

SHLAAs and SHMAs

What's in it for housebuilders?

HBF Annual Planning Conference 2009

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15th September 2009



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SHLAAs and SHMAs – whats in it for housebuilders?

- PART A – SHMAs
 - what are they supposed to do?
 - does the methodology work?
 - securing market – friendly outcomes?
- PART B – SHLAAs
 - getting sites identified
 - ensuring the supply is realistic
 - testing viability
 - using the SHLAA to help secure permission
- PART C – Conclusions and recommendations

SHLAAs and SHMAs – What's in it for housebuilders?

Need and Demand

Deliverability

Land Capacity

SHMA

**What are the needs?
How are needs
distributed?
How should policy
respond?**

Viability Assessment

**What is achievable?
Can the land supply
deliver policy?**

SHLAA

**Where are the sites?
What are the site
capacities
and constraints?
How do the sites fit with
market needs?**

PART A – STRATEGIC HOUSING MARKET ASSESSMENTS

SHMA now a bedrock of housing policy

- How many houses are needed?
 - type?
 - tenure?
- What and where are the market imbalances?
- Where are affordable needs greatest?
- Greater importance if RSS abolished

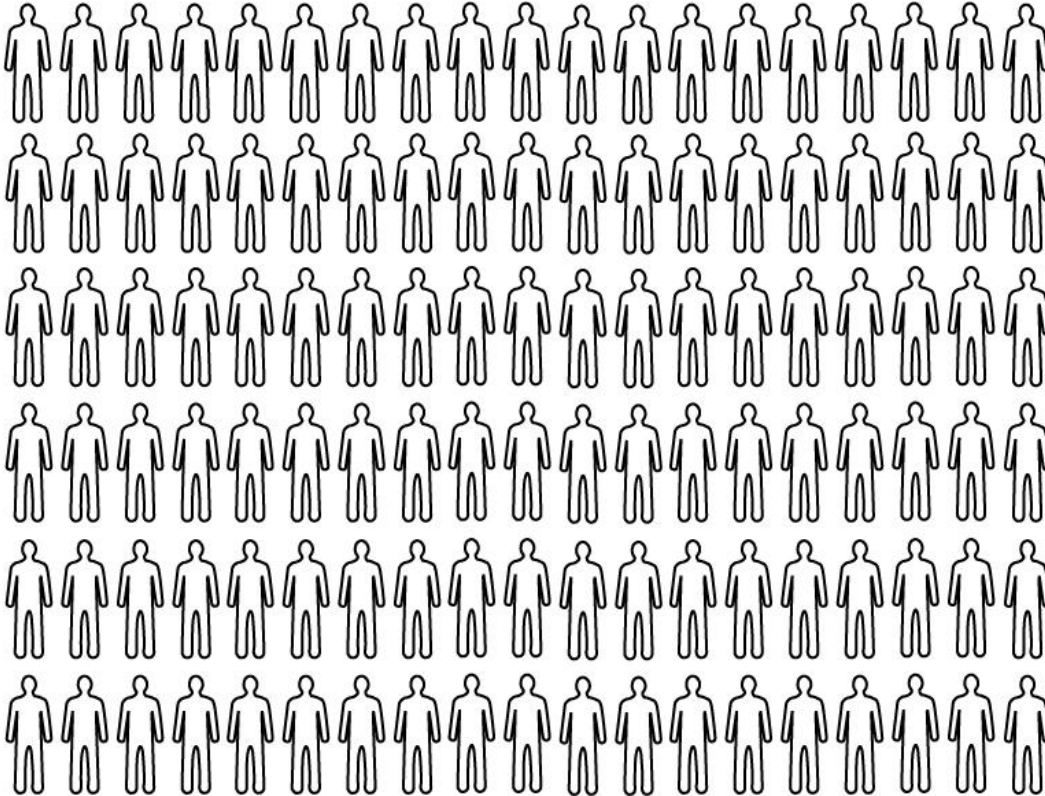


Two key questions for the SHMA:

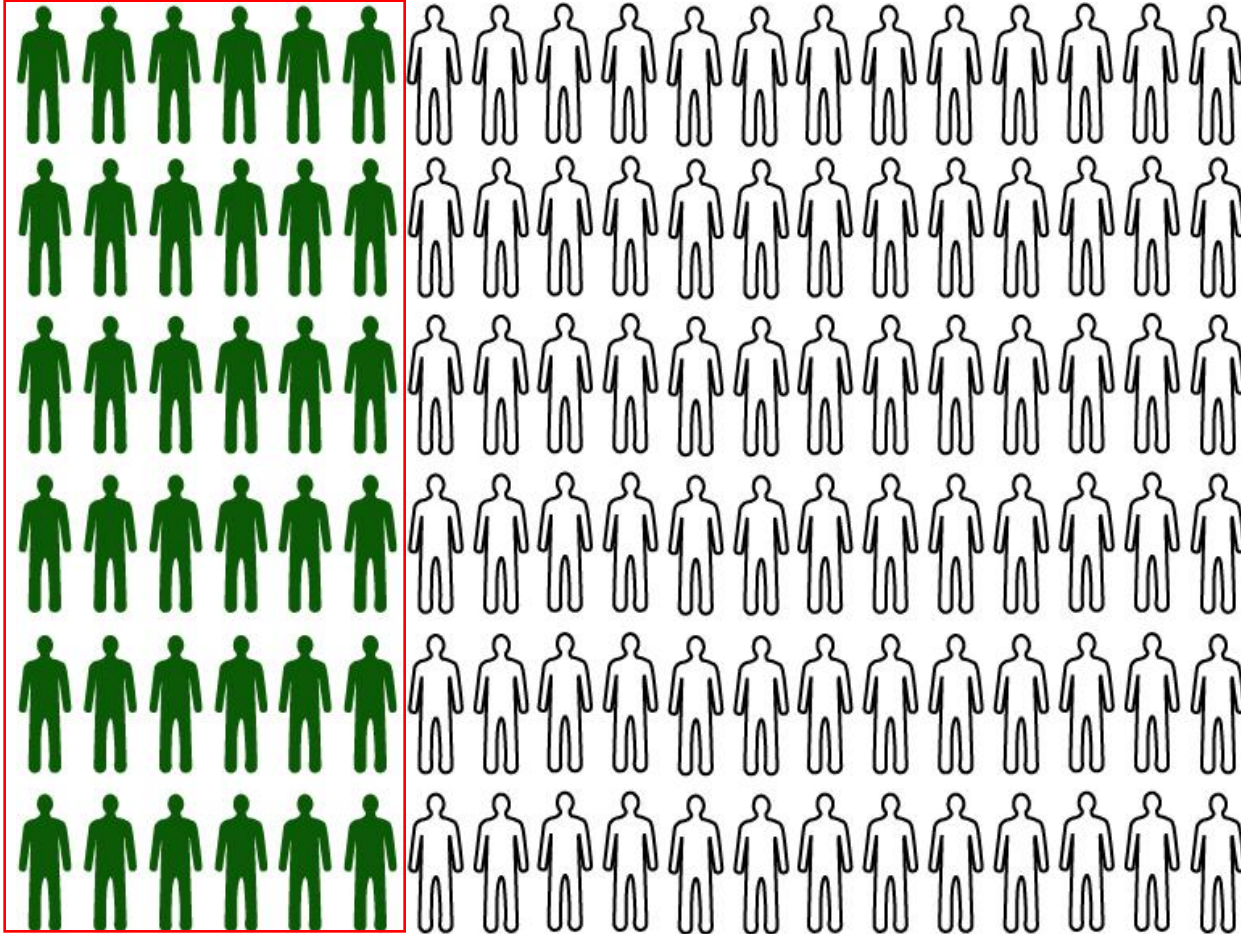
1. How many people are **in need** of affordable housing?
2. How should the need figure be **translated into a local policy requirement** – i.e. what proportion of developers' new houses must be affordable? (the “Policy Twist”)

Findings have huge implications for housebuilders

Question (1) How many people are in need?



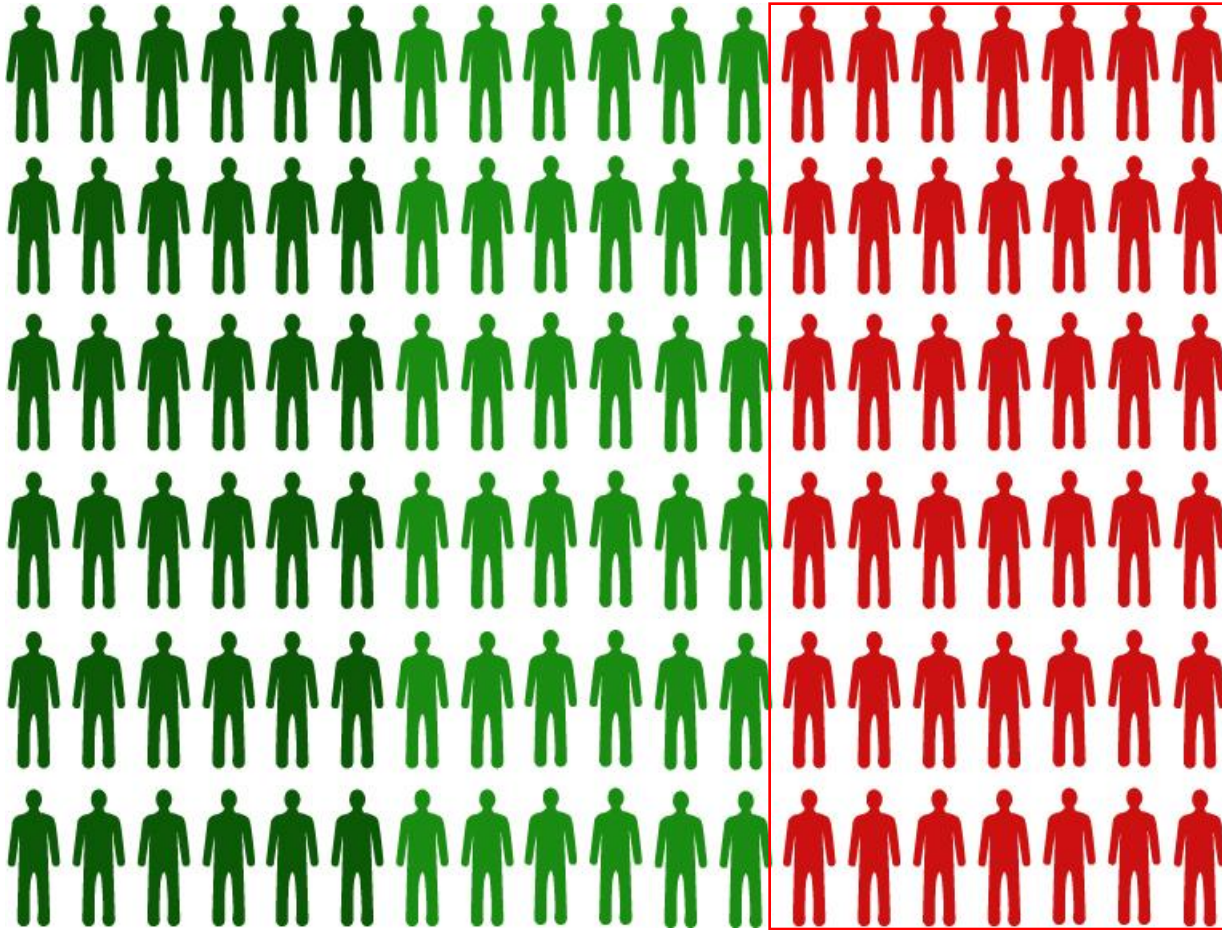
- These are the total households in the area



- These people are not in need
- Their housing requirements are adequately met



- These people are in need BUT are removed from the assessment because they can afford to meet those needs

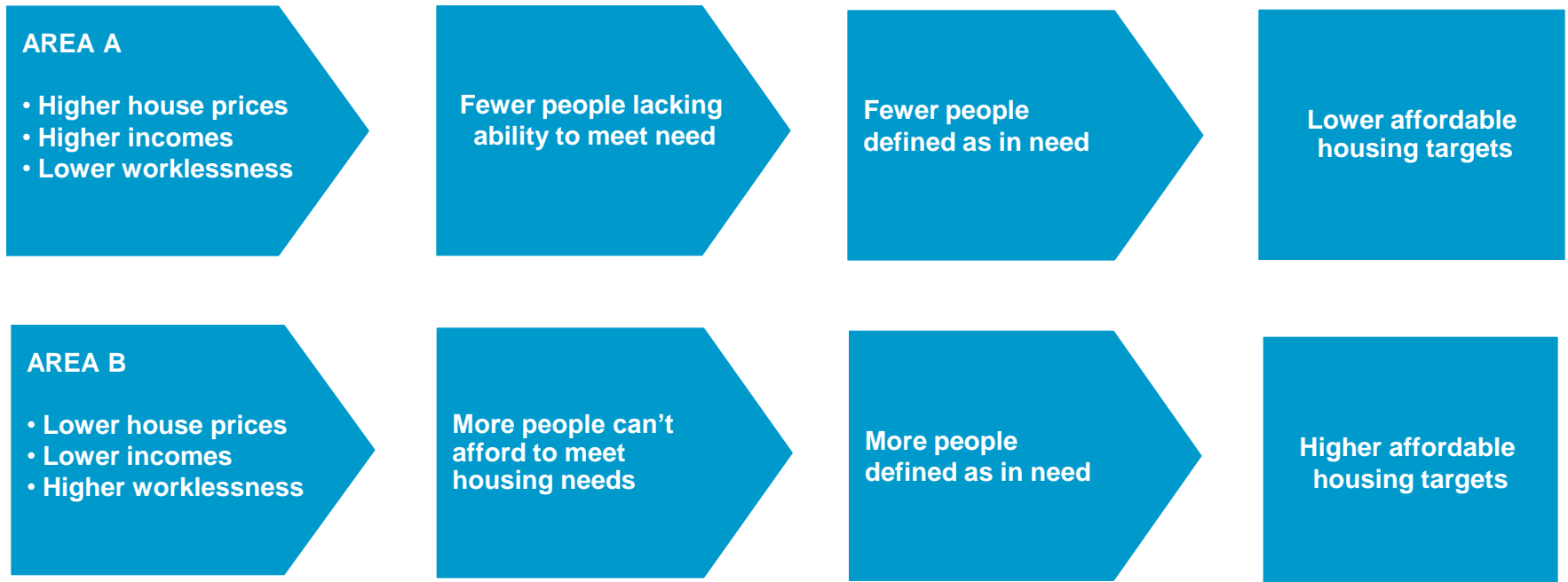


- These people are in need for the purposes of the assessment
- Affordable housing is required to help them



- Those in need split into 2 groups:
Group A = who cannot afford to meet need because local prices and rents exceed local incomes
Group B = Workless households with no (or limited) income other than state provision
- Housebuilders to provide new housing for both groups

Does the guidance produce counter-intuitive outcomes?(1)



- **North East to have higher affordable housing requirement than South East?**
 - **because more workless households in housing need?**

Does the guidance produce counter-intuitive outcomes? (2)

All Party Urban Development Group (May 2008)

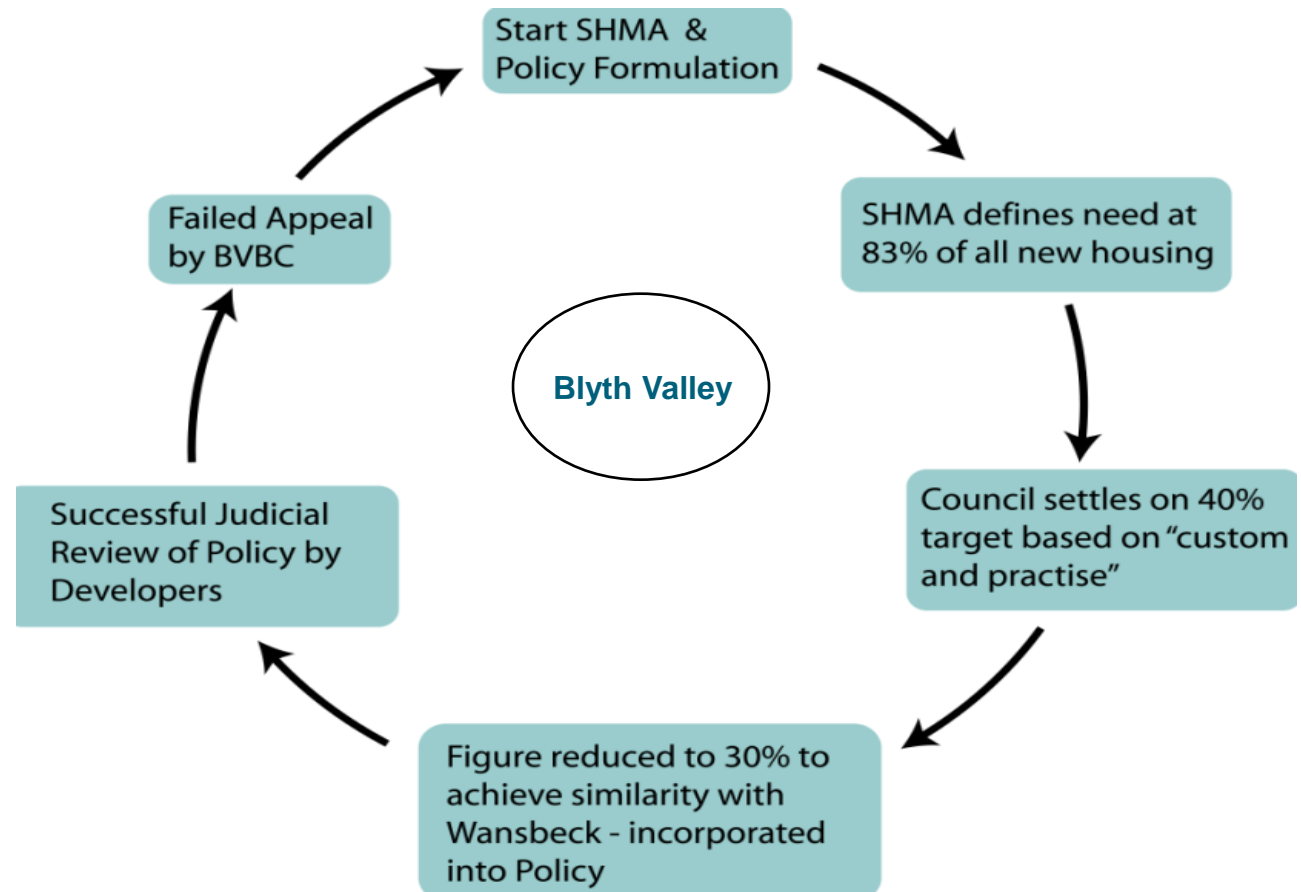
- *“In parts of London and the south east, a 50% target may be necessary if demand is to be met. In Manchester and other northern urban areas however, a target of 20% may be more appropriate”.*

Question (2) How are needs turned into affordable housing targets? – the “policy twist”

- No viability assessment led to upheld Judicial Review

BUT

- Key problem = unrealistic need figure produced by the guidance

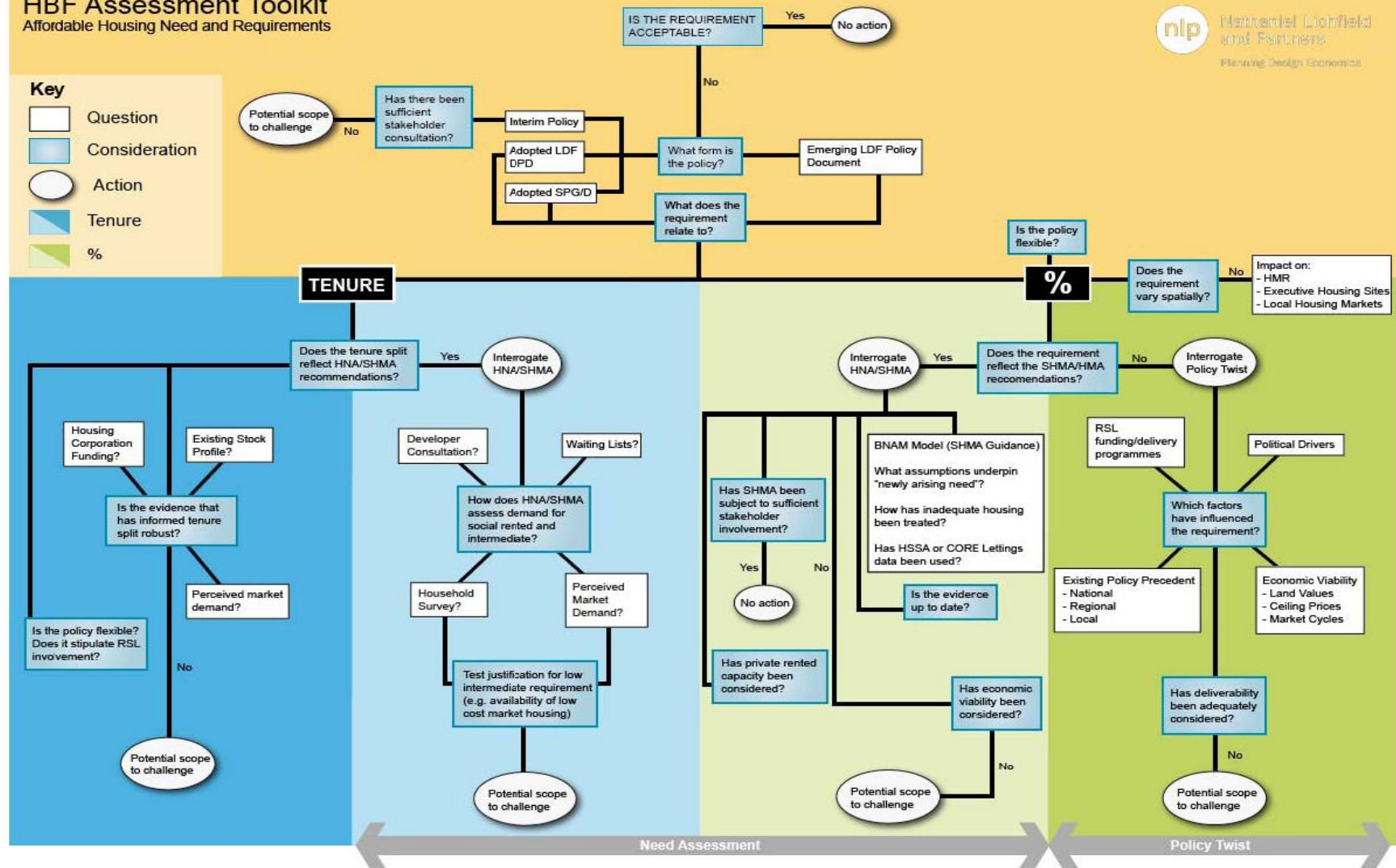


What should housebuilders do? (1)

- Get involved in SHMA preparation
 - steering groups
 - consultation events
 - scope and methodology **not** just draft report
 - record your inputs and differences
- Ensure a focus on the **market** – not just need
- Understand the methodology
 - develop a toolkit for industry responses (e.g. North East)
 - ensure realistic and common-sense approach to delivery

Toolkit

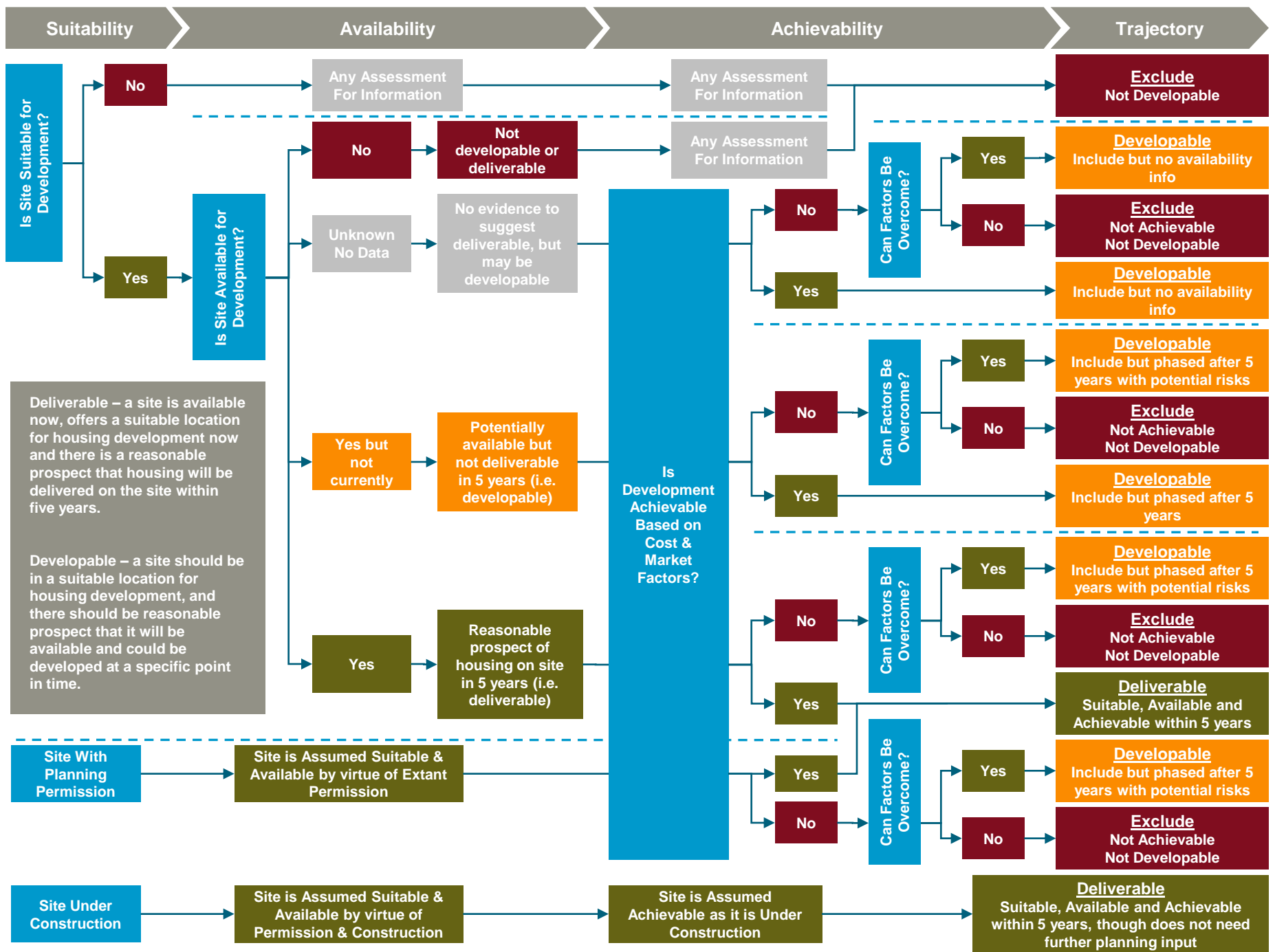
HBF Assessment Toolkit Affordable Housing Need and Requirements



What should housebuilders do? (2)

- Bring an **accurate** market view
 - what type of housing is demanded and where?
 - what is a realistic approach to delivering affordable housing?
- Ensure the SHMA makes recommendations which can read across into policy
- Ensure policy flexibility to respond to changing markets
- Ensure SHMA picks up economic benefits of housebuilding
- Make case at LDF Examination if SHMA ignores housebuilder views

PART B – STRATEGIC HOUSING LAND AVAILABILITY ASSESSMENTS



Key Tasks for the SHLAA

a. Identify all potential housing sites

b. Which ones are:

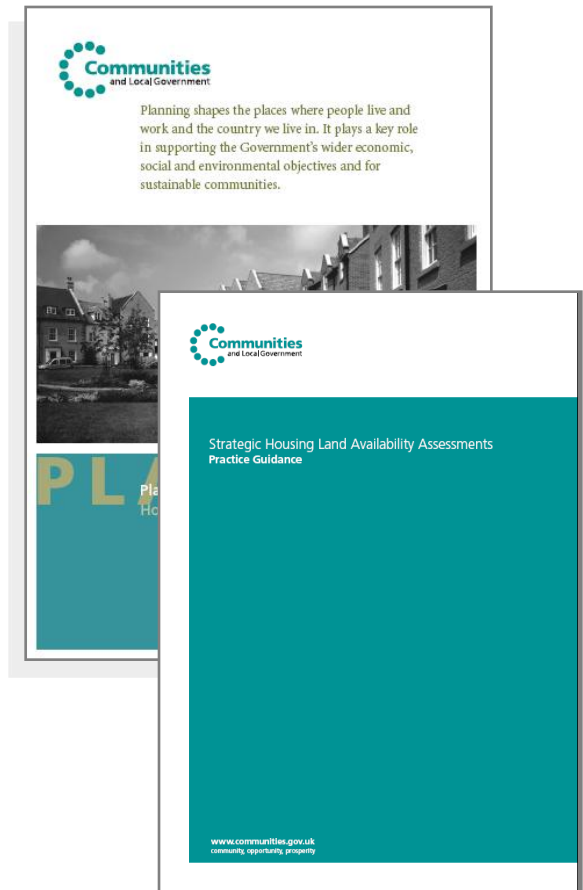
- suitable
- available
- achievable

} The “SHLAA sites”

c. How many houses can be built on the SHLAA sites?

- and when?

THEN WHAT.....?



Then what.....LPA needs to draw conclusions

- Is there a deliverable 5 year land supply?
- Which sites should be allocated?
- Key influence on which sites can get planning permission
 - less supply = more chance for permissions.....
 - for sites identified in the SHLAA

Conundrum for housebuilders.....

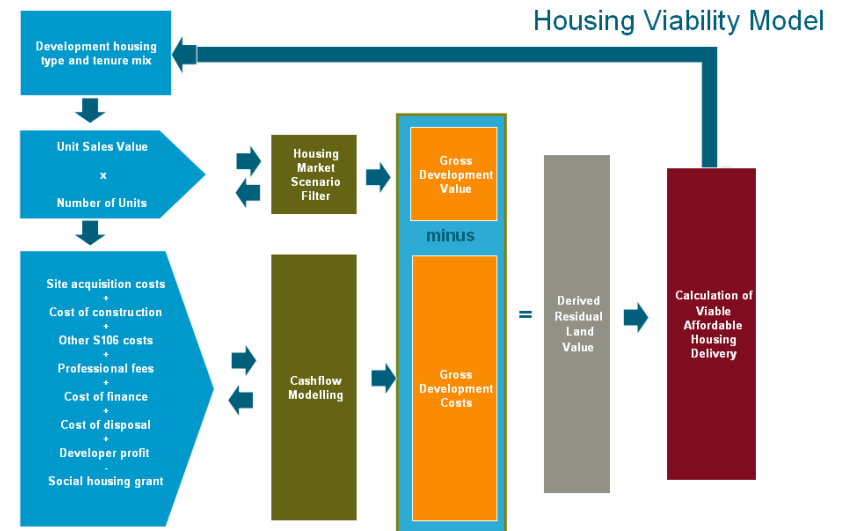
- a. Everyone wants the supply to be low
 - no 5 YS = presumption in favourBUT
- b. Everyone wants **their** site to be identified

Keeping the supply realistic (low)

- Focus on the **suitability** of speculative landowner/public sector sites
 - greenfield unsustainable locations
 - school playing fields
 - public sector owned open space (allotments/car parks etc)
- Prepare evidence on the **availability** of operational sites, especially public sector:
 - firm dates for relocation of existing use?
 - disposal notice in place?
 - planning permission?
- Test the evidence on **viability** – key emerging issue

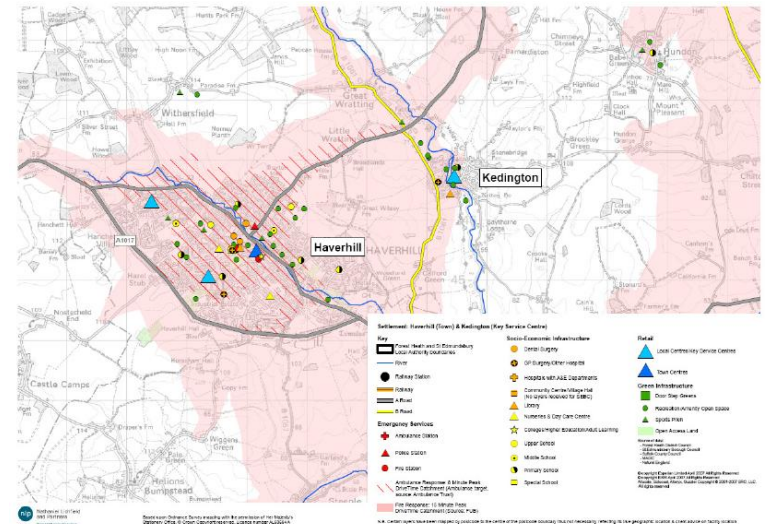
Testing Viability – Key Questions

- Does the SHLAA link to housing viability study?
- What are the viability assumptions on:
 - affordable housing?
 - code for sustainable homes?
 - infrastructure?
 - density?
- Have development appraisals formed part of the viability testing, if so, how?
 - all sites?
 - sample site typologies?
- Have housebuilders been involved?
- Have landowners (esp public sector) been able to justify viability?



Testing Viability – Emerging Issues

- Inconsistent approaches across the country
- Separate viability assessments – or integrated within SHLAA?
- Individual site appraisals vs site typologies
- Little understanding of different developer approaches to measuring viability?
- Policy – on or policy – off : inconsistency
- Limited practical guidance for LPAs



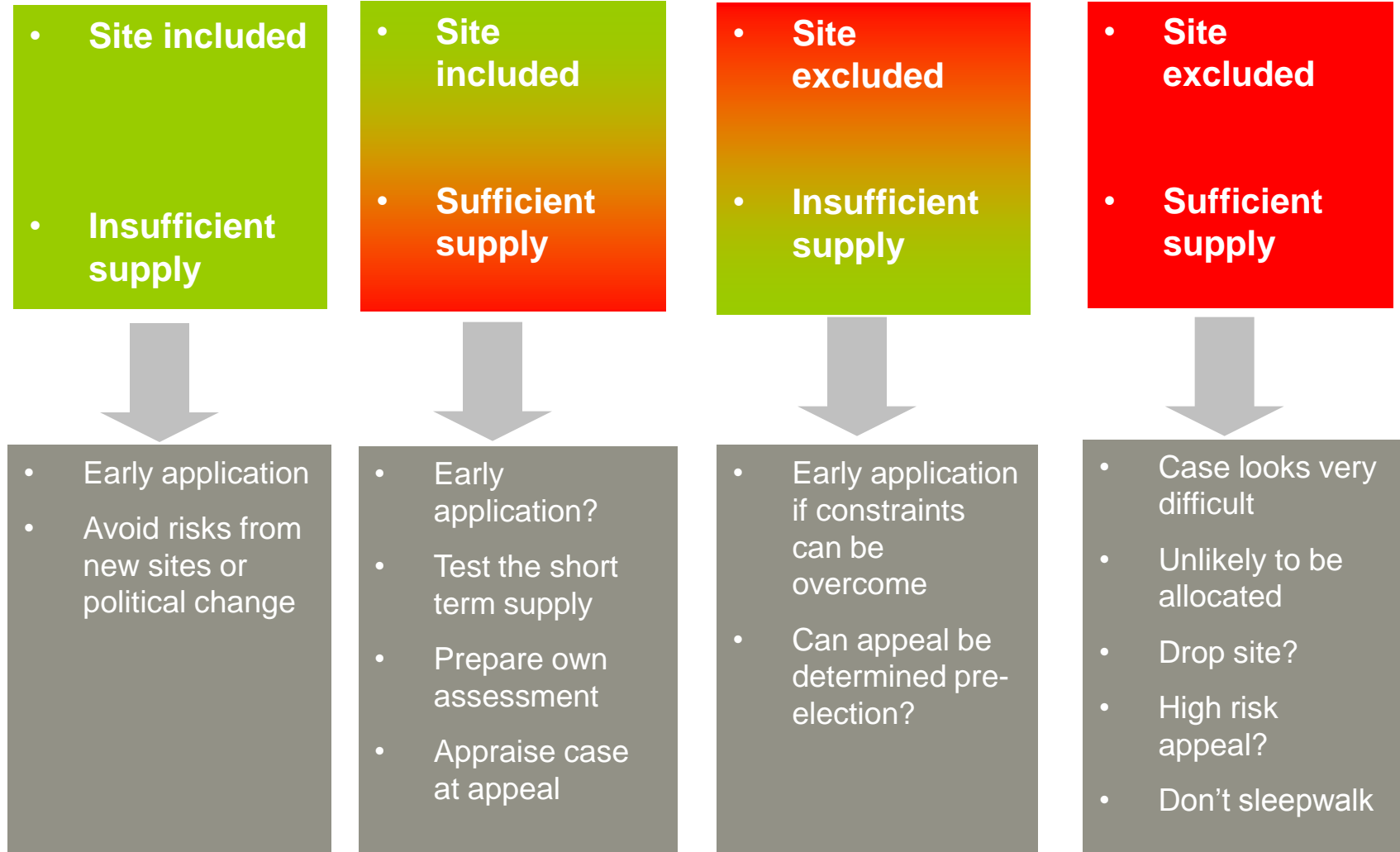
Testing Viability – what is happening at the LDF stage?

- Often its a mess
- Blyth Valley – no assessment = AH policy rejected
- Newcastle – no assessment = core strategy rejected at Pre-Examination meeting
- Harrogate – needs assessment is not viability assessment
- Tandridge – inadequate viability assessment of AH requirements
- Mid Suffolk – economic viability of 35% AH target not proven
- Poole – 40% AH figure no more than a “benchmark”

Maximising chances of getting a site identified in the SHLAA

- Demonstrate compliance with PPS3/RSS/local policies
- Clear programme of delivery (highlighting measures to overcome any constraints)
- Residual development appraisal to demonstrate viability
- Be positive about affordable housing and other planning benefits

When SHLAA published – how should you respond?



Key tasks for housebuilders (1)

a. Participate:

- workshops/steering groups/consultation
- LPAs have limited resources
- consultants will want the information (viability)

b. Promote sites

- no SHLAA = no permission and no allocation

Key tasks for housebuilders (2)

c. Work together:

- rule out bad/unavailable/unviable sites
- more SHLAA sites = less permissions
- share the load across different areas

d. Use the findings

- limited supply = key evidence to justify planning application
- draw upon the SHLAA when making submission

PART C – CONCLUSIONS AND RECOMMENDATIONS

Whats in it for housebuilders (1)

- You get out what you put in
- Constructive consistent engagement increases likelihood of:
 - SHMAs which promote types of housing which reflect market demand
 - SHLAAs which reflect housebuilder views by excluding unsuitable and unviable sites
- Best opportunity to get LPAs to support what you want to build where you want to build it
- Saves time in the long run
 - A few hours to influence SHMA/SHLAA takes less time than going to appeal/examination

Whats in it for housebuilders (2)

- Critical period over next 12-18 months
 - potential need to respond to new Tory Government
- Greater autonomy for LPAs
 - abolition of RSS targets as the basis for 5 YS and LDF allocations
- What role for SHMAs/SHLAAs?
 - will they be replaced.....or given more weight??
- Focus on bringing forward applications now
 - where SHLAA is positive or neutral
 - where SHMA supports type of housing proposed

Discussion

