

Hearing Statement – Matter 5

Sunderland Core Strategy and Development Plan

On behalf of Barratt David Wilson Homes (North
East)

April 2019



I. Introduction

- I.1. This is a Hearing Statement prepared by Spawforths on behalf of Barratt David Wilson Homes (North East)(BDW) in respect of:
- Matter 5: Specific Housing Needs and Standards
- I.2. BDW has significant land interests in the area and has made representations to earlier stages of the Local Plan process.
- I.3. The Inspector's Issues and Questions are included in **bold** for ease of reference. The following responses should be read in conjunction with BDW's comments upon the submission version of the Sunderland Core Strategy and Development Plan, dated July 2018.
- I.4. BDW has also expressed a desire to attend and participate in Matter 5 of the Examination in Public.

2. Matter 5 – Specific Housing Needs and Standards

Issue – This matter considers affordable housing, housing mix, housing standards and the needs of gypsies, travellers and travelling showpeople.

The justification for affordable housing targets in Policy H2, taking into account considerations such as viability

1.1) Is the requirement for at least 15% of dwellings on major developments justified by the evidence base including that relating to viability?

- 2.1. BDW is supportive of the need for affordable housing, **but is concerned with the approach**. The policy sets out to achieve 15% affordable housing on sites of more than 10 dwellings or 0.5ha or more and BDW supports modifications to ensure the policy terminology reflects the 2019 Framework.
- 2.2. The requirement is based on the Whole Plan Viability Assessment (2017). However, as stated in our original representations BDW is concerned that the viability assessment shows that a significant proportion of urban sites will not be able to achieve affordable housing due to viability matters.
- 2.3. The Government is keen to avoid such a situation where viability assessments are being submitted regularly to vary planning policy obligations. The Council must be aware of the impact that viability assessments and subsequent negotiation of obligations can have on the delivery of development. This could impact on the delivery of the housing target. Instead, the Council should ensure this policy is well tested to ensure the sites identified and allocated are deliverable.
- 2.4. Furthermore, the viability assessment utilises a tenure mix of 75% affordable rent and 25% intermediate tenure, whilst the policy states in paragraph 6.18 a tenure mix of 80%

affordable rent and 20% intermediate tenure. **BDW therefore consider that the evidence base does not justify or support the policy and this should be reviewed.**

This is further discussed in response to Question 2.1.

2.5. Furthermore BDW is **concerned** that with all the policy requirements the Local Plan details this could undermine the provision of affordable housing through the need for a viability assessment of schemes on a regular basis. .

2.6. Although the viability assessment reviews to a certain extent the interaction of different policies the base assumptions and the values in terms of build costs, finance, abnormal costs, contingencies and construction appears low. There is the danger that the impact of policies could threaten the ability to develop sites and the scale of development identified in the Plan. Caution should therefore be taken to ensure a reasonable return is made to a willing landowner to fully accord with the Framework and PPG.

1.2) Should the text of paragraph 6.23 relating to viability issues (or a summary) be included within Policy H2?

2.7. BDW has no specific comment in relation to this issue.

The approach to tenure-split and clustering within Policy H2

2.1) Is the current tenure split (para 6.18) justified?

2.8. As stated earlier in response to Question 1.1, BDW is concerned that the evidence base is inconsistent and does not justify the tenure split referred to in paragraph 6.18. The viability assessment utilises a tenure mix of 75% affordable rent and 25% intermediate tenure, whilst the policy states in paragraph 6.18 a tenure mix of 80% affordable rent and 20% intermediate tenure. BDW is aware that paragraph 6.18 reflects the 2017 SHMA, however this states that further work is required to justify a split including viability work, discussions with

developers and housing associations and further work in relation to the housing register (para 7.15-7.17).

- 2.9. Therefore, this policy requirement is not fixed and could be updated in further revisions of the SHMA and associated documentation. However, of more concern is that the viability assessment is utilising a different set of assumptions and figures. It is important to note that the policy approach of 80% affordable rent and 20% intermediate would have a greater impact on a site's viability than the 75:25 tenure split currently assumed.
- 2.10. BDW therefore do not consider the tenure split can currently be justified.

2.2) Will the requirement for small clusters affect the ability of registered providers to manage the housing stock, noting the proposed modification to para 6.21 which refers to clusters being proportionate in size?

- 2.11. BDW has no specific comment in relation to this issue.

The approach to affordable housing exception sites

3.1) Is there justification for an affordable housing exception site policy?

- 2.12. BDW has no specific comment in relation to this issue.

The effectiveness of Policy HI in meeting the need for a mix of dwellings, including larger executive dwellings and those for older people

4.1) Are the terms of Policy HI in relation to accommodation for older people likely to be effective and are they justified?

- 2.13. BDW is supportive of the principle of providing a broad mix of housing; however the Local Plan should not dictate the housing mix across the City. The Local Plan should achieve this housing mix through identifying the level of provision and the broad distribution of new housing.
- 2.14. Although Strategic Housing Market Assessments can consider the broad issues of housing mix, the Local Plan should not seek to control the housing mix across the District. It is both unnecessary and inflexible to seek to control the housing mix, since it would mean the housing market would be unable to adjust to market movements. Policy HI seeks to specifically address the housing mix on sites. This aspect of the policy is onerous and prescriptive, particularly as it is seeking to control size of units, mix and tenure. The policy should be amended to encourage or reflect rather than ensure or require.
- 2.15. BDW are supportive of providing a range and choice of homes to meet the needs of the local area. Sites proposed for development by BDW always provide a range of house types and sizes based on local market need. This ensures sites deliver an appropriate mix of houses for people who want to live in an area and help create an interesting and varied streetscene.
- 2.16. BDW recommend that a flexible approach is taken regarding housing mix, which recognises that need and demand will vary from area to area and site to site, ensure that the scheme is viable, and provides an appropriate mix for the location. There is a real need to create a housing market in Sunderland that will attract investors to Sunderland and provide an element of aspiration to ensure working people and families are retained within the area. The SHMA is only relevant at the time it is produced and only identifies current deficits. BDW would urge the Council to ensure greater flexibility within the housing mix policy to meet local, site specific need and ensure a scheme is viable.

4.2) Is the requirement for developments to provide larger detached dwellings justified?

- 2.17. Similar in response to Question 4.1. BDW is supportive of the principle of providing a broad mix of housing; however the Local Plan should not dictate the housing mix across the

City. The Local Plan should achieve this housing mix through identifying the level of provision and the broad distribution of new housing.

- 2.18. Although Strategic Housing Market Assessments can consider the broad issues of housing mix, the Local Plan should not seek to control the housing mix across the District. It is both unnecessary and inflexible to seek to control the housing mix, since it would mean the housing market would be unable to adjust to market movements. Policy HI seeks to specifically address the housing mix on sites. This aspect of the policy is onerous and prescriptive, particularly as it is seeking to control size of units, mix and tenure. The policy should be amended to encourage or reflect rather than ensure or require.
- 2.19. BDW are supportive of providing a range and choice of homes to meet the needs of the local area. Sites proposed for development by BDW always provide a range of house types and sizes based on local market need. This ensures sites deliver an appropriate mix of houses for people who want to live in an area and help create an interesting and varied streetscene.
- 2.20. BDW recommend that a flexible approach is taken regarding housing mix, which recognises that need and demand will vary from area to area and site to site, ensure that the scheme is viable, and provides an appropriate mix for the location. There is a real need to create a housing market in Sunderland that will attract investors to Sunderland and provide an element of aspiration to ensure working people and families are retained within the area. The SHMA is only relevant at the time it is produced and only identifies current deficits. BDW would urge the Council to ensure greater flexibility within the housing mix policy to meet local, site specific need and ensure a scheme is viable.

The density provisions of Policy HI

5.1) Is criterion 1. iii of Policy HI, as proposed to be amended, likely to be effective in encouraging high density developments in suitable locations?

- 2.21. BDW has no specific comment in relation to this issue.

The requirements of Policy HI for Self-Build/Custom Build Housing

6.1) Is criterion 3 of Policy HI and the explanatory text likely to be effective in encouraging self-build and custom-build housing plots, noting the proposed modification to para 6.13?

2.22. BDW recognise the importance of self-build and custom-build schemes. However, the policy approach is vague and unclear as it will not address housing delivery as it will not address the overall potential contribution to the housing supply. This policy approach only changes the house building delivery mechanism from one form of house building on a site to another form of development without any consequential additional contribution to boosting housing supply. BDW consider that what is required is an increase in the number of housing sites across a number of areas across the authority.

The requirements of Policies HI and BH2 for 10% accessible/adaptable, energy efficient and sustainably designed dwellings and the relationship to the Building Regulations

7.1) Is the requirement for 10% of dwellings on major developments to be accessible and adaptable (Building Regulations Part M4(2)) justified?

2.23. BDW is particularly concerned with Policy Stem iv of criterion I which states that residential development should create mixed and sustainable communities by:

Requiring 10% of dwellings on developments of 10 or more to meet building regulations M4 (2) Category 2 – accessible and adaptable dwellings.

2.24. BDW is generally supportive of providing homes for older and disabled persons. However, if the Council wishes to adopt the higher optional standards for accessible and adaptable

homes the Council should only do so by applying the criteria set out in the PPG. The SHMA 2016 and the 2018 Addendum provides the Council's evidence for this policy. Unfortunately, this evidence does not justify the Council's position and also questions how the percentages identified in the policy.

- 2.25. BDW does not dispute the ageing population identified by the SHMA. However, it is unclear how this ageing population and potential future need reflects in the need for 10 percent of all new homes on sites of 10 or more dwellings to be provided at M4(2) standards. 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.
- 2.26. It is important that if the Council are seeking the higher optional standards that the evidence is forthcoming. PPG (ID 56-07) 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.
- 2.27. It is important that the Council recognises the viability implications of requiring all houses to meet these enhanced standards. It is likely that this requirement will make a large proportion of sites identified by the Council as suitable for development unviable. The Council has made reference to the fact that this policy will be subject to site viability. However, this is very vague and could result in stalled development where time is taken to debate viability issues. The Council must 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. BDW would urge the Council to reduce the % requirements to ensure the deliverability of any policy. The policy must be viability tested in line with paragraph 173 of the NPPF to ensure that the scale of policy burden is not such to threaten development. BDW would like to see a copy of the Council's viability testing in light of this policy. The Council should work with housebuilders to ensure the benchmark land value being used in the viability testing is reasonable. BDW does not consider that the evidence presented justifies the policy.
- 2.28. BDW considers that the evidence presented does not detail whether those living in adapted properties are in line with the requirements of M4(2) or how this relates to future needs.

Furthermore, no evidence is presented 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.

2.29. BDW therefore considers that the evidence base does not justify the policy approach.

7.2) Are the requirements of Policy BH2 in relation to energy efficiency, energy use, materials and sustainability information justified and effective, having regard to the scope of the Building Regulations?

2.30. BDW is **concerned** that Policy BH2 is repeating other national guidance and seeking to unnecessarily over extend local policy.

2.31. This policy states that where possible major development should maximise energy efficiency and integrate the use of renewable and low carbon energy. BDW is generally supportive of the use of low carbon and renewable energy. However, this aspect of policy is covered by Building Regulations. The Government states in Fixing the Foundations and the Housing Standards Review that these matters are solely for Building Regulations with no optional standards.

2.32. BDW is aware of recent changes to PPG. However, the Guidance still stipulates that local authorities have to be in accordance with the rule changes through the Planning and Energy Act 2008 and the Deregulation Act 2015.

2.33. The PPG states that local requirements should form part of a Local Plan following engagement with appropriate partners, and will need to be based on robust and credible evidence and pay careful attention to viability. In this respect, planning authorities will need to take account of government decisions on the Housing Standards Review when considering a local requirement relating to new homes.

2.34. If considering policies on local requirements for the sustainability of other buildings, local planning authorities will wish to consider if there are nationally described standards and the impact on viability of development.

- 2.35. 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.
- 2.36. Furthermore, BDW is also concerned that some of the information required within the policy may not be known at the time of submitting a planning application, such as the details of the type, life cycle and source of materials to be used.
- 2.37. Therefore, BDW recommend that the Council ensure that this policy is justified and consistent with national policy.

The justification for applying the NDSS (Policy BHI)

8.1) Is the application of the NDSS through Policy BHI justified taking into account evidence on need, viability and timing?

- 2.38. BDW is **concerned** that this policy is seeking to implement national space standards without the requisite justification and evidence.
- 2.39. This policy looks for development to meet national spaces standards as a minimum (for residential). The 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.
- 2.40. 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'.

2.41. The Council will need robust justifiable evidence to introduce any of the optional housing standards, based on the criteria set out above. BDW 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 housebuilding industry knows its customers and what type and size of housing is in demand.

2.42. BDW is also concerned that the Whole Plan Viability Assessment (August 2017) at paragraph 8.19 confirms that the viability assessment undertaken was on the basis that the Council were not introducing NDSS. BDW is aware that the Council is proposing a Main Modification in relation to introducing a transitional period of 1 year for NDSS. This could therefore be taken into account on new sites being acquired, however implications will still persist on existing sites and an assessment on viability and delivery may still need to be considered.

2.43. Furthermore, BDW would encourage the Council to recognise the larger land take such houses will require more land take. Therefore to deliver this would reduce the yield of sites and could have potential implications on the site yields identified by the Council on identified and allocated sites, ultimately resulting in the Council failing to meet their housing targets.

2.44. BDW therefore consider the approach towards NDSS should be reviewed.

Proposed Change

2.45. To overcome the objection and address soundness matters, the following changes are proposed:

- Remove that element of the policy which conflicts with national guidance.
- Remove the element of the policy referring to national space standards.
- Remove the element of the policy referring to accessible and adaptable homes.