



Hartlepool Local Planning Framework Emerging Local Plan

Matter 3

Housing Needs



September 2017



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.

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?

The Council considers that the evidence is indisputable that Hartlepool Borough is its own housing market area. Evidence on this point was originally set out in the 2015 Strategic Housing Market Assessment (SHMA) (HLP06/2). Paragraph 3.31 and 3.32 of the 2015 SHMA conclude that Hartlepool is a self contained Housing Market area. At the Preferred Options Stage consultation this was not disputed by any neighbouring authorities. The SHMA Addendum (HLP06/1) which was produced to support the development of the Publication Local Plan provides further clarification and justification at paragraphs 2.7 to 2.18 to support the case that Hartlepool is a self contained housing market area. Again, during the consultation on the Publication Local Plan this stance was not disputed by any neighbouring authorities. The Housing and Economic Growth Topic Paper (HBC/EX/24) has recently reaffirmed this position and confirmed that Hartlepool is part of a wider functional economic area. The Council believes the evidence provided is robust and this position is strengthened given there is no objection from neighbouring authorities to this stance.

Demographic Starting Point

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

The Preferred Options consultation document and OAN presented was based on the 2012 Sub National Population Projections (SNPP), however with the publication of the 2014 SNP’s in the summer of 2016 it was considered appropriate to produce the SHMA Addendum (HLP06/1) to re-assess the OAN with the 2014 SNP’s as the starting point of the calculation. This information informed the OAN within the Publication Local Plan which was published for consultation in December 2016.

- 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?**

The OAN reviewed the latest demographic and household projections and considered alternative assumptions relating to migration and headship rates in line with the PPG. The baseline for Table 4.1 is provided by the 2014 Sub National Population Projections. Paragraph 4.9 of the SHMA Addendum sets out that 10 year period which has been used for Table 4.1 is 2003/04 to 2013/14.

- Q4. **Is there evidence that household formation rates (notably younger households¹) 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?**

The Strategic Housing Market Assessment (2015) stated *'Market signals are not indicating a 'pent up' demand for housing, with lower quartile house prices generally constant, coupled with a fluctuating number of households on the housing register and a vacancy rate in excess of the national rate of 2.7%.'* The document also states *'In terms of relative affordability, Hartlepool is one of the most affordable districts in the region, with a lower quartile house price to income ratio of 3.9, i.e. lower quartile house prices are 3.9x lower quartile gross earnings.'*

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?**

Table 3.1 of the SHMA Addendum considers a range of housing market signals for Hartlepool for the period 2005 to 2015. Table 3.2 considers how key price and quality market signals observed in Hartlepool over the more recent period 2010 to 2015 compare with neighbouring districts and national trends. The concluding comments for this section of the SHMA Addendum states that 'a review of market signal data would suggest there are no indicators prompting a need for adjusting the housing dwelling need on the basis of market signals'. The Council considers the SHMA Addendum has been prepared in accordance with the PPG.

- 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 law²?**

The affordable needs assessment model advocated by the CLG was used to calculate the affordable housing need of 144 dwellings per annum identified in the 2015 SHMA. The SHMA Addendum states 'this figure expresses the overall need from housing survey evidence compared with the current supply of affordable housing. The SHMA Addendum refers to PAS guidance as being helpful which states that *'The OAN does have an affordable component – which cannot be measured separately but will normally be much smaller than the affordable need discussed at paragraphs 22-29. When paragraph 47 of the NPPF says that plans should meet in full 'the need for market and affordable housing', it is referring to that component rather than the separately calculated affordable need.'* This approach has been followed in determining the OAN. The affordable housing need of 144 dwellings per annum has been expressly considered. The SHMA Addendum concluded that no further adjustment to the OAN is necessary to take account of additional affordable housing delivery.

¹ HBF representations refer to 25-44 cohort (and within that the 25-34 age group).

² Principally Satnam Millennium Limited v. Warrington Borough Council [2015] EWHC 370 (Admin).

- 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?**

The SHMA Addendum identified a baseline OAN of 200 dwellings per annum (dpa) with an upward adjustment to take account of past migration trends to 210 dwellings. A further uplift was identified to take jobs growth into account but no uplift to the baseline demographic requirement to take account of market signals was recommended. However, in order to take into account historical under-delivery against housing targets it recommended that an additional 700 dwellings over the plan period be added as a backlog, equating to a cumulative total of 290 dpa. The Council considers that this is a valid approach and does not consider that it needs to be amended.

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?**

The assumptions for future jobs growth are based on the projections of the Tees Valley Strategic Economic Plan (SEP). As set out in the Housing and Employment Growth Evidence Paper (EX/HBC/24), the PPG paragraph 2a-018 states that ‘plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area’. As reported in the 2016 SHMA Addendum, TVCA have considered the following jobs forecasts for Hartlepool:

- the Tees Valley Strategic Economic Plan target of 290 jobs each year (which represents Hartlepool’s agreed share of jobs each year across the Tees Valley extrapolated over the Plan Period);
- the Employment Land Review jobs forecast of 100 each year (resulting in 1,700 additional jobs between 2014-2031 with 1,500 of those within the Plan Period)

The Council considered the SEP target to be an appropriate base for assessing OAN as this presents a more aspirational economic trajectory for the Borough which is supported by TVCA. The SEP target also takes account of sectoral growth, encourages education and training in the Borough and helps to retain younger residents. The SEP covers the period 2016-2026 and it has been refreshed to ensure that it includes all of the latest priorities to diversify and accelerate growth in the local economy. Its overarching objectives are to enhance productivity and improving lifetime opportunities through the provision of more and better jobs. Its ambition is for the Tees Valley to become a high value, low carbon, diverse and inclusive economy and focuses on six thematic building blocks: business growth; research, development, innovation and energy; education, employment and skills; place; culture; transport and infrastructure. A central tenet of the refreshed SEP is the ‘circular economy’ which seeks to reduce waste during processes, promotes the local sourcing of materials and production of sustainable energy supplies. A breakdown of the sectoral jobs target for Hartlepool is detailed in the response to Q2 of Matter 4.

The preferred scenario as set out in 2.7 of Housing and Employment Growth Evidence Paper (EX/HBC/24) is D2 (full details in *Appendix A – Jobs Led Scenarios*). This is considered the most realistic scenario as it assumes net in-migration to support jobs growth based in the SEP. This assumption requires an additional 240 dwellings per year.

Scenario D2 is based upon the Tees Valley proportions of 70% new jobs being taken up by existing residents being applied to Hartlepool; i.e. in-migration from the rest of the UK has been uplifted (by 94)³ to fill 15% of the jobs growth of 290⁴ per year. Scenario D2 assumes that not all additional jobs will be filled by the existing residents and that approximately 30% will come from outside the Borough by virtue of 15% being daily commuters (or this may be from more Hartlepool residents working in the Borough rather than working outside) and 15% being inward migrants. It is assumed that the 15% daily commuters will not have a direct impact on additional housing need. Similarly, because overall the in-migration level is so small (15%), it is not practicable to make an exact assumption on where the migrants will be coming from, i.e. specifically from a defined Local Authority area. It is therefore assumed that the 15% inward migration will be drawn from regional and national moves. Further to this it is assumed that an element of households planning to move outside of the Borough as identified within Table 3.7 of the March 2015 SHMA will be retained. It is also important to note that the jobs split was agreed with the neighbouring authorities which has resulted in no objections being received from neighbouring authorities during the consultation periods on the Local Plan.

The Council considers the assumptions within the Housing and Economic Growth Topic Paper to be justified.

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?

We believe that the information as set out in the detail and Appendix of the Housing and Employment Growth Evidence Paper (EX/HBC/24) is clear on the adjustments which have been made to formulate the preferred and discounted jobs scenarios.

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?

Yes, this is considered a reasonable assumption. The commuting rates present an outflow of residents to work in the Tees Valley and Durham and at current rates are slightly in excess of this at 75%. As detailed in section 2.11 of the Housing and Employment Growth Evidence Paper (EX/HBC/24), the unemployment rate in Hartlepool is relatively high in Hartlepool when compared to the Tees Valley. It is therefore considered ambitious to significantly reduce levels of unemployment rate to the target as set out in the 2014 SEP Delivery Plan; however the growth scenarios of the emerging local plan are based on the SEP jobs forecasts.

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?

It is considered that the evidence provided within the Housing and Employment Topic Paper has justified that the in-commuting and in-migration assumptions made are justified. Within discussions with neighbouring authorities at Stockton and Durham the assumptions have been discussed and have been accepted as being reasonable – no objections have been made by either neighbouring local authority nor from any other Tees Valley authority to the assumptions made.

It is believed from previous Tees Valley meetings that other neighbouring authorities are seeking to use the SEP jobs figure as a target for jobs within their Local Plans however, given the differing stages of development, this has been difficult to determine.

³ Forecasting scenario was based upon the 94 coming from elsewhere in the UK. Thus the age profile of the 94 are based upon those previously moving to Hartlepool.

⁴ This was the share of the 2500 jobs, by sector, annually across the Tees Valley agreed that Hartlepool would create.

Backlog in provision

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

Yes, the Council believes that the figure identified within the SHMA addendum is an appropriate figure to factor into the calculations.

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?**

The Council believes that the SHMA, SHMA Addendum and the Housing and Economic Growth Topic Paper provide a robust evidence base for the OAN in Hartlepool. Given this view, the Council do not believe there is a need to propose an alternative full OAN.

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?**

The additional buffer for supply reflects the Council's economic growth aspirations and responds positively to a representation from the Home Builders Federation (HBF) in response to the consultation on the Preferred Options Local Plan. The representation stated 'Given the previous levels of under delivery within Hartlepool it would appear prudent to provide a significantly greater buffer over the plan period. The HBF recommend 20%. ... A buffer of 20% should be sufficient to deal with any under-delivery which is likely to occur from some sites. Such an approach would be consistent with the NPPF requirements for the plan to be positively prepared and flexible.' This buffer also provides the Council with additional flexibility to deliver more affordable housing, as well as market housing.

Table 6 of the Submission Local Plan shows the housing target breakdown. The full OAN is clearly identified as 287 dwellings per annum. The 20% buffer and affordable housing allowance (57 dwellings) together with the allowance for the replacement of dwellings (65 dwellings) are clearly identified as additional 'policy-on' steps that are part of the full housing requirement rather than the full OAN.

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?**

The buffer provides an additional 860 dwellings in the context of the housing requirement. This is a significant addition to the OAN total requirement of 4305 dwellings. Increasing the housing target provides an effective means of ensuring a supply of housing to meet the full OAN and reducing the risk of under-delivery against 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?**

The position in terms of demolitions is driven by the significant proportions of early 1900's terraced stock within the centre of Hartlepool. Whilst not specifically identifying sites, the Local Plan makes an assumption that areas of housing within the central areas of Hartlepool will have to be demolished and renewed over the plan period. To illustrate the reasonableness and deliverability in terms of demolitions and renewal on site the Council has produced the Demolitions and Replacements evidence paper (EX/HBC/62). The Council has a proven track record in the delivery of HMR schemes over the past 15 years and will work with delivery partners such as Registered Providers and the HCA to ensure the successful delivery of schemes over the plan period. If CPO powers need to be used, the Council has successfully used these powers over the last 15 years that this is a route it is willing to go down to ensure HMR schemes have been successfully delivered.

The Demolitions and Replacements paper demonstrates that 1900 demolitions will take place over the next 15 years within central areas. However, as only 50% will be replaced on site (this replacement rate is demonstrated to be reasonable with the Demolitions and Replacements Paper) this means 950 new homes need to be replaced in alternative sites on other allocations in plan. These assumptions assume that in cases where the Council, working with a developer partner would secure 100% of properties on site prior to the demolitions – people would be re-housed in suitable accommodation prior to the demolitions taking place. In other recent HMR schemes this has been what has happened in practice which differed from the assumptions made in the 2006 Local Plan. As such the Council considers that the approach taken is a robust one.

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

The Council believes that the OAN and the Housing Requirements identified within the Publication Local Plan to be sound. The OAN has been calculated in line with national guidance. On top of that the housing requirement has added the additional houses to account for the demolition situation described in question 16 above and to add a 20% buffer which will allow flexibility should any sites stall and will help to deliver some additional affordable units over the plan period. Overall, the Council considers it has taken a positive approach to setting a housing requirement which is in line with the ambition of the government to see additional housing delivered over the coming years.

- 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?]**

Through the Sustainability Appraisal Addendum (EX/HBC/25), the Council has set out how it has considered all reasonable alternative housing growth strategies with respect to the scale and location of specific housing site allocations and has demonstrated how the approach taken is the most sustainable.

As set out in Article 5(1) of the Strategic Environmental Assessment (SEA) Directive (EU Directive 2001/42/EC) and Regulation 12 of the Environmental Assessment of Plans and Programmes Regulations 2004 (SI 2004/1633), the term "reasonable alternatives" signifies options which take into account the objectives and the geographical scope of the plan or programme to be assessed. With respect to housing growth, the spatial objective for the Local Plan (set out in table 3 of the Local Plan Publication Draft (HLP01/1)) is to support growth in the housing sector and improve the choice, quality and affordability of all types and tenures of housing.

In order to meet this objective, the scale of the housing provision required has been identified through the Objectively Assessed Need (OAN) with an allowance for replacement of demolitions (assuming 50% onsite windfall replacement), a 20% buffer to allow for greater flexibility across the plan period and an additional 20% frontloading buffer in the first 5 years to account for previous persistent under delivery of housing, in accordance with paragraph 47 of the NPPF.

Whilst it is acknowledged that the Local Plan is guided by a number of other environmental, social and economic objectives that must be taken into account when forming policies and assessing alternatives, it is considered that, taken as a whole, the emerging Local Plan including the proposed housing requirement figure seeks to achieve all of these objectives.

In contrast, in accordance with the aforementioned EU directive and national legislation, the Council considers that arriving at a housing requirement figure that is not based on objectively assessed need and national planning policy and guidance, and does not have sufficient flexibility built-in, would not be a “reasonable alternative” as this would fail to adequately take into account the objectives of the plan, in particular with respect to housing provision.

Consequently, a sustainability appraisal of alternative housing requirement figures has not been prepared. Notwithstanding this, it is considered that setting a housing figure that is greater than required would likely have a detrimental impact on the environment whilst a figure lower than the housing requirement is likely to have a negative impact on the local economy, particularly in the long term.

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

Policy Hsg1 in the Publication Local Plan highlights a total of 6,199 dwellings over the plan period. This is 1,894 dwellings more the full objectively assessed need of 4,305 as identified in table 6 of the Publication Local Plan. The Policy clearly states “...to, as a minimum, meet the housing need”. Proposed main modification MM/CHP10/01 suggests an amendment to the wording to read “...to, as a minimum, meet the housing requirement set below.” The main modification document gives the reason for this change as “to clarify that the Council has a flexible approach to the housing requirement and does not intend to apply it as a rigid ceiling for sites that are consistent with the Locational Strategy and which will deliver sustainable development.” It is hoped this proposed change helps to clarify that it is a minimum and not a ceiling.

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?

The SHMA includes a section ‘Estimates of household groups who have particular housing requirements’. The assessment of their needs was undertaken through a major household survey, interviews with stakeholders and a review of existing secondary data. The findings are summarised below.

Families with children

The summary of the current dwelling profile and market aspirations of families suggests a strong aspiration for houses with four or more bedrooms from families but that they are expecting to move to houses with three bedrooms.

Older people

A major strategic challenge for the Council is to ensure a diverse range of appropriate housing provision for the area's older population. The majority of older people want to stay in their own homes with help and support when needed.

People with disabilities

9.2% of households said that they required care or support to enable them to stay in their home.

People wishing to build their own homes.

The Council has its own intelligence on this segment of the housing market independent of the SHMA. There has been strong demand for the particular 'high-end' segment represented by self-build at Wynyard where this has proved popular. However, the Council maintains a register for people who want to build their own homes. Only 12 people have made an enquiry with the Council to register an interest in building their own home. The Council is therefore confident that this is not a significant issue for the Borough.

How the plan reflects these findings

Policy HSG2: Overall Housing Mix states that the Borough Council will ensure that housing development contributes to achieving a overall housing balanced stock that meets local needs and that weight will be given to housing need, as identified in the SHMA, when considering planning applications. The housing mix required for each of the housing allocations is identified with executive housing identified for Wynyard Park - North Pentagon, and a full range of housing types identified for the other allocations. The supporting text to the policy describes a full range of housing types as '*A genuine mix of housing that caters for the overall housing need. This will include affordable dwellings, starter homes, family dwellings, bungalows, elderly persons housing, self build and executive dwellings and will change from site to site depending on the particular need identified within the SHMA or equivalent document at the time*'.

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?

The supporting text for Policy HSG2 identifies elderly persons housing as part of the full range of house types that will be provided at the housing allocations, apart from Wynyard Park – North Pentagon, and states that the particular need identified in the SHMA or equivalent document will guide the mix on a site by site basis.

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?

The plan only proposes (within Policy Hsg2) executive housing on the North Pentagon housing site. Policy Hsg6a then gives further information on this site and proposes it for approximately 100 dwellings. Executive housing provision is considered an important element of the housing mix to ensure that a range of housing is provided across the borough. The site has now been granted planning permission for 109 dwellings and a range of 3-5 bed homes. In reality this is probably more reflective of a range of housing types although no on site affordable was secured an off-site contribution was made.

It is considered that Table 10 on page 87 of the plan is reasonable and covers a wide variety of house types and will work alongside Policy Hsg2 to ensure that housing developments which come forward help to meet the need within the particular ward at that point in time given the link to “the most up-to-date SHMA.”