

Examination of Newcastle upon Tyne Development and Allocations Plan 2015 – 2030

Participant: Newcastle Great Park Consortium

Matter 3: Homes

1.0 Introduction

1.1 On behalf of our client, the Newcastle Great Park Consortium, comprising Persimmon Homes and Taylor Wimpey North East, we are pleased to submit this Matter 3 Hearing Statement to the Inspector in relation to the Examination of the Newcastle upon Tyne Development and Allocations Plan 2015 – 2030.

2.0 Housing Sites (Policy DM5)

Question 3.12: With regard to Site 15 Land to the south of Brunton Lane (Cell D) Newcastle Great Park, what is the capacity of this site, bearing in mind the permissions for 504 units?

2.1 As part of the Persimmon Homes' representations to the 'Core Strategy Urban Core Plan for Gateshead and Newcastle – 2010 to 2030' (CSUCP), Persimmon Homes demonstrated that the 'Land to the south of Brunton Lane (Cell D)' had the capacity to accommodate in the region of 800 new dwellings. Since adoption of the CSUCP, planning permission has been granted for 525 dwellings on the Cell D development site and construction work is progressing.

2.2 However, it is considered that the site can accommodate a greater number of units than the current permission. Consideration is currently being given to re-planning part of this site and this would increase the total number of dwellings to at least 600.

2.3 Overall, it is not considered that any cap should be placed on the total number of dwellings, which would prevent the Consortium responding to market need and demand – this has been fundamental to the Consortium increasing output at Newcastle Great Park in recent years.

2.4 The approach of increasing densities accords with the NPPF which requires policies to make efficient use of land (para. 122) and ensure that developments make optimal use of the potential of each site (para. 123).

Question 3.15 – Should a greater mix of uses be accommodated on housing site allocations?

2.5 The Consortium are currently developing on Cell D Newcastle Great Park which benefits from planning permission for residential development across the site as a whole. The Cell D site is an approved development cell for residential development as part of the Newcastle Great Park masterplan and is located within close proximity to the town centre. The development cell has always been envisaged for the purpose of residential development as part of the masterplan and this is now being delivered on site.

3.0 Accessible and Adaptable Housing (Policy DM6)

Question 3.16: Is Policy DM6 positively prepared, justified, effective and consistent with national policy and guidance and with the CSUCP?

3.1 Policy DM6 states:

“The design of new build homes will be required to be flexible and adaptable for the future to meet the needs of the population. This will be achieved by requiring new housing developments of 11 dwellings or more to provide 25% of all new homes to be built to Accessible and Adaptable Standard.”

3.2 The National Planning Practice Guidance (NPPG) gives authorities the option to set optional technical housing standards (Ref ID: 56-002-20160519); however, the NPPG also states that authorities should consider the impact of using these standards and, in particular, the costs relating to optional Building Regulation requirements (Ref ID: 56-003-20150327).

3.3 The Consortium is concerned about the potential impact upon build cost, affordability, viability and housing delivery and they are not convinced that the implications have been considered by the Council in detail. The Council’s ‘Addressing Housing Needs and Standards’ report (Sept 2018) identifies an ageing population within Newcastle; however, this is not sufficient evidence to identify a need to impose a requirement for M4(2) homes. In terms of the evidence which should be provided to demonstrate a need to set higher accessibility and adaptability standards, NPPG (Ref ID: 56-007-20150327) states that consideration should be given to the likely future need; the size, location, type and quality of dwellings; the accessibility and adaptability of existing stock; how needs vary across different tenures; and overall viability. Therefore, the enhanced standards should only be used if clear evidence of need is demonstrated and that the proposals are viable.

3.4 At paragraph 4.2.1, the DAP explains that Policy DM6 (and DM7) follow on from CSUCP Policy CS11 and the ‘Addressing Housing Needs and Standards’ report suggests that Policy DM6 will help to deliver Policy CS11(2) and (3). Policy CS11 seeks to encourage the provision of accessible homes and the Inspector’s Report for the CSUCP (at paragraph 62) states that:

“The clause encouraging the provision of Lifetime Homes and Wheelchair-Accessible Homes strikes an appropriate strategic balance between highlighting this important need whilst not making it a specific requirement that could compromise viability. A similar argument applies to the clause seeking increased choice for the elderly: many different types of accommodation are required and it is not feasible to set specific targets in a strategic policy.” (Lichfields’ emphasis)

3.5 As currently drafted, the Consortium considers that Policy DM6 is not justified or effective, contrary to the NPPF (para. 35). To make the DAP sound, it is respectfully requested that this policy be deleted. In the context of the national need to increase the rate of house building, the DAP should not seek to include policies which are not fully justified which could obstruct housing delivery.

Question 3.17: Is there a clearly identified need for 25% of all new homes on developments of 11 or more housing units to be built to accessible and adaptable standard and is this supported by viability evidence?

3.6 It is not clear how the 25% figure has been calculated from reviewing the Council’s ‘Addressing Housing Needs and Standards’ document (September 2018) (document number 40). Page 19

refers to a significant increase in the numbers of older people living in Newcastle and that 60% of households are likely to have a household representative aged 65 and thus the Strategic Housing Market Assessment (SHMA) refers to 60% of new dwellings being built to M4(2) standards. Page 20 refers to assumptions in the SHMA which then recommends that 4% of market and 11% of affordable housing meet the M4(3) requirements. The document then appears to jump to 25% provision.

- 3.7 Paragraph 8.2.3 of the Newcastle and Gateshead ‘Viability and Deliverability Report’ (September 2018) (document reference 166) states that:

“With M4(2) applied to 25% of the dwellings (appendices 5.1 to 5.3), it undoubtedly increases the pressure on viability as it is an additional cost to bear for a development. However, the costs are considered to be relatively small when applied to 25% of the dwellings. The appraisal outcomes show that, whilst the viability pressure increases, it does not fundamentally change the viability outcome of any of the appraisals. On this basis, we consider that this policy will have only a limited impact if applied to 25% of the dwellings and would not be to the extent as to undermine scheme viability.”

- 3.8 However, table 8.7 of the Council’s Viability Report demonstrates that 25% provision would render developments in the low and low mid urban / suburban areas unviable. This table is now provided.

Table 8.7 – M4 (2) 25% Type 2 (15 dwellings)

Value area	Land Type	Surplus / deficit over BLV (%)	Outcome
High	Urban / suburban	65.25%	Viable
High mid	Urban / suburban	37.73%	Viable
Mid	Urban / suburban	35.00%	Viable
Low mid	Urban / suburban	-15.79%	Unviable
Low	Urban / suburban	-154.70%	Unviable
High	Non-urban	560.50%	Viable
High mid	Non-urban	298.43%	Viable
Mid	Non-urban	170.44%	Viable

- 3.9 Furthermore, table 8.9 demonstrates that 25% provision would render developments on sites of 100 and more dwellings in the urban / suburban areas unviable.

Table 8.9 – M4 (2) 25% Type 4 (100 dwellings)

Value area	Land Type	Surplus / deficit over BLV (%)	Outcome
High	Urban / suburban	-4.67%	Unviable
High mid	Urban / suburban	-17.72%	Unviable
Mid	Urban / suburban	-13.80%	Unviable
Low mid	Urban / suburban	-31.67%	Unviable

Low	Urban / suburban	-113.41%	Unviable
High	Non-urban	280.00%	Viable
High mid	Non-urban	139.96%	Viable
Mid	Non-urban	73.52%	Viable

3.10 The above two tables demonstrate that a range of typologies will have their viability ‘threatened’ as a result of Policy DM6. Such sites will form a proportion of the proposed sites coming forward across the City. This will be accentuated where sites are marginal in terms of deliverability due to site specific considerations.

3.11 Taking this into account, it is considered that Policy DM6 conflicts with the NPPF (para. 35) through not being justified, effective or consistent with national policy, and hence not being sound. In order to ensure a sound Plan, the Consortium respectfully requests that Policy DM6 is removed.

Question 3.18: Should there be any flexibility in Policy DM6?

3.12 As advised in response to question 3.17, and notwithstanding some fundamental viability issues associated with Policy DM6, the Consortium considers that reference to ‘subject to viability’ should be added to the policy.

Question 3.19: If requiring off-site contributions towards accessible and adaptable homes if they would not be deliverable on site, should this be addressed in Policy DM6? Is this a reasonable approach?

3.13 Paragraph 4.2.6 refers to off-site contributions being sought to meet citywide targets, where on-site measures cannot be implemented. This was not the intention of Government in bringing in this ‘optional’ standard and would likely be applied to sites where development costs will have increased due to technical constraints. If such a policy is to be introduced then the contributions should be included in the viability appraisal (it is not clear that they have been) and the policy should clearly set out the intended associated costs.

Question 3.20: Is there a need for a transitional period in applying Policy DM6?

3.14 Notwithstanding our response to question 3.16, and if the policy does remain, our client respectfully requests that there is a need for a transitional period in applying Policy DM6 for 2 years following the adoption of the Plan. This will give house builders and other developers time to prepare for the application of this policy.

3.15 Our clients also request clarity that the policy requirements will not be retrospectively applied to any sites with planning permission or a minded to approve permission before the end of the transition period. This is because the requirement would not have been incorporated into formulation of the permission of the land purchase. This would be consistent with the approach to Policy DM7 and the supporting text at paragraph 4.3.2.

4.0 Space Standards (Policy DM7)

3.21 Does Policy DM7 reflect all elements of the Nationally Described Space Standards (NDSS)?

- 4.1 The policy appears to require that all the elements of the Nationally Described Space Standards are applied to developments.
- 4.2 However, the National Planning Practice Guidance (NPPG) states that: “*Where a need for internal space standards is identified, local planning authorities should provide justification for requiring internal space policies*” taking account of need, viability and consideration of timing (Ref ID: 56-020-20150327).
- 4.3 This assessment does not appear to have been undertaken and the Consortium does not consider that the need for Policy DM7 has been demonstrated. Considerations for each point are now provided.

Need

- 1 There is no evidence that the size of the homes being built are considered inappropriate by those purchasing them. There is also no evidence which indicates that non-NDSS compliant homes are struggling to sell in comparison to homes that do meet the standards.
- 2 The SHMA reports that, in a two year period, 41% of new homes sampled meets the NDSS. Reporting trends of the size of dwelling does not in itself identify need. Any assessment should instead consider market indicators such as quality of life impacts or reduced sales in areas where the standards are not currently being met.
- 3 There is no overwhelming evidence that houses not complying with the optional standards is negative – there is generalised reference to national-level studies which seek to correlate internal space with health issues which is emotive and misleading.
- 4 There is no evidence that smaller properties that do not meet the standards, in the second hand market, are being abandoned in favour of alternative. For example, Victorian homes suffer from market failure but for other reasons – clearly internal space is not one.

Viability

- 4.4 Please see the Consortium’s response to question 3.22.

Timing

- 1 Seeking to increase the policy burden at this stage in the local plan process allied to the introduction of CIL, will have viability implications for the delivery of sites (particularly those associated with strategic green belt deletions) many of which were secured on terms negotiated prior to the Core Strategy adoption. This will inevitably lead to delays in sites coming forward whilst contracts are renegotiated (if that is possible) which will impact on the Council’s delivery trajectory and will require the allocation of further land to make up the short-fall. Inevitably this may bring forward the need for strategic review of the Core Strategy and pressure on Green Belt.
- 4.5 Furthermore, an assessment of NDSS should consider the impact across various different housing market character areas and across different tenures. There is potential for NDSS to have a negative impact on regeneration initiatives, affordable housing provision and adversely affect demand in lower value market areas. Given the breadth and variety of market typologies across

Newcastle, a detailed assessment of the impact of this policy needs to be prepared and published. In addition, the impact of NDSS on development density should be assessed as projected yields may not take these standards into account, which could lead to a requirement for additional land being allocated for housing.

- 4.6 The increased internal floorspace requirement will clearly have a negative impact on the deliverability of sites across Newcastle as the increased floorspace leads to increased build costs.
- 4.7 The Consortium considers that the requirements should not be imposed on any sites with planning permission, or for developments with approved masterplans. This is because the requirement would not have been incorporated into formulation of the permission of the land purchase.
- 4.8 Overall, the Consortium does not consider that Policy DM7 is justified or effective. To make the DAP sound, it is respectfully requested that the requirement for NDSS is deleted.

3.22 Has the need to use the NDSS and the effect of Policy DM7 on viability been adequately demonstrated?

- 4.9 There is no evidence that the impact of the NDSS has been considered in relation to:
- 1 Density – The bigger floorplates will make it more difficult to achieve appropriate densities for the most sustainable sites with implications for efficiency of development.
 - 2 CIL Payments – Which will increase (disproportionately) for 2 and 3 bedroom houses with no kickback in revenues.
 - 3 Costs – The standards will increase costs relative to revenues. There is a lack of information in the evidence on what build cost assumptions have been used.
- 4.10 The Consortium therefore does not consider that the effect of this policy on viability has been adequately demonstrated.

3.23 Is the proposed transitional period appropriate?

- 4.11 The Consortium does not consider that one year is a long enough transitional period. They suggest two years to give house builders and other developers more time to prepare for the application of this policy, given that redesigning and costing up new house types will take a considerable amount of time, as well as potentially having to renegotiate land deals.