

Cabinet

12 September 2012



The County Durham Plan: Evidence Base

**Report of Corporate Management Team
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Councillor Neil Foster, Cabinet Portfolio Member for Economic Regeneration**

Purpose of the Report

1. This report seeks approval for a number of evidence base documents that support the preparation of the County Durham Plan. In order that this evidence has sufficient weight to support the Plan and to allow them to be referred to in planning decisions they must be approved by Cabinet. The documents concerned are:
 - Settlement Study;
 - Strategic Housing Market Assessment;
 - Durham Green Belt Phase 3;
 - Affordable Housing and CIL Development Viability Study;
 - Water Cycle Study; and
 - Green Infrastructure Strategy.
2. Copies of all of these documents will be made available in the Members' Resource Centre.

Background

3. A robust and credible evidence base is integral to preparing a sound Local Plan. Members will recall previous reports concerning other evidence documents such as the Strategic Housing Land Availability Assessment and the Employment Land Review.

Settlement Study

4. The Settlement Study assesses each settlement in County Durham's access to services and facilities including; public transport, education, shops and employment. This information has been used to understand the existing role and relationships of settlements.
5. This information is then used to devise a Settlement Hierarchy of settlements with six different tiers: Main Towns; Smaller Towns and Larger

Villages; Local Service Centres; Large Villages; Small Villages; and Hamlets.

6. The settlement hierarchy underpins the Spatial Strategy in the Plan and ensures development is directed to the most sustainable locations in proximity to services and facilities. It makes sense for most of our new housing to be built in larger settlements which have a better range of facilities and services. However, we also recognise that smaller settlements need new development to ensure they have a sustainable future.
7. The Study also helps us to identify those settlements with fewer amenities, so we can ensure that existing facilities are protected and new ones encouraged.
8. This final Study also takes into account responses to two previous rounds of consultation undertaken in July and December 2012.

Strategic Housing Market Assessment

9. The 2012 County Durham Strategic Housing Market Assessment (SHMA) underpins policies in the County Durham Plan and will inform other housing policies and strategies. This document provides an up-to-date analysis of the social, economic, housing and demographic situation across the County. The Study has been informed by a major household survey as well as interviews with stakeholders and a review of existing data.
10. The findings from the study will provide a robust and defensible evidence base for the Plan and which conforms to the Government's SHMA guidance. The modelling of primary and secondary data is combined to produce information on four core areas: a review of housing markets; an assessment of housing need and affordable housing requirements; a review of general housing requirements.
11. The scale of affordable requirements has been assessed by taking into account the annual need from existing and newly-forming households within County Durham and comparing this with the supply of affordable (social/affordable rent and intermediate tenure dwellings). The overall net shortfall is **968 affordable dwellings** across County Durham each year. This figure is a measure of the extent to which the requirement for affordable housing is greater than the current supply.
12. The Homes and Communities Agency (HCA) Affordable Homes Programme is likely to deliver around 235 affordable rented homes per annum in the next three years through our partner housing associations. Added to this the HCA's empty homes programme should deliver an additional 50 units each year and the FirstBuy scheme another 50 units of shared equity properties (via private builders).

13. We therefore anticipate an overall total of around 335 units per annum. The previous two years have averaged around 350 units per annum.
14. The gap between the SHMA requirements and our affordable homes programme may be further narrowed by an anticipated supply of 25 units of affordable housing per annum being delivered through s106 agreements with private developers.
15. A full programme of affordable housing provision needs to be devised to demonstrate the extent to which the net affordable housing requirements identified in the SHMA can be delivered. This will be the subject of a further report.
16. In terms of the split between social rented and intermediate tenure products, the household survey identified tenure preferences of existing and newly-forming households. This suggests a tenure split of 73.3% affordable (social) rented and 26.7% intermediate tenure.
17. These figures have been translated into Policy 31 (Addressing Housing Need) although the affordable housing requirements from the SHMA have been amended to reflect the viability evidence in the Affordable Housing and CIL Development Viability Study.
18. The SHMA also identifies that addressing the accommodation requirements of older people is a major strategic challenge for the Council and will only become more so over the next few decades, as the number of residents aged 65 or over is projected to increase dramatically. The evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation. These conclusions have been reflected in the policies of the Plan.
19. It should be noted that the copy of the SHMA referred to is being finalised and may be subject to some changes before it goes to Cabinet. These changes will not however affect the conclusions that have informed the County Durham Plan.

Durham Green Belt Phase 3

20. This is the third phase of a study to determine the most appropriate sites to accommodate housing development in the Green Belt immediately adjoining Durham City needed to deliver the Spatial Strategy of the Plan.
21. There have been two previous stages to the Study:
 - Stage 1: Green Belt Assessment Scoping Paper: June 2010. This described the methodology for identifying potential development sites by eliminating areas of environmental constraint, i.e. areas with valuable characteristics relating to ecology, landscape, history and

archaeology; and areas of flood risk. The conclusion was a long list of eight sites for further consideration.

- Stage 2: Green Belt Sites Assessment: December 2010. This paper contained a detailed assessment of the seven sites identified in the Scoping Report. It looked in detail at the likely environmental impacts of development on each site, and whether these could be mitigated; discussed the sustainability of sites, in terms of access to services and facilities; and discussed the likely effect upon traffic levels. It identified a shortlist of five sites and eliminated three others (and some parts of those that were shortlisted) from further consideration.
22. The Stage 3 report brings together the work in the other two assessments including Sustainability Appraisal. As we now know the quantum of development required in Durham City it then identifies the preferred strategic sites that are needed to meet this requirement. The preferred sites, which we believe are the most suitable for development are:
- Sniperley Park
 - North of the Arnison Centre
 - Sherburn Road
23. The following sites are not required to meet the housing requirement for Durham City:
- Sherburn Grange: Although this site is relatively close to the existing urban area and facilities and services it would be relatively self contained and not relate well to adjoin housing and facilities primarily due to the severance affect of the A1. Because of the size of the site, its development would lead to a significant increase in traffic on already congested routes with no easy means of mitigation. Unless carefully considered, development here could also lead to the coalescence of Durham City and Sherburn Village.
 - Merryoaks: Although relatively close to existing urban area there are currently few local facilities in the immediate area. Its development would also lead to transport impacts without a new junction onto the A167. Now that the site is being considered separately to the Mount Oswald site it is now too small to be considered as a strategic site and has therefore been removed from the Green Belt assessment process and instead considered as a potential housing allocation.

Affordable Housing and CIL Development Viability Study (AH&CIL VS)

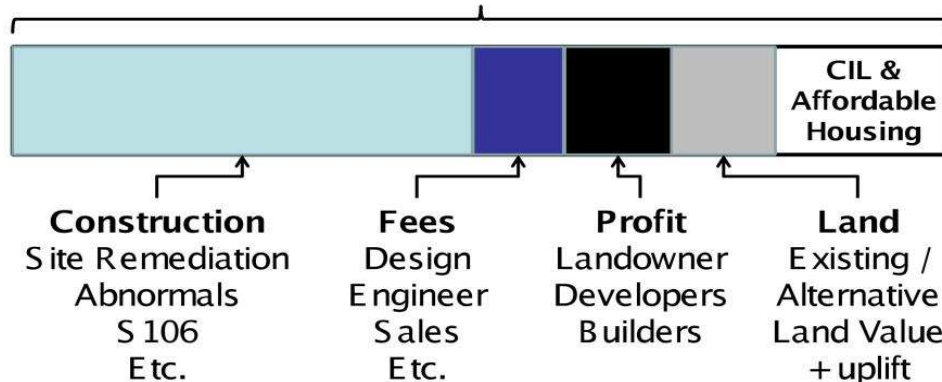
24. This Study provides evidence on the financial viability implications of introducing a Community Infrastructure Levy (CIL) and Affordable Housing targets as part of the County Durham Plan. Proposed CIL rates are set out in the CIL Rationale & Preliminary Charging Schedule that was approved by Cabinet in July and the Affordable Housing Targets are set

out in Policy 31 of the County Durham Plan that was also approved at Cabinet.

25. The amount of CIL or affordable housing requested from developers is justified by the viability evidence contained in the AH&CIL VS, principally using site appraisals for different types of development such as housing or retail. The viability work is based on a number of modelled test sites based around County Durham for both residential and commercial uses. The test sites have had a number of assumptions on costs and revenues applied to them.
26. The viability analysis is based on a residual land valuation methodology that is commonly used by developers to work out how much they can afford to pay for a plot of land before developing the land. Once the land value is calculated, the AH&CIL VS sets out how much 'Additional (or super) Profit' is left over once land price, construction, fees, finance and developers profit have been deducted from the Gross Development Value of the site. This is illustrated in the figure below.

Additional Profit

Gross Development Value
All income from a Scheme



27. The detailed evidence in the AH&CIL VS shows that there is sufficient Additional Profit in the test sites for the following affordable housing targets in the following areas:
 - North Durham 15%
 - South Durham 15%
 - West Durham 25%
 - Central Durham 20%
 - East Durham 10%
28. The viability evidence also indicates that there is enough additional profit to justify a CIL charge. The three areas that will carry a CIL charge are; a Strategic Zone to the north west of Durham City which includes the

proposed strategic housing sites of Sniperley Park and North of Arnison; a zone for Durham City area and Chester-le-Street; and a zone of the rest of the County.

29. The different charging rates for each type of development in each zone relate to the viability in that area and are shown in the table below. These rates were approved by Cabinet in July.

Type of development	CIL rate		
	Durham City Strategic Zone	Durham and Chester-le-Street	Rest of County Durham
Residential Development	£250/m ²	£80/m ²	£15/m ²
Large food retail - 1000 m ² or above	£200/m ²	£200/m ²	£200/m ²
All other A class development (shops and similar establishments; financial and professional services; food and drink (classes A3-5))	£0	£0	£0
All B class development (business, industry, storage and distribution)	£0	£0	£0
Hotels	£200/m ²	£200/m ²	£200/m ²
Student Accommodation	£50/m ²	£50/m ²	£50/m ²

30. Before the County Durham Plan and the Draft charging Schedule is submitted for Examination, the viability work will need to be altered to take account of representations received in the forthcoming consultation and extended to cover the housing allocations and other policies in the County Durham Plan that place a financial burden on development.

Water Cycle Study

31. A key component of the Infrastructure Delivery Plan (IDP) is the evidence contained in the Water Cycle Study (WCS). The WCS assesses the potential impacts of growth on:
- Water supply;
 - Sewerage Treatment Works (STW's);
 - Water quality; and
 - Surface water flooding (Surface Water Management Plan).
32. There are three key organisations involved in water management in County Durham, Northumbria Water Ltd, DCC and the Environment Agency. The WCS is the process that brings the partners together to combine all the available knowledge and information. This partnership has helped identify potential issues between growth proposals, existing infrastructure and environmental requirements as well as identifying potential solutions to address them.

33. The Study concludes that flood risk, water supply and water quality are not likely to present an insurmountable barrier to future development. However, they all need to be taken into consideration prior to development. The key issue relating to strategic planning is the timing of investment in Sewage Treatment Works (STWs). The Water Cycle Study identifies 17 STW's in County Durham that are close to capacity and will require investment in the plan period. Of particular importance to our growth aspirations, is the timely investment in STW's in Durham City and Newton Aycliffe. This information has been used to inform the phasing of housing allocations in the Plan.

Green Infrastructure Strategy

34. The term 'green infrastructure' is used to refer to green spaces in and around towns and villages and in the open countryside. It fulfils a range of functions: providing venues for access and recreation; producing food; supporting biodiversity; supporting the economy; producing energy; supporting healthy lifestyles; helping to define the character of the landscape; improving the environment of our towns and villages; and managing water resources.
35. It is important to emphasise that the purpose of green infrastructure is to enhance development and not to impose an undue burden on developers thereby acting as a barrier to development. As a result the Green Infrastructure Strategy:
- Allows for more effective co-ordination in the planning of settlements, ensuring that new development can come forward and deliver benefits where they are needed, ensuring that GI does not act as a barrier to new development;
 - Identifies which elements of green infrastructure are significant and should be protected
 - Identifies where there are shortages in particular types of green infrastructure – for example, which settlements have insufficient parks and play areas;
 - Identifies the best opportunities for green infrastructure and creation – where investment could have the greatest beneficial effect or where resources should be focused;
 - Acts as a basis for planning policy on green infrastructure in the context of new development – showing how new development can include sufficient good-quality green spaces and other GI features; and
 - Provides a framework to access funding.
36. The Strategy's findings are arranged thematically and spatially. Thematic priorities include, as an example, ensuring that all residents have access to adequate good-quality public open space. Spatial priorities include, for example, ensuring that the Strategic Housing Sites proposed around Durham City include adequate green infrastructure.

37. The GI strategy's main priorities have been translated into planning policies, within the County Durham Plan, which protect existing GI and require new GI to be created in association with new development. It will also give rise to a series of locally-specific GI Implementation Plans, one for each AAP area. These Plans will take into account the work and aspirations of the Council and its partner organisations, together with the priorities identified in the Strategy, and will set out suites of projects to deliver the recommendations of the GI Strategy at a local level.

Consultation

38. Although not subject to specific consultation these documents support specific aspects of the County Durham Plan and the CIL Preliminary Charging Schedule and can therefore be commented on as part of the consultation being undertaken between 10 September and 2 November 2012. In addition, copies of the SHMA and the Affordable Housing and CIL Development Viability Study have been circulated to stakeholders for specific comment during August.

Recommendation

39. Cabinet is recommended to agree the following evidence based documents:
- Settlement Study;
 - Strategic Housing Market Assessment
 - Durham Green Belt Phase 3;
 - Affordable Housing and CIL Development Viability Study;
 - Water Cycle Study; and
 - Green Infrastructure Strategy.

Background Papers:

Strategic Housing Market Assessment (2012)
Durham Green Belt Phase 3 (2012)
Affordable Housing and CIL Development Viability Study (2012)
Water Cycle Study (2012)
Settlement Study (2012)
Green Infrastructure Strategy (2012)

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Appendix 1: Implications

Finance – None.

Staffing – None.

Equality and Diversity – Equality and Diversity has been an integral part of policy development in the County Durham Plan and its evidence.

Risk - None.

Accommodation – None.

Crime and Disorder – None.

Human Rights – None.

Consultation – Although not subject to specific consultation these documents support specific aspects of the County Durham Plan and the CIL Preliminary Charging Schedule and can therefore be commented on as part of the consultation being undertaken between 10 September and 2 November 2012.

Procurement – None.

Disability Discrimination Act – None.

Legal Implications – None.