



THE HOME BUILDERS FEDERATION

Planning and Housing Policy Team,
Northumberland County Council,
County Hall,
Morpeth,
Northumberland,
NE61 2EF

Date: 25th November 2015

Email: PlanningStrategy@northumberland.gov.uk;

Sent by Email only

Dear Sir / Madam,

Northumberland Local Plan: Core Strategy Pre-submission consultation

1. Thank you for consulting with the Home Builders Federation (HBF) on the pre-submission version of the Northumberland Local Plan: Core Strategy.
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. These comments should be read in conjunction with our official response form. We would like to submit the following comments. **The HBF would also like to attend the examination in public to debate these matters further.**

General Comments

4. The industry is keen to continue to work with the Council to seek a successful conclusion to the examination of the Northumberland Local Plan: Core Strategy and increase the rate of house building across the plan area. Within this regard the HBF has identified a number of areas where it is considered that the plan would benefit from modifications prior to submission to ensure it is found sound. These modifications are suggested based upon our substantial experiences at other examinations across the country. Due to the formal arrangements required at this stage of plan preparation the HBF has formally identified soundness issues with the plan.

Duty to Co-operate

The HBF consider that the Council has failed to adequately discharge its requirements under the Duty to Co-operate.

5. The October 2015 Duty to Co-operate (DtC) statement provides a clear statement upon the engagement which has occurred with neighbouring authorities. This statement provides details on the meetings attended and some of the outcomes. It is, however, worth noting that the National Planning Practice Guidance is clear that *'inspectors will assess the outcomes of the co-operation and not just whether local planning authorities have approached others'*.
6. A key area for such co-operation is the derivation of the Northumberland housing requirement. This is particularly important with regards North Tyneside. Appendix 1 of the DtC statement identifies that at a joint member meeting between Northumberland County Council (NCC) and North Tyneside Council, on the 18th November 2014, it was agreed that NCC would meet some of the unmet objectively assessed housing needs of North Tyneside. This is acknowledged within paragraph 4.45 of the 2015 Strategic Housing Market Assessment (SHMA) which applied sensitivity testing to the demographic scenarios produced to determine the objectively assessed housing needs (OAN) for Northumberland.
7. This is considered a flawed approach and will not adequately deal with the unmet needs emanating from North Tyneside. Our reasoning for this is that the approach to the OAN described within the SHMA subsumes the changes in migration patterns due to the unmet needs in North Tyneside into the OAN figure. This is a policy decision and therefore should not form part of the OAN. The HBF consider that this unmet need from North Tyneside should be added to the OAN as a policy factor after the OAN range has been determined.
8. The impact of this approach is a restriction of the OAN range, particularly with regards to the upper end of the range indicated by the employment led scenarios. The HBF consider that the SHMA should identify the policy-off OAN range and then make specific allowance for the additional residents and households which are required to meet the unmet needs of North Tyneside. Whilst the HBF has not undertaken such modelling the net effect of this approach is likely to identify a higher housing requirement for Northumberland.
9. The HBF consider that a failure to undertake the assessment in the order discussed above will effectively mean that the unmet needs originating from North Tyneside effectively remain largely unmet. This, in our opinion, would be a failing under the duty.

Plan Period & Preparation

The plan period and preparation are not sound as they are not consistent with national policy and no justification has been provided indicating why a single plan cannot be produced.

10. The Northumberland Local Plan is intended to be brought forward in two stages; a Core Strategy and subsequent Delivery Document. Whilst this is not unusual the NPPF, paragraph 153, clearly indicates that the Government intends local planning authorities to produce a single local plan for its area, producing separate development plan documents only where clearly justified. The HBF is unaware that the Council has sought to provide any reasoned justification for producing several documents or any local circumstances which would have prevented the preparation of a comprehensive local plan. Whilst this need not be fatal to the soundness of the plan it is recommended that prior to submission the Council identify why it has not chosen to produce a single Local Plan and the justification for its approach.
11. The production of several documents inevitably leads to the delegation of issues and lengthens the plan making process, which has implications for the time horizon of the plan and overall delivery. The 2015 Local Development Scheme (LDS) identifies an anticipated adoption date for the Core Strategy for autumn 2016, this will obviously be dependent upon the length of the examination and the need for modifications to the plan. The Delivery document, is not anticipated for adoption for a further two years until spring 2018 which would not provide a 15 year time horizon, post adoption. Whilst it is recognised that the Core Strategy provides development opportunities there are a lack of mechanisms to ensure a significant boost to housing supply is achieved prior to the adoption of the Delivery document.

Recommendation

12. To overcome these issues it is suggested that the Council consider extending the plan period beyond 2031 to take account of the anticipated date of adoption of the Delivery document and / or identify appropriate mechanisms to allow sites, not identified within the Core Strategy, to be brought forward in advance of the Delivery document.

Vision & Strategic Objectives

13. The HBF is generally supportive of the spatial vision and objectives particularly the ambition to improve and diversify the economy of Northumberland. In promoting such a vision it is important that economic and housing strategies align. Unfortunately the HBF does not consider that the plan achieves this due to a suppression of the OAN for the area, this is discussed in greater detail against Policy 15 below, and as such the economic ambitions within the spatial vision of the plan are unlikely to be realised

Policy 2: High quality sustainable design

The policy is considered unsound as it is not justified or consistent with national policy.

14. The preamble to the policy correctly identifies at paragraph 4.19 that;

'The Government's Housing Standards Review concluded that requirements for housing standards, in particular energy and carbon

emission performance should be integrated into the Building Regulations and planning policies should not set out additional requirements for developers....'

15. Despite this context part (i) of the policy attempts to introduce a range of considerations upon energy efficiency including; passive design, the incorporation of renewable energy generation and reductions in water consumption.
16. In terms of passive design and the incorporation of renewable energy generation, these specifically relate to energy and carbon emission performance. These are issues for Part L of the Building Regulations and as such the plan should not be seeking to place such requirements upon developers. This is directly contrary to the Housing Standards Review.
17. In relation to water consumption there is an optional standard within the Building Regulations. The PPG, paragraphs 56-013 to 56-017, identifies how and under what circumstances the optional standard may be introduced. The HBF is unaware of any evidence provided by the Council to justify the inclusion of any water consumption requirements to support the introduction of the optional standard.

Recommendation

18. Part (i) of the policy be amended to delete references which relate to requirements for energy efficiency and water consumption as these are dealt with through the Building Regulations.

Policy 15: Housing provision – scale and distribution

The HBF considers the policy to be unsound as the scale of housing provision is considered unjustified and not positively prepared and the distribution ineffective.

19. The HBF has a number of concerns in relation to this policy, these broadly relate to the scale and the distribution of housing development. Each issue is addressed separately below.

Scale

20. The HBF consider the scale of housing development to be too low. Our concerns arise from a consideration of the evidence base. The majority of the evidence in relation to the OAN is contained within the 2015 SHMA. The scale of net housing growth proposed over the plan period, at least 24,320 or an average of 1,216dpa, is predicated upon meeting a jobs-led requirement and therefore attempts to align the economic and housing strategies of the Council. The HBF is generally supportive of this approach, which is consistent with the NPPF and PPG (paragraphs 158 and 2a-018 respectively). The various economic scenarios are summarised within Table 5.3 of the 2015 SHMA.
21. Whilst we are supportive of aligning the economic and housing strategies we do have a number of concerns in relation to the assumptions used in

identifying the final housing requirement and it is in this regard that the scale of housing provision is considered unsound. The chosen housing growth figure is based upon household representation rates from the 2012 SNHP, a total net increase in jobs of 11,162 (2013/14 to 2030/31, Jobs-led Upper scenario) and reductions in the unemployment rate to the lowest historical value by 2031 and reductions in the commuting ratio. Our concerns relating to these assumptions are considered in turn below.

Policy Scenario

22. It is unclear why the Council has not chosen to fully align its housing strategy with its economic strategy, utilising the jobs-led policy scenario. But instead chooses to plan for a lower overall jobs target and subsequent housing target. Whilst the difference in the housing requirement is not overly significant (set out in the table below), this is considered a flaw in the Council's choice of target which is contradictory to the NPPF and PPG.

	Jobs-led (dpa)	Policy	Jobs – led Upper (dpa)
Core Scenario	1,716		1,683
Councils preferred assumptions (Sens D)	1,246		1,216

23. The HBF recommend the '*Jobs-led Policy*' scenario be utilised.

Headship Rates

24. All of the scenarios utilise the headship rates from the 2012 SNHP. These headship rates have been significantly influenced by a period of economic recession. The impact of the recession is notable in the fact that the headship rates deviate away from their pre-recession trend leading to depressed household formation going forward. To overcome this issue a full or partial catch-up to the 2008 headship rates should be considered.

25. This issue of headship rates is particularly important within the 25 to 34 year old age group, which will have the highest propensity to form households and take-up jobs. This is also the age group the Council will need to attract if it is to rebalance its population, as highlighted within the spatial vision of the plan. This group were particularly hard-hit by the recession and as such the household representation rates are likely to have been significantly depressed. A significant rise in this age group to take-up the new jobs provided within Northumberland will inevitably lead to higher rates of household formation than has been projected within the 2012 SNHP.

26. The HBF recommend further consideration be given increasing the household formation rates across all age cohorts but particularly the 25 to 34 age group.

Unemployment Rate

27. The Councils preferred scenario reduces the unemployment rate from 6.6% in 2014 to 4.4% by 2031 which is the lowest historical rate recorded over the 2004 to 2014 decade. The HBF agrees that a reduction in the unemployment rate is likely given the amount of job creation envisaged and

the changes to the state pension age. However, the likelihood of sustaining such a low level over the plan period is considered unrealistic.

28. Previous work undertaken by Edge Analytics on behalf of the Council (Draft 2014 SHMA, paragraph 5.30) recommended that the unemployment rate be reduced to the pre-recession average of 5.3% by 2018, thereafter it is held constant. This assumption is considered more robust and whilst aspirational allows for peaks and troughs in the economy.

Commuting Ratio

29. The Council's preferred scenario reduces the commuting ratio over the lifetime of the plan from 1.18 to 1.09. Whilst it is acknowledged that this adjustment is in line with the NOMIS line of best fit, as defined by Northumberland County Council, its context must be considered. Firstly a low of 1.1 was briefly achieved in 2010 (table 24 draft 2014 SHMA), however, the overall recent trends have been for increasing out-commuting. The low achieved in 2010 is likely to be largely influenced by the effects of the recession rather than any significant shift in commuting patterns. This would appear to be supported by the fact that unemployment rates were also at their peak at this time. Conversely as unemployment dropped commuting rates quickly increased once again.

30. Therefore, given this context, any reduction in the commuting ratio will be a challenge for the Council. The rate and size of reduction suggested is lacking in any firm evidential basis. It is, however, agreed that some reduction in out-commuting could be achievable with relevant policy interventions. The rate and scale of this reduction would need to be justified, but it appears unlikely it will get below pre-recession averages. Analysis of table 24 (draft 2014 SHMA) indicates that commuting ratios in the five years leading up to the recession averaged 1.15. This would provide a reduction upon the current rates but provide a realistic level at which it may be possible to maintain.

Other Issues

31. Other issues for consideration in the determination of the final housing growth figure are market signals and cross-boundary issues. These are discussed in turn below.

Market signals

32. The need for an uplift in the OAN based upon market signals is set out within the PPG. The HBF draw attention to the fact that whilst some signals may not appear to warrant an uplift the PPG is clear that;

*'..A worsening trend in **any** of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections..'* (our emphasis ID 2a-020)

33. The market signals analysis is identified within chapter 6 of the 2015 SHMA. The housing growth figure does not factor in any adjustment based upon market signals. Whilst it is recognised that the economic scenarios are

higher than the demographic scenarios, this does not mean that market signal adjustments should not be made. This is because the economic adjustment is made for entirely different reasons, to attract new workers to an area to take up the jobs created. They will not tackle affordability issues for the indigenous population. Even in areas where a substantial economic adjustment has been applied, Councils are still required to address market signals on their merits and make the appropriate adjustments. Economic adjustments do nothing directly to improve affordability for existing residents or newly forming households.

34. The HBF agrees that many of the market signals analysed within the 2015 SHMA would not appear to warrant an uplift in the OAN. It is, however, notable that many of the signals are considered over a relatively short period 2010 to 2014 (Table 6.8, 2015 SHMA), when the market was depressed and only just recovering from recession. It is, therefore, unsurprising that many of the indicators appear stagnant. The HBF consider that a longer period of at least 10 years which covers a full economic cycle should be considered. A longer term view of market signals is likely to indicate that many of the signals have worsened. It is also worth noting that the 2015 SHMA does not cover all of the market signals outlined within the PPG (ID 2a-019), specifically land prices. This should be rectified to ensure a robust evidence base is in place prior to submission.
35. In terms of the rate of development it is clear that Northumberland has failed to meet its requirements over recent years, with the exception of 2014/15, when an encouraging number of completions are noted (Figure 7.1, 2015 SHMA). This lack of delivery since 2008/9 will inevitably have led to a suppression of the most recent household projections for the area, which are heavily biased by trends over the preceding five year period. This manifests itself in a much lower housing projection in the 2012 SNHP compared to the 2008 SNHP.
36. Given the market signals information discussed above, and once a more complete picture of other market signals is ascertained, we consider there is likely to be a justification for a moderate uplift of the proposed OAN. Recent local plan examinations in Eastleigh, Canterbury and Uttlesford have identified that a 10 to 20% uplift is appropriate.

Cross-boundary Issues

37. Within our comments upon the Duty to Co-operate, above, we outline our concerns over the issue of unmet needs arising from North Tyneside and how this has been incorporated into the assessment of OAN. In the interests of brevity this is not repeated here. It is, however, worth noting that these earlier comments will have a direct implication upon the OAN.

Distribution

38. The SHMA refers to four Housing Market Areas, paragraph 3.38, yet confusingly the plan refers to these same areas as 'delivery areas'. There is a significant difference between the two terms. A housing market area should only be identified using the criteria set out within the PPG (ID 2a-011). The

HBF remains unconvinced by the evidence that the four areas are themselves individual housing market areas and as such should recommend they simply be referred to as delivery areas.

39. The plan places heavy reliance upon the South East and Central Northumberland Delivery Areas. This is understandable as these areas represent the most sustainable locations for growth. It is, however, important that the plan provide relevant mechanisms to address the potential problem of shortfalls in provision in any one of the delivery areas. The HBF acknowledge the final paragraph of the policy and plan paragraph 6.29 which indicate the Council will monitor the delivery of development annually and if a strategic site fails to come forward a review will be triggered. This commitment should not just relate to strategic sites but to overall delivery across all of the delivery areas and should provide clear triggers rather than vague statements. It is also important that the 'Monitoring and Implementation Framework' referred to within paragraph 6.29 are part of the plan to ensure that the Council are bound by its requirements to initiate a plan review.
40. The issue of potential under-delivery is particularly relevant to the South East Delivery Area, which accounts for over 53% of the overall housing requirement, but has experienced consistent under-delivery in recent years, with a number of sites being unviable (plan paragraph 2.49). If the Council wishes to pursue such an approach it will need to demonstrate deliverability. The HBF recommend greater flexibility and a lower level of obligations in this area, these are discussed in greater detail with respect to specific policy requirements. The plan should also provide significant in-built flexibility to ensure other areas can contribute higher requirements should the South East area continue to under-perform.
41. Table 6.2 identifies the distribution amongst settlements, whilst the HBF does not wish to comment upon this distribution, a significant element of the supply, 3,420 units (approximately 14% of the overall requirement), are not allocated to any settlement but rather are identified as being within the rest of the delivery area. This is a vague statement which needs clarification, if they are windfall sites this should be stated and justified. This lack of clarity does not provide any certainty for investment decisions from infrastructure providers or developers, neither does it provide certainty for local residents and businesses. The HBF consider a more positive stance would be to provide allocations for such sites.

Recommendations

42. The foregoing provide our thoughts and recommendations in relation to Policy 15. In summary our key recommendations are;
- Utilisation of the jobs-led policy-on scenario;
 - Amendment to the 2012 headship rates to fully or partially catch-up to 2008 levels;
 - A more realistic unemployment rate and commuting ratio based upon pre-recession averages;
 - A moderate uplift for market signals;

- Mechanisms to address shortfalls within delivery areas; and
- Clarification / Identification of sites identified as '*rest of the delivery area*'

43. Whilst the HBF has not modelled the impact of these changes it is likely to lead to a higher housing growth figure for Northumberland.

Policy 18: Planning for housing

44. The HBF supports the Councils approach to the redevelopment of previously developed land, density and housing mix, as outlined in Policy 18. It is considered that the proposed approach strikes the correct balance and is consistent with the NPPF and our previous comments upon these issues.

Housing land supply (Table 6.3)

The housing land supply position is considered unsound as it is not consistent with national policy.

45. Whilst the HBF has not undertaken a full assessment of the delivery of sites contained within the SHLAA, it is noted that the five year supply is predicated upon dealing with the backlog over the full plan period (Liverpool method) as opposed to dealing with the supply within the first five years (Sedgefield method). The PPG, paragraph 03-35, identifies that wherever possible the under-supply should be delivered in the first five years and where this is not possible neighbouring authorities should be asked for assistance. Given that Northumberland is intending to meet its own needs as well as some from North Tyneside the under-delivery should be made good in the first five years.

46. The HBF notes that the Council is applying a 20% buffer, in response to NPPF paragraph 47, we support this position.

Recommendation

47. The HBF recommend that the plan seeks to deliver the under-supply in the first five years.

Policy 19: Delivering affordable housing

The policy is unsound as it is not consistent with national policy and is not justified.

48. The policy requirement for 15% affordable housing, represents a reduction upon the previous level suggested in earlier versions of the Core Strategy. This reduced amount is considered consistent with the 2015 SHMA which identifies a net annual shortfall of 191 dwellings (paragraph 6.137, Table 6.17). This net annual shortfall equates to approximately 15% of the overall plan housing requirement.

49. The HBF does, however, have a number of concerns with the policy and its impact upon economic viability. The policy wording suggests that a contribution of 15% will be the minimum requirement with greater levels required in certain circumstances. These are where the overall 30% target is

not being met or where local needs indicate otherwise. Such a policy stance is not justified and will lead to significant uncertainty for developers and ultimately site viability. The NPPF is very clear that;

‘Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing...’(paragraph 174)

50. In order to ensure that development and the infrastructure to support it can be delivered the NPPF (paragraph 177) states it is important that;

‘infrastructure and development policies should be planned at the same time, in the Local Plan’. The NPPF goes on to say that; ‘Any affordable housing or local standards requirements that may be applied to development should be assessed at the plan making stage, where possible, and kept under review’.

51. The inspector of the Leeds Core Strategy, in an interim letter to the Council (dated 8th November 2013), noted in paragraph 5 that;

‘Unless Policy H5 sets thresholds and targets which are certain, viable and deliverable, I cannot see how I can conclude that the Core Strategy will meet the identified need for affordable housing.’

52. The HBF agrees with this view and therefore suggest the current policy wording to be unsound and inconsistent with national policy. Furthermore the 2015 SHMA does not provide any relevant evidence which can be used to justify local needs. If the Council has specific evidence in relation to this matter it should be considered at the examination. The Council cannot simply decide to apply a higher requirement within particular localities without such evidence or upon untested evidence.

53. The HBF is also concerned that whilst the viability evidence suggests that a 15% affordable housing requirement is unlikely to be viable within the South East delivery area the plan persists with such a requirement within this area (Figure 33, Core Strategy & CIL Viability Study). The HBF has a number of concerns with the viability study which means the actual situation is likely to be significantly worse. These concerns are fully outlined within our separate response to the viability study.

54. It is notable, and perhaps understandable given the timing of the consultation, that the policy does not refer to the recent announcements upon Starter Homes on all reasonably sized sites. These will need to be factored into the policy prior to submission.

Recommendations

55. It is recommended that a flat requirement for a maximum 15%, which aligns with the Council’s evidence of need, is identified within the policy. Further consideration should also be given to reducing the affordable housing requirement within the South East Delivery Area.

Policy 21: Housing for older people and vulnerable groups

56. The HBF supports the provision of housing for older people and vulnerable groups. Policy 21 seeks to support such development but does not make this a mandatory requirement upon development proposals. Given the evidence base available to the Council the HBF supports this approach which accords with our comments upon earlier versions of the Core Strategy.

Existing Green Belt boundaries – Paragraphs 7.13 to 7.35

The HBF consider that the release of Green Belt is sound, however the amount of release is considered unsound as it is not justified by the evidence and will not meet the objectively assessed housing needs of the area.

57. The Council's approach to Green Belt and undertaking a comprehensive review of its Green Belt as set out within the evidence base documents '*Green Belt Review*' is generally supported. It is considered that the need to accommodate the OAN of the area in sustainable locations provides the exceptional circumstances required to enable releases to the Green Belt to be made. A similar strategy was found sound at the recent examination of the Newcastle Gateshead Core Strategy and Urban Core Plan.

58. Whilst the HBF is supportive of the Green Belt review we have concerns that the plan does not release sufficient quantity of land to ensure that the objectively assessed housing needs of the area can be met. This is consistent with our views upon the OAN, discussed in detail against policy 15 above. In this regard the Council are strongly advised to consider further housing allocations within the plan. This will require the Council to initially consider none Green Belt areas but if the Green Belt areas represent the most sustainable locations then the sites currently proposed as safeguarded land would provide the most logical opportunities.

Policy 25: Safeguarded land

The HBF consider the provision of safeguarded land to be sound. However, the amount of provision is not justified and is therefore considered unsound.

59. The HBF supports the provision of safeguarded land, this is consistent with the NPPF requirement to ensure that Green Belt boundaries do not require alteration at the next plan review. To ensure that sufficient safeguarded land is provided the HBF consider that at least 15 years potential development should be capable of being identified through a combination of safeguarded land and long-term development opportunities beyond the plan period. The time period of 15 years accords with the Government's preference for a plans time horizon.

60. It is acknowledged that other sources of land may also become available beyond the plan period which will limit the amount of safeguarded land required. At this stage the plan is unclear what other sources may be available or the amount of development potential, for different uses, upon the land identified as safeguarded.

Recommendation

61. It is therefore recommended that the Council provide additional evidence prior to submission of the plan and if required identify further safeguarded land.

Morpeth Green Belt

62. Whilst it is recognised that the RSS set out the general extent of the Green Belt around Morpeth. The setting of the inner and outer boundaries should have regard to the NPPF (paragraph 82). The NPPF identifies that when considering new additions to the Green Belt;

‘.....local planning authorities should:

- demonstrate why normal planning and development management policies would not be adequate;*
- set out whether any major changes in circumstances have made the*
- adoption of this exceptional measure necessary;*
- show what the consequences of the proposal would be for sustainable development;*
- demonstrate the necessity for the Green Belt and its consistency with Local Plans for adjoining areas; and*
- show how the Green Belt would meet the other objectives of the Framework.’ (NPPF, paragraph 82)*

63. The Council will be aware that the recent interim views of the Inspector of the Cheshire East local plan identifies the importance not only of fulfilling the above requirements but also identifying exceptional circumstances. In this case the Council is now no longer considering the introduction of a new Green Belt.

64. In addition the five purposes of Green Belt (NPPF paragraph 80) should be considered when setting the boundaries. It is also important that the boundaries are not tightly drawn as this will simply thwart development opportunities around Morpeth and ensure that a Green Belt Review is required at plan review. In accordance with our comments upon Policy 25 above, it is recommended that consideration is given to further allocations of the safeguarded land.

Information

65. I would like to be kept informed of the progress of this document. In particular I would like to be made aware of the following;

- Submission of the plan for examination;
- The publication of the examiner’s recommendations and any publicly available correspondence regarding the plan; and the
- Adoption of the plan

66. I would also like to be kept informed of any other planning documents within Northumberland and therefore request that my details are retained on your consultation database.

Yours sincerely,

MJ Good

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