

Miller Homes response to the Sunderland Core Strategy and Development Plan Examination

Inspector's Matter, Issues and Questions

ID Number: 497082

Hedley Planning Services are instructed by Miller Homes in support of Land at New Herrington, Sunderland. The site was considered in the *Green Belt Assessment Stage 1 Updated and Stage 2 (2017) (SD.30)* as Site Ref. H03 and within the *Strategic Housing Land Availability Assessment (2018) (SD.22)* as part of Site Ref. 466. We respond to each question using the Inspector's references:

## Matter 3

### Housing and Employment Objectively Assessed Needs (OAN) and Requirements

*This matter explores whether the amount of housing and employment land proposed in the LP is appropriate to meet the needs of the area to 2033. The housing OAN is derived from the Strategic Housing Market Assessment (SHMA) Update 2017 (SD.23) and SHMA Addendum 2018 (SD.24). The Employment Land Reviews (ELR) (SD.37 and 38) identify a need for between 95 and 115 ha of employment land. The Council indicate that SD.38 justifies an employment land requirement at the lower end of the range.*

#### Issues

#### **1. The Housing OAN and Requirement**

*1.1. Does the evidence base support the requirement for housing of 745 dwellings per annum (dpa) or 13,410 dwellings for the LP period taking into account demographic and economic factors, market signals and affordable housing need?*

The policy figure is in line with the SHMA 2018 Addendum which identifies an Objectively Assessed Need (OAN) figure of 745 dwellings each year or 13,410 dwellings over the plan period. This uses the 2014-based population and household projections as the starting point, which over the period 2015-2033 suggest an increase of 9,965 households which equates to 570 net additional dwellings each year. Edge Analytics had then provided alternative demographic scenarios and Arc4 has provided further consideration to determine the OAN.

The SHMA 2017 provides some evidence in relation to market signals, however, it states that there are no indicators prompting a need for an adjustment to the OAN to reflect the market signals. The SHMA 2018 states that whilst the Rental Affordability Ratio (RAR) for Sunderland is 26.6% this has been reducing and is influenced by the student rental market, so whilst it acknowledges that this would be in line with the LPEG guidance for an uplift, it does not consider it would be appropriate. The LPEG guidance states that if the RAR is at or above 25% and less than 30%, then a 10% uplift should be applied. Miller Homes note that whilst evidence in the SHMA 2017 does suggest a decrease in the RAR, the RAR has been above 25% for the entire 5 year period covered by the evidence.

The SHMA 2018 highlights that most of the demographic scenarios do not support employment growth. The SHMA suggests an upward adjustment to take account of employment growth to 745 dwellings each year, based on the Jobs-led Experian SENS A scenario. This uplift to support economic growth is generally supported.

It is noted that the SHMA 2017 suggests there is an annual imbalance of 542 affordable dwellings each year, this is also set out in para. 2.28 of the SHMA 2018. This represents 73% of the housing target. This suggests that further consideration needs to be given to the potential for a higher housing figure.

It is therefore imperative that the Council consider how it can realistically address the affordable housing needs of the area, including through increasing the housing requirement.

*1.2 Is the approach to calculating the OAN and housing requirement reasonably consistent with other local planning authorities (LPAs) in the region?*

Miller Homes do not wish to comment in relation to this question, at this time.

*1.3 Should the housing requirement be higher: a. To support job growth, including that at the International Advanced Manufacturing Park (IAMP) and/or b. To support an uplift in Household Representative Rates for 25 to 44 age range and to help address the affordable housing imbalance?*

Miller Homes is concerned that no adjustment has been made in respect of household representative rates (HRRs). The implication of this bias is that the latest projections continue to be affected by suppressed trends in HRRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households (25 to 44). The SHMA 2018 states that the 2014-based rates are broadly consistent with the 2012-based rates, with the 2014 figures providing a slight increase in dwelling requirements.

The SHMA 2018 notes that an increase in the HRR is increasingly unrealistic given changes in the housing market affecting younger people. However, the statistics used to support this notion, could be read to support the need for these issues to be addressed just as much as they can be read for their trend value.

Miller Homes notes that this group were particularly hard-hit by the recession and as such the HRRs are likely to have been significantly depressed. Indeed by 2014 the proportion of 25 to 34 year olds who were home-owners had dropped significantly from a decade earlier. Miller Homes considers it would be prudent to consider an uplift in HRRs amongst this group, to reverse this negative trend. It is also notable that the Government is actively trying to boost home ownership, particularly amongst younger age groups through initiatives such as 'Help to Buy' and 'Starter Homes'. Help to Buy is already having an impact with 81% of purchasers using the product being first time buyers. An increase in HRRs for the 25 to 44 age group is supported not only by the NPPF objective of significantly boosting

housing supply but also the advice contained within the Local Plan Expert Group (LPEG) recommendations to Government.

*1.4 Alternatively should the housing requirement be lower taking into account factors such as the impact of Brexit and introduction of the standardised methodology for calculating Local Housing Need?*

Miller Homes are supportive of Sunderland's decision to utilise a figure over and above the level provided by the standard methodology to help to support population aspirations, an increase in the working age population, to support sustainable development, to boost housing supply and to support economic growth aspirations for the area.

## **2. The Employment OAN**

*2.1 Does the evidence base support the OAN of at least 95 ha of employment land?*

Miller Homes do not wish to comment in relation to this question, at this time.

## **3. Alignment between housing and employment requirements**

*3.1 Is there sufficient alignment between housing and employment requirements?*

Miller Homes consider that it is important for the Council to ensure there is sufficient alignment between the housing and employment requirements.