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# Inspector's Matters Issues and Questions

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Examination of the Darlington Local Plan

Part 1 Hearings (Matter 1)



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## Introduction

We have been instructed on behalf of our clients, Story Homes, to submit a response to the Examination of the Darlington Local Plan: Inspector's Matters, Issues and Questions.

Story Homes are a medium-sized housebuilder with 30 years' experience of delivering high quality aspirational housing in the North East, Cumbria, Lancashire and Scotland. Story Homes have successfully delivered several schemes in the Borough of Darlington including Paddocks View in Middleton St George and The Willows in Blackwell.

Story Homes continues to invest in the Borough and the representations made to the emerging Darlington Local Plan ('eDLP') provide constructive comments necessary to ensure the Borough continues to grow.

Story Homes is promoting three sites through this local plan process; Great Burdon (Allocation 020); Middleton St George (Allocation 099) and Hurworth on Tees (Unallocated).

This Statement should be read in conjunction with all previous representations made on behalf of our clients.

Our clients are committed to ensuring the promoted allocations and the eDLP are sound and robust. Our comments will therefore focus on the following Matters:

- Matter 1: - Legal and Procedural Requirements and other General Matters
- Matter 2: Amount of development needed in the Borough
- Matter 3: Vision, aims, objectives and spatial strategy
- Matter 4: Housing development
- Matter 5: Meeting particular housing needs
- Matter 9- – Transport and other infrastructure
- Matter 10 - Other strategic and development management policies

This statement addresses a number of questions raised by the Inspector under Matter 1: Legal and Procedural Requirements and other General Matters

## Matter 1 – Legal and Procedural Matters

### Sustainability Appraisal

**Q1.5 Did the sustainability appraisal consider and compare reasonable alternatives as the Plan evolved, including for the broad spatial distribution of housing, economic and other development? Was the plan informed by the findings of the sustainability appraisal?**

Sections 19(5) and 39 of the Planning and Compulsory Purchase Act set out the legal requirements around the sustainability assessment of local plans along with the Environmental Assessment of Plans and Programmes Regulations. As per this legal framework, the local plan has evolved in line with a Sustainability Framework (November 2016, updated September 2017) which provided a consistent set of Sustainability Appraisal requirements for each stage of the Local Plan process, and ensured that as the plan evolved it considered all relevant environmental, social and economic sustainability issues. As required by the European Directive 2001/42/EC (the SEA Directive) a Strategic Environmental Assessment (SEA) was also carried out to identify likely significant effects on the environment as a result of the implementation of the Draft Local Plan and this is integrated into the SA and supplemented by a Habitats Regulations Assessment. A Sustainability Appraisal accompanied each of the main consultations including;

- The Local Plan Strategic Framework (2017) which set out the Vision, Aims and Objectives for new development in Darlington Borough and provided the key reference point for the development of the Local Plan;
- The Draft Local Plan (equivalent to a preferred options draft) which was published in August 2018 and consulted on under Regulation 18 of the Town and Country Planning (Local Planning) Regulations 2012; and
- The Draft Local Plan (equivalent to a deposit draft) which published in August 2020 and consulted on under Regulation 19 of the Town and County Planning (Local Planning) Regulations 2012

Concentrating on the Sustainability Appraisal that supported the Regulation 19 eDLP, the socio-economic baseline for the assessment is set out in Appendix B, with different policy options (or alternatives) considered in Appendix D, E and G.

Different options for Policy H1 – housing requirement – are assessed in Appendix D of the Reg 19 Sustainability Appraisal, with options ranging from a housing requirement based on the minimum Local Housing Need figure of 177 dwellings per annum (dpa) (Option D) to a requirement based on the job growth trend data (Option A). An assessment of the different options concludes that Option A is the most reasonable approach based on the Sustainability Appraisal as it utilises what is considered to be the most appropriate evidence with regards to jobs growth, is realistic and achievable and has the greatest socio-economic benefits (Pages 152 and 153 of the SA).

Different strategic housing and employment growth options were assessed in detail in Appendix E with six options considered positive for the Borough. This included growth in and around Middleton St George which was considered to generate positive sustainability outcomes for the Borough. These options fed into the Local Plan's spatial strategy. Several options including the creation of a new settlement or a dispersed approach with significant growth in rural villages were not deemed deliverable or sufficient to meet the needs of the Borough. These options were not part of the Local Plan's spatial strategy.

In conclusion the eDLP has been based on a sound and lawful sustainability appraisal approach which has included the proportionate testing of reasonable alternatives, a clear explanation as to why preferred options have been chosen and reasons for rejecting reasonable alternatives and discounting unreasonable options.

### Climate Change

#### **Q.1.8 Is the Plan consistent with national planning policy relating to the mitigation of, and adaptation to, climate change?**

In terms of general compliance with the national policies around climate change, the Sustainability Appraisal has considered each Local Plan policy and set of development options against a set of criteria which include climate change (both in terms of reducing the plan's contribution to it and adapting to the inevitable changes resulting from it). Climate change has therefore been a key consideration throughout the formulation of the eDLP.

In respect of Policy DC 1 'Sustainable Design Principles and Climate Change', our client has made representations to this policy (set out in greater detail in response to Matter 10), specifically in relation to its reference to an out of date Supplementary Planning Document (SPD) which refers to historic and defunct climate change and sustainability guidance (Code for Sustainable Homes and specific carbon targets for homes). We note that the Council is proposing (in its response to PQ16) to update the SPD prior to adoption of the Local Plan however we would like to remind the Council that the content of this SPD should not go beyond the scope of any policy requirements set out in the Local Plan itself. An SPD should not be a vehicle for adding to the overall policy burden of a plan, but rather should "*build upon and provide more detailed advice or guidance on policies in an adopted local plan.*"<sup>1</sup> This is important because all policy requirements must be assessed through the sustainability appraisal and plan-wide viability work which may not be possible if these are brought forward through an SPD.

### Neighbourhood Plans

#### **Q1.9 Does the Plan set an appropriate framework, and allow an appropriate role, for neighbourhood plans in the Borough? In particular:**

- a) Does the Plan appropriately identify strategic policies?
- b) Are the Council's proposed main modifications to policy H1 and the reasoned justification necessary to make the Plan sound with regard to the housing requirement figures for neighbourhood areas? If so, would they be effective in doing so?

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<sup>1</sup> Plan Making, Planning Practice Guidance, Para 008; Reference ID: 61-008-20190315

Our client supports the modification to the plan, at Policy H1 and table 6.1, and particularly the new paragraph after 6.1.9 which makes it clear that the Local Plan has set a number based on a range of considerations and it has identified sites sufficient to meet this number. It references the ability of neighbourhood groups to allocate additional homes over the local plan identified number. The modification, Policy H1 and the explanatory text is effective and consistent with national planning policy.

Paragraph 13 of the NPPF states that *“Neighbourhood plans should support the delivery of strategic policies contained in local plans or spatial development strategies; and should shape and direct development that is outside of these strategic policies.”* This sets the fundamental principle that Local Plans set the strategic policies for the area and it is the responsibility of neighbourhood plans to support those policies. However, in respect of non-strategic matters neighbourhood plans should, where in place, shape and direct local development.

The housing need and requirement of an area is a strategic matter (see paragraphs 60 and 65 of the NPPF). Paragraph 65 of the NPPF states that it is the role of strategic policy-making authorities to establish a housing need and requirement for their area **and** a housing requirement for designated neighbourhood areas which, importantly, reflects the overall strategy for the pattern and scale of development and any relevant allocations. It is therefore the responsibility of the Local Plan, through its strategic policies, to set a housing requirement for designated neighbourhood areas and for the Neighbourhood Plan to support the delivery of that housing requirement. That housing requirement should reflect **strategic policies** in the Local Plan such as the **spatial strategy and the strategic growth options**.

The Local Plan has discharged its responsibilities in respect of Paragraph 65 of the NPPF. It has provided, in a strategic policy (Policy H1 and table 6.1 as modified) the housing requirements for each of the Neighbourhood Areas. Focussing on Middleton St George where our client's interests are contained, it has been established through the Sustainability Appraisal that growth in and around Middleton St George was a positive strategic growth option for the Local Plan (see Appendix E of the Sustainability Appraisal). Indeed this was the only Service Village where a specific growth option was put forward and considered (no such options were put forward in Heighington or Hurworth). Policy SH1 and the accompanying text at 4.0.9 and 4.0.10 states that the Service Villages such as Middleton St George are well placed to accommodate development which will benefit both the Borough through the provision of a range of sites within Darlington and the villages themselves by safeguarding the vitality and viability of the settlements and providing affordable housing.

Middleton St George is roughly 50% bigger than Hurworth and twice as large as Heighington, so in the pool of Service Villages it clearly sits at the top in terms of scale, but also in terms of services, transport and access to employment. One example is that in the adopted Core Strategy Middleton St George is the only settlement outside of the Main Urban Area of Darlington to have a designated Local Centre (Policy CS9, page 41). This role and function should obviously be reflected in its status in the plan.

We note that Middleton St George Neighbourhood Plan Group commissioned a Housing Needs Assessment ('HNA') for the Neighbourhood Area (January 2020). It should be noted that the HNA has no status nor is it a document used by this Planning Authority for the purposes of housing needs, however it is useful to understand how its conclusions have been derived because it is likely in our view that the Middleton St George Neighbourhood Plan group will seek to utilise it in their response to this Matter.

The first issue to note is that the HNA was prepared before the Council published its housing requirement figures for Middleton St George (see paragraph 41 of the HNA). The HNA recognises therefore that any number generated through the HNA is only “interim until the Local Plan HRF (‘housing requirement figure’) is available”. One could therefore argue that the HNA is already out of date.

The HNA claims to generate an ‘objective’ assessment of housing need (paragraph 56 of the HNA) which it claims is policy-off or unconstrained by policies that restrict or facilitate development (paragraph 56 of the HNA). This is manifestly not what national planning policy requires of this planning authority at this Examination. In fact paragraph 65 of the NPPF requires the housing requirement for neighbourhood area to reflect policy in that it should take account of the overall strategy for the pattern and scale of development as well as any relevant allocations. Relevant considerations affecting the spatial strategy for an area could include access to services and jobs, affordability of local housing, affordable housing need, availability of sites, settlement form or constraints such as flood risk and highways. As these can affect the spatial strategy for an area they can also legitimately affect the housing requirement for a neighbourhood plan area. There is therefore no such concept as objectively assessed housing need at the parish or neighbourhood area level and certainly no requirement in policy for it be sought or explored. The proposition at paragraph 60 of the HNA that the methodology provided by AECOM reflects the NPPF and Planning Practice Guidance (PPG) is therefore incorrect.

The methodology that the HNA employs essentially involves disaggregating the Local Housing Need (LHN) and housing target for Darlington down to the parish level using crude population data; typically disaggregating down the housing numbers in the LHN or number of allocations in the plan to the population in Middleton St George as it was in ten years ago.<sup>2</sup>

Focussing on some of the specific numbers, the conclusion of paragraph 76 of HNA which states the objective need of Middleton St George across the plan period is 136 dwellings is derived by dividing the number of allocations in Service Villages by the number of allocations in the plan and multiplying that by the proportion of Service Village population that lived in Middleton St George in 2011. It is therefore an arbitrary set of calculations and takes no account of the planning matters required by paragraph 65 or the specific characteristics of Middleton St George as a place and a town.

The HNA at paragraph 74 claims to have prepared a “strategy-led requirement” however this calculation is based on the dividing up allocation numbers within the plan not the specific strategy the plan has for each Service Village (see paragraph 74 of the HNA).

Some of the arithmetic used in the HNA is also confusing, for example the HNA states that the Local Plan is aiming to deliver 10.4% of the housing requirement in Service Villages however this is not a figure that is quoted in the Local Plan.

In conclusion, the HNA is flawed for the following reasons:

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<sup>2</sup> The HNA uses 2011 data despite there being more recent population estimates published last year – See Small Area Population Estimates for 2019.

1. It assumes that objective assessments of need apply to a geography below the LPA which they do not. It discusses matters such as policy-off and policy-on which are not discussed in the NPPF or PPG.
2. It has a methodology which is not supported by the NPPF and PPG. It has an incorrect reading of the requirement to take into account local authority-wide "strategy" – it does this by disaggregating the number of allocations made in the local authority and service village areas by the population in Middleton St George which is clearly not a consideration of strategy. In reality it is a crude exercise of arithmetic and takes no account of, for example, strategic goals in the local plan about the use of rail (paragraph 10.4.3 of the Local Plan), the airport and its employment parks (objective 3(c) and allocations 404 and 362 of the Local Plan), or the increased sustainability of Middleton St George over other Service Village including its rail, road and employment opportunities.
3. Finally, the HNA makes no pretention that it should supersede the housing requirement figure passed by the Local Plan (in fact it states that it should only be an interim position until the housing requirement is generated).

The question before this Inspector in respect of the housing requirements set out in table 6.1 isn't whether the number could be split arithmetically in a way which better reflects the population of Middleton St George or its size relative the LPA area as a whole, it is whether the number is sound. In our view it is sound and reflect national planning policy. Middleton St George is a highly sustainable location, with few constraints and significant opportunities both in terms of delivering housing but also delivering other objectives (making use of rail, supporting the growth of the airport and employment). The strategy employed by the Council is justified and follows a clear approach espoused by the Sustainability Appraisal.

### Plan Period

#### **Q1.10 -Is the Plan Period 2016 to 2036 consistent with national policy or otherwise justified?**

This plan period is justified and consistent with national policy<sup>3</sup> providing a 15 year period from 2021 to implement and deliver strategic policies.

### Viability

#### **Q1.14 Is the Plan informed by a proportionate and up to date assessment of viability that takes into account all relevant policies, and local and national standards?**

#### **Q1.15. Does the viability evidence demonstrate that the policies in the Plan are realistic, and that the cumulative cost of all relevant policies will not undermine the deliverability of the Plan?**

We can confirm that both of our allocations (Great Burdon (ref 20) and Maxgate Farm (ref 99)) are viable and sound allocations.

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<sup>3</sup> paragraph 22 of the NPPF

# Inspector's Matters Issues and Questions

## Story Homes

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Our client Story Homes has analysed the assumptions that Darlington Council have adopted within their Viability Assessment (August 2020). Whilst this is a working draft document it is expected that it will need to be updated to include revised guidance from the RICS document 'Assessing viability in planning under the National Planning Policy Framework 2019' published in March 2021.

Whilst our client is generally supportive of the methodology to assess viability, Story Homes wishes to comment on several assumptions as outlined in the document. Importantly, it must be noted that each development site will have its own individual complexities and constraints which may need to be reflected in an appraisal through evidence-based costings and a profit level to reflect the risk. Therefore, the use of blanket standard assumptions (for example build costs, external costs, professional fees, profit, and benchmark land value) means that the appraisal is liable to be out of date quickly should site specific matters or wider contextual matters indicate that matters have moved on.

Story Homes has informed us of their main concerns with the methodology:

- Revenues should be based on the best current evidence and should not reflect inflation. Further to this, the Council's methodology does not build inflation into any of the cost elements; the approach here is inconsistent.
- Part L of the Building Regulations (conservation of fuel and power) are being phased in over the next couple of years and are not reflected in BCIS data (because BCIS is a metric based on historical tender costs). Our client has analysed the effect of Part L and it is suggested that additional costs could be around £5,000/plot. If the viability appraisal isn't responsive to significant changes in costs in the future it risks being out of date quickly.
- Housebuilders have a different risk profile and overheads to contractors and as such, a 6% profit for affordable housing is deemed too low.
- Our client has concerns that the BLV assumptions as set out in Table 9 are insufficient to incentivise landowners to release the land for development.

In conclusion, the Council should be flexible in their approach to assessing viability given the assumptions taken in the August assessment and ensure that where schemes identify real changes which affect viability these can be taken into account.