

STATEMENT 02

City Centre & University AAP Public Examination

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Title:	What is the evidence to justify a relaxation on some sites for a requirement of at least 30% affordable housing?
Examination Session:	26th January 2010

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Issue to be Examined

1. The Inspector has asked the question “What is the evidence to justify a relaxation on some sites for a requirement of at least 30% affordable housing?”
2. The Council believes that the AAP as submitted is sound. The relaxation of the Core Strategy requirement on the three strategic sites needs to be understood in the context of the Council’s general approach to the implementation of the City Centre regeneration. The approach is that these three strategic proposals are seen as major interventions which are intended to drive forward the regeneration of the City Centre and key parts of the City growth agenda. The Council has produced evidence, (paragraphs 13 to 18 below, refer), to explain the difficulties of plotting a pathway to the delivery of these sites. In essence, they are key mixed use sites that will take several years to be brought to a stage where a planning application would be possible. They are therefore exceptional sites in terms of importance and delivery, and potentially constraining their development, by applying the ‘benchmark’ Core Strategy policy for Affordable Housing at this stage, is not considered helpful to ensuring their effective development. The Council is proposing a more flexible approach.
3. In addition, the Council has produced evidence, (paragraphs 20 to 23 below, refer), to demonstrate that the potential relaxation of the affordable housing requirement on these three strategic site would not impact on its capability to meet the City-wide Core Strategy affordable housing targets.
4. The Council believes that its understanding of the difficulties of the development process for such large mixed use schemes, and the availability of sites to meet the Core Strategy Affordable Housing target elsewhere in the City, presents an opportunity to build flexibility into these strategic proposals. It will allow the Council and its development partners to consider viable and deliverable schemes where the full development value of these strategic sites is focused on delivering the main thrust of the AAP vision and the priority is about meeting the Core Strategy targets for commercial development.
5. It should also be noted that the Council has not taken a position that there should be no affordable housing delivered from these proposals – it is reserving its position to decide how much affordable housing can be provided, and how it should be provided, when the detailed viability of each of the strategic sites has been derived. It should also be noted that elsewhere in the AAP, and particularly in Policy CC04, the Council has shown its commitment to providing a full range, mix and type of housing, so that a sustainable community can be formed in the City Centre.

The Council's Approach to Affordable Housing on the 3 Strategic Proposals

6. It is necessary to set out in some detail the Council's reasoning behind the decision to exempt the 3 Strategic Proposals from the Core Strategy affordable housing requirement. The evidence underpinning this reasoning can then be summarised.
7. The AAP makes clear in paragraph 3.16 that the 3 strategic proposals are key to driving the delivery of the AAP vision for the City Centre, as well as being key to delivering aspects of the city growth strategy and meeting the targets for commercial development. The reasons for these statements are:
 - Proposal CC14: North Cross. This proposal delivers a new railway station, an office core which will create 4,000 new business services jobs located on the edge of the City Centre itself, and a new, iconic district of high quality buildings, places and spaces. The proposal will therefore deliver a key component of the city growth strategy – a focus for a new business services sector which is one of the priority growth sectors identified in the Local Economic Strategy. It also delivers a key part of the Council's aspirations for the City Centre, by placing a large amount of high value jobs next to and highly accessible from the City Centre – a key component of a sustainable city centre community.
 - Proposal CC11: Cornwall Street. This proposal delivers the majority of the new, high quality shopping floorspace required in the city by 2021 – as set out in the Core Strategy. It is also the intervention which corrects most of the structural problems identified in the City Centre by Cushman's "Future Direction Investment & Development Strategy". It does this by providing a site for a new anchor store, in a location which corrects the retail circulation and by providing a range of modern shopping units which meet the current needs of national multiple retailers looking to locate in the Core Retail District.
 - Proposal CC07: Colin Campbell Court. This proposal will create a true cornerstone for the West End and Independent District. A mixed use redevelopment of this block will attract more people to the West End, for a more diverse and varied set of reasons. This influx of visitors will create greater numbers of people using the shops and the market, improving the commercial viability of these operations. The redevelopment of Colin Campbell Court therefore secures the health of the West End's unique shopping environment,

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and provides a firm basis for the growth of this area into a cosmopolitan mixture of activities as envisaged by the AAP and the West End Strategy.

8. The Council has therefore taken the view that these sites are exceptional, given the number of LDF and wider Council objectives that they deliver. Because they are exceptional and will drive forward so many key components of the vision for Plymouth, the Council believes that it is not appropriate to start from a basis of applying the Core Strategy affordable housing requirement, but rather to start by focusing their potential into delivering the key objectives of the AAP vision.
9. This should not, however, be construed as meaning that the Council does not wish or expect to see any affordable housing provided on these sites. The approach is to maximise flexibility for the Council and developers to assemble viable development proposals for these sites that will deliver quality commercial development in line with the city's aspirations for the City Centre. Affordable housing is a cost to development, and given the number of issues to be resolved to bring these sites to implementation, the Council wants to be able to examine innovative and varied ways to achieve acceptable mixes of uses which could include affordable housing. The following points should be noted:
 - As set out elsewhere, AAPs are strategic documents which enable development, but which do not go into a masterplanning level of detail on individual sites. This stage of planning occurs later in the process, within the context set by the AAP. The same consideration applies to detailed site viability and appraisal considerations. These cannot be fully set out at the AAP stage.
 - This is particularly the case with Proposals CC07 and CC14, where the precise mix of development has yet to be determined in detail, and with CC11 where implementation is unlikely to commence until the end of the Plan Period.
 - At the stage of the development process where an AAP sits, it is unreasonable to expect the production of detailed site appraisals, which can be relied upon.
10. The Council's approach is therefore based on the need to create a framework which will give the maximum flexibility to the future negotiations necessary to bring these strategic sites forwards, given their importance to achieving wider commercial goals. This approach means that the objective to provide at least 30% affordable housing on all qualifying sites has been given less priority than the other objectives delivered by these

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sites.

11. This approach has been set out after a consideration of development delivery issues, the supply of affordable housing in the City, and the Council's approach to the provision of housing in the City Centre. These considerations are discussed below.

Development Delivery Issues

12. As set out above, it should be noted that the Council is not proposing that affordable housing should not be provided by the 3 Strategic Proposals. However, broad based viability assessments of the sites show that the provision of affordable housing would probably make their development uneconomic.
13. As explained, these appraisals and assessments cannot meaningfully be produced at the detailed level for such large mixed use sites when the proposals are only at an AAP allocation level of detail. Instead, the Council's approach is to provide flexibility, so that these proposals can be progressed through the development process, at which time the requirement for affordable housing can be weighed against other objectives and a balanced approach taken. This stance is set out in the AAP so that the Council's position is fully understood by potential investors and development partners.
14. This approach is based on an understanding of the development process and of the issues which need to be overcome to bring each site to implementation. These considerations are largely set out in Cushman's "Future Direction Investment & Development Strategy", which forms a part of the evidence base.
15. There are, however, some considerations which apply to all 3 strategic sites:
 - None of the 3 strategic proposals are housing-led development opportunities. Each is mixed use, driven by commercial uses such as retailing or offices. Other uses such as leisure or housing are part of the mix which the Council would expect to see, but these sites are not primarily required to ensure that sufficient land is available to meet the city's strategic housing land requirement – as defined by Core Strategy Policy CS15. Rather, these sites are seen as strategic interventions intended to deliver the Core Strategy targets for commercial development, and therefore the Affordable Housing requirement is seen as being of secondary importance - in a similar way to the housing proposals in the Central Park AAP and for the Royal William Yard proposal in the Millbay and Stonehouse AAP, where a flexible

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approach to the Affordable Housing requirement has been adopted.

- Each of these strategic proposals has a relatively long lead-in time, such that CC11: Cornwall Street may not commence until 2020. This means that developers will be exposed to considerable amounts of speculative risk and expenditure risk over this time – as during that period costs can be incurred (for example associated with fees, site investigations, and attraction of tenants) which need to be covered before site viability can be proved. These factors can pose major challenges to developers, who need to take account of the risks, and know that they can maximise flexibility to produce a viable solution but one that still meets key planning objectives. The development model for these proposals is therefore fundamentally different to that for normal residential lead development.

16. Some of the factors adding to the complexity on individual sites are set out below:

Proposal CC07: Colin Campbell Court

- Existing planning consent not viable
- Site assembly/landownership
- Identify mix of uses and attract key tenants
- Resolve relationship to City Market, Toys R Us and Millbay Boulevard
- Resolve relationship to existing independent retailer's units and PCH residential uses.
- Need to use a design lead approach using quality architect and urban design principles to create a scheme worthy of the City Centre's heritage

Proposal CC11: Cornwall Street

- Need to create quantum of retail floorspace required in the City Centre
- Need to create volumes of high quality car parking
- Need to attract nationally known anchor tenant, and to take account of effect of anchor tenant requirements on viability
- Need to offer beneficial lease terms for first years to key tenants to ensure a level of occupancy
- Need to use a design lead approach using quality architect and urban design principles to create a scheme worthy of the City Centre's heritage

Proposal CC14: North Cross

- Need agreed solution to future alignment of the strategic road network.
- Need to create new railway station

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- Need to attract key tenants
- Need to resolve issue of Caprera Terrace
- Need to use a design lead approach using quality architect and urban design principles to create a scheme worthy of the City Centre's heritage

17. All of the above considerations are focused on delivering key objectives of the LDF and the city growth agenda, but most are unknown costs at the present time. Clearly, the affordable housing requirement would be another cost. The affordable housing requirement, however, is not one of the key objectives that these proposals have been focused on achieving. It is also one which is in the Council's power to vary, as it has already done in the adopted Central Park AAP and Millbay and Stonehouse AAP for Royal William Yard. This exemption from the Core Strategy requirement simply reserves the Council's position, until later in the development process, and allows it to consider whether or not it is viable for affordable housing to be provided on these sites when other costs are known.

18. The question therefore focuses on whether the Council's judgement about the importance of affordable housing, in the context of these sites, is correct.

Discussion on the Supply of Affordable Housing

19. The Council has made a decision to prioritise the delivery of key regeneration objectives, other than the provision of affordable housing, through the delivery of the 3 strategic proposals. The key drivers of this decision was the desire to maximise flexibility for the Council and its partners as schemes are progressed, and an assessment of the benefits to the City delivered by the three sites. It is also notable, however, that there is a sufficient supply of housing sites in the City which will contribute affordable housing to meet the affordable housing targets set out in the Core Strategy. This adequate supply of sites is borne out by the findings of both the 2009 Annual Monitoring Report, as well as information set out in the recently published Plymouth Strategic Housing Land Availability Assessment (without taking account of any sites in the City Centre).

20. Table 1 sets out the figures in more detail. The Core Strategy requirement is that on qualifying sites, at least 30% of housing should be affordable. Policy CS15 sets out that this equates to about 3,300 dwellings over the plan period.

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Table 1: Supply of Affordable Housing in Plymouth, excluding any allowance for affordable housing in the City Centre, 2006 – 2021.

	Affordable Housing Supply 2006 - 2021
<i>Core Strategy Target 2006-2021</i>	3300
Number of affordable dwellings which could be provided on qualifying sites identified by the SHLAA 2009 (updated Dec 2009 & published in AMR) excl. any provision for City Centre sites.	3902
Accounted for in potential delivery 2009/11 below	-568
Delivered 2006-09	758
Potential Delivery 2009/10	226
Potential Delivery 2010/11	306
Total 2006-21	4624

21. Table 1 shows that, even if no provision for affordable housing is assumed from any City Centre sites (i.e. not just the 3 strategic proposals), there is still capacity to produce over 4,500 affordable homes on qualifying sites in the city as a whole.

22. This information therefore demonstrates that there are sufficient identified, available sites in the city to meet affordable housing targets up to 2021, without needing to rely on City Centre sites. The following points should be noted:

- The delivery timescales for the 3 strategic sites puts their implementation into the medium or longer term. Cornwall Street, in particular, is not likely to commence until 2020, and may not actually deliver housing numbers within the plan period. None of the strategic sites will therefore be contributing any housing until later in the plan period.
- The results of the SHLAA have been agreed by a panel of independent stakeholders including the HBF, and has been commended by HBF as best practice. This sets out a view of housing supply which takes full account of the current recession, for example by looking critically at delivery of sites, reducing density assumptions given the collapse of the apartment market, accepting that there is little incentive for landowners to put sites forward at the present time, and increasing timescales for delivery in anticipation of a prolonged recovery. The

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SHLAA therefore takes a realistic view of delivery and in effect represents a constrained supply of housing sites.

- These figures assume no affordable housing in the City Centre. It must be emphasised that this is not the scenario envisaged by the Council, as an element of Affordable Housing is considered important to delivering a sustainable community. Only the three strategic sites are exempt from the Core Strategy requirement, meaning that:
 - Other residential elements of sites in the City Centre will be subject to the requirement,
 - There may be opportunities to bring affordable housing forward on the strategic sites.

There will therefore, be affordable housing provision in the City Centre over the plan period, although the numbers cannot yet be quantified.

Conclusions

1. The Council believes that the City Centre and University AAP is sound as submitted:
 - The Council has not proposed that there should be no affordable housing delivered by the three Strategic Proposals. Instead, it has removed the starting premise that at least 30% of any housing delivered on these sites should be affordable. By doing so, it is simply creating a flexible position which will allow it to explore innovative ways of achieving an appropriate level of affordable housing on these sites with its development partners.
 - It has done this because it considers these sites to be exceptional both in terms of the complexity of the pathway to delivery, and in terms of the LDF objectives which are delivered by the developments. The purpose of allocating these sites is not to deliver housing; it is to deliver the Council's aspiration to create a renewed, regenerated City Centre with a healthy commercial heart, vibrant districts and a thriving office core, all delivered with the highest quality design to integrate them with the City's townscape and heritage. The Council has made a judgement that the delivery of these objectives should take priority over the delivery of affordable housing.
 - The Council is only applying the exemption to the three strategic sites. All other sites proposing housing in the City Centre will be subject to the Core Strategy requirement, and indeed under Policy CC04 all development coming forward in the City Centre will be required to explore whether it can include an element of housing within the proposal.
 - The Council has been able to create this flexibility because it does not need to deliver affordable housing in the City Centre to meet its affordable

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housing targets, but rather is proposing an approach which will ensure wider objectives can be met on these three strategic sites, although it will still ensure affordable housing is delivered in the City Centre as part of creating a well balanced sustainable community. For this reason, the Council is proposing to use the affordable housing targets on these three strategic sites in a flexible way so as not to block development, but can still use Policy CC04, where appropriate, to deliver affordable housing in the City Centre to ensure it creates a sustainable community.