



THE HOME BUILDERS FEDERATION

Graeme Smith
Principal Policy Officer
Regeneration and Economic Development
Durham County Council
County Hall
Durham
DH1 5UL

Date: 19th July 13

Sent by email only

Dear Mr Smith

County Durham Strategic Housing Market Assessment (SHMA) 2013 Update

Thank you for providing a copy of the 2013 SHMA update for comment. These comments are provided as a holding response highlighting key issues with the document. Given the importance and complexity of such documents combined with forthcoming guidance upon SHMAs I trust the Council will understand why a longer period is required to provide detailed comments upon this document.

The HBF is the principal representative body of the housebuilding 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.

The SHMA represents a key piece of the Council's Local Plan evidence base and it is therefore important that it is founded upon credible up to date evidence and guidance. The Council will be aware that the Government will shortly be reporting upon its comprehensive review of planning practice guidance. This guidance is likely to include an update of the current SHMA Practice Guidance published in 2007. Whilst it is recognised and welcomed that the Council are keen to progress work upon its Local Plan it would appear opportune to consider the implications of any update prior to finalising the 2013 SHMA update.

Whilst at this stage I do not intend to provide detailed comments upon the whole SHMA methodology and recommendations I would like to take this opportunity to highlight a few concerns with the current draft document. If the Council are keen to attain more detailed comments it would be preferable for a further

consultation period following the publication of the Government's updated planning practice guidance. It is also disappointing to note that the Council do not appear to have followed the regional SHMA Guidance and advice previously produced by ANEC in conjunction with the HBF. This guidance provides an industry backed response to regional SHMA production, data collection and interpretation. Greater use of the guidance will assist in overcoming some of the general concerns outlined below;

Stakeholder Involvement

During the production of the 2013 SHMA update the Council identify a number of interviews have taken place together with two stakeholder events. It is not clear what the outcomes from these sessions were and how they have informed the current document. It is important that all stages of the SHMA process are transparent, with sources of data and assumptions explained and justified, with any drawbacks and data irregularities explained at the outset. This is particularly important to avoid later challenge against key elements of the document such as the estimating of housing need. Practice elsewhere as well as the North East SHMA Implementation guidance note has demonstrated that the house building Industry can play an important role as data providers and ensure that the percentage requirement and that affordable housing tenure splits are balanced with key delivery issues which need to be considered.

To aid transparency it would be useful if it could be clearly identified which companies and individuals were involved in the interviews, what feedback was provided and how these have been incorporated into the current draft SHMA. It is understood that the Council are considering a further workshop to provide greater opportunities for housebuilders to be involved in the process. This is a positive step by the Council and one which will hopefully create greater transparency in the process.

Evidence Base

The use of the 2011 interim household projections are not considered an adequate basis upon which to base the study. The projections only provide a 10 year timespan to 2021 and hence do not adequately cover the County Durham plan period to 2030. In addition the 2011 projections do not have the benefit of a full data set upon which to draw conclusions. The data is a hybrid being based partially on the 2011 census and partially upon previous projections. This is due to the lack of datasets from the 2011 census at the time of production, such as household representative rates by age and marital status. In addition given that much of the data was derived during a period of recession it is likely that it under-estimates actual need due to suppressed demand caused by poor access to finance.

By way of comparison the 2011 interim projections significantly depart from the 2008 based figures used by the '*What households where*' website. The 2011 based figures used within the SHMA indicate a figure of 1,174 dwellings per annum compared to 1,932 dwellings per annum within the earlier figures. Given the issues raised with the 2011 interim projections it is recommended that the 2008 based projections be used until more comprehensive projections become available.

Economic Viability / Affordable Housing

The SHMA update (paragraph 5.27) identifies the Council is developing evidence relating to economic viability alongside the 2013 update. The current lack of this data is inhibiting the usefulness of the SHMA particularly in relation to affordable housing requirements. It is noted that the SHMA identifies the need for affordable housing within County Durham but only provides limited guidance on tackling this need. Without a plan wide economic viability assessment to identify viability issues for new housing development in the area it is difficult to draw any meaningful conclusions upon the quantum of affordable housing which can be viably attained without unduly burdening a development.

Objectively Assessed Needs

The SHMA update provides only limited guidance upon the scale of the 'objectively assessed housing need' within County Durham. NPPF paragraph 47 requires local authorities to meet the full, objectively assessed needs for market and affordable housing in the housing market area, the NPPF further clarifies at paragraph 159 that SHMAs should assess the full housing needs within the area, working with neighbouring authorities where housing market areas cross administrative boundaries.

Whilst it is not the role of the SHMA to provide policy it should provide robust evidence upon which policy can be derived. It is not considered that the 2013 SHMA update provides adequate guidance for the Council to make an informed decision upon an objectively assessed housing need for the whole of the plan period. Table 5.2 identifies potential household growth and a split between affordable and market housing based upon the 2011 interim household projections and the 2012 household survey, unfortunately the SHMA does not further expand upon these figures but simply indicates they should not be taken as targets.

It is understood that the Council are intending to undertake further work to consider what its objectively assessed need for housing may be. To adequately inform this debate it is recommended this work includes scenario modelling of different growth scenarios. Many authorities across the country have used such modelling to inform the housing debate. The use of the modelling is also recommended by the recent PAS guidance '*Ten key principles for owning your housing number – finding your objectively assessed needs*'. The scenarios used should be realistic and based upon issues identified in the SHMA as well as the Council's own aspirations. For example the SHMA, using the 2011 household projections, identifies an annual requirement of 1,174 dwellings but there is no associated discussion upon the economic implications of only planning for such a requirement. The SHMA is clear that County Durham has a significant aging population, therefore if the Council wish to achieve their economic ambitions it is clear that any housing target would need to be in excess of this figure as the Council will need to attract younger families to provide the relevant workforce. The housing needs of such effects should be modelled, and assumptions consulted upon, so that the plan is based upon a credible evidence base.

Conclusions

The draft SHMA raises issues regarding data sources and the lack of a thorough assessment of market and affordable housing need upon which conclusions can be drawn. It is recommended that these issues be addressed and discussed with relevant stakeholders prior to the final version of the update being published. In addition to avoid the SHMA update becoming quickly out of date the Council may wish to await the imminent publication of new planning guidance prior to further progressing work on the SHMA.

I would be pleased if you could include me in any further consultations upon this and other planning matters. I am, as always, happy to discuss in more detail any of the points raised in this letter.

Yours sincerely,

M J Good

Matthew Good
Planning Manager – Local Plans
Email: matthew.good@hbf.co.uk
Tel: 07972774229