

### Housing Requirement Technical Paper

1. The National Planning Policy Framework (NPPF) states that Local Planning Authorities should *'use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in [the] Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period'*.
2. More detailed guidance on how this should be realised is given in the National Planning Policy Guidance (NPPG), however the process can be distilled to three key stages:
  - Calculating how many dwellings will be needed to meet the population's needs for over the plan period
  - Calculating how many dwellings need to be planned for, to ensure that need is met
  - Identifying sufficient deliverable and viable sites to accommodate those dwellings over the plan period
3. The first of these issues was addressed in November 2015, when Members considered a report on 'Planning for Darlington's Future Housing Needs and the Development Plan Implications'. This Cabinet report looked in some detail at the 'Darlington Strategic Housing Market Assessment 2015' which had been produced on the Council's behalf by Oxford Research Services. In summary, the report concluded that:
  - Darlington can be considered a relatively self-contained housing market area, although links to North Yorkshire, Stockton-on-Tees and County Durham were noted
  - Darlington has experienced relatively high population growth in recent years in comparison to other Tees Valley authorities – this informs the projection of future housing need
  - 11,160 new homes will be needed in addition to current housing stock over a 25 year period (2011 to 2036), an average of 446 per annum
  - Because the projection dates back to 2011, the shortfall of 1310 dwellings built between 2011 and 2016 will need to be added to the future requirement, raising the 20 year average to around 500 per annum
4. Members endorsed the objectively assessed need (OAN) for housing in Darlington was 9900 new homes over the 20 years from 2016 to 2036, an average of around 500 new homes per annum.

5. The NNPF states that local planning authorities should ensure that their Local Plan will meet the full, objectively assessed housing needs for market and affordable dwellings in their housing market area. This means that in most cases, it will be necessary to plan more dwellings than are suggested by population projections alone to ensure that sufficient new homes are delivered over the plan period – this is known as the ‘housing requirement’. A number of potential reasons to raise the housing requirement above that indicated by population projections are discussed in the NPPG and these are explored in relation to Darlington in the following paragraphs.
6. Having established an overall housing requirement for the plan period, it will be necessary to convert this into an annual housing requirement for each year of the 20 year plan period. Setting a phased annualised housing requirement will enable the supply of sites for housing to be phased through the plan, taking into account availability, developability and deliverability of sites recorded in the Strategic Housing Land Availability Assessment. Key factors will include site occupancy, provision of infrastructure such as strategic and local highways and social infrastructure such as schools and community facilities. The site specific nature of many of the factors affecting housing delivery means that detailed phasing work will take place as plan preparation progresses and the infrastructure requirements of sites are explored.

### **Employment Trends**

7. When planning sustainable development, it is important to consider how the economically active population’s homes will relate to their place of work. The first stage is to understand how projected growth in the economically active population compares to future changes to job numbers within the Borough. If these are not in balance, it may be necessary to plan development in a way which discourages unsustainable commuting patterns and seeks to increase the resilience of local businesses. This could include increasing the Borough’s housing requirement so workers can live in closer proximity to their place of work.
8. As part of the work undertaken by ORS, the Council commissioned work on future employment growth from Oxford Economics. This research forecasted jobs growth of 0.22% in Darlington; around 2,400 jobs between or 120 per year between 2011 and 2031. Demographic analysis indicated that meeting the objectively assessed need will result in around 7,600 additional people joining Darlington’s economically active population, an additional 300 workers each year. Comparing these two figures indicates that Darlington will have sufficient workers to fill the projected jobs. This is still the case if the forecasted jobs growth is increased to an aspirational level of 0.5%, which would result in 7,000 jobs being created between 2011 and 2036.
9. Therefore, raising the housing requirement above the level required to meeting the objectively assessed need with the objective of raising the number of available workers is unnecessary, and could be counterproductive in terms of reducing unsustainable commuting patterns.

## **Affordable Housing**

10. As noted above, the NNPF requires that local planning authorities should ensure that their Local Plan will meet the full, objectively assessed housing needs for market and affordable housing in their housing market area. Affordable housing is generally delivered through Registered Social Landlord or Council led developments, or through Section 106 agreements secured on private housing schemes. In the latter case in particular, affordable housing is usually provided as a proportion of the total development, either as on site homes, or as a contribution to off-site developments.
11. As reported in November 2015, ORS calculated that the Borough's affordable needs equate to 155 households per year, and taking account of vacancies, means about 4000 extra affordable homes are needed, just over a third of the overall housing need identified. This level of affordable housing need is significant and will need to be addressed through local planning policy and other interventions.
12. Consideration has been given to supporting affordable housing delivery by increasing the Borough's overall housing requirement. In theory, this would mean that delivery of market housing increased in real terms, and because a proportion of that would be affordable housing, the number of affordable homes delivered would also rise. Given the scale of the challenge in meeting the OAN requirement, it seems unlikely that an inflated requirement would be met, not least because of developers' unwillingness to build new homes without demonstrable demand for them. In addition, it is noted that the Government has announced proposal to allow developers to provide 'starter homes' as a proportion of their developments, rather than traditional affordable housing. As starter homes may not meet the needs of those assessed as requiring an affordable dwelling within the Borough, this mechanism for delivering affordable housing may need to be reviewed in due course.
13. Taking these factors onto account, it is not considered that additional dwellings should be added to the overall housing requirement in order to boost the delivery of affordable homes.

## **Market Signals**

14. National Planning Policy Guidance refers to long term trends in market signals which could indicate that an upward adjustment to housing numbers based solely on household projections could be required. It suggests that plan makers should not attempt to estimate the precise impact of an increase in housing supply on market signals, but where necessary, they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve the trend or stabilise the rate of change. Market signals in Darlington were considered by ORS as part of the Strategic Housing Market Assessment (SHMA), also completed in autumn 2015 included house prices, rents, affordability, rates of development and overcrowding.

15. Data collected through the SHMA shows that real house price change in Darlington has been relatively similar to the English average since 2001, with a marginal downward trend over the period. Average rents in all areas of the country have increased significantly in the last 5 years – although the increase in Darlington is lower than for any comparator area. Affordability (comparing house costs against the ability to pay), measured in terms of the ratio of lower quartile house price to lower quartile earnings is considered to be better in Darlington than England as a whole. Darlington has also maintained a similar long term trend to the rest of England, although some similar authorities have seen higher rates of affordability. Overcrowding (in terms of census occupancy rates) is significantly lower in Darlington than the rest of England. It is not, therefore, considered that these demand side market signals suggest that there is a significant imbalance between the demand for and the supply of housing in Darlington which would be rectified by increasing the number of homes being planned.
16. The past rate of development should also be taken into account when determining how much housing to plan for. If the historic rate of development shows that actual supply of dwellings falls below planned supply, plans for future supply should be increased to reflect the likelihood of under-delivery. ORS have analysed both Council Tax and census data to conclude that housing development in Darlington has been higher in percentage terms (new development as a proportion of existing housing stock) than development across England over the last decade. Whilst there has been a fall in dwellings completed each year since 2008, it is considered that this has largely mirrored national trends and will recover as the economic situation improves and as the new Local Plan is adopted. It is not therefore considered that the development rate is a significant issue for Darlington. Increasing the supply of housing beyond the usual provisions for flexibility will not significantly increase housing delivery.
17. Whilst ORS' analysis concluded that overcrowding (in terms of census occupancy rates) is significantly lower in Darlington than the rest of England, further work on this area identified concealed families and homeless households which would not have been captured in the household projections on which the OAN was based. These households, along with vacant and second homes, increased the overall housing need by 72 households, which were taken into account when calculating the objectively assessed need of 11,160 dwellings (an average of 446 per annum). Therefore, there is no need to further increase the housing requirement to take these factors into account.

### **Need for Certain Types of Housing and the Needs of Different Groups**

18. The NPPG states that local planning authorities should ensure that the policies in their Local Plan recognise the diverse types of housing needed in their area and, where appropriate, identify specific sites for all types of housing to meet their anticipated housing requirement. Addressing these requirements could mean planning for housing to meet the specific needs identified, either within or in addition to the number of houses otherwise required. The following paragraphs address the housing types and different groups which have the greatest potential to impact on Darlington's housing requirement.

## Older People

19. Older people have a wide range of housing needs, which can be met in a different ways, from suitable and appropriately located market housing through to residential institutions. Understanding the needs of older people will be particularly important when establishing the types of dwellings required; however these trends are also important for calculating the total number of dwellings required.
20. At this stage in the plan process, detailed information about sites and their capacity to accommodate older peoples' needs is not established, meaning that there is no current justification for increasing the overall dwelling requirement. However, the OAN calculated by ORS does not currently include the Borough's population of older people living in residential institutions such as care homes (classified as Use Class C2 in the Use Classes Order, distinct from Use Class C3 into which most dwellings fall). This group is projected to represent 950 persons overall in Darlington over the period 2011-36.
21. DCLG's population projections assume that the growth in the institutional population will be accommodated within that sector, however this is not necessarily the case. There are no current plans to increase the number of bed spaces within the Borough, and the current national and local policy of sustaining people at home for as long as possible means that, despite the ageing population, the number of care homes and nursing homes may actually decline. Therefore, it is considered necessary to add 950 dwellings to the Borough's housing requirement to ensure sufficient dwellings in use class C3 are provided to meet the population's needs. This would increase the overall housing requirement by 950 over the twenty year period, or 38 dwellings per annum.

## Households with Specific Needs

22. National guidance encourages local planning authorities to take the requirements of disabled people who require adaptations in the home, either now or in the future, into account when planning new housing. As with older people, local and national policy seeks to sustain people at home for as long as possible. This was reflected in recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings). This introduces three categories of dwellings:
  - Category 1: Visitable dwellings
  - Category 2: Accessible and adaptable dwellings
  - Category 3: Wheelchair user dwellings
23. All dwellings must meet the requirements of category 1; however, in order to meet the needs of groups with specific needs local planning authorities can identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and Category 3 through the Local Plan. This should be based on the likely future need for housing for older and disabled people

(including wheelchair user dwellings), as long as the overall impact of these requirements on viability is not prohibitive.

24. Using population projections and current evidence on housing needs, ORS calculated that in terms of the need for adapted or wheelchair adapted or accessible dwellings for households with specific needs, the evidence supports:
- the need for 90% of dwellings to meet Category 2 requirements, providing that this does not compromise viability.
  - the need for 10% of market housing and 10% of affordable housing to meet Category 3 requirements.
25. It is not considered that this will have an impact on the overall housing requirement, however the issue will need to be addressed through the detail of the plan.

#### Self-build and Custom House Building

26. Self-build and custom housing is defined as houses built by or for individuals or groups of individuals to live in themselves, rather than by commercial house builders. Since 1 April 2016, the Council has been required to keep a register of people who have expressed an interest in self build and custom build projects in the Borough. In due course, this will provide valuable information on the demand for self-build and custom house building in Darlington and will form the evidence base for understanding demand for this type of housing. It is anticipated that the Housing and Planning Act (currently the Housing and Planning Bill) will require local planning authorities to make provision for those on the register in developing housing initiatives and local plans, requiring the Council to plan for sufficient serviced permissioned plots are available to meet demand in their area.
27. The demand for self-build plots is understood to be limited at present; however should demand increase, it is anticipated that this could be accommodated without raising the housing requirement by means such as allocating sites specifically for self-build projects or allocating a proportion of plots within commercial sites. This will be addressed through the plan making process.

#### Trends in Students, Service Families and the Private Rented Sector

28. ORS' report concludes that there is limited demand for accommodation for either students or service families in Darlington and there is no indication that this will change during the plan period. Like the rest of England, Darlington has seen growth in the Private Rented Sector over the last decade, with an accompanying decline in owner occupation. This trend seems set to continue, but, as with students and service families, it is considered that this shift can be accommodated without further raising housing requirement above the objectively assessed need which has been identified.

## Gypsies and Travellers

29. Gypsy and Traveller and Travelling Showpeople households form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN; therefore any needs identified as part of the Gypsy and Traveller Housing Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA. Therefore, the housing requirement does not need to be raised to accommodate the needs of this group.

## **Working with Neighbouring Local Planning Authorities**

30. The NPPG states that each authority's Local Plan should aim to meet the objectively assessed development and infrastructure needs of its area, including unmet needs of neighbouring areas where this is consistent with policies in the National Planning Policy Framework as a whole. This means that some of Darlington's housing need could be met in neighbouring authorities if the adverse impacts of meeting the housing need within the Borough would significantly and demonstrably outweigh the benefits, or if there were particular constraints such as sites protected under the Birds and Habitats Directives, flood risk or designated local green spaces. Conversely neighbouring authorities could request that Darlington meets some of their housing needs for the same reasons.
31. This is also a legal duty under the Localism Act (2011), known as the 'duty to cooperate', which requires local planning authorities to engage constructively, actively and on an ongoing basis to maximise the effectiveness of Local Plan preparation in the context of strategic cross boundary matters. Local Planning authorities do not have to reach agreement on these matters, but the extent of cooperation and its success will form part of the Local Plan's examination if there are cross boundary issues are raised.
32. At present, none of Darlington's adjacent local planning authorities (Durham, Richmondshire, Hambleton and Stockton-on-Tees) have approached Darlington to discuss meeting housing need which cannot be met within their boundaries. It is considered unlikely that this situation will change as the Local Plan is prepared, particularly because Darlington's housing market is considered to be relatively self-contained. However, formal confirmation of this situation will be sought as work on the plan progresses.
33. Having established a housing requirement, it may be that Darlington cannot identify sufficient sites to deliver the required number of dwellings, although this is considered unlikely. An up to date assessment of constraints on development will be assessed through the seventh Strategic Housing Land Availability Assessment during 2016; however it is not anticipated that significant constraints which would be 'show stoppers' for sustainable residential development will be identified. In

addition, Darlington's relatively self-contained housing market means that the need for new homes is unlikely to be met by exporting the requirement to other areas. If the authority was to assume a lower internal migration figure than the housing market area figures suggest, this would need to be agreed with the other relevant local planning authority under the duty to cooperate to ensure housing needs would continue to be met in full across the wider area.

### **Dealing with Shortfall**

34. Because the period the OAN and housing requirement refers to begins in 2011, housing delivery between 1 April 2011 and 31 March 2016 must be taken into account when planning future delivery and site allocations. This will ensure the full objectively assessed need for housing will be met over the plan period.
35. The housing requirement for the period 1 April 2011 and 31 March 2016, including older people who would otherwise have been accommodated in residential institutions was 2422 dwellings, however it is anticipated that only approximately 1260 will have completed (exact figures will not be available until May 2016). The shortfall of around 1162 dwellings which were not built between 2011 and 2016 will need to be added to the future requirement and their delivery planned for in addition to the requirement for 9688 dwellings (484 per annum) between 2016 and 2017). This means that the Local Plan will need to plan to deliver these dwellings over the remainder of the period in order to ensure that the full housing requirement is met .
36. At this stage it is proposed that the anticipated shortfall of 1162 dwellings should be spread across the remaining 20 years of the plan period, raising the total housing requirement between 2016 and 2036 to 10850, an average of 543 dwellings per year. However in preparing the plan it is recommended that consideration should be given a bigger portfolio that addresses the shortfall as soon as practical. Housing completions will continue to be reviewed and updated as the plan progresses to examination and over the plan period to ensure sufficient dwellings are being delivered. This will be done through the annual update to the Strategic Housing Land Availability Assessment and the Authorities Monitoring Report.

### **Flexibility**

37. A strategy for meeting the Borough's housing requirement must acknowledge that it is likely that there will be changes to both the demand for housing and its supply over the plan period. In order to ensure the plan remains robust for as long as possible, some element of flexibility must be built into the plan. Over the plan period from 2016 to 2036, the level of flexibility required will depend on the sites selected; however, in practice it means allocating sites for more dwellings than the current data suggests. The level of flexibility required will only be known once the



sites have been selected – the less certainty of delivery, the more sites will be required. Conversely, if a high level of certainty about timely delivery can be demonstrated then the margin for flexibility can be reduced. Furthermore the plan is likely to require a broad range of sites that plan for a range of housing needs and products to ensure that the supply of housing maintains pace with identified needs.

38. In addition to the Local Plan to meet the Borough's housing needs over the plan period, National Planning policy requires the Council to '*identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land*'. This will continue to be undertaken and published through the Strategic Housing Land Availability Assessment.
39. Where there has been a record of persistent under delivery of housing, the NPPF requires that local planning authorities increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land. However the analysis of Darlington's housing delivery record as set out in SHLAA 6 suggests that this would be inappropriate and a 5% buffer should continue to be applied. This will be reassessed if the current trends in delivery rates are not maintained.

### **National Data Sets**

40. The base data for the OAN is derived from several sources including national data sets for population projections. These data sets will be reviewed during the plan making period as new national data sets are anticipated being published in 2017. It will be necessary to review the OAN at that time to ensure the Local Plan remains robust. Given the approach in the plan advocated it would be possible to adjust the housing requirement either up or down at this time without prejudice to the plan making process.

### **Conclusions and Next Steps**

41. The NNPF states that local planning authorities should ensure that their Local Plan will meet the full, objectively assessed housing needs for market and affordable dwellings in their housing market area. As endorsed by members in November 2016, 11,160 new homes will be required in Darlington over a 25 year period (2011 to 2036), an average of 446 per annum.
42. In order to ensure the full objectively assessed for market and affordable housing need is met, it will be necessary to plan for more dwellings than are suggested by

population projections alone to ensure that sufficient new homes over the plan period. Having considered a number of factors which the NPPF and NPPG identify as having potential to necessitate raising the housing requirement, it is considered that the objectively assessed need endorsed in November 2015 should be increased by 950 dwellings, around 38 per annum. This will ensure that the projected needs of over 75's living in residential institutions can be met through mainstream housing supply. This raises the total housing requirement between 2011 and 3036 to 12,110, an average of 484 per annum. It is recommended that this should be the initial target figure for planned housing in the new plan to 2036.

43. The Local Plan will also need to take into account that sufficient dwellings have not been delivered during the early years of the 2011-2036 period to meet the identified housing need. To ensure the need for market and affordable housing is met over the plan period, this shortfall will need to be added to the requirement over the later years. This aspect of the housing requirement will need to be updated in 'real time' as new developments come forward and/or developments do not come forward as expected.