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Dear Ms Margaret Anderson,

NORTHUMBERLAND NATIONAL PARK LOCAL PLAN: INSPECTOR'S MATTERS, ISSUES AND QUESTIONS

Thank you for consulting with the Home Builders Federation on the Northumberland National Park Local Plan Examination Inspector's Matters, Issues and Questions.

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.

The HBF would like to submit the following comments on selected questions posed within the Inspector's Matters, Issues and Questions.

Yours sincerely,



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Matter 4 – Housing

Issue

Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the approach to housing.

Questions

Overall housing needs

1) Was the methodology used to identify a housing need figure appropriate?

Paragraph 60 of the NPPF states that to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method, unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

PPG (ID 2a-014) states that where the data is not available such as in National Parks an alternative approach (to the Standard Method) will have to be used. It goes on to state that such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels. PPG (2a-015) also states that where data availability does not allow the standard method to be used, consideration will be given to whether it provides the basis for a plan that is positively prepared, taking into account the information available on household formation and affordability.

The National Park have continued to use a SHMA based on the old methodology, as the data required to undertake the Standard Method is not available. This has considered the current and future demographics and market signals.

The SHMA has utilised the 2014-based population and household projections as its demographic starting point, it identifies an increase of 114 households in the Plan period 2017 to 2037, which the SHMA equates to approximately 7 dwellings each year. The SHMA has not identified a need for any adjustments in relation to demographics, employment trends, past delivery or affordable housing need. It is not always apparent how these decisions have been made or why recommendations have been made.

It is noted that paragraph 4.28 (recommendation vii) states that it is not recommended that the OAN is adjusted upwards to take account of market signals relating to affordability. Whilst paragraph 4.36 states that given the house price to income ratios evident in the National Park it is recommended that there is a 20% uplift to the basic demographic requirement to take account of market signals relating to affordability, this would increase the OAN by 1 dwelling each year.

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Table 4.1 of the SHMA sets out the Housing Market Signals. The Local Plan Expert Group (LPEG) Report (Appendix 6) states that 'where the HPR¹ is at or above 7.0 and less than 8.7, and/or the RAR² is at or above 30% and less than 35%, a 20% uplift should be applied'. This suggests that a 20% uplift would be appropriate for Northumberland National Park where the HPR is 7.8 and the RAR is 29.2.

2) *Is the figure of up to 160 dwellings (8 per year) justified?*

The HBF is mindful of the status of the area as a National Park and therefore does not consider unrestricted housing growth should occur and has considered paragraph 11 of the NPPF states that strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, unless the application of policies in the NPPF that protect areas of assets of particular importance, such as National Parks, and provides a strong reason for restricting the overall scale, type or distribution of development in the plan area³.

However, the HBF is concerned by the use of the words 'up to', which is not considered justified. This is not considered in line with the NPPF which looks for Plan to significantly boost the supply of homes and for plans to be positively prepared. The HBF consider that it is important that the National Park retains its vitality and places due weight upon its duty⁴ to; 'seek to foster the economic and social wellbeing of local communities'. This would also be in line with Circular 2010⁵ which states *that 'the communities of our Parks are an absolutely critical ingredient to the sustainability of the Parks themselves. The Parks have not been designated as wilderness parks; their communities are a fundamental part of their character'*. Therefore, the HBF consider that the NNPA will need to ensure that the housing provision does not limit the aspirations of local people or limit the potential for new younger residents to provide or take up economic opportunities within the National Park. The HBF would recommend the removal of the words 'up to' from the text.

3) *What is the specific basis for the uplift for market signals of 1 dwelling per year and how was this quantified?*

As set out in response to question 1, the evidence in relation to the market signals within the SHMA appears a little confused. However, the overall conclusion to uplift the demographic requirement by 20% or 1 dwelling appears in line with the evidence set out in table 4.1.

4) *Is there any basis for further uplifts?*

The SHMA does not suggest that any further uplifts are appropriate, however, it is not always possible to easily understand how these decisions have been made for example

¹ House Price Ratio

² Rental Affordability Ratio

³ For example Paragraph 172 of the NPPF states that great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks, and that conservation and enhancement of wildlife and cultural heritage are also important considerations in these areas. It goes on to state that the scale and extent of development within these designated areas should be limited.

⁴ Section 11A(1) of the 1949 Act

⁵ English National Parks and the Broads: UK Government Vision and Circular 2010

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in relation to employment trends, where it is considered too much of a challenge to derive accurate employment trend data.

5) *What is the relationship with the Northumberland Local Plan in terms of identifying housing needs?*

The Northumberland Local Plan is not adopted at present and remains under scrutiny at Examination. The Northumberland Local Plan proposes a housing requirement of 885 dwellings each year, the Council consider this to be above the Local Housing Need as identified by the Standard Method and in line with the ambitious jobs-led scenario. The Northumberland Local Plan states that while a proportion of Northumberland's overall housing need falls within the protected Northumberland National Park given their limited needs and the low level of new housebuilding, the Northumberland Local Plan does not make any specific reduction to take into account house building in the National Park. The HBF along with others submitted evidence to the Northumberland Local Plan Examination to suggest that the proposed housing figure within the Northumberland Local Plan is not sufficient to meet the housing need in Northumberland. Therefore, the HBF do not consider that the Northumberland Local Plan is likely to be playing a role in delivering homes for the National Park.

Housing requirement/provision

6) *What is the basis for not identifying a housing requirement figure in the Local Plan? Is this justified and consistent with national policy?*

The HBF do not consider that the lack of a housing requirement is justified or consistent with national policy. Paragraph 15 of the NPPF states that succinct and up to date plans should provide a positive vision for the future of each area; a framework for addressing housing and other economic social and environmental priorities. Paragraph 20 goes on to state that strategic policies should set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for housing (including affordable housing), employment, retail, leisure and other commercial development. And paragraph 65 states that '*strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period*'. Therefore, the HBF consider that the Plan should include a housing requirement figure within the policy of the Plan.

7) *What would be the implications of including a housing requirement figure?*

The HBF consider that including a housing requirement would provide clarity and would help to ensure that the Plan is consistent with national policy⁶ which states that Plans should be prepared positively and contain policies that are clearly written and unambiguous.

8) *What role will the Northumberland Local Plan have in meeting housing needs from the National Park? Is this clear and to what extent is this agreed?*

⁶ NPPF para. 16

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9) *Is the reliance on windfall sites justified?*

The HBF would expect the NPA to provide strong and compelling evidence that the delivery from windfall sites will provide a reliable source supply in line with paragraph 70 of the NPPF, particularly given the strong reliance on these sites. The HBF would expect this evidence to include information from the strategic housing land availability assessment, historic windfall delivery rates and expected future trends. The HBF are concerned about the lack of certainty created by the reliance on windfall and affordable housing schemes, and would seek assurances from the Council on how they will ensure that homes are delivered to meet their needs.

10) *What is the basis for not allocating housing sites and is this justified?*

The HBF consider that it would be beneficial to the National Park and to landowners and developers in the area if sites were allocated. Paragraph 23 of the NPPF states that *'strategic policies should provide a clear strategic for bringing sufficient land forward and at a sufficient rate to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development. This should include planning for an allocating sufficient sites to deliver the strategic priorities for the area'*.

The Housing Topic Paper states that *'due to the nature of the National Park and the relatively low housing need/ demand, the NNPA will not be allocating sites for housing'*⁷. It goes on to state that *'given the slow pace of development, NNPA considers windfall development and rural exceptions schemes would be more appropriate than housing allocations'*⁸. The HBF are interested to note that paragraph 31 goes on to suggest that applications would allow *'each proposal to be assessed on its own merits and would allow community participation on a specific proposed scheme, rather than making unsustainable housing allocations'*. It is not clear how this would be the case, we have a plan-led system to create sustainable development and we have consultations and independent examinations to allow for community participation. If anything it is considered that allocations would provide more clarity, certainty and more opportunities to plan strategically rather than on an ad-hoc basis.

⁷ para 30

⁸ para 31

11) *Taking all of the above factors into account, is the overall approach to housing provision and meeting housing needs justified and consistent with national policy?*

The HBF are concerned that the overall approach to housing provision does not provide any certainty and may not lead to all of the housing needs being met. The HBF are concerned that the approach set out is not always justified or consistent with national policy for the reasons set out above.

12) *Is the lack of a housing trajectory justified?*

The HBF do not consider the lack of housing trajectory is justified. NPPF (paragraph 73) states that strategic policies should include a trajectory illustrating the expected rate of housing delivery over the plan period. Therefore, the HBF would expect a trajectory to be included within the Plan.

Policy ST5: New Housing

13) *Is the approach to housing mix and the reference to the most recent Strategic Housing Market Assessment sufficiently flexible?*

Parts 1 and 2 of this policy require development to provide a mix of dwellings in terms of size, type and tenure and states that this will be assessed against information in the most recent SHMA. The HBF understands the need for a mix of dwelling types and is generally supportive of providing a range and choice of homes to meet the needs of the local area. It is, however, important that any policy is workable and ensures that housing delivery is appropriate, for example any SHMA will provide a snapshot in time and may be superseded by more up to date alternate sources of information. The HBF recommends a flexible approach is taken regarding housing mix which recognises that needs and demand may vary from area to area and site to site; ensures that the scheme is viable; and provides an appropriate mix for the location.

14) *What is the basis for the requirement that new housing is for principal residence occupancy and is this justified?*

Paragraph 4.53 defines 'principal residence housing' as a form of market housing controlled by a mechanism which ensures it can be lived in by anyone but only as their principal residence. The HBF seek assurances from the Council that the need for dwellings to be either a principal residence or affordable housing will not be an impediment to the effective delivery of homes. The HBF have concerns in relation to these restrictions and the potential implications they could have on the delivery of homes, including the potential to deliver infrastructure and other policy requirements set out in the plan. The HBF also have concerns in relation to the principal residence requirements and the impacts this could have on future financing and the rights of occupants.

15) *How would this affect the viability and funding of new housing and how has this been taken into account?*

The Viability Addendum Report assumes that Principal Residency homes will have a value of 95% of Market Value. Principal Residency dwellings have then been included within some of the tested typologies (I to L). It is apparent that there are viability issues

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within the National Park and that funding will be required to make most of these schemes viable.

16) How would this be applied and enforced in practice?

The HBF consider that this question is for the National Park to respond to.

17) Is it intended to apply this requirement to all new housing including all of the circumstances set out in parts 3.b and 3.c?

The HBF consider that this question is for the National Park to respond to. However, the HBF do query whether it is reasonable or justified to require all of the new homes created through 3 b or c to be principal residences particularly if they are replacement dwellings or where homes are being used as enabling development.

18) What is the basis for the approach towards custom and self-build housing and is it justified and consistent with national policy?

The HBF do not consider that the approach towards custom and self-build housing is justified and consistent with national policy. The NPPF defines self-build and custom-build housing as '*housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing*'. This does not suggest that local occupancy is appropriate or consistent with national policy.

19) Is suggested modification SoM41 necessary for soundness? Are other modifications necessary?

The HBF do not consider SoM41 is necessary for soundness.

The HBF consider that further consideration should be given to the wording of part 1 and part 2 of the policy in relation to housing mix. Along with our concerns set out in response to question 13, the HBF are concerned that part 1 appears to suggest that all new residential development should ensure a mix of dwellings it is not entirely apparent how this will be applied to the likely single dwellings provided or the small number of dwellings to be built over one year.

Policy DM3: Affordable Housing

20) What is the evidence in relation to affordable housing needs, what is the past record in delivery and what are the likely mechanisms for future delivery?

The Housing Topic Paper states that no affordable homes have been provided since 2009. The paper suggests this is due to the 2014 Ministerial Statement, paragraph 63 of the NPPF and the slow pace of development in the National Park.

21) What is the basis for the requirement for 50% affordable housing and the threshold of more than five dwellings? Is this justified and what is the evidence regarding viability?

It is not clear what the basis is for the requirement for 50% affordable housing. The SHMA suggests there is an affordable housing need for 40 dwellings over the plan period, which equates to 2 dwellings each year. This is not equal to 50% of the housing

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requirement, in fact based on the affordable housing need the requirement should only be for 25% affordable housing.

The original Viability Assessment Report, indicated that there are viability issues for some of the site typologies when the 50% policy is applied, for example Scheme O (7 units, brownfield), Scheme P (10 units, brownfield), Scheme W (7 units, brownfield site) and Scheme X (10 units, brownfield site). The HBF also noted that within this Viability Assessment a profit of only 6% on market dwellings was assumed, this was not in conformity with PPG which states that 'for the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies' (PPG ID: 10-018).

The Viability Assessment has been updated within the Viability Addendum Report, with typologies (I to L) assessing the affordable housing requirement. However, again it is apparent that there are viability issues within the National Park and that funding will be required to make most of these schemes viable.

Paragraph 34 of the NPPF states that '*Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required along within other infrastructure . . . Such policies should not undermine the deliverability of the Plan*'. Therefore, the HBF do not consider that the affordable housing requirement is justified or consistent with national policy.

22) Is the policy sufficiently flexible in terms of taking account of viability on particular schemes?

Part 4 of the Policy states where a scheme is proposed within a Local Centre and there are exceptional circumstances which demonstrate that the delivery of the required affordable housing would not be financially viable, the Authority will consider an element of principal residence housing as part of a revised proposal. The National Park are proposing amendments to this policy to state that the '*delivery of the required proportion of affordable housing would not be financially viable the Authority will consider a larger proportion of principal residence housing as part of a proposal*'. The HBF general consider that this proposed modification is reasonable.

The HBF support the Council in including a reference to viability within their policy, particularly in light of the viability evidence and the previous delivery of affordable homes. However, the HBF consider there is scope for more flexibility within the policy, for example it is not clear why the reference to 'within a local centre' is required and it is recommended that this reference is deleted.

23) Why do parts 3-5 of the policy only apply to Local Centres? Should they also apply to Smaller Villages?

It is not clear why parts 3-5 of the policy only applies to Local Centres, the HBF considers it may be appropriate for these elements to apply to smaller villages also.

24) Is suggested modification SoM44 necessary for soundness? Are other modifications necessary?

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The National Park are proposing amendments to this policy to state that the *'delivery of the required proportion of affordable housing would not be financially viable the Authority will consider a larger proportion of principal residence housing as part of a proposal'*. The HBF generally consider that this proposed modification will provide additional clarity to the policy.

The HBF recommend that the policy is amended to delete reference to 'within a local centre' from part 4.