

The following statement has been produced by Persimmon Homes Teesside in response to selected questions set out within Matter 3 of the Inspector's Matters, Issues and Questions (ref: EX/INS/15). Whilst we have not attempted to provide a response to every question, we have, where applicable, included the Inspector's Issues and Questions in **Bold** above our response for ease of reference.

**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 Full Objectively Assessed Housing Need (OAN) Methodology**

The OAN is presented in the Plan in Policy HSG1 and preceding text (chiefly at Table 6). The key source material is the final Strategic Housing Market Assessment (SHMA) 2015 (document HLP06/2) and the SHMA Addendum 2016 (document HLP06/1). In response to initial observations of the Inspector the Council has submitted a Topic Paper on 28 July 2017 (document EX/HBC/24) seeking to provide clarification on the methodology used. Statements responding to the questions are encouraged to cross-refer to these key documents where appropriate. Where representors have considered the full OAN in the published plan not to be sound it would be helpful to the Inspector to understand what adjustments are sought and what alternative OAN and housing requirement figures should be contemplated.

Those with an interest in the OAN for housing are probably aware of the 2017 Housing White Paper's proposal for a standard methodology for calculating OAN and the Government's intention to consult on this proposal in 2017. The Inspector will invite separate written comment from interested parties on the proposed standard OAN methodology when the consultation material is published.

**Demographic Starting Point**

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

1.1 In line with the PPG, Persimmon Homes consider the 2014-based projections to be the most suitable starting point for establishing the OAN.

**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?**

1.2 Persimmon Homes consider there to be sufficient evidence to demonstrate that younger households have been artificially suppressed by historic undersupply to justify an appropriate uplift to the OAN.

- 1.3 Household Formation Rates within the 2014 based household projections are reliant upon recent trends from the last 10 years rather than those experienced over the longer term. The implication of this bias is that the latest projections continue to be affected by suppressed trends in household formation rates associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability.
- 1.4 This particularly affected younger households (25 to 44) who were hard-hit by the recession and as such the formation rates for this age group are likely to be significantly depressed. This is evidenced by the proportion of 25 to 34 years who were home-owners in 2014 (35%), compared to a decade earlier (59%)<sup>1</sup>.
- 1.5 It is therefore unclear why the SHMA has not considered an improvement in headship rates for the 25 to 44 year age group over the plan period, particularly when the PPG is clear that the household projections may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. There has been a clear under-supply of housing within the borough since 2006 as evidenced by Table 3.3 of SHMA addendum and this undoubtedly would have artificially suppressed formation rates in the borough.
- 1.6 The Government are also actively seeking to increase Household Formation Rates through interventions such as Help to Buy and Starter Homes, the latter of which is aimed directly at the under 40 age groups. Given this Government stimuli and the evidence of depressed rates above, it is considered justified to apply an uplift in HRRs amongst the 25 to 44 year old age group. This approach would not only accord with the NPPF requirement to boost housing supply but also align with the advice contained within the Local Plan Expert Group (LPEG) recommendations to Government<sup>2</sup>.
- 1.7 Whilst there is no clear guidance in the PPG on what might represent an appropriate uplift, Persimmon Homes would support the HBF's recommendation that an attempt to return to the pre-recession levels, as indicated in the 2008 based projections, of household formation to 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?**

- 1.8 Tables 3.1 and 3.2 of the 2016 SHMA Addendum detail the key price and quality market signals observed in Hartlepool over the period 2010 to 2015 compared with neighbouring districts and regional and national trends. Whilst it is acknowledged that these trends do not necessarily point to the need for a

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<sup>1</sup> ONS (2016): UK Perspectives 2016: Housing and home ownership in the UK

<sup>2</sup> LPEG (2016): Report to the Communities Secretary and to the Minister of Housing and Planning

market signals uplift, Table 3.3 of the SHMA Addendum identifies a significant under-delivery of 694 units from 2006/07 against the Local Plan target. It is essential that these units are accounted for within the overall housing provision moving forward.

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

1.9 Persimmon Homes support the Council's current approach of adding the identified backlog of circa 700 units to the OAN. Given the complications and uncertainties surrounding what constitutes an appropriate uplift, we consider this approach to be a pragmatic and justified solution to dealing with the under-delivery that has occurred since 2006/07.

**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?**

1.10 Persimmon Homes support aligning the jobs growth assumption with the Tees Valley Strategic Economic Plan target of 290 jobs each year. This figure is considered to be an aspirational economic trajectory for the borough which is supported by Tees Valley Combined Authority.

**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?**

1.11 There continues to be a lack of clarity on the adjustment that has been made for likely changes in job numbers. Persimmon Homes find it difficult to comprehend how housing scenario F1, based upon zero jobs growth, requires an annual dwelling requirement in excess of a scenario which creates 290 jobs per annum. This simply appears nonsensical.

**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?**

1.12 Persimmon Homes agree with the view expressed by the HBF that whilst both targets are commendable, we are unsure how realistic and achievable they are in practice. An assessment of unemployment rates within the borough since 2004 suggests that local trends tend to reflect the national picture in terms of highs and lows, albeit at a much higher figure, approximately double. It will therefore take a significant local event / growth for unemployment to be halved, the likelihood of which is uncertain.

1.13 In addition, we are also concerned that the population of the town is aging and therefore the available work force is likely to decrease over the course of the plan period to account for these jobs. There is expected to be a circa 39% increase in the amount of over 60 year olds within the town between 2014 and 2032<sup>3</sup>. This will have a detrimental effect on the working age population and the amount of people able to fill these new jobs.

### **Backlog in Provision**

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

1.14 Greater clarity is required over the source of the Core Strategy Average Housing Target of 309 dwellings per annum identified within Table 3.3 of the SHMA Addendum.

1.15 It is noted that up to and including the 2012/13 Annual Monitoring Report, the housing requirement from 2006/07 was expressed as 390 dwellings per annum based upon the Regional Spatial Strategy. The previous housing requirement then appears to retrospectively change to 320 dpa within the 2013/14 and 2014/15 Annual Monitoring Reports. The previous housing requirement is then revised down again to 309 dpa from the 2015/16 Annual Monitoring Report.

1.16 The reasons for these changes are unknown and there effects could be hiding a much greater backlog of housing than that identified by the Council. It is therefore imperative that the full backlog is robustly identified and addressed within the plan. The table below identifies the net completions against the housing requirement as originally identified in each corresponding Annual Monitoring Report.

<b>Year</b>	<b>Housing Requirement (According to Corresponding AMR)</b>	<b>Net Units Delivered (According to Corresponding AMR)</b>	<b>Residual Against Housing Requirement</b>	<b>Cumulative Backlog to be Met</b>
2006/07	390	267	-123	-123
2007/08	390	-73	-463	-586
2008/09	390	456	+66	-520
2009/10	390	307	-83	-603
2010/11	390	309	-81	-684
2011/12	390	225	-165	-849
2012/13	320	112	-208	-1057
2013/14	320	84	-236	-1293
2014/15	325**	376	+51	-1242
2015/16	309	528	+219	-1023

*\*329 gross units were completed during the year however 575 units were demolished of which 30% were considered to be vacant. The overall net impact was subsequently -73 units during the year.*

<sup>3</sup> ONS (March 2016): Subnational Population Projections for Local Authorities in England: Table 2

*\*\* A range of between 300 – 325 units is identified by the AMR as the housing requirement for the year 2014/15*

The table above clearly identifies that if the original Local Plan Housing Requirements are considered from 2006, the total shortfall is 1023 units. This is significantly higher than the backlog suggested by the Council and therefore the figure of 700 units cannot be considered appropriate or justified.

### **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?**

1.17 Whilst Persimmon Homes have not modelled an alternative, full OAN, we consider there to be strong evidence, particularly in relation to household formation rates, economic assumptions and the previous under-delivery against the Local Plan Housing Requirements to justify a greater OAN.

1.18 The evidence above clearly demonstrates that the uplift for Historical Backlog from 2006 Local Plan within Table 6 of the Publication Plan is insufficient and should be increased to 68 units per annum. Notwithstanding the continuing concerns with the formation rates and economic assumptions, this would increase the OAN which would then have a knock on effect on the "20% Buffer and Affordable Housing Allowance". This in turn would increase the Housing Requirement.

### **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?**

1.19 Whilst Persimmon Homes' support the addition of a buffer for affordable housing noting the substantial net imbalance in affordable dwellings of 144 per annum, it is unclear how it has been formulated and we do not think that it will be effective.

1.20 In numerical terms the 20% buffer is equivalent to 57 additional dwellings per annum. When this is considered in the context of Policy HSG9 and the 18% affordable housing requirement, the buffer equates to an additional 10 affordable units per annum. With this buffer the Housing Requirement as a whole is geared up only to deliver approximately 74 affordable units per annum against a net imbalance of 144 per annum. The buffer is therefore not considered effective as the plan will only deliver approximately 51% of the identified affordable housing needs.

1.21 Whilst it is accepted that it may be difficult for the Council to deliver the full affordable housing needs given the local viability constraints, to help deliver the required number of affordable homes in line with the PPG<sup>4</sup>, it is imperative that the Council investigate the potential of a greater buffer.

**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?**

1.22 Persimmon Homes would echo the comments produced by the HBF and state that whilst a buffer to the OAN is supported and will reduce the risk of under-delivery against the full OAN, at present the OAN is considered too low and as such the 20% is not considered a buffer, rather a step closer towards meeting the full OAN.

**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?**

1.23 Following the publication of Council's Demolitions and Replacements Evidence Paper (EX/HBC/62), it is acknowledged that a 50% on-site replacement rate is proven to be realistic given the past examples within the Borough, however we continue to be concerned that the plan relies upon circa 975 windfall units to come forward over the plan period on the Housing Market Renewal sites for the impact of demolitions to neutral. Whilst it is understandable the Council do not want to 'blight' areas, the areas of renewal have not been identified and therefore it is difficult to comment upon whether this delivery is realistic within the plan period based upon site assembly constraints, development lead in times, and delivery rates given the market area.

1.24 Given these uncertainties, it would be fundamental wrong to assume a 50% replacement rate within the plan without being able to make an informed decision about the deliverability of these sites. A more cautious but pragmatic approach given the circumstances would be to no assume a windfall replacement, and subsequently apply a 1900 unit uplift for demolitions on top of the OAN. This reflects the approach previously employed by the Council within paragraph 7.45 of the 2006 Local Plan.

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

1.25 As set out within our response to Question 13, whilst we have not modelled an alternative full OAN, there is considered reasonable evidence to support an uplift. Any uplift to the OAN would undoubtedly have a knock on effect on the overall Housing Requirement even before the uplift for demolitions (Question 16) has been applied.

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<sup>4</sup> Planning Practice Guidance (PPG): Paragraph: 029 Reference ID: 2a-029-20140306

**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?]**

- 1.26 As discussed within our response to Question 2b of Matter 2, the Sustainability Appraisal Addendum (EX/HBC/25) explores a number of alternative spatial strategies however we have failed to find any evidence within the Sustainability Appraisals (May 2016 & December 2016) that the Council have assessed a reasonable, alternative housing requirement.
- 1.27 It is therefore unclear how the Sustainability Appraisals has been used to support the scale of housing provision within the plan or whether there would be any unsustainable effects resulting from an increased housing provision. One thing is clear however from the previous Local Plan Examination, there are areas of the town, such as the wider South West Extension, which are capable of accommodating a greater number of houses without any unsustainable effects.

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

- 1.28 Notwithstanding our comments above, as set out within our representations to the Publication Local Plan (Pub0115), we are concerned that there is no explicit reference to the housing requirement within Policy HSG1 which at the moment only focuses on 'Approximate Dwelling Provision'. For clarity, the housing requirement should be identified within the policy and should be expressed as a 'minimum' to align with the NPPF requirement for plans to be positively prepared and to boost significantly the supply of housing.

**Issue 3 - Meeting specific housing needs**

**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?**

- 1.29 It is noted within the Council's Regulation 22 Consultation Statement (HLP01/4) that the Council confirm that "*whilst we [Council] agree that there is a need for bungalows and appropriate housing for the elderly population, there are considered to be a range of sites which already benefit from planning permission which will cater for over 55's provision and will also be opportunities within sites included within the plan.*"
- 1.30 A specific provision for elderly accommodation is therefore not considered necessary and the evidence supports Persimmon Homes' view generally that the market responds to meet the needs of all types of housing needs. An

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amendment to Policy HSG2 in this regard is therefore not considered necessary.