

Strategic Plans
Civic Centre
Burdon Road
Sunderland
SR2 7DN

SENT BY EMAIL
planningpolicy@sunderland.gov.uk
27/07/2018

Dear Sir / Madam,

CORE STRATEGY AND DEVELOPMENT PLAN: PUBLICATION DRAFT

Thank you for consulting with the Home Builders Federation on the Core Strategy and Development Plan publication draft.

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.

SP1 Spatial strategy

Policy SP1 is not considered to be sound as it is not positively prepared or consistent with national policy for the following reasons:

The MHCLG methodology identifies an indicative housing figure of 593 dwellings each year as the minimum starting point for Sunderland. The HBF are supportive of Sunderland's decision to utilise a figure over and above this level to help to support population aspirations, an increase in the working age population, to support sustainable development, to boost housing supply and to support economic growth aspirations for the area.

The policy looks to deliver at least 13,410 new homes, this is a decrease from the 13,824 net additional homes proposed in the 2017 draft plan. The policy figure is in line with the SHMA 2018 Addendum which identifies an OAN figure of 745 dwellings each year or 13,410 dwellings over the plan period. However, 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

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 significantly from 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. An increase in HRRs for the 25 to 44 age group is supported not only by the NPPF objective of significantly boosting housing supply but also the advice contained within the Local Plan Expert Group (LPEG) recommendations to Government.

It is noted that the SHMA Update 2017 suggests there is an annual imbalance of 542 affordable dwellings each year, this is also set out in para. 2.28 of the 2018 SHMA Update. This represents 73% of the housing target. This suggests that further consideration needs to be given to the potential for a higher housing figure. It is therefore imperative that the Council consider how it can realistically address the affordable housing needs of the area, potentially through increasing the housing requirement.

Proposed Modifications in relation to Policy SP1

- The HBF are supportive of the general text used in this policy, however, the HBF consider that the housing requirement should be reconsidered, and further consideration given to the need to provide additional homes to redress imbalance in household formation rates and to provide additional affordable homes.

SP8 Housing supply and delivery

Policy SP8 is not considered to be sound as it is not positively prepared or consistent with national policy for the following reasons:

This policy looks for the Council to work with partners and landowners to seek to exceed the minimum target of 745 additional dwellings each year. The HBF generally supports the Councils ambition to work with partners and landowners and to exceed the minimum target. However, as set out in our response to Policy SP1, the HBF consider that the housing requirement is too low and requires further consideration.

Housing Supply

Paragraph 6.7 of the justification provides more detail about some of the potential sources of supply. It identifies that the Council will make an allowance for 50 residential dwellings each year on small sites (4 homes or less). The HBF consider that this is only appropriate where it can be evidenced that these small sites will continue to come forward and that there will remain a deliverable supply of the plan

period. The HBF is supportive of the decision of the Council not to include an allowance for windfall development or empty homes. Without evidence that these sources of supply would continue to deliver homes the HBF agrees with the Council that these should not be included. The HBF is also supportive of the recognition by the Council that demolitions will continue to occur within the area and that an appropriate allowance is included.

Proposed Modifications in relation to Policy SP8

- The HBF are supportive of the general text used in this policy, however, the HBF consider that the housing requirement should be reconsidered, and further consideration given to the need to provide additional homes to redress imbalance in household formation rates and to provide additional affordable homes.
- That the Council gives further consideration to the potential allowances added to the supply to ensure that they are evidenced and appropriate.

H1 Housing mix

Policy H1 is not considered to be sound as it is not justified or consistent with national policy for the following reasons:

This policy requires 10% of dwellings on developments of 10 or more dwellings to meet M4(2) category 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 PPG'*. PPG states that where a local planning authority adopts a policy to provide enhanced accessibility or adaptability they should do so only by reference to requirement M4(2) and / or M4(3) of the optional requirements in the Building Regulations and should not impose any additional information requirements (for instance provision of furnished layouts) or seek to determine compliance with these requirements, which is the role of the Building Control Body. This is to ensure that all parties have the clarity and certainty of knowing which standards they have to deal with and can factor these into their plans. For developers, this ensures that the design and procurement complications that previously arose from a series of different standards in different areas are avoided. It was recognised that it was not appropriate to apply Category 2 or 3 standards to all new homes as not all people who buy or move in to new homes need or wish to have such provision. Category 2 and 3 standards were therefore made "optional" with the position being that the case for requiring such standards in future new homes should be made through the adoption of local plan policies that have properly assessed the level of requirement for these standards in the local area, also taking into account other relevant factors including the impact on project viability.

The HBF is generally supportive of providing homes for older and disabled persons. However, 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 Sunderland which justifies the inclusion of optional higher standards

for accessible / adaptable homes in its Local Plan policy. PPG (ID 56-007) 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.

The SHMA 2016 and the 2018 Addendum provides the Council's evidence for this policy. Unfortunately, this evidence 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 Addendum highlights evidence gathered as part of the 2015 household survey carried out as part of the 2016 SHMA. However, the SHMA 2016 highlights that the household survey was undertaken in 2012 with 4,104 questionnaires returned but re-weighted for 2016.

Whilst the HBF does not dispute the ageing population identified by the SHMA, it is not clear how this ageing population and potential future need reflects in the need for 10% of all new homes on sites of 10 or more dwellings to be provided at M4(2) standards. If it had been the Government's intention that generic statements identifying an ageing population justified adoption of the accessible & adaptable homes standards then the logical solution would have been to incorporate the M4(2) as mandatory via the Building Regulations which the Government has not done. The optional higher M4(2) standard should only be introduced on a "need to have" rather than a "nice to have" basis. Although there is evidence of an ageing population having regard to the PPG this does not amount to the justification required for the Council to include the optional standard as specified in Policy H1.

Whilst information is provided in relation to the number of households living in adapted properties, detail is not provided as to whether these adaptations are in line with the requirements of M4(2). It is also not clear exactly how this data is related to the future needs for homes to be provided at M4(2) standards.

No further information is provided in relation to the adaptability and accessibility of the existing stock, or the size, location, type and quality of dwellings needed based on future demand. It is considered that the policy lacks finesse with no regard to the type or location of the housing being provided.

Proposed Modifications in relation to Policy H1

- The HBF recommend that part 1.iv. of the policy is deleted. ~~'requiring 10% of dwellings on developments of 10 or more to meet building regulations M4 (2) Category 2 – accessible and adaptable dwellings.'~~

H2 Affordable homes

Policy H2 is not considered to be sound as it is not justified, effective or consistent with national policy for the following reasons:

This policy requires all development of more than 10 dwellings, or on sites of 0.5ha or more, should provide at least 15% affordable housing. This requirement is based

upon the Whole Plan Viability Assessment (2017). However, the report indicates viability constraints across Sunderland, particularly for brownfield sites, but also for greenfield sites once the alternative values are used. It is therefore questionable whether a 15% requirement is justified.

The HBF supports the need to address the affordable housing requirements of the borough. The NPPF is, however, clear that the derivation of affordable housing policies must not only take account of need but also viability, this is set out in Paragraph 34 which states that such policies should not undermine the deliverability of the plan. Which replaces paragraph 173 of the former NPPF which 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 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.

Proposed Modifications in relation to Policy H2

- The HBF recommends that further consideration is given to whether a 15% affordable housing requirement is justified.
- The HBF recommends that flexibility is built into this policy to allow for consideration of viability and other constraints to affordable housing delivery.

BH1 Design quality

Policy BH1 is not considered to be sound as it is not effective, justified or consistent with national policy for the following reasons:

This policy looks for development to meet national spaces standards as a minimum (for residential). However, these enhanced standards, as introduced by Government, are intended to be optional and can only be introduced where there is a clear need and they retain development viability. As such they were introduced on a 'need to have' rather than a 'nice to have' basis.

PPG (ID 56-020) identifies the type of evidence required to introduce such a policy. It states that '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 Council will need robust justifiable evidence to introduce any of the optional housing standards, based on the criteria set out above. The Council have produced the Internal Space Standards Report (July 2018) to try to address this evidence requirement. However, the evidence is provided is limited in terms of numbers of properties considered and the potential market comparisons made. It is not evident from the information provided what ‘need’ there actually is for properties built to the standards there is no evidence that these smaller properties are not selling, there is no evidence provided that customers are not satisfied with these properties or that these properties are not comparable to other properties available in the market area. The HBF consider that if the Government had just expected all properties to be built to NDSS that they would have made these standards mandatory not optional. It is also noted that there is no reference within the policy or the evidence in relation to timing or a transitional period.

The HBF consider that standards can, in some instances, have a negative impact upon viability, increase affordability issues and reduce customer choice. In terms of choice some developers will provide entry level two, three and four-bedroom properties which may not meet the optional nationally described space standards but are required to ensure that those on lower incomes can afford a property which has their required number of bedrooms. The industry knows its customers and what they want, our members would not sell homes below the enhanced standard size if they did not appeal to the market.

Proposed Modifications in relation to Policy BH1

- The HBF recommend that part 14 of the policy is deleted *‘meet national spaces standards as a minimum (for residential).’*

BH2 Sustainable design and construction

Policy BH2 is not considered to be sound as it is not effective, justified or consistent with national policy for the following reasons:

This policy states that where possible major development should maximise energy efficiency and integrate the use of renewable and low carbon energy. The HBF is generally supportive of the use of low carbon and renewable energy. However, if this policy is to be applied as a requirement of development, then the HBF would query if this policy is in line with the Governments intentions as set out in Fixing the Foundations and the Housing Standards Review, which specifically identified energy requirements for new housing development to be a matter solely for Building Regulations with no optional standards.

The Deregulation Act 2015 was the legislative tool used to put in place the changes of the Housing Standards Review. This included an amendment to the Planning and Energy Act 2008 to remove the ability of local authorities to require higher than Building Regulations energy efficiency standards for new homes. Transitional arrangements were set out in a Written Ministerial Statement in March 2015.

It is considered that the requirements of this policy could have the potential to add costs to the delivery of housing development, and could have implications for the viability of sites. There are concerns that requirements such as these could lead to the non-delivery of homes. Therefore, the HBF recommend that the Council ensure that this policy is justified and consistent with national policy.

Proposed Modifications in relation to Policy BH2

- The HBF consider that the Council should support the maximisation of energy efficiency and the use of renewables and low carbon without it being a policy requirement.

Future Engagement

I trust that the Council will find these comments useful as it continues to progress its Local Plan. 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 the publication of the Inspector's report and the adoption of the Local Plan and associated documents. Please use the contact details provided below for future correspondence.

Yours sincerely,



Joanne Harding

Local Plans Manager – North

Email: joanne.harding@hbf.co.uk

Phone: 07972 774 229