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8th March 2017

Sent by Email only

Dear Sir / Madam,

North Tyneside Local Plan: Main Modifications

1. Thank you for consulting the Home Builders Federation (HBF) on the proposed main modifications to the North Tyneside Local Plan. The Council and Inspector will be aware that we made detailed comments both upon the submission version of the plan, within our examination hearing statements upon matters 1, 3, 4, 6 and 12 and orally during the examination hearing sessions. We have not sought to replicate those comments within this response but trust they will be given due consideration.
2. The HBF is largely supportive of the plan and the proposed main modifications, many of which have sought to overcome our previous concerns. The key remaining issue relates to the proposed introduction of the optional housing standards, the Council and Inspector have already been made aware of these concerns within our letter submitted 28th February 2017. This letter and its associated appendices are included alongside this response for completeness. Our other comments upon the main modifications are included below.
3. It is also noted that the Council has provided additional evidence since the examination hearing sessions. The HBF has not had the opportunity to comment upon this additional evidence previously. The HBF would welcome further opportunity to discuss the additional evidence and modifications as part of any further examination hearing sessions.
4. Our comments upon the main modifications and associated evidence base are provided below.

Modification Number: MM10 (page 12, paragraph 1.26)

5. The HBF supports the inclusion of this additional sentence which aids clarity.

Modification Number: MM155 (page 75, Policy S4.2)

6. The following comments also refer to the consequential changes to the supporting text set out within main modifications MM149, MM150, MM163, MM165 etc.
7. The Council and the Inspector will be aware of the position of the HBF in relation to the housing requirement. This is set out within paragraphs 18 to 36 of our comments upon the submission version of the plan and matter 3 examination hearing statement. Throughout these comments we considered that a moderate uplift was required to take account of market signals in line with the PPG and recommendations from LPEG. We also asserted that the submitted plan requirement for an average of 828 dwellings per annum (dpa) sat at the lower end of an acceptable range. These comments are considered to remain valid.
8. Given our previous comments upon this issue and statements made within examination hearing session 3 we are disappointed to note that the proposed main modification seeks to reduce the housing requirement over the plan period from 17,388 to 16,593 dwellings, an average of 790dpa. This is 38dpa lower than the submitted plan. The HBF is, however, pleased to note that the housing requirement is identified as a minimum requirement.
9. It is understood that the 790 average figure is derived from the updated 2016 SHMA figure of 727 plus an uplift to account for market signals (page 4 examination document EX-NTC-54). The HBF welcome the principle of an uplift to take account of market signals. It is, however, unclear why no uplift is provided until 2021/22. The HBF consider that the uplift should be applied throughout the plan period. The use of the LPEG methodology, as described in their report to Government, would require the uplift to be applied over the full plan period. A 10% uplift across the plan period would identify an average requirement of 800dpa or 16,800 over the plan period. This small additional increase would be based upon a clearly justified response to market signals. The HBF does, however, also consider the 15% or 20% uplift identified within table 5 of the *Housing Needs and Supply Update* (Examination ref: EX-NTC-54) to be appropriate if applied over the full plan period.

Modification Number: MM456 (page 75, new Policy S4.2a)

10. The new policy sets out a framework for monitoring the delivery of housing over the plan period. The policy indicates some of the remedial actions the Council will take if the number of completed dwellings falls below the cumulative target over any 12 month monitoring period. Throughout the examination hearing sessions the HBF was supportive of the principle of such a policy and the actions identified. This

remains to be our position. The Council and Inspector will also note the delivery test identified within the Government's Housing White Paper '*Fixing our broken housing market*' and the various actions required based upon the level of delivery against the housing requirement. These triggers and actions will need to be borne in mind.

11. A key trigger identified in the modification relates to the partial review of the plan. The policy currently suggests that this will only occur "*...if exceptional circumstances prevail...*". This creates a significant amount of uncertainty regarding when such actions would be triggered. To provide greater clarity and certainty and to ensure the policy is effective it is recommended clear triggers are included. This could include the trigger of a Local Plan review where delivery falls 20% below the cumulative target or where the cumulative target is missed for three consecutive years.
12. In terms of the phased approach to the housing requirement I refer to our comments upon main modification MM457 below.

Modification Number: MM457 (page 75, new paragraphs)

13. The modification includes a significant number of issues including a phased approach to the housing requirement, the five year housing land supply and windfall sites. These issues are dealt with separately below.

Phased housing requirement

14. The proposed phasing of the housing requirement is set out within Table X of the proposed main modification. The phasing places significant emphasis upon delivery in the mid to latter stages of the plan period. As explained within our matter 4 examination hearing statement and orally during the discussions upon matter 4 the HBF does not support the back-loading of housing requirements where this cannot be justified. Our reasoning is that this simply 'puts-off' meeting the needs of the area in the short term and may have implications for the achievement of the Council's economic ambitions.
15. In terms of North Tyneside the Council and Inspector will recall, from statements made during the matter 4 examination hearing session, that whilst we do not support the principle of a phased requirement it does appear that this could be justified in North Tyneside due to the demographic modelling work undertaken and the delivery implications associated with the two large strategic sites. It is only for these reasons that we raise no further objection to the principle of phasing.

Five year housing land supply

16. In terms of the five year supply the HBF agrees with the main modification that a 20% buffer should be applied due to persistent under-delivery and that a 5% non-implementation allowance is appropriate. These both conform to our previous comments upon this issue (matter 4 hearing statement). The Housing White Paper also provides clear guidance upon Government thinking on persistent under-delivery. Paragraph 2.49 of the White Paper indicates that delivery of less than 85% of the housing requirement over the previous three years should be considered persistent under-delivery and a 20% buffer should be applied.
17. We do not, however, agree to the use of the 'Liverpool' method of dealing with unmet housing supply. This is discussed in greater detail in response to Main Modification MM843 below.

Windfalls

18. The plan and main modifications continues to place significant reliance upon delivery from windfalls. Within our comments upon the submission version of the plan and matter 4 examination hearing statement (paragraphs 8 to 12) we clearly set out our concerns with the Council's approach. Our concerns primarily relate to the continued reliance upon larger windfall sites. The Council has not provided any further evidence in this regard and as such our concerns remain.

Modification Number: MM843 (page 77, new paragraphs) and MM199

The proposed modification is considered unsound as it is not positively prepared justified or consistent with the PPG.

19. The main modification relates to new paragraphs explaining the Council's approach to the five year housing land supply calculation. In respect of the housing requirement, 20% buffer and 5% discount rate I refer to our responses to MM155 and MM457 above.
20. The modification identifies a 5.56 year supply as of 1st April 2016. This is, however, based upon the 'Liverpool' method of dealing with under-delivery since the start of the plan period by spreading it over the remainder of the plan period. The HBF does not consider the use of the 'Liverpool' method to be justified or consistent with the PPG (ID 3-035) and considers the 'Sedgefield method' dealing with the backlog in the first five years to be more appropriate.

21. The use of the ‘Liverpool’ method also departs from the Council’s previous stance upon this issue which supported the use of the ‘Sedgefield’ method (paragraph 8.20, North Tyneside SHLAA 2016 and paragraph 4.1.32 of the Council’s matter 4 examination hearing statement). The reason for this departure is unknown and not clarified.
22. The approach is also not justified by the evidence, the Council has not indicated any special circumstances to deviate away from the guidance within the PPG and indeed its own evidence set out within the December SHLAA addendum (*Addendum of Analysis of Scenarios A to G as considered through the Local Plan Examination in Public*) and *Housing Needs and Supply Update* clearly illustrates, based upon the Council’s evidence, that with the phased approach to the housing requirement a five year supply of housing land can be demonstrated utilising the ‘Sedgefield’ method¹.
23. The HBF therefore concludes that there is no justification for the use of the ‘Liverpool’ method and to ensure the plan is positively prepared and consistent with the PPG the Sedgefield method should be utilised.

Modification Number: MM219 (page 104, paragraph 7.71)

The proposed modification is considered unsound as it is not effective, justified or consistent with national policy.

24. The modification implies, contrary to the modifications set out in MM223, that some sites will be required to provide more than 25% affordable housing. This requires greater clarity. We set out our reasoning as to why this is inappropriate within our matter 12 hearing statement and paragraphs 45 to 48 of our comments upon the pre-submission version of the plan.
25. It is recommended that the following further changes are made to the modification;

‘...Based on evidence of viability the Borough-wide target is 25%. ~~Whilst some sites may achieve less than this due to viability there may be other sites that can achieve more than the 25% target the aim is to achieve 25% overall across the Borough over the life of the Local Plan.~~’

Modification Number: MM223 (page 106, Policy DM4.7)

¹ Note: The HBF has not undertaken a thorough analysis of the Council’s available supply.

26. The HBF supports the proposed changes to this policy which removes the reference to the target being a minimum and applies the appropriate threshold of 11 or more dwellings. The deletion of 'or greater than' from criteria b and c are also supported. The proposed amendments conform with our previous comments upon this policy.

27. The HBF does, however, remain concerned with regards to the viability of the 25% target. This is discussed within our comments within examination hearing statement 12 and the submission version of the plan.

Modification Number: MM224 to 226

28. The HBF supports the inclusion of these additional paragraphs which provide greater clarity and certainty.

Modification Number: MM464 (page 109, Policy DM4.9)

The policy and amendments are considered unsound as they are not justified.

29. The following comments also relate to the supporting text and associated modifications (MM463, MM231).

30. The HBF set out our position in relation to the introduction of the housing standards within our comments upon the submission version of the plan, our matter 12 examination hearing statement (paragraphs 15 to 27) and letter dated 28th February 2017. We remain firmly of the opinion that the policy is not justified and will have a detrimental impact upon housing delivery and affordability across North Tyneside. The HBF along with other participants at the examination, whom will be tasked in delivering the strategic sites, have provided additional detailed evidence with regards to this policy and proposed modification issue. This evidence identifies our concerns with the policy as well as our recommended modifications. The letter submitted on 28th February and its associated appendices are included alongside this response.

Information

31. I would be happy to discuss any of the above comments in greater detail. The HBF would like to be involved in further hearing sessions if considered relevant and necessary.

32. We would also like to be informed of the following;

- Publication of the inspectors' recommendations
- Adoption of the Local Plan

Yours sincerely,

MJ Good

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