

Freepost Spatial Policy
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Sent by Email only

5th August 2016

Dear Sir / Madam,

County Durham Plan Issues and Options (June 2016)

1. Thank you for consulting with the Home Builders Federation (HBF) on the County Durham Plan: Issues and Options.
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 industry is keen to work with the Council to ensure a sound plan is produced which facilitates an increase in the rate of house building across the County. Within this regard we would also welcome further engagement with the industry throughout the production of the plan.
4. We would like to submit the following comments to the questions posed within the Issues and Options consultation document.

Question 1: Is this an appropriate Spatial Vision for County Durham, or is there something missing or a more suitable alternative?

5. The vision is considered sound. It provides a positive planning framework for the plan area. The HBF particularly welcomes the following elements;

“By 2030 County Durham will have a thriving economy and will be bridging the gap between its economic performance and that of other parts of the North East and the rest of England...”

“...The County will have an accessible, well designed range and choice of housing, services and community facilities, complementing the area’s thriving economy and meeting the needs of all residents...”

6. The need and aspiration for growth across the North East is highlighted within the *Long Term Economic Plan for the North East*. In this plan the former Prime Minister

and Chancellor set out their six-point long-term economic plan for the north-east, seeking to;

“...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...”

7. The vision reflects this need and ambition for growth. It is important that in aiming to deliver such growth the Council seeks to align its housing requirements with its economic ambitions.

Question 2: Do you agree with the objectives? Can you suggest any alternatives and are there any missing?

8. The objectives are generally considered sound and compliment the spatial vision.
9. Objective 1 is generally welcomed, however, the stating of an employment rate of 73%, whilst laudable, may be counter-productive. It is likely that in achieving the thriving economy set out within the spatial vision employment rates will increase. However, investigation of ONS data indicates that County Durham has not achieved an 'In employment rate' higher than 72% for over a decade. The most recent levels suggest a rate of 67.3% (Jan to Dec 2015). Further information is provided in our response to question 5. Given these figures it may be more appropriate to amend objective 1 to ensure it is realistic.

*Economic Ambition – Improve the economic performance of County Durham by creating more and better jobs, increasing **and maintaining** the employment rate of the working age population **at or close to the regional average** ~~to 73%~~ ~~and maintaining it~~, thereby increasing GVA (a measure of economic performance), household income and demand for local goods and services.*

10. Objective 3 is supported.

Question 3: Do you agree that County Durham is a single Housing Market Area for developing housing needs?

11. The HBF agree that County Durham can be described as a single Housing Market Area (HMA). The Planning Practice Guidance (PPG) identifies that housing needs should be considered at the relevant functional area (ID 2a-008) and that HMAs can be defined using criteria such as; house prices and rates of change, household migration and search patterns and travel to work patterns (ID 2a-011). The Council's evidence in the form of the 2016 Strategic Housing Market Assessment (2016 SHMA) considers many of these elements. It identifies that the area shows a high degree of self-containment with 72.0% of moving households originating from within County Durham and 69.5% of the workforce living and working within the County. These fit within the typical value of 70% for self-containment identified by the PPG.
12. Whilst there does appear to be a high degree of self-containment this does not mean that cross-boundary interactions do not occur. This is particularly relevant in the cases of Gateshead and Sunderland which provide the greatest levels of in-migration into the area (figure 8, 2016 County Durham Demographic Analysis and Forecasts). The Council will therefore need to work closely with neighbouring authorities, through the duty to co-operate to ensure that it understands these interactions and any unmet needs are dealt with appropriately.

Question 4: Which population growth scenario do you prefer?

- a. 1,533 houses per year;**
- b. 1,629 houses per year;**
- c. 1,717 houses per year; or**
- d. None of the above.**

13. At this stage it is difficult to come to a definitive answer upon which growth scenario is likely to be the most appropriate for County Durham. However, based upon the information provided the HBF prefers scenario c, but could also see merit in the use of scenario b if further analysis of the 2012 SNPP or updated 2014 SNPP assumptions were provided. It should be recognised that at this stage the HBF has not undertaken its own analysis of housing need for the area.
14. The methodology employed within the February 2016 County Durham Demographic Analysis and Forecasts paper is generally considered appropriate and have been utilised within numerous other local plans, many of which have been found sound at examination. The HBF agrees that a range of scenarios and sensitivity tests should be considered to test the applicability of the different assumptions. The PPG notes that the national household and population

projections, whilst important, should be considered as a starting point and may require adjustment due to local factors (ID 2a-015 and 2a-017).

15. The study correctly utilised the 2012 based sub-national population and household projections for County Durham, as these were the most recent at the point of publication. These have, however, been superseded by the 2014 based sub-national population and household projections. It is, however, notable that over the period 2014 to 2033 the more recent household projections for County Durham remain broadly similar to the 2012 based projections and as such are not likely to have significant impacts.

16. The February 2016 County Durham Demographic Analysis and Forecasts paper identifies a number of scenarios at Table 8, it is difficult to unpack these scenarios making commentary upon their applicability problematic. Further information upon each scenario would provide greater clarity in this regard. Based upon the information provided the HBF make the following brief comments upon each scenario.

Scenario	Annual average		Commentary
	Net migration	Dwellings	
PG-long-term	2,044	1,717	This scenario utilises the full 2001-2014 historical migration time-series for County Durham. This will take account of peaks and troughs in the economy and as such is likely to represent a more realistic scenario for the long-term. Such an approach is also advised by PAS guidance.
PG-long-term SNPP	1,937	1,629	Similar to the above scenario this considers long-term migration patterns but incorporates immigration and emigration assumptions directly from the 2012-based SNPP. Dependent upon the validity of the assumptions going forward this may be an appropriate scenario for the long-term, but further information is required.
PG-short-term	1,782	1,533	It is considered this scenario has been unduly influenced by the effects of the economic downturn in County Durham and as such is likely to underestimate future growth.
PG-long-term X	1,784	1,516	This provides a sensitivity test upon international migration assumptions. This excludes UPC from the

			assumptions. Whilst the reason for this is recognised it is not considered a true reflection of past trends and as such whilst useful for context should be discounted.
SNPP-2012	1,549	1,329	It is considered this scenario has been unduly influenced by the effects of the economic downturn in County Durham and as such is likely to underestimate future growth. A point alluded too within the work by Edge Analytics.
Natural change	0	844	Whilst useful context, indicating an absolute minimum requirement, this is not considered a realistic scenario. Due to the aging nature of the population this scenario would be planning for decline.

17. It is notable that the 2016 County Durham Demographic Analysis and Forecasts paper, also considers headship rate sensitivity and economic assumptions. With regards headship rates the HBF consider this is a valid issue which warrants inclusion within the objectively assessment housing needs calculation. This is because the sub-national household projections are based upon trends and do not take account of government policy interventions or improving economic conditions (PPG ID 2a-015). Given that the trends are heavily influenced by the proceeding five years, which include the effects of the recession and the presence of government stimuli, such as *Help to Buy* and *Starter Homes* there is a strong likelihood that household formation rates may increase in the future. It is notable that the household formation rates sensitivity test increases the dwelling requirement across all scenarios when compared to those utilising the headship rates from the 2012-based household projections. This should be considered in determining the housing needs for the area.

18. In terms of economic assumptions the study also considers commuting ratio and economic activity rates. It is noted that commuting reduced during the inter-census period (2001 to 2011), from 1.18 to 1.16. A sensitivity test is provided which further reduces this ratio to 1.14 by 2021. The effect is to reduce the dwelling requirement for all scenarios to which it is applied (figure 28). Due to the difficulty in controlling commuting and the need for cross-boundary agreements the HBF recommends significant caution in applying a reduction to the commuting ratio without robust evidence. The HBF agrees that the changes to the State Pension Age are likely to increase economic participation rates. The study also includes

sensitivity testing based upon employment rates for 16 to 64 year olds. This is discussed against question 5, below.

19. Market signals are also a key component of identifying objectively assessed housing needs (PPG ID 2a-019), paragraph 3.8 of the consultation document discusses these signals and suggests that no further adjustment is required. This conclusion is based upon the analysis within the 2016 SHMA. The rates of development are of some concern as they have been below previous targets. This lack of delivery will undoubtedly have had an impact upon the household projections and should be given further consideration. This alone could be argued as a reason to increase future supply. With regards the other signals the HBF concur that the 2016 SHMA analysis does not appear to warrant any further uplift. It is, however, noted that the time period over which the signals are addressed, 5 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.

Question 5: Is the ambition to increase the employment rate to 73% as part of creating more and better jobs within County Durham realistic?

20. Whilst a laudable ambition the HBF consider this highly aspirational and question its realism. Our reasoning for this is based upon the historic employment rates within County Durham. Analysis of the ONS statistics based upon the NOMIS website identifies that the county has not achieved a 73% employment rate at any time since at least 2004.

All People – Economically Active – In Employment (% 16 to 64 year olds)

Date (Jan – Dec)	Durham	North East	Great Britain
2004	67.1	68.1	72.6
2005	68.0	69.0	72.7
2006	70.0	68.9	72.6
2007	71.5	69.6	72.5
2008	69.8	68.6	72.2
2009	66.6	66.3	70.7
2010	66.2	66.2	70.2
2011	67.0	64.9	69.9
2012	64.8	66.0	70.6
2013	65.7	66.3	71.3
2014	68.6	68.4	72.4

2015	67.3	69.3	73.7
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Source: ONS Nomisweb accessed 25th July 2016

21. The above table clearly identifies the significant task required to get to an employment rate of 73% for 16 to 64 year olds within County Durham. Unless the Council can provide robust evidence that a 73% employment rate is realistic it is considered a more appropriate ambition may be to match and retain regional averages for employment rates.

22. The HBF is also concerned that the employment rate may simply be used to artificially lower the housing requirement within the area. This would be inappropriate and unjustified.

Question 6: Do you agree that it is appropriate to include a windfall allowance for small sites less than 0.4 hectares (12 houses)?

23. Yes, the NPPF (paragraph 48) enables local authorities to provide an element of windfalls within their supply. If the Council is not going to make allocations for sites smaller than 0.4ha an allowance would appear reasonable. The size of the windfall allowance will, however, have to be based upon compelling evidence that they will continue to provide a reliable supply. The HBF recommend that a cautious approach be taken to ensure that delivery of the housing requirement is not placed in jeopardy.

Question 7: Do you agree that there should be no windfall allowance for large sites over 0.4 hectares (more than 12 houses)?

24. Yes, whilst windfalls may have been brought forward from such sources in the past this was in the context of an aging plan and did not have the benefit of the more detailed evidence base provided by the Strategic Housing Land Availability Assessment (SHLAA). It therefore stands to reason that windfalls from such sources will significantly reduce and should not therefore be relied upon.

Question 8: Is it appropriate to include an allowance of 50 units per year for bringing back empty properties into use in the housing supply?

25. The Council will need a clear justification based upon robust evidence for the including an allowance of 50 units per year. This evidence will need to demonstrate that empty homes have not been counted within the existing stock of dwellings in calculating overall need and that a net reduction of 50 dwellings per annum can be achieved and maintained over the plan period. Whilst suggesting up to 100 empty

properties are brought back into use each year paragraph 3.12 of the consultation document suggests that the Council cannot currently identify the number that become long-term empty over the same period. Due to this lack of evidence and certainty the HBF does not recommend including such an allowance at present.

26. It is notable that the Inspector of the Middlesbrough Housing Local Plan removed an allowance for empty properties due to a lack of evidence (paragraph 36 of the Inspector's final report).

Question 9: Is it appropriate to include an allowance of 50 per year for demolitions in the housing supply?

27. Once again the level of likely demolitions should be based upon robust evidence. Given that on average there has been 75 demolitions per year in the past (paragraph 3.13 of the consultation document) it is unclear how the Council has come to the assumption this will reduce to 50 in the future. Without evidence to the contrary it is recommended that 75 demolitions be factored into the supply. If it is less than this in the future this will provide much needed flexibility within the housing supply.

Question 10: Do you agree that these factors are the most important when considering the options for the Plan's spatial strategy or are there others?

28. The factors identified are all considered reasonable. A further issue which warrants consideration is demand. It is important that new housing and employment opportunities are provided in locations where people wish to live and companies want to invest. The Council is strongly recommended to engage the development industry in the evolution of its spatial strategy to ensure it balances these factors appropriately and provides a deliverable plan.

Question 13: Considering the implications of each option, please specify which you prefer and please give reasons:

- a. Main Town Focus;**
- b. Sustainable Communities;**
- c. Sustainable Communities with Central Durham Villages;**
- d. Wider Dispersal; or**
- e. None of the the above.**

29. The HBF does not have a preference for any option, providing it is deliverable.

Question 14: If you have chosen one of the first three options listed above, what are the exceptional circumstances to justify any Green Belt deletions?

30. The exceptional circumstances required to justify Green Belt deletions have been demonstrated in numerous plans, including nearby Gateshead and Newcastle.
31. The NPPF is very clear that in developing Local Plans Councils should positively seek to meet their objectively assessed needs (paragraphs 14, 47, 159). The NPPF also requires a significant increase in the supply of housing. In identifying whether exceptional circumstances exist the Council will need to consider all reasonable alternatives to delivering its objectively assessed housing and employment needs in a sustainable manner, taking account of the factors referred to in question 10. If the analysis of these factors means that to ensure the plan is deliverable Green Belt release is required this can, and has been proven to, provide exceptional circumstances.

Question 19: In order to ensure the delivery of affordable housing where there are issues of viability, is it appropriate to allow some market housing on exception sites?

32. Yes, exception sites are identified to fulfil a specific need for affordable housing within rural areas. If this need cannot be met without the cross-subsidy of market housing it is considered appropriate to allow some market housing on such sites. Without this capability the need will remain unmet, this will force families to move away from the rural communities which will inevitably impact upon the vitality of such communities.

Question 21: Are there circumstances where it would be appropriate to accept a financial contribution to be used to provide affordable housing elsewhere rather than have the affordable housing provided on-site?

33. Yes. It is often preferable for affordable housing to be delivered on-site for reasons of providing a balanced community and mix of housing within an area, but it should be recognised that in certain cases off-site provision is justified. The NPPF, paragraph 50 acknowledges this may not always be practical. The HBF agree with the examples contained in paragraph 4.43 of the consultation document but would also add issues such as site conditions or constraints, viability and making more efficient use of the existing housing stock.

Question 22: In order to meet the housing needs of older people should we:

- a. Allow developers to make their own decisions on house types and building standards;**
- b. Require developers to build a proportion of houses within housing schemes to the new optional building regulations standard aimed at making homes more accessible and adaptable. If so, what proportion would be appropriate; or**
- c. Require developers to build bungalows, level access flats, multi-generational housing, sheltered housing or extra care as a proportion of all new housing developments. If so, what proportion would be appropriate?**

34. The HBF prefer option a. This is because the industry provides housing according to market demand, as it needs to be able to sell the properties. If there is a demand for a specific type of property the market will and does respond to this demand.

35. The HBF is committed to good design and improving accessibility. We undertake an annual assessment of customer satisfaction of new house buyers. In 2016 this showed that 86% of buyers were satisfied with the quality of their new home and 92% were satisfied with the internal layout. The full report can be accessed at www.hbf.co.uk. It is therefore clear that the vast majority of new home buyers are very happy with the homes currently being built and they meet their needs.

36. A requirement for certain types of accommodation, as set out in options b and c, would not take any account of the site, nor local market characteristics at the time of the development. It would, most likely, be reliant upon a snap-shot assessment of need across the whole of the county. The industry needs to be able to respond to individual site characteristics and needs at the time of the development and not be bound by rigid requirements.

37. If the Council were to pursue specific requirements the effect and practicality of their introduction would need to be understood across County Durham both in terms of different housing monitoring areas and differing tenures. The effects upon viability are likely to be particularly acute in more marginal areas and could render development unviable. The impact and needs upon differing tenure types (market, affordable, family, retirement, flats and apartments) are likely to vary significantly and should be considered. The viability implications should also consider whether the introduction of the additional standards will impact upon development densities, due to potentially larger property footprints.

38. The provision of option 'b' or 'c' will also inevitably lead to higher build costs. Some of this may need to be passed onto purchasers. The Council will need to consider the impact this may have upon affordability.

39. If the Council consider that the introduction of option 'b' or 'c' is justified the HBF would recommend flexibility in their application. This is required to enable local and site specific needs and constraints to be taken into account. Particular issues such as location and site topography will have a large bearing upon practical implementation.

Question 26: Do you agree that we should assess the type and mix of housing on a site-by-site basis?

40. Yes, a flexible type and mix policy will ensure that regard can be had to the information provided within the 2016 SHMA but ensure that developers can respond to the individual characteristics, including viability. Furthermore the 2016 SHMA provides a snap-shot in time, the information upon type and mix is reflective of the current situation, which will change over time, and takes no account of aspiration amongst home-owners.

Question 36: Should we require new housing developments to meet the Building for Life 12 standard?

41. No. The HBF is supportive of Building for Life 12 (BfL12), indeed we are a partner within its development and implementation. It is also the case that many of our members subscribe to its principles. But it is not considered appropriate to apply a certain level of attainment to every site. It is recommended that BfL12 be used as a framework to discuss design rather than a prescriptive policy requirement.

Further Consultations

42. 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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