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**PLANNING FOR DARLINGTON'S FUTURE HOUSING NEEDS  
AND THE DEVELOPMENT PLAN IMPLICATIONS**

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**Responsible Cabinet Member – Councillor Chris McEwan,  
Economy and Regeneration Portfolio**

**Responsible Director – Ian Williams, Director of Economic Growth**

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report informs Cabinet of new information on housing needs, and sets out how this affects local plan preparation and the Council's consideration of planning applications for new housing. It recommends endorsement of the projections of housing needs, and that Cabinet receives further reports setting out the timetable for preparing a new local plan including new housing targets, and interim planning policies for development management purposes. It also sets out what the Council can do through the planning process to boost housing delivery in the short to medium term.

**Summary**

2. In January 2015, a planning appeal decision for up to 250 new homes on land at Sadberge Road, Middleton St. George went against the Council, primarily because the Council could not demonstrate a five year supply of deliverable housing land against a housing target based on an up to date assessment of housing needs. As a consequence, none of the Council's development policies relating to the supply of housing can be considered up to date, and as such, the national planning policy presumption in favour of sustainable development applies. In practice, this means that new housing development should be permitted unless there are site specific or significant sustainability reasons indicating otherwise.
3. This situation highlighted at appeal arose because the Council's housing target adopted in 2011 was based on figures from the regional spatial strategy and not on an objective assessment of housing need. This latter concept was only introduced into national planning policy (NPPF) in 2012, and what was actually required only made clear in national planning policy guidance (PPG) in 2013. Also, it was not until a Court of Appeal decision in December 2014 that it became clear that housing figures from regional strategies must be regarded with "extreme caution".

4. An objective assessment of housing need has recently been completed. It takes account of data such as the Office for National Statistics' mid year population estimates, migration statistics and Census data, as well as reflecting planned jobs growth and local economic forecasts. The headline findings are that the Borough needs 9900 new homes over the 20 years 2016 to 2036. This is an average of about 500 new homes every year.
5. These needs have to be converted into average annual housing targets for development planning purposes. Crucially, this includes taking account of how deliverability, viability and infrastructure may affect where and when new house building can take place across the Borough in the future. However, unless some of the needs identified are to be met outside of the Borough, the overall amount of housing planned cannot be less than the needs identified.
6. The housing need is much bigger than the amount planned for in either the adopted Core Strategy (about 350-400 dwellings per annum), or the emerging Making and Growing Places DPD (400-480 dwellings per annum). It is also significantly higher than the long term average house building rate of 350-400 new homes per annum.
7. Officers have recently been advised by the Planning Inspectorate that the Council cannot assume its spatial strategy is still the best reasonable alternative for accommodating these bigger housing needs, and a local plan that did so would be unlikely to get adopted. The Council should therefore prepare a new local plan as quickly as possible.
8. A new local plan should be for the period 2016-2036, to positively plan for new development locations and associated strategic infrastructure in the medium to long term. In doing so, the Council will have the opportunity to align its spatial development ambitions with the 'larger than local' agendas and investment priorities of the Tees Valley Local Economic Partnership and the Government's 'Northern Powerhouse' vision for economic growth in the north. It will also have the opportunity to rethink the value it attaches to its sometimes conflicting, sometimes complementary economic, social and environmental goals, and plan accordingly going forward.
9. To provide the necessary levels of new housing into the early to mid 2020's, and to achieve a five year supply of housing land, most of the proposed housing sites within and on the edge of the main urban area identified in last summer's public consultation will be needed. Sustainable housing development elsewhere will also be needed. The Council will need to work with landowners and builders to help bring forward the most suitable sites both through the planning application process, and through allocations in the new local plan.
10. Draft policies on a range of planning and land use matters already prepared by officers should also be utilised. If agreed as interim planning policies by the Council, they can be given some weight in determining planning applications. They would work alongside the up to date policies of the Core Strategy, the saved policies of the Borough of Darlington Local Plan and the National Planning Policy Framework, all of which may be given significant weight in determining planning applications.

## **Recommendations**

11. It is recommended that :

- (a) the objectively assessed housing need for 9900 new homes over the 20 years 2016 to 2036 be endorsed;
- (b) the need for about 500 new homes every year is noted, and that the figure be used as the basis for calculating the number of years of housing land supply within the Borough, in considering planning applications for new housing;
- (c) a report setting out the proposed housing requirement for the Borough be considered by a future Cabinet meeting;
- (d) officers stop work on the Making and Growing Places Development Plan Document, and prepare a new local plan for the Borough, with a timetable for the latter to be presented to a future Cabinet meeting in Spring 2016 for members' consideration;
- (e) in the short to medium term, officers be authorised to work with landowners and builders to bring forward new housing on suitable sites that might not have been previously identified through the plan making process;
- (f) Cabinet receive a report as soon as possible, setting out the draft planning policies that could be agreed as interim planning policies for use in determining planning applications.

## **Reasons**

12. The recommendations are supported by the following reasons:

- (a) to set out the Council's response to the implications of up to date housing needs data for plan making and decision taking in relation to new housing development;
- (b) to clarify how planning applications for new housing will be dealt with;
- (c) to clarify how the Council will help boost new housing delivery through the planning system in the short term and in the longer term;
- (d) to clarify the Council's intentions on development plan preparation, and the agreement of interim planning policies.

**Ian Williams**  
**Director of Economic Growth**

## Background Papers

*Darlington Strategic Housing Market Assessment, September 2015.*

Darlington Strategic Housing Land Availability Assessment Update 6, September 2015

The Planning Inspectorate Appeal Decision Ref: APP/N1350/A/14/2217552, January 2015.

Court of Appeal decision (Solihull Metropolitan Borough Council v (1) Gallagher Homes Ltd (2) Lioncourt Homes Ltd, [2014] EWCA Civ 1610

High Court judgement, Gladman Developments Ltd v Wokingham Borough Council May 2014

Darlington Making and Growing Places DPD: Preferred Options (2013) and Revised Preferred Options for New Housing (May 2014)

National Planning Policy Guidance, CLG, 2013

National Planning Policy Framework, CLG, 2012

Darlington LDF Core Strategy 2011

Valerie Adams, Extension 6293

S17 Crime and Disorder	This report does not impact on crime and disorder.
Health and Well Being	This report does not impact directly on health and well being, but the provision of sufficient housing supports it.
Carbon Impact	There will be a carbon impact of building more homes, but national building standards are approaching zero carbon.
Diversity	There are no equality and diversity impacts.
Wards Affected	Potentially all wards.
Groups Affected	No groups particularly affected.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	Yes. The additional new housing likely to be required could have significant effects on people living in one or more wards in the Borough.
Urgent Decision	No.
One Darlington: Perfectly Placed	The additional housing required will help support the objectives of the Community Strategy.
Efficiency	The decision being recommended in this report will increase the efficiency in dealing with planning applications for new housing.

## MAIN REPORT

### Background

13. The Council's adopted planning policies setting out how much new housing is to be planned for and the broad locations where it should go is set out in the Local Development Framework (LDF) Core Strategy. The Core Strategy was adopted in May 2011 and was for the period 2011-2026. The strategic policy framework set out in the Core Strategy is supported by more detailed saved policies and proposals of the older Borough of Darlington Local Plan. A Making and Growing Places Development Plan Document (DPD) including site allocations is being prepared, to provide an up to date replacement of the saved Local Plan policies. The Publication draft version of this document was programmed for consideration by Cabinet this autumn.
14. However, in January 2015, a Section 78 planning appeal decision (Gladman) for up to 250 new homes on land at Sadberge Road, Middleton St. George went against the Council, with the main reason being that the Council could not demonstrate a five year supply of deliverable housing land against a target based on an up to date objective assessment of housing needs. This situation arose because the Core Strategy housing target was derived from the Regional Spatial Strategy (RSS), rather than being based on an objective assessment of housing need; this latter concept was only introduced into national planning policy (NPPF) in 2012, after the Core Strategy was adopted.
15. It was not until 2013 that national planning policy guidance (PPG) was issued to provide enough understanding and consensus as to what objectively assessing housing need actually entailed. Officers considered the implications of national policy and guidance and the revocation of the RSS (2013) at that time. It was concluded that the Council should continue preparing its development plan based on the target adopted in 2011, because the target accorded with the key national planning policy objective of helping to significantly boost housing delivery, and because national policy was clear that policies did not have to be considered out of date simply because they were adopted prior to the NPPF. This latter point was confirmed as a legally valid approach in July 2014, by a High Court Judgement (Gladman Developments Limited v Wokingham Borough Council); this found that a local planning authority could complete a local plan based on pre NPPF Core Strategy.
16. Subsequently though, in December 2014, a Court of Appeal judgement (Solihull Metropolitan Borough Council v (1) Gallagher Homes Limited (2) Lioncourt Homes Limited) held that the NPPF, in introducing the need for an objective assessment of housing need in preparing local plans, had brought about a radical policy change, and crucially, for the first time, it indicated that housing figures from regional strategies must be regarded with "extreme caution".
17. The effect of all this, culminating in the January 2015 appeal decision, is that the adopted Core Strategy housing requirement in Policy CS10, and all local development plan policies relating to the supply of housing, cannot now be considered up to date.

18. National planning policy is also clear that without up to date policies in place, there is a presumption in favour of sustainable development. Because a key national planning policy objective is to boost significantly the supply of new housing, many planning appeal decisions conclude that the balance of sustainability and deliverability considerations is such that new housing development should be permitted.
19. As a result of the January 2015 appeal decision, consultants ORS were commissioned to prepare a Strategic Housing Market Assessment, including an objective assessment of housing needs (OAN). ORS have undertaken several similar such studies for other local planning authorities and have successfully defended their approach at Public Examinations elsewhere. The final report has recently been received.
20. This Cabinet report considers the overall amount of need, but not the information presented on the type and tenure of new housing to meet the needs identified; the latter will be considered by a future meeting of the Place Scrutiny Committee.

### **Establishing Housing Needs**

21. National planning policy and guidance set out the basic requirements for assessing housing needs. The need for market and affordable housing must be identified within a housing market area. Darlington can be considered a largely self contained housing market area. Its southern part is strongly linked to North Yorkshire and the eastern and northern parts to Stockton on Tees and County Durham. The rental market only extends beyond the Borough to the nearby relatively lightly populated areas of County Durham and North Yorkshire.
22. Darlington has experienced higher population growth in recent years than in neighbouring Tees Valley local authority areas; census data showed 98,000 people living in the Borough in 2001 and 105,500 by 2011. It is projections of continuing population growth and assumptions about household size that underpin the forecast of future housing needs.
23. The projection produces a need of an extra 11,160 homes over a 25 year period, an average of 446 dwellings per annum. This is very similar to the annual average long term dwelling growth (1991-2011) of 430 dwellings per annum indicated by Census data, but a lot more than the 350 new homes per annum being planned for in the Council's adopted LDF Core Strategy.
24. As the projection starts from 2011, the total number of extra new homes needed dates back to then too. By 2016, it is likely that only 1260 new homes will have been built, rather than the 2570 indicated as needed by the annual average, so this shortfall of 1310 also still needs to be built in the years ahead. This takes the annual average for the 20 years 2016 to 2036 up to about 500 new homes per annum.
25. This projection is based on evidence of natural population change (births minus deaths) and net migration (moves into the Borough minus moves out). Natural change has consistently exceeded 200 persons each year in recent years. Net migration to the Borough is projected to be about 450 people per year, above the average of the last 20 years (400). In migration is needed to ensure there are

sufficient people in the working population to fill the jobs already here and the new jobs that planned growth will create. It also helps to reduce the growth in the proportion of the population that is beyond retirement age and unlikely to be economically active.

26. There is also a need to balance the number of workers and jobs, and to plan for economic growth greater than the long term average. There is the potential risk that providing too few new homes could hinder economic growth.
27. About 440 new homes per annum are projected to result in an increase of 300 working age people per year. Even allowing for some out commuting and reductions in unemployment, there are sufficient workers to fill the 120 jobs per annum forecast for the Borough by Oxford Economics (OE) over the next 20 years.
28. The OE forecast is based on past trends and represents growth of around 0.22% per annum. It is not aspirational. A more aspirational but realistic view of future economic growth of up to 0.5% per annum (which is within the long term average range of 0.3 to 1% for Darlington, and between the North East average of 0.2% and 0.7% for the UK as a whole), would require the equivalent of 280 jobs per annum. With a projected increase of 300 workers per year, these jobs could theoretically be filled by people living in Darlington. However, it is less clear that Darlington will have sufficient workers to meet all the jobs envisaged for the area in the Tees Valley LEP's Strategic Economic Plan jobs target (25,000 jobs in the 10 year period 2015-2025) without relying in more in-commuting
29. The affordable housing needs were calculated taking account of current and future needs. In 2011, there were 557 households that needed affordable housing but were not housed in one, and a further 3,307 households were projected to need affordable housing by 2036. Taken together, these needs equate to 155 households per year, and taking account of vacancies, mean about 4000 extra affordable homes are needed, just over a third of the overall housing needs. This is a much higher proportion than is likely to be delivered by Registered Social Landlord or Council led housing development, and secured as part of private developments through Section 106 agreements. It is unlikely that simply increasing the OAN will deliver the uplift in affordable housing delivery needed, because the annual number of new homes that would be needed to meet the OAN is already at the level only previously achieved for a brief three year period at the top of the housing market in the mid 2000s. Also the Government's recent announcement that it intends to define discounted starter homes as affordable housing; if an uplift in planned housing achieved anything, it would most likely be more starter homes, and not homes that those identified as in need would be able to afford.
30. The housing market signals considered were house prices, rents, affordability, rate of development and overcrowding. They were compared with data for Pendle, Chesterfield and Hartlepool, which have similar demographic and economic characteristics. The research showed that circumstances in Darlington are generally better than across the comparator areas, so there is no need to substantially increase housing delivery on account of market signals.
31. Whilst calculating housing need is not an exact science, there is a clear reasoned justification for this projection. However, given the magnitude of its difference from the latest national household projections, the Council should expect challenges to

it, at any future local plan examination or Section 78 planning appeal. The Council will need to justify its projection as being ambitious, but realistic.

32. It is recommended that the full objectively assessed need of about 500 dwellings per annum be endorsed for the period 2016 to 2036.

### **Need for a new local plan**

33. The objectively assessed housing need of about 500 net additional homes per annum still needs to be converted into average annual housing requirements that can be used for development planning purposes. This conversion work takes account of factors like providing flexibility and choice in the housing supply and the contribution of institutions, such as care homes, to meeting housing needs. Crucially, the housing requirement will need to be phased to take account of deliverability, viability and infrastructure, to the extent that national planning policy allows.
34. The housing requirement cannot be lower than identified housing needs unless another local planning authority agrees to accommodate some of Darlington's needs. The only examples of this nationally have been where there are significant environmental constraints within a housing market area, such as green belt or national park designation.
35. Consequently, the housing requirement that the Council must use in plan making will be significantly higher than the amount of new housing planned for in the Core Strategy. Because of this, the Council cannot continue to assume its spatial strategy is still the best reasonable alternative for accommodating the new housing needed. This view is reflected in informal advice received by officers from the Planning Inspectorate in September, which indicated that the emerging Making and Growing Places document setting out the sites to deliver the Core Strategy was unlikely to be found sound at Public Examination.
36. Consequently, the Council's best chance of adopting an up to date local plan is to prepare a new local plan. Government advice is that this should have 15 years to run from the anticipated date for adoption. This suggests a plan period of 2016-2036. This 20 year timeframe will also allow the Council to positively plan for new strategic development locations and associated strategic infrastructure to come forward in the medium to long term. It will allow the Council's ambitions for the Town Centre Fringe to remain in its planning framework, even though environmental, land ownership and viability constraints make development and regeneration there in the short to medium term unlikely.
37. Planning strategically for at least the next 20 years will also help the Council to align its spatial development ambitions with the 'larger than local' agendas and investment priorities of the Tees Valley Local Economic Partnership and the Government's 'Northern Powerhouse' vision for economic growth in the north. It will provide an opportunity for the Council to rethink the value it attaches to its sometimes conflicting, sometimes complementary economic, social and environmental goals, and plan accordingly going forward.
38. To provide the necessary levels of new housing into the early to mid 2020's, most of the proposed housing sites within and on the edge of the main urban area



identified in last summer's public consultation on revised housing site proposals will be needed. However, this will not be enough.

39. Housing development within and on the edge of the urban fringe, and within and on the edge of those villages where the level of access to shops, services and public transport suggests new development could be sustainable, will also need to be considered. This is an extension of the policy approach set out in the adopted Core Strategy (Policy CS10) for use if new housing was not being built as quickly as planned. In the short term, this would be by the Council working with landowners and builders to bring forward the most suitable sites through the planning application process, and any additional sites needed would be identified and allocated through the new local plan, after a robust site assessment process.
40. The Government wants Councils to adopt new local plans as quickly as possible and it is proposed that a timetable for doing so be drawn up. Officers will look at all ways to streamline plan preparation, but is likely that it could take until at least 2018/19 to get an up to date adopted plan in place. Officers need to take time to thoroughly investigate all the options and to learn from the latest best practice, to avoid the very real risk of procedural show stopper issues in the later stages of plan preparation, such as experienced by Durham Council and many others nationwide. All this means that it is likely to be early Spring 2016 before a plan preparation timetable can be brought to Cabinet.
41. Other associated statutory documents, such as the Statement of Community Involvement in Planning, will also have to be reviewed, and these will also be for Cabinet's future consideration.

### **Interim planning policies**

42. The Council should also consider making the best use of the policy writing work already done for the Making and Growing Places document, which was due to be considered by Cabinet this autumn. The Council consulted on draft policies covering the full range of planning matters (except minerals and waste) in its Making and Growing Places DPD: Preferred Options document in 2013. A significant number of these (about 20-25) have been finalised taking account of the responses to that consultation, more up to date information, guidance and best practice, and the results of sustainability appraisal.
43. Several other local authorities in England who have found themselves in similar plan-making circumstances to the ones outlined earlier in this report, have agreed their draft policies as interim planning policies, including in some cases, the draft housing allocations. This allows them to be given some weight as material considerations in determining planning applications, alongside the up to date policies of the Core Strategy, the saved policies of the Borough of Darlington Local Plan and the National Planning Policy Framework, all of which may be given significant weight in determining planning applications.
44. There have been two rounds of public and other consultations on proposed housing sites. These sites are all within or on the edge of the urban fringe. If the Council can agree the sites that have consistently been assessed as suitable, developable and sustainably located as interim housing allocations, then this and the associated planning and development requirements information prepared can be published

and used to guide potential developers, and cited as a material consideration in determining planning applications. Some other local authorities, such as Middlesbrough, have found an increase in house building activity following the adoption of housing allocations, because of the greater certainty it gives to investors.

45. It is therefore proposed that a report be brought to Cabinet as soon as possible, setting out the policies and proposals, and housing allocations that the Council could agree as interim planning policies.

### **Determining planning applications for new housing**

46. Until the Council can demonstrate that it has a five year supply of suitable, available and deliverable housing land, any planning applications for new housing development will have to be determined in accordance with the presumption in favour of sustainable development that is set out in national planning policy, rather than in accordance with the Council's own development plan policies, such as the limits to development policy, which could otherwise provide a reason for refusing some proposed new housing developments.
47. By establishing its up to date objectively assessed housing needs, the Council has moved a step closer to demonstrating a five year supply, as it now has a robust and credible benchmark against which housing land supply can be measured. The latest housing land supply data collected through the Darlington Strategic Housing Land Availability Assessment (SHLAA) Update 6, published in September, indicates that the 5 year housing land supply is 2600 dwellings. This is the equivalent to just over four years supply of housing land, rather than the 5 years required; land that can deliver a further 400+ new homes by 2021 is needed to achieve a 5 year supply.
48. As mentioned in paragraph 39 above, as well as sites already identified in local plan consultation documents, the Council will also need new housing to come forward elsewhere, to help boost housing delivery to an average of about 500 new homes a year. To help ensure sufficient housing land is available for this purpose, officers may also need to encourage promoters of land for housing in suitable locations within and on the edge of the main urban area and some villages to apply for planning permission and bring schemes forward earlier rather than later. This will need to include greenfield sites as well as brownfield sites. The purpose of such activity would not be to boost new house building at any cost; it would help ensure a sustainable pattern of development across the Borough, allowing a high quality of life, ensuring that people's needs for services and community facilities can be met cost effectively for generations to come, that valued green spaces and other environmental features are safeguarded, and that people can continue to readily move around the Borough.
49. Some recent planning appeal decisions elsewhere are also now also showing that even if the Council achieves a five year housing supply, it cannot refuse all other planning applications for new housing, and should consider them against the presumption in favour of sustainable development. This is because having a five year supply of housing land is now regarded as a minimum requirement, and not a cap on further development.

## **Financial Implications**

50. As the amount of new housing that is needed and should be planned for is significantly higher than that currently planned in the Council's adopted Core Strategy, then if actually delivered, there is the prospect of a significant sustained uplift in Council tax receipts and New Homes Bonus for the Council.
51. However, increasing population will put more pressure on routine services provided by the Council, such as refuse collection, but also on the need for one off investments and ongoing maintenance and management of things like new schools, school extensions and roads, that may only be partly funded by housing developers.