

DARLINGTON BOROUGH COUNCIL
LOCAL DEVELOPMENT FRAMEWORK CORE STRATEGY EXAMINATION

New Housing Provision in Policy CS10: Position Statement
December 31st, 2010

1. Introduction

- 1.1 This statement sets out the information, assumptions and forecasts underpinning the derivation of the housing numbers set out in Policy CS10 of the Core Strategy. It also sets out the factors that the Council has considered in assessing the deliverability of the proposed housing requirement.
- 1.2 Most of the work undertaken by the Council to establish the appropriate level of housing provision in the Borough was carried out to feed into work to prepare the Regional Spatial Strategy for the North East (RSS). The Council was a signatory to submissions made by the Tees Valley Joint Strategy Unit on behalf of the five Tees Valley local authorities¹ and supported submissions made by the North East Assembly (NEA) to the Examination in Public (EiP).

2. Need and demand for new housing

- 2.1 A technical background paper prepared by the NEA (SD006) highlights the key considerations and policy objectives that were taken into account in formulating the overall draft RSS housing provision policy. Those considerations and objectives included:
- (a) a decrease in people leaving the region, reflected in policy development in an assumed 0.26% year on year reduction, reversing out-migration;
 - (b) an increase in migrants to the region from elsewhere, reflected in policy development in an assumed 3,165 net in-migration per annum for the plan period (2004-2021) (Table 21, SD006), mostly to the region's urban areas;
 - (c) to better support economic growth averaging 2.8% per annum;
 - (d) construction capacity, which was expected to rise to around 10,000 dwellings per annum in the region, based on information provided by the House Builders' Federation;
 - (e) demolitions as part of housing market renewal programmes, reflected in assumptions of 80% replacement rate up to 2016 and 100% replacement rate for 2016-2021.
- 2.2 These factors were input into the Econometric, and Demographic and Housing Models. At this stage, economic growth was linked to population change and thence the net additional dwellings requirement. The planned growth rate was 2.8% average percentage growth in GVA per annum, but the submitted final housing requirement equated to a slightly lower GVA (between 2.3% and 2.8%), to avoid any damaging effects (on areas of weak housing demand) of a potential oversupply of housing, to support economic growth and housing market renewal activity. This was within the capacity of the housebuilding industry to deliver, and would help reverse population decline, facilitate growth and allow the successful concurrent housing market restructuring. It also planned for other aspects of population change, such as an older population, a reduction in average household size, and the need to retain and attract more young people of working age.
- 2.3 With the exception of housing market renewal (the need and potential for which is very limited in Darlington), all these factors are as relevant to Darlington as to the region as a whole. For example, the latest CLG projections (published in 2010) indicate that the number of households 65 years or older will rise by 52% in the North East in the period

¹ The Boroughs of Darlington, Stockton, Middlesbrough, Hartlepool and Redcar & Cleveland.

2008-2033, and by 58% in Darlington Borough. The latest (2008 based) ONS population projections also indicate that without intervention, the proportion of young people of working age (aged 20-29) in Darlington will fall from 11.1% to 10.2% of the total population in the period 2008-2033, mirroring a fall from 13.7% to 12.5% over the same period across the North East region as a whole.

- 2.4 As a main town in the Tees Valley city-region with a significant amount of previously developed land with housing capacity in the period up to 2021, Darlington was identified as being capable of accommodating modest amounts of new housing, amounting to an average of 310 dwellings per annum, but with a higher rate (475 per annum) identified for delivery in the initial period (2004-2011), reflecting the volume of existing commitments. These commitments included major schemes like Central Park (600 dwellings), Firth Moor regeneration (437 dwellings) West Park (847 dwellings), Cleveland Terrace (114 dwellings) and Snipe House Farm(149 dwellings).
- 2.4 Whilst many of the arguments advanced for the levels of new housing for Darlington were accepted by the RSS EiP Panel, the Panel's Report suggested only 75 dwellings (only 15 per year) for Darlington in the period 2016-2021. In a letter to the EiP Panel² following publication of its Report, the Tees Valley authorities voiced concerns about the suggested net dwelling distribution of the provision for Darlington in the final phase of the RSS period 2016-2021. The letter argued that it should be raised significantly from 75 dwellings (only 15 per year) to 275 per year, for the following reasons:
- (a) there is a strong local housing market;
 - (b) the 'Gateway' initiative has demonstrated the potential of Darlington to attract jobs and investment that may not otherwise come to the sub-region. A good range of housing is essential as part of the quality of life attraction of Darlington and to maintain a sustainable equilibrium of growth as the economy grows, to avoid excessive commuting.
 - (c) housing should not act as a constraint to achieving the goals of economic growth, investment and regeneration in Darlington.
 - (d) In support of RSS objectives, the majority of new housing in Darlington up to 2021 can be achieved on previously developed land within the existing urban area, contributing towards meeting the regional target of 70% and the national target of 60% of new homes to be on previously developed land.
- 2.5 These arguments were reiterated in a submission by the North East Assembly (SD005) to the Government Office in 2007 following its publication of the Secretary of State's Proposed Changes. The submission supported an increase in the housing requirement for Darlington for 2016-2021 at 265 dwellings per annum, as part of a justified case for the housing requirement for the region to be raised to 128,900 dwellings, to take account of recent population and employment growth, including positive net migration, more births and fewer deaths (SD005, para 11 and Fig 2), and higher productivity and economic activity growth than originally predicted (SD005, paras 13 and 14).
- 2.6 The NEA submission took account of dwellings that had already been completed in Darlington (2004-2006), and the large number of planning permissions not yet started or completely implemented. It also recognised that additional housing could be accommodated in Darlington on land already identified, but that further land would also need to be identified (allocated), through Strategic Housing Land Availability Assessments; also, that additional housing provision would reduce compared to recent high levels, as major schemes like Central Park were completed.
- 2.7 The NEA submission (SD005) also outlined why ONS 2004-based population projections and CLG 2004-based household projections were not used to generate the housing requirement, pointing out that these are trend based projections which do not deliver the

² Letter from the Tees Valley Joint Strategy Unit to Government Office for the North East, 13th October 2006.

locational strategy or policy objectives. These arguments are just as valid today when considering the latest (2008-based ONS and CLG projections) and when applied at the Borough level.

- 2.8 The NEA's arguments and rationale were accepted and the finalised RSS included the higher requirement (265 dwellings per annum) for Darlington Borough. This change was accompanied in the finalised RSS by changes to the economic development policies for Darlington, widening the area for mixed-use regeneration from Central Park to Central Darlington and upgrading Faverdale to a key employment location, in recognition of its regional importance for logistics and distribution. Both these changes reflected the ambitions set out in the Borough's own Darlington Gateway Strategy (SD021) and have since been incorporated into sub-regional economic development and regeneration plans, such as the Tees Valley City Region Business Case (2006), the Tees Valley Statement of Ambition and the emerging Tees Valley LEPs' Investment Plan.
- 2.9 The Core Strategy plan period extends five years beyond the period for which housing requirement figures were developed through the RSS process. As the overall direction of the Core Strategy is maintained throughout the plan period, the housing requirement for Darlington needed to reflect a continuation of the strategy up to 2021. The average annual housing requirement that has been set for the period 2021-2026 in the Core Strategy is therefore an average of *actual* and planned completions taken across the time period 2004-2021. It is a requirement based as much on the ability to deliver, as it is on meeting identified housing needs and demand. Taking an average over a 17 year period should help to ensure the requirement is realistic and deliverable, not being based too heavily on projections from years of either overly strong or sluggish housing market conditions. Delivery at this level is considered to be well within the capacity of the housebuilding industry to deliver, having regard to the fact that this would be only about two-thirds of the level of delivery that was achieved in 2007/08 (see Figure 6.1 CD001). The modest approach is therefore considered reasonable, taking into account the recent reversal of economic fortunes and housebuilding activity since the RSS housing requirement was derived, but also recognising a continuing need for new housing arising from new household formation, providing a range and choice of housing to attract and retain people in the Borough and developing sustainable communities.
- 2.10 The overall approach and locational strategy of the Darlington LDF Core Strategy will support the sustainable economic growth of the Borough, capitalising on its 'gateway' location, and adding to local quality of life, by providing opportunities for people to work and live in Darlington without the need to commute, and so reducing the carbon emissions arising from travel. This will help to achieve and complement local and sub-regional economic development and regeneration ambitions (e.g. large mixed use projects in Darlington like Central Park and Lingfield Point, and in the future, the Town Centre Fringe). It will also help achieve key national objectives for housing, such as providing a sufficient quantity of housing taking into account need and demand and improving choice, and promoting housing developments in suitable locations, which offer a good range of community facilities and with good access to jobs, key services and infrastructure (see PPS3, para 10). This overall approach and locational strategy will be central to realising the spatial vision for Darlington (paras 2.23 to 2.29 of CD001) and the wider community vision, set out in 'One Darlington: Perfectly Placed' (SD009), the sustainable community strategy for Darlington.

3. Deliverability

- 3.1 Figure 6.2 of the Publication Draft Core Strategy (CD001) indicates that housing delivery in the first five years of the plan period to meet the housing requirement can be met wholly from existing commitments, that is, sites that have planning permission but where development has either not yet started or not been completed. Figure 6.1 (CD001) indicates that the number of potential completions in the first five years exceeds the

amount required to deliver the housing requirement, so even if they do not all come forward, for any of the reasons outlined in paragraph 3.5 of the Housing Implementation Strategy (SD004), the housing requirement of about 350 dwellings per annum could still be met.

- 3.2 The assumptions that have underpinned the preparation of the housing trajectory have been based on analysis of historical data on completions and information provided by housebuilders/developers active in the area. A survey was undertaken of development intentions in early 2009, as part of work on the SHLAA, and was repeated for volume housebuilders in Spring 2010 by Tees Valley Living. Informal views about the local housing market and its prospects for recovery were also sought by telephone in Autumn 2009, at a Core Strategy housebuilder/developer event in January 2010 and at an Economic Viability of Housing Land stakeholder workshop held in April 2010. The assumptions used to estimate timing of delivery are those set out in the SHLAA (SD012, Table 6.2), except where information was provided by landowners/housebuilders/developers which indicated a different profile for delivery of new housing on specific sites.
- 3.3 Whilst recognising that there are several reasons why new housing may not be delivered that are beyond the influence of town planning, such as the limited availability of mortgages to potential homeowners and unrealistic value expectations of landowners, the Housing Implementation Strategy (SD004, paras 3.7 to 3.20) does highlight the range of interventions and actions that the Council is and will be taking to help sustain housing delivery at the required levels within the Borough; if these fail, Section 4 of SD004 sets out a contingency plan for delivering the housing requirement.
- 3.4 Beyond 2016, housing on new allocations will be needed to sustain housing delivery at the required overall levels and to help deliver the national requirement of 60% of new housing on previously developed land (PDL). Alongside the continuing development of housing at mixed-use PDL sites like Lingfield Point and Central Park, developing land within the Town Centre Fringe will be crucial (para 3.13-3.15 of SD004 refers). The Council and its partners continue to be committed to regenerating and redeveloping the area, and preliminary work leading to the production of a draft masterplan in late Spring 2011 is well underway. A Scoping Report for a Town Centre Fringe Area Action Plan will also be published in January 2011. Even at this early stage, there is already some commercial interest in the Town Centre Fringe.
- 3.5 Beyond 2021, Figure 6.2 of the Publication Draft Core Strategy (CD001) indicates that the strategy is unlikely to deliver the national requirement of 60% of new housing on previously developed land (PDL). Whilst the Council is fully supportive of the need to achieve high levels of new housing development on previously developed land, it has had to have regard to a range of other delivery factors that, on balance, will result in slight shortfall of newbuild on PDL compared to the 60% annual requirement. Those factors were:
- (a) Development viability. The Economic Viability of Housing land Study (SD007) found that in the value areas (four and five, Central and Eastern urban areas) where housing development opportunities were predominantly PDL sites, viability of notional housing schemes through much of the plan period could be marginal, even with low levels (15% or less) affordable housing;
 - (b) Need to maintain a range and choice of sites throughout the plan period. Housing in greenfield urban fringe locations is likely to be largely complementary to the type of provision that will be made in deeply urban areas like Central Park and the Town Centre Fringe. A portfolio of both urban PDL and urban fringe greenfield sites will also allow the possibility of cross subsidy where land in both locations is in the same ownership.
 - (c) Need to be realistic about rates of delivery in PDL locations like the Town Centre Fringe. The location is likely to appeal to a narrower range of housebuilders than will sites in greenfield locations, it has been assumed that only about two housebuilders

would be active there at any one time, delivering up to 45 dwellings each per annum, and that this would be substantially lower in the initial period 2016-2021 as the area becomes recognised as a new housing location adding to local choice. A 100 dwellings reduction was made to the Revised Preferred Options version of the Core Strategy through the Publication Draft (CD001) to reflect this.

- 3.5 The projected PDL: greenfield split for new dwelling completions set out in Figure 6.2 of CD001 is at the lower end of the split that that could actually be achieved from 2021-2026. This is because the projection is based on information available now about the PDL:greenfield split of future completions that are expected to come forward from sites that already have planning permission, sites that have been identified as suitable, available and achievable within the SHLAA (SD012 and SD013), and the nature of the strategic housing locations proposed. As such, the projection takes no account of completions from windfalls. Work done for the SHLAA Update 2 found that in the last year (Oct 2009 to September 2010), 64 of the 693 dwellings granted planning permission on sites of five dwellings or more were on PDL sites not previously identified in the SHLAA. If sites of this kind continue to emerge throughout the plan period and are implemented, the 60% national target could also be achieved beyond 2021. Although PPS3 (para. 59) allows it, windfalls have not been included in the Council's calculations as contributing towards meeting the housing requirement for the last five years of the plan period. This approach was taken to provide more certainty to housebuilders, local people and infrastructure providers alike as to where new housing development was expected to take place, and to allow it to be properly co-ordinated and planned.

4. Conclusion and Proposed Changes to the Reasoned Justification to Policy CS10

- 4.1 To provide some additional justification in the Core Strategy to reflect the above, the following changes to the reasoned justification to Policy CS10 are proposed:
- (a) Replace the first sentence of paragraph 6.1.1 with the following:
“Darlington’s gateway location will continue to attract economic development and investment that may otherwise not come to the North East or Tees Valley. The economic advantages of Darlington’s location, together with the good quality of life it offers, have helped to maintain a relatively strong housing market in the Borough and high levels of housebuilding compared to many other areas of Tees Valley and the North East.”
- (b) Add the following sentences after paragraph 6.1.1:
“The provision of new housing is also seen as complementary to achieving the goals of economic growth, investment and regeneration in Darlington, and crucial to ensuring that a sustainable form of development where people can choose to live and work in Darlington, rather than commuting in or out of the Borough. These goals are at the heart of the Borough’s sustainable community strategy and the sub-region’s economic development and regeneration ambitions.”
- (c) Add the following sentences to the end of paragraph 6.1.2:
“This requirement is based as much on the ability to deliver as it is on meeting identified housing needs and demand; whilst being well within the capacity of the housebuilding industry to deliver, it balances the likelihood of actual delivery with the continuing need for new housing (outlined in 6.1.1 above).”
- (d) Replace the second sentence of paragraph 6.1.10 with the following:
“Whilst the Council is fully supportive of the need to achieve high levels of new housing development on previously developed land, it has had regard to a range of other factors in determining the mix of housing locations to deliver the housing requirement. Those factors included development viability, the need to maintain a range and choice of sites throughout the plan period and the need to be realistic about the more limited appeal to developers

and buyers (and hence lower rates of housebuilding) of new housing on deeply urban PDL sites compared to urban fringe greenfield locations.