



THE HOME BUILDERS FEDERATION

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North Tyneside Council,
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Date: 14th December 2015

Email: planning.policy@northtyneside.gov.uk

Sent by Email only

Dear Sir / Madam,

North Tyneside Local Plan: Pre-submission Draft 2015

1. Thank you for consulting with the Home Builders Federation (HBF) on the pre-submission draft of the North Tyneside Local Plan.
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. 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 HBF is keen to work with the Council in order to achieve an adopted local plan which enables an increase in the rate of house building across North Tyneside. It is pleasing to note that the Council has modified the plan since the last stage of consultation. In many cases these modifications address our previous concerns.
5. There are, however, a number of key areas where our concerns remain and it is considered that the plan would benefit from further evidence prior to submission, or as main modifications to the submission document. The following comments are provided based upon our substantial experience of local plan examinations across the country.

Duty to co-operate

6. The HBF is encouraged to note that the Council has engaged in cross-boundary working with adjoining authorities as outlined in paragraphs 1.12 to 1.25 of the plan. It is also noted that the Council has worked closely with Newcastle and Northumberland during its consideration of the housing requirement, as detailed in paragraphs 7.20 and 7.21 of the plan and the 2014 Strategic Housing Market Assessment (2014 SHMA).
7. The HBF is aware that the Gateshead and Newcastle Core Strategy and Urban Core Plan sought to reduce out-migration from Newcastle to North Tyneside, a point commented upon by the Inspector in his report upon their plan. It is therefore considered consistent that the North Tyneside plan replicate this agreement.
8. Northumberland County Council has produced a *Duty to Co-operate statement*, dated October 2015 in relation to the preparation of their Core Strategy which has recently been consulted upon. This statement within Appendix 1 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 Northumberland SHMA which applied sensitivity testing to the demographic scenarios produced to determine the objectively assessed housing needs (OAN) for Northumberland.
9. The approach within the Northumberland SHMA is considered flawed and whilst this is an issue for NCC it is equally important that the Council (North Tyneside) clearly articulate through a statement upon the Duty to Co-operate how much of its needs are being met by other authorities and how this has effected the calculation of its OAN. Agreements over the scale of such unmet needs should also be identified.

Vision

10. The vision is considered a positive statement which provides a degree of spatial emphasis. The HBF does, however, consider that it could be further improved by providing reference to meeting the housing needs of current and future residents. The vision only currently suggests that residents will have the '*opportunity*' to live in sustainable communities. This is not considered sufficiently positive or consistent with the NPPF requirements to meet housing needs.

Objectives

11. The HBF is generally supportive of the plan objectives, particularly objectives 2 and 4. It is important that the Council's economic and housing strategies align to ensure that the full benefits of economic growth are captured locally. It should be noted that the delivery of housing also has wider social and economic benefits. The HBF has recently undertaken a study upon the economic impact of house building entitled '*The economic*

footprint of UK house building' this report can be accessed via our website at www.hbf.co.uk. This report is also supplemented by a regional report which highlights the benefits provided to individual local authorities over the previous year.

Green Belt & Policy S1.7 Safeguarded Land

The policy (S1.7) is considered unsound as it is not considered positively prepared or effective.

12. The Green Belt section of the plan indicates that there are no exceptional circumstances to warrant a change to the Green Belt boundary. Paragraph 4.23 notes that there are sufficient sustainable and suitable areas outside of the Green Belt to accommodate the preferred growth strategy until 2032. Providing that the land is also deliverable this would appear a logical conclusion.
13. The HBF does, however, have concerns with regards the level of housing provision within the plan and recommends a higher overall housing requirement. It is noted that further capacity still exists outside of the Green Belt and as such any further uplift in the housing requirement may not warrant a release of Green Belt, although this would obviously be subject to the level of any uplift.
14. The HBF supports the provision of safeguarded land to meet development needs beyond the plan period. The final sentence of the policy states that;

'These strategic areas of land will be maintained in there open state for at least the plan period'
15. Whilst it is recognised that this is the intention of the plan such a statement within policy provides very little flexibility for an early review of the plan, if required. The NPPF, paragraph 85, identifies that safeguarded land can be released upon plan review. To provide greater flexibility the HBF considers the plan should consider what conditions would trigger a review to enable safeguarded land to be released. The plan currently does not indicate any triggers for such a review.
16. To promote greater flexibility within the plan the Council may wish to consider re-designating some of the safeguarded land as contingency land. This is land which can be brought forward, subject to criteria, to provide additional land within the plan period without the need for a full review. This land can then provide flexibility to support lower rates of delivery than anticipated from the allocations or in reaction to higher than anticipated rates of housing growth. Such an approach has been successfully used in a number of local plans including North Lincolnshire.

Policy AS3.5 Local Green Space at Killingworth Open Break

The policy is considered unsound as the scope and scale of the break is not justified by evidence.

17. The importance of maintaining an open break between settlements to stop coalescence and protect the setting of heritage assets is acknowledged. The policy does, however, suggest a moratorium on development within this area without any assessment of the importance that various pieces of land within the open break make to these objectives or consideration of the sustainability credentials of such parcels of land. To justify the policy the HBF recommends that the Council undertake further work to ascertain the importance of the various land parcels which form the open break.

Policy S4.2 Housing Figures

The policy is considered unsound as it is not considered positively prepared or justified.

18. The housing requirement of 17,388 net additional dwellings between 2011/12 and 2031/2 or 828 dwellings per annum (dpa) represents an uplift from the now revoked RSS requirement and previous consultation. The HBF supports the Council in this regard. Albeit the uplift is not considered sufficient to address our concerns that it does not fully meet the objectively assessed needs of the area, our reasoning for this is outlined below.
19. To provide a positive statement and one in conformity with the NPPF, including the need to boost significantly housing supply, the requirement should also be expressed as a minimum.

Methodology

20. In determining the housing requirement the Council has undertaken a number of scenarios to identify what may constitute an objectively assessed housing need for the area. These scenarios are discussed in the 2014 SHMA and are updated in the June 2015 report by Edge Analytics '*Evaluating the impact of the 2012-based household projections*'. The updated forecasts provide analysis against the 2008, 2011 and 2012 based CLG headship rates. The HBF considers the overall methodology employed in determining and selecting the scenarios to be generally appropriate.
21. Given that the scenarios utilising the 2012 sub national household projections headship rates are the most up to date and the advice contained within the PPG we consider these the most appropriate set of scenarios upon which to base the OAN. The output from these scenarios identify a wide range of forecasts ranging from 345dpa (Natural change) to 1,836dpa (Jobs-led High+). The chosen housing requirement of 828dpa sits towards the lower end of the scenarios and does not conform to any single scenario. Paragraph 7.13 of the plan identifies that the proposed housing requirement is based on increased growth in jobs over the Strategic Economic Plan period to 2024, followed by baseline growth to 2032.
22. Interestingly the analysis of the growth options does not consider the higher level jobs-led growth options (in excess of 1,000dpa), including the

commuting ratio adjusted Jobs-led high+ scenario. Neither the plan nor the 2014 SHMA adequately explain why this scenario was not considered. The HBF consider this scenario is also realistic and should have been used to inform the discussion upon an appropriate objectively assessed housing figure.

2012 based sub national household projections (2012 based SNHP)

23. In determining whether the 2012 based SNHP require adjustment it must be considered that these have been influenced by a period of deep recession. This inevitably impacted upon headship rates. 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 have been considered.
24. 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 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 North Tyneside will inevitably lead to higher rates of household formation than has been projected within the 2012 SNHP.
25. The HBF recommend further consideration be given increasing the household formation rates across all age cohorts but particularly the 25 to 34 age group.

Economic aspirations

26. The plan, paragraph 5.10, clearly identifies that it seeks to accommodate at least 707 additional jobs per annum. Paragraph 7.14 of the plan suggests that the proposed housing requirement aligns with a growth of 700 jobs per year (2014 to 2032), unusually this is for a shorter period than the plan period 2011/12 to 2031/2 and is lower, albeit only 7 per annum. In total this shorter period and slightly lower aspiration leads to a mismatch of 1,540 jobs over the full plan period. Furthermore the suggestion that a requirement of 828dpa will provide 700 jobs per annum appears dubious when the 2015 Edge Analytics report suggests that the Jobs-led (Medium) SENS3 scenario, which includes adjustments for commuting and employment rates, discussed later, only provides 654 jobs per annum and has a dwelling requirement of 854dpa.
27. It therefore appears that there is a mismatch of at least 1,540 jobs over the period to the housing requirement (2011 to 2032), although as discussed above this mismatch is likely to be considerably higher. The HBF is unclear why such a mismatch exists within the plan particularly as this is contrary to the NPPF (paragraph 158) and PPG (ID 2a-018). The recent interim conclusions of the Inspector of the Cheshire East Local Plan Strategy, dated 12th November 2014, clearly identify the folly of not aligning such strategies. It is therefore recommended that the Council resolve this mismatch and provide the relevant uplift in the housing requirement.

28. The housing requirement is reduced by an assumption that commuting rates will decrease over the plan period. The HBF agrees that reductions in commuting rates can be achieved by policy interventions. The reduction must, however, be based upon robust evidence indicating how this will be achieved. The 2015 *North Tyneside Household and Demographic Forecasts* paper identifies that the sensitivity analysis of the medium jobs led scenario assumes a reduction in the commuting ratio from a derived ratio of 1.15 to 1.05 between 2014 and 2023, after which it is held constant. Whilst the HBF recognised that there appears to have been a reduction in the commuting ratio between the 2001 and 2011 census, this does appear a significant assumption given the proximity of Newcastle and the potential for job creation in the city. It is also unclear how much of the inter census commuting reduction was influenced by the recession and therefore how likely it is that such a trend will continue into the future.

Market Signals

29. The 2014 SHMA discusses market signals in paragraph 4.18 onwards. This is a fundamental element of determining the objectively assessed need for housing (NPPG ID 2a-019) and a worsening trend in any of these indicators will require upward adjustment to planned housing numbers (NPPG ID 2a-020). The 2014 SHMA provides a cursory consideration of the signals and in paragraph 4.23 indicates that no adjustment is required.

30. The HBF consider that such a determination should also take account of a comparison with similar neighbouring authorities. In this regard it is notable that house prices in North Tyneside were higher than the neighbouring authorities of Newcastle and Northumberland and greater than the Tyne and Wear average (Figure 3.1; 2014 SHMA). In addition relative affordability is the second worst against lower and median quartile house prices, behind Newcastle and Northumberland respectively, within the region (Table 3.1 & 3.2; 2014 SHMA).

31. It is also clear that the Council has failed to meet its housing requirement since 2007/8. This has led to under-delivery, in such cases the NPPG advises;

'If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan.' (ID 2a-019)

32. The HBF is therefore of the opinion that there is a justification to provide an uplift of the housing requirement based upon market signals.

Affordable Homes

33. The 2014 SHMA clearly identifies a need for affordable homes identifying a net need for 490 affordable homes per annum. This represents almost 60% of the overall housing requirement, this is clearly unlikely to be feasible due to economic viability implications. The need for affordable housing has also increased since the previous SHMA update in 2011 which identified an annual need for 479 affordable dwellings.

34. The 2013-14 Annual Monitoring Report identifies affordable housing delivery in Table H8. During the period 2004/5 to 2013/14 a total of 862 affordable dwellings were provided or just 86 per annum. This is significantly below the overall requirement. In such cases the NPPG advises;

‘An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes’. (ID 2a-029)

35. The HBF therefore considers that an uplift in the housing requirement can be justified by the identified need for affordable housing.

Conclusion

36. The HBF consider that the proposed housing requirement is too low and a moderate uplift is recommended. In determining the level of uplift required the Council should have regard to the issues raised above with regards to market signals, past levels of under-delivery, the need to align employment and housing strategies and to assist in delivering greater quantities of affordable housing.

Paragraph 7.18 / Table 5

The paragraph and table are considered unsound as they are not consistent with national policy.

37. It is noted that the Council intend to use a 5% buffer for its five year housing land supply calculation as required by NPPF, paragraph 47. Whilst the HBF concur that over the period 2004/5 to 2007/8 the Council exceeded its target it has in recent years fallen considerably short, even when assessed against the now revoked RSS requirement. The 2015 Strategic Housing Land Availability Assessment (SHLAA) identifies that this shortfall, taking account of the proposed housing requirement amounts to 1,678 units against the current requirement over the plan period, a failure to deliver against its relevant targets since 2007/8 and an overall under-delivery against all relevant targets of 986 units since 2004/5.
38. Whilst it is recognised that much of the shortfall is due to the proposed uplift in the housing requirement the HBF considers this to constitute persistent under-delivery and as such a 20% buffer should be applied.
39. Table 5 provides an indication of the outstanding requirement for housing land supply. This includes all sites with planning permission and awaiting to grant subject to the signing of section 106 agreements at 31st March 2015. Whilst we do not dispute the figure we strongly recommend that caution is utilised in using such figures when determining the remaining quantity of housing land to be allocated.
40. A common approach which has been accepted at a number of planning appeals is to provide a 10% deduction in unimplemented housing permissions to take into account that some commitments may not come

forward (see appeals at Rothley APP/X2410/A/13/2196928 and Honeybourne APP/H1840/A/12/2171339). Given the under-delivery which has occurred within North Tyneside over recent years it is recommended that a buffer of around 20% be applied to the residual housing requirement.

Policy S4.3 Distribution of Potential Housing Development Sites

41. Whilst the HBF does not wish to comment upon the acceptability, or otherwise, of individual sites it is important that the sites are deliverable and there is in-built flexibility to provide for any under delivery from allocations. According to the table within policy S4.3 the overall proposed allocations provide sufficient capacity for 8,986 dwellings. This is 1,591 dwellings short of the proposed housing requirement, once planning permissions and completions are removed. In common with our response to Table 5 (see above) we consider that the gap is actually greater due to the likelihood that some existing permissions are likely never to be implemented.
42. It would appear that the shortfall is intended to be made good through windfall developments. Whilst the NPPF, paragraph 48, enables local authorities to make an allowance for such sources of delivery this must be based upon robust and credible evidence that such sites will continue to provide a reliable supply. The 2015/16 SHLAA appendix provides guidance upon how the future windfall allowance has been identified made up of 55dpa from large windfall sites, 18dpa from conversions / change of use and 17dpa from small scale sites. This equates to 90dpa, over the next 18 years this would equate to 1,620 dwellings, 29 dwellings greater than the requirement.
43. The HBF recommends the use of a buffer over and above the residual housing requirement of the plan. The reason for the application of a buffer of sites is two-fold. Firstly the plan housing requirement should be identified as a minimum to conform to the NPPF requirements to boost supply and plan positively. It therefore stands to reason that the plan should seek to surpass this requirement. Secondly a buffer will provide a balance against the inevitable under or none delivery from some existing commitments or proposed allocations. The proposed scale of the buffer identified is not considered sufficient to provide flexibility within the plan to deal with changing circumstances.

DM4.7 Affordable Housing

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

44. The policy requires a maximum proportion of affordable housing to be provided from each site taking account of site specific circumstances and viability on all qualifying sites (10 units or more). This is to meet the district wide target of at least 25% of all homes delivered to be affordable.
45. The HBF does not dispute the need for affordable housing, this is clearly demonstrated by the 2014 SHMA which identifies a net shortfall of 490units

per annum. The policy requirement to meet the maximum proportion of affordable housing is, however, not justified or consistent with national policy. The policy as currently written would not provide any certainty for the development industry and is likely to stall developments through protracted negotiations. The NPPF, paragraph 174, requires local authorities to;

‘.....set out their policy on local standards in the Local Plan, including requirements for affordable housing.’

46. The current policy does not set out a local standard. The Inspector of the Leeds Core Strategy noted in his report, dated 5th September 2014, that;

‘Paragraph 174 of the NPPF states that; ‘Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing’. With regard to affordable housing, these standards include the thresholds which trigger the requirement for affordable housing and the percentage target that will be sought. As submitted Policy H5 did not include thresholds or targets to guide the provision of affordable housing. Consequently, it did not accord with national guidance and was unsound’ (Leeds Core Strategy Inspectors Report, paragraph 36).

47. It is also clear that to enable developers to assess site viability at an early stage affordable housing contributions should be set as maximum and not minimum requirements. The PPG is also clear that plan makers should not be planning to the margins of viability (ID 10-008). This policy would require this in every case. This was confirmed by the recent decision of the Inspector dealing with the Blackpool Core Strategy in his report, dated 23rd November 2015.

‘However, it is not appropriate for the policy to refer to 30% as a “minimum” requirement (and at the hearings the Council indicated that this had not been the intention of the policy) and thus MM17 which removes this word is necessary for the policy to be justified....’ (Blackpool Core Strategy Inspectors Report, paragraph 56).

48. It is therefore clear that the Council must set out its policy target for affordable housing within the policy and this should be identified as a maximum requirement.

49. In setting an affordable housing policy the Council must have regard to the cumulative viability impacts of all policies and obligations (NPPF paragraphs 173 to 177). Unfortunately at the time of writing the *North Tyneside Area Wide Viability Assessment* was not complete, this creates difficulties in making informed comments upon all of the policies which place obligations upon the development industry. This is problematic at such a late stage of plan preparation.

50. A draft of the study is, however, provided. This draft entitled 2015 *Draft Initial North Tyneside Area Wide Viability Assessment* (2015 Draft Viability

Assessment) provides an initial analysis of viability within North Tyneside but as noted in paragraph 5.23 of the study no specific CIL or Section 106 contributions have been applied to the outputs. The HBF also has a number of concerns regarding the assumptions used within the study which are considered unrealistic. The outputs of the study must, therefore, be viewed with caution. The HBF are keen to work with the Council to ensure that the assumptions within the study are realistic in current market conditions and to ensure that it represents robust and defensible evidence at the local plan examination. Due to the aforementioned concerns and draft nature of the Viability Study we reserve our position upon this issue.

51. The plan paragraph 7.75 suggests that based upon the 2015 Draft Viability Assessment a plan wide requirement of 25% appears reasonable. The HBF questions the soundness of this judgement given that figure 29 of the 2015 Draft Viability assessment suggests 22%, over a fifth of the housing requirement, is likely to be unviable with a 25% requirement for affordable housing. This is without consideration of other section 106 obligations or CIL charges, once these are factored into the calculations the actual percentage likely to be unviable will inevitably increase.
52. The PPG is also clear that the plan must deliver in the first five years and that policies should not be based upon an expectation of future rises in value (at least in the first five years, ID 10-008). If the market improves sufficiently over the longer term the Council has the ability to amend its affordable housing target through a full or partial review of the plan.
53. Based upon the available evidence the HBF recommend that the requirement for affordable housing is reduced. In addition the policy should be re-worded to indicate that the target is an 'up to' target rather than requiring the maximum proportion of affordable housing possible.

DM4.9 Housing Standards

The policy is unsound as it is not justified by the required evidence.

54. The policy seeks to introduce the optional Buildings Regulations standards for accessibility and the national internal space standard. The PPG provides guidance within section 56 upon how these should be implemented and the evidence required for their introduction through the local plan process.
55. The Council's background paper *Housing – Optional Technical Standards* provides some information upon the requirements set out within the PPG but crucially significant elements are missing. In terms of the accessibility criteria there is no assessment of the accessibility of the current stock in North Tyneside only a brief discussion upon national trends. There is also no evidence provided upon the viability implications across both affordable and market housing.

56. Similarly in terms of the internal space standards the data upon the current stock is limited and there is no assessment upon viability implications nor the impact the policy would have upon affordability.
57. The HBF therefore considers the policy to be unsound and recommends it is deleted.

DM7.5 Employment and Skills

The policy is not considered sound as it is not justified.

58. The HBF is supportive of delivering appropriate employment and training opportunities and indeed many of our members already provide successful training and apprenticeship schemes.
59. The policy seeks to provide for such needs either through the provision of infrastructure, part a, or through such training programmes, part b. In relation to part b the HBF queries whether the inclusion of such a requirement can be justified in relation to the tests set out within regulation 122 of the CIL regulations. Even if such a requirement could be justified the impact upon viability would need full consideration. Furthermore if evidence were provided which justified the inclusion of this policy it is recommended that it make clear and specific reference to existing employment and skills programmes which are operated by our members would be given due consideration.

Information

60. 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
61. I would also like to be kept informed of any other planning documents within North Tyneside and therefore request that my details are retained on your consultation database.

Yours sincerely,

MJ Good

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