

# Summary Affordable Housing Proof of Evidence of Annie Hamilton Gingell BSc (Hons) MSc MRTPI

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Dean Farm, 150 Whittingham Lane, Broughton, Preston, PR3 2JL

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Dean Farm, 150 Whittingham Lane, Broughton, Preston, PR3 2JL

Outline planning application seeking approval for access only for residential development for up to 32 no. dwellings (all other matters reserved)

Community Gateway Association Ltd

October 2021

LPA REF: 06/2020/0977

PINS REF: APP/N2345/W/21/3278556

OUR REF: M21/0913-03.RPT

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# Introduction

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## Section 1

- 1.1 My name is **Annie Hamilton Gingell** and my credentials as an expert witness are summarised as follows: I hold a Bachelor of Arts (Hons) degree in Economics and Geography from the University of Portsmouth (1994) and a post-graduate diploma in Town Planning from the University of the West of England (UWE) (1997).
- 1.2 I am a chartered member of the Royal Town Planning Institute. I have over 7 years' professional experience in the field of town planning and housing. I have previously been employed by a Local Authority in the Southwest and have been in private practice since 2017. I have been employed at Tetlow King Planning Ltd for the past 4 years.
- 1.3 The Proof of Evidence (PoE) examines the affordable housing need in Preston and considers the weight to be attributed to the provision of entry level affordable housing in the overall planning balance.
- 1.4 In researching the information which underpins my evidence, I have placed reliance upon a Freedom of Information ('FOI') request submitted to Preston City Council on 20 August 2021 seeking a range of information in respect of affordable housing matters. The Council responded on 20 September 2021 and further clarification on the response provided was received on 22 September 2021.
- 1.5 There is an acute need for more affordable homes to be delivered in the Preston which the appeal proposals would make a substantial contribution towards addressing.

# Affordable Housing Evidence

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## Section 2

- i. My Proof of Evidence deals specifically with affordable housing and the weight to be afforded to it in the planning decision in light of the evidence of need in the Preston City Council administrative area.
- ii. The appeal proposals submitted by Community Gateway Association (CGA), the main Registered Provider in Preston building around 150 new affordable homes per annum, seek outline permission for up to 32 dwellings, of which 100% are proposed as entry level affordable homes.
- iii. In respect of the lettings procedures and tenure split, the draft Head of Terms for the Section 106 agreement (**CD F1**) sets out at paragraph 1.5 that:  
  
*'It is anticipated that the properties will be allocated in accordance with Select Move (or any equivalent replacement system), Preston City Council's choice-based lettings system. Homes for Shared Ownership will be sold and managed in accordance with Homes England grant funding requirements using Homes England standard lease clauses. CGA intend to allocate a minimum of 50% of the homes for affordable rent, with a maximum of 50% of homes being for shared ownership. The S.106 will include mechanisms to ensure that the homes are suitable for first-time buyers and equivalent for those looking to rent.'*
- iv. The appeal site is located within Preston Rural East Ward and Whittingham Civil Parish.
- v. There is irrefutable evidence of a national housing crisis for market and affordable housing, of all types and tenures, including entry level affordable homes. Government announcements - notably through the Housing White Paper in 2017 and Autumn Budget 2018 emphasise that the housing market in this country is 'broken' because 'for too long, we haven't built enough homes' and that 'we can't resolve the productivity challenge or deliver the high standards of living the British people deserve without fixing our housing market'.
- vi. As recently as May 2021, the leading housing and homelessness charity Shelter published a harrowing report entitled, '*Denied the Right to a Safe Home – Exposing the Housing Emergency*' which sets out in stark terms the impacts of the housing crisis.

Shelter estimate that some 17 million people face the effects of high housing costs, lack of security of tenure and discrimination in the housing market, and notably concludes that *'when it comes down to it, there's only one way to end the housing emergency. Build more social housing'*.

- vii. As part of the solution in 2017 the Government introduced the concept of Entry Level Homes as a means to facilitate affordable home ownership. The Appellant embraces this form of development as one way of assisting meeting local housing need. However the import of this change of policy does not yet appear to have been fully embraced by the Council in this instance.

### **Key Findings**

viii. **Affordable Housing Needs in Preston**

- The 2009 SHMA identified an objectively assessed need for 2,382 net affordable homes between 2009 and 2014, equivalent to an estimated annual need of 397 affordable homes in Preston.
- The 2017 SHMA identified an objectively assessed need for 4,780 net affordable homes between 2014 and 2034, equivalent to an estimated annual need of 239 affordable homes in Preston.
- The 2020 Housing Study identified an objectively assessed need for 4,500 net affordable rented homes between 2018 and 2036, equivalent to an estimated annual need of 250 affordable rented homes in Preston. This is the highest level of need identified across the three Central Lancashire authorities.

ix. **Affordable Housing Delivery in Preston**

- There is an acute need for affordable homes across the Preston City Council administrative area with the 2009 SHMA, which was tested at Examination, identifying a shortfall of -2,306 net affordable homes per annum between 2009 and 2014.
- Even when consideration is given to the substantially reduced needs figure of the 2017 SHMA, a shortfall in delivery has still arisen since the base period of the SHMA in 2014 of some -721 affordable dwellings.
- Similarly in the three years since the start of the 2020 Housing Study period against an identified need of 250 affordable homes per annum there is already a shortfall of some -183 affordable dwellings.

x. **Entry Level Affordable Housing Needs and Delivery in Preston**

- None of the published objectively assessed needs assessments for the Preston City Council administrative area seek to provide a need figure for entry level affordable homes. As such the need for this type of affordable accommodation across the authority is not established.
- Based upon the council own data supplied to the appellant, the council cannot demonstrate that the need for such homes is already being met within the authority's area, contrary to the claims made in their Statement of Case.
- Applying data from the English Housing Study on the size of the PRS sector in Preston (10,365 households at the time of the 2011 Census), this would indicate that there are least 3,939 households in the Authority living in the PRS who expect to buy their first home over the next five years, of whom a significant proportion would not be able to – though this is not addressed in the 2020 study, which is a startling omission.

xi. **Future Delivery in Preston**

- When the shortfall accrued against identified needs in the 2017 SHMA is factored back into the identified need of 239 affordable homes per annum for the monitoring period 2014/15 to 2034/15, the number of affordable homes the Council will need to complete substantially increases to 383 per annum for the period 2021/22 to 2025/26.
- This would ensure that for the remainder of the period up to 2034/35 the annual affordable housing need reduces to 239 per annum to deal solely with newly arising needs.
- When this same exercise is undertaken for the 2020 Housing Study to ensure the -183 dwelling affordable housing shortfall which has accumulated since 2018/19 is addressed within the next five years; the Housing Study's identified need of 250 affordable homes per annum for the monitoring period 2018/19 to 2036/37 increases by 15% to 287 per annum for the period 2021/22 to 2025/26.
- This would ensure that for the remainder of the period to 2036/37 the annual affordable housing need reduces to 250 per annum to deal solely with newly arising needs.

- In respect of future supply the Council appear to have committed to the supply of just 1,183 affordable homes over the five-year period at an average of approximately 237 gross affordable dwellings per annum. This figure increases to 241 if the additional affordable homes delivered through the commuted payments were also to be delivered within the five-year period.
- It should be noted that this figure fails to take account of losses to affordable housing stock through the Right to Buy. If the losses experienced by Preston City Council continue at the prevailing average rate over the past five years it is likely that the council will lose around 179 affordable dwellings from the supply, equivalent to 36 losses per annum.
- When the effect of these losses is taken account, the councils supply figure for the next five years falls to 205 affordable homes per annum.
- This figure falls short of the 239 per annum identified in the 2017 SHMA and the 250 per annum figures identifies in the 2020 Housing Study.
- This figure also falls substantially short of the 383 per annum and 287 per annum figure required when back log needs are addressed in the first five years in line with the Sedgefield approach.

xii. **Affordability Indicators**

- Housing Register:

At 1 April 2021 there were a total of 2,910 households on the Council’s Housing Register. The councils FOI response (**Appendix AG3**) indicates that this figure can be broken down by the following components:

Category	No. Households
Waiting list	1,643
Transfer	984
Open Register	283
<b>Total</b>	<b>2,910</b>

*Source: Freedom of Information Response (20 September 2021)*

- Average House Prices in Preston:

In 2019/20 an income of £39,203 per annum would be required in order to obtain an 80% mortgage in Preston. This represents a 31% increase since the first NHF Home Truths North West report was produced in 2011/12 where the figure stood at £29,928 per annum.



By comparison the average annual earnings in Preston in 2019/20 were £25,272, a 40% increase from 2010/11 where the figure stood at £18,039. In terms of house prices themselves, the NHF reported that the average house price within Preston in 2019/20 was £171,515, a 23% increase since 2010/11 where the figure stood at £139,665.

- First Time Buyer Affordability in Preston:

Lower quartile house prices (equivalent to entry level house prices) in Preston have increased by 13% since 2010 from £87,500 to £99,000 in 2020. This should be viewed in context of the fact that lower quartile gross annual earnings for the authority in 2020 stood at just £20,744, equivalent to a lower quartile affordability ratio of 4.72.

Evidence from Zoopla demonstrates that the average price of a first-time buyer house within Preston is £165,000 and that the average annual household income required to purchase a house is £36,750.

This can be compared with the median gross income of a full-time worker aged 20-29 (those most likely to be needing entry level accommodation) available from the ONS. For the North West in 2019 this was just £23,057 per year, increasing by 6.5% in 2020 to £24,557.

Furthermore, those at the lowest level of the scale will have an income much lower than £24,557. The lowest 10% of full-time workers aged 20-29 have an annual income of just £16,273, some £20,477 short of the income required to purchase the average first time buyer house.

- First Time Renter Affordability in Preston:

Lower quartile monthly rent's (equivalent to entry level rents) in Preston in 2020/21 this figure stood at £475 pcm. This represents a 48% increase from the figure reported in 2013/14 where average lower quartile monthly rents stood at £320 pcm.

A lower quartile rent of £475 pcm is equivalent to an annual rental cost of £24,700. When this is viewed in context of the fact that the gross income of a full-time worker aged 20-29 (those most likely to be needing entry level accommodation) in the North West in 2020 was £24,557 it is evident that even lower quartile rents are unaffordable in Preston, with an annual disparity of £143.

- Market Conditions in Preston Rural East Ward and Broughton

According to ONS data median house prices in Preston Rural East ward have risen by 46% between March 2011 and March 2020 from £175,000 to £255,000, compared with a 30% increase over the same period across Preston as a whole from £115,000 to £150,000. This means that in March 2020 median house prices in the ward were 70% higher than across the rest of the authority.

In the lower super output area that includes the appeal site (Preston 001B) only 2% of properties are in Council Tax Band A (the lowest band). This compares to 46% in Preston as a whole, which is comparable to 41% in North West region indicating that higher value properties are more prevalent in the lower super output area than across the authority and the region.

Data taken from Zoopla indicates that the average price paid for a home in Broughton over the past 12 months ranged from £120,500 for a terraced property, £229,998 for a semi-detached property and £307,635 for a detached property. Evidently house prices in Preston Rural East Ward and Broughton are proportionally higher than the rest of the authority further constraining opportunities for first time buyers to purchase a home in this area of Preston.

### **Conclusion**

- xiii. In light of the key findings of my evidence, the need for affordable housing within Preston City Council generally and the council's inability to demonstrate the need for entry level homes in particular is already being met, I consider that **substantial weight** should be attributed to the delivery of up to 32 entry level affordable homes through the appeal scheme in the planning balance.