

Strategic Planning
Redcar & Cleveland House
Kirkleatham Street
Redcar
TS10 1RT

strategic.planning@redcar-cleveland.gov.uk

31st January 2017

Dear Sir / Madam,

Redcar and Cleveland Local Plan: Publication

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. The Council will be aware that the HBF has made previous comments upon the emerging plan. We are pleased to note that this version has addressed a number of our concerns. However we still have a number of concerns which relate to the soundness of the plan. To ensure that our concerns are discussed at the examination of the plan we have reiterated and provided additional comments upon many of our previous points.
4. **The HBF would like to attend the examination hearing sessions to discuss these matters further.**

Duty to Co-operate

5. The HBF is pleased to note that the Council has produced a *Duty to Co-operate Statement* (DtC Statement) in relation to the plan. The key concerns of the HBF relate to housing need and delivery. In this regard there has been consideration of whether needs from neighbouring authorities should be met in Redcar and Cleveland and vice versa. It is noted that the Council has not been approached to meet the needs of neighbouring authorities or requesting any neighbouring

authorities seek to meet the needs of Redcar and Cleveland. The Council will, therefore as a minimum have to meet its housing needs in full.

6. It is, however, worth noting that whilst the Council's 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. Indeed the 2016 SHMA does recognise that the wider Tees Valley area could in itself be justified as a housing market area (HMA). Given these close relationships and the fact that at the Tees Valley authorities are at different stages of plan making the plan should retain flexibility, where possible to deal with any unmet needs from other Tees Valley authorities, be this through a review mechanisms or the inclusion of additional sites.
7. The HBF is concerned that the plan and its evidence base does not appear to give adequate consideration to the *Tees Valley Strategic Economic Plan*. This will inhibit the economic potential of the area and may give rise to the need for additional housing. Further consideration of this issue is discussed within our comments upon Policy H1 below.

Use of Supplementary Planning Documents (SPDs)

8. There is significant reference to the use of SPD in various policies throughout the plan (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.
9. 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

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

Policy SD 2: Locational Policy

The policy is considered unsound as it refers to prioritising previously developed land, this is contrary to national policy.

11. The HBF encourage and support the re-use of previously developed land, providing it meets the criteria set out within footnote 11 to paragraph 47 of the NPPF. It is, however, important that such land is not prioritised over other types of land as this may compromise the delivery of housing needs. Policy SD2 identifies that priority will be given the re-use of previously developed land. Whilst it is recognised the policy has been amended to include 'wherever possible' this statement is still considered contrary to the NPPF.
12. 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.
13. It is therefore recommended that the policy text be amended to replace 'priority' with 'encourage'.

Policy SD 4: General Development Principles

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

14. The policy, part z, 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.
15. The supporting policy text (paragraph 2.31) also requires 20% of materials to be procured from within the borough. The justification for this is unknown, it also may not be feasible in all cases.

16. It is notable that the supporting text suggests that developments will be encouraged to include these elements. Whilst it is also questionable whether the policy requirements would meet the planning obligations tests set out within NPPF paragraph 204, if they can be justified it is recommended that the policy more clearly express it is not a mandatory requirement, otherwise part z should be deleted.

Policy H 1: Housing Requirements

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

17. The policy identifies a net minimum requirement of 234 dwellings per annum (dpa). This is the same requirement as identified in the draft version of the plan. The HBF supports the Council in seeking to provide a housing requirement which is above the identified objectively assessed need for housing (OAN). However, the proposed housing requirement is considered to lack sufficient aspiration and does not adequately take account of the potential for economic growth. The Council will be aware that within our previous comments the HBF considered that an uplift to this requirement would be valid.

18. The expression of the requirement as a net minimum is supported. This wording is considered consistent with the NPPF requirements for plans to be positively prepared and boost significantly housing supply.

19. In terms of the supporting evidence it is noted that a partial update to the 2016 SHMA was undertaken in September 2016 (2016 SHMA update). This update takes account of the 2014 based sub national population and household projections (2014 SNPP and SNHP). The publication of the update is supported. We do, however, remain of the opinion that a higher overall requirement would be justified, our reasoning for this is set out below.

Demographic Starting Point

20. The 2016 SHMA update correctly utilises the 2014 SNPP and SNHP as its starting point. The difference, in terms of a starting point, between these projections and the earlier 2012 based SNPP and SNHP are considered insignificant for Redcar and Cleveland, a point agreed in the 2016 SHMA update.

21. 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 and 2014 SNPP remain the most valid starting point.

22. The 5 year migration rate is also preferred to the 10 year migration rate, whilst the HBF has not undertaken its own analysis, the 5 year rate appears robust in relation to Redcar and Cleveland.

23. In terms of household representation rates (HRRs) the original 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.”

24. 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.

25. An increase in HRRs for the 25 to 44 age group is supported not only by the NPPF requirements to boost housing supply but also the advice contained within the Local Plan Expert Group (LPEG) recommendations to Government¹.

Market Signals

26. The 2016 SHMA update does not provide any further analysis upon market signals than the 2016 SHMA. 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). The uplift applied is 10% this produces a very small increase upon the demographic starting point. The HBF questions whether such a small increase of 12 dwellings will actually address these issues. It is, notable, that updated evidence on affordability indicates a worsening trend between 2013 and 2015 within Redcar and Cleveland (CLG live

¹ Local Plan Expert Group (2016): Report to the Communities Secretary and to the Minister of Housing and Planning

table 576). This is an indicator of market stress and hence an uplift above 10% is considered justified.

Future Jobs

27. The 2016 SHMA update considers future jobs and undertakes further analysis comparing the Office of Budget Responsibility (OBR) economic activity rates with those employed by Experian. The HBF considers the OBR rates to be preferable given they are provided by an independent and anti-partisan organisation, advising Government on fiscal policy. It is noted that these activity rates were preferred by the Inspector considering the Longbank Farm Appeal (APP/V0728/W/15/3018546). Whilst it is noted that other appeals have come to differing conclusions the Longbank Farm Appeal decision is considered important as this was made within the context of Redcar and Cleveland. It is also notable that in this case the Inspector concluded that the housing figure should be in the order of 355dpa. This is significantly greater than identified.

28. Whilst the OBR rates are considered the 2016 SHMA update concludes this still has no discernible effect upon the OAN calculation as no uplift is required to meet the economic projections set out within the Experian forecast. The HBF does not dispute this point. However the 2016 SHMA is based upon a single source of jobs forecasts produced by Experian. There is no analysis of trends to consider whether the forecast is likely to be accurate or a deviation from previous trends.

29. The forecast itself suggests there will be little prospect for jobs growth in Redcar and Cleveland over the plan period. This is considered unduly pessimistic and contrary to the NPPF requirements for positive plan making. The Experian figures also ignore previous rates of job creation which have in the past been more positive. The PPG (ID 2a-018) suggests that past rates of job growth should be considered. The forecast also appears to ignore the ambitions within the *Redcar and Cleveland Growth Strategy* and the *Tees Valley Unlimited Strategic Economic Plan*. Whilst it is recognised these growth strategies are 'policy-on' they should be given due consideration.

30. There is 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.

31. 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

32. 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 and 2015-16) also indicate a demand for new housing within the area.

33. The Council's chosen option, 234dpa, would appear to 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 or to adequately meet the needs of the area. 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 and has been achieved despite the lack of an up to date local plan. A plan with deliverable allocations would provide greater certainty and opportunity to deliver significantly more housing.

34. The HBF is also disappointed to note that the proposed requirement sits below the now revoked RSS requirement of 340dpa and that advocated in recent appeal decisions (Longbank Farm, APP/V0728/W/15/3018546 and Marske, APP/V0728/W/15/3006780). The exact level will need to be gauged based upon our comments above and the identified needs for in-migrants to take up the jobs anticipated within the Tees Valley Unlimited SEP. A figure closer the 355dpa identified by the Inspector of the Longbank Farm Appeal would appear more appropriate. This would be more aspirational and yet still realistic given the levels of delivery recently experienced.

Supply

35. 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. We provide further comments upon housing supply against Policy H3 below.

Monitoring

36. The final paragraph of the policy considers mechanisms to ensure that a five year supply of housing land can be maintained. This is supported, however, to ensure that the policy is more effective 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 3: Housing Allocations

37. The HBF does not wish to comment upon the acceptability or otherwise of particular allocations other than to note that all sites included within the housing trajectory must meet the criteria set out within footnote 11 to paragraph 47 of the NPPF.

38. The plan housing requirement of 234dpa requires delivery of at least 3,978 dwellings over the plan period. The plan identifies a total remaining supply of 4,727 dwellings from allocations, permissions and sites under construction and 231 completions². This is 980 dwellings over the proposed housing requirement. The HBF is supportive of providing a good supply buffer.

39. It is, however, noted that the numbers quoted within the Local Plan appear at variance to those identified within the *November 2016 Strategic Housing Land Availability Assessment (2016 SHLAA)*, tables 4 and 5. These anomalies should either be explained or rectified prior to submission of the plan.

40. It is noted that a 10% discount has been applied to small sites and conversions with planning permission to account for permissions which will lapse (table 3 Local Plan). This level of discount is supported and is consistent with recent practice elsewhere. It is, however, recommended that this discount is applied to any unimplemented permission and not just too small sites and conversions.

41. The HBF supports the plan not seeking to provide a windfall allowance, paragraph 6.35, due to their erratic nature. Whilst the HBF agrees that windfall sites

² Utilising a base date of 31st March 2016

are likely to continue coming forward in the future, particularly from smaller sites, the amount is likely to diminish compared to past trends. It is therefore recommended that further consideration is given as to whether the amount of windfalls will actually off-set future demolitions.

42. Part d of the policy refers to providing a 5 year supply. To strengthen the effectiveness of the policy it is recommended that the policy also consider mechanisms to deal with the lack of a five year supply. This may include a full or partial plan review or the release of additional sites.

Policy H 4: Affordable Housing

The policy is considered unsound as it is not effective or justified.

43. The HBF does not dispute the need for affordable housing and indeed supports its delivery. We are, however, concerned with the viability implications of the policy.

Target

44. The policy applies a 15% affordable housing target on sites of 15 or more and commuted sums for sites of between 11 and 14 units. The Council has recently updated its viability evidence base which is contained in the 2016 *Plan Viability Testing Update*. This study identifies significant viability issues across much of the plan area. Without any policy or affordable housing contributions the lower value zone is indicated to be unviable (Table 7-2). It is therefore considered that no affordable housing contributions should be sought from this area.

45. Once the 15% affordable housing requirement is added to nominal (£500 per unit) policy costs viability becomes marginal across a wider part of the plan area (Table 7-4). Finally once the full policy contributions of the plan are added (£4,500 per unit) the majority of sites are unviable (Table 7-5). Given these results the policy requirements within the plan appear unjustified. In all likelihood, given the list of infrastructure identified in Policy SD5, section 106 contributions may be greater than £4,500 per unit. It is therefore recommended that the Council reconsider the affordable housing and / or contributions on the basis of its own viability evidence, particularly within the low and standard value zones.

46. 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. The justification for a 15% target is therefore questioned.

Threshold

47. Further to our previous comments upon this policy at the draft plan stage it is noted that the threshold has been amended to exclude developments of 10 units or less from making contributions, unless they are rural exception sites. Whilst in principal this is considered consistent with our previous comments we recommend that the wording of the second paragraph be amended to read;

“Developments of 10 or fewer dwellings will not generally be required to make an affordable housing contribution,....”

48. The amendment would ensure greater clarity and conformity with national policy as set out in a Written Ministerial Statement of 28th November 2014 and the PPG (ID 23b-013).

Type of Affordable Housing

49. The third paragraph of the policy does not take account of the impending introduction of ‘Starter Homes’. Once the full details are known this will need to be reflected within the policy.

Rural Exceptions

50. The final paragraph of the policy is essentially a rural exceptions policy. The current wording restricts development to sites of 10 or fewer dwellings. 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 and replaced with a reference to the character of the area.

51. The HBF supports the recognition that some rural exception sites may require market housing to ensure that the scheme is viable. The amended wording, relating to this issue, is considered to accord with our previous comments on this issue.

Information

52. 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

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

Yours sincerely,

MJ Good

Matthew Good
Planning Manager – Local Plans

Email: matthew.good@hbf.co.uk

Tel: 07972774229