging SAMDev and its inter-connected policies (most notably in MD8, MD11 and MD12).

We find it strangely inconsistent, therefore, that the Plan policy (S5) relating to the only town in Shropshire within a nationally-protected landscape – Church Stretton – should advocate what would, we believe, be the single most damaging development to affect the Shropshire Hills AONB in many years.

All the more so since we fail to see how the inclusion of the New House Farm housing and employment sites (CSTR027 and ELR070) within the SAMDev can be compatible with National Planning Policy Framework Sections 115 and 116, giving the highest levels of protection to AONBs, let alone your Council's own policies in this regard.

We fully appreciate the need to allocate some housing to Church Stretton but we understand the Shrewsbury Road (CSTR018) and Leasowes (CSTR019) sites favoured by the Town Council can deliver the necessary numbers.

The proposed employment site ELR070 poses a particular threat to the AONB in our view. As well as being at a much greater distance from the current northern edge of the town than CSTR027, it lies immediately at the bottom of one of our county's most iconic, cherished and photographed hills.

Caer Caradoc is a major draw for visitors, and the development would seriously affect both views from it and, even more importantly, classic views of it from the Long Mynd, the other side of the valley. The hill is also the site of a very important Iron Age hillfort, a scheduled Ancient Monument. Even the Landscape and Visual Analysis undertaken to support the development recognises that the setting of this monument and the visual amenity value of the hill would be significantly impacted.

In view of this impact, we feel it appropriate to question the need for this employment site at this time. While the SAMDev states that there are *'no committed employment sites waiting*

development in Church Stretton, we understand there are a number of developed employment sites in the town currently lying vacant.

Under these circumstances, does the Council really intend to damage the hugely economically valuable landscape of the Shropshire Hills in this unprecedented way just to create further vacant developed sites ?

This question is especially relevant in view of a recent High Court ruling against a decision to allow a housing development in the Cornwall AONB on the grounds that 'great weight' had not been given to the AONB as required by national policy.

We are aware that Church Stretton Town Council and the local members have been actively exploring an alternative employment site allocation which has no negative impact on the AONB, but understand time has so far been insufficient for all the details of this to be worked through.

We appreciate it may be expedient for the Council to approve the SAMDev as it stands. However, we believe the present Church Stretton site allocations are likely to be found unsound on public examination when viable alternatives which minimise harm to the AONB are actually available.

Thank you again for your time.

4.2 The Portfolio Holder for Planning, Housing and Commissioning (Central) will respond direct at the meeting.

5. Question/Statement Five

5.1 Mr John Waine representing the "Hands Off Old Oswestry Hillfort" Group will make the following statement:

SAMDEV: OSWESTRY

Thank you Shropshire Council for the opportunity to make a statement on the SAMDev revised preferred sites OSW002, 003 and 004 by Old Oswestry Hillfort and to the Leader of the council for supporting our position from the very start of the campaign. I quote: "For the record, I support your position regards planning at Old Oswestry Hillfort...".

Let me begin by reviewing what we are discussing here. Dr Rachel Pope, Senior Lecturer in Pre-History at Liverpool University told Oswestry Town Council recently that "Old Oswestry Hillfort is second in importance only to Maiden Castle in Dorset". English Heritage describe it as "One of the greatest archaeological monuments of the nation".

Shropshire Council too recognises its status. In the prospectus for the Oswestry Innovation Park pitching the appeal of the town, you state: 'Key attractions include the world-famous Iron Age fort.'

CRITICISM

English Heritage has recently updated its position, now objecting to all three proposals. Of great concern is their most recent statement that: "Throughout the process the scheme promoters have, in our view, not taken on board the significance we, and many others

attach to the hillfort and its setting.” Neither do they agree with the “central themes of the [promoters’] Oldport engagement brochure.” Put simply, there is little to no confidence that the promoters have given due weight to this world famous Old Oswestry Hillfort, its significance and its on-going value for Oswestry. English Heritage go on to say: “In our view, inappropriate development will be damaging to future potential for access and tourism initiatives in the area.”

Dr Benjamin Edwards of Manchester Metropolitan University was commissioned to produce an industry-standard Landscape and Visual Impact Assessment Report (LVIA). He states: “The quality and sensitivity of the Old Oswestry landscape was described as high due to the statutory designation and national significance of the hillfort. The magnitude of change to the landscape was described as large. As a result, the significance of the landscape impact is described as major. In landscape terms, the nature of these effects is termed direct and permanent.”

He, along with RESCUE (the British Archaeological Trust) and The Prehistoric Society, have criticised the promoter’s Heritage Impact Assessment stating that they “did not follow appropriate guidance or established methodology, either in its execution, or in arriving at a conclusion of minimal landscape and visual impact.”

This is not to mention Oxford North report in which nearly 50% of the trial trenches were never dug!

Clearly to base planning policy on such flawed reports would leave the council open to claims of negligence.

NO MANDATE

Lastly, we come to the elected members of the town itself, Oswestry Town Council who have listened objectively to the evidence presented to them including the Heritage Statement prepared by Dr George Nash and our own group’s Statement of 17 Objections. They have stated their decision to take the guidance of English Heritage in the matter whilst asking Shropshire Council to review its figures for housing allocations and focus more on brownfield and in-town dwellings.

Most importantly, our town council has recognised the seriousness of basing any planning policy on inadequate, incomplete and non-compliant reports. To play fast and loose with one of Shropshire’s and the country’s most important archaeological monuments would be insane! This is why they have formally requested an independent review of all the archaeological reports from whatever source as critical before any planning allocations are made.

Opposition to these proposals comes from every quarter - local, national, international, academic, parish & town councils, organisations such as CPRE, Shropshire Wildlife Trust and The Ramblers including over 8000 petition signatories. There is simply no Community Mandate for these proposals whatsoever.

OUR REQUEST

We request that Shropshire Council respect the views of the local residents and wider professional guidance to remove these damaging proposals from the SAMDev process.

5.2 **The Portfolio Holder for Planning, Housing and Commissioning will respond direct at the meeting.**