

WALTHAM FOREST LOCAL PLAN
DEVELOPMENT MANAGEMENT POLICIES
- EXAMINATION

Matters and Issues for Examination in Public:

Housing Mix and Standards

**Policies DM5, DM10, DM2
(Viability DM6, DM7, DM11,
DM17, DM25, DM30 and DM33)**

**Hearing Session – 21 May 2013
Agenda Item 2**

1. Background

- 1.1 The Council seeks, *“to create an economically mixed and balanced community by seeking a range of home sizes and tenures in new development. The Council will prioritise the need for larger homes (3 bedroom or more) in new developments and resist the loss of any existing larger homes.”*
- 1.2 In accordance with CS2 A part i the Council will *“maximise the number of quality homes in the borough by resisting the unjustified net loss of residential accommodation”*
- 1.3 In accordance with policy CS2 part E, *“the Council will continue to enable a variety of housing types to meet the identified local needs...”*
- 1.4 The NPPF (paragraph 173) states, *“pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened”*.
- 1.5 The NPPF (paragraph 174) also states, *“local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.”*
- 1.6 Core Strategy policy CS2 part A i states, the Council will resist *“the unjustified net loss of residential accommodation”*.

2. Main Issues

- Policy DM5 is not considered effective as it does not allow for any flexibility and does not permit the ability for the housing mix to respond to market demand and the context of the site and its surroundings.
- Inspector proposes changes to policy DM10 – Student Housing in relation to his question 67.
- Evidence needs to be provided to demonstrate that the costs of the requirements of DM6, DM7 and DM8 have been considered in accordance with paragraph 173 of the NPPF and found not to affect the viability of development.
- Inspector proposes changes to DM2 – Meeting Housing Targets.

3. Council's overall view of and response to, representations and Inspector's questions. Presentation of proposed amendments.

3.1 The Industrial Property Investment Fund (dmpps137) observes that policy DM5 should recognise those instances where it is not practical or feasible to maximise family accommodation. London and Quadrant (dmpps60) observes L&Q support policy DM5. However, L&Q would recommend that further clarification be provided over the application of the criteria set out in paragraph 6.6 to ensure that not all of the factors need to apply to any given site. National Grid Property Holdings Ltd (dmpps147) considers that DM5 is not effective as it does not allow for any flexibility and does not permit the ability for the housing mix to respond to market demand and the context of the site and its surroundings. MacDonald Egan (dmpps143) considers policy DM10 to be unsound and the reference to student housing should not be limited to that falling within Use Class C2. They also consider the restriction of local need is inconsistent with the London Plan and London Plan draft Housing SPD which states that LDF documents should not constrain provisions of student accommodation which meets strategic as well as local needs. The Council initial responses to their comments can be found in the document called Part I - Summary of Representations and Council's Response Regulation 22(1)(e) – (SD17). The Inspector then provided a number of additional questions. The answer to these questions are set out in document KE154 – Council response to Inspector's questions. The Inspector stated that he agreed with the Council's responses but proposed an amendment to policy DM10 which is discussed in paragraph 4.2.2 in this document. The Inspector states that his question 69 in relation to viability remains unanswered.

4. The Council's Position

4.1 DM5 – Dwelling Mix - Flexibility

4.1.1 The provision of family housing is considered to be a Council priority. As is clearly stated in the Core Strategy (policy CS2 part C – Mixed and Balanced Communities and paragraph 5.22, 5.23 and 5.24). The mix set out in table 6.1 seeks to maximise the provision of family housing on new development and is based on rigorous evidence. To reiterate the Council's position in terms of Industrial Property Investment Fund and National Grid Property Holdings Ltd concerns in relation to lack of flexibility, as paragraph 6.6 clearly states "*the Council take a flexible approach when applying the Council's proposed housing mix*". It then sets out six factors which the Council will consider when assessing a development's housing mix. These criteria include '**financial viability**', '**character and context of the site and the surrounding area**' and '**the size of the site and constraints**'. It is the Council's view that as this is a borough wide policy, area specific dwelling mix flexibility (such as in key growth areas) should be considered or sought in relation to the development of the Area Action Plans in question.

4.1.2 In relation to London and Quadrant's concerns and Inspector Question 38 the Council has proposed to delete paragraph 6.6.

4.2 DM10 –Student Housing

- 4.2.1 The Inspector has stated that he is happy with the Council's responses to his questions relating to DM10, except that the addition following paragraph 11.11 reads as policy rather than justification. The Inspector has proposed the following addition to DM10 ii as follows:
- 4.2.2 Add to policy DM10 A ii; Does not lead to an over concentration of related uses in an area **judged by effects on parking, transport, amenity space and retail, education and health and welfare services.**
- 4.2.3 The Council confirms that it accepts this amendment.
- 4.2.4 In relation to MacDonald Egan's concerns, the Council reiterate its position. The Council will amend the definition of Residential colleges and training centres to state:
- 4.2.5 Residential colleges and training centres (**e.g.** student housing) (usually in Use Class C2);
- 4.2.6 The reference to C2 will not be removed as residential colleges and training centres are found in use class C2 and this policy would apply to such a use if it was to come forward within the borough. It is the Council's view that the need to meet an identified borough need is not inconsistent with the London Plan. The GLA have raised no issues of conflict or inconsistency with DM10 and policy 3.8 of the London Plan. DM10 is in conformity the Core Strategy policy CS2 part E. It is the Council's view that the type of housing described in MacDonald Egan's representation is covered in policy DM6 - Housing conversions. Large Houses in Multiple Occupation (Sui Generis) are supported in town centres, which are the most accessible locations in the borough.

4.3 Cumulative Impact of Planning Policies on Development Viability

- 4.3.1 In order to provide evidence that Local Plan has been considered in accordance with paragraph 173 of the NPPF, the Council commissioned BPS Chartered Surveyors to undertake a viability assessment to "*assess the cumulative impact of a range of current and emerging planning policies on development viability*".
- 4.3.2 The specific aim of the document was to demonstrate (and ensure) that the Local Plan (including the Development Management Policies DPD) met the requirement of the paragraph 173 (and 174) of the National Planning Policy Framework (2011) (NPPF).
- 4.3.3 The report aims to examine development viability in a development plan context. It sought to gauge the cumulative impact of all relevant and proposed

changes to planning policy where they have an identifiable impact on development viability.

- 4.3.4 The report sets out the analysis of the cumulative impact of the following policies: a) Community Infrastructure Levy (CIL), both Mayoral and Local; b) Development Management Policies; c) Affordable housing requirements; d) Site specific mitigation through S106 on upon the proven viability of a range of real housing and mixed use schemes which have been considered by the Council over a period of approximately two and a half years.
- 4.3.5 The following assumptions have been taken in relation to site application:
- 4.3.6 1) The DM policies will require compliance from new development with higher standards of sustainability and we have assumed that if these policies are adopted then compliance will be a factor in whether schemes secure consent. For simplicity we have assumed that all future schemes would be fully compliant with these policies.
- 4.3.7 2) Affordable housing remains a negotiable obligation which is dependent upon scheme viability. We have not sought to change the percentages of affordable provision from the original appraisals to ensure a consistent basis when assessing the net cumulative impact of policy.
- 4.3.8 3) CIL and mayoral CIL costs are largely inflexible as a development cost. Although the CIL regulations do permit some degree of flexibility in special cases it is presumed that the significant majority of developments will bear these costs in full.
- 4.3.9 As the paragraph 5.4 of the report states, *“in summarising the impact of the DM policies we have sought to take an overall average view of the likely extent to which a scheme might be expected to incur costs over and above normal development costs.”* It continues, *“on this basis we estimate the total additional costs per unit of new build amount to £14,450 which we have adopted as the cost impact in our analysis.”*
- 4.3.10 The report recognises that although there are a number of policies which may have an impact on viability, it is policies DM6, DM7 and DM8 which appear to offer the most potential for adding costs to a development. Table 1 below has been prepared to contrast the anticipated average cost per unit with the maximum potential cost that these policies could generate.

Table 1 - Estimate maximum cost impact (page 52 of the Report)

BASE BUILD COSTS AT BCIS RATES AND ADDED COST OF DM POLICIES																						
	Type	GIA m ²	£/m ²	£Tot	Policy DM 6 - Car Parking				Policy DM 6						Policy DM 7	Policy DM 8			TOTAL ENHANCEMENTS INCAL1 Parking	TOTAL BUILD COST INC ENHMT	% INC ON BASE BUILD	
			Base LF104 BCIS Max Sys		Nr spaces	Surface per unit ALT 1	Multist per unit ALT 2	Undergd per unit ALT 3	Match architecture	High qual Drs & wdws	High qual landscaping	Acoustic insln	Refuse & storage	Cycle storage	Eney & water efficiency	Play space	Lifetime Homes	Wheelch air 10% of units: £2,500	Sunlight & privacy			
Unit cost						£2,400	£11,100	£16,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500			
Single storey home	1b2p	50	996	49,800	1	£2,400	£11,100	£16,000	£5,000	£5,000	£6,000	£1,000	£500	£350	£1,750	£1,500	£750	£250	£400	£24,900	£74,700	50%
	2b3p	61	996	60,756	1	£2,400	£11,100	£16,000	£5,000	£5,000	£6,000	£1,000	£500	£350	£1,750	£1,500	£750	£250	£400	£24,900	£85,656	41%
	2b4p	70	996	69,720	1.5	£3,600	£16,650	£24,000	£4,000	£5,000	£6,000	£1,000	£500	£350	£1,750	£1,500	£750	£250	£400	£25,100	£94,820	36%
	3b4p	74	996	73,704	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£109,304	48%
	3b5p	86	996	85,656	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£121,256	42%
	3b6p	95	996	94,620	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£130,220	38%
	4b5p	90	996	89,640	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£125,240	40%
	4b6p	99	996	98,604	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£134,204	36%
Two storey home	2b4p	83	872	72,376	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£107,976	49%
	3b4p	87	872	75,864	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£111,464	47%
	3b5p	96	872	83,712	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£119,312	43%
	4b5p	100	872	87,200	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£122,800	41%
	4b6p	107	872	93,304	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£128,904	38%
Three storey home	3b5p	102	975	99,450	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£135,050	36%
	4b5p	106	975	103,350	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£138,950	34%
	4b6p	113	975	110,175	1.5	£3,600	£16,650	£24,000	£5,000	£8,000	£10,000	£1,500	£750	£500	£2,500	£2,000	£1,000	£250	£500	£35,600	£145,775	32%

Notes:
 BCIS Table 810 Estate housing mean average prices used.
 We have made some adjustments to the general allowances for the smaller dwellings.

- 4.3.11 When contrasting the net impact of DM policies against adjustments to reflect changes in build costs and values, *“the majority of schemes there is an increased overall build cost with the exception of two schemes which show a positive decrease (paragraph 6.6).”*
- 4.3.12 When combining the impact of DM policies and revenue changes it can be seen that *“the majority of schemes show a net increase in costs. Allowing that complete results are only available from 16 of the 17 schemes, then 5 of the reduced sample show increased overall viability whereas 11 show a decrease in overall viability (paragraph 6.7)”* The report then states, *“although there is a trend towards showing a higher cost there is no clear indication that there would be a significant impact on viability (paragraph 6.8).”*
- 4.3.13 When the combined impact of all factors (changes in build costs, total revenue and CIL) are considered in percentage terms, *“it can be seen that with two exceptions the total impact is under 10% and in 12 out of 17 schemes the impact is 5% or under. When weighed against a typical project contingency of 5% this impact is not insignificant but equally could also be viewed as the margin of tolerance under which development appraisals are based in terms of costs. Set against this increase is the fact that a large cost element in the form of CIL is a known amount. This added certainty should assist developers in more accurately assessing overall viability of schemes at a pre-planning stage when assessing the purchase price of development land (paragraph 6.20).”* The report goes further to state, *“overall 9 schemes show a positive or zero impact with 8 schemes showing a negative impact on viability. When looking on a Borough wide basis this averaging effect should be regarded as a positive indication that the overall impact will be relatively marginal (paragraph 6.21).”*
- 4.3.14 The key conclusion of the report are as follows:
- 4.3.15 *“The impact of Local Plan policies will have the effect in most instances of increasing overall development costs, although the precise extent to which costs will rise will be dependent upon site specific factors (conclusion point 1).”*
- 4.3.16 *“On the assumption that the Local Plan policies will generate an average residential unit cost impact of £14,450 it is clear that falling tender prices and slowly rising values have to a large extent masked the impact of these cost increases when looking at the viability of recent schemes (conclusion point 2).”*
- 4.3.17 The recommendation of the report states, *“on the strength of our analysis we have concluded that there will be no significant cumulative overall impact on development viability arising from implementation of these policies (conclusion point 7).”*
- 4.3.18 It is the Council view that this document therefore provides sufficient evidence to demonstrate that cost requirements of the Local Plan, in particular policies DM6, DM7 and DM8, when applied to housing development have been considered in accordance with paragraph 173 of the NPPF and found not to affect the viability of development.

4.4 DM2 – Meeting Housing Targets

- 4.4.1 The Inspector has stated that he is happy with the Council's responses to his questions relating to DM2, except that the suggested amendments to paragraph 3.4 still read as policy rather than justification. The Inspector proposes the following amendment to paragraph 3.4 as follows:
- 4.4.2 ~~“The council will only support the net loss of housing where it can be clearly demonstrated that the current residential use is not compatible with the surrounding area and results in unsatisfactory living conditions. Unsatisfactory living conditions can result from a number of reasons, for example owing to excessive noise, odours and/or poor air quality. They can be measured using the same criteria used in policies elsewhere in this plan, e.g. DM24, DM25 and DM33, amongst others. Where conditions are not temporary, are unacceptable and cannot be improved to approach the environmental standards set elsewhere in this plan for new residential development, then it follows that residential use may no longer be compatible with the surrounding environment. Policy DM 2 C recognises that in such circumstances it would be inconsistent with the Strategic Objective of improving the health and well-being of Waltham Forest residents if the retention of residential use were to be insisted upon. Developers can assist the Council in the operation of this policy by providing firm evidence of the issue and the reasons why it cannot be ameliorated.”~~
- 4.4.3 The Council confirms that it accepts this amendment.