



Report to Stockton-on-Tees Borough Council

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Date: 3rd February 2010

PLANNING AND COMPULSORY PURCHASE ACT 2004

SECTION 20

REPORT ON THE EXAMINATION INTO THE STOCKTON-ON-TEES

CORE STRATEGY

DEVELOPMENT PLAN DOCUMENT

Document submitted for examination on 27 May 2009

Examination hearings held between 22 September and 2 October 2009

File Ref: LDF000829

1 Introduction and Overall Conclusion

- 1.1 Under the terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004, the purpose of the independent examination of a development plan document (DPD) is to determine:
 - (a) whether it satisfies the requirements of s19 and s24(1) of the 2004 Act, the regulations under s17(7), and any regulations under s36 relating to the preparation of the document
 - (b) whether it is sound.
- 1.2 This report contains my assessment of the Stockton-on-Tees Core Strategy DPD (the DPD) in terms of the above matters, along with my recommendations and the reasons for them, as required by s20(7) of the 2004 Act.
- 1.3 I am satisfied that the DPD meets the requirements of the Act and Regulations. My role is also to consider the soundness of the submitted DPD against the advice set out in PPS12 paragraphs 4.51-4.52. In line with national policy, the starting point for the examination is the assumption that the local authority has submitted what it considers to be a sound plan. The changes I have specified in this binding report are made only where there is a clear need to amend the document in the light of the legal requirements and/or make the document sound in accordance with PPS12.
- 1.4 None of these changes should materially alter the substance of the overall plan and its policies, or undermine the sustainability appraisal and participatory processes already undertaken – indeed the majority of them have been advertised and been the subject of sustainability appraisal. These changes are set out in the Addendum of Significant Proposed Changes attached as Addendum 1 to this report. All such significant changes are referred to thus [PC37] in this report.
- 1.5 Originally, at my instigation, this addendum contained a number of changes which I now consider fall into the category of minor changes in that they simply correct, clarify and update parts of the text. These are included at Schedule 1 to this report. Other minor changes put forward by the Council are included at Schedule 2. All minor changes are dealt with in paragraph 4.1 of this report.
- 1.6 My report firstly considers the legal requirements, and then deals with the relevant matters and issues considered during the examination in terms of justification, effectiveness and consistency with national policy. My report deals solely with the main matters and issues identified at the Pre Hearing Meeting.
- 1.7 My overall conclusion is that the DPD is sound, provided it is changed in the ways specified. The principal changes which are required are, in summary:**

- a) to make clear that affordable housing policy is to be interpreted flexibly in response to changing market conditions;*
- b) to ensure that in safeguarding land for the chemical industry adequate information will be in place to safeguard the integrity of the Teesmouth and Cleveland Coast SPA and Ramsar site;*
- c) To ensure that the retail policy is consistent with national policy.*

The report sets out all the detailed changes required, including those suggested by the Council, to ensure that the plan meets the legal requirements and is sound. All recommendations are prefixed thus; **R1**. All references to core documents are shown thus (CD0027).

2 Legal Requirements

- 2.1 The DPD is contained within the Council's Local Development Scheme (LDS), the updated version being approved in March 2009. I am satisfied that the content and timing of the DPD is generally in accordance with the LDS.
- 2.2 The Council's Statement of Community Involvement (SCI) has been found sound by the Secretary of State and was formally adopted by the Council before the examination hearings were taking place. It is evident from the documents submitted by the Council, including the Regulation 30(d) and 30(e) Statements and its Self Assessment Paper, that the Council has met the requirements as set out in the Regulations.
- 2.3 Alongside the preparation of the DPD it is evident that the Council has carried out a parallel process of sustainability appraisal.
- 2.4 In accordance with the Habitats Directive, I am satisfied that an Appropriate Assessment (or Habitats Regulation Assessment as it is called in the DPD) has been undertaken and that there would be no significant harm to the conservation of the Teesmouth and Cleveland Coast Special Protection Area and Ramsar site (SPA/Ramsar) as a result of the policies and proposals within this DPD.
- 2.5 I am satisfied that the DPD has regard to national policy.
- 2.6 The North East Assembly has indicated that the DPD is in general conformity with the approved Regional Spatial Strategy (RSS) and I am satisfied that it is in general conformity.
- 2.7 I am satisfied that the DPD has had regard to the sustainable community strategy for the area.
- 2.8 I am satisfied that the DPD complies with the specific requirements of the 2004 Regulations (as amended) including the requirements in relation to publication of the prescribed documents; availability of

them for Inspection and local advertisement; notification of DPD bodies and provision of a list of superseded saved policies.

- 2.9 Accordingly, I am satisfied that the legal requirements have all been satisfied.

3 Justified, Effective and Consistent with National Policy

Introduction

- 3.1 The main matters focussed on in this examination are the delivery of housing, the distribution of housing, the approach taken to development at Wynyard, affordable housing, employment and environmental protection, regeneration and flooding, transport, retail, Durham Tees Valley Airport, sustainable living and climate change and the definition of previously developed land.
- 3.2 These matters gave rise to a number of issues which are dealt with below.

Delivery of Housing.

Issue 1.

Policy CS7 (2) states that no additional housing allocations will come forward before 2016 as the RSS allocation has been met through existing housing permissions. Is there robust evidence to indicate that sufficient developable and deliverable sites with planning permission exist to support this aspect of policy?

Differing Estimates of Housing Delivery

- 3.3 There is a fundamental disagreement between the Council and representors about the number of houses that are likely to be delivered from sites with planning permission, the rate at which they will be delivered and the type of houses they will deliver.
- 3.4 The Council and various representors have each carried out careful assessments of the sites with planning permission and each of these assessments has resulted in different conclusions. To an extent this is not surprising. Such assessments involve a degree of judgement and as one representor put it at the hearing sessions 'In the black arts of housing numbers the only certainty is that predictions are uncertain.'
- 3.5 However, in this instance the difference between these various assessments is significant with the Council estimating through its Strategic Housing Land Availability Assessment (SHLAA) and its housing trajectory that over the period to 2016 sites with planning permission will deliver some 961 houses above the RSS requirement while representors consider that the same sites over the same period will deliver some 746 houses less than the requirement (CD0274, Table 1).

Reasons for the Differing Estimates

- 3.6 It emerged at the hearing sessions that the principal reason for this significant difference was that representors took a more cautious market view than the Council as to when development will start and how many houses will be completed on a number of sites.

The Basis for the Differing Market Views

- 3.7 It was pointed out that for 50% of the sites in the Council's housing trajectory the predicted numbers of houses to be built were based on estimates made by the Council itself rather than on delivery schedules provided by the developers of those sites.
- 3.8 The Council confirmed that this was factually correct but pointed out that it only relied on its own estimate for a site when it had received no response to its request for information from the developer of that site. Moreover, the response rate from developers was higher for larger sites than for smaller sites, as a result some 69% of the of the projected number of housing completions in the housing trajectory were based on information from the developers of the sites in question (CD 0254).
- 3.9 To my mind this indicates that the Council did not seek to substitute its own judgement for that of those operating in the market when compiling its housing trajectory. It has consulted widely and, where that information has been provided, it has based its estimates on information provided by developers.
- 3.10 On this basis I see no reason why the market view taken by representors should be preferred to that of the Council and I consider the Council's SHLAA and housing trajectory to be robust.

Large sites

- 3.11 The point was made by representors that some 50% of committed housing capacity is concentrated in 5 large sites at North Shore, Allens West, Land off Norton Road, the Hardwick redevelopment and Ingleby Barwick. This would be a concern if there was evidence to indicate that these sites would not deliver dwellings as estimated by the Council.
- 3.12 However, as established above, the Council's estimates are, to a large extent, based on evidence obtained from the developers of just such large sites as this. I regard this information as being robust and do not, therefore, consider that the Council's housing figures can be regarded as being over reliant on a limited number of large sites which are unlikely to be developed as predicted.

Apartments

- 3.13 A high percentage of existing planning permissions (42%) in the Core Area are for apartments. Representors took the view that these were unlikely to be built both because there has been a collapse in the buy to let market and because building apartments is a riskier business than building houses as they involve more

'work in progress' – that is the whole block needs to be completed before an apartment can be sold.

- 3.14 This view received some support from developers at the hearing sessions. However, the Council has confirmed that on the three main sites where permitted schemes include apartments and which have been, or were at the time of the hearings in the process of being, renegotiated (North Shore, Boathouse Lane and Ashmore House) this has not led to significant reductions in the numbers of apartments (CD0280 & CD0255).
- 3.15 This provides evidence in support of the proposition that, whatever the position nationally, the market is willing to support the delivery of a level of apartments in Stockton. I do not consider, therefore, that the Council's estimates of the number and rate at which dwellings will be built are over reliant on a supply of apartments that in practice will not be delivered.

Sites Without Planning Permission

- 3.16 Representors argue, logically enough, that sites without an extant planning permission should not be treated as housing commitments. In support of this they point out that Policy CS7 states that no additional housing allocations will come forward before 2016. The Council, on the other hand, takes the view that if the principle of development has been established - for example where an outline planning permission has lapsed but there is no reason to suppose that it will not be renewed or where a site is part of an ongoing scheme that is under way - then it should be treated as a commitment.
- 3.17 To my mind this is a situation where common sense should apply and if it is clear that the principle of residential development on a site has been established then it is right that it should be assessed as a commitment. It was not disputed at the hearing sessions that such a principle had been established in relation to sites at Mandale Phase 3, Parkfield Phase 2 and Sandhill Ingleby Barwick and I consider that the Council is justified in including these in its list of commitments to be assessed.

Type of Housing

- 3.18 Representors point to the fact that some 53% of housing commitments in the borough are either apartments or terraced dwellings. They consider that this fails to deliver the diverse range of housing types that is required. In their view the lack of detached housing at the upper end of the market (variously referred to as executive housing and aspirational housing) contributes to low demand in the area and fuels two trends, both of which the RSS is committed to reversing; these are out migration from the Borough to the south and to the west into North Yorkshire and the increase in commuting distances.

- 3.19 However, the supply of committed housing sites is not devoid of dwellings at the higher end of the market. This supply includes sites in areas such as Yarm, Eaglescliffe, Ingleby Barwick which would be suitable for family homes, indeed the Sandhill development at Ingleby Barwick will provide 150 executive homes.
- 3.20 Moreover, it is by no means clear that the solution to this problem suggested by representors, which is to make more sites available in the rural area, would be appropriate. I share the Council's view that while such sites would be attractive to the market, the creation of enclaves of executive housing in peripheral locations would not be consistent with the aim of promoting inclusive, cohesive and sustainable communities.
- 3.21 What is more, it is by no means certain that the provision of executive or aspirational homes in the rural area would effectively address all the problems of migration in the area. While it could have some beneficial effect on out migration and on reducing commuting distances, it could also encourage migration from Middlesbrough into Stockton Borough. In the past the presence of developments such as Ingleby Barwick have been a factor in encouraging such migration.
- 3.22 If Middlesbrough is to retain its population base, the trend in such migration within the sub region is a challenge that needs to be addressed, a point made in the Strategic Housing Market Assessment (CD0099, paragraph 5.20). It does not appear that the provision of more sites for executive or aspirational housing in peripheral locations in the rural area would meet this end.
- 3.23 Given the fact that the existing supply of housing commitments in the Borough does contain a reasonable range of housing types, including family housing and executive housing and given that the identification of more sites suitable for such housing will not necessarily address the problems associated with all the migration trends in the area, I am satisfied that the DPD will deliver a suitably diverse range of housing types in the period to 2016.

Conclusions

- 3.24 In essence the disagreement at the heart of this issue comes down to a matter of judgement. The representors, having carried out their assessments - assessments that are no less thorough and competent than that of the Council - have arrived at a different and more cautious market view as to the number of houses to be delivered and the rate of delivery. To my mind this is a situation in which there is an honest difference of professional opinion in an area which is fertile ground for such differences.
- 3.25 A degree of caution, as urged by the representors, is no doubt sensible in current market conditions and developers at the hearings confirmed that they were still nervous about the prospects

of selling housing and that while they would be developing sites, they would do so gradually starting with smaller units.

- 3.26 However, any assessment is only a snap shot of a rapidly changing situation. Even since these various assessments were carried out in Spring 2009 events have moved on, planning applications have been submitted, starts have been made on sites and the expected yields of some sites have increased or reduced. Market conditions will continue to change and the expectation is that they will improve gradually.
- 3.27 The evidence is that the Council's estimates have drawn, to a significant degree, on information obtained from the developers of the sites in question, that they are not over reliant on a limited number of large sites which are unlikely to be delivered and that insofar as apartments are concerned they do not rely on a source of supply which is unlikely to be built in practice.
- 3.28 I do not doubt that delivering these houses in practice will be a demanding task particularly as it will involve an increase in the annual house building rate when the trend is for this to decrease. However, I note that the Council estimates that figures well in excess of the RSS requirement will be achieved; there is therefore some margin for error. The DPD will also be monitored regularly so there will be the opportunity to take corrective action should this be necessary – this is something that will be discussed when considering the next issue.
- 3.29 On this particular issue however I am satisfied that there is robust evidence to indicate that sufficient deliverable and developable sites will come forward before 2016 to meet the RSS allocation.

Conclusions

- 3.30 I conclude, therefore, that this aspect of the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Delivery of Housing.

Issue 2.

Policy CS7 (2) indicates that the supply of housing land will be kept under review following the principles of 'plan, monitor manage'. How would the situation be managed if sufficient sites do not come forward to maintain a 5 year supply of housing land?

The Regeneration DPD as a Delivery Mechanism

- 3.31 The Council's position is that if sufficient sites are not brought forward to maintain a 5 year supply of deliverable land then it will bring forward housing allocations that will have been made in its Regeneration DPD. If that does not prove to be possible then it will seek to identify other sites in the Core Area and conurbation and undertake a partial review of the Regeneration DPD if necessary.

- 3.32 This appears to be a sensible approach. The intention is that the Regeneration DPD will be adopted in late 2011. Even allowing for some slippage this plan should have identified housing sites well before 2016 and some of these could be candidates to be brought forward in the delivery programme. I am satisfied, therefore, that a delivery mechanism exists whereby additional sites could be brought forward should they be required.

The Deliverability/Developability of Sites

- 3.33 Aside from the question of the delivery mechanism, representors have two major concerns about this approach. Firstly, they are concerned that many sites in the Core Area and conurbation that are identified in the SHLAA and which are likely to be allocated for housing in the Regeneration DPD are not in fact deliverable or developable.
- 3.34 To an extent this goes back to the point discussed in the previous issue about the robustness of the Council's evidence base, particularly its SHLAA. For the reasons set out there I consider that this is a robust piece of evidence and representors confirmed at the hearing sessions that they did not consider that there were any systemic flaws in the way the SHLAA had been prepared.
- 3.35 Moreover, I can see no evidence to support the suspicion expressed by representors that the Council may have given the benefit of the doubt to sites in the Core Area and conurbation when the deliverability/developability of these was being assessed. The sites in question, as the Council freely admits, are difficult sites and will involve the investment of public money, a commodity that may be in short supply in the future. However, for reasons that I will set out fully when considering the distribution of housing (see paragraphs 3.66-3.67), there are powerful planning reasons why they should be developed and there are no overriding reasons why they cannot be developed.
- 3.36 The second point raised by representors is that by concentrating in the Core Area and conurbation to the exclusion of all else, the DPD lacks flexibility and ignores sites in the rural area where a more diverse range of sites could be provided. Again this is a matter that has been discussed in the previous issue and will be discussed subsequently when considering the distribution of housing. For the reasons set out there I consider that the DPD is capable of delivering an adequate range of housing.

Conclusions

- 3.37 I conclude, therefore, that the proposals to monitor and manage the DPD are workable and robust and that in this respect the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Delivery of Housing.

Issue 3.

How will any planning applications for housing which may come forward in the period up to 2016, either for new sites or for the renewal of planning permission on existing sites, be dealt with?

3.38 The gist of the Council's position on this issue is that if before 2016 a planning application were to be made for housing development and it was consistent with DPD principles as set out in Policy CS1 then, assuming it is acceptable in other respects, it would be granted planning permission. If it was not consistent with those principles then planning permission would be refused.

3.39 This approach is in line with advice in PPS3 (paragraph 69) to the effect that in such circumstances planning applications should reflect the spatial vision for the area and should not undermine wider policy objectives such as housing market renewal.

Conclusions

3.40 I conclude, therefore, that this aspect of the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Delivery of Housing.

Issue 4.

Will the Tees Valley Growth Point Programme of Development lead to an acceleration in the rate of housing delivery as envisaged in the Publication Version of the DPD (paragraph 12.19). If not how will the funding associated with that programme be used and what effect will it have on housing delivery?

Should the target housing figures in the DPD be increased?

3.41 As a result of the evidence submitted in connection with the hearing sessions of the Examination it became apparent that there was a fundamental disagreement between the Council and representors as to the relationship between the housing figures in the RSS, the DPD and in the Tees Valley Growth Point (the Growth Point).

3.42 It is not in dispute that the housing figures set out in the DPD meet the requirements of the RSS. The representors argue that the DPD should add 20% on top of those figures for the period 2009/10 to 2016/17 to take account of the Growth Point. Their view, put simply, is that if the Council wants to take the benefit of additional funding then it must accept the burden of making additional sites available.

3.43 The Council; the Association of North East Councils (ANEC) - who are the Regional Planning Body; One North East - who it is proposed will become the Regional Planning Body in conjunction with ANEC; and Tees Valley Living (TVL) - the body responsible for making the bid for Growth Point status and for delivering the

Growth Point Programme of Development, were unanimous in their rejection of this argument.

- 3.44 TVL made it clear that it considered the discussion of housing targets to be something of a red herring. The role of TVL was to accelerate the delivery of key brownfield regeneration sites rather than to increase overall housing targets.
- 3.45 Its position was that in order to be eligible for growth point status it had to demonstrate a 20% uplift over a baseline housing figure. It chose to do this by selecting as a baseline the figure contained in the RSS Panel Report of May 2006 as this was the most credible available figure at that time. This gave a Tees Valley annual baseline figure of 2,224 dwellings which with 20% added gives 2,670 dwellings per annum.
- 3.46 TVL went on to make a further significant point, this being that the target figure for the Tees Valley was never apportioned between various authorities so it is not a straightforward matter to derive a figure for Stockton Borough.
- 3.47 One North East has confirmed that in preparing the RSS, the targets of the Growth Point - and other growth points in the region - were assessed. However, as it also points out, the Growth Point initiative is a separate process from the RSS, the two cover different time periods and comparing and bringing together these two markedly different documents is very difficult. I agree with this.
- 3.48 I acknowledge, as pointed out by representors, that different Secretaries of State at different times have, in ministerial answers and in press releases, referred to growth points increasing housing supply – indeed reference has been made to councils pledging to increase the number of homes in their area. Moreover those Secretaries of State have noted that it is for the RSS to determine the scale and distribution of new housing provision and that specific allocations must be decided through the LDF system. (CD0293 paragraph 3.5 and CD0294 paragraph B4).
- 3.49 However, such statements fall well short of indicating that housing targets in the RSS or in any subsequent LDFs should be increased to take account of Growth Point targets.
- 3.50 The housing figures in the RSS are not to be treated as ceilings and it would, therefore, have been open to the Council to make the case for higher figures if it considered this to be appropriate. Indeed this is something the Council proposed to do at the Preferred Options Stage of the DPD when it sought to include a 20% flexibility allowance over and above the RSS requirements in its housing figures over the whole plan period.

- 3.51 However, this caused both Middlesbrough and Redcar and Cleveland to express their concern about the effect that this 'flexibility allowance' would have on achieving their housing targets.
- 3.52 While on the face of it bringing together the housing figures in the Growth Point and the RSS and applying them to Stockton Borough may seem to be a straightforward exercise, the evidence before me demonstrates that this is not the case. Moreover, there is no conclusive evidence to indicate that the intention ever was that the figures in the RSS and DPD should be increased to take account of the Growth Point.
- 3.53 Even if that had been the intention it would not, in the event, have been a simple matter of adding 20% to the RSS targets. This is because, as will be discussed subsequently, not all of the anticipated funding associated with the Growth Point has been made available.
- 3.54 I take the view, therefore, that there is no requirement that the DPD should in effect add 20% to its housing figures to take account of the Growth Point and, what is more, there is no guarantee that if this were done that it would not hinder the attempts of the Council's neighbours to achieve their own housing targets.
- 3.55 In coming to this point of view I note that none of the representors depended on this point to make their case that the DPD would fail to provide sufficient houses in the plan period. In their opinion their arguments on this point were valid whether or not 20% was added to the housing figures in the DPD.

The Growth Point and Accelerated Delivery

- 3.56 Since the publication version of the DPD was issued events have moved on. At that time it was assumed that if the bid for growth point funding was successful it would result in an accelerated rate of delivery. Since then, while the bid for growth point funding for the first two years of the programme was successful, that funding has been cut by 25% and transferred into the Kickstart Housing Delivery Programme. Moreover, the scale and depth of the downturn in the housing market has become more apparent.
- 3.57 The impact of the Growth Point/Kickstart programmes on the rate of delivery of housing is dependent on market conditions. These programmes alone do not provide a solution to the current market downturn. The Growth Point funding proposals always aimed to create conditions where house building could proceed at a faster rate in favourable market conditions. These conditions do not exist at present.
- 3.58 Consequently the submitted version of the DPD takes a more cautious approach in stating in Policy CS7(5) that the Growth Point may, rather than will, lead to the accelerated delivery of housing. Given the reduced levels of funding and current market conditions I

consider this to be a reasonable approach which reflects the reality of the situation.

The effect of Growth Point/Kickstart Funding

- 3.59 The transfer of Growth Point funding into the Kickstart programme means that some sites which were not included in the original programme of development will be able to benefit from loans, the purpose of which is to act as a catalyst for the delivery of these sites. When these are repaid the original sites will receive funding loans.
- 3.60 The aim is to take some of the risk out of development schemes, to promote construction on sites where it has stalled and on other sites to finance matters such as design work and site assembly to ensure that they are in the best position to accelerate delivery when the market starts to recover. Again this appears to be to be a reasonable approach which reflects the reality of the situation.

Conclusions

- 3.61 I conclude that the references to the Growth Point in the DPD are justified and effective and that there is no need either to increase housing targets in the DPD to reflect Growth Point targets nor to state categorically that Growth Point targets will be met. No changes are necessary to make this aspect of the DPD sound.

Distribution of Housing.

Issue 1.

Policies CS1 and CS7 focus future housing provision in the Core Area and the conurbation. What are the advantages and disadvantages of this?

Issue 2.

Would there be benefits in identifying further land for future housing outside the Core Area and the conurbation to improve the sustainability of existing development, or to diversify the type of housing that would be provided or to provide alternative sites should the Core Area and the conurbation not deliver the anticipated number of houses?

- 3.62 It has been established, when considering the delivery of houses, that in the period to 2016 the DPD will rely on existing planning permissions for the supply of housing and that these planning permissions are spread across the Borough. Thereafter it will focus housing development exclusively on the Core Area and the conurbation with increasing emphasis on the former as the plan progresses.
- 3.63 It is not disputed that it is right for the DPD to focus housing development in the Core Area and conurbation not least because this approach is consistent with the RSS, it is consistent with the aims of neighbouring Councils and it builds on the work done in a wide range of plans, studies and initiatives, including the Stockton Middlesbrough Initiative - one of Europe's largest regeneration projects.

- 3.64 What representors are concerned about is not the principle of focussing housing development in the Core Area and conurbation but the extent to which this would be done and the fact that development in the rural area would be ruled out.

Advantages and Disadvantages

- 3.65 Stockton Borough has an abundance of unused and under used land much of it focussed within the river corridor. A combination of industrial decline and 40 years of peripheral housing growth has, to borrow a phrase used at the hearing sessions, hollowed out the core of Stockton.
- 3.66 Concentrating development in the Core Area and conurbation would offer the opportunity to upgrade the bleak environment of large parts of the river corridor and make the most of what is potentially the Borough's greatest urban asset. It would make effective use of brownfield land and reduce the need to release greenfield land. Mixed use developments on central sites would improve accessibility to services and jobs, would help to maintain the viability of Stockton Town Centre, would maximise the use of public transport, would encourage walking and cycling and thus have a beneficial effect on the health of the Borough's residents and would assist in the process of upgrading education provision.
- 3.67 There is, in other words, a powerful set of advantages associated with the approach to the distribution of housing proposed in the DPD and there was no substantial evidence to indicate that sites in the Core Area and conurbation faced insurmountable obstacles that would prevent their development.
- 3.68 Of course such an approach would not be without difficulties. The Council candidly accepts that there are only a limited number of deliverable/developable sites in the Core Area and conurbation and that these will be difficult sites to develop. Parts of some of these sites are at risk from flooding while the impact of developing other sites on the strategic highway network will need to be carefully managed – points dealt with in more detail in the sections on flooding and transport. Moreover, they are not in areas that would be most attractive to the housing market.

Identifying Land Outside the Core Area/conurbation

- 3.69 The fact that these disadvantages exist prompts the question of whether there would be any benefits in identifying land for future housing outside the Core Area and conurbation. One of the advantages of such an approach, as identified by representors, is that it would help to improve the sustainability of existing sites. This is something that will be dealt with subsequently when dealing with the matter of Wynyard.

Variety of Sites

- 3.70 It is made clear in the DPD that in the Core Area the focus will be on town houses and other high density properties. This, the representors argue, would simply create more areas of low value housing to compete with those that already exist and are planned. It would not provide houses at the upper end of the market. The result, they consider, would be that those seeking houses at the upper end of the market would migrate out of the area.
- 3.71 The Council accepts that over the last 40 years or so the affluent population has moved out from the centre of the conurbation towards the periphery. It also acknowledges that sites in the Core Area can have a bad image. However, it argues that perceptions of sites are not set in stone, they can be changed and they point to the example of Mandale Park where just such a change in perception is taking place and where detached 4 bedroom houses are being developed.
- 3.72 To my mind the majority of the sites in the Core Area which are likely to be developed are large enough to create their own image and many of them are capable of attracting a wide cross section of buyers.
- 3.73 I take the points made by representors that in current market conditions developers will start cautiously and build smaller units first and it may well be that on some sites there will be a limit to what can be achieved in terms of providing choice at the very highest end of the market.
- 3.74 However, as has already been established, the Borough is not devoid of existing and proposed executive housing. Moreover, executive housing is only a small segment of the market. I do not consider that the need to provide such houses should be allowed to drive the strategy of distributing housing in the DPD.
- 3.75 I consider that the range of sites in the Core Area and the conurbation that are likely to be allocated for housing in the Regeneration DPD are capable of supporting a wide variety of housing, including family housing, albeit that this will be at a relatively high density. The recent decision to permit a scheme for housing at North Shore which includes up to 350 2/3 storey houses supports this view as does the statement made by representors at the hearing sessions to the effect that they would not shy away from providing a range of houses on central sites and this would include family housing and executive housing.
- 3.76 I do not, therefore, consider that the focus on the Core Area and the conurbation will lead to a restricted or inadequate variety of dwelling types.

Provision of alternative sites

- 3.77 When considering the advisability of making some form of housing provision in the rural area the Council and representors start from different positions. The Council consider that there is simply no need to do this as the DPD will deliver an adequate number and variety of housing. The representors disagree. The reasons for this disagreement have already been rehearsed.
- 3.78 The representors position is that at some point a shortfall in housing supply will manifest itself and when it does the DPD will have ruled out the possibility of looking for additional sites in the rural area. It will, therefore, be limited to identifying other difficult sites that would be unattractive to the market, a process that would be slowed to the extent that it relied on a review of the Regeneration DPD.
- 3.79 Far better, say the representors, to build in the possibility of making sites available in the rural area to remedy any shortfall in housing supply.
- 3.80 Mention was made at the hearing sessions of the 'carrot' and 'stick' with the 'carrot' being public investment and the 'stick' being the restricted choice of sites. Those with a long memory of Stockton argued that the 'stick' had not worked at Ingleby Barwick as this site had developed slower than planned even though the choice of alternative sites had been curtailed. The point was also made that the 'carrot' of public investment could not necessarily be relied on in the coming period of austerity.
- 3.81 These arguments are not without their merit. However, as has already been established, there are a powerful set of advantages to concentrating housing development on sites in the Core Area and conurbation. Clearly these will be difficult sites to develop but, to my mind, this does not mean that the DPD should ensure that there is a supply of less difficult sites on hand. This would tend to tempt development away from the Core Area and conurbation.
- 3.82 In other words if the 'stick' were to be weakened and the supply of housing sites were not restricted then the likelihood of the sites in the Core Area and conurbation being developed in the anticipated time frame would be reduced. This is borne out by representors at the hearing sessions who likened house building to a horse race and stated that in the current climate developers would always back the favourite. The favourite, in this context, would be the easier site to develop.
- 3.83 Representors pointed out at the hearing sessions that they were not advocating an aggressive release of sites in the rural area and that such sites would only come forward if the sites in the Core Area and conurbation failed to deliver. It is true that in the proposed changes put forward by representors, priority would still be given to the release of sites in the Core Area and conurbation. Nonetheless

sites in the rural area would be placed firmly on the agenda as long as it could be shown that sustainable development could be achieved.

- 3.84 In the particular circumstances that exist in Stockton Borough I am satisfied that the benefits of focussing development in the Core Area and conurbation are of overriding importance. However sites in these areas will be difficult to develop and in order to ensure their delivery it will be necessary to rule out developing easier sites in the rural area. This will result in some loss of flexibility in the supply of housing land but I consider this to be a price worth paying, particularly as the Council has a credible strategy to manage the situation should sites in the Core Area and conurbation not deliver housing at the anticipated rate.
- 3.85 It is important to bear in mind that the option of concentrating development in the Core Area and conurbation is not one that has been tried and found wanting, it is an option that has yet to be tried and it is an option with impressive sustainability credentials, credentials that are largely unchallenged.
- 3.86 To my mind the overriding disadvantage of the solution proffered by representors, which is to make sites available in the rural area – be they in the villages, at the Key Employment Location (KEL) at Wynyard or in an urban extension to the west of Stockton - is that they would tend to deflect growth away from more sustainable, more central and more difficult to develop sites.

Conclusions

- 3.87 I consider, therefore, that the strategy of distributing housing set out in the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Distribution of Housing.

Issue 3.

What is the basis for allocating between 50 and 100 dwellings to Yarm and Eaglescliffe in the period 2016 to 2021? Should this figure be increased or decreased?

- 3.88 Yarm, Eaglescliffe and Preston are attractive residential areas and the allocation of houses to them is intended to give an element of balance to the strategy of distributing housing in the Borough. The amount of housing allocated in these areas has been informed by matters such as the Building Schools for the Future programme which has identified surplus land the development of which will provide funding which will help achieve the programme's aims.
- 3.89 With these points in mind and having regard to the fact that there is no substantial evidence to indicate that such a relatively modest increase in housing numbers will have an unmanageable highway impact, I do not consider that the housing allocations in these areas should be decreased.

- 3.90 When considering whether these allocations should be increased it is important to note that the housing commitments for the Borough include a scheme for 500 dwellings at Allens West in Eaglescliffe. When this is taken into account I consider that an increase in the housing allocations in this area would run the risk of unbalancing the strategy of focussing development increasingly towards the Core Area. I do not, therefore, consider that the housing allocations in these areas should be increased.

Conclusions

- 3.91 I conclude that this aspect of the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Distribution of Housing.

Issue 4.

No housing sites are to be allocated in the rural area (Policy CS7 (7)) but some provision is to be made for affordable housing (Policy CS8 (9)). To what extent is this restrictive approach to rural housing underpinned by the document entitled 'Planning the Future of Rural Villages'? (CD0103).

Issue 5.

Would the allocation of more housing in the rural area support the rural economy and help provide affordable rural housing?

Housing in the Rural Area

- 3.92 The document entitled 'Planning for the Future of Rural Villages' did not underpin the approach taken to rural housing in the DPD since it was published after that approach had been formulated, rather it is intended to assist in implementing that approach, a point the DPD now makes clear.
- 3.93 This document ranks all villages in terms of their sustainability, with Tier 1 being the most sustainable and Tier 4 the least. Planning applications for infill development will be appropriate in Tiers 1 and 2 but not 3 and 4. Similarly applications for affordable housing on rural exception sites will be directed towards more sustainable locations.
- 3.94 Representors are critical of this approach which they refer to, quoting the Taylor Report, as falling into the 'sustainability trap' whereby development is only permitted in areas that are already sustainable. They consider that the correct approach would be to ask whether development would add to or reduce sustainability.
- 3.95 It is of course the case that there is a need to create sustainable, inclusive and mixed communities in rural areas as well as in urban areas (PPS3 paragraph 9). However, in this particular area there is, for reasons that have already been established, a powerful case for concentrating development in the Core Area and the conurbation and restricting sites in the rural area.

- 3.96 Moreover, the villages in Stockton Borough are not remote, rural settlements. They are close to the urban area and function mainly as commuter suburbs. Given the proximity of these villages to shops, schools and other facilities in the conurbation I consider that it is unlikely that they could all support additional facilities even if additional housing were to act as a source of funding.
- 3.97 In this context I consider that the approach taken in the DPD of directing such housing development as will take place in the rural area towards the more sustainable villages is well founded.

Affordable Housing

- 3.98 The allocation of more housing in the rural area would undoubtedly create the opportunity to provide more affordable housing and could help support local services and facilities.
- 3.99 However, like the Council, I consider that the benefits of such an approach are outweighed by the fact that it would result in a more dispersed form of development and would deflect from what I consider to be the well founded strategy of concentrating housing on sites in the Core Area and conurbation.

Conclusions

- 3.100 I conclude that this aspect of the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Wynyard.

Issue 1.

Is the DPD sufficiently flexible to deal with the prospect of a new hospital being built at Wynyard in the adjoining borough of Hartlepool? In particular should the proposed land uses within the adjacent Key Employment Location be reviewed?

Issue 2.

How, in relation to Wynyard, will the DPD deliver the improved accessibility and transport choice referred to in Policy CS2 (1)?

Issue 3

How will the DPD meet the requirements of RSS Policy 20 for the Key Employment Location?

Issue 4.

In what way will the DPD facilitate the delivery of accelerated growth in the regional economy?

Introduction

- 3.101 Wynyard, which straddles the boundary with the neighbouring Borough of Hartlepool, is a complex conundrum. It consists of a variety of land uses, the most relevant to the Examination being an employment area located to the north of the A689 and a residential area to the south. These will be dealt with separately as they raise different but overlapping issues.

Key Employment Location

- 3.102 The employment area at Wynyard is designated as a Key Employment Location (KEL) in the RSS and is thus critical to the delivery of accelerated growth in the regional economy. Planning permissions exist for the development of those parts of the KEL that lie within Stockton Borough and it was confirmed by representors at the hearing sessions that these would not be allowed to lapse. A substantial amount of employment development within the KEL has been completed and is occupied.
- 3.103 Yet Wynyard as a whole is not in a sustainable location; it is in the rural area away from the conurbation and is not served by public transport. Moreover, proposed improvements to the Metro and to core bus routes will be of little direct benefit as they are remote from Wynyard. There are limits to what can be done to improve the sustainability of the area under the terms of the existing planning permissions.
- 3.104 What is more, even the partial implementation of existing planning permissions within the KEL will lead to unmanageable levels of traffic on the A689 and A19 – evidence at the hearing sessions indicated that between a 2% and 11% increase in employment floorspace over and above what is there now would trigger such conditions on the strategic highway network.
- 3.105 Another factor in this already complex equation is the proposal to locate a new hospital on land within Hartlepool which forms part of the KEL. Representors consider that the prospect of major new public investment of such magnitude should prompt a review of land uses within the KEL – something that the DPD does not do.
- 3.106 At the time that the hearing sessions took place no decision had been made as to whether or not planning permission was to be granted for the proposed hospital and it is not the role of this Examination to make any pronouncements on the suitability or otherwise of that proposal.
- 3.107 However, I share the Council's view that in physical and functional terms this would be a largely self contained development; visitors to a hospital would be unlikely to carry out linked trips to the KEL or Wynyard Village and if a hospital were to generate a demand for associated research and development uses this could be accommodated on the employment land in the area within the terms of existing planning permissions.
- 3.108 Representors are also of the opinion that the DPD should give the KEL more prominence and take a more pro-active approach to the delivery of sustainable development at Wynyard through an enabling policy which would require the production of a Masterplan to be prepared jointly with Hartlepool Borough Council.

- 3.109 On the face of it this would be consistent with RSS Policy 20 which stresses the need to ensure a high level of sustainability when planning KELs and indicates that detailed masterplans should be prepared through the LDF system. However, the situation at Wynyard is that planning permissions for all the KEL within Stockton Borough already exist. It would not be possible, therefore, to start with a blank sheet and prepare a masterplan from scratch.
- 3.110 What could be done, however, would be to restructure existing planning permissions in order to provide more sustainable forms of development. It became apparent at the hearing sessions that both the Council and representors were keen and willing to negotiate such a restructuring but it also became apparent that in doing so they would have radically different agendas.
- 3.111 The Council would seek to pursue such a restructuring in the context of the relevant RSS policies (particularly Policy 20) and DPD policies (particularly policies CS2 and CS3) which seek to achieve, amongst other things, high levels of public transport, a reduced reliance on the private car and zero or low carbon emissions. They would, however, only countenance employment uses on the site.
- 3.112 The representors would wish to achieve the same ends but would be seeking a mix of land uses within the KEL. In particular they would be seeking a significant amount of housing at the KEL – an illustrative figure of 58 ha was mentioned in evidence.
- 3.113 It is certainly the case that RSS Policy 20 refers to approximate areas of land and this leaves open the possibility that less employment land than is designated in the RSS may be required. It is also the case that while there is evidence that the take up of employment land at Wynyard compares favourably with take up rates elsewhere in Stockton Borough there is no evidence to suggest that all 70ha of the KEL in the Borough will be needed to deliver accelerated growth. Wynyard is the largest of the KELs designated in the region and would remain so even if the amount of designated employment land were to be markedly reduced.
- 3.114 It may also be that a mixed use scheme at the KEL could help to provide a high quality environment that would be attractive to employers; that it could help to fund the provision of better public transport and, by providing homes and jobs in close proximity, reduce the volumes of cars generated. However, relatively little in the way of substantial evidence to support these propositions was provided at the Examination. The extent to which such benefits could be provided remains, therefore, open to question.
- 3.115 There is, however, a fundamental objection to the representors' proposal for mixed use development at Wynyard. The KEL is a product of the RSS and although there are many references to the

KEL in that document none of them mention the possibility of mixed uses or housing on these sites. What is proposed by representors would, to my mind, involve a significant change in the meaning of the term KEL.

- 3.116 While it may be possible to argue that such a reshaping of the KEL designation would serve the twin aims of accelerating economic growth and achieving sustainable development I consider that this would have ramifications which would spread far wider than Stockton Borough.
- 3.117 It has already been established that the provision of housing sites in the rural area outside the Core Area and conurbation, which is what the proposal to provide housing as part of the KEL would amount to, would tend to foster out migration from Middlesbrough.
- 3.118 Any proposal for housing to form part of the KEL in Stockton Borough would also disturb the Council's current consensus with Hartlepool Borough Council (CD0155). At present both Councils take a similar approach to Wynyard where they consider any proposals should relate to existing employment permissions and that more central and sustainable urban locations are to be preferred for housing. I have set out earlier in this report when considering the distribution of housing the reasons why I agree with this approach insofar as Stockton Borough is concerned.
- 3.119 Consequently, I consider that the appropriate forum at which any significant redefinition of the term KEL should be considered would be the forthcoming review of the RSS. While there is some uncertainty as to the timing of this review it remains my opinion the KEL at Wynyard is a designation which is the product of regional considerations and any major alteration to this designation warrants discussion at a regional level.

Wynyard Village

- 3.120 The residential area, Wynyard Village, is the largest village in Stockton Borough, but all of its 750 or so houses have been built in the last 15 years and many of them consist of large executive houses arranged around a golf course. The village has only a limited range of facilities.
- 3.121 Proposals to allocate more housing land in the vicinity of the village, the golf course and further afield would of course amount to the provision of houses in the rural area. To my mind the identification of such sites, many of which are large, would deflect from the Council's central aim of directing development towards the Core Area and conurbation.
- 3.122 It was suggested that a number of these sites in the rural area could help to make Wynyard village more sustainable by funding the provision of improved local facilities including public transport and affordable housing. While that may be the case, the extent to

which additional housing provision would actually improve the sustainability of Wynyard village remains largely a matter of speculation.

Conclusions

- 3.123 I do not, therefore, consider that the possibility that planning permission may be granted for a hospital at Wynyard should be seen as a catalyst for a major reconsideration of the land uses that would be appropriate at the KEL. Nor do I consider that the DPD is the appropriate place to undertake such reconsideration, this would more appropriately be carried out as part of a review of the RSS.
- 3.124 The DPD as drafted, when read in conjunction with the RSS, clearly acknowledges the role of Wynyard as a KEL and provides a suitable policy context within which accelerated economic growth can be delivered under the terms of existing planning permissions relating to the site. Similarly the RSS and the DPD would provide the context within which existing planning permissions could be re-negotiated so as to provide more sustainable developments. That being so I do not consider that the DPD need explicitly state that a masterplan for the KEL need be prepared.
- 3.125 If the existing planning permissions relating to the KEL are not restructured then it has to be accepted that it is unlikely that the sustainability of the KEL will be significantly improved. However, while improving the sustainability of the KEL is an important objective it should not be achieved at the expense of the central aim of the DPD which is to direct development towards already sustainable locations in the Core Area and the conurbation.
- 3.126 This last point also applies to proposals to allocate housing land to the south of the A689 in the vicinity of Wynyard village. While transforming unsustainable locations into sustainable locations is an important planning objective it should not, in the context of Stockton Borough, be allowed to deflect from the strategy of directing growth towards central sites that are already in sustainable locations.
- 3.127 I conclude that this aspect of the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Affordable Housing:

Issue 1.

Are the affordable housing targets set out in Policy CS8 economically viable?

Issue 2.

How robust is the methodology employed in the report commissioned by the Council entitled Economic Viability of Affordable Housing Requirements?

Issue 3.

What is the impact of the proposed starting point for negotiations on the mix of affordable housing (80% social rent and 20% intermediate)?

Introduction

- 3.128 It is useful at the outset to make a distinction between the need for affordable housing at the target rate proposed and the viability of that target. The former was not seriously challenged at the examination but the latter was, and it is that latter aspect that I will focus on in this section of the report.
- 3.129 In drafting this section of the report I have taken into account the findings of the Technical Assessor (TA) appointed to advise on matters and issues relating to Affordable Housing (CD 0169).

Economic Viability of Affordable Housing (EVAH)

- 3.130 The EVAH (CD 0090) tests the deliverability of various levels of affordable housing for a sample of 14 sites. It uses the residual land valuation method to appraise the ability of these sites to meet the affordable housing targets set out in the DPD.
- 3.131 The residual land valuation method, involves calculating the revenue which will be generated from the development of a site and subtracting from this the cost of developing it, including the developers profit and interest. The residual sum is the price that can be paid for the land. It is a method which is widely accepted and used within the home building industry and is thus an entirely appropriate way of carrying out an economic viability assessment.
- 3.132 Nonetheless it is a method which requires an accurate assessment of a number of variables. Small changes in these variables can lead to significant changes in the outcome of the exercise. For the most part the values ascribed to the variables in the EVAH have not been questioned.
- 3.133 However, a number of these variables warrant closer examination. These are the viability benchmark; assumptions made about the availability of grant funding; the target tenure split; the decision to adopt 2007 sales values as the starting point for the assessment of viability; and, the method of calculating development profit and the level of that profit.

The Viability Benchmark

- 3.134 Having arrived at a residual land valuation it is necessary to establish whether or not this corresponds with the price at which a landowner is likely to sell. This is called the viability benchmark. One viability benchmark would be the existing use value of the land. If the residual land value exceeds this then, the theory is, the landowner is likely to sell.
- 3.135 However, this is not the approach taken in the EVAH. Rather it compares the residual land value with a 'market expectation' of

value. This is based on evidence, compiled on behalf of the Council, of land values obtained in comparable housing schemes in Stockton.

- 3.136 Such an approach is open to the criticism that land values (and landowners' expectations of land values) should be expected to adjust to planning policy rather than the policy adjusting to the landowners' expectations.
- 3.137 Against this it was argued that in Stockton Borough many landowners have no pressing need to sell their land, they need to be tempted to the market. In such a situation it may be over optimistic to assume that landowners will simply adjust their expectations downwards. If land values were driven down too quickly the supply of land could dry up with landowners electing not to sell in the short to medium term and this could jeopardise the delivery of housing growth in the Borough.
- 3.138 I consider that, if anything, the use of the concept of 'market expectation' of value will tend to underestimate the level of affordable housing that will be economically viable. This is because 'market expectation' of value will typically be higher than existing use value and will generally set a higher viability benchmark.
- 3.139 I accept that this tendency is offset to a degree by categorising schemes with a residual land value of 70-90% of the expected land value as marginally viable – something that takes into account the possibility of a downward revision in the landowners' expectation of market value. Nonetheless the market expectation approach will tend to present a worst case scenario.
- 3.140 However, whatever criticisms may be levelled at the use of the 'market expectation' of value in terms of underestimating the potential for affordable housing, the question before me is whether its use will assist in providing a robust underpinning for the target of 20% affordable housing contained in the DPD. The fact that it will tend to err on the side of caution indicates to me that it is a credible viability benchmark in the context of Stockton Borough.

The Availability of Grant Funding

- 3.141 The assumption is made in the EVAH that no grant funding would be available for the provision of affordable housing. If it were to become available for any particular scheme then of course it would improve the viability of that scheme and increase the level of affordable housing that could be provided. However, it cannot be assumed that grant funding will be available for all schemes over the life of the plan. Once again, therefore, the EVAH has taken a cautious and, to my mind, robust approach in the assumptions that it has made.
- 3.142 On a related point it appears that in the current market Registered Social Landlords are paying lower values for affordable housing

units than in 2007. While this will have an effect on the levels of affordable housing that can be achieved it appears to be a short term phenomenon linked to the availability of funding and does not indicate a fundamental weakness in the EVAH.

Tenure Split

- 3.143 The target tenure split in the DPD is 20% intermediate and 80% social rented. The question was raised by representors as to whether the social rented figure could not be reduced by the Council making more effective use of its existing housing stock.
- 3.144 The Council confirmed at the hearings that it is alive to the need to make the most effective use of its stock and does seek to encourage tenants to move from social rented to intermediate housing where this is appropriate. However there are limitations on how effective this will be. People with secure tenancies cannot be required to move and their willingness to do so will depend on the availability of suitable alternative accommodation. The Council owns a lot of older, one bedroom units which are not necessarily either popular or suitable as alternative accommodation.
- 3.145 Tenure split will, of course, have an effect on viability. The reason for this is that socially rented housing has a lower value than intermediate housing with the former being valued at something in the order of 50% of market value and the latter at some 75%. In other words social rented housing is more expensive to deliver than intermediate housing since it requires a greater cross subsidy from the market housing element than does intermediate housing.
- 3.146 Therefore, while an 80/20 split may be desirable it may not be economically viable in all circumstances. This is something that it was intended should be recognised in Policy CS8 where the 80/20 split was to be treated as a target – but this was not expressed as clearly as it might have been in the submitted version of that policy.
- 3.147 However, I consider that the proposed changes to clause 7 of Policy CS8 [*PC92 and PC93*] make this point strongly and unambiguously with their references to different tenure splits being acceptable where it can be demonstrated that the target figures would make the development economically unviable or where the resultant tenure split would be detrimental to the achievement of sustainable, mixed communities.
- 3.148 Given the degree of flexibility that is emphasised in these proposed changes to policy CS8 (7) I consider that the target of an 80/20 tenure split is economically viable.

2007 Sales Values

- 3.149 The EVAH is based primarily on 2007 sales values, that is on sales values taken at a time when market conditions were near their peak. Sales values have fallen sharply since that time and as a consequence the ability of developments to deliver affordable

housing has fallen. The question must be asked, therefore, as to whether the use of these 2007 figures has an effect on the robustness of the EVAH.

- 3.150 The answer is that it will not - as long as there is a reasonable expectation that sales values will return to 2007 levels over the period of the plan. It was agreed at the hearing sessions that they would; the undisputed forecast being that this would occur by 2015 or 2016.
- 3.151 It was suggested that land values, as opposed to sales values, would not return to 2007 levels over the period of the plan but this is not supported by evidence from the last recession where such a recovery did take place over 8 to 10 years and the supply of land did not dry up in the intervening period.
- 3.152 Moreover, markets are self regulating; if land supply falls then housing supply will fall and (all other things being equal) house prices will increase which in turn will increase residual land values and tempt land owners into the market.
- 3.153 Overall I consider land values to be a less important factor in assessing affordable housing viability than sales values since, following the principles of the residual development value approach, these should, to a large extent, be a function of sales values.
- 3.154 Sales values are, therefore, the more important factor and there is a reasonable prospect of these returning to 2007 levels over the period of the plan. The EVAH is, therefore, robust in this respect.

Development Profit

- 3.155 The EVAH assumes a profit of 15% on development costs. Representors were of the opinion that profit should be expressed as a percentage of gross development value (sales income) rather than cost. This is a vexed question and one on which there is no universal agreement or definitive guidance.
- 3.156 The Council's representative at the hearing sessions expressed no strong objection to the approach suggested by representors and agreed to run further tests (CD0307) to establish the effect of using a profit of 15% on gross development value, that being the minimum level that representors considered to be acceptable.
- 3.157 The results of this exercise were to show that the increases in developers profit were substantial for most of the sites assessed. This is not necessarily unreasonable since profit levels are closely linked to levels of risk, perceived and actual, and these have increased considerably with the fall in market values and sales volumes.
- 3.158 This exercise also showed that the change in the method of calculating developer profit would also have a significant effect on

the viability of a range of the sites assessed in the EVAH in that 2 sites would move from the 'viable' category to the 'marginal' category and 5 sites would move from the 'marginal' category to the 'unviable' category.

- 3.159 However, it was argued that there is the potential to change other appraisal variables within the EVAH (the level of development contingency is one such item) and that tenure split, as has been established, has an effect on the viability of schemes. If a 50/50 affordable tenure split were adopted, rather than the target of 80/20 then it appears that a target of greater than 15% affordable housing would be achievable even if development profit were calculated on the basis of 15% of gross development value.
- 3.160 It is clear to me that the choice of method by which development profit is to be calculated can have a significant effect on viability. While I am not in a position to state which method is to be preferred when assessing the viable levels of affordable housing on particular sites, I consider that when testing the viability of affordable targets in the DPD the more robust approach would be to leave open the option that development profit could be assessed on the basis of gross development value. By presenting a worst case scenario this approach will ensure that the economic viability of any affordable housing targets are robustly established.
- 3.161 In the submitted version of the DPD the Council proposed a target range for the provision of affordable housing of 15-20%. The TA pointed out (CD0169) that the policy would be less ambiguous if it simply sought a target of 20% affordable housing provision. This prompted the Council to propose a number of changes in which the figure of 20% was substituted for the 15-20% range in the policy and supporting text [*PC91 part, PC102 part, PC103 part, PC105 part & PC106 part*].
- 3.162 I appreciate the need to avoid ambiguity but I consider that the work done subsequently on the alternative methods of calculating profit indicates that while there is a reasonable expectation that a target in the range of 15-20% would be viable for certain schemes in favourable market conditions, it is less certain that this would hold true for a figure of 20%.
- 3.163 That being so I consider that all references to the 15-20% range should be retained.

Definition of the term Robust Justification

- 3.164 The Council proposes [*PC108*] to publish a guidance note setting out what is meant by the 'robust justification' that an applicant would need to produce if he or she were intending to provide less than the target level of affordable housing. I agree that clarity as to what would or would not constitute a robust justification in this context would add transparency and help to avoid arbitrary outcomes.

- 3.165 However, while I accept that detailed advice on the implementation of this aspect of policy need not necessarily be dealt with in a high level document such as a Core Strategy, I am not satisfied that such a matter can be delegated to a guidance note. Determining the most appropriate way of carrying out the financial appraisals which will determine the level of affordable housing on a particular site could prove contentious. While a guidance note might be the subject of public consultation it would not be the subject of independent scrutiny which would resolve any dispute. This deficiency would be remedied if it were to form part of a future DPD. I have, therefore, amended *PC108* to make clear that such guidance should form part of a DPD.
- 3.166 The Council also proposes as part of *PC108* that the applicant would have to pay for the independent assessment of any financial appraisal. The Council's point is that as this expense would arise from a development proposal it is reasonable to recover it from the applicant.
- 3.167 As I understand it, however, the applicant would have paid for the cost of producing the financial appraisal itself and also paid a planning fee for the processing of the application. No evidence has been put forward which demonstrates that assessing a financial appraisal submitted at the Council's request goes beyond the normal processing of a planning application and warrants the payment of a separate fee. I have, therefore, deleted the relevant portion of *PC108*.

Conclusions

- 3.168 It is useful when considering these issues to bear in mind the likelihood that the market will go through at least one cycle during the life of the DPD and that consequently the affordable housing policy will need to be viable in various phases of this cycle. To do this the policy must be applied flexibly.
- 3.169 That was the intention of the submitted version of Policy CS8 which had, in effect, two elements of flexibility built into it; firstly the amount of affordable housing sought could be varied if a robust justification for so doing were put forward and secondly the tenure split sought could be varied if this were justified.
- 3.170 However, the submitted version of the policy and its supporting text contained the word 'requirement' in a number of places and the Council now proposes that the word 'target' be substituted for this or otherwise inserted into Policy CS8 and its supporting text. [*PC91 part, PC93, PC103 part, PC105 part, PC106 part and PC107*]. The Council also proposes that a statement be included in the policy and supporting text confirming that it will be applied with a flexibility that is sensitive to market conditions [*PC92, PC93 PC103 part*] and that it will publish further guidance setting out what is meant by the term robust justification [*PC108*]. These appear to me to be

entirely sensible proposals which ensure flexibility and promise transparency in the manner that this is achieved.

3.171 PPS3 indicates that affordable housing targets should apply to sites of 15 dwellings or more. In the submitted version of the DPD the Council proposed a threshold of 10 dwellings. It now proposes to change this to a 15 dwelling threshold as there was no strong argument for departing from national policy. I agree with this approach. *[PC91 part]*.

3.172 The Council also suggests that references to a target of 15-20% affordable housing be replaced with a target of 20%. I accept that if the target for affordable housing is expressed as a range, applicants may treat the bottom of the range as a maximum. Nonetheless, given the subsequent work that has been done on the method of calculating profit, I am not confident that the figure of 20% affordable housing will be achieved in a wide enough range of circumstances for it to stand alone as a target. I consider, therefore, that references to a 15-20% target should be retained and have amended the relevant proposed changes accordingly. *[PC 91 part, PC102 part, PC103 part, PC105 part & PC106 part]*.

R1. I recommend that the following changes are necessary to make the DPD sound: *PC91, PC92, PC93, PC102, PC103, PC105, PC106, PC107 & PC108.*

Affordable Housing

Issue 4.

What is the justification for the proposed review mechanism and how would it be implemented?

3.173 A review mechanism is an attempt to ensure that any improvement in market conditions is reflected in the level of affordable housing provided. So, where planning permission has been granted for a large scheme of, say, 50 houses or more with affordable housing provided at less than the target rate then the applicant would enter into a s.106 agreement which would ensure that the economic viability of providing affordable housing was regularly reviewed.

3.174 If market conditions had improved and it was viable to provide more affordable housing then this would be done. In its initial list of proposed changes the Council sought to include an additional paragraph in the supporting text which introduced such a review mechanism.

3.175 At the hearing sessions it became apparent that many of the details of how this review mechanism would be implemented had not been fully considered. It was not clear, therefore, how such a mechanism would work in practice.

3.176 The Council, therefore, decided to withdraw this proposed change and thus leave the submitted version of the DPD unaltered in this respect. I consider this to be a sensible approach. In coming to this conclusion no criticism of the Council is intended. Review mechanisms are a relatively new concept in the context of DPDs and a clear idea of how precisely they would work in practice has yet to emerge.

Conclusions

3.177 I consider that this aspect of the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

Employment and Environmental Protection.

Issue 1.

It is acknowledged in the DPD (paragraph 13.2) that there is the potential for conflict between the proposed employment allocations/areas of safeguarded land - particularly those along the river corridor, at Seal Sands and at North Tees Pools - and the Teesmouth and Cleveland Coast SPA and Ramsar site. What is the nature of that conflict, how is it anticipated that it would be resolved and what would happen if it cannot be fully resolved?

Background

3.178 The chemical industry makes a vital contribution to the economy of Stockton Borough and the region as a whole. Consequently RSS Policy 23 makes clear that up to 445 ha of land should be safeguarded for the chemical and steel industries. The DPD establishes that in Stockton Borough this means the chemical production and processing industries. I have no reason to dispute this.

3.179 However, I do not have any substantial evidence which would support widening this definition to include energy generation industries. While energy generating schemes may have been granted planning permission in Stockton Borough there is nothing to suggest that they are on a par with the chemical industry in terms of regional importance. I see no reason, therefore, for the DPD to indicate that the safeguarded land will be used both for the chemical industry and energy generation industries.

3.180 The figure of 445 ha is based on the amount of land allocated for employment purposes at Billingham Chemical Complex/North Tees Pools/Seal Sands in the Stockton-on-Tees Local Plan (CD0286). I will refer to these as the Local Plan sites.

3.181 These Local Plan sites, like the existing sites serving the chemical industry, are set amongst a complex mosaic of areas which are designated as being of international importance because of the habitats they provide for water birds. These are known collectively as the Teesmouth and Cleveland Coast SPA and Ramsar sites (SPA/Ramsar).

3.182 There is, therefore, a potential for conflict between the need to safeguard land for the chemical industry and protecting the integrity of the SPA/Ramsar.

The Nature of the Conflict

3.183 The Council has carried out a Habitats Regulation Assessment of the DPD (CD0024) the relevant section of which concludes that the expansion of the chemical industry could give rise to potential impacts on the SPA/Ramsar because of increased noise, the effect of air pollution and deposition, the impact on water quality, the loss of or damage to land not designated as SPA/Ramsar and coastal squeeze.

3.184 The last two points in this list require some explanation. Firstly, dealing with undesignated sites, it is a fact that water birds are no respecters of designation boundaries and they make use of land outside the SPA/Ramsar as roosting sites during high tide, when inter tidal mudflats are unavailable, and as foraging sites throughout the tidal cycle. The protection of such areas is, therefore, an important matter.

3.185 Secondly, dealing with the concept of coastal squeeze, much of the land in the area is protected by sea walls. As sea levels rise areas of inter tidal mud and sand – which are vital feeding grounds for a variety of water birds – are reduced or lost because the sea wall prevents any natural migration of these areas landwards. Existing inter tidal areas need, therefore, to be protected.

How will these conflicts be resolved? What will happen if they are not resolved?

3.186 The approach taken in the DPD is to identify broad areas of land within which the Council, when it is preparing its Regeneration DPD, will seek to identify specific sites to be safeguarded for the chemical industry. This process would involve looking again at the Local Plan sites, taking out of the equation those sites where planning permissions have been implemented or which are now unavailable and examining the effect that safeguarding particular sites would have on the SPA/Ramsar.

3.187 This approach does, however, give rise to the question of how – given that it is not possible to quantify the precise type, phasing or location of development – the Council can be confident that it can make both sufficient land available for the chemical industry and safeguard the integrity of the SPA/Ramsar.

3.188 In order to deal with concerns on this point the Council proposes two changes to the DPD. The first of these changes [PC55] introduces an element of flexibility into Policy CS4. At present this policy states definitively that 100ha of land will be safeguarded at North Tees Pools, 175 ha at Seal Sands and 65 ha at Billingham Chemical Complex. It is now proposed to preface these figures with

the words 'up to'. I consider this to be a necessary change as it recognises that it may not prove possible to safeguard precise amounts of land.

- 3.189 The second change [PC64] would involve the introduction of a paragraph into the explanatory text which would specify that further work will be undertaken in conjunction with Natural England and the Royal Society for the Protection of Birds which would provide information on areas used by birds for foraging and roosting, both inside and outside the SPA/Ramsar, and to assess the potential for the creation of suitable alternative habitats.
- 3.190 At the Hearing sessions the point was made that a balance needs to be struck between 'birds and jobs'. This is a simplistic formulation but, nonetheless, it contains a kernel of truth. If an appropriate balance is to be struck in this matter then there is a need for the best possible information on which parcels of land are important to the birds and whether suitable parcels of land exist in the area.
- 3.191 The Council, in conjunction with the organisation known as INCA (Industry and Nature Conservation Association) has had experience of balancing these competing demands. I see no reason why the provision of better information about habitats in this area should lead to undue weight being given to nature conservation considerations at the expense of the need to create jobs.
- 3.192 I consider it is entirely appropriate, therefore, that a commitment to carry out further survey work should be included in the DPD. With this commitment in place and given the requirement in Policy CS10 that any development proposals along the river corridor, in North Tees Pools and at Seal Sands will need to demonstrate that there will be no adverse impact on the integrity of the SPA/Ramsar, I am satisfied that this aspect of the DPD would be made sound.
- 3.193 The Council also proposes [PC56] to confirm that no port or river based development will be permitted on or adjacent to the North Tees Mudflat. Because of the problems associated with coastal squeeze, referred to above, and the consequent need to protect areas of inter tidal mudflat I consider this change to be necessary.

Other Matters

- 3.194 An additional point raised by representors was whether the DPD gives sufficient recognition to the need to secure the reclamation of contaminated and derelict sites. To my mind Policy CS10(7) gives adequate support to any initiatives to improve the quality of the environment, initiatives which would include reclamation works. While this policy refers to two sites where it would apply this is not an exhaustive list and I see no justification for extending it.
- 3.195 Nor do I consider that the terms of this or any other policy need be widened to specifically recognise that any development that leads to reclamation will be encouraged as a matter of principle. To my

mind this would go a step too far and could open the way to undesirable forms of development.

Conclusions

- 3.196 I conclude, therefore, that a degree of flexibility needs to be introduced into Policy CS4 in recognition of the possibility that it will not necessarily be feasible to safeguard a given amount of land while protecting the integrity of the SPA/Ramsar. I consider that specific reference needs to be made to the type of additional survey work that needs to be done to enable fully informed decisions to be made on protecting the SPA/Ramsar. I also consider that it needs to be made clear that the North Tees Mudflat will be protected from port or river based development.

R2. I recommend that in order to make the DPD sound the following changes are necessary; PC55, PC56 & PC64.

Employment and Environmental Protection.

Issue 2.

Would it have been possible to meet the requirements of the RSS to safeguard land for the chemical industry (Policy 23), without identifying land with the potential to significantly affect the SPA/Ramsar?

- 3.197 Safeguarding land close to the existing chemical clusters, and to the SPA/Ramsar, has a number of advantages. Bulk commodity chemical industries, which it is anticipated will make up a significant percentage of the eventual users of any safeguarded land, require large sites, well away from any dwellings, with good access to North Sea pipelines and jetties that would enable the import of raw materials and the export of products. Locating close to an existing chemical cluster also has certain symbiotic benefits with, for example, the waste product from one user being the raw material for another.

- 3.198 Other sites within the Borough away from the SPA/Ramsar do not provide this combination of advantages. It would not, therefore, have been possible to meet the requirements of the RSS to safeguard land for the chemical industry without identifying land with the potential to significantly affect the SPA/Ramsar.

Conclusions

- 3.199 I recommend that this aspect of the DPD is justified, effective and consistent with national policy and no changes are needed to make this aspect of the DPD sound.

Employment and Environmental Protection

Issue 3.

Why not state definitely that an Appropriate Assessment would be carried out for any sites with the potential to affect the SPA/Ramsar?

- 3.200 When Policy CS4(5) is read in conjunction with Policy CS10(1) two things become clear. Firstly that Seal Sands/North Tees/Billingham Chemical Complex are the preferred locations for chemical production and processing industries and, secondly, that any proposals for such development must meet the requirements of the Habitats Regulations and demonstrate that they will have no adverse effect on the integrity of the SPA/Ramsar.
- 3.201 This latter requirement will apply both to any planning applications and to future proposals to safeguard particular sites for the chemical industry in the Regeneration DPD.
- 3.202 The DPD does, therefore, provide a policy framework that ensures that its proposal to safeguard land for the chemical industry will not have an adverse effect on the integrity of the SPA/Ramsar. I do not, therefore, consider that any more specific reference to carrying out an appropriate assessment need be included in the DPD.

Conclusions

- 3.203 I consider that this aspect of the DPD is justified, effective and consistent with national policy and no changes are needed to make this aspect of the DPD sound.

Regeneration and Flooding.

Issue 1.

Is there a conflict between the aim of directing development towards the abundance of unused or under-utilised previously developed land, focussed mainly within the river corridor (DPD paragraph 6.5) and the policy of directing new development towards areas of low flood risk (CS10.(9))?

Issue 2.

Policy CS10 (9) indicates that outside areas of low flood risk (Flood Zone 1) the sequential and exception tests as set out in PPS25 will be applied. How would these tests be applied to a site such as Tees Marshalling Yard which is identified as being deliverable or developable in the SHLAA but which is partly within Flood Zones 2 and 3?

The need for regeneration and the need to avoid flood risk

- 3.204 The Council accepts that there is a tension between the aim of directing development towards unused or under-utilised previously developed land, focussed mainly within the river corridor, and the policy of directing new development towards areas of low flood risk.
- 3.205 The Council also acknowledges that while the housing targets for the Core Area could be met on sites which have a low risk of flooding, it nonetheless wishes to retain the flexibility, when preparing the Regeneration DPD, to consider allocating housing sites in the river corridor – sites which have a medium to high risk of flooding.

- 3.206 This appears to fly in the face of the advice in PPS25 which seeks to direct development towards areas of low flood risk. However, the redevelopment of the riverside corridor is taking place as part of an existing and long term regeneration strategy - the Stockton Middlesbrough Initiative. In such circumstances, as paragraph 4.35 of the PPS25 Practice Guide makes clear, it has to be accepted that redevelopment cannot go elsewhere.
- 3.207 With this in mind the Environment Agency does not object in principle to the approach the Council proposes to take to the allocation of housing sites in the Core Area. However, it is seeking to agree a methodology with the Council for the application of the sequential and exceptions tests as defined in PPS25 when such allocations are made as part of the Regeneration DPD.
- 3.208 While this appears to be a sensible enough approach it does beg the question of whether there is sufficient evidence to indicate that this will indeed result in an appropriate balance being struck between the need to avoid the flooding of housing areas and the need to achieve the wider regeneration initiatives in the riverside corridor.
- 3.209 The Council has commissioned the preparation of a Strategic Flood Risk Assessment (SFRA) (CD0114) and an updated version of this (the Level 2 SFRA) was in course of preparation during the Examination. The preliminary results of Level 2 SFRA, which were made available at the Examination, (CD 0170) take account of the latest Environment Agency Flood Zone maps and the model underlying these - including the increased awareness of the role that tidal and fluvial flooding plays on different parts of the Tees.
- 3.210 To this it adds other information such as the existing ground levels and flood defences of the sites being identified by the Council largely through its SHLAA. In doing so it does not simply look at these sites in isolation but considers them in their wider context and assesses the residual risks of flooding.
- 3.211 While it may be that there are detailed amendments that will need to be made to the Level 2 SFRA and that the mitigation measures it recommends for various sites may need to be amended in the light of subsequent information, I am satisfied that it will provide a useful framework within which subsequent Flood Risk Assessments of individual sites can be carried out. Nonetheless, with flooding being such an important issue in Stockton, it is unfortunate that the Level 2 SFRA was not available earlier in the process so that its results could have been fully taken into account in formulating the CS.

The Sequential Test and the Exception Test

- 3.212 At the hearing sessions the Council and the Environment Agency produced an agreed overall approach to the assessment of sites as part of the Regeneration DPD (CD 0297). The first step in this approach would be to carry out the sequential test, the aim of

which would be to direct development to areas with the lowest probability of flooding. The area of search for this test would be the Core Area and this would be carried out in conjunction with the Environmental Appraisal of the Regeneration DPD.

- 3.213 The second step would be to carry out a further sequential test within the site boundary to establish whether development could take place on those parts of the site at a lower risk of flooding or, failing that, within Flood Zone 2. It is at this stage that viability issues such as layout and likely yield would be considered.
- 3.214 The third step would be to apply the exception test which will seek to establish whether there are wider regeneration benefits to the community from developing a site which outweigh flood risk; whether the site is on developable previously developed land; whether it can be demonstrated that the development would be safe and would not increase flood risk elsewhere; and whether compensation for loss of floodplain can be delivered where it is shown to be required.
- 3.215 The fourth and final step would be to conclude on the question of whether the site could be developed safely and whether or not its development would be desirable in terms of the Sustainability Appraisal.
- 3.216 To my mind this approach provides a suitable method for deciding where, in relation to particular sites, the balance lies between the need to reduce flood risk and the need to regenerate sites in the river corridor.
- 3.217 In coming to this view I do not underestimate the difficulties of the decisions that have to be made. On the one hand there are clear benefits to regeneration in terms of upgrading the image of the area and providing development in sustainable locations but on the other hand flooding, if it were to occur, is likely to cause misery, to place heavy demands on emergency services and to have expensive consequences.
- 3.218 However, with the Level 2 SFRA in place and with the approach to the application of the sequential and exception tests having been agreed I am satisfied that the tension which exists between focussing development in the river corridor and directing development towards areas of low flood risk has the potential to be satisfactorily resolved.

Conclusions

- 3.219 I consider that this aspect of the DPD is justified, effective and consistent with national policy and no changes are needed to make this aspect of the DPD sound.

Regeneration and Flooding.

Issue 3.

To what extent are the following constrained by flooding; the existing housing commitments; the deliverable and or developable housing sites identified in the SHLAA (CD0097 paragraph 4.5); the employment land referred to in Policy CS4 (2) (5) and (6)?.

Committed Sites and SHLAA Sites

- 3.220 The Council confirmed at the hearing sessions that, taken as a whole, committed sites are not constrained to any significant degree by flooding. The same is not true for those sites identified as being deliverable/developable in the SHLAA. Seven of the twenty sites so identified are constrained by flooding and four of these (Tees Marshalling Yard East, Tees Marshalling Yard West, Bowesfield North and land at Little Maltby Farm) are large sites.
- 3.221 There is a possibility, therefore, that these sites will yield fewer dwellings than are estimated in the SHLAA but these sites are not intended to come forward until towards the end of the plan period and any reduction in total yield is unlikely to affect the early phases of their development. Moreover, as has already been established, the housing targets for the Core Area could be met without developing these sites in full.
- 3.222 I do not, therefore, consider that the ability to provide the numbers of dwellings in the Core Area that is envisaged in the DPD will be significantly hampered by flood risk considerations. It is, nonetheless, unfortunate that the findings of the SHLAA have, to an extent, been undermined by the late emergence of information relating to flooding (see also paragraph 3.211).

Employment Sites

- 3.223 The employment sites which are most at risk of flooding are those to be safeguarded for the chemical industry (particularly North Tees Pools and Seal Sands) and the land safeguarded on the north bank of the river Tees for developments requiring a port or riverside site. The capacity of all of these areas to provide employment land could, therefore, be reduced.
- 3.224 However, it has already been recommended [PC55] that an element of flexibility be built into Policy CS4(5) and the amount of land to be safeguarded at North Tees Pools and Seal Sands be treated as a target figure. As to the port or riverside uses, the amount to be safeguarded for these purposes is not specified in Policy CS4(6).
- 3.225 I see no reason, therefore, why the employment land requirements set out in the DPD should be compromised to any significant degree by flood risk considerations.

Conclusions

- 3.226 I consider that this aspect of the DPD is justified, effective and consistent with national policy and no changes are needed to make this aspect of the DPD sound.

Transport.

Issue 1.

One potential benefit of concentrating development in the Core Area and the conurbation would be a reduction in the need to use the private car (DPD paragraph 6.6). To what extent would this be dependent on the improvements to public transport set out in Policy CS2 (4)? What is the likelihood of these improvements being implemented?

Background

- 3.227 The most significant improvements to public transport proposed in the DPD are the Tees Valley Metro and increased bus provision on Core Route Corridors.

Tees Valley Metro

- 3.228 Funding has been secured for Phase I of the Tees Valley Metro and the Council is confident, therefore, that it will be implemented. It is this phase of the scheme which will have the most significant benefits for the Borough in terms of widening transport choice. It will lead to more frequent train services on the Darlington to Saltburn line, to the improvement of stations at Eaglescliffe and Thornaby and the relocation Durham Tees Valley Airport station which is and will remain just outside the Borough.
- 3.229 Clearly this will improve transport choice for those living close to these stations but none of them are actually in the Core Area. However, Thornaby is close to the Core Area and linked to it by bus routes. It is therefore capable of serving at least parts of the Core Area and indeed already does so, with the Council having noted a sharp increase in the number of students using Thornaby station to gain access to accommodation in the Core Area.
- 3.230 Phase II of the Tees Valley Metro would include the provision of a station at Tees Marshalling Yards, to be known as Teesside Park. Tees Marshalling Yards is one of the largest of the deliverable/developable sites in the Core Area identified in the SHLAA. The Council is confident that it can fund the provision of this station.
- 3.231 As to the more expensive elements of Phase II – track and signalling works on the Darlington to Saltburn line and new rolling stock- these are projects that, in the former instance, Network Rail are committed to, and, in the latter instance, will happen as part of the franchise renewal exercise which will take place in 2014.
- 3.232 Beyond that there is less certainty that funding will be secured for Phase III of the Tees Valley Metro. Nonetheless there is a reasonable prospect of Phases I and II being implemented and this, to my mind, means that the Tees Valley Metro goes beyond being a

mere aspiration, that it is likely to happen and that it will assist in providing improved transport choice and reducing dependence on the private car both in the Borough as a whole and in the Core Area.

Bus Routes

- 3.233 Although the DPD does not identify particular sites to be developed in the Core Area the SHLAA gives an indication of those sites which are likely to be developed. These sites are all on or close to bus routes with regular and frequent services (CD0317), routes where, moreover, there is a commitment to improve the frequency of service to six buses per hour. At the time of the hearings the expectation was that funding for these improvements would be confirmed shortly. There is, therefore, a reasonable prospect of these improvements to the bus timetables being implemented.

Conclusions

- 3.234 There is, therefore, evidence that concentrating development in the Core Area will support and be supported by the Tees Valley Metro and by existing and improved bus services. In this way the DPD offers the opportunity to widen transport choice and reduce dependence on the private car. I consider, therefore, that this aspect of the DPD is justified, effective and consistent with national policy and no changes are needed to make this aspect of the DPD sound.

Transport

Issue 2.

Policy CS2 (1) seeks to improve accessibility. To what extent would this be dependent on the improvements in the road network referred to in Policy CS2 (5) and the parking proposals referred to in Policy CS2 (6). What is the likelihood of these being implemented?

- 3.235 Whilst the capacity of the existing road network is a major issue in the Borough, the primary aim of the DPD is not to increase the capacity of that network but to minimise as far as possible the need to use the private car. This will be achieved by concentrating new development in locations well served by public transport - as discussed when considering the previous issue.
- 3.236 The strategy of focussing development in the Core Area and conurbation has a number of advantages when it comes to considering highway and transportation issues. The sites are programmed to come forward late in the plan period thus allowing time to devise solutions to any highway and transportation issues they raise. Moreover such sites being, or having the potential to be, well served by public transport will not be totally dependent on highway improvements. Any highway improvements that are required are likely to be less extensive and less expensive than they would be for more remote sites poorly served by public transport.

- 3.237 As to the improvements to the road network referred to in Policy CS2(5), these relate to particular regeneration schemes and respond to particular issues and while they are not aimed at improving accessibility for the Borough as a whole the Council is confident that they will be implemented.
- 3.238 Policy CS2(6) refers to consideration being given to 'Park and Ride' initiatives. However, at the hearings the Council confirmed that these are only tentative proposals and, while they are not devoid of merit, such schemes work best in monocentric settlements where people can park on the periphery and then travel into the centre. They are less effective in polycentric settlements such as Stockton Borough where people want to travel between centres.
- 3.239 Any proposal in a DPD should be deliverable and there is no merit in including proposals which are little more than speculative possibilities. I consider, therefore that the reference to 'Park and Ride' facilities in Policy CS2(6) should be deleted [PC37].

Conclusions

- 3.240 The aim of improving accessibility will not be achieved primarily by implementing the road improvements and parking proposals referred to in Policy CS2(5) and CS2(6) but by the strategy of focussing development on sites which are or have the potential to be well served by public transport.
- 3.241 Nonetheless the Council is confident that these various schemes will be implemented – the exception to this being the park and ride proposals referred to in Policy CS2(6). I take the view that if there is not a firm prospect of such a scheme being implemented then it has no place in a DPD.

<p>R3. I recommend that following change is necessary to make the DPD sound: PC37.</p>

Transport.

Issue 3.

Policy CS2 (1) seeks to improve accessibility and improve transport choice. Policy CS2 (2) places the onus on developers to achieve this with regard to major new schemes. Will this apply to developments that already have planning permission such as Wynyard and Ingleby Barwick?

- 3.242 The Council accepts that where a scheme has a safeguarded planning permission, such as at Wynyard and Ingleby Barwick, and the developer is minded to implement the scheme in accordance with that permission, then there is little, in theory, that that can be done to improve accessibility and transport choice.
- 3.243 In practice, however, it may be possible to negotiate new planning permissions which achieve some improvements in these respects.

The possibility of this being done at Wynyard has been discussed earlier in this report.

- 3.244 At Ingleby Barwick traffic congestion is limiting the ability of the developer to market the site and the Council has identified a series of highway improvements that would enable more development to take place. These would be funded from a variety of sources including developer contributions. Negotiations on this matter are ongoing.

Conclusions

- 3.245 Policy CS2(2) is aimed primarily at new developments. There are clearly limits as to what can be achieved under the terms of this policy in the way of improving accessibility where planning permissions have already been granted for schemes – but that simply reflects the reality of the situation.
- 3.246 I consider that this aspect of the DPD is justified, effective and consistent with national policy and no changes are needed to make this aspect of the DPD sound.

Retail

Background

- 3.247 Policy CS5(1) indicates that there will be no further allocations for retail development over the life of the DPD. In clauses 2 to 4 the policy goes on to set out the shopping hierarchy with Stockton firmly in the top position as a town centre below which would be Thornaby, Billingham and Yarm as district centres followed by a range of local centres including Ingleby Barwick.
- 3.248 Within these various centres new development will be permitted (in Stockton's case beyond 2011). Clause 6 of the policy emphasises the point that additional retail or leisure development will not be allowed at the out of town location at Teesside Park or at the out of centre location at Portrack Lane.

Retail.

Issue 1.

Is Policy CS5 (1) and (2) too restrictive to support the regeneration of Stockton?

- 3.249 The gist of Policy CS5(1) and (2) is that up to 2011 there is no need to identify opportunities for new retail development in Stockton Town Centre as any need for additional shopping capacity can be met from existing commitments and vacant floorspace.
- 3.250 This approach is supported by the retail expenditure figures in the Stockton and Middlesbrough Joint Retail Study 2008 (CD0078). Indeed, bearing in mind the current economic downturn, the retail expenditure capacity that will be available to support future development is likely to be less than predicted.

- 3.251 However, there is a need to regenerate Stockton Town Centre which suffers from competition from Teesside Park and Portrack Lane. Moreover, it is the case that planning permission for a major retail commitment at the Castlegate Centre has been allowed to lapse. This is an indication that this scheme is not attractive to the market and, to my mind, casts some doubt on the extent to which existing commitments can be relied on.
- 3.252 The Council now accepts (CD0186 paragraphs 8.1.6 and 8.1.7) that the regeneration of the Town Centre may well go beyond simply implementing existing commitments and filling vacant units and that it could involve the redevelopment and reconfiguration of existing units in order to provide a wider range of unit sizes and types, including anchor units. It has, therefore, proposed a change [PC66] which would open up the possibility of retail allocations being made within the Primary Shopping Frontage of the Town Centre as defined in the Stockton on Tees Local Plan (CD0003).
- 3.253 The Council wishes, therefore, to leave open the opportunity of allocating land for redevelopment in other Development Plan Documents.
- 3.254 There is no doubt that Stockton Town Centre is in decline. It has a high vacancy rate, its prime yields have worsened, its prime rents are low and more prestigious retailers have located at Teesside Park. Clearly, therefore, the DPD should provide the policy context within which land could be allocated for significant redevelopment opportunities if the aim of directing development towards that centre is to be fully realised.
- 3.255 At present Policy CS5(1), with its bald assertion that no further allocations will be made for retail development in the life of the DPD, would not meet that end.
- 3.256 The proposed change put forward by the Council [PC66] goes some way to remedying this defect. However it limits allocations solely to the Primary Shopping Area. This appears to conflict with the findings of the Stockton Town Centre Study (CD0077 paragraph 3.5) which indicates that consideration should be given to sites in or on the edge of the Primary Shopping Area. PC66 as put forward by the Council would rule out consideration of sites on the edge of the Primary Shopping Area. No reasons are given as to why this should be so.
- 3.257 I acknowledge that if a site needs to be allocated to help achieve the regeneration of Stockton Town Centre the Council would look in the first instance at sites within the Primary Shopping Area. However, I consider that the option of allocating a site on the edge of the centre which could meet the need for new retail and other town centre uses over the longer term should not be ruled out.

Conclusions

3.258 I have, therefore, amended *PC66* to include reference to edge of centre locations. I have also included references within *PC66a* to the need for additional capacity being met mostly, rather than solely, through committed developments and to make clear that in the first instance new retail developments will be directed to sites within the Town Centre.

R4. I recommend that the following changes are needed to make this aspect of the DPD sound; *PC66* & *PC66A*.

Retail.

Issue 2.

Does Policy CS5 define an appropriate shopping hierarchy or should it designate Stockton as a principal town centre, Billingham Thornaby and Yarm as town centres and Ingleby Barwick as a district centre?

3.259 The pressure to revise the shopping hierarchy set out in the DPD stems principally from a desire by representors to promote Ingleby Barwick from a neighbourhood centre to a district centre – a change in status that would be consistent with the desire of a supermarket operator to expand its premises at Ingleby Barwick.

3.260 The problem with this approach is that the existing centre at Ingleby Barwick is small (it has only 25% of the floorspace of the nearby District Centre at Thornaby) and provides only a limited range of services.

3.261 As PPS4 makes clear a District Centre would typically contain at least one supermarket, which Ingleby Barwick has, and a range of non retail services such as banks, building societies and restaurants, none of which are provided at Ingleby Barwick.

3.262 It was pointed out by representors that Ingleby Barwick is a large and growing residential area and any inadequacies in the existing centre simply means that people have to travel further to shop. This point has some validity but the wider shopping needs of Ingleby Barwick are capable of being served by Thornaby District Centre which is within a 4 minute drive.

3.263 Overall, I share the Council's concern that the designation of Ingleby Barwick as a district centre, and any consequent increase in the number and type of shops and services that it offered, would lead to competition with Thornaby District Centre, a centre that already has vacant units. To my mind the disadvantages of undermining the role of an existing district centre would outweigh any sustainability benefits of designating a new district centre at Ingleby Barwick.

3.264 Moreover, I am satisfied that the range of shops and other services provided at Billingham, Thornaby and Yarm are such that they fit comfortably within the definition of a District Centre referred to

above and that recent developments that have taken place within them do not warrant their re-designation as Town Centres. As to the suggestion that Stockton be designated a Principal Town Centre, I see no support for this in either the definitions of the types of centres set out in PPS4 or in the retail policies in the RSS.

Conclusions

3.265 I do not, therefore, consider that the shopping hierarchy contained in the DPD needs to be redefined and consider that this aspect of the DPD is justified, effective and consistent with national policy and no change is needed to make this aspect of the DPD sound.

Retail.

Issue 3.

What is the justification for Policy CS5 (6) which prevents further retail or leisure development at Teesside Park, an out of town location, and Portrack Lane, an out of centre site?

Issue 4.

Should Policy CS5 give guidance on how applications for edge of centre sites and out of centre sites will be dealt with?

3.266 The decline of Stockton Town Centre has already been referred to as has the fact that this is due in part to the size and success of Teesside Park and Portrack Lane. One of the main aims of the DPD is to promote the vitality and viability of the Town Centre and in this respect it is consistent with the aims of national policy as set out in PPS4.

3.267 However, where CS5(6) goes beyond national policy, is that it positively precludes further retail development at Teesside Park and Portrack Lane. There is nothing in national policy which indicates that a blanket ban is to be imposed regardless of circumstances.

3.268 I accept that there is no evidence of a need to allocate sites in out of centre or out of town locations. There may also be good reason for not supporting retail development in these locations, which are poorly related to residential areas and which are heavily dependent on car borne customers. However, while such local evidence justifies a policy which does not encourage such development it does not justify precluding such development.

3.269 To my mind the correct approach would be to follow PPS4 which specifically addresses the factors that should be taken into account when carrying out sequential assessments for planning applications for main town centre uses that are not in a centre and not in accordance with the up to date development plan.

3.270 I see no local circumstances that warrant departing from this national advice, a point the Council accepted at the hearing sessions.

Conclusions

3.271 I consider that in order to make the DPD sound it should be changed in accordance with *PC69*, *PC70* and *PC70A* the gist of which would make clear that while additional retail development is not to be encouraged at Teesside Park and Portrack Lane, if it is proposed then it will be determined in accordance with prevailing national policy.

R5. I recommend that in order to make the DPD sound the following changes need to be made: *PC69*, *PC70* & *PC70A*.

Retail

Issue 5.

Should Policy CS5 include guidance on new neighbourhood centres and ancillary retail provision in major new residential developments?

3.272 Small parades of shops of purely neighbourhood significance are not generally regarded as shopping centres. Their provision is not, therefore, a strategic matter and could be dealt with in the Regeneration DPD if this were needed. It is not necessary, therefore, for the DPD to include guidance on their provision in major new residential developments.

Conclusions

3.273 I consider that this aspect of the DPD is justified, effective and consistent with national policy and no changes are needed to make this aspect of the DPD sound.

Durham Tees Valley Airport.

Issue 1.

Is the importance of Durham Tees Valley Airport (DTVA) sufficiently acknowledged in the DPD?

3.274 The DPD refers to DTVA when describing the area and indicates that realising the potential of this airport is an important priority. Supporting improved regional and sub regional connectivity by air is also identified as one of the ways in which the Council's vision for the future of the Borough will be achieved.

3.275 Policy CS4(1) also refers to the fact that 50 ha of employment land will be provided at DTVA while paragraph 9.5 of the supporting text indicates that this land has planning permission for airport related uses and a further 20 ha has planning permission for general employment uses. To that extent, therefore, the DPD is consistent with Policies 18 and 21 of the RSS which deal with employment land and airport related uses.

3.276 Beyond this there is no requirement that the DPD mirror every reference to the DTVA in the RSS, indeed PPS12 makes clear that the DPD should not repeat or reformulate regional policy. The concern was expressed that the RSS may lapse and that the references it makes to the DTVA would lapse with it. However,

there is no firm evidence that this is likely to happen or, if it does, that it will happen imminently.

- 3.277 It would have been possible for the DPD to make more specific references to the DTVA in order to raise its profile, as is apparently being done in Darlington's emerging DPD. However, the fact that it does not do so does not mean that it is inconsistent with the Darlington Core Strategy – a view that is borne out by the confirmation of Darlington's officers that they have no objection to the approach being taken in the CS (CD0155).
- 3.278 As to Aerodrome Safeguarding Consultation Zones, these would need to be plotted on an ordnance survey base. This would not be possible on the DPD's Key Diagram; the Proposals Map would be the appropriate place to do this.

Conclusions

- 3.279 I consider that the DPD makes adequate reference to the DTVA and that it is justified, effective and consistent with national policy in this respect and no changes are necessary to make this aspect of the DPD sound.

Sustainable Living and Climate Change.

Issue 1

Policy CS3 (7) states that broad locations for renewable energy generation may be identified in the Regeneration Development Plan Document. Why is this matter not dealt with in the DPD?

- 3.280 Representors raised concerns as to whether Policy CS3(7) demonstrates a commitment to facilitating the achievement of a minimum sub regional target of 138MW as required by RSS Policy 39. Particular concern was expressed about the extent to which the policy supports potential wind farm development.
- 3.281 The initial findings of the Wind Farm Study (The Stockton Renewables Study Phase One: Wind Study) indicate that the Borough is heavily constrained with very limited opportunities for commercial wind farm development. The Council is, therefore, considering other means of providing renewable energy and it appears that Biomass has the greatest potential as there is land available with grid connections and good access by road, rail and river.
- 3.282 That being so, wind farm development does not appear to be a strategic issue in the Borough and I do not, therefore, consider it to be necessary to identify the broad locations for wind farm developments in the DPD.
- 3.283 This is not to say, however, wind energy has no role to play in the provision of renewable energy in the Borough. Any potential site for a small to medium sized wind farm, or indeed any other form of renewable energy, would be assessed in the light of the criteria set out in RSS Policy 40. If it were deemed to be suitable then, as

Policy CS3(7) makes clear, such a development would be supported.

Conclusions

3.284 I am satisfied, therefore, that the DPD provides adequate support and encouragement for renewable energy proposals no changes are necessary to make this aspect of the DPD sound.

Brownfield Land.

Issue 1.

Is it appropriate for the terms 'brownfield land' and 'previously developed land' to be used interchangeably in the DPD?

3.285 Representors consider that these terms should not be used interchangeably; in their view brownfield land is the preferable term as it means land requiring remediation. The use of the term previously developed land, in the representors' opinion, would simply encourage the development of garden land for housing.

3.286 Representors put forward a well argued case supported by numerous references to indicate that there is confusion on this matter. However, no such confusion exists in Appendix B to PPS 3 which, in defining previously developed land, makes clear that this is often referred to as brownfield land. There is therefore weighty support for the interchangeable use of these terms.

Conclusions

3.287 It is not the place of the DPD to seek to refine the meaning of terms that are already defined in national guidance. I consider, therefore, that this aspect of the DPD is justified, effective and consistent with national policy and no changes are necessary to make this aspect of the DPD sound.

4 Minor Changes

4.1 The Council wishes to make a number of minor changes to the submitted DPD in order to clarify, correct and update various parts of the text. Although these changes do not address key aspects of soundness, I endorse them on a general basis in the interests of clarity and accuracy. These changes are shown in Annexes 1 and 2.

5 Overall Conclusions

5.1 I conclude that, with the amendments I recommend, the Stockton-on-Tees Core Strategy satisfies the requirements of s20(5) of the 2004 Act and is sound.

R J Yuille

INSPECTOR