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5<sup>th</sup> August 2016

Dear Sir / Madam,

## **Redcar and Cleveland Draft Local Plan**

1. Thank you for consulting with the Home Builders Federation (HBF) on the Redcar and Cleveland Draft 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. 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 comments are provided to assist the Council in producing the plan.

### **Duty to Co-operate**

4. Paragraph 1.14 of the consultation document notes that a Duty to Co-operate Statement will be produced alongside the Publication version of the plan. The HBF will therefore reserve our opinion upon compliance with the duty until this part of the evidence base is published.
5. It is, however, worth noting that in terms of housing whilst the 2016 Strategic Housing Market Assessment (2016 SHMA) identifies the area can be described as self-contained there are strong relationships with Middlesbrough and other Tees Valley authorities. It is therefore important that the statement highlights what discussions and resultant actions have been taken with regards to these relationships.

### **Use of Supplementary Planning Documents (SPDs)**

6. There is significant reference to the use of SPD in various policies throughout the consultation document (e.g. SD5 and H2). The Council will have to review any

existing SPDs post Local Plan adoption to ensure they are still in conformity and assist in the interpretation of Local Plan policies.

7. The Council should also resist utilising SPDs as a vehicle for introducing policy requirements and burdens outside of the formal plan making process. The NPPF (paragraph 153) clearly states;

*“...Supplementary planning documents should be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens on development...”*

### **Vision for Redcar and Cleveland & Themes**

8. The vision and themes are generally supported and provide a positive framework for the plan policies.

### **Viability**

9. Paragraph 1.59 indicates that the 2013 Whole Plan Viability Testing document is to be updated. The HBF supports such an update and recommends that the Council fully engage our members in its production to ensure that it is based upon sound evidence and assumptions.

### **Policy SD 2: Locational Policy**

10. The policy identifies that priority will be given the re-use of previously developed land. This statement is considered contrary to the NPPF. The NPPF (paragraph 111) refers to encouraging rather than prioritising the effective use of previously developed land. The PPG (ID: 10-009) specifically refers to encouragement through incentives such as lower planning obligations or different funding mechanisms and the Government are providing encouragement through the introduction of brownfield registers.
11. It is therefore recommended that the policy text be amended to replace ‘priority’ with ‘encourage’.

### **Policy SD 4: General Development Principles**

12. The policy, part u, places a requirement for Local Employment Agreements and Local Procurement Plans upon developments where the value exceeds £5million. It should be noted that the industry already provides significant amounts of training

and employment opportunities. The HBF has recently launched a new initiative with the Construction Industry Training Board to train 45,000 workers by 2019 (further information can be found on the HBF website). The proposed policy requirements would appear to duplicate these commitments and are likely to place additional, unjustified, burdens upon the industry.

13. It is also questionable whether the policy requirements would meet the planning obligations tests set out within NPPF paragraph 204. It is therefore recommended that part u be deleted.

### **Policy H 1: Housing Requirements**

14. The policy identifies a net minimum requirement of 234dpa. The expression of the requirement as a net minimum is supported. In terms of the evidence supporting the housing requirement we consider that further work is needed and that a higher overall requirement would be justified.

#### Demographic Starting Point

15. The 2016 SHMA correctly utilised the 2012 based sub national population and household projections (2012 SNPP and SNHP) as its starting point, providing an average need of 116dpa over the plan period. Since the publication of the SHMA the population and household projections have been updated. In the case of Redcar and Cleveland the 2014 based projections are broadly similar, although slightly lower than their 2012 counterparts.

16. The SHMA considers the impact of unattributable population change (UPC) upon the household projections and it is noted that this has the effect of reducing the population and resultant household projections over the plan period. Given the uncertainty surrounding UPC within Redcar and Cleveland the HBF agrees that the 2012 SNPP remain the most valid starting point.

17. In terms of household representation rates (HRRs) the 2016 SHMA, paragraph 4.48, concludes that;

*“...there is no reason to believe that the CLG 2012 HRRs understate future housing need in Redcar & Cleveland.”*

18. Whilst the similarities between the area and the national picture are noted, the HBF consider that there is scope for considering an increase to HRRs particularly

amongst younger age groups. This is because as noted by the PPG the household projections do not take account of policy interventions by Government or previous under-delivery (PPG ID 2a-015). Given that the Government is actively trying to boost home ownership, particularly amongst younger age groups through initiatives such as *'Help to Buy'* and *'Starter Homes'* it is likely that HRRs may once again increase in the future.

### Market Signals

19. The HBF agrees that many of the market signals analysed within the 2016 SHMA would not appear to warrant a significant uplift upon the demographic starting point. It is, however, agreed that an uplift is required to take account of constrained supply (2016 SHMA, paragraph 5.11). It is, notable, that updated evidence on affordability indicates a worsening trend between 2013 and 2015 within Redcar and Cleveland (CLG live table 576). This is an indicator of market stress and hence an uplift above 10% may be justified.

### Economic Adjustment

20. Whilst discussion upon the Tees Valley Unlimited Strategic Economic Plan (SEP) jobs growth figure is provided in the 2016 SHMA there is no analysis of the likely level of jobs growth that could be achieved by the resultant housing figure. The Tees Valley Unlimited Management Group estimates that the share of new jobs in Redcar & Cleveland will be 215 jobs per annum. It is recognised that some of these jobs are intended to be taken up by the existing working age population but there is no analysis of the amount of jobs which will be required to be filled by migrants to the area. This is particularly important given the significant bias towards an older population within the Redcar and Cleveland.

21. The NPPF is clear that housing and economic strategies should be aligned, this lack of analysis is considered a failing in the existing evidence base and should be rectified prior to the next stage of consultation.

### Housing Requirement

22. To try and reverse the trend of a steadily declining population the Council has considered a range of alternative housing growth scenarios. The HBF supports the Council in choosing a housing requirement which is in excess of the stated objectively assessed housing need. The Council's approach is justified in order to fulfil the NPPF requirements to plan positively and boost significantly the supply of

housing. Recent housing completions (2014-15) also indicate a demand for new housing within the area.

23. The Council's chosen option, 234dpa, would reverse the trend of a declining population. However, whilst the challenges facing the authority are recognised the HBF does not consider the chosen requirement to be sufficiently aspirational. It is noted that over the last 3 years completions have averaged 250dpa. This shows the pent-up demand for new properties in the area. To build upon the recent delivery successes and reverse the trend towards a declining population it is recommended that a figure somewhere above 250dpa be considered. The exact level will need to be gauged based upon the identified needs for in-migrants to take up the jobs anticipated within the Tees Valley Unlimited SEP. A figure above 250 would be more aspirational and yet still realistic given the levels of delivery recently experienced.

#### Supply

24. The HBF is supportive of the Council identifying a 20% buffer to the supply. This is considered a pragmatic approach and accords with the recent recommendations from the Local Plan Expert Group.

#### Monitoring

25. The final paragraph of the policy considers mechanisms to ensure that a five year supply of housing land can be maintained. It is recommended that reference also be made to potential triggers for a plan review, if it fails to deliver against the housing requirement. These triggers should also be included within the Implementation Plan / Monitoring Framework in appendix 1.

#### **Policy H 4: Affordable Housing**

26. The HBF does not dispute the need for affordable housing it is, however, concerned with the viability implications of the policy as well as its consistency with national policy.

#### Target

27. The policy applies a 15% affordable housing target on sites of 15 or more and commuted sums below this threshold. The 2013 Whole Plan Viability Assessment identifies significant viability issues across much of the plan area with a 15% requirement and a nominal section 106 / 278 requirements of £500 (table 8.4). The viability issues increase significantly when a higher Section 106 / 278 amount of £2,800 is factored in (table 8.5). In all likelihood, given the list of infrastructure

identified in Policy SD5, section 106 contributions are likely to be greater than £500 per unit and as such the Council should reconsider the affordable housing contributions on the basis of its own viability evidence.

28. As previously noted the Council is undertaking further viability work prior to the next stage of consultation. It is important that this information takes account of the likely level of section 106 costs and the impact of all plan policies and obligations. The HBF strongly recommend engagement with the industry during the production of the study to ensure that it is grounded upon realistic assumptions.
29. It is notable that the 2016 SHMA (part 1) identifies a net imbalance of just 20 units. Whilst it is recognised that not every site will provide affordable housing, due to size and viability considerations, the net annual need would suggest a more appropriate target would be closer to 10%. The 15% target may lead to an over-supply of affordable housing.

#### Threshold

30. The policy identifies a 15 dwelling threshold for on-site affordable housing delivery, below this commuted sums are required. This is contrary to national policy. On 13<sup>th</sup> May 2016 the Court of Appeal (*West Berkshire District Council and Reading Borough Council v. Secretary of State for Communities and Local Government Case No: C1/2015/2559*) allowed the Secretary of State's appeal on the provision of affordable housing on small sites of fewer than 10 units, and the vacant building credit, both of which were set out in a Written Ministerial Statement of 28<sup>th</sup> November 2014. The PPG was subsequently amended to reflect the appeal decision (ID 23b-013).
31. This decision effectively means that contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm. Within designated rural areas, local planning authorities may choose to apply a lower threshold of 5-units or less, this should be via a commuted sum. The Council will, therefore, need to amend the thresholds to take account of this judgement and subsequent amendment to the PPG.

#### Type of Affordable Housing

32. The second and third paragraphs of the policy do not take account of the impending introduction of 'Starter Homes'. This will need to be reflected within the policy.

### Rural Exceptions

33. The final paragraph of the policy is essentially a rural exceptions policy. The current wording restricts development to sites of 10 and does not allow any market housing. The justification for a cap of 10 dwellings is unknown and in our opinion is rather arbitrary. It is recommended that the reference to 10 units be removed.
34. Given the viability issues discussed above it is unlikely that many schemes will be brought forward for 100% affordable housing. It is therefore recommended that market housing should be allowed on such sites, where justified, to enable the delivery of the affordable housing. This approach is common in many local plan policies and will provide greater opportunity to meet the needs of the Service Villages and Villages.
35. The following amendments are recommended;

*Small scale housing schemes of less than 10 dwellings that are located outside, but adjacent to, Development Limits of the Service Villages and Villages will be supported where 100% affordable housing is to be provided and maintained in perpetuity, in order to meet a verifiable and identified local need and where the local need cannot be met on sites within settlements. **In exceptional cases, due to viability issues, a proportion of market housing can be provided.***

### **Information**

36. The HBF would be happy to discuss any of the comments made within this response with the Council prior to the next stage of consultation. I would also be pleased to be kept informed of the progress of the plan and any future opportunities to comment or be involved in the preparation of the plan or other planning documents.

Yours sincerely,

*MJ Good*

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