

HARTLEPOOL LOCAL PLAN EXAMINATION

Matter 3 – Housing Needs

1. The following hearing statement is made for and on behalf of the Home Builders Federation. This statement responds to selected questions set out within Matter 3 of the Inspector's *Schedule of Matters, Issues and Questions* (exam ref: EX INS 15).
2. The Inspector's Issues and Questions are included in bold for ease of reference. The following responses should be read in conjunction with our comments upon the submission version of the Local Plan, dated 3rd February 2017. The HBF has also expressed a desire to participate in the examination hearing sessions.

Issue 1 – Is the Council's objectively assessed housing need of 4,305 soundly based (justified, effective and consistent with national policy) and supported by robust and credible evidence? (NPPF paragraph 159)

The Housing Market Area

Q1 Is the evidence that Hartlepool Borough is its own housing market area (albeit within a wider functional economic area) robust?

3. Whilst this is not disputed Hartlepool also shares strong cross-boundary relationships with other neighbouring authorities, particularly those within the Tees Valley. Indeed the Tees Valley has previously been considered a single housing market area (HMA).
4. It is also notable that the 2016 *Strategic Housing Market Assessment* of neighbouring Redcar and Cleveland clearly states (para 3.24) that the wider Tees Valley area is a justified HMA area and indeed was considered so by the 2010 CLG Study '*Geography of housing market areas*'.
5. It is, however, recognised that in terms of household moves Hartlepool can be considered self-contained. In addition most of the Tees Valley authorities have now produced single authority SHMAs which suggest single authority HMAs. Therefore

for reasons of pragmatism a Hartlepool HMA would appear justified. However, given these close relationships, it is considered essential that issues of housing need and delivery across the wider Tees Valley are taken into account within this plan. The HBF therefore agrees with the statement in the *Housing and Employment Growth Topic Paper* (para. 1.2, exam ref: EX/HBC/24) that;

“Hartlepool Borough is also positioned within a wider Tees Valley functional economic area and it is appropriate to consider the Tees Valley Strategic Economic Plan when reviewing future economic growth in the Borough.”

Demographic Starting Point

Q2 Do the 2014-based projections provide the most suitable starting point for establishing the OAN?

6. This is supported and considered to be compliant with the PPG (ID 2a-016).

Q3 Does the OAN appropriately consider the likelihood of past trends in migration and household formation continuing in the future? Are the assumptions justified? (What is the period on which the 10 year migration scenario (Table 4.1 in SHMA addendum) based?)

7. In relation to migration the SHMA Addendum (exam ref: HPL06/1) considers a ten year migration scenario, this scenario would mask many of the significant short-term fluctuations experienced within Hartlepool. In this regard it is considered appropriate that the 10 year migration scenario be utilised. The HBF understands the 10 year period upon which the scenario is based is 2003/4 to 2013/14 (para. 4.9, 2016 SHMA Addendum).

8. We refer to household formation rates in response to question 4 below and within paragraphs 26 to 29 of our comments upon the Publication version of the plan.

Q4 Is there evidence that household formation rates (notably younger households) have been suppressed by historic undersupply (including recessionary period) and issues of affordability? If yes, what is the evidence and what would be a sensible adjustment and why?

9. Analysis of household formation rates supplied by ONS indicates that formation rates for 25 to 34 and 35 to 44 age groups in Hartlepool are indicated to decrease over the plan period. These roughly track, albeit being slightly above, the national rates. These must, however, be viewed in context. The latest projections continue to assume lower household formation rates for younger households. Whilst this is

identified as being representative of longer-term trends these cannot be detached from the factors which have influenced the operation of the housing market over the last 15 years. This includes a sustained national failure to deliver enough homes to meet need, an intensifying affordability crisis and growing evidence of younger households being excluded from the housing market. A continued tracking of national rates would therefore suggest a continuation of the conditions which led to the housing crisis.

10. The PPG is clear that the household projections do not take account of policy interventions by Government or previous under-delivery (PPG ID 2a-015). Given that the Government is actively trying to boost opportunities to access the housing ladder it would appear somewhat remiss not to give due consideration to the effect of these interventions. The HBF therefore considers that an uplift to household formation rates for those most effected by the current crisis, aged 25 to 44, is required and justified. An increase in household formation rates for this age cohort is supported not only by the White Paper¹ but also through the NPPF requirements to boost housing supply and the advice contained within the Local Plan Expert Group (LPEG) recommendations to Government².

11. It is considered that a partial return to pre-recession levels, as indicated in the 2008 based projections, of household formation would represent a reasonable adjustment.

Market Signals

Q5 Does the OAN take appropriate account of 'market signals'? Do Tables 3.1 and 3.2 of 2016 SHMA Addendum point to any need to make an adjustment for market signals?

12. The key market signal, as expressed by the PPG, is that of under-delivery.

Q6 How does the OAN reflect issues of housing affordability in the area? Has there been express consideration of affordable housing needs in accordance with relevant case law?

13. The HBF has no further comments.

Q7 Should there be a proportional uplift to the adjusted OAN of 210dpa for market signals as opposed to the 700dpa for backlog? For those advocating the

¹ DCLG 2017: Fixing our Broken Housing Market

² Local Plan Expert Group (2016): Report to the Communities Secretary and to the Minister of Housing and Planning

uplift approach, what is the empirical evidence and what resultant adjustment should be made?

14. There has been persistent under-delivery within Hartlepool since at least 2004, as shown by the various *Authority Monitoring Reports*. The 2016 SHMA addendum seeks to address this by adding the delivery backlog since 2006/7 of 700 additional dwellings, over the plan period. This is considered a pragmatic response to our previous concerns and the under-delivery that has occurred over numerous years.

Future Jobs

Q8 What are the assumptions regarding future jobs growth and are they justified? Is the OAN appropriately aligned with forecasts for jobs growth?

15. The HBF understands that the jobs growth is aligned to ambitions set out within the SEP, this is supported. It is the assumptions related to translating this figure into a housing need which are considered unjustified.

Q9 Does the Council's Housing and Employment Growth Paper (EX/HBC/24) provide sufficient clarity on the adjustment that has been made for likely changes in job numbers?

16. No, the adjustment lacks clarity.

Q10 Is the assumption of 70% of all jobs being taken up by existing residents reasonable? Allied to this, is applying the assumption from the 2014 SEP Delivery Plan to halve unemployment justified?

17. I refer the Inspector to paragraph 34 of our comments upon the Publication version of the plan. The Council's *Housing and Employment Growth Paper* (Exam ref: EX/HBC/24) provides no further analysis upon the realism of this assumption.

18. In terms of unemployment, whilst a laudable target, it is notable that achieving such a low rate of unemployment will be extremely challenging and has, in the main been above the 9.7% assumed in the SHMA, as illustrated below.

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Unemployment %	8.6	9.4	12.4	11.4	14.6	13.9	14.2	11.3	9.4	9.0

Source: ONS Annual Population Survey (Jan to Dec figures)

19. The realism of such a target is therefore questionable at least in the short to medium term.

Q11 Are the assumptions relating to 15% in-commuting from elsewhere and 15% from wider regional in-migration justified and do they raise duty to cooperate issues? Are other authorities in the Tees Valley area applying similar to meet SEP jobs forecasts?

20. I refer the Inspector to paragraphs 34 and 35 of our comments upon the Publication version of the plan. The Council's *Housing and Employment Growth Paper* provides no further analysis upon the realism of this assumption of in-commuters or if this has been agreed by neighbouring authorities. This is therefore considered unjustified.

Backlog in provision

Q12 Is the backlog of c.700 units identified at Table 3.3 of the SHMA addendum an appropriate figure?

21. I refer the Inspector to our response to question 7 above.

Conclusions on OAN

Q13 Taking all these factors into account is there a robust evidence base for the OAN in Hartlepool as set out in the submitted Plan? Is there a sound basis to arrive at an alternative full OAN?

22. The HBF considers that the OAN is too low. This is primarily related to the lack of consideration of alternative headship rates and the assumptions relating to Economic Activity Rates (EARs), unemployment and commuting rates. Given the potential for new jobs the HBF does consider it reasonable that EARs will increase and unemployment will decrease. More realistic scenarios would be to revert to pre-recession averages for unemployment and apply the Office of Budgetary Responsibility (OBR) rates for changes to EAR for the older age groups.

23. The HBF has not undertaken any detailed modelling of an appropriate OAN for Hartlepool utilising these assumptions. It is, however, anticipated that it will sit between scenario D1 and D2 (table 2.1, *Housing and Employment Growth Paper*).

Issue 2 - Translating the OAN into a housing requirement

Q14 How has the 20% buffer for affordable housing been formulated? Is it clearly identified as a policy-on approach that is part of the housing requirement rather than the full OAN? Will the adjustment be effective?

24. The HBF notes there is a substantial net imbalance in affordable dwellings, 144 per annum. This represents nearly 50% of the suggested OAN and 35% of the housing target. Such a high percentage is clearly undeliverable within Hartlepool

from market sites. Therefore whilst this uplift is supported and will help to address this significant problem the Council may still fall short of delivering its full affordable housing needs. To redress this the Council should investigate other methods of delivery. In addition a higher housing target would undoubtedly assist in reducing this figure further.

Q15 Would this buffer be effective in ensuring a supply of housing to meet the OAN and reducing the risk of under-delivery against the full OAN?

25. The additional supply is generally supported. It is, however, our assertion that the OAN of 290dpa is too low and as such the 20% is not considered as a buffer. Rather a step closer towards meeting the full OAN.

26. A buffer to ensure that the OAN is met in full is, however, supported and would reduce the risk of under-delivery against the full OAN. The HBF refers to the NPPF requirements for plans to be flexible and adaptive to rapid change as well as the LPEG recommendations to Government³ which recommends a 20% buffer above the housing requirement.

Q16 Having regard to Policy HSG10 (Housing Market Renewal) is allowance for net loss through demolitions robust over the plan period? In light of the representation from the Park Residents Association [reference Pub0099] is the assumed calculation for demolitions reasonable?

27. Further clarity is required from the Council in regard to this issue. The HBF notes that the Council is seeking to provide further evidence on this issue (paragraph 2.3.6, EX/HBC/2). The HBF therefore reserves their position at this time.

Q17 Should the housing requirement be increased or decreased? If so, to what level and on what basis?

28. I refer the Inspector to our response to question 13 above. The Council should seek to meet the full OAN as a minimum.

Q18 Has the Council's sustainability appraisal of the housing requirement assessed reasonable alternatives? How has sustainability appraisal been used to support the scale of housing provision in the Plan? [Are there negative (unsustainable) effects of lower or higher housing provision?]

29. This remains unclear.

³ Local Plan Expert Group (2016): Report to the Communities Secretary and to the Minister of Housing and Planning

Q19 Is the housing requirement, reflective of the full OAN, clearly expressed in the Plan and identified as a minimum?

30. No, whilst it is included in table 6, a clear statement within Policy HSG1 would assist clarity. The HBF agrees that the housing requirement should be expressed as a minimum and indeed the Council alludes to this in paragraph 10.8 of the submitted plan, stating;

*“The provision requires a **minimum** total of 6,135 new dwellings to be built over the plan period...”* (our emphasis)

31. The expression as a minimum would meet the NPPF requirements for plans to be positively prepared and boost significantly housing supply.

Issue 3 - Meeting specific housing needs

Q20 Explain how the needs of different groups in the community have been addressed in the SHMA and then the Plan, such as, but not limited to, families with children, older people, people with disabilities and people wishing to build their own homes. What conclusions does the 2014 SHMA reach in terms of the scale and mix of housing type needed, including in terms of tenure and size? (NPPF paragraph 159) How does the Plan reflect the findings?

32. The HBF has no further comment.

Q21 Is there evidence for the Plan make specific provision for accommodation for elderly persons either as part of the housing mix (Policy HSG2) or specific allocations for sheltered and supported accommodation?

33. The HBF has no further comment.

Q22 Is the Plan justified in seeking the provision of executive housing? Is this necessary to create a balanced housing market? Is the definition at Table 10 on plan 87 of the Plan reasonable?

34. The HBF has no further comment.

Yours sincerely,

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