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Dear Andrea Knowles,

NORTHUMBERLAND LOCAL PLAN: ADDITIONAL EVIDENCE

1. Thank you for consulting with the Home Builders Federation on the Northumberland Local Plan Examination Additional Evidence.
2. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.

Reviewing Development Standards and Viability Technical Paper (June 2020)

3. Paragraph 3 of this document states that costs have been tested in the context of all other development costs, and that the Council have determined that the M4(2) standards (which were previously found not to have a significant impact on scheme viability) should be applied to 50% of affordable dwellings and 20% of the market value dwellings.
4. The HBF have significant concerns in relation to the inclusion of this policy, these are set out in paragraphs 8 to 30 below. The HBF do not consider that this proposed policy is sound, it is not considered to be consistent with national policy.
5. However, if this policy is to be include the HBF consider that it is important that the Council ensure all of the requirements of the PPG¹ are included within the policy this will include taking *'into account site specific factors such as vulnerability to flooding, site topography, and other circumstances which may make a specific site less suitable for M4(2) and M4(3) compliant dwellings, particularly where step free access cannot be achieved or is not viable. Where step-free access is not viable, neither of the Optional Requirements in Part M should be applied'*.

¹ PPG ID: 56-008-20160519

6. Paragraph 23 of this document suggests that in order to improve viability of developments of 10-30 dwellings in low and medium value areas, they will be exempt from the requirement for affordable homes, either on site or by financial contributions off site.
7. The HBF consider that this proposal to remove some of the affordable housing requirements in an improvement, however, the HBF are concerned that it does not go far enough to address the viability issues that are identified in the Council's own evidence.

Note on Optional Accessibility and Adaptability Housing Standards

8. Paragraph 3 of this document suggests that the Strategic Housing Market Assessment (SHMA) Update (June 2018) together with the Council's Market Position Statement for Care and Support in Northumberland (2018) identify strong evidence of likely future local needs that would justifiably support the introduction of the optional accessibility and adaptability standards through the Local Plan policy.
9. Paragraph 5 identifies the information the Council has considered in terms of evidence, this includes:
 - the number of people currently living in adapted homes and currently needing adaptations;
 - the projected significant growth in the numbers and proportion of elderly population in the county;
 - that not all existing dwellings will be capable of or appropriate for adaptation;
 - the differential of need between market housing and affordable housing;
 - that PPG requires local plan policies relating to M4(3) wheelchair accessible homes to only be applied to those affordable dwellings that the local authority is responsible for allocating or nominating a person to live in;
 - the scope for the Council to influence adaptability standards through its own Council house building programme; and
 - the viability of introducing the standards combined with developer contributions to deliver affordable housing and necessary infrastructure.
10. Paragraph 7 states that the optional accessibility and adaptability housing standards will be introduced as a Main Modification to Policy HOU 11 Homes for Older and Vulnerable People.
11. The HBF is concerned at the late stage at which the Council is proposing to include a policy requiring these additional standards.
12. Firstly, it should be remembered that all new homes are built to Building Regulation Part M Category 1 (M4(1)) standards, which include level approach routes, accessible front door thresholds, wider internal doorway and corridor widths, switches and sockets at accessible heights and downstairs toilet facilities usable by wheelchair users. These standards are not usually available in the older existing housing stock and benefit less able-bodied occupants. The optional standards should only be introduced on a "need to have" rather than a "nice to have" basis. Need is generally defined as "requiring something because it is essential or very important rather than just desirable". If the Government had intended that evidence of an ageing population alone justified adoption of optional standards then such standards would have been incorporated as mandatory in the Building Regulations, which is not the case. M4(1) standards are likely to be suitable for most residents.

13. Secondly, if the Council wishes to adopt the M4(2) optional standard then this should only be done in accordance with the 2019 NPPF (para 127f & Footnote 46) and the PPG. Footnote 46 states *'that planning policies for housing should make use of the Government's optional technical standards for accessible and adaptable housing where this would address an identified need for such properties'*. As set out in the 2019 NPPF, all policies should be underpinned by relevant and up to date evidence which should be adequate, proportionate and focussed tightly on supporting and justifying the policies concerned (para 31).
14. PPG (ID 56-07) identifies the type of evidence required to introduce a policy for accessible and adaptable homes, including the likely future need; the size, location, type and quality of dwellings needed; the accessibility and adaptability of the existing stock; how the needs vary across different housing tenures; and the overall viability. It is incumbent on the Council to provide a local assessment evidencing the specific case for Northumberland which justifies the inclusion of optional higher standards for accessible and adaptable homes. Evidence of an ageing population or those with a disability does not in itself justify the requirements of this policy, without appropriate evidence the HBF cannot support the introduction of this policy. The HBF does not consider that the Council has provided sufficient evidence in line with the requirements of the PPG.

Likely Future Need

15. The SHMA (June 2018) states that over the period 2016-36, the number of households with a Household Reference Person (HRP) aged 60 and over is projected to increase by 19,800 (or 32%).
16. The SHMA also provides information from the Census 2011 on the proportion of people whose day to day activities are limited. It identifies that for those living in owner occupied housing the proportion of those whose activities are limited are very similar to the English averages. It does, however, show a higher proportion of people in social and private rented homes whose activities are limited.
17. Section 5 of the SHMA concludes by stating that there is a compelling case for the Council to introduce accessibility standards for both M4(2) and M4(3) dwellings and that M4(2) standards are likely to meet the needs of most current and future residents.
18. The HBF does not consider that there is compelling evidence of future need, particularly within the new market housing sector. It is important to note that not all health problems affect a household's housing needs therefore not all health problems require adaptations to homes. It is also notable that many older people will not move from their current home but will make adaptations as required to meet their needs, some will choose to move to another dwelling in the existing stock rather than a new build property and some will want to live in specialist older person housing. The existing housing stock is considerably larger than the new build sector so adapting the existing stock is likely to form part of the solution.

Size, location, type and quality of dwellings needed and how the needs vary across different tenures

19. Table 5.1 of the SHMA uses the County Housing Survey from 2012 to provide information on the type of homes and tenures of households headed by someone aged 65 over. It shows that most homes are owner occupied, although 22.5% live in affordable housing and 11.7% live in

rented accommodation; and that there live in a variety of house sizes and types including 31.8% in a 3-bed house and 21.9% in 1-2 bed bungalows.

20. Table 5.4 provides further information from the Housing Survey and considers the reasons why older people move, with the most common answers being due to retirement or family. It highlights that suitability of accommodation is a much greater issue for moving for those living in affordable accommodation rather than for those who are owner occupiers.
21. Table 5.6 identifies the types of homes that older people households were looking to move into in the next five years (although as the survey was undertaken in 2012, this has already passed), it identifies bungalows as the most popular house type with two bedrooms being the most popular number of bedrooms.
22. The County Survey has provided some useful insight into the size, location and type of dwellings where people currently live and where they aspire to live. It does not however, consider actual need. It is also noted that the survey is now dated, and that only 4.4% of households in the County actually took part in the Survey, it is not clear how many of these were aged 65 or over, the survey may not therefore be entirely representative of the situation in the County today or for all residents.

The accessibility and adaptability of the existing stock

23. Except for an acknowledgement that 2-storey terrace homes to the south of the County would be difficult to adapt to the equivalent of the accessibility standard there is extremely limited information in relation to the accessibility and adaptability of the existing stock. Therefore, the HBF do not believe that the Council have provided sufficient evidence to meet the requirements of the PPG.

Viability

24. The HBF do not consider that the Council have demonstrated that this policy is viable, or that it is viable when considered cumulatively alongside other policies including within the Plan.
25. The Viability Assessment (November 2018) has considered the impacts of M4(2) and M4(3) on the viability of development. It includes cost estimates taken from the EC Harris report plus indexation, this gives a range of costs from £1,1455 to £1,590 per dwelling. However, the HBF have concerns that the size increases assumed by EC Harris are not always representative of the reality for a number of our members, and in some cases the size of a home has to increase by 100sq ft in order to properly incorporate the M4(2) standards, therefore these figures may still be a considerable underestimation of the cost.
26. The HBF are also concerned that the requirement for M4(2) increases the size of homes, there is a direct relationship between unit size, cost per square metre, selling price per metre and affordability. Where the M4(2) standard is to be adopted the impact on affordability should be assessed. The Council cannot simply expect homebuyers to absorb extra costs.
27. The increase in dwelling size also reduces the number of dwellings per site therefore the amount of land needed to achieve the same number of dwellings must be increased. The efficient use of land is less because development densities have been decreased. At the same time, infrastructure and other contributions fall on fewer dwellings per site, which may challenge

viability, delivery of affordable housing and release of land for development by a willing landowner.

28. As part of Sensitivity Test 4 the Viability Assessment has considered the implications of applying the M4(2) standard. It has used an assumed cost of £2,000 per dwelling, which is above the range suggested in the EC Harris report. However, this assessment considers the implications of 50% of market housing and 90% of affordable housing to be provided as M4(2) and for 25% of the affordable housing to be built to M4(3) standards.

29. Appendix F sets out the assessment details for this sensitivity test, and section 6.5.2 of the report summarises these tables. But in summary:

Appendix F1 – 1 dwelling

- Assumes the 1 dwelling is built to M4(2) standard
- Both of the low value area sites are considered unviable.
- One of the medium value area sites is considered unviable.

Appendix F2 – 2 dwellings

- Assumes both dwellings are built to the M4(2) standard
- The medium and low value area sites are considered unviable.

Appendix F3 – 6 dwellings

- Assumes all 6 dwellings are built to the M4(2) standard
- The medium and low value area sites are considered unviable.

Appendix F4 – 15 dwellings

- Assumes 50% of market dwellings are built to M4(2) standard and 90% of affordable are built to M4(2), and 25% affordable are built to M4(3) standards. Considers this alongside a variety of affordable housing proportions (5%, 15% and 30%)
- 5% affordable – The medium and low value area sites are considered unviable.
- 15% affordable – The medium and low value area sites are considered unviable.
- 30% affordable – One of the high value area sites is considered unviable and one becomes marginal (no medium or low value areas are considered). Even when the M4(2) proportion is reduced to 25% on market dwellings and 50% of affordable one of the high value sites remains only marginally viable.

Appendix F5 – 50 dwellings

- Assumes 50% of market dwellings are built to M4(2) standard and 90% of affordable are built to M4(2), and 25% affordable are built to M4(3) standards. Considers this alongside a variety of affordable housing proportions (5%, 15% and 30%)
- 5% affordable – The low value area sites are considered unviable.
- 15% affordable – The low value area sites are considered unviable.
- 30% affordable – The medium value area sites are marginal. When the M4(2) proportion is reduced to 25% on market dwellings and 50% of affordable the schemes become more viable.

Appendix F6 – 100 dwellings

- Assumes 50% of market dwellings are built to M4(2) standard and 90% of affordable are built to M4(2), and 25% affordable are built to M4(3) standards. Considers this alongside a variety of affordable housing proportions (5%, 15% and 30%)
- 5% affordable – The low value area sites are considered unviable.
- 15% affordable – The low value area sites are considered unviable.
- 30% affordable – The application of the M4 (2) and M4 (3)a standards risks undermining scheme viability. When the M4(2) proportion is reduced to 25% on market dwellings and 50% of affordable the schemes become more viable.

30. It should be noted that the affordable housing policy requires

- a. within low value areas - 10% affordable;
- b. within medium value areas - 15% affordable;
- c. within high value areas - 25% affordable; or
- d. within the highest value areas - 30% affordable.

31. The Viability Assessment Addendum (May 2019) does not include the M4(2) or M4(3) standards but has retested other elements of the Plan including the affordable housing proportions set out above and an increased S106 requirement. The addendum also considers an additional scenario, following consultation responses from the HBF and our members, which included higher, and in the opinion of the HBF more realistic, abnormal costs.

32. The appendices from the Addendum can be summarised as follows:

Appendix A: Abnormals £300,000

- Assumes S106 cost of £1,500, policy compliant affordable housing provided, but not M4(2) standards.
- 15 dwellings – The medium and low value area sites are considered unviable, and one of the high value areas is considered unviable.
- 50 dwellings – The low value area sites are considered unviable.
- 100 dwellings – The low value area sites are considered unviable.

Appendix C: S106 £5,000

- Assumes policy compliant affordable housing provided, but not M4(2) standards or the more realistic abnormal costs of £300,000.
- 15 dwellings – The medium and low value area sites are considered unviable, and one of the high value areas is considered marginal.
- 50 dwellings – The low value area sites are considered unviable.
- 100 dwellings – The low value area sites are considered unviable.

33. There have been no assessments provided which show the impact of the M4(2) standards, with the increased S106 contributions, the full affordable housing requirements (or as amended by the Reviewing Development Standards and Viability Technical Paper (June 2020)) and the more realistic abnormal costs. But given the issues identified by the 2018 Viability Assessment, and the issues identified with the individual elements identified in the 2019 Viability Assessment Addendum, it is apparent that there will be viability issues, which may lead to the non-delivery of homes.

34. Whilst it is accepted that the proposal to remove the requirement for affordable housing on sites 10-30 dwellings in low and medium value areas will reduce some of the policy burden, it does not remove all of the policy burden and is likely to still see viability issues in these areas. And as can be seen from the summaries above there are viability issues in the low value areas for all site sizes, there are also viability issues in the medium and high value areas as the cumulative impacts of the policy requirements are put together at realistic levels.
35. The HBF do not consider that this policy should be introduced, as it is not considered sound.

Note on Northumberland Coast AONB Affordable Housing Threshold

36. Paragraph 8 of this document states that the Council recognises that the housing need evidence and viability evidence is not sufficient to support the lower affordable housing threshold in the AONB. The Council will therefore be proposing Main Modifications to Policy HOU 6 (part 1) and paragraph 7.37 to remove reference to the lower affordable housing threshold in the AONB.
37. The HBF supports the Council in recognising that there is insufficient evidence to include a lower affordable housing threshold in the AONB and considers that a modification would be appropriate.

Northumberland Local Housing Need Calculations – Note for the Inspector

38. The HBF have considered the Council's latest calculations for the LHN using the standard method as set out in the PPG. Based on the information available as at March 2019 the Council calculate the LHN as 676dpa and based on the information available as at April 2018 the Council calculate the LHN as 717dpa.
39. Since the submission of the Northumberland Local Plan it is noted that the Government have published for consultation on Changes to Planning Policy and Regulations, this includes a new method for calculating the LHN. The new method is considered to align with Government's aspirations for the housing market, provide stability and certainty for all stakeholders and address the issues with the current approach. The HBF note that this new method for calculating the LHN would see a significant increase to the LHN for Northumberland, the HBF calculate the new LHN for Northumberland to be 1,172dpa². This significant increase is likely to have implications for how quickly the plan will need to be reviewed particularly if insufficient sites have been allocated to create flexibility in supply or insufficient land has been safeguarded for future use.

Yours sincerely,



Joanne Harding
Local Plans Manager – North

² Proposed new Standard Method: Existing Stock = 156,893, 0.5% of Existing Stock = 784.465, 2018-based household projections – 2020 = 145,352, 2030 = 154,592, average = 924, Ratio of median house price – 2009 = 6.05, 2019 = 6.5, Adjustment Factor = 1.26875, New LHN = 1,172dpa

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