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Dear Sir / Madam,

## **STOCKTON ON TEES LOCAL PLAN: PUBLICATION DRAFT**

Thank you for consulting with the Home Builders Federation on the Publication Draft of the Stockton on Tees Local Plan.

The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.

### **Policy SD2: Strategic Development Needs**

*Policy SD2 is not considered sound as it is not considered to be positively prepared, justified, effective or consistent with national policy for the following reasons, for the following reasons:*

#### **Duty to Cooperate**

The Plan states that the Council has worked with neighbouring authorities and other partners in the preparation of the Local Plan and will continue to do so.

The Duty to Cooperate Statement September 2017 identifies work that has been undertaken to translate the Objectively Assessed Need (OAN) into a housing requirement. However, the comments that are included make it clear that whilst the Council and other authorities understand the importance of working together there are no clear actions as to what work has been undertaken to ensure that housing delivery occurs and how the authorities are working together to make sure that happens. 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).

It is noted that Stockton on Tees is identified as being its own Housing Market Area (HMA) and therefore intends to meet its own housing needs. However, it is considered that it still shares strong cross boundary relationships with other neighbouring authorities. Indeed the Tees Valley has previously been considered a single HMA. Therefore there should be a clear understanding of what issues this may lead to and how they are being addressed by each authority.

In terms of housing supply it is noted that the Council continues to have discussions regarding the Wynyard site.

The importance of identified actions resulting from fulfilment of the duty is clearly articulated within the National Planning Practice Guidance (PPG). The PPG states '*it is unlikely that this (the duty) can be satisfied by consultation alone*' and that '*inspectors will assess the outcomes of the co-operation and not just whether local planning authorities have approached other*' (ID 9-009 and ID 9-010 respectively). The key concern for the HBF is not necessarily the level of work that has been undertaken but more about the effectiveness and efficiency of the work and its translation into the plan.

The Government proposes that all Councils will have a Statement of Common Ground (its draft form in place in six months) in place twelve months from the publication of the revised NPPF (anticipated in 2018). If any Statements of Common Ground are prepared the HBF may wish to submit further comments on the Council's legal compliance with the Duty.

### **Objectively Assessed Need**

The Local Plan identifies an Objectively Assessed Need (OAN) of 11,061 dwellings between 2014 and 2032, derived from the evidence within the 2016 Strategic Housing Market Assessment (SHMA).

It is noted that the SHMA utilises the CLG 2012 based household projections as its starting point but regard has also been given to the more up to date 2014 based projections<sup>1</sup>. This is considered appropriate and in conformity with the PPG.

The SHMA also considers demographic adjustments to migration and household representation rates, adjustments for market signals and employment trends. Whilst these considerations are all consistent with the PPG the HBF do have a number of concerns with the conclusions and assumptions made, which in our opinion leads to a suppression of the OAN figure.

### Demographic adjustments

As set out in our previous comments, the HBF agrees that in the case of Stockton-On-Tees it is appropriate to utilise long-term migration trends. The HBF is, however, concerned that no adjustment has been made in respect of household representative rates (HRRs). The implication of this bias is that the latest projections continue to be affected by suppressed trends in HRRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the

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<sup>1</sup> Paragraph 3.9 SHMA (2016)

preceding period of increasing unaffordability which particularly affected younger households (25 to 44). There is also evidence to show that HRRs 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).

The HBF notes that this group were particularly hard-hit by the recession and as such the HRRs 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 HRRs amongst this group, to reverse this negative trend. 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).

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 Government<sup>2</sup>.

It is noted that ORS consider that demographic adjustments are not necessary as this would deviate from their normal approach, and raise consistency issues<sup>3</sup>. Whilst it is also noted that they *‘explicitly count the impact of the growth in concealed families and add these to the OAN figures . . . an important consideration is not only concealed families, but also concealed individuals’*<sup>4</sup>.

### Market Signals

The SHMA considers each of the various market signals identified within the PPG. This is a fundamental element of determining the objectively assessed need for housing (PPG ID 2a-019) and a worsening trend in any of these indicators will require upward adjustment to planned housing numbers (PPG ID 2a-020).

As set out in our previous comments, the HBF recognises that Stockton-on-Tees performs ‘better’ than the national average on all of the signals identified. However, this should not on its own lead to a conclusion that no market signals uplift is required. In response to market signals the SHMA identifies an uplift of just 273 dwellings over the plan period to account for concealed families but suggests no further uplift is required. This equates to an uplift of less than 3%. This small uplift is despite Stockton-on-Tees performing ‘worse’ across all but one signal when compared to the comparator areas and a poor housing delivery record. The HBF consider that a larger adjustment is required.

### Employment Trends

The PPG (ID 2a-019) indicates that *‘Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this*

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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

<sup>3</sup> Para 2.27 Housing Requirement Topic Paper (Sept 2017)

<sup>4</sup> Appendix A, Para 1.8 -1.9 Housing Requirement Topic Paper (Sept 2017)

*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.'*

The SHMA<sup>5</sup> identifies that the Stockton-on-Tees Employment Land Supply Study forecast a jobs growth for the area which is 2,100 more than this SHMA projects will be the growth in the equivalent labour force of Stockton-on-Tees. Despite the guidance within the PPG no adjustment is made to the housing need calculation. The SHMA suggests that the difference in labour force will be made up by additional in-commuters from other districts<sup>6</sup>.

Confusingly and despite suggesting Stockton-on-Tees is its own HMA, earlier in the SHMA, on the issue of commuting the HMA boundary appears to be widened to include other authorities. This is inconsistent and raises issues of soundness. If indeed the HMA boundary does incorporate other authorities a SHMA and OAN for the whole HMA should be undertaken to ensure the study is compliant with the NPPF. It is not sound to simply assume needs will be met outside of the HMA without specific agreements and actions by the neighbouring authorities.

### **Housing Requirement**

The Local Plan states that *'to meet the housing requirement of 10,150 new homes over the plan period a minimum of: 720 dwellings (net) will be delivered per annum 2017/18 to 2021/22; 655 dwellings (net) will be delivered per annum 2022/23 to 2031/32'*.

In translating the OAN into a housing requirement that Council have applied an uplift to the OAN to address the needs of older people and to address the backlog of housing needs which were not met by housing delivered between 2014/15 and 2016/17. The Council have identified the need for older people to be in the order of 793 dwellings over the plan period. The Council have identified the backlog of dwellings which had not been provided as 332 dwellings. The Housing Requirement Topic Paper identifies the need to ensure that this is dealt with inside the first five years of the plan. This appears to be the reason for 720 dwellings per annum in the period 2017/18 to 2021/22. The HBF also consider that any under delivery should be addressed within the first five years, in consistency with the PPG (ID 3-035).

The SHMA also identifies an affordable housing requirement of 3,502 dwellings over the plan period. The Council states within the Local Plan that their evidence has established that the Local Plan cannot fully meet the affordable housing needs as it is not viable to deliver more than 20% of units on site as affordable. This is also discussed in the Housing Requirement Topic Paper. The Council state within the Local Plan they have considered, but discounted, an uplift to the housing requirement to meet the affordable housing requirement but that this would have negative implications for the environment and infrastructure in the area.

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<sup>5</sup> Paragraph 5.52

<sup>6</sup> Paragraph 5.46

Where affordable housing need cannot be met the PPG advises that an increase in the total housing included in a plan should be considered where it could help to deliver the required number of affordable homes (ID: 2a-029). Whilst, the Housing Requirement Topic Paper itself in considering the High Court decisions of Warrington and Kings Lynn, states that *'the High Court concluded that the consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total is consistent with the policy in paragraph 159'*.

Whilst the HBF would prefer to see the affordable housing requirement met in its entirety, and explanation and evidence as to why this is not possible appears limited. It is considered that there is no reason provided as to why a proportion of requirement in the form of an uplift to the housing figure cannot be provided in Stockton-on-Tees to deal with the need for affordable housing. We would expect the proportion to be evidenced, based on the assumption that all of the need should be met, weighed against the constraints that have been identified by the Council.

### **Proposed Modifications in relation to Policy SD2**

- The HBF recommends further clarity on the works and actions that have arisen from the Duty to Cooperate particularly in relation to housing delivery, given the close relationship between the authority and its neighbours.
- The HBF recommends that further work is undertaken to ensure that the identified OAN appropriately reflects the need in the areas taking into account demographic adjustments, market signals and employment trends.
- The HBF recommends that the housing requirement is adjusted to reflect an appropriate OAN and to ensure an appropriate level of affordable homes can be provided.

### **Policy SD3: Housing Strategy and Policy H1: Housing Commitments and Allocations**

*Policy SD3 is not considered sound, for the following reasons:*

The HBF does not wish to comment upon the acceptability or otherwise of individual sites. It is, however, important that all the sites contained within the plan are deliverable over the plan period.

The Council's assumptions on lead-in times and delivery rates of sites set out in the Plan should be realistic based on evidence supported by the parties responsible for housing delivery and sense checked by the Council based on local knowledge and historical empirical data.

To ensure that the plan successfully meets the identified housing needs over the plan period a wide range of sites will be required, both previously developed and greenfield. This is particularly important in an area such as Stockton-on-Tees where economic viability is a significant issue.

It is important that the plan should seek not only to provide sufficient development opportunities to meet the housing requirement but also to provide a buffer over and above this requirement. The reasons for the inclusion of such a buffer are two-fold.

Firstly the NPPF is clear that plans should be positively prepared, aspirational and significantly boost housing supply. In this regard the housing requirements set within the plan should be viewed as a minimum requirement, this interpretation is consistent with numerous inspectors' decisions following local plan examination. Therefore if the plan is to achieve its housing requirement as a minimum, it stands to reason that additional sites are required to enable the plan requirements to be surpassed. Secondly, to provide flexibility. A buffer of sites will therefore provide greater opportunities for the plan to deliver its housing requirement. The HBF recommend a 20% buffer of sites be included within the plan.

### 5 Year Supply

The Local Plan seeks to maintain a rolling five year supply of deliverable housing land and states that *'if it becomes apparent at any point that a five year supply cannot be evidenced, we will work with developers and land owners to bring forward additional sites, provided that it can be demonstrated that development would make a significant contribution to reducing the supply deficit, the development would constitute sustainable development and that delivery on other sites would not be compromised as a result'*.

As identified within the Housing Requirement Topic Paper it is clear there has been under delivery of dwellings against the OAN and the proposed housing figure. This will need to be addressed and it is considered that it should be addressed using the Sedgefield method within the five years.

The Council has also identified that it has not delivered against the OAN or the proposed housing figure. Therefore the HBF recommends a 20% buffer of sites be included within the 5 year supply.

The Council will need to ensure they have appropriate supply to meet the requirement created by the use of the Sedgefield method and the addition of the 20% buffer. The HBF suggests that sufficient sites are allocated in the plan that will deliver in the first five years of the Plan.

### **Proposed Modifications in relation to Policy SD3 and H1**

- The HBF recommends that the Council ensures all sites are deliverable over the plan period.
- The HBF recommends a 20% buffer of sites be included within the plan.
- The HBF recommends that the Council ensure they have an appropriate supply of deliverable sites to meet the 5-year supply.

### **Policy H4: Meeting Housing Needs**

*Policy H4 is not considered sound as it is inconsistent with national policy and it is not justified.*

Paragraph 3 requires 20% of new homes to be affordable on schemes of more than 10 dwellings or with a combined gross floorspace of above 1000 sqm. In general, the HBF supports the need to address the affordable housing requirements of the borough.

This requirement is based upon the Affordable Housing Viability Study (2016). The study indicates significant viability constraints across Stockton-on-Tees and it is notable that a 20% affordable housing contribution is only viable in the highest value areas with a specific mix of dwellings. It is therefore extremely questionable whether a 20% requirement is justified. This situation will be significantly exacerbated by other elements of this policy, and other policy requirements across the Local Plan.

Paragraph 8 introduces new housing standards including that 60% of homes to meet building regulation M4(2) 'accessible and adaptable dwellings'. The Written Ministerial Statement dated 25th March 2015 stated that *'the optional new national technical standards should only be required through any new Local Plan policies if they address a clearly evidenced need, and where their impact on viability has been considered, in accordance with the NPPG'*. If the Council wishes to adopt the higher optional standards for accessible & adaptable homes the Council should only do so by applying the criteria set out in the PPG. It is incumbent on the Council to provide a local assessment evidencing the specific case for Harborough which justifies the inclusion of optional higher standards for accessible / adaptable homes in its Local Plan policy. PPG (ID 56-07) identifies the type of evidence required to introduce such a policy, including the likely future need; the size, location, type and quality of dwellings needed; the accessibility and adaptability of the existing stock; how the needs vary across different housing tenures; and the overall viability. Unfortunately the current evidence base is severely lacking on the majority of these elements. This lack of evidence does question how the percentages identified in the policy were derived.

The HBF is supportive of providing homes for older and disabled persons. We also do not dispute the evidence provided within the Strategic Housing Market Assessment (SHMA) in relation to the likely future needs of older and disabled people. It is, however, considered that the policy lacks finesse by requiring blanket requirements with no regard to the type or location of the housing being provided.

Paragraph 173 of the NPPF established the importance of viability testing to ensure that the sites and scale of development identified in the Plan should not be subject to such scale of obligations and policy burden that their ability to be developed might be threatened.

The Affordable Housing Viability Study (October 2016) highlights the marginality of sites once policy requirements are taken into consideration. It states that *'recent housing delivery has not met this target and our assessment shows that it will not do so in the majority of cases at current costs and values, although 10% may be achievable at the lower densities'*. Indeed even in recommending the 20% the study clearly indicates that many sites will not be able to achieve this level of provision. The justification for a blanket 20% across the whole of the plan area is therefore considered suspect, particularly when the implications of other policy burdens have not been taken into account.

The Council should be mindful that it is unrealistic to negotiate every site on a one by one basis because the base-line aspiration of a policy or combination of policies is

set too high as this will jeopardise future housing delivery. Therefore site by site negotiations on these sites should occur occasionally rather than routinely.

Paragraph 13 requires allocations to deliver a suitable range and mix of house types, which are appropriate to their location and housing needs. The HBF generally supports the need to deliver a range and mix of housing to meet local needs, but would like to ensure that flexibility is built into this policy to reflect market demand and aspirations, not just housing need.

Paragraph 13 and 14 require identified allocations to provide a specific mix of house types. Whilst the HBF does not wish to comment upon individual allocations the mix of house types should be agreed with the relevant developer at the time of application rather than placed in policy. This will ensure that the plan can deal with changing circumstances.

#### **Proposed Modifications in relation to Policy H4**

- The HBF recommends that further consideration is given to whether a 20% affordable housing requirement is justified.
- The HBF recommends that further evidence is provided to establish whether a 60% requirement for acceptable and adaptable dwellings is justified.
- The HBF would like to ensure that flexibility is built into this paragraph 13 and 14 to reflect market demand and aspirations and to ensure that the plan and developers can deal with changing circumstances.
- The HBF recommends flexibility is in-built into all of the policy requirements set out in Policy H4.
- The HBF recommends that the Council considers the viability of the requirements of Policy H14.

#### **Policy ENV 1 – Energy Efficiency**

*Policy ENV1 is not considered sound as it is not considered to be justified or consistent with national policy.*

The Council will be aware of the ministerial statement dated 25th 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. Therefore the HBF recommend that the Council ensure that this policy is justified and consistent with national policy.

#### **Monitoring**

The Council's monitoring as set out in Appendix 3 sets targets in relation to the delivery of new homes. The HBF recommends that specific monitoring triggers are introduced. It is not clear from the table how quickly action will be taken if targets are not met, and how long it will be before the final resort of reviewing the plan is considered.



## **Conclusion**

For the Stockton-on-Tees Local Plan to be found sound it must pass the four tests set out in paragraph 182 of the NPPF. At present we consider the Publication Local Plan to be unsound due to:

- An under-estimation of objectively assessed housing needs; and
- Policy in relation to meeting housing needs that is inconsistent with national policy and unjustified in relation to housing standards (H4, ENV1)

## **Future Engagement**

I trust that the Council will find these comments useful as it takes its Local Plan forward to the next stage of plan preparation and examination. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry.

The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents. I can confirm that I would like my details to be added to the Local Plan Consultation Database in order that I can receive further information and updates. Please use the contact details provided below for future correspondence.

I would like to be notified that the Stockton-on-Tees Local Plan has been submitted for independent examination. I would also like to be notified that the recommendations of the person appointed to carry out the independent examination of the Stockton-on-Tees Local Plan have been published.

I would also like to express my interest in attending any relevant hearing sessions at the Examination in Public. Should you require any further clarification on the issues raised in this representation please contact me.

Yours sincerely,



**Joanne Harding**

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