

Local Plan Programme Officer  
Room 2.07 Quadrant  
The Silverlink North  
Cobalt Business Park  
North Tyneside  
NE27 0BY

28<sup>th</sup> February 2017

Dear Sir,

**Re: North Tyneside Local Plan - Proposed Major Modifications and Interim Findings of the Inspector**

**1) Introduction**

This submission is made by the Home Builders Federation (HBF) in the North East and has had significant involvement from its members who have significant interests in the emerging North Tyneside Local Plan.

On the whole there has been significant partnership working between the Council and the industry in progression of the emerging plan. This was clear in our support for the majority the policies debated at the recent Examination in Public (EIP). Generally we would like to applaud the Council for the way it has gone about producing the plan and its engagement with the industry to ensure sites are deliverable and the plan can be found sound.

It is therefore unfortunate that one of our few outstanding objections to the plan involves a policy which was changed late in the day and involved no prior consultation with the industry. Our fundamental concern relates to the incorporation of enhanced optional housing standards in Policy DM4.9. We do not believe that the need for these standards (comprising both the optional Building Regulation requirements and the Nationally Described Space Standard) has been demonstrated nor that the viability and affordability implications have been properly considered.

This letter serves as a response to the Inspectors Initial Findings (Advice Note dated 16<sup>th</sup> December 2016) regarding this policy and also to the Proposed Modifications (MM464) to the emerging plan which are currently being consulted upon.

**2) National Context**

In 2013, The Housing Standards Review (the Review) was launched which sought to simplify and rationalise the raft of housing standards which local authorities applied to development. At the heart of the Review was a desire to reduce developer costs and create attractive conditions to significantly boost housing delivery. The industry was heavily involved in the Review.

The outcome of the Review was the establishment via Building Regulations of mandatory baseline standards which apply nationwide to all developments. The Government also created a series of enhanced Optional Standards relating to access and water, along with a new optional national standard on internal space. All of these are implemented through planning but access and water are optional Building Regulations and Space Standards are planning only.

Initially the industry had concerns that the enhanced standards would be applied by Local Authorities as their starting point. Application of the enhanced standards has the potential to have significant implications in terms of product range, build cost, affordability and consumer choice, cumulative policy burden, viability and ultimately housing delivery.

In response, the Government confirmed that the enhanced standards were intended to be **optional** and that they would only be needed and viable in certain local circumstances. **Otherwise, they would have been made mandatory in Building Regulations across the country.**

The enhanced standards were introduced on a '**need to have**' rather than on a 'nice to have' basis and policy safeguards were put in place.

The standards could only be introduced via a new Local Plan and to do so, clear evidence of need had to be demonstrated and impact upon viability had to be considered. It was recognised that EIP could be the only forum to properly debate whether development should be subject to such enhanced standards.

### **3) New Regime and Policy Context**

The new regime was launched by a Ministerial Statement dated 25<sup>th</sup> March 2015 and the creation of a new section on optional technical standards in the National Planning Practice Guidance (NPPG). This was also underpinned by existing policy within the National Planning Policy Framework (NPPF).

Paragraphs 174 and 177 of the NPPF make it clear that via the Local Plan process LPAs should assess the cumulative impact of policy burden, including housing standards, to ensure that it does not put implementation of the plan at serious risk.

The new Ministerial Statement stated the following: *“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 National Planning Policy Framework and Planning Guidance.”*

Accompanying this, Paragraph 001 Reference ID:56-001-20150327 of the NPPG made it clear that LPAs will need to gather evidence to determine whether there is a need for additional standards in their area and justify setting appropriate policies in their Local Plans. Paragraph 002 Reference ID 56-002-20160519 of the NPPG confirms that LPAs should consider the impact of using these standards as part of their Local Plan viability assessment.

The new NPPG section provided substantial guidance in terms of the implementation of the new regime including specific advice on the individual standards which are discussed below.

### **4) North Tyneside Policy DM4.9:**

As referred to above, via Policy DM4.9, NTC are seeking to apply the optional national space standard along with the optional accessibility and adaptability standards. Policy DM4.9 as discussed above was not subject to prior consultation or discussion with the industry as part of the preparation of the Local Plan nor was it, prior to the submission of the plan, subject to suitable needs or viability testing. This is demonstrated by the subsequent work undertaken by the Council in support of the policy.

As clearly set out by the HBF and its members in the EIP hearings, the industry has substantial concerns regarding the approach followed in including this policy and indeed the effects that this will have upon the wider plan. These effects have not been satisfactorily tackled in the Interim Findings by the Inspector or the Major Modifications consultation. These concerns are set out in detail below.

### **5) Nationally Described Space Standards (NDSS)**

NPPG sets out clear criteria which Councils must satisfy in order to adopt optional NDSSs over and above the requirements of Building Regulations.

**Where a need for internal space standards is identified**, local planning authorities should provide **justification** for **requiring internal space policies**. Local planning authorities should take account of the following areas:

- **need** – evidence should be provided on the size and type of dwellings currently being built in the area, to ensure the impacts of adopting space standards can be properly assessed, for example, to consider any potential impact on meeting demand for starter homes.

- **viability** – *the impact of adopting the space standard should be considered as part of a plan's viability assessment with account taken of the impact of potentially larger dwellings on land supply. Local planning authorities will also need to consider impacts on affordability where a space standard is to be adopted.*
- **timing** – *there may need to be a reasonable transitional period following adoption of a new policy on space standards to enable developers to factor the cost of space standards into future land acquisitions.*

The guidance effectively sets out three stages which must be overcome to ensure the NDSSs are only applied where needed and impacts are fully considered. We have considered Policy DM4.9 below with these policy hurdles firmly in mind.

- **NEED – evidence should be provided on the size and type of dwellings currently being built in the area, to ensure the impacts of adopting space standards can be properly assessed, for example, to consider any potential impact on meeting demand for starter homes.**

**First and foremost a local authority must demonstrate clearly evidenced needs to require the NDSSs. The Council have not presented sufficient evidence to demonstrate need for the optional enhanced housing standard above what is established as nationally suitable in Building Regulations. Unfortunately the starting point for the Council appears to have been to include the policy and then seek to justify this in retrospect. This is self evident by their action during and following EIP.**

The Council presents its justification for needing space standards in its October 2015 document titled 'Housing – Optional Technical Standards'.

The section relating to NDSS refers to various national research regarding home size. We should stress that such national research formed part of the discussion of the Housing Standards Review and the Government came to the conclusion that the enhanced space standard should not be applied across the board and should only be adopted where needed locally.

#### What is currently being built?

The evidence document makes an assessment of what is currently being built in North Tyneside but clearly this assessment is inadequate and does not justify the conclusions which are drawn from it. The survey looks at homes built over the last 3 years but takes a sample of only 397 homes. We would have expected a much wider assessment and over a longer period. The survey identifies that 50% of the 397 homes met the NDSS. However, their measure of compliance does not consider all criteria – it simply looks at gross internal floor area and does not consider internal dimensions. Clearly NTC have undertaken a very rudimentary assessment which is not something which should underpin such a significant market intervention as applying space standards to 100% of new housing.

The point to note here is that all new housing clearly must comply with Building Regulations which allows flexibility in terms of footprint, room size, circulation space etc. This can be considered carefully by the housing market in determining product choice to meet the needs and demands of customers. This in turn allows for build refinement in relation to internal fit out. Finally this results in whole range of supply chain and construction efficiencies which are crucial to reducing cost, driving affordability and reducing build time to increase production. None of this has been considered by the Council.

#### Current sales / Need for market intervention

The industry is firmly of the view that current sales rates confirm that current product range is fully suitable for those wanting to buy properties. The industry knows its customers and what they want – members would not sell homes below the enhanced standard size if they did not

appeal to the market. Sales rates in North Tyneside are strong and some of the greatest demand is for first time buyer products. If customers were not happy with the market offer then they would have the option to purchase from the second hand market – however demand remains high indicating customer satisfaction. By means of a national measure, the HBF annual customer satisfaction survey of new home buyers identified that 92% of respondents were happy with the internal layout.

When establishing need, we would expect NTC to consider market indicators such as quality of life impacts or reduced sales rates with consumer information sighting the inadequacy of housing stock in the local area. None of this has been provided to justify application of the enhanced standard and market intervention. We were very surprised that the Inspector would be willing to endorse the policy without this being demonstrated.

The Council must demonstrate why there is a need to impose the NDSS via Policy DM4.9. Clearly this link has not been made but a substantial 'leap' has been made in policy development.

#### Existing Stock / Second Hand Market

Whilst not directly referenced in the NPPG, it is sensible to consider the existing stock across North Tyneside. The borough has a wide range and choice of second hand properties, ranging from flats and terraced housing stock to larger suburban properties. New housing forms only a part of the overall housing market. Consumers can choose whether to buy new build or second hand. Those who want to buy properties of a larger size than the market is currently building can choose a different offer from the second hand market.

#### Meeting Needs and Impacts on Affordability

A key part of the national guidance is considering the affordability implications of adopting the enhanced national space standards. Delivering new housing to assist with affordability is specifically mentioned in Objective 4 of the Plan. It is clear from the emerging plan's evidence base and debates at EIP that affordability in North Tyneside is already a key issue. Indeed, the affordability gap is worsening to the extent that the Inspector supported a boost in overall housing numbers to combat this. To adopt the enhanced standards we would have expected a clear need to have been identified by the SHMA. However, this has not been the case and conversely the main issue has been the need to address affordability pressures.

The SHMA identified that approximately 60% of the new housing needed during the plan period is to be 2 (15%) and 3 (45%) bedroom housing. Thus the greatest need in the plan is for first time buyer and starter home size product. The Council's own evidence shows that 2 and 3 bed properties are the ones which are most effected by the adoption of the enhanced standards. These homes would have to be up to 20% larger to meet the enhanced standard.

The increase in size increases build cost. Quite shockingly, the Council seem satisfied to pass the additional build cost onto the purchaser in an area struggling with severe affordability pressures. The Council's latest evidence concedes that adopting NDSS would increase the price of 2 and 3 bedroom homes by up to £20,000.

While the 2 bedroom market is to be capped and as such affordability not affected disproportionately, these only equates to approximately 15% of the total number of proposed units across the plan period. The 3 bedroom houses across the plan are approximately 45%. While admittedly the house price increase anticipated resultant from this policy is less for 3 bedroom dwellings this is still worsening the market affordability and making it harder for people to access the lower rungs of the housing ladder.

The information found within **Appendix 1 is evidence provided by Persimmon Homes as part of their recent Starter Homes application within North Tyneside**. This clearly indicates the effect minor increases in sales prices can have on the level of accessibility to market dwellings based upon mortgage rates.

Clearly inclusion of the NDSS would have an adverse impact upon affordability in North Tyneside and would be contrary to the plan's own objectives. As identified above, the policy

objective of the plan is to tackle affordability and the greatest needs are for 2 and 3 bed properties. The implications of applying the NDSS is that it increases build cost, which in turn increases sales price and this undermines delivery of the plans objectives. We note that no assessment has been undertaken as to how many more families will be pushed into affordable need as they can no longer afford a NDSS compliant home. The net effect of not providing more affordable smaller 2/3 bed properties will be to increase affordability issues across North Tyneside.

#### One size fits all approach

The Council's assessment of need is homogenous as it does not look at different market areas or tenures. The implications in low value urban areas will be different than in high value areas.

#### Strategic Housing Market Area

North Tyneside forms part of a larger housing market area which includes interrelationships with Newcastle upon Tyne. None of the neighbouring authorities have adopted or are proposing to adopt the NDSSs. As discussed previously, purchasers of new homes have a choice of where and what to buy. They make their choice based on a range of factors which includes what they can afford. NTC's evidence is clear that the adoption of the standard will have an adverse impact on the affordability of new homes. Based on this impact, purchasers could choose to live elsewhere outside North Tyneside potentially having significant impacts on the assumptions and objectives of the plan.

#### Deliverability Rate Assumptions:

Details of site delivery rates and their relationship with the supply of housing over the plan period were discussed at length in preparation of the local plan and during the EIP. However, these discussions assumed that new housing would be delivered to current market standards. No further assessment has been made by NTC as to the impact of applying the NDSS.

Delivery rates are predicated on a range of issues including ensuring market affordability at relevant price points and maximising the absorption rates of sites. Sales rates on many of the sites in the plan's trajectory will be predicated on strong sales of 2 and 3 bed units. We have clearly identified above that the NDSS will have an adverse impact on the affordability of starter home product which could translate into reduced sales. If there are reduced sales rates then anticipated delivery rates which the plan is based upon could be comprised. This can become a serious issue when the plan is underpinned by 2 major sites which have return on capital models aligned with delivery trajectory.

- **VIABILITY – the impact of adopting the space standard should be considered as part of a plan's viability assessment with account taken of the impact of potentially larger dwellings on land supply. Local planning authorities will also need to consider impacts on affordability where a space standard is to be adopted.**

**Only once a clear need has been demonstrated should the local authority consider testing if the enhanced standards are viable, bearing in mind cumulative policy burden.**

Prior to the submission of the local plan, the industry had extensive consultation with the Council regarding viability assumptions on both a plan wide and site specific basis. This work had in turn led to various agreements between the parties which were put before the inquiry in the evidence base. At no point during these discussions was the adoption of the NDSS discussed or tested.

The Council subsequently added the NDSS requirement to Policy DM4.9 with no consultation with the industry. Evidence presented by NTC at the EIP did not satisfactorily assess the viability implications of adding this requirement. During the EIP sessions, the Council suggested that the additional build cost could be simply added on to sales price – it is not as simple as this and shows a clear lack of understanding.

It is clear from the Councils January 2017 evidence that it had not suitably assessed the viability implications of applying the NDSSs when the plan was submitted to EIP. The Councils new evidence seeks to deal with this in retrospect and the industry has significant concerns regarding the assumptions of this work and also the implications for cumulative policy burden and how this impacts upon the deliverability of sites.

The Councils recent work shows that whatever way this is looked at there will be an adverse impact on affordability and/or viability of sites – the price of units will have to be increased and/or land value will be reduced.

#### Efficient use of Land and the effect of Larger Dwellings on Land Supply

This also ties back to efficiency of use of land and development density. Appendix 2 uses information from the high level Murton viability to demonstrate that applying the NDSSs would increase floor area by 4%. This reduced efficiency will generate fewer dwellings, thus the proportionate share of infrastructure and regulatory burden will increase and land values will be further depressed.

This not only has implications for land value but also for the land-take within the Local Plan's allocations which are also required to deliver an appropriate level of Green Infrastructure in association with new development. The Council should be ensuring that new development maximises the efficient use of land. This is particularly pertinent in this case as a predominantly urban but Green Belt authority with a limited supply of development land; as was evident in the Examination. If anything, North Tyneside is an example of the type of authority area where the impact on land supply resulting from such a policy would be most acute.

#### Implications on Affordability

Sales price increases would have a significant impact on affordability in an area where the gap is widening. According to NTC's own evidence, applying the NDSSs will increase the price of a starter home by £20k making it markedly harder for people to get on the housing ladder within North Tyneside. The highest need is for 2 and 3 bedroom units and the introduction of the standards would hit these price points hardest. Built to Building Regulations (i.e. not the NDSS), these homes are the industry's best selling product. **Please refer to Appendix 3 which shows that 72% of the homes sold in the North East by one of the major builders are 2 and 3 bed.** Seeking to adopt the NDSS requirement does not sit comfortably with the wider objectives and strategy of the plan.

#### Viability of Sites

Adoption of the NDSS on 100% of housing will have a significant impact on sites which were previously considered to be borderline viable.

NTC's recent viability work accepts that the increased dwelling size will cost more to build and that in the case of 2 bedroom dwellings the dwelling prices can not be raised to accommodate this increased cost. The effect of this is that the increased cost is transferred onto the landowner. Adoption of the NDSS will thus further compound challenges in meeting minimum benchmark land values. NB that the industry has not wholly accepted the Council's view on threshold land values in terms of the 'competitive returns' referenced in Para 173 of the NPPF.

Developers and landowners have signed up to deliver the plan and policy burden and can do that on the understanding that the NDSSs are removed from Policy DM4.9. If the standards are retained, then sites will not be able to deliver 25% affordable housing and as a result overall affordable housing targets will not be met. As such, there could be a 'double blow' to affordability in North Tyneside. This is fundamental to the plan and needs to be carefully considered.

It is also not a case of simply increasing build cost - increased housing sizes will result in less efficient use of land and thus a relative increase in infrastructure burden per plot. We identified above that application of the standard could reduce the efficiency of sites by 4%. None of which was taken into account when our members agreed viability models and draft masterplans with the Council.

### Implications for Brown Field sites

The updated evidence provided by the Council demonstrates that the space standard will have a disproportionate effect on sites in lower value areas and those which are brown field. These sites often have remediation costs associated with them + current use value which further compound issues with achieving minimum benchmark land values.

The evidence provided by the Council admits that in order for these sites to go forward a further reduction in affordable housing delivery (over and above what was already necessary to make development viable) would be needed. This further worsens the issue of affordable housing delivery and provides additional evidence that the inclusion of this policy will create un-viable policy burden which will undermine the delivery of the wider policy objectives.

Brownfield sites form a significant proportion of supply across the plan period. The delivery of these sites will be materially affected and could lead to the plan failing to deliver against its housing targets. This could trigger early plan review and consideration of alternative green field sites.

- **TIMING – there may need to be a reasonable transitional period following adoption of a new policy on space standards to enable developers to factor the cost of space standards into future land acquisitions.”**

Based on the above, HBF are expecting that the NDSS requirement will be dropped from Policy DM4.9 however in the event that it is retained, transitional arrangements must be suitably addressed as required by NPPG.

The proposed major modifications set out by the Council take on board the interim findings of the inspector; these propose a transitional period be included in the policy which would allow developers to factor in the additional cost associated with this policy into future land deals.

The land deals which underpin the majority of identified sites for this plan period will have already been secured and as such the proposed transitional arrangements will not provide adequate time for the cost to be factored in to the contracts for those sites– these standards have been introduced too late in the day. Nevertheless, if the Inspector is minded to retain the NDSS requirement then we recommend a transitional arrangement of a minimum of 3 years to allow those sites to move through the planning system before the requirements are enforced.

Furthermore, the proposed transitional arrangements are vague as to how the policy will be applied prior to the cut off date as set out. The industry would ask that additional clarity be included within the policy to ensure that NDSSs **cannot be applied to any approval (outline or detailed)** prior to the specified date and that where development is approved prior to this date all housing built pursuant to the approval under Reserved Matters applications will not be subject to the increased space standard.

It also needs to be made clear that the cut off date is based upon the time at which planning approval is secured, not when development commences as the implications of enhanced standards cannot be factored in so late in the development process.

Taking the above into account and the consequential effect of the transitional policy, the removal of the NDSS requirement altogether would appear much more logical thus providing clarity for all.

### Housing White Paper – ‘Fixing our broken housing market’

In the recently Housing White Paper the Government have confirmed their view that the fundamentals of the Building Regulations system remain sound and that important steps were taken in the last Parliament.

In relation to Space Standards, paragraph 1.55 states that *“the use of minimum space standards for new development is seen as an important tool in delivering quality family homes.*

*However the Government is concerned that a one size fits all approach may not reflect the needs and aspirations of a wider range of households. For example, despite being highly desirable, many traditional mews houses could not be built under today's standards. We also want to make sure the standards do not rule out new approaches to meeting demand, building on the high quality compact living model of developers such as Pocket Homes. The Government will review the Nationally Described Space Standard to ensure greater local housing choice, while ensuring we avoid a race to the bottom in the size of homes on offer."*

The above confirms the Government's intentions to review NDSSs. This does not have any immediate impact upon North Tyneside's emerging plan. However, it does demonstrate the Government's unease with a one size fits all approach and its desire to ensure greater local housing choice. In this letter we have highlighted that customers in North Tyneside are satisfied with the current choice of new build housing in North Tyneside. Unfortunately, introduction of the NDSSs would narrow the choice available at the expense of affordability and viability.

### Conclusions

It is with regret that we must write such a strongly worded objection to the proposed major modifications and at this late stage of the plan. As set out above, we are alarmed by the Inspector's Interim Findings which suggests he is comfortable with the requirement for all new housing to meet NDSSs in Policy DM4.9.

The industry has significant concerns that the national policy hurdles have not been overcome to introduce such standards. These national hurdles were deliberately put in place by Government to ensure full scrutiny through the local plan process. We do not believe that the need for enhanced standards has been demonstrated and we feel strongly that the consequences for affordability in North Tyneside have not been given proper consideration. NTC's own evidence demonstrates affordability will be worsened and it also highlights viability challenges with meeting the standard which will undoubtedly result in reduced affordable housing provision on sites.

During the EIP hearings sessions, the Council suggested you could simply add the additional build cost to sales price – this is not the case and shows a lack of understanding. The Council did not have the evidence at EIP and are now transparently 'making it up as they go along'. Yet they still have not satisfied the policy hurdles in terms of need and viability.

**We strongly urge the Inspector to reconsider his position and delete the requirements in policy DM4.9 for development to meet NDSSs.**

## **6) Accessibility and Wheelchair User Housing**

### Introduction

As referred to above, the industry also has significant concerns regarding the proposed requirements for higher accessibility, adaptable and wheelchair housing in the emerging plan. Much like the NDSS, these standards have been incorporated into the plan late in the day with no consultation with the industry.

At the EIP, the Council via Policy DM4.9 proposed the following:

- 100% of new market housing to meet the optional Building Regulation M4 (2) (accessible and adaptable dwellings).
- 90% of new affordable housing to meet Building Regulation M4 (2) and the residual 10% to meet M4 (3) (wheelchair user dwellings).

During the EIP, the industry strongly questioned both the logic and evidence base which underpinned this proposal. Primarily, we were again concerned that the policy hurdles outlined in NPPG had not been met - the need for the enhanced standards had not been demonstrated and the impact had not been appropriately considered. We highlighted that there had been absolutely no consideration of the accessibility and adaptability of the existing housing stock and that this was a fundamental failing of the evidence underpinning the policy. Our expectation was that Policy DM4.9 could not be found sound with these requirements based on the



inadequacy of the evidence set out in the Council's 'Housing – Optional Technical Standards' Document dated October 2015.

The industry was surprised when the Inspector published a Guidance Note on 16<sup>th</sup> December 2016 which did not question the need for standards in the first place, and simply queried the viability of applying of these.

The Inspector stated the following in his interim findings: *"I would advise the Council to consider additional viability sensitivity testing to inform whether an alternative lower % of 'accessible and adaptable dwellings' would be justified."* (Advice Note dated 16<sup>th</sup> December 2016)

In response, as part of the Major Modifications, the Council has published new viability evidence and made the following changes to the policy:

- 50% of new market housing to meet M4 (2) – i.e. reduced by 50%.
- 90% of new affordable housing to meet Building Regulation M4 (2) and the residual 10% to meet M4 (3) (wheelchair user dwellings) – i.e. unchanged.

The proposed changes ultimately demonstrate that once again the Council are 'making it up as they go along'. There has been no alternative / additional evidence provided to justify why 50% is necessary.

#### Guidance Requirements

NPPG sets out clear criteria which Councils must satisfy in order to adopt optional the enhanced standards over and above the requirements of Building Regulations.

Paragraph: 006 Reference ID: 56-006-20150327 of NPPG advises on how LPAs should assess need for accessibility requirements:

*"The National Planning Policy Framework requires local planning authorities to have a clear understanding of housing needs in their area, including those for people with specific housing needs. The Framework provides guidance on the methodology that can be used to undertake the needs assessments."*

The 'methodology' is provided under the 'Housing and economic development needs assessments' section of NPPG which effectively guides LPAs on how to produce their SHMAs. So as starting point, the need for enhanced accessibility requirements should be generated by the SHMA.

Paragraph: 007 Reference ID: 56-007-20150327 of NPPG sets out what evidence LPAs should use to demonstrate a need to set higher accessibility, adaptability and wheelchair housing standards:

*"Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. There is a wide range of published official statistics and factors which local planning authorities can consider and take into account, including:*

- *the likely future need for housing for older and disabled people (including wheelchair user dwellings).*
- *size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes).*
- *the accessibility and adaptability of existing housing stock.*
- *how needs vary across different housing tenures.*
- *the overall impact on viability.*

*To assist local planning authorities in appraising this data the government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time*

*needed for undertaking the assessment and thereby avoid replicating some elements of the work.”*

The likely future need for housing for older and disabled people (including wheelchair user dwellings)

- According to the SHMA, the total population anticipated by the end of the plan period is 226,300. The proportion of this which will be 65+ is 59,900 or 27%. However, of this figure 42,229 people or 70.5% actually want to stay living in their existing home. Thus 29.5% of 17,670 are potentially looking for an adaptable property within the plan period.
- Taking the ONS 2011 UK average household size of 2.35, and applying this to the total number of potential people in need we get a figure of 7,519 dwellings across the plan period which may be in need of adaptation to meet the needs of people moving into them.
- As a test we have theoretically looked at the requirement % if only new build homes were meeting needs. The total number of units over the plan period is 16,593 meaning that there could be a need following from the above for approximately 45.3% of new dwellings to be adaptable for elderly accommodation. This means that the requirement levels in Policy DM4.9 are too high even if considering new homes in isolation without having any regard to existing stock or strategies in place in emerging policy which must be taken into account.
- It must be strongly stressed that not all of these people will need or desire a new build property. In 2015 the total number of houses sold across North Tyneside was 13,646 (ONS Data). The SHMA and Major Modifications indicate that there were 568 new build completions in that period i.e. new build transactions represented approximately 4% of the market. Looking forward and using the revised plan target of 727 dpa, new build completions will only be approximately 5% of the housing market. Thus the second hand market continues to play the dominant role in meeting needs and demands.
- Accessibility levels in mandatory Building Regulations have been substantially improved in recent years. The Council's work does not appear to have any regard to this or indeed to what extent it will meet needs.

Size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes)

- Upon a review of the available information, the Council's evidence states in various places that strategies are in place or emerging to address the aging population in North Tyneside. Para 6.28 (SHMA 2014) states that “the range of housing options available to older people needs to be diversified, for instance through the development of open market housing marketed at older people, the development of more Extra Care accommodation and co-housing”. This goes further in Para 5.38 and talks about ISOS housing developing 500 homes across the next 3 years. However, within the plan there is no reference to specialist housing schemes and the contribution they will make to meeting needs. It should be noted that specialist elderly accommodation will be provided on strategic sites however it is unclear whether this contribution towards meeting need has been taken into account.
- The Council have not considered the location of need which is a key element of the guidance. No consideration has been given to whether all sites are appropriate for this type of accommodation. The policy as currently written would apply equally to homes near urban centres, family housing, starter homes and executive housing in suburban or semi-rural locations. This blanket requirement does not take account of the needs or requirements of these various groups or the desirability for older and disabled persons to be situated closer to services and facilities.

### The accessibility and adaptability of existing housing stock

- Neither the Council's SHMA or the October 2015 Document provide any assessment of the existing housing stock in North Tyneside. The Council simply refer to national research. Again it must be stressed that the Government intentionally did not apply these standards universally and set policy tests so that they would only be adopted where needed locally. The Council cannot demonstrate whether they are needed locally because they have not considered the accessibility and adaptability of the existing stock. This is a fundamental shortcoming of the policy's evidence base and without this information being known it is wholly inappropriate to require 50% of new market housing and all of affordable housing to meet enhanced standards above Building Regulations.
- The October 2015 Document notes that residents can apply to the Council for the Disabled Facilities Grant and the amount spent on this between 2013 and 2015 was significant. This cost seems to be major driving force behind the need for the policy. Firstly, the expenditure suggests that significant work has been done to the existing stock – improvements to existing stock need to be fully understood and factored in. Secondly, there appears to an assumption that building a large portion of new homes to an enhanced accessibility standard will change this. This is not necessarily the case:
  - Generally there is an ageing population;
  - People have the choice of whether to move house and North Tyneside's own Housing Survey suggests that most people will want to stay in their own home; and
  - Most new housing in North Tyneside is being aimed at first time buyers and families as that is the need and demand.

### How needs vary across different housing tenures

- The SHMA makes no clear differentiation of need across various tenure splits of housing within the elderly category. Without this information and a suitable assessment of the existing housing stock, it is impossible to provide a clear picture of the need for adaptation within new dwellings coming forward or to qualify the figures set out above.

### The overall impact on viability

- The Council in its October 2015 Document highlights that DCLG evidence suggests that on average it costs an extra £1,100 or less per plot to build to Lifetime Homes Standard. Building to M4 (2) has a similar impact.
- In the bigger picture this is not insignificant and alongside space standards, it adds to the same cumulative policy burden which the Council is forcing customers, developers and land owners to shoulder without adequately demonstrating need.
- It is highly unlikely that 50% of homebuyers will need the enhanced standards but they will be forced to pay for something which they may not need or desire. As with NDSSs, affordability will be worsened and more people will be forced into affordable housing. Perversely, at the same time, the viability implications mean that affordable housing provision will be reduced overall.
- As identified in relation to NDSS, complying with Building Regulations enables a whole range of supply chain and construction efficiencies which are crucial to reducing cost, driving affordability and reducing build time to increase production. This has not been considered by the Council and will be undermined by the enhanced standards. As above, there will again be impacts upon efficiency of land and development yield. The same borderline viable and brownfield sites will be adversely affected and affordable housing provision will have to be reduced.

- All of the above is the reason why the Government made it clear that enhanced standards should only be required where they are needed. The Housing Standards Review sought to produce outcomes which would stimulate housing delivery rather than overburden it.

#### Wheelchair accessible homes

Finally NPPG states that, *“Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling”* (009 Reference ID: 56-009-20150327). This does not automatically mean that all affordable homes should be written into this policy as is currently proposed by NTC. Some forms of intermediate housing are not occupied based on Council waiting lists. Additionally, in some cases, through the S106 legal agreements the allocations procedure for social or affordable rented units is done under a Registered Providers own process not the Council.

We expect that the wheelchair accessible homes requirement will be removed however in the event that it is retained we recommend that the policy is adjusted to relate to only social / affordable rented properties which are being occupied by tenants from the Council's waiting list.

#### Housing White Paper – ‘Fixing our broken housing market’

The Government is introducing a new statutory duty through the Neighbourhood Planning Bill on the Secretary of State to produce guidance for LPAs on how their development plans should meet the housing needs of older and disabled people.

The White Paper states that guidance produced under this duty will place clearer expectations about planning to meet the needs of older people, including supporting the development of such homes near local services. It will also set out a clear expectation that LPAs should set policies to bring forward an adequate supply of accessible housing to meet local need. In addition, ways to stimulate the market to deliver new homes for older people will be explored.

The Government also intend to build an evidence base and explore sustainable solutions, particularly with regards to the addressing the disincentives to downsize for older people living in large family homes. Furthermore, a green paper will be published this spring on the funding for supported housing.

In the context of identifying housing needs, the White Paper indicates the Government's intention to 'strengthen' policy to ensure plans are addressing housing requirements of groups with particular needs, such as older and disabled people.

The White Paper outlines the Government's intention for future policy development. Based on the emerging plan's stage and timetable, the Council should be focussed upon meeting the current policy and guidance requirements. Nevertheless, the direction of travel shows that the Government expect LPAs to have a much greater understanding of specialist housing needs in their area and considered approach to how they should be met. Members in the North East welcome this and think that it reinforces much of what we have outlined in this submission. It stresses the importance of considering needs and reaffirms that the standards are optional. Unfortunately the Council are not satisfying the current guidance tests never mind the strengthened policy requirements on the horizon.

#### Conclusion

As set out above, we are alarmed by the Inspector's Interim Findings which suggests he is comfortable that enhanced accessibility and adaptability standards are needed subject to further to viability work.

The industry has significant concerns that the national policy hurdles have not been overcome to introduce such standards. These national hurdles were deliberately put in place by Government to ensure full scrutiny through the local plan process. We do not believe that the need for enhanced standards has been demonstrated. In particular there has been inadequate

consideration of the existing stock in North Tyneside, existing and emerging strategies or the role of specialist housing in meeting needs. The Council did not have the evidence at EIP and are now transparently 'making it up as they go along'. This is clearly evident in the halving of the requirement for market housing.

In the event that the Council were able to demonstrate need then the viability implications would need to be fully considered after this. The enhanced standards add to the existing cumulative burden which potentially threatens affordably housing delivery in the area. There will also be significant impacts on the affordability of new homes.

**We envisage that the % requirement for enhanced standards would come down substantially from 50% when the appropriate needs assessments are undertaken as required by NPPG. At present no enhanced requirement is justifiable as the need for enhanced standards has not been demonstrated. However, looking at the limited evidence before us, we would estimate that the below requirements appear reasonable:**

- **10% of any housing (market or affordable) to meet M4 (2)**
- **2% of any housing (market or affordable) to meet M4 (3)**

**HBF view this as a proportionate contribution towards meeting accessibility and adaptability needs alongside specialist accommodation on strategic sites and viewed in the context of the existing stock and strategies being implemented by the Council. Critically, we do not believe that this level of provision would unduly affect affordability objectives or site viability.**

#### **Closing Comments**

**As highlighted previously, the HBF considers the issued of enhanced standards to go to the heart of the plan and whether it should be found sound – we continue to take that stance. We would like to remind the Inspector that after 3 years of partnership working with NTC, this is the key issue we are in disagreement over and it also happens to be the only matter they did not discuss with us and develop in partnership. We strongly urge the Inspector to reconsider his position and propose further modifications to policy DM4.9.**

Thank you for taking the time to consider our submission.

Yours sincerely,

*MJ Good*

**Matthew Good**  
**Planning Manager – Local Plans**

#### **Signed by the following HBF Members:**

**Peter Jordan**, Group Planning Director, Persimmon Homes

**Caroline Strugnell**, Senior Planning Manager, Bellway Homes Limited (North East)

#### **Appendices:**

- **Appendix 1:** Starter Homes Affordability Report – Gosforth Business Park (provided by Persimmon Homes)
- **Appendix 2:** Assessment of impact upon efficiency (using information from NTC's Murton viability)

**Appendix 3:** Sales rates of new homes in the North East (provided by Persimmon Homes)