



THE HOME BUILDERS FEDERATION

Durham County Council - Strategic Housing Market Assessment 2015 - Stakeholder Consultation

Q1a. Please indicate if you think the following are high, medium or low priorities for the Durham County Council area?

- Building Homes to buy of the open market - high priority;
- Building affordable homes to rent – medium priority;
- Building affordable homes to buy (shared ownership / shared equity) – medium priority;
- Building executive homes – high priority;
- Building properties designed for older people – high priority;
- Building properties designed for people with specialist needs – medium priority;
- Improving the quality of existing stock – low priority

Q1b. If you have indicated something(s) as a high priority at Q1a, what are your reasons for saying this?

Open market housing – The lack of house building across Durham in recent years has led to significant pent-up demand. Durham has failed to meet its housing targets since 2008/9. This will inevitably have created a pent-up demand for new housing within the area and led to reduced household formation rates. This lack of delivery will also have influenced past migration rates into the area. It is therefore important that these issues are fully considered and reflected within the calculation of housing needs over the plan period.

Furthermore if the Council is to attain the previously stated ambition of creating 30,000 additional labour force jobs over the plan period new open market housing will be required not only to retain the current working age population but also to encourage new workers to settle within the area. The HBF was supportive of this ambition at the recent examination. This is particularly important given that the percentage of the population who are of working age is forecast to decrease (2012 Sub-national population projections) in the future.

Executive housing – to encourage employers to move to the area and retain existing employers / employees to provide the 30,000 additional workforce jobs. It is important that the Council considers providing aspirational housing in the right location. This will not only encourage new workers to reside in the area but also encourage the existing working age population to stay.

Older persons housing – The 2012 sub-national population projections anticipate an increase in the older population of Durham. This is, however, likely to be lower than the regional average. The HBF is supportive of providing housing for older persons. In doing so it is important that the Council does not attempt to place undue requirements

upon developers by requiring a percentage of certain dwelling types or adaptations. This is because the needs of older people are not homogeneous and such restrictions will inhibit the industry's ability to respond to market demand and limit the choices available to older persons. It is, however, important that the Council consider identifying sites which could fulfil specialist housing needs.

Q2. Are there other key housing priorities for the Durham County Council area? Please provide as much detail as possible in your response.

A key issue for Durham is the need to attract working age residents to the area to ensure that it does not fall into a spiral of economic decline. This will require both an increase in the housing numbers as well as the provision of the correct type of housing in the right locations which appeal to working families.

Despite the best efforts of the Council the lack of an up to date plan has meant there has been a lack of deliverable housing sites within Durham to keep pace with current and future demands.

Q3. What do you think are the main drivers of housing demand in the Durham County Council area (e.g. population, the economy)? Do these drivers vary across the Council area and if so how?

The two key drivers of housing demand in the area are population and the economy. As noted in question 2 a significant lack of choice of housing in the areas where people wish to live will have increased pent-up demand. This in turn is likely to have led many younger families to seek accommodation either in properties not fit for their needs or to move outside of the borough. If Durham is not to either go into economic decline or be a significant importer of labour, with its associated negative environmental issues, it needs to retain existing working families and attract others to the area.

Durham is a large and diverse area and as such demand will vary across the region. It is however clear that the demand for new housing is strong across the whole county but there are varying issues of affordability and availability (with demand significantly outstripping supply in certain areas). It is important these considerations are built into the SHMA.

Q4. What would you say are the current weaknesses of the housing market across the Durham County Council area?

A lack of choice and availability of quality housing in areas where people want to live.

Q5. What are the general characteristics of demand in the area? What type of households are driving demand?

There is a demand for all types of housing across the area, however due to the need to retain and attract working families it is considered appropriate that new housing is focused upon catering for this market.

Q6. What are the house price trends within the area? What impacts have changes in mortgage finance had on local market demand? What future trends do you anticipate?

Help to Buy has significantly improved access to the housing market and the number of sales. Its continuation will undoubtedly be a positive stimulus for sales within the area. The Government is also seeking other mechanisms to boost delivery as well as the affordability of new housing. The recently announced Starter Homes Initiative is such an initiative that is likely to provide a further boost to first time buyers seeking to access the property market. These interventions together with an up to date plan which

identifies new housing opportunities will provide an increase in housing delivery and demand across Durham.

Q7. Is affordability an issue in the Durham County Council area?

Affordability is undoubtedly an issue across the county. This will not have been assisted by the quantity of market and affordable housing delivered over recent years, an increase in delivery rates would assist this situation. The 2013 SHMA update identified a need for 674 affordable homes per year. Only 700 affordable units are identified in the development pipeline between 2011 and 2015, or just 175 per year, 499 units per annum, lower than the annual affordable housing requirement. This combined with a lack of market housing is likely to have significantly increased affordability issues in the county. It is therefore important that these issues are reflected in the housing requirements of the area going forward.

In terms of the percentage of affordable housing required as part of the delivery of market housing it is important that rather than simply focusing upon the first five years for delivery the Council consider how the requirement can be achieved over the full plan period. In the case of Durham this may lead to a more realistic and manageable affordable housing requirement.

The economic viability of bringing forward housing sites across County Durham should be a major determining factor in identifying the affordable housing requirements. A significant increase in affordable housing delivery will not happen if targets are set at the margins of viability as this is likely to stall and slow developments from being brought forward. In setting any affordable housing target it is, therefore, imperative that the Council works closely with the industry to ensure that these can be delivered and do not create conditions which are ultimately unviable or marginal. Such a scenario would only lead to a worsening of affordability issues across County Durham.

Q8. Is there much new build development taking place at the moment?

There is insufficient new build to meet the needs of the area. However, this is primarily due to a lack of viable development opportunities rather than demand.

Q9. What is the demand profile for new build homes?

There is a need for a wide variety of new build products across the whole of the market area. The diverse nature of County Durham means that the demand may vary significantly dependent upon the location of the site and the timing of the development. It is therefore imperative that flexibility is built into the housing mix identified within the SHMA. However, as discussed earlier, if the authority wants to improve its economic prospects it will need to provide accommodation which meets the needs and attracts younger people and working families as well as aspirational housing to attract potential businesses.

Q10. Is demand for new build housing from households currently living within the area or from people seeking to move into the area?

It is a combination of the two, as noted earlier of the Council aims to improve its future economic prospects it will not only need to retain its current workforce but also attract others of a working age.

Q11. Where do you think new housing should be built?

New housing should be built in sustainable locations across the county. The city of Durham and other main towns generally represent the most sustainable locations due to the access to jobs, services, facilities and transport infrastructure. However, to provide the type and quantity of housing required it is important that all parts of Durham

are considered. A good variety of market deliverable sites should be provided. This is likely to include both inner urban brownfield sites as well as urban extensions. Providing a wide range of development opportunities will ensure that it is attractive to the widest cross-section of the market and also ensure it caters for their needs. It will also provide the Council with the best opportunity to meet its housing needs in full.

It is also strongly recommended that the Council provide more housing sites than is necessary to meet its housing requirement. This will ensure that the plan is flexible and provide a buffer should some sites / locations not deliver as anticipated.

Q12. What types of new housing do you think should be built? (e.g. type and/or size)

A range of types and sizes will be required to meet the needs of the current population and also to attract new working age residents.

Q13. Why are you interested in developing in this area/Local Authority?

Strong demand within the area.

Q14. What type of land are you holding/developing (e.g. brownfield/greenfield)?

Our members have a wide variety of land / developments including both greenfield and brownfield sites. It is important that all types of developable land within sustainable locations are considered.

Q15. What, if any, are the main barriers to development (e.g. planning policy, site assembly issues)?

A key issue is the lack of an up to date development plan which provides housing allocations in areas which are appropriate for development within the current market. There is no single coherent plan for the Durham area. The current planning framework is made up of out of date plans for the former county area, some of which are nearly 20 years old. This lack of an up to date coherent plan for County Durham provides uncertainty for the development industry, council and residents and inevitably impacts upon the amount of investment within the area. The HBF recognise that the Council had sought to address this issue last year, through the examination of a new plan for the whole area. Whilst this plan has now been withdrawn the HBF was supportive of many of the aspirations of this plan.

A further key issue is that some parts of the county are compromised by issues of economic viability, or have localised needs (due to the urban / rural nature of the area). A one size fits all approach to planning policy is therefore unlikely to be appropriate in Durham. More localised solutions are required.

Q16. How do you envisage the market for new build dwellings will develop over the short (to end 2015) and medium (to 2017) term?

Strong, providing deliverable housing sites are made available/granted planning permission in a timely manner.

Q17. Are you developing any affordable housing products?

Our members are developing affordable housing products across a wide range of sites. Requirements need to be flexible both in terms of quantity and tenure to ensure site viability can be retained. The recent Government announcements upon Starter Homes need consideration and will require both the Council and developers to react appropriately.

Q18. What are the key messages you would want to see regarding housing markets in the Strategic Housing Market Assessment?

That there is significant demand for new housing across the majority of the housing market area and associated sub-markets within the county.

That the likely growth in the economy needs to be underpinned by the appropriate scale and type of new housing, both to retain and encourage those of a working age to reside in the area.

There are significant variations across the differing sub market areas in respect of affordability and localised demands and aspirations. Therefore there is no 'one size fits all solution'.

There are also significant challenges which need to be overcome, not least delivering a local plan which provides certainty for the development industry by providing sufficient sites plus a buffer to meet the needs and demands within the area.

Within certain parts of the borough there will also be significant challenges for economic viability. It is important that this issue is given full consideration in the development of the plan and planning obligations placed upon development, including affordable housing.

Yours sincerely,

MJ Good

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