Doncaster Local Plan 2015-2035: Examination in Public

Hearing Statement by Peel L&P and Doncaster Sheffield Airport Limited

Matter 6: Housing Development Requirements

2 September 2020
# Contents

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Appendix 1: Inspectors Comments – Tynside Viability Assessment – (separate document)
1. Introduction

1.1 This Statement is prepared by Turley on behalf of The Peel Group and Doncaster Sheffield Airport Limited (hereafter referred to as “Peel” and “DSA” respectively) in respect of the examination of the Doncaster Local Plan 2015-2035 (“DLP”). It provides Peel’s and DSA’s response to the Issues and Questions identified by the Inspector in respect of Matter 6: Housing Development Requirements, as set out in Inspector’s Note 41.

1.2 In overall terms, Peel and DSA are fully supportive of the emerging DLP and consider that it is imperative the plan proceeds to adoption to ensure that Doncaster has an up-to-date Local Plan as required by national planning policy, and one which provides the policy tools for the planning system to support sustainable growth, including aviation growth, in accordance with national planning and aviation policy. Notwithstanding such general support, Peel / DSAL have identified a number of specific issues and concerns relating to the soundness of specific policies. Amendments to the relevant policies are suggested, without which those policies are not considered sound. The representations2 and the comments set out in this Statement demonstrate how such concerns can be readily addressed through Modifications to the policies such that the DLP can be found sound.

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1 Inspector’s Note No. 4: Matters, Issues and Questions, 11 June 2020 [INSP4]
2 Doncaster Local Plan (Regulation 19) Proposed Submission Version: Representations on behalf of the Peel Group (September 2019) [ref. 04288]
2. Matter 6: Housing Development Requirements

Site specific requirements for housing allocations without planning permission

Q6.1. Are the development requirements for the housing allocations without planning permission set out in Appendix 2 to the Plan justified? Is there sufficient detail to provide clarity to developers, local communities and other interested parties about the nature and scale of development proposed? Are the Council’s suggested changes to Appendix 2 relating to sites ref 133 (Thorne) and 247 (Rossington) necessary to make the Plan sound?

2.1 Appendix 2 sets out a range of requirements in respect of specific land allocations for residential development, including Site 940 which forms part of the wider mixed-use allocation for DSA which will be established by Policy 7. The requirements are relatively high level, particularly in respect of Site 940. This approach has been taken cognisant that the proposals for Site 940 – and other parts of the DSA allocation – are to be informed by a comprehensive airport area-wide masterplanning exercise (Policy 7, Criterion J), including a design code for the housing areas, to be prepared in collaboration with the Council and other partners. This masterplanning exercise will establish the design parameters and development requirements for the full allocation.

2.2 Moreover, Policy 7 and Appendix 2 state that the masterplanning exercise must be undertaken and agreed “...in advance of any development...”. The DLP therefore prohibits the delivery of the development until further detail about the development requirements has been established. It is therefore appropriate that the requirements set out at Appendix 2 in respect of Site 940 are relatively high level at this stage, mindful that they will be further explored and refined in: (i) a masterplan exercise; (ii) an outline planning application; and (iii) applications for reserved matters, prior to development commencing.

2.3 Appendix 2 sets out broad requirements for the development of Site 940, including in respect of:

- The technical assessment work which must be undertaken and specific environmental matters which are to be addressed, for example in relation to the requirements for archaeological investigations and improvements to existing habitat connectivity; and

- Particular design and/or infrastructure expectations, for example in respect of layout principles and school provision.
2.4 These requirements must also be read in conjunction with other policies of the DLP, which establish further detail about development requirements on a non-site-specific basis which all proposals must addressed, for example in respect of open space provision (Policy 29).

2.5 Peel therefore considers there is sufficient detail within Appendix 2 about Site 940 to provide clarity about the nature and scale of development proposed. It is therefore considered to be effective and justified in this regard, such that it is sound.

Housing Mix

Q6.2. Is the requirement in policy 8 part A for development to deliver a mix of house size, type, price and tenure to address the needs and market demand in the latest Housing Need Assessment or other robust evidence justified?

2.6 The NPPF makes clear that: “...the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies...” (paragraph 61). It is therefore appropriate for the DLP to require new residential developments to provide a mix of housing which meets local needs and market demands.

2.7 The Council’s 2019 Housing Needs Study (HNS)\(^3\) identifies the overarching housing mix which is currently needed across the Borough over the plan period. It is therefore a broad objective for the Borough’s new future housing land supply, rather than a requirement which is specific to all development proposals. It will need to be applied with a degree of flexibility mindful that:

(a) Needs may evolve during the plan period, for example in response to changing market conditions; and

(b) It may be appropriate to allow specific development proposals to an alternative mix to that identified in the HNS, for example to address development viability considerations, site constraints or to respond to housing needs and/or market demands in particular local areas.

\(^3\) Housing Needs Study 2019: Final Report, Arc4 (April 2019)
2.8 Appendix 4 of the DLP provides housing mix information for specific local areas and settlements. Peel /DSAL agree that this will: “...inform applicant’s drawing up planning applications...” (paragraph 6.8). However, mindful of the above, it is important the housing mix requirements are applied with a degree of flexibility, considering that it may be appropriate to allow specific development proposals to provide an alternative mix.

2.9 Peel / DSAL consider that the approach taken by Policy 8 in this respect is appropriate. It makes clear that specific development proposals will be assessed against current mix requirements set out in Appendix 4 of the DLP and in the HNS, whilst also including a degree of flexibility to consider alternative proposals which are supported by “other robust evidence”. The latter might include, for example, more up-to-date assessments of mix requirements submitted alongside applications or prepared by the Council itself.

2.10 Policy 8 is therefore justified in this regard and will be effective at ensuring that the new homes delivered across the plan period are broadly aligned with future mix requirements. It is therefore considered to be sound.

Q6.3. Is the inclusion of Appendix 4 in the Plan justified and consistent with the wording of policy 8? Will it be effective in helping to ensure that the need for different types of homes in different parts of the Borough are met throughout the Plan period?

2.11 Yes. It provides a broad indication of what is needed in specific areas, which sets the context for application proposals. However, the policy itself takes a flexible approach, mindful that every scheme will be different and cannot provide the same mix.

Affordable Housing

Q6.4. Are the requirements of policy 8 part B for housing sites of 15 or more homes (or 0.5 hectares or above) to normally include 23% affordable homes in high value housing market areas or 15% elsewhere justified by adequate, proportionate and up to date evidence about need and viability?

2.12 The Council’s current viability evidence base is considered to be insufficient, as it is based upon unsupported and un-evidenced assumptions in respect of appraisal inputs and S106 contributions. Peel’s response to Q1.13 (see Statement in respect of Matter 1) highlights that the viability assessment – particularly the recent ‘update’4 (“WPVT-U”) and ‘addendum’5 (“WPVT-A”) – are based on ‘black box’ assumptions, which are not.

4 Whole Plan Viability Testing – Update, CP Viability Ltd (May 2019)
5 Whole Plan Viability Testing – Addendum, CP Viability Ltd (March 2020)
transparent and capable of testing as they have been drawn either from an in-house database held by CP Viability Ltd⁶ or from information provided by the Council. However, no details of the information have been provided except for average figures, which is not consistent with the requirement in the national Planning Practice Guidance (PPG) in seeking to ensure that viability assessments are transparent and can be subject to scrutiny⁷.

2.13 The lack of context or supporting data is regarded as inappropriate, as the assumptions relate to fundamental items within the development appraisals, including: (i) gross:net ratios and density; (ii) plot construction costs; (iii) externals/infrastructure; (iv) finance rates; (v) the residential benchmark land value (“BLV”); and (vi) the profit level. The lack of evidential support holds the potential for the levels of viability to be overstated.

2.14 Moreover, paragraphs 5.14 – 5.14.39 of the WPVT-U seek to provide reasoning for the adoption of benchmark land values (BLVs) for greenfield and brownfield sites. The WPVT-U determines that appropriate greenfield BLVs are as follows:

<table>
<thead>
<tr>
<th>Value Area</th>
<th>EUV (£/gross ha)</th>
<th>Multiple of EUV</th>
<th>BLV (£/gross ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>20,000</td>
<td>7.5</td>
<td>150,000</td>
</tr>
<tr>
<td>Medium</td>
<td>20,000</td>
<td>12.5</td>
<td>250,000</td>
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<tr>
<td>High</td>
<td>20,000</td>
<td>20</td>
<td>400,000</td>
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2.15 The WPVT-U assessment of BLVs is regarded as falling short of the requirements of the PPG, as no market evidence is provided as a cross check of BLV in order to provide an appropriate level of context for appropriate assessment⁸.

2.16 The levels of BLV adopted for each value area are regarded as insufficient to incentivise a landowner to release their land for development. This conclusion is supported by reference within the WPVT-U to the “...report on the examination of the draft North Tyneside Community Infrastructure Levy Charging Schedule...” (October 2018), where the examining Inspector agreed that a greenfield premium of up to 30 times existing use value (EUV) is a reasonable assumption to apply in determining an incentivising BLV. The EUV adopted in the WPVT-U equates to just £20,000 per gross hectare, whilst a

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⁶ The Council’s viability advisor.
⁷ Paragraph: 020; Reference ID: 10-020-20180724.
⁸ Paragraph: 014 Reference ID: 10-014-20190509
multiplier of 30 would generate a BLV of £600,000 per gross hectare. This latter figure is regarded as an appropriate minimum value for the release of greenfield land for development in high value locations.

2.17 The WPVT-U seeks to qualify the low BLV that has applied by stating that no abnormal costs were included in the North Tyneside BLV, whilst the WPVT-U confirms that it has included a £100,000 per hectare allowance for abnormal costs on greenfield sites (paragraph 5.1.1). In fact, the Inspector confirms (see Appendix 1) that the North Tyneside Viability Assessment includes an abnormalities’ allowance equating to £3,000 per unit for strategic sites, this equates to an allowance of £105,000 per hectare on the basis of the 35 dwelling per hectare density assumption adopted within the WPVT-U.

2.18 No reasoning is provided within the WPVT-U for the adoption of BLVs which fall very considerably below those referenced and adopted for the North Tyneside CIL examination and in other areas. However, the use of such low and unrealistic BLV figures risks significantly over-stating development viability and/or constraining the release of land for development.

2.19 In conclusion, Peel considers that the affordable housing requirements set out at Criterion B) of Policy 8 are not appropriately justified and may not be effective at delivering affordable housing, particularly given the risk that they could compromise development viability and constrain the release of land for development. Further testing of the level of affordable housing which can be viably achieved should be undertaken, applying revised, realistic and evidenced BLV figures.

Q6.5. Is the reference in paragraph 6.9 to 75% of the affordable homes being for rent and 25% for low cost home ownership justified? Is it consistent with the national policy expectation that 10% of homes on major sites should be available for affordable home ownership? If the 75%/25% split is justified and consistent with national policy, should it be referred to in policy 8 rather than the reasoned justification?

2.20 The tenure split of 75:25 rented:intermediate affordable housing provision referred to at WPVT-U paragraph 6.9 is broadly consistent with the overall requirement identified in table 5.7 of the Council’s 2019 Housing Need Study9 (HNS). The text at paragraph 5.28 of the HNS sets out that this tenure split is sufficient to satisfy the requirement of the NPPF for 10% of affordable homes to be made available for ownership, given that it requires around 25% of the homes to be available for ownership. Peel / DSAL therefore

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considers that the tenure split is justified and sound with reference to the evidence, and consistent with the requirements of national policy.

2.21 The 75:25 tenure split identified as required by the HNS relates to the total amount of homes to be provided in the Borough across the plan period. It is therefore an overarching objective for the affordable housing supply, rather than a requirement which is specific to all development proposals. It is likely that it will need to be applied with a degree of flexibility mindful that it may be appropriate to allow specific development proposals to provide an alternative tenure split. For example, in some cases development viability considerations or housing need in particular local areas may justify a higher proportion of intermediate tenure homes.

2.22 Peel / DSAL therefore consider that it is appropriate for the tenure split to be identified in the reasoned justification rather than in the policy itself and that it is effective in this regard. No change to the Policy 8 is therefore considered to be necessary.

2.23 However, in the event that the Inspector disagrees and does consider that it is necessary to modify draft Policy 8 to include the tenure split, the policy must also make clear that there are circumstances in which an alternative tenure split will be considered appropriate. This would be necessary to ensure that specific development proposals with an alternative tenure split are not considered in all circumstances to be in conflict with the tenure split, mindful that it is a broad objective for the borough’s overall affordable housing supply and not a development-specific requirement.

Internal space standards

Q6.6. Is the requirement in policy 46 part A for all new housing to meet the Nationally Described Space Standard as a minimum justified by adequate, proportionate and up to date evidence about need, viability and timing?

2.24 The WPVT-U⁴ adopts two storey unit sizing that is in line with Nationally Described Space Standard (NDSS) requirements. On the basis of the 35 DPH density, the average unit size of 92.90sqm generates a typical site coverage of 3,251.5sqm per hectare (14,164sqft per acre). This is regarded as appropriate and in line with market expectations.
Housing for older people and people with disabilities

Q6.7. Is the requirement in policy 8 part C for developers to demonstrate how the provision of housing types suitable for older people can be increased, especially bungalows, extra care facilities and supported living accommodation, justified?

2.25 Criterion C) of draft Policy 8 states that new developments should include homes which are adaptable, accessible and suitable for people with a wide range of needs, and that it “…must also be demonstrated how the provision of housing types suitable for older people can be increased, especially bungalows, extra care facilities and supported living accommodation…”. The requirement of the Policy is unclear in this regard. It does not, for example, require that new developments incorporate bungalows, only that they should demonstrate how the provision of such can be increased. The expectations of the Council in this regard are unclear and the Policy is therefore inconsistent with the requirement in the NPPF that policies clearly and unambiguously set out how a decision maker will react to a development proposal. Peel / DSAL respectfully request that the Council clarifies its expectations in this regard.

2.26 Draft Policy 8 does not directly require that new residential developments include provision for bungalows, extra care facilities and/or supporting living accommodation. This is consistent with the viability testing undertaken by the Council because the WPVT-U has not tested the impact of such provision on the viability of residential development proposals. The policy as drafted is therefore considered to be appropriate and consistent with the evidence.

Q6.8. Is the requirement in policy 46 part B for at least 65% of all new homes on developments of over 0.5 hectares or 10 or more units to meet Building Regulation standard M4(2) justified by adequate, proportionate and up to date evidence about need, viability and site specific factors such as vulnerability to flooding, site topography, and other circumstances?

2.27 No. The requirement for 65% of all new homes on larger developments to meet building regulations standard M4(2) is not supported by the viability evidence provided within WPVT-U or WPVT-A. This is because the build costs adopted and tested for meeting the M4(2) requirements are regarded as too low, having been assessed on the basis of an inappropriate and inaccurate inflation index.

2.28 WPVT-U Table 8 sets out that the Building Regulations M4(2) costs are derived from the EC Harris “Housing Standards Review – Cost Impacts” report from Sept 2014. Cost

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10 NPPF, paragraph 16d.
inflation is applied at 6%, which is stated to be in line with Retail Price Index (RPI) indexation from September 2014. However, our calculation of the increase from Q3 2014 (256.9) to Q2 2019 (289) generates a RPI increase of 12.5%.

2.29 Moreover, the increase in the RPI is not regarded as an appropriate inflator for the assessment of construction costs. The BCIS All-in TPI is regarded as an appropriate index for the assessment of construction cost inflation. Between 3Q 2014 (date of EC Harris report) and 2Q 2019 (date of WPVT-U), the BCIS All-in TPI increased from 257 to 333, a 29.57% increase.

2.30 Applying the BCIS All-in TPI increase to the EC Harris costs produces costs ranging from £1,484 to £2,060. The adopted cost of £1,500 per unit is therefore regarded as insufficient.

2.31 Policy 46 is not therefore currently considered to be justified. This deficiency can (and should) be addressed by further sensitivity testing and revisions to the viability assessment, adopting accurate and up-to-date build cost figures in this respect.

Q6.9. Is the requirement in policy 46 part C for at least 5% of all new homes on developments of over 0.5 hectares or 10 or more units to meet Building Regulation standard M4(3) justified by adequate, proportionate and up to date evidence about need, viability and site specific factors such as vulnerability to flooding, site topography, and other circumstances?

2.32 No. As with the requirement of Criterion B) of Policy 46 (see response to Q6.8.), Building Regulations M4(3) costs are applied at levels in line with the EC Harris document dated from September 2014, with no inflation applied. However, when the BCIS All-in TPI increase is applied to the cost adopted in the WPVT-U, the costs increase from £12,500 to £16,196 per unit. The WPVT-U is not therefore considered to be justified by accurate or up to date evidence in this respect. This deficiency can (and should) be addressed by further sensitivity testing and revisions to the viability assessment, adopting accurate and up-to-date build cost figures in this respect.