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Dear Sir / Madam

## Hartlepool Local Plan: Publication

1. Thank you for consulting with the Home Builders Federation (HBF) on the Hartlepool Local Plan: Publication. 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.
2. 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 previously made 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 or addressed prior to submission we have re-iterated and provided additional comments upon many of our previous points.
3. **The HBF would like to attend the examination hearing sessions to discuss these matters further.**

### Duty to Co-operate

4. The Council is required to ensure that it has discharged its requirements upon the duty to co-operate (*the duty*) in relation to the plan prior to submission. Compliance with the duty is an iterative process and requires more than meetings. The Council must demonstrate what actions have been taken and the outcome of these actions (PPG ID 9-010 and 9-011).
5. The Council's *Duty to Co-operate Statement* highlights that meetings and discussions have taken place over strategic cross-boundary issues. The key concerns of the HBF relate to housing need and delivery. On these issues it is noted

that Hartlepool is identified as being its own Housing Market Area (HMA) and therefore intends to meet its own housing needs. Whilst this is not disputed Hartlepool also shares strong cross-boundary relationships with other neighbouring authorities, particularly those within the Tees Valley. Indeed the Tees Valley has previously been considered a single HMA. Hartlepool is also a member of the Tees Valley Local Combined Authority. Given these close relationships and the economic ambitions of the Combined Authority<sup>1</sup> it is unclear whether sufficient regard has been paid to the housing and economic needs of the wider Tees Valley area and whether other authorities will require assistance in meeting their housing needs.

6. In terms of housing supply it is noted that the Council continues to have discussions regarding the Wynyard site.
7. In conclusion the HBF does not doubt that Hartlepool has undertaken significant cross-boundary work. It is the efficacy of this work and its translation into the plan. The current evidence base does not provide sufficient guidance in this regard.

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

8. There is significant reference to the use of SPD in various policies throughout the Local Plan (e.g. QP1, QP3, QP4, QP5, QP7, RUR1, etc). The LDS and Chart 1 of the plan identify that 8 SPDs are to be provided, a number of which have already been produced. 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 (paragraph153) 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**

10. The overarching messages within the plan vision are generally supported, particularly the reference to;

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<sup>1</sup> See references to the SEP in paragraph 30 below.

*“...maximised quality housing choices and health opportunities to meet, in full, the current and future needs of all residents...”*

11. The vision and objectives are considered to lack spatial dimension. It is recommended they be amended to reflect the growth locations identified in other parts of the plan.

### **Policy LS1: Locational Strategy**

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

12. The policy includes reference to a 'Strategic Gap' where development will be strictly controlled. Whilst we accept the need to prevent coalescence between Hartlepool and the surrounding villages the extent of the gap must be justified on a credible evidence base. The policy and evidence base does not currently take any account of the relative importance of differing parcels of land in maintaining the gap and preventing coalescence.

13. The HBF consider a more pragmatic response would be to provide a full assessment of the land parcels making up the gap. Those parcels of lesser importance could then be identified as contingency or safeguarded sites which could be released through policy criteria as the need arises. This approach would not only ensure that the essential elements of the gap are maintained but would also provide flexibility within the plan to deal with changing circumstances.

### **Policy CC1: Minimising and adapting to climate change**

The policies are considered unsound as they are not justified or consistent with national policy.

14. Part 9 of Policy CC1 and the 2<sup>nd</sup> paragraph of Policy QP7 both require housing developments of 10 or more to provide, where viable, a minimum 10% of their energy supply from decentralised and renewable or low carbon sources. This policy requirement is not consistent with national policy and is therefore unsound.

15. The Council will be aware of the ministerial statement dated 25<sup>th</sup> March 2015. This statement sets out that following the commencement of the amendments to the Planning and Energy Act 2008 in the Deregulation Bill 2015, Local Planning Authorities should not seek to set energy requirements from developments which go beyond the Building Regulations. The requirement for 10% of energy supply from

decentralised solutions for developments complying with the Building Regulations would therefore be unjustified.

16. Similarly the requirement within Policy QP7 to;

*“...improve the fabric of the building 10% above what is required by the most up to date Building Regulations...”*

Would also be unjustified. The HBF recommends the deletion of these requirements.

### **Policy CC2: Reducing and Mitigating Flood Risk**

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

17. The policy does not contain any economic viability clause, this is important in relation to part 8. The justification for the 50% reduction in run-off rates on previously developed sites is unclear. It does not appear to be based upon information contained within the *Strategic Flood Risk Assessment* or the *Tees Valley Authorities Local Standards for Sustainable Drainage*. Whilst a reduction in run-off rates is desirable this must be balanced against the desire to ensure that previously developed land is brought back into use and the economic viability implications of the requirement.

### **Policy QP6: Technical Matters**

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

18. This policy reads like a validation checklist and the need purpose for the policy is questioned. Whilst the issues identified are likely to be relevant to many applications it is unlikely all of the identified matters will require investigation on every occasion.

19. If the Council considers it necessary to retain this policy it is recommended that the following amendments are made;

*“Where appropriate, ~~All~~ proposals should ensure that the following matters are investigated...”*

### **QP7: Energy Efficiency**

The policies are considered unsound as they are not justified or consistent with national policy.

20. I refer to our response to Policy CC1 above.

### **Policy HSG1: New housing provision**

The housing target and OAN are considered unsound as they are not justified.

21. The policy and supporting text identify an objectively assessed need for housing (OAN) of 4,300 net additional dwellings over the plan period, or 290dpa. The HBF is disappointed to note that this figure is below the 325dpa (net) OAN identified within the Preferred Options consultation on the Local Plan.

22. The 290dpa figure is then translated into a dwelling requirement of 409dpa (gross) by the inclusion of demolitions (65dpa) and a 20% buffer and affordable housing allowance (57dpa). This creates an overall housing requirement of 409dpa, which is marginally higher than the 400dpa identified at the Preferred Options stage.

23. There is no explicit reference to the housing requirement within the policy. To aid clarity it is recommended that the housing requirement is included within Policy HSG1 and that it be identified as a minimum requirement. The reference to a minimum requirement is to ensure that the plan is meeting the NPPF requirements for positive planning and the need to boost significantly housing supply.

24. The key evidence base documents are the 2015 Strategic Housing Market Assessment (2015 SHMA) and a more recent 2016 SHMA addendum. The suggested 290dpa (net) OAN is based upon the 2016 SHMA addendum.

### Demographic trends

25. The 2016 SHMA addendum utilises the 2014 based subnational population and household projections as its starting point. This is supported and considered to be compliant with the PPG (ID 2a-016). The projections are then amended based upon a 10 year migration trend assumption, raising the demographic starting point to 210dpa. Once again this is supported.

26. The 2016 SHMA addendum also considers differing headship rates, table 4.1, and concludes that the headship rates used in the 2014 based subnational household projections are the most appropriate. Whilst the HBF does not advocate

the return to the previous headship rates utilised in the 2008 and 2012 based subnational household projections it is unclear why the study has not considered an improvement in headship rates for the 25 to 44 year age group over the period of the plan.

27. The headship rates within the 2014 based household projections are reliant upon recent trends from the last 10 years rather than those experienced over the longer term. The implication of this bias is that the latest projections continue to be affected by suppressed trends in headship rates associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households (25 to 44). There is also evidence to show that headship rates for these groups are likely to recover as the economy improves (see Town & Country Planning Tomorrow Series Paper 16, *“New estimates of housing demand and need in England, 2001 to 2031”* by Alan Holmans).

28. The HBF notes that the 25 to 44 year old age group were particularly hard-hit by the recession and as such the headship rates are likely to have been significantly depressed. Indeed by 2014 the proportion of 25 to 34 year olds who were home-owners had dropped to 35%, from 59% a decade earlier. The HBF considers it would be prudent to consider an uplift in headship rates amongst this group, to reverse this negative trend and reflect their improved ability to access housing. It is also notable 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’*. Help to Buy is already having an impact with 81% of purchasers using the product being first time buyers. The PPG notes that the household projections do not take account of such policy interventions by Government (PPG ID 2a-015).

29. An increase in headship rates 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 Government<sup>2</sup>. It is therefore considered that improved headship rates for 25 to 44 year olds are considered as part of the demographic starting point for the OAN.

## Economic Trends

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<sup>2</sup> Local Plan Expert Group (2016): Report to the Communities Secretary and to the Minister of Housing and Planning

30. The PPG (ID 2a-018) advises that plan makers should have regard to the likely change in job numbers when assessing an OAN. The 2015 SHMA and 2016 SHMA addendum both include such considerations. However, the conclusions between the two studies vary markedly. The 2015 SHMA suggested a figure of 325dpa to represent the OAN (paragraph 10.4 Hartlepool Local Plan: Preferred Options) whilst this was not based upon any particular modelled scenario it was based upon utilising a figure at the upper end of the economic range.
31. In contrast the 2016 SHMA addendum recommends the use of scenario D2 (paragraph 4.20) which identifies jobs growth of 290 per year, based upon the growth envisaged in the Tees Valley Strategic Economic Plan (SEP). This scenario creates a need for 240dpa. The HBF is unclear on the rationale for the shift in focus from an upper end requirement within the Preferred Options document to a figure at the lower end of the range within the Publication version of the plan. The HBF also has a number of concerns in relation to scenario D2.
32. Scenario D2 relates to the job growth ambitions set out within the SEP, this is supported. However the remaining elements of the scenario and the assumptions made in translating this jobs growth into a housing requirement are considered somewhat opaque.
33. Table 4.2 of the 2016 SHMA addendum indicates that under this scenario 70% of all jobs created (3,045) are taken up by existing residents, 15% are taken up by new migrants and 15% by in-commuters. The justification for these figures is non-existent in either the 2015 SHMA or the 2016 SHMA addendum.
34. . These assumptions are considered extremely optimistic particularly given the fact that Hartlepool has an aging population which is likely to reduce economic participation rates within the resident population over time. Therefore achieving 70% of the jobs from existing residents will be extremely challenging and unjustified. Furthermore even if participation rates could be increased substantially amongst the working age population the Council would still need agreement from neighbouring authorities to take some of their housing need. This is because of the 15% of the additional workforce assumed to be due to increased commuting rates from locations outside Hartlepool. The HBF is unaware that any agreement has been made with neighbouring authorities in relation to commuting patterns and as

such considers the approach unsound. The PAS guidance<sup>3</sup> concurs with our views upon this issue.

35. This stance on commuters is also considered contrary to the advice contained within the PPG (2a-019) which states;

*“...Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”*

36. A sense check of the figures can also be made by comparing the 240dpa figure related to scenario D2 and the 250dpa required for scenario F1. Given that scenario F1 is based upon zero jobs growth it would appear nonsensical that it requires a higher housing requirement than a scenario which creates 290 jobs per annum.

37. The HBF notes that scenario D1 also utilises the same jobs growth as D2 but anticipates all new jobs are taken by migrants to the area. This produces a figure of 530dpa. This indicates the scale of impact the assumptions within D2 have upon the housing requirement. Whilst the HBF would not anticipate that all the jobs created would be taken by new migrants the levels of increase in economic activity rates and in-commuting related to scenario D2 are considered unrealistic and unfounded. The HBF would, therefore, like to see further modelling of realistic economic scenarios, particularly variants upon scenario D1 and D2, which provide realistic and defensible economic employment and commuting rates.

### Market Signals

38. The 2015 SHMA and 2016 SHMA addendum both provide an analysis of market signals. These are essential elements of determining an objectively assessed housing need for the area. The HBF is pleased to note that the 2016 SHMA addendum has responded to our previous criticism regarding the period over which the market signals are considered and now provides a longer time frame.

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<sup>3</sup> PAS (2015): Objectively Assessed Need and Housing Target (paragraph 8.16)



39. Within our comments upon the Preferred Options consultation we expressed concern that the 2015 SHMA analysis of previous rates of development and their impact upon household formation rates within Hartlepool is weak. There has been persistent under-delivery within Hartlepool since at least 2004, as shown by the various *Annual Monitoring Reports*. The 2016 SHMA addendum seeks to address this by adding the delivery backlog since 2006/7 of 700 additional dwellings, over the plan period. This is considered a pragmatic response to our previous concerns and the under-delivery that has occurred over numerous years.
40. The inclusion of this additional 700 dwellings over the plan period, approximately 50dpa, once added to the preferred economic scenario leads to the 2016 SHMA addendum OAN figure of 290dpa.

#### Translating the OAN to a housing target

41. As noted in paragraph 21 of these comments the move from the OAN to the gross housing target includes 65dpa for demolitions and a further 20% buffer for affordable housing need and buffer (57dpa). This creates a housing target of 409dpa. The HBF is supportive of the Council choosing a housing target which is greater than its preferred OAN.
42. In terms of the rate of demolitions it is noted that this is based upon evidence provided by the Council's Housing Services Team (paragraph 10.4 Local Plan). The 65dpa figure also relies upon 50% of the losses being replaced (table 6, Local Plan). The HBF is unaware that any of this evidence has been published and it is therefore difficult to ascertain whether the figures are realistic. It is therefore recommended that the Council publish any evidence they have with regards to this assumption prior to submission of the plan for examination.
43. In terms of the uplift for flexibility and affordable housing need this is supported. The HBF notes there is a substantial net imbalance in affordable dwellings, 144 per annum. This represents nearly 50% of the suggested OAN and 35% of the housing target. Such a high percentage is clearly undeliverable within Hartlepool from market sites. To address this significant problem the Council should investigate other methods of delivery. In addition a higher housing target would undoubtedly assist in reducing this figure.

#### Conclusion on OAN / Housing Target

44. The current OAN calculation and housing target are not considered sound as the assumptions used are not justified by evidence. The HBF has not undertaken its own modelling at this stage it does, however, appear that the assumptions made will suppress the housing need and requirement. We therefore make the following recommendations in relation to the OAN and housing target;

- The target be expressed as a minimum;
- Clarity be provided in terms of the assumptions used in each scenario;
- Further work be undertaken in relation to jobs-led scenarios D1 and D2 (2016 SHMA addendum) including the realism of the assumptions used; and
- Clarity provided upon the rate of demolitions proposed.

#### Housing Delivery

45. Table 8 of the consultation document and the policy identify a total future supply of 6,199 dwellings over the plan period. This is just 64 dwellings greater than the proposed requirement. Whilst it is recognised that a number of permissions for apartments have been discounted from the supply this provides only a 1% buffer over the housing target to provide flexibility and choice as required by the NPPF. Given the previous levels of under-delivery within Hartlepool it would appear prudent to provide a significantly greater buffer over the plan period. The HBF recommend 20%.

46. To achieve a higher buffer the Council will need to consider all potential sources of delivery. It would, however, appear a reasonable assumption that further site allocations will be required. A buffer of 20% 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.

47. Paragraph 10.18 identifies that the Council will not seek to control housing delivery and that;

*“...each housing site identified will deliver according to the housing market at the time, table 7 and graph 1 are included for illustrational purposes only...”*

48. The HBF supports this stance and considers it an appropriate response to previous delivery issues.

## **Policy HSG2: Overall housing mix**

49. The HBF supports the need to deliver a range and mix of housing to meet local needs, including aspirational housing. Whilst the 2015 SHMA identifies current deficits these reflect a snap-shot in time and will vary both geographically and over the plan period. The 2016 SHMA addendum does not revisit the issue of housing mix.
50. It is considered policy HSG2 provides a pragmatic approach to dealing with housing mix. It provides guidance upon need but also ensures that flexibility is maintained. It is important that this approach is reflected in decision making and as such further commentary upon this issue within the supporting text would be welcomed. This would allow individual schemes to determine the appropriate mix dependent upon local needs, viability and demand as well as the ability to make the most beneficial use of the site.

## **Policy HSG9: Affordable housing provision**

The policy is considered unsound as it is not justified.

51. The HBF supports the need to address the affordable housing requirements of the borough. It is noted that the 2015 SHMA identifies an annual target of 144 dwellings, this represents 35% of the proposed housing target. The NPPF is, however, clear that the derivation of affordable housing policies must not only take account of need but also viability. Whilst the need for affordable housing is not disputed the policy requirement is considered unsound and is likely to hinder development within Hartlepool.
52. The policy sets a target of 18% affordable housing on qualifying sites, over a threshold of 15 units. The HBF is pleased to note that the identification of the 18% policy requirement as a 'minimum' has been removed. This is consistent with our comments at the Preferred Options stage of consultation.
53. The Council's viability evidence is set out within the appendix to the 2015 *Planning Obligations SPD*. It is unclear when this study was undertaken and as such the relevancy to current development costs is queried. Indeed the study as a whole lacks transparency many of the costs are identified as estimates with no clear identification of how they were derived. Furthermore the HBF has concerns over a number of the inputs such as marketing costs and developer profit which are considered too low. The reliability of the study is therefore questioned. It is

recommended further work and information is provided prior to the submission of the plan.

54. Notwithstanding the above concerns the study is clear that an 18% affordable housing contribution is at best marginal across most sites and unviable on smaller sites. The lack of assessment of sites between 15 and 50 units gives little comfort that sites within this range will be viable. The PPG (ID 10-008) is clear that the cumulative impact of plan policies should not be set at the margins of viability but should allow for a buffer to respond to changing market conditions. Table 3 in the study clearly indicates 18% provides very little buffer. This is particularly concerning given the significant costs associated with a number of other financial contributions, such as the significant highway works described in Policy LS1. The HBF therefore recommends a reduced affordable housing requirement to take account of our comments.

55. It is recognised that an 18% requirement from sites of 15 units or more is unlikely to address the affordable housing needs set out within the 2015 SHMA. Indeed given our comments above it appears unlikely that 18% will be delivered from a significant number of sites. There are, however, other mechanisms available to address this shortfall which would not have implications upon site viability and delivery. The Council should consider these alternatives. As previously noted this could include the provision of further sites and / or a higher overall housing requirement to reduce the burden upon individual developments.

## **Information**

56. 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

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

Yours sincerely,

MJ Good

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