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Chairman: Keith Leaman#

Rosemary Morton
Programme Officer
Winchester District Local Plan Part 1 – Joint Core Strategy
19a Wellington Road
Maidenhead
SL6 6DH

20 December 2012

Dear Ms. Morton,

**Winchester District Local Plan Part 1 – Joint Core Strategy
PUBLIC EXAMINATION**

In response to your letter of November 12th I am now submitting further representations on behalf of the City of Winchester Trust in respect of the further modifications to the submitted Plan proposed by Winchester City Council. Three paper copies are being dispatched to your address today.

Yours sincerely,



Harvey Cole.

PRESIDENT
His Honour Judge Christopher Clark QC
VICE PRESIDENTS
The Lord Ashburton KG KCVO DL
Sir Donald W Insall CBE FSA RWA FRIBA FRTPI SPdip(Hons)



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REPRESENTATIONS ON FURTHER PROPOSED MODIFICATIONS

A. HOUSING PROVISION AND TRAJECTORY

The latest proposed modifications do nothing to make the submitted Plan more responsive to the impact of the current recession. Previous proposals for housing, in the South East Plan, were for 12,240 dwellings in the District over the period 2006-2026. The dates have been moved forward to run from 2011-2031, with a total of 11,000 new homes. As some 2,250 were in fact built between 2006-2011, that would have left almost exactly 10,000 for the 15 years to 2026. As the 'trajectory' put forward in the modification 2.45 now proposed for Appendix F envisages 1,082 new homes for the five years 2026-31, the total for 2011-2026 is precisely the same as in the previous South East Plan, and any adjustment related to the recession appears to be relegated to the final five years of the Plan, which is allocated only 10 per cent of the total.

This involves the fallacious assumption that if growth in the economy recovers to the level originally projected for 2031, all the ground previously lost is automatically recovered. This is not so, as the chart included with our second set of representations made in July clearly demonstrates. Since then the position has in fact deteriorated further, as is acknowledged by the Government and bodies such as the Office for Budget Responsibility and the IFS.

WCC told the EIP that regardless of the recession, population numbers – and therefore the demand for housing – would not be seriously affected. But this is to ignore the affordability of housing, and also the numbers which the building industry is prepared to provide. If there were no impact, then completions of new dwellings nationally would not have been running for the last few years at only about half the 230,000 required – and be set to continue at well before that level for several years to come. WCC's attitude also ignores advice from their own consultants:

'There are also reasons to believe that household formation rates will be lower than anticipated in the short term because of poor affordability and accessibility to home ownership, downward pressure on household incomes and challenges in delivering new affordable homes. All of these factors are likely to make it more difficult for people to form independent households than has been the case in the last decade.

It is difficult to predict how long these pressures will continue. Evidence on population and household growth following previous economic recessions demonstrates that a trend rate of growth becomes re-established at some point. However, there is an argument that a number of the shifts resulting from the 2007/08 financial crisis may have a much longer lasting effect on the economy of the UK and knock on effects on population and household change.'

DTZ, August 2011.

There are particularly strong reasons for expecting this to apply to Winchester. The Housing Technical Paper projects an increase in the population of the District of 16,550 between 2011 and 2031 (Table 4.1). But it is clear from Table 5.1 that more than the whole of that figure, i.e., 17,400, is attributable to inward migration into the area. A large part of this would be employment led, and must therefore be regarded as particularly valuable to the continued impact of the recession.

In summary:

- a. The pre-recession level of GDP will not be regained until well into 2015. This means the inevitable loss of nearly 2 years of national income at the 2007 rate.
- b. Should growth resume at a rate of 4.2 per cent per annum between 2015 and 2021, GDP would regain the level it would have achieved in 2016 had there been no recession only in 2021. This means a further loss of GDP of over one year at the 2007 rate.
- c. The population will have increased by about 8 per cent between 2007 and 2021, GDP per head will be correspondingly even lower by 2021.
- d. Government policy is to expand the investment savings and foreign trade sectors of the economy in preference to consumption.

e. Eventual economic recovery will be accompanied by higher interest and mortgage rates.

We do not dogmatically rule out the possibility that 11,000 new homes could be required, but believe this is likely to prove to be at the very top of any reasonable range. We therefore strongly oppose the proposed modification 2.4 to qualify housing numbers by prefacing them with 'about'. 'Up to' is preferred, as giving more certainty while remaining open to review during the Plan period.

We are greatly concerned that the combination of the proposed 11,000 dwellings and the trajectory now set out in Appendix F as proposed to be modified is unrealistic and unsound. This would mean developing 40 per cent of the Plan total in the five year period (2016-21) when growth following recovery in GDP to around pre-recession levels will just be starting, with only 10 per cent being built between 2026 and 2031, when it is reasonable to expect the economy to be more robust.

By putting extreme assumptions at the centre of the Plan, there is a clear and serious risk of sharp revisions being needed early during its life, and that those will disrupt the necessary balance between the component parts of the Plan, such as the matching and timing of infrastructure provision to development of services. This is a particularly serious risk as 75% of the provision proposed for the period 2016-21 is concentrated in the strategic allocations.

B. AFFORDABLE HOUSING

A year ago Winchester City Council took the position that 'meeting the affordable housing needs in full would require a substantially higher figure' (than 11,000) and that the 11,000 does not include 'a specific element for affordable housing... this method of projection is tenure blind'. (Letter from S. Opacic to Harvey Cole, 25.11.11). This was emphasised by a further letter of 23.12.11.

'DTZ are in the process of updating the SHMA again to produce a 20-year need estimate for affordable housing. If it is assumed that the backlog will be met over 20 years (rather than 5 years in the previous SHMA) 350 affordable dwellings p.a. are needed (7000 over 20 years) – see DTZ economic report Aug 2011, para 4.4.3. At 40% affordable this would require a total provision of 17500. Therefore our approach is to seek the maximum level of affordable housing which is viable (40%), accepting that this will not fully meet needs (rather than increase the housing requirement to a level which would fully meet affordable needs). 40% of 11,000 will however be a significant increase over what has been delivered in the past and would meet over 60% of affordable need.

The note submitted to the Inspector at the end of the EIP takes a very different view. As a result of revising the waiting list for accommodation, it is now stated that actual need is for 2,595 affordable dwellings, including intermediate housing. This is clearly defined as 'need'. Allowing for a further annual need emerging over the rest of the Plan period to 2031 of around 75 a year, the total to be provided would be 4,020 (2,595 + 1,425).'

If 4,000 of the total of 11,000 is to be affordable that would be 36.4% of the 11,000, which is about the practical maximum that can be expected.

WCC are on record as specifically stating that '11,000 is a projection of total need'. (23.11.11) If 4,000 is now identified as the need for affordable units, it follows that the market 'need' is 7,000. The Plan therefore needs to ensure that any shortfall in the affordable sector is not transferred to increase market provision above the 7,000 identified as needed to provide for the existing population and inward migration.

A further modification is required to Policy MTRA2 to ensure the appropriate provision within it of affordable housing is made.

We attach a chart showing the relationship between projections of GDP and the cumulative phasing of housing development implied by the proposed trajectory.

TRENDS IN GDP AND HOUSING TRAJECTORY (Appendix F)

