

# Sunderland Local Plan Examination

## Story Homes and Mr Michael Ford - North of Usworth Hall

### Matter Statement 5 - Specific Housing Needs and Standards

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**Issued** May 2019

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#### **1.0 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?**

- 1.1 Story Homes and Mr Michael Ford (“our Client”) recognises that Policy H2 requires a 15% provision of affordable housing on major developments.
- 1.2 The economic viability of affordable housing requirements study, prepared for the Council by arc<sup>4</sup> in March 2014, found that modelling viability of 14 beacon sites across the local authority with a tenure mix of 75% affordable rent to 25% intermediate tenure, the indicative maximum levels of affordable housing provision were:
- At September 2013, affordable provision between 10% and 15%;
  - In a possible future market with medium growth scenarios, affordable provision between 10% and 15%;
  - At high growth scenarios, affordable provision at 20%; and
  - At low growth scenarios, affordable provision at 5%.
- 1.3 Adjusting the tenure mix to 50% social rent and 50% intermediate tenure had an overall positive effect on viability with affordable housing levels achievable at about 5% higher. The study concluded that the majority of sites are viable at 15% affordable housing provision, albeit a number of these are marginal.
- 1.4 The subsequent Whole Plan Viability Assessment (August 2017), shows that brownfield sites are unable to bear 15% affordable housing but that other sites are able to accommodate up to this amount. The study identifies that *“all the green field sites are shown as deliverable, and the Council can be confident that they will be forthcoming”* (paragraph 12.6). As such, based on the Council’s evidence, the policy is justified.

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

- 1.5 Our Client supports the inclusion of the paragraph 6.23 which relates to the submission of a viability appraisal should the delivery of affordable housing make the scheme unviable. The economic viability of affordable housing requirements study highlighted that the 15% affordable housing target may not be achievable on all developments due to overall market conditions, or as a result of specific site viability issues and therefore recommended that *“the Council should adopt a flexible approach and review the viability of affordable housing provision for sites where the developer can demonstrate that they are unable to provide the 15% target”* (paragraph 7.20).
- 1.6 It is unclear why the policy uses an 80:20 split rather than the 75:25 split used in the Whole Plan Viability Assessment (2017), although it is recognised in the Viability Assessment that the tenure mix in the Plan would be adjusted as such (Footnote 60).

**2.0 The approach to tenure-split and clustering within Policy H2**

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

- 2.1 Our Client considers paragraph 6.18, which advises that the Council will seek a tenure split of 80% affordable rent and 20% intermediate tenure, is too prescriptive. There is a requirement to provide flexibility for developers and Registered Providers to deliver appropriate products and the current split is too heavily weighted towards affordable rented. A more flexible approach that allows tenure split to be determined on a site by site basis or amended in light of future updates to the SHMA should be adopted, particularly recognising the range of types of affordable housing references in Annex 2 of the NPPF (2019).

**(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?**

- 2.2 The modification to paragraph 6.21 advises that affordable housing should be dispersed amongst the market housing in clusters of a size proportionate to the scale of the development. Our Client welcomes that the Council has proposed to amend the text in the Schedule of Minor Modifications, from the previous version which referred to 3 to 4 dwellings per cluster and was overly prescriptive. Our Client’s firm view is that Registered Providers like affordable homes to be located close to each other for efficiencies in property management and can be deterred if the units are spread around the site too much.

**3.0 The approach to affordable housing exception sites**

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

- 3.1 Our Client does not have any comments in relation to question 3.

#### **4.0 The effectiveness of Policy H1 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 H1 in relation to accommodation for older people likely to be effective and are they justified?**

4.1 Our Client recognises the importance of providing homes for older people and those with special housing needs. The terms are justified in light of Sunderland's ageing population, identified in the SHMA (2017) and Policy H1 part 2(ii) provides general flexibility on the provision of accommodation for older people.

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

4.2 The demand for larger properties within Sunderland is identified in the SHMA Update (2017) and is recognised in paragraph 2.38 of the Plan which highlights the shortage of 3 and 4 bedroom houses to meet families' needs. Larger family housing will also play an important role in supporting Sunderland's economic aspirations by providing the mix of housing needed to retain and attract those of working age to the local authority.

#### **5.0 The density provisions of Policy H1**

##### **(5.1) Is criterion 1. iii of Policy H1, as proposed to be amended, likely to be effective in encouraging high density developments in suitable locations?**

5.1 Our Client does not have any comments in relation to question 5.

#### **6.0 The requirements of Policy H1 for Self-Build/Custom Build Housing**

##### **(6.1) Is criterion 3 of Policy H1 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?**

6.1 Our Client does not have any comments in relation to question 6.

#### **7.0 The requirements of Policies H1 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?**

7.1 Policy H1 (1) (iv) requires 10% of dwellings on developments of 10 or more to meet building regulations M4(2) Category 2 – accessible and adaptable dwellings. Although our Client is generally supportive of providing homes for older and disabled people, it considers that the 10% requirement is onerous, has not been evidenced and hence cannot be justified. As such, this policy requirement is unjustified.

- 7.2 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 NPPG’.
- 7.3 The NPPF (February 2019) advises that: “Planning policies for housing should make use of the Government’s Optional technical standards for accessible and adaptable housing, where this would address an identified need for such properties” (Footnote 46).
- 7.4 The ‘Housing: Optional technical standards’ (ID Ref: 56-007) advises that it is for the local planning authority to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings) of the Building Regulations based on their housing needs assessment and other available datasets. It is therefore clear that Building Regulations M4 (2) is an Optional technical standard and that should an authority wish to pursue this option, that it must be fully evidenced.
- 7.5 Paragraph 3.8 of the ‘Sunderland Strategic Housing Market Assessment Addendum 2018’ (April 2018) briefly considers the need for adapted dwellings and simply states that in the 2015 household survey around 9,100 households were living in adapted properties. This figure was applied to household projections. No further details were provided. However, this evidence is severely lacking, contrary to the NPPF (paragraph 31). It does not provide an assessment against the criteria provided in ‘Housing: Optional technical standards’ (ID ref: 56-007) which includes:
- 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; and
  - the overall impact on viability.
- 7.6 There is potential for the standards to have a negative impact on regeneration initiatives, affordable housing provision and adversely affect demand in lower value market areas. The Council’s Viability Assessment Update Note 2018 advises that the 2017 viability assessment related to Lifetime Homes, that the requirement is now for accessible and adaptable standards and that the cost is not dissimilar to Lifetime Homes. However, no comparison of the costs has been provided to determine whether this is actually the case, contrary to the NPPF (paragraph 57) and PPG (ID Ref: 10-012).

**(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?**

- 7.7 Our Client supports the Council’s aims of ensuring that new development is sustainably designed and constructed but has concerns that Policy BH2 is not sound as it is not effective, justified or consistent with national policy.
- 7.8 Sub-point “1” calls for major development to maximise energy efficiency and integrate the use of renewable and low carbon energy. Imposing new mandatory requirements in relation to energy

efficiency is inconsistent with national policy. Identified energy requirements for new housing development is a matter that is governed by Building Regulations. The Deregulation Act (2015) included an amendment to the Planning and Energy Act (2008) to remove the ability for local authorities to require energy efficiency standards that are higher than Building Regulations. This policy requirement could have severe viability implications as it will add additional costs to development and may result in the under delivery of new homes which conflicts with the spirit of national policy.

- 7.9 Sub-point “4” requires major development proposals to provide details of the type, life cycle and source of materials to be used. However, our Client considers that this level of information will not be known at the planning application stage and particularly for outline planning applications. The request for this level of information is therefore contrary to the requirements of national policy.
- 7.10 Our Client also considers that the requirements of sub-point “6”, that requires major development proposals to include opportunities to incorporate measures which enhance the biodiversity value of development, such as “green roofs” to be particularly onerous. The reference to ‘green roofs’ should be removed from this policy as the application of such a measure may be inappropriate for many new residential developments and may also have significant viability implications which is inconsistent with national policy.
- 7.11 Our Client raises concerns with the requirements for Sustainability Statements to set out how development “maximises energy efficiency through internal and external layout, orientation, massing, materials, insulation, heat recovery, construction techniques, natural ventilation, shading and landscaping”. Fundamentally it may not be possible for major development to maximise all of these matters and yet again the request for this level of information contrary to the spirit of national policy which seeks to accelerate housing delivery.
- 7.12 The requirement for Sustainability Statements to “*connect to/or be ready to connect to any forthcoming decentralised heat or energy scheme, where feasible*” is inconsistent with national policy. Applicants should not be expected to connect to or be ready to connect to any forthcoming decentralised heat or energy scheme as this will not be practical or appropriate for the majority of future development schemes.

## **8.0 The justification for applying the NDSS (Policy BH1)**

### **(8.1) Is the application of the NDSS through Policy BH1 justified taking into account evidence on need, viability and timing?**

- 8.1 Our Client has concerns about Policy BH1 (14) and paragraph 9.4 which requires developments to meet national space standards as a minimum (for residential).
- 8.2 Our Client considers that the application of NDSS, which are enhanced standards, are optional and should only be applied where there is a robustly evidenced need which also addresses viability implications, in accordance with the PPG.
- 8.3 The PPG (ID Ref: 56-020) 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.”*

- 8.4 As such, the Council requires justifiable evidence to introduce these enhanced optional standards and should consider the impact of using these standards as part of their Local Plan viability assessment. The Council’s Internal Space Standards Report (2018) presents some evidence to address the requirements in the PPG, but the numbers of properties considered (123 recently completed dwellings including 2, 3 and 4 bedrooms properties) and the market comparisons made are limited. The report does not demonstrate the need for properties built to NDSS within Sunderland, merely that some 2 and 3 bedroom properties have been built which are smaller than NDSS. There is no evidence presented that indicates that such properties have not sold, nor that the market is not satisfied with houses of this size. The Council has amended the supporting text in paragraph 9.4 to make reference to a transitional period from adoption of the Plan to introduction of these standards in light of consultation on the Publication Draft of the Plan.
- 8.5 Our Client considers that Policy BH1 will have significant impacts on development viability and affordability issues associated with inflated costs of new homes and reduced customer choice particularly for entry level homes, for which there is a significant demand in the north east housing market. This would likely have the most significant impact on those on lower incomes who are unable to afford a property with the appropriate number of bedrooms for their needs, irrespective of actual size. It is of paramount importance that the new Local Plan provides the development industry with flexibility. Housebuilders conduct extensive market research and always ensure that new developments respond to local housing markets and demographics.
- 8.6 Introduction of optional standards may have implications on viability and the Council’s Whole Plan Viability Assessment (2017) was undertaken when they Council did not plan to introduce a policy requiring compliance with the NDSS.
- 8.7 Given the limited evidence on need, viability and timing in relation to NDSS, Policy BH1 is not justified in this respect. Notwithstanding these comments, our Client recognises that paragraph in the supporting text has been updated to include a transitional period of a year from adoption of the Plan before the standards will be introduced.

**9.0 The approach of relying on the Unauthorised Encampment Policy (UEP) to deal with the need for a stop-over site identified in the Gypsy and Traveller and Travelling Showpeople Accommodation Assessment (GTAA)**

**(9.1) Is the approach set out above positively prepared, justified and effective?**

9.1 Our Client does not have any comments in relation to question 9.

**(9.2) What provision, if any, is there in the Sub-Region for a stop-over site?**

9.2 Our Client does not have any comments in relation to question 9.

**10.0 The terms of Policy H4 (Travelling Showpeople, Gypsies and Travellers)**

**(10.1) Is the allocation of travelling showpeople sites through Policy H4 justified by the evidence base?**

10.1 Our Client does not have any comments in relation to question 10.

**(10.2) Will the site-specific criteria for the allocations be effective, including in relation to the living conditions of proposed and neighbouring residents and access arrangements?**

10.2 Our Client does not have any comments in relation to question 10.