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30/06/2016

Dear Sir / Madam

Sunderland Local Plan: Growth Options

1. Thank you for consulting with the Home Builders Federation (HBF) on the Sunderland Local Plan: Growth Options consultation.
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. The HBF is keen to work with the Council to ensure that a sound plan which assists the Council in meeting its growth objectives can be produced. In this regard we would welcome #further engagement in the production of the plan. The following brief comments are provided to assist the Council in producing the plan. A more detailed analysis of the plan and its policies will be provided at later stages of consultation.

Question 1. Of the three Growth Options proposed which one do you think is the most appropriate for the city and should be taken forward in the Core Strategy?

4. The consultation identifies three different options, these being low growth, medium growth and high growth. The preferred option of the HBF is **High Growth**. Our reasoning is set out below.
5. The HBF consider that the **Low Growth** option would condemn the city to decline in services, jobs and as identified in the consultation document would limit housing choice. This would be contrary to the NPPF requirements to plan positively for growth. Furthermore, as stated within the consultation document, without co-operation from neighbouring authorities this option would be contrary to national policy in that it would not meet the objectively assessed housing needs of the area. The HBF therefore consider this option should be dismissed.

6. The **Medium Growth** option would provide 820 new homes per annum (net) across the city. This figure accords closely with the objectively assessed need figure set out within the *2016 Strategic Housing Market Assessment update (2016 SHMA)*. The HBF does, however, have a number of concerns with this figure in terms of growth aspiration and the assumptions utilised. Whilst it is noted that this is above the average (net) build rates over the last decade it stands below the requirement set out within the now revoked Regional Spatial Strategy (RSS), it is therefore questionable whether it provides the significant boost to the supply of housing required by the NPPF.

7. The methodology applied within the 2016 SHMA and supporting *2015 Sunderland Demographic Forecasts and Analysis* document are broadly considered appropriate. However, there are a number of areas which require update, further clarification or use of alternative assumptions to ensure that a robust housing requirement is identified for the city.

8. A key issue is the starting point for the various scenarios identified. The *2015 Sunderland Demographic Forecasts and Analysis* correctly utilised the 2012 based sub national population projections and their accompanying household projections (2012 SNPP and 2012 SNHP respectively) as their starting point for identifying objectively assessed housing needs of the area as these were the most up to date projections at the time. The outputs of the 2012 SNPP and SNHP over the period 2015 to 2035 are identified in table 5 of the document.

9. Since the publication of the 2016 SHMA and *2015 Sunderland Demographic Forecasts and Analysis* report an updated set of population projections have been produced by ONS, the 2014 SNPP. These population projections identify a significantly higher starting, end point and rate of change for Sunderland in comparison to the 2012 based projections. A comparison is provided below indicating that annual rates of population growth are likely to be more than double those identified in the 2012 SNPP. Whilst the corresponding household projections are awaited it appears highly likely that a higher 'starting point' for housing need will be identified. This is likely to suggest a higher overall objectively assessed housing need for the area. The HBF therefore suggest that further work be undertaken prior to the Council settling upon its preferred objectively assessed housing need figure.

Projection	2015	2035	Difference	Average annual change

2012-based SNPP	276,100	280,300	4,200	210
2014-based SNPP	277,400	286,600	9,200	460

Source: ONS SNPP for Local Authorities (please note figures rounded to nearest 100)

10. The HBF is supportive of aligning jobs growth and housing growth and it is recognised that the Medium Growth figure attempts to do this. It is notable that the majority of the purely demographic scenarios would lead to negative jobs growth or extremely high levels of in commuting, neither of which are desirable. The 2016 SHMA and *2015 Sunderland Demographic Forecasts and Analysis* therefore consider a ‘baseline’ economic forecast from Experian, which provides an average annual jobs growth rate of 551 FTE between 2015 and 2035 (2016 SHMA, paragraph 5.7). The HBF does, however, question the aspiration of using a ‘baseline’ or ‘policy-off’ jobs growth rate. The reason for this is that this rate does not take full account of economic stimuli or known projects such as IAMP or the Northern Powerhouse initiative. It is also worth noting that in January 2015 the Prime Minister and Chancellor set out within the *Long Term Economic Plan for the North East* their six-point long-term economic plan for the north-east. These included;

“...raise the long term growth rate of the North East to at least the forecast long term growth rate of the whole UK by building a Northern Powerhouse – adding an extra £6 billion to the North East economy in real terms by 2030, equivalent to over £2,000 per person;

create 50,000 new jobs in the North East by backing the core strengths of the local economy like chemical innovation and exports...”

11. The proposed level of jobs growth within Sunderland is unlikely to match these ambitions and given that the city is a key economic area within the North East and the Northern Powerhouse, and is likely to be a key beneficiary of Government investment, it would appear appropriate that the city play a significant role in delivering this growth. The HBF therefore believe that there is justification for the consideration of higher levels of growth than identified within this option.

12. The 2016 SHMA preferred housing needs figure of 819dpa is linked to key assumptions in relation to rates of economic activity and commuting ratios. These assumptions are set out within paragraphs 4.22 to 4.32 of the *2015 Sunderland*

Demographic Forecasts and Analysis paper, when considering the impact of providing 551 jobs per annum. A range of scenarios applying differing sensitivity tests are usefully summarised in table 13 of this document. The 2016 SHMA confirms that scenario Jobs-led Experian SENS K, plus a 10dpa increase for IAMP is the preferred measure of objectively assessed need. It is notable that this scenario represents the lowest housing requirement of all the jobs-led scenarios.

13. In terms of economic activity sensitivity test K assumes that economic activity rates will improve, in line with national OBR forecasts, for males aged 60-74 and females aged 30-74 to 2031. The rate of economic activity for all other age groups will remain fixed. The HBF query these assumptions for a number of reasons. Firstly whilst it is likely economic activity rates will increase there is no analysis of whether or not the national OBR forecasts are realistic for Sunderland.
14. The study also appears to discount the impact of an ageing population and the effect that this will have upon economic activity rates. Whilst the HBF agree that changes to the State Pension Age (SPA) will result in a greater number of people working longer than is presently the case, this is unlikely to be outweighed by the sheer proportion of the population aged 65 and over. It is therefore unlikely that economic activity will remain constant for the 16-74 age range given the relative increase in those aged between 65 and 74.
15. Finally the increase in the SPA has already been taken into account for all scenarios. Appendix B (paragraph B.54) of the *January 2015 Sunderland Demographic Forecasts and Analysis* indicates that;

'In all scenarios, the 2011 Census age-sex specific economic activity rates have been applied. Changes have been made to the economic activity rates to take account of changes to the State Pension Age (SPA) and to accommodate potential changes in economic participation which might result from an ageing but healthier population in the older labour-force age-groups.'
16. Therefore whilst the scenario cannot be properly 'unpacked' it appears an element of double counting may be apparent.
17. It is also apparent that all scenarios require a reduction in unemployment to the pre-recession average. Once again, whilst it is likely unemployment will decrease within a more prosperous economy, there is a lack of real analysis upon the extent to which this will occur.

18. Preferred scenario Jobs-led Experian SENS K places substantial weight upon changes in commuting patterns, requiring a significant increase in the number of in commuters to Sunderland. This would mean that the housing required to deliver the jobs within the city would need to be met elsewhere. This would not only need to be justified in terms of sustainability but also agreed with neighbouring authorities under the duty to co-operate. Failure to adequately deal with this assumption would be a failing under the duty rendering the plan fatally flawed. By comparison no change in commuting would lead to an annual requirement for 1,044 dwellings (Jobs-led Sens C) compared to the 809 identified under Jobs-led Experian SENS K.
19. The chosen sensitivity scenario would require the highest rate of commuting change of all tested scenarios. Paragraph 8.18 of the 2016 SHMA justifies this as a reasonable assumption as it reflects the trend between the inter census period. However, once again there is no analysis upon whether such trends are likely to continue into the future or how influenced they were in the past by a lack of supply. The HBF also contend that such an approach is not consistent with the principles of sustainable development.
20. The HBF therefore consider the assumptions utilised to attain the **Medium Growth** option to be overly optimistic and contrary to many of the principles set out within the NPPF, particularly in relation to sustainability.
21. The 2016 SHMA also provides an analysis of market signals. The rates of development are of significant concern and have been well below previous targets. This lack of delivery will undoubtedly have had an impact upon the household projections and should be addressed. This alone could be argued as a reason to increase future supply. With regards the other signals The HBF concur that the analysis does not appear to warrant any further uplift. It is, however, noted that the time period over which the signals are addressed, 4 years, is short and is heavily influenced by the recession. This is likely to mask longer-term trends, as such a longer-term view would be useful.
22. Finally it is notable that there is a substantial net imbalance in affordable dwellings, 615 per annum. A higher housing requirement would undoubtedly assist in reducing this figure. Therefore it is considered that the market signals analysis and affordable housing need could be argued to warrant an uplift to the identified housing requirement.

23. The **High Growth** option would create a need for 1,055dpa and provide an additional 7,000 in the working age population. Whilst the HBF is not wholly clear how this option has been derived, it appears to relate to scenario Jobs-led Experian SENS C within the *2015 Sunderland Demographic Forecasts and Analysis* plus an addition for IAMP. This scenario retains the current commuting ratio but still anticipates significant reductions in unemployment and improved economic activity rates. Whilst the HBF has reservations with regards these issues, see paragraphs 13 to 17 above, this scenario is considered more acceptable and is likely to be more sustainable as it reduces a reliance upon in-commuters.

24. In summary the HBF consider the **High Growth** option to be the most realistic. This is, however, heavily caveated by remaining concerns over the 2014 SNPP, economic activity rates as well as the issues of previous under-delivery and the need for affordable housing. These issues will all require further consideration.

Question 2. Are there any other options that you think should be considered?

25. The HBF recommend that the options are updated to take account of the most recent information upon population growth. In addition options which look at 'policy on' economic interventions should be considered to reflect the ambition of the Northern Powerhouse, *Long Term Economic Plan for the North East* and emerging city region aspirations.

Question 3. As set out previously, the 2013 draft Core Strategy divides the city into 5 sub-areas and proposes a different approach to how each of these areas might be developed over the next 20 years. Do you think that these approaches are still appropriate and should be used as a basis for the next version of the Core Strategy?

26. The HBF does not wish to comment upon the exact distribution of development but generally considers the approaches identified to be appropriate. It is, however, important that the levels of development across the areas be better informed by further analysis of potential deliverability and viability. It is no use continually promoting growth locations if there is little or no prospect of them being brought forward.

27. The HBF is keen that the Council produces a plan which can deliver against its housing requirement. To do this it is important that a strategy is put in place which provides a sufficient range of sites to provide enough sales outlets to enable delivery

to be maintained at the required levels. The HBF and our members can provide valuable advice on issues of housing delivery and would be keen to work proactively with the Council on this issue.

28. The HBF also strongly recommend that the plan allocates more sites than required to meet the housing requirement. This buffer should be sufficient to deal with any under-delivery which is likely to occur from some sites. Such an approach would be consistent with the NPPF requirements for the plan to be positively prepared and flexible. It is also notable that the recent recommendations from the Local Plan Expert Group suggest such a buffer is required.

29. The plan must also be viable. This is a particularly important consideration in relation to the policies proposed to be included within the plan as well as the location of sites. The HBF is willing to assist the Council in producing a whole plan viability assessment to ensure that any assumptions made are founded upon credible local evidence.

Question 4. If No, do you think different approaches should be used? What proportion of land for development do you think should be used in each sub-area? More/less for housing? More/less for employment? What are your views on the location of new retailing? Please set out your views below:

30. Not applicable.

Further Consultations

31. The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents.

Yours sincerely,



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