
Local Plan Part 2: Examination

Hearing Statement

Matter 3: Policy DM2

Savills on behalf of Alfred Homes (51580)

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1. Introduction

- 1.1. This Hearing Statement addresses the single question relating to Matter 3, namely whether Policy DM2 is reasonable **and realistic, clear and consistent with national policies/ guidance and does it establish suitable and appropriate criteria?**
- 1.2. The Hearing Statement divides this question into its respective parts, cross referring back to the Pre-Submission Statement submitted by Savills, the evidence purported to support the policy, and the tests of soundness against which it is being judged. For the reasons set out within this Hearing Statement, it is our considered view that the Policy can not be considered consistent with National Policy, nor Justified, when considered against the reasonable alternatives and the evidence base that the Council seeks to support it.
- 1.3. The Hearing Statement concludes with recommended wording of how the Policy can be made sound.

2. Clear and consistent with national policies/guidance?

- 2.1. There are two aspects to the relationship with the Policy wording and National Policies and Guidance; consistency with paragraph 50 of the NPPF, and the need to plan for a '*wide choice of high quality homes*', and secondly, as per the National Planning Practice Guidance (PPG), Ref ID: 56-018, that "*where a local planning authority (or qualifying body) wishes to require an internal space standard, they should only do so by reference in their Local Plan to the Nationally Described Space Standards*".
- 2.2. In respect of the latter, the NDSS does not prescribe any 'maximum' size thresholds, which would be counter to the Government's drive to seek to increase the scale of residential dwelling houses and flats across all sizes. When compared to the minimum as sought by the Government in the NDSS (which WCC has chosen not to adopt in full), it would leave a small margin between what the Government is seeking as a minimum, and to which WCC is seeking as a maximum.
- 2.3. The focus of these standards is to raise the benchmark for house building, and ensure that each new home meets a minimum standard. While it is in the Council's gift to adopt these minimum standards or not, as drafted, Policy DM2 does not require these standards to be met in full for market housing, only that market housing should exceed the absolute minimum of 39sqm for a 1 bedroom property. Thereafter, the Policy has no lower limit on the size of any new build property within the District.
- 2.4. As drafted, Policy DM2 would not prohibit developers building what the Government would consider to be sub-standard properties in respect of space provided, but would limit developers delivering larger properties beyond the artificial ceiling proposed by DM2. To note, while Policy DM2 seeks to set a maximum based on GEA, the NDSS provides all floor areas as GIA, which is used within the following commentary.
- 2.5. As per the national space standards, a 4 x person 2-bedroom house would need to exceed 81sqm (79sqm GIA and 2 sqm storage space). On the contrary, Policy DM2 only requires new build open market units to exceed 39sqm (plus 1m for storage), and therefore a developer could seek consent for a 65sqm 2-bedroom open market house, below what the Government is seeking to achieve, but still be in line with Policy DM2.
- 2.6. Conversely, Policy DM2 would not permit a developer to provide a 2-bedroom property in excess of circa 85sqm GIA (100sqm GEA), as this would fall outside of the maximum allowed for via Policy DM2.
- 2.7. This places the merits and importantly the soundness of this Policy into some perspective, as the maximum size for a 4 x person 2-bedroom house Winchester City Council is seeking to deliver via Policy DM2, would only be circa 4 metres greater than that which the Government considers to be the minimum.
- 2.8. If the Council had adopted the national space standards in full, all 2-bedroom 4 person houses in Winchester in the future would need to be designed within a tolerance of no more than 4 metres (min 81sqm and max 85sqm GIA), in effect creating a standard house type in Winchester District.
- 2.9. Far from being consistent with National Policy, Policy DM2 would allow the delivery of houses smaller than that deemed necessary by the national standards, but at the same time, cap the scale of housing, particularly for 4 x person 2-bedroom houses, only marginally above that deemed the minimum.

- 2.10. Such a position would not comply with Paragraph 50 of the NPPF, and the need to plan for a wide choice of high quality homes, and would revert back to the overly prescriptive position of the 2006 Local Plan (Policy H7), which as part of the Local Plan Part 1 Examination, the City Council advocated to the Inspector that it wished to move away from in forming Policy CP2. (See Section 3, Page 4 of Pre-Submission Statement for full details).
- 2.11. In respect of the Evidence base the City Council seeks to use to underpin Policy DM2, we can turn to the Report by Health and Housing Partnership (September 2015), that is used in the context of PPG Ref ID 56-020, for justification in respect of need, viability and timing. As per that Report, its focus is very much on the application of the minimum standards, and not maximum standards, and therefore it is highly questionable whether any evidence is presented by the City Council in support of a maximum internal space standard to justify the Policy.
- 2.12. Within Section 2 (Paragraph 26) of that Report, there is reference to a 'prime' housing market *'where developers bring forward proposals for very large dwellings to meet demand from the wealthiest buyers. This has resulted in the development of some very large apartments in terms of floor area in the City Centre. There is some concern within the Council that, although these are described as 2 or 3 bedroom dwellings and therefore compliant with Local Plan policy (DM2), they do not necessarily make the most efficient use of housing land or meet wider housing needs'*.
- 2.13. There are two pertinent points regarding soundness in respect of this paragraph and Policy DM2, the first being that this 'concern' expressed by the Local Planning Authority does not constitute proportionate evidence (**Justified**), and secondly, the Health and Housing Partnership report actually acknowledges that such housing actually meets a 'demand' of the housing market, which of course is wide and varied.
- 2.14. Given the NPPF requires the Authority to Plan for a wide choice of high quality homes, seeking to restrict by way of Policy a type of new build property for which there is a demand (as acknowledged by the Council's own commissioned Report), would not in our view conform with this objective of the NPPF, nor has it been justified by way of evidence.
- 2.15. While the Council has referenced the nationally described space standards as required by the Planning Practice Guidance in the setting of the very minimum floor area, no such provision exists within these space standards for the imposition of a maximum, not least given the Government did not consider such a policy as being appropriate.
- 2.16. In reference to such standards, the Council's own evidence points to a demand for such housing within the market, but thereafter, presents no evidence to show how the delivery of such housing has an impact on meeting the housing needs and demand of Winchester District in justifying the imposition of a maximum.

3. Reasonable and realistic?

- 3.1. The housing market within the District and across the Country, caters for the demands for all purchasers, from those wishing to access the housing market for the first time, to those looking to downsize. Each purchaser has different requirements to which the market responds to, and which cannot be controlled by Policy, particularly a Policy that seeks to restrict a certain type of house.
- 3.2. Para 6.2.7 of the Pre-Submission Draft presents an argument that smaller houses are *'likely to prove more affordable to greater numbers of people than larger houses with an identical number of bedrooms'*. This can be seen as the principal objective of the Local Authority in seeking to set maximum space standard.
- 3.3. The housing market, and specifically value, is influenced by a number of factors, but principally supply and demand and not Planning Policy. At any point in time, where demand exceeds supply, values will rise as a result of competition for that product. This applies in any market, including housing, where the consequence of restricting the supply of a particular product will increase the value of that product where it already exists.
- 3.4. As value and price respond to demand, simply by requiring all 2 and 3 bedroom properties to be built to a maximum size, will not in turn make them 'more affordable'. On the contrary, provided demand continues to outstrip supply, it would lead to purchasers paying the same price but for smaller houses/ flats, as there will be a price point for a particular type of property in every location.
- 3.5. Other factors that influence value include the stamp duty thresholds, the type and quality of the housing, parking arrangements, and within Housing Market Areas and even a Town or City itself, its location, the latter of which will have more of an effect on value than simply the size of a property. To a lesser extent, the ability to access mortgage finance will also influence value, which is linked back to demand. (See section 4 of Pre-submission representation for examples within the Winchester Housing Market).
- 3.6. The City Council has presented no evidence to support the statement that capping the size of a 2 or 3 bedroom house will make them more affordable, which as a concept, is far from being realistic in the context of its effect on the housing market. Such a statement ignores the basic economic principle of supply and demand, and the fact it is the market which sets values on the open market, not Planning Policy.
- 3.7. While not reducing the value of 2 and 3 bedroom properties, the Policy could even have the reverse effect of increasing the value of existing 2 and 3 bedroom properties that exceed these thresholds, given a restriction in supply will always increase the value of a product that already exists. At circa 85sqm GIA for a 2-bedroom, and circa 127sqm for a 3-bedroom house (15% reduction from GEA thresholds of 100 and 150sqm), these are not excessively large properties in the second hand market, but which Winchester would be seeking are no longer constructed.

4. Does Policy DM2 establish suitable and appropriate criteria?

- 4.1. As set out, the Policy runs counter to the drive by the Government to raise the size and standard of new build properties, and would, particularly in respect of 2-bedroom properties, present a maximum only slightly larger than the Government aspires to achieve as a minimum, when GIA floor areas are compared.
- 4.2. The thrust of this Policy, namely that requiring new 2 and 3-bedroom houses to be capped in size will make them more affordable ignores the principles of supply and demand, and furthermore, is not supported by any evidence. What evidence the Council seeks to rely upon actually acknowledges there is a demand for such properties; not that restricting their supply it would mean a reduction in value in open market housing.
- 4.3. Notwithstanding the fact that such a policy will not result in the reduction of value of Open Market properties, any policy intervention in the market can bring with it unintended consequences. There is within Winchester District and every housing market what is often referred to as a 'food chain', where individuals and families either upsize due to a growing family, or downsize, through personal circumstances or later in life. These transactions release existing houses and flats to the market place, with the industry also catering for demand through the construction of new houses.
- 4.4. The capping of the size of new build 2 and 3-bedroom properties, could also mean that growing families will simply extend existing properties through extensions or attic conversions, with those 'smaller' properties then lost to the market in the context of supply and demand.
- 4.5. The housing market within the District and across the Country, caters for the demands for all purchasers, from those wishing to access the housing market for the first time, to those looking to downsize, and a developer will only ever build a property for which there is demand. Thereafter, it is the market that dictates value via the price an individual is able and willing to pay for a property.
- 4.6. For example, it simply does not follow that 80sqm (GIA) 2-bedroom 4 x person property (below the Government minimum, but compliant with Policy DM2), would have a lower value than if it was a 90sqm (GIA) property. The price is controlled by the purchaser and the availability of housing to meet the requirements of that purchaser.
- 4.7. As drafted, the Policy is neither suitable for Winchester nor any other city's Housing market, nor is it appropriate and based on any evidence to support it.
- 4.8. That is not to say the City Council's aspiration to make open market housing more affordable within the District is not achievable, indeed, linked back to the basic economic principle of supply and demand, the increasing of the supply of all housing to better meet demand, could have a positive effect in this regard.

5. Summary and modifications required

- 5.1. In its evidence to the Local Plan Part 1, the Council advocated that it did not wish to *unduly restrict the Market* in seeking to have Policy CP2 found sound. It is also the case that the objective of Policy CP2 was, in the Council's own words, to produce a Policy that would not result in *relative shortfalls or excesses of supply of particular kinds of dwelling*.
- 5.2. Within a very short period of time, that position has now changed, and the flexibility afforded by Policy CP2 is now being restricted, and in a manner that is neither supported by evidence, nor in line with the Government's drive to see improvements and ultimately the scale of new build housing delivered across the Country.
- 5.3. National Planning Policy and guidance does not, and can not make new homes on the open market 'more affordable'. The Government has many initiatives such as Help to Buy, the recently announced Starter Home initiative and the clear policy focus to significantly boost the supply of housing, all of which are intended to improve the opportunities for home ownership, and in respect of the latter, help to meet demand.
- 5.4. What is evident, is the Government does not believe setting maximum standards to new house building a sound approach to promoting home ownership, or importantly in the context of the soundness of Policy DM2, making open market housing more 'affordable'. This fully supports the view that value is influenced by many more factors than simply the size of a property, and principally the supply of housing.
- 5.5. If the Government does not consider setting maximum space standards a sound Policy, or indeed, a policy that could influence affordability, then in our view and particularly in the absence of any evidence, there is no sound or logical reason for Winchester City Council to pursue such a policy, and thus it must follow that it is not sound.
- 5.4. To be considered sound, and thus justified and consistent with National Policy, the Policy should be amended to remove all reference to maximum space standards. Support is given to the minimum standard, however, this will only influence a very small component of the future housing stock to be delivered within the District, and therefore its impact will be minimal.

END

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