Statement of consultation
Discount Market Sale Supplementary Planning Document

Introduction

This Consultation Statement has been prepared in accordance with Regulations 12 and 13 of the Town & Country Planning (Local Planning) (England) Regulations 2012 and the council's Statement of Community Involvement.

What was consulted upon?

The initial consultation on the DMS topic was undertaken as part of the second draft of the Housing Needs Supplementary Planning Document. This document was consulted on between the 26 February to the 7 April 2024. The findings of the consultation were provided to Cabinet, who on the 11 February 2026 agreed the DMS SPD for its second stage consultation.

The second stage of consultation was undertaken between from 27 February 2026 until 13 April 2026.

Area of coverage

The SPD covers the whole of County Durham

Steps taken to publicise the SPD

The council publicised the draft SPD by:

a) emailing consultees on the planning policy consultation database;
b) targeted emails to stakeholders involved in the delivery of housing development;
c) publicising via the council's online consultation portal;
d) making the SPD available on the council's website; and
e) using the council's corporate notifications and social media outlets.

Responses overview and issues raised

There were 15 responses to the Discount Market Sale SPD.

A summary of representations to the consultation are as follows:

a) The SPD is considered to exceed its remit, introducing new policy requirements without public examination and conflicting with the NPPF.
b) The principle of a county-wide, viability informed price cap is challenged as

untested, inappropriate, and not reflective of diverse local housing markets.

c) A blanket £140,000 price cap is considered likely to render some developments unviable, particularly in higher-value areas, undermining housing delivery.
d) Respondents raise concerns that the SPD would delay development, restrict dwelling mix, and reduce delivery of larger family homes.
e) The viability evidence base is outdated, relying on a 2020 assessment, lacking third-party valuation, and reflecting approaches previously found unsound at appeal.
f) The SPD provides no mechanism for site-specific viability assessments, limiting flexibility and deliverability.
g) The affordability methodology is disputed, particularly the use of Gross Domestic Household income (GDHI), which is considered unsuitable and inconsistent with appeal decisions.
h) Fixed assumptions on income, mortgage multipliers, loan-to-value ratios, debt and living costs are viewed as unrealistic and inconsistent with current market practice and Financial Conduct Authority (FCA) benchmarks.
i) It is argued that the Council should not embed detailed mortgage-style assumptions within policy.
j) Alternative approaches are suggested, including:
    i. Use of gross income and nationally recognised datasets;
    ii. RICS-based valuations with an appropriate discount; and
    iii. Greater flexibility through site-specific viability testing.

A summary of the responses to the main issues raised is as follows:

a) National policy allows for discounts greater than 20% where necessary. The SPD's viability-informed price cap ensures Discount Market Sale homes are genuinely affordable. SPD does not require Examination in Public.
b) County Durham is confirmed as a single Housing Market Area (SHMA 2019), therefore a county-wide affordability approach for DMS is appropriate.
c) The Discount Market Sale SPD is viability informed, drawing on the Local Plan Viability Testing Update (2023)
d) The Adopted Development Viability, Affordable Housing and Financial Contributions SPD sets out a process for presenting a viability case where viability issues are to be used to demonstrate below policy compliant levels of developer contributions.
e) The Discount Market Sale SPD's use of GDHI and net household income is evidence-based being aligned with FCA guidance and reflecting lender practice
f) Affordability assumptions are informed by engagement with lenders, are consistent with industry practice, and are subject to regular review.
g) Alternative approaches proposed did not utilise appropriate income data and resulted in house prices that are not consistent with affordability

considerations. Alternative approaches did not provide sufficient clarity on how affordability considerations would be considered.

Following the consultation the following amendments are proposed to the Discount Market Sale SPD in response to comments received:

a) A correction is made to the date of the Local Plan Viability Testing Update. In the first draft, this was identified as being published in 2020 rather than the actual date of 2023.
b) The income multiplier is amended from 3.5 times income to 4.5 times income to reflect the FCA benchmark. This has the impact of increasing the affordability value.
c) The deposit assumption within the affordability assessment is amended from 10% to 5%. This reflects the Mortgage Guarantee Scheme. This has the impact of reducing affordability value.
d) The Appendix 1 mortgage multiplier and deposit sensitivity analysis has been removed from the SPD. This element is now considered redundant following the revisions to the multiplier and deposit assumptions outlined above, which replace previously variable inputs with nationally recommended benchmark values.

Appendix 1: Full schedule of comments and responses

County Durham Land LLP/ Lichfields
JCM Agriculture and Leisure Ltd/Lichfields
The Trustees of Lord Durhams 1989 Voluntary Settlement/Lichfields

The responses from these three organisations were mirrored in content, so are responded to collectively.

County Durham Land LLP/ Lichfields Response to Consultation on Draft Durham Discount Market Sale Supplementary Planning Document

We write to submit representations, on behalf of County Durham Land LLP [CDL], to the consultation by Durham County Council [the Council] on the draft Discount Market Sale [DMS] Supplementary Document [SPD]. The response is submitted in the context of the CDL's land interest at Sniperley Park. For the reasons explained in this response, CDL has significant concerns with the content of the DMS SPD. It is also noted that these concerns are shared by the Home Builders Federation [HBF].

This letter is structured as follows:
- Purpose of the SPD;
- How affordability and the level of discount to apply to DMS properties has been calculated within the SPD;
- Suggested amendments to the input assumptions within the methodology; and
- Practical implications of the methodology in its current form.

The Purpose of the SPD
The NPPF defines affordable housing and provides the following definition for DMS housing:
Discounted Market Sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households. The SPD, through a methodological framework, seeks to establish a price cap for DMS properties across the County, regardless of the location of the property or surrounding local market value.

There is a clear steer from national policy in terms of the level of discount which should be at least 20%, but there is no basis for a price cap. The Council acknowledges this in paragraph 4.17 of the SPD.

The definition within the NPPF clearly references local market value which is considered to be an acknowledgement that house prices can vary across local

planning authority areas. If a local authority administrative area-wide approach was to be taken, the NPPF would have clearly stated this, rather than referring to the 'local market' which allows for the nuances which occur across administrative areas. This is particularly important in County Durham given the geographical size of the County and different characteristics across it which is reflected in the Local Plan which identifies different value areas (Low, Medium and High Value Areas).

The proposed approach to establish a price cap is therefore inconsistent with the definition set out in the NPPF and fails to take into account local circumstances.
It is also relevant to note that the Government is seeking to phase out the role of SPDs under the new planning system1:

Supplementary Planning Documents (SPDs) will remain in force until planning authorities adopt a new style local plan or minerals and waste plan. The final adoption date for new SPDs will be 30 June 2026, to ensure any advanced emerging SPD can be adopted.
As such, there is a clear expectation that any development requirements should form part of the local plan-making process and be subject to the formal examination process. Plainly any SPD which has not gone through a rigorous Examination in Public can only be afforded limited weight in the determination of any subsequent planning application.

The Draft Methodological Framework
The SPD outlines a broad methodological framework for identifying affordability and thus determining the level of discount to apply to DMS properties. The Council's methodology for determining affordability is as follows:

Average Gross Domestic Household Income (GHDI) in County Durham of £17,228;
Average Disposable Household Income (assuming 2no. persons) of £34,456;
Average assumed debt and living costs of (£434 per month) totaling £5,208;
Total available income for mortgage = £29,256 (£34,456 less £5,208);
Assumed maximum mortgage = £102,396 (based on a loan to income multiple of 3.5);
Assumed minimum 10% deposit = £11,400 (£102,396 / 0.9) less £102,396; and
Assumed property value that could be afforded = £113,796.

1 https://www.gov.uk/government/publications/plan-making-regulations-explainer/plan-making-regulations-explainer

Key Input Assumptions
As set out above, the calculation is based upon a series of input assumptions, including income, debt and committed living costs, and in relation to mortgages, income multipliers and loan to value ratios. These inputs are considered further in the sections below.

Income

The Council uses GDHI as the basis of the household income estimate. This is understood to provide an estimate of gross disposable household income after direct and indirect taxes.

This approach was criticised in the Inspector's decision as part of the Sniperley Park appeal2 – the Appellant's position was that gross income (median) should be applied, on the basis this is typically used as the basis of mortgage offers by lenders. The Inspector considered the Council's approach to be inappropriate and noted: "The Council uses a disposable income figure rather than a gross income figure which is usually used by lenders. This results in a very low-income figure being used in the calculation." [Paragraph 716] and "The calculations to determine the 'affordability cap' are based on grossly underestimated annual salaries and are figures after tax, rather than the gross figures that relate to lending." [Paragraph 284].

In essence, as currently worded, the SPD is inconsistent with how mortgage lenders consider affordability. The starting point for mortgage lenders is gross pre-tax salary, not post-tax salary. They may then apply a degree of stress testing, but it is considered that the SPD should be consistent with the starting point for lenders. Notwithstanding this, the GDHI of £17,228 would equate to a gross salary (before taxes) of just over £19,000 per annum which for someone working full-time would be below the legal minimum wage (£23,809), or they would be working part-time. Either scenario is an unrealistic basis for undertaking this calculation and calculating affordability across the County.

Crucially, the approach the Council are proposing to adopt has been tested at Inquiry and considered independently by a Planning Inspector and the Secretary of State and was not accepted. It is, therefore, highly surprising, and most disappointing, that the Council is persisting with an un-sound approach.

2 Appeal reference: APP/X1355/W/23/3333600

Debt and Committed Living Costs

Debt to Income (DTI) ratios are used by mortgage lenders to ascertain lending risk and assist in mortgage product offerings. However, they are calculated based on total committed monthly debt payments as a proportion of total gross monthly income and are not netted off from gross income to cap mortgage lending, as is set out in the Council's methodology. This is a further example of how the methodology is inconsistent with real-world application.

Furthermore, debts and living costs will vary greatly between individuals/households, and would be a consideration of lenders as part of a mortgage application process. It is considered that a blanket assumption of debt and committed living costs would be incorrect and further suppresses the potential mortgage values accessible.

Income Multipliers

With respect to loan to income (LTI) multipliers, the Council's approach assumes a value of 3.5. To inform this representation, Lichfields has conducted a review of the LTI multipliers offered by the ten largest mortgage lenders within the UK (representing 83.1% of the market). This involved using individual lenders' mortgage calculators and applying an assumed household income of £64,694 (which is in line with the medial annual gross pre-tax income for two people). It should be noted that these LTIs are based on indicative lending amounts and actual multipliers for individual mortgage offers may be lower. Nevertheless, it provides a useful means of testing the reasonableness of the Council's figure.

The Sniperley Park Inspector noted that the assumption within the Council's methodology (LTI multiplier of 3.0) was low and was not informed by any third-party validation, stating: "The income multipliers are not reflective of actual lending." [Paragraph 284]; and "I am concerned that the Council's assessment does not rely on third party validation such as confirmation from brokers or banks about mortgage lending multipliers." [Paragraph 716]

It can be seen from the summary analysis in Table 1 below that the LTI multipliers offered by these lenders ranged from 4.45 to 5.00 and averaged 4.61. Indeed, based on the evidence presented, an LTI multiplier of 3.5 under-represents and artificially suppresses what is actually happening in the marketplace.

Table 1 Loan to Income Multiplier based on gross income (Mean) and indicative borrowing amount

Lender	**Mortgage Balances**	**Market Share**	**LTI Multiplier**
Lloyds Banking Group	£305.5bn	18.9%	4.75
Nationwide Building Society	£203.1bn	12.5%	4.49
NatWest Group	£192.7bn	11.9%	4.45
Santander UK	£172.6bn	10.7%	4.45
Barclays	£160.6bn	9.9%	4.73
HSBC Bank	£125.4bn	7.7%	4.75
Virgin Money Plc	£57.1bn	3.5%	4.47
Coventry Building Society	£50.3bn	3.1%	4.49
Yorkshire Building Society	£44.8bn	2.8%	4.49
TSB Bank	£33.9bn	2.1%	5.00
Total	**£1,346.1bn**	**83.1%**	**4.61**

Source: Finance UK Largest Lenders / Individual Lender Mortgage Calculators / Lichfields

Lichfields submitted a Freedom of Information (FOI) request to the Financial Conduct Authority (FCA), the UK's financial regulatory body. The FOI requested information on LTI's for first time buyers, the analysis provided by the FCA in their response identified that across a sample of 327,010 sales an average LTI of 3.96.

Whilst we note that the multiplier has been increased to 3.5 in this SPD, it is still evidently some way short of the average LTI offered by the ten largest mortgage lenders in the UK and also short of the information provided by the FCA. As such, the implication of this is that the Council's method artificially supresses the amount of money that a couple in County Durham is likely to be able to borrow, meaning that the total affordable housing price depicted is significantly lower than it would be if the correct inputs were used.

Loan to Value Rates

Loan to Value (LTV) rates represent the mortgage lending amount relative to value of the property. The level of deposit used in purchasing a property is equivalent to 1-LTV (i.e., an LTV of 85% would indicate a 15% deposit). The SPD assumed an LTV of 90%.

In 2021, the UK Government introduced the Mortgage Guarantee Scheme which included participating lenders offering up to 95% LTV mortgages (5% deposit) to support with achieving home ownership. This was originally introduced as a temporary scheme but was launched as a permanent initiative by the Government in July 2025.

By increasing the percentage of LTV mortgages, households are able to afford a greater proportion of homes. By adopting a lower percentage, the SPD suppresses the amount of money a household is likely to be able to borrow which brings further reduces the price cap.

The Implementation of a County-wide Price Cap

On the basis of the Council's methodology, a figure of £113,796 is arrived at, marking the price of a home which the average household would be able to afford. The Council state that they have then updated its plan-wide assessment of viability to accommodate for the impact of additional policy or guidance requirements which was last updated in October 2020. The study determines that, on viability grounds, the price cap should be increased to a maximum level of £140,000.

In the first instance, we have significant concerns regarding relying on a Viability Assessment which was previously updated in October 2020, given material changes which have taken place, including significant build cost inflations (in addition to costs associated with regulatory changes) and the changing policy environment. With these matters, we have reservations over the Council's claim that there will not be an additional burden anywhere within the County.

Secondly, the Council admit the data points used in their input assumptions will have

a limited life span given changing mortgage rates and living costs. To tackle this, the Council propose to update each data point each April, or bi-annually. By fixing specific data points, there is very little flexibility within the methodology to account for changes over the course of a year. It is considered that there is a silent admittance of this in the Council's statement that the figures would have limited life spans. Thirdly, the introduction of a £140,000 price cap would represent a blanket approach which disregards house types and sizes. This would have an even greater impact on the viability of delivering larger homes which needs to be considered in the context that the Strategic Housing Market Assessment [SHMA] does not identify an affordable housing need for only 1 and 2 homes. A price cap would result in challenges to delivering 3 and 4 bed homes (and potentially even 2 bed homes in some circumstances).

Lastly, the Council are currently in the process of adopting a new Local Plan. The new Standard Method, introduced in December 2024, has dramatically increased the annual housing requirement within County Durham, by approximately 55%. This is a significant change in policy, and the adoption of a new Local Plan will introduce another new policy environment. It is considered that adopting a new SPD which is based upon a Viability Assessment last updated in October 2020 is premature, considering the new Local Plan will need be expected to be supported by a Viability Assessment.

Implications of a Price Cap

Taking into account the NPPF definition of DMS housing and setting a benchmark of a minimum 20% discount, it is important to consider how the discount level would vary across the Borough through implementing a price cap. County Durham is a large authority area and in light of this, Policy 15 of the adopted County Durham Plan breaks the authority down into value areas whereby different proportions of affordable housing is required. To implement a County-wide price cap is inconsistent with the approach taken in the Local Plan and ignores different residential values across the County. There is also no consideration of property size or type, or the variation on value areas across the County, which is relevant given the size and varying nature of County Durham.

To illustrate this, the Home Builders Federation [HBF] have prepared a breakdown of house prices for recent developments situated around Durham City. As the main settlement within County Durham, it is highly likely that a large proportion of the future growth will be delivered in and around the city. The HBF found that house prices for 3-bedroom properties ranged from £222,000 to £320,000. Taking into account the price cap of £140,000, this presents a discount level of between 36.9% and 56.3%.

The HBF have also looked at recent developments outside of the Durham City area and found that 3-bed properties around Gainford and Staindrop would also be

subject to a 58.7% and 53.3% discount level. Lichfields are not aware of any other Local Planning Authorities in the North East that are adopting discounts of this proportion.

The discount levels are significantly over and above the definition within the NPPF and it is considered that the discrepancies further illustrate the practical issues of applying a County-wide price cap across a broad geographic area.

The SPD makes no reference to whether developers can submit a site-specific viability assessment to demonstrate that the price cap and discount levels would render a scheme unviable. If there is no expectation that developers are able to submit a site-specific viability assessment, that would be considered by officers, sites in some areas of the County where discount levels are exceedingly high would not come forward. This would impact areas where high proportions of housing growth are likely to come forward and therefore jeopardise the delivery of the County's housing requirement as required by the NPPF.

If developers can submit a site-specific viability assessment however, it is considered that the price cap would still have a detrimental effect on housing delivery. If the price cap increases the number of sites which require a viability assessment, this increases the risk of delays during the planning process and places further burden on capacity, both within the Council and within the private sector. The overall effect is risks and delays to the delivery of the Council's significantly increased housing requirement and resultant delays to the economic, environmental and social benefits that new housing delivers.

Amended Methodology

Whilst we do not endorse a blanket-type approach to the calculation of the discount to DMS homes, if the Council are committed to implementing a consistent methodology and a County-wide price cap, it is considered that the input assumptions should be amended.

This includes aligning with standard practice of mortgage lenders, including determining affordability on the basis of gross pre-tax figures and disapplying a blanket assumption for debt and committed living costs.

A review of 2024 Annual Survey of Hours and Earnings (ASHE) data indicates a median annual gross (pre-tax) income within County Durham of £32,347. Adopting the Council's approach of assuming household income would be equivalent to two times this figure, results in an average household income of £64,694.

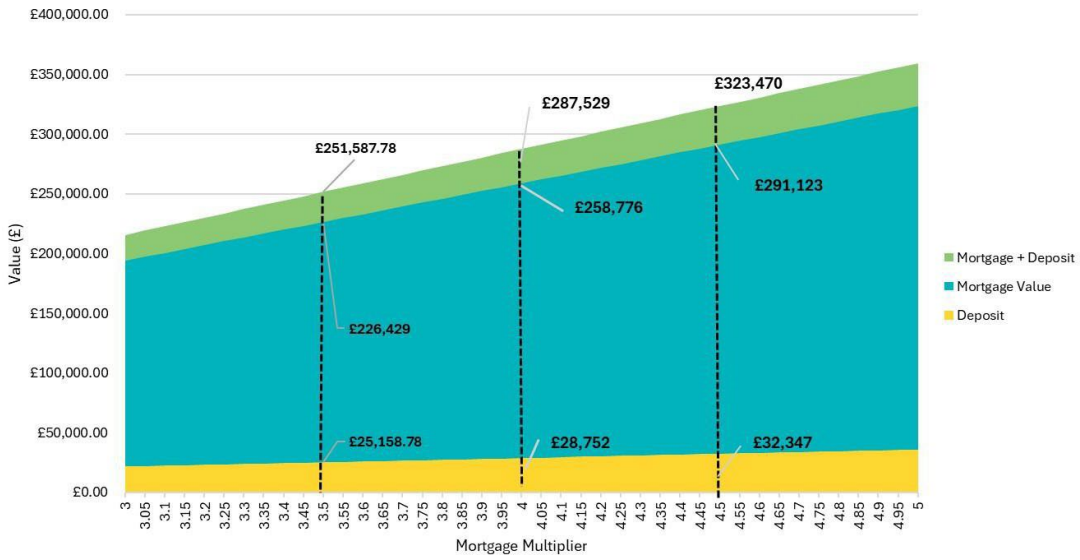
Having regard to the adjusted input assumptions, Lichfields has undertaken an assessment to identify the indicative affordability level. This assessment has been conducted using largely the same overall methodological framework adopted by the

Council.
Average Gross Income in County Durham of £32,347;
Average Gross Household Income (assuming 2no. persons) of £64,694;
Assumed max mortgage = £226,429 (based on a loan to income multiple of 3.5);
Assumed minimum 10% deposit = £25,158; and
Assumed property value that could be afforded = £251,588.

The indicative level of affordability is identified as £251,588. This would indicate that the end developers need to deliver DMS properties for sale at £251,588 to be affordable. This indicative level of affordability assumes an income multiple of 3.5 consistent with the proposed approach. However, as demonstrated above, there is evidence to show that lenders are typically offering mortgages with an LTI in excess of 4, and evidence obtained from the Financial Conduct Authority suggests an average LTI for first time buyers of almost 4. In light of this evidence, it is reasonable to assume that many households will be eligible for mortgages with an LTI of 4 or above. As demonstrated in Figure 1 below, the level of affordability is shown to be £287,529 with an LTI of 4, and £323,470 with an LTI of 4.5, which would potentially enable the delivery of affordable homes which responds to the need identified in the SHMA.

The assumptions above are based on a 10% deposit, also consistent with the proposal approach. However, as noted on page 2 of this representation, many households are likely to be eligible for mortgages that require only a 5% deposit.

Figure 1 Affordability Assessment



Source: Lichfields analysis

Conclusion
In summary, this response includes the following concerns:

The Council's method is flawed, by

- Using a disposable income, rather than gross income
- Applying an assumed debt / living cost, which should be assessed on an individual basis
- Applying a conservative loan to income multiplier
- Applying an assumed requirement for a 10% deposit

This leads to a proposed price cap of £140,000, based on the application of this method and the findings of a dated Viability Assessment. It is anticipated that this will lead to viability implications for developments, coinciding with a time where there is pressure to address both a national housing crisis, increasing build costs and regulatory requirements, plus a significant annual housing requirement for County Durham.

The unintended consequences of this SPD could result in the stalling of housing growth across the County and the resultant economic, environmental and social benefits of new housing. This is then likely to increase house prices, due to lack of delivery and competition in the market and have the opposite effect than that intended by the SPD.

Moreover, the Council is seeking to pursue an approach and assumptions which have already been independently tested at Inquiry and the Planning Inspector and Secretary of State did not support the Council's approach. As such, without proper consideration through the Local Plan any SPD can only be afforded limited weight.

This response offers an alternative method with a more robust and accurate set of assumptions should the Council still wish to pursue a methodology for calculating a discount for DMS homes, although we do not endorse this approach, rather the requirements of the NPPF should be followed.

With forthcoming deadline for Local Planning Authorities to adopt SPDs before 30 June 2026, CDL is concerned about the time before this deadline to ensure that the responses from this consultation are duly considered and we would welcome further dialogue with the Council to examine better ways to boost the delivery of affordable homes across County Durham.

JCM Agriculture and Leisure Ltd/Lichfields - Response to Consultation on Draft Durham Discount Market Sale Supplementary Planning Document

We write to submit representations, on behalf of JCM Agriculture and Leisure Ltd [the Client], to the consultation by Durham County Council [the Council] on the draft Discount Market Sale [DMS] Supplementary Document [SPD].
The response is submitted in the context of the Client's land interest in land west of Wynyard Park, which is located on the edge of Durham City, and in High Value Market Area. For the reasons explained in this response, the Client has significant concerns with the content of the DMS SPD. It is also noted that these concerns are shared by the Home Builders Federation [HBF].
This letter is structured as follows:

- Background to Wynyard Park;
- Purpose of the SPD;
- How affordability and the level of discount to apply to DMS properties has been calculated within the SPD;
- Suggested amendments to the input assumptions within the methodology; and
- Practical implications of the methodology in its current form.

Background to Wynyard Park

Since 2014, Wynyard has been delivering upwards of 100 new houses each year without delay, with over 2,000 new homes delivered and planning permission secured for a further 1,500 homes. As a result, Wynyard was granted Garden Village status by the Government in January 2020. The Garden Village status reflects the successful, high-quality, and rapidly growing sustainable settlement and is Governmental support of the long-term vision to develop the area into a large, self-sufficient community with a focus on high-quality housing, green infrastructure, and community facilities. The aspiration of the Garden Village is to build up to 6,800 new homes at Wynyard and there is the opportunity to expand the Garden Village into Durham.
Our client has successfully attracted nationally significant housebuilders and employers to Wynyard and take a long-term stewardship role over development. This includes developing their own site-wide Design Code to ensure the national housebuilders, self-build housing, custom-built development, community infrastructure, and estate planning, is in-keeping and high quality. The Design Code identifies architectural and landscape qualities from exemplar villages local to South Durham, Cleveland and North Yorkshire to create a truly unique and distinctive new settlement. Examples include estate railing, architectural detailing, and chimneys.

The Purpose of the SPD

The NPPF defines affordable housing and provides the following definition for DMS housing:
Discounted Market Sales housing: is that sold at a discount of at least 20% below

local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

The SPD, through a methodological framework, seeks to establish a price cap for DMS properties across the County, regardless of the location of the property or surrounding local market value.

There is a clear steer from national policy in terms of the level of discount which should be at least 20%, but there is no basis for a price cap. The Council acknowledges this in paragraph 4.17 of the SPD.

The definition within the NPPF clearly references local market value which is considered to be an acknowledgement that house prices can vary across local planning authority areas. If a local authority administrative area-wide approach was to be taken, the NPPF would have clearly stated this, rather than referring to the 'local market' which allows for the nuances which occur across administrative areas. This is particularly important in County Durham given the geographical size of the County and different characteristics across it which is reflected in the Local Plan which identifies different value areas (Low, Medium and High Value Areas).

The proposed approach to establish a price cap is therefore inconsistent with the definition set out in the NPPF and fails to take into account local circumstances.
It is also relevant to note that the Government is seeking to phase out the role of SPDs under the new planning system1:

Supplementary Planning Documents (SPDs) will remain in force until planning authorities adopt a new style local plan or minerals and waste plan. The final adoption date for new SPDs will be 30 June 2026, to ensure any advanced emerging SPD can be adopted.

As such, there is a clear expectation that any development requirements should form part of the local plan-making process and be subject to the formal examination process. Plainly any SPD which has not gone through a rigorous Examination in Public can only be afforded limited weight in the determination of any subsequent planning application.

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The Draft Methodological Framework

The SPD outlines a broad methodological framework for identifying affordability and thus determining the level of discount to apply to DMS properties. The Council's methodology for determining affordability is as follows:

- Average Gross Domestic Household Income (GHDI) in County Durham of £17,228;

- Average Disposable Household Income (assuming 2no. persons) of £34,456;
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- Total available income for mortgage = £29,256 (£34,456 less £5,208);
- Assumed maximum mortgage = £102,396 (based on a loan to income multiple of 3.5);
- Assumed minimum 10% deposit = £11,400 (£102,396 / 0.9) less £102,396; and
- Assumed property value that could be afforded = £113,796.

Key Input Assumptions

As set out above, the calculation is based upon a series of input assumptions, including income, debt and committed living costs, and in relation to mortgages, income multipliers and loan to value ratios. These inputs are considered further in the sections below.

Income

The Council uses GDHI as the basis of the household income estimate. This is understood to provide an estimate of gross disposable household income after direct and indirect taxes.

This approach was criticised in the Inspector's decision as part of the Sniperley Park appeal2 – the Appellant's position was that gross income (median) should be applied, on the basis this is typically used as the basis of mortgage offers by lenders. The Inspector considered the Council's approach to be inappropriate and noted:

"The Council uses a disposable income figure rather than a gross income figure which is usually used by lenders. This results in a very low-income figure being used in the calculation." [Paragraph 716] and

"The calculations to determine the 'affordability cap' are based on grossly underestimated annual salaries and are figures after tax, rather than the gross figures that relate to lending." [Paragraph 284].

In essence, as currently worded, the SPD is inconsistent with how mortgage lenders consider affordability. The starting point for mortgage lenders is gross pre-tax salary, not post-tax. They may then apply a degree of stress testing, but it is considered that the SPD should be consistent with the starting point for lenders. Notwithstanding this, the GDHI of £17,228 would equate to a gross salary (before taxes) of just over £19,000 per annum which for someone working full-time would be below the legal minimum wage (£23,809), or they would be working part-time. Either scenario is an unrealistic basis for undertaking this calculation and calculating affordability across the County.

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Debt and Committed Living Costs

Debt to Income (DTI) ratios are used by mortgage lenders to ascertain lending risk and assist in mortgage product offerings. However, they are calculated based on

total committed monthly debt payments as a proportion of total gross monthly income and are not netted off from gross income to cap mortgage lending, as is set out in the Council's methodology. This is a further example of how the methodology is inconsistent with real-world application.

Furthermore, debts and living costs will vary greatly between individuals/households, and would be a consideration of lenders as part of a mortgage application process. It is considered that a blanket assumption of debt and committed living costs would be incorrect and further suppresses the potential mortgage values accessible.

Income Multipliers

With respect to loan to income (LTI) multipliers, the Council's approach assumes a value of 3.5.

As part of this research, Lichfields has conducted a review of the LTV multipliers offered by the ten largest mortgage lenders within the UK (representing 83.1% of the market). This involved using individual lenders' mortgage calculators and applying an assumed household income of £64,694. It should be noted that these LTIs are based on indicative lending amounts and actual multipliers for individual mortgage offers may be lower. Nevertheless, it provides a useful means of testing the reasonableness of the Council's figure.

The Sniperley Park Inspector noted that the assumption within the Council's methodology (LTI multiplier of 3.0) was low and was not informed by any third-party validation, stating:

"The income multipliers are not reflective of actual lending." [Paragraph 284]; and

"I am concerned that the Council's assessment does not rely on third party validation such as confirmation from brokers or banks about mortgage lending multipliers." [Paragraph 716]

It can be seen from the summary analysis in Table 1 below that the LTI multipliers offered by these lenders ranged from 4.45 to 5.00 and averaged 4.61. Indeed, based on the evidence presented, an LTI multiplier of 3.5 represents a conservative estimate.

Table 1 Loan to Income Multiplier based on gross income (Mean) and indicative borrowing amount

Lender	Mortgage Balances	Market Share	LTI Multiplier
Lloyds Banking Group	£305.5bn	18.9%	4.75
Nationwide Building Society	£203.1bn	12.5%	4.49
NatWest Group	£192.7bn	11.9%	4.45

Santander UK	£172.6bn	10.7%	4.45
Barclays	£160.6bn	9.9%	4.73
HSBC Bank	£125.4bn	7.7%	4.75
Virgin Money Plc	£57.1bn	3.5%	4.47
Coventry Building Society	£50.3bn	3.1%	4.49
Yorkshire Building Society	£44.8bn	2.8%	4.49
TSB Bank	£33.9bn	2.1%	5.00
Total	**£1,346.1bn**	**83.1%**	**4.61**

Source: Finance UK Largest Lenders / Individual Lender Mortgage Calculators / Lichfields

Lichfields submitted a Freedom of Information (FOI) request to the Financial Conduct Authority (FCA), the UK's financial regulatory body. The FOI requested information on LTI's for first time buyers, the analysis provided by the FCA in their response identified that across a sample of 327,010 sales an average LTI of 3.96.

Whilst we note that the multiplier has been increased to 3.5 in this SPD, it is still evidently some way short of the average LTI offered by the ten largest mortgage lenders in the UK and also short of the information provided by the FCA. As such, the implication of this is that the Council's method artificially suppresses the amount of money that a couple in Durham is likely to be able to borrow, meaning that the total affordable housing price depicted is significantly lower than it would be if the correct inputs were used.

Loan to Value Rates

Loan to Value (LTV) rates represent the mortgage lending amount relative to value of the property. The level of deposit used in purchasing a property is equivalent to 1-LTV (i.e., an LTV of 85% would indicate a 15% deposit). The SPD assumed an LTV of 90%.

In 2021, the UK Government introduced the Mortgage Guarantee Scheme which included participating lenders offering up to 95% LTV mortgages (5% deposit) to support with achieving home ownership. This was originally introduced as a temporary scheme but was launched as a permanent initiative by the Government in July 2025.

By increasing the percentage of LTV mortgages, households are able to afford a greater proportion of homes. By adopting a lower percentage, the SPD suppresses the amount of money a household is likely to be able to borrow which brings further reduces the price cap.

The Implementation of a County-wide Price Cap

On the basis of the Council's methodology, a figure of £113,796 is arrived at, marking the price of a home which the average household would be able to afford. The Council state that they have then updated its plan-wide assessment of viability to accommodate for the impact of additional policy or guidance requirements which was last updated in October 2020. The study determines that, on viability grounds, the price cap should be increased to a maximum level of £140,000.

In the first instance, we have significant concerns regarding relying on a Viability Assessment which was previously updated in October 2020, given material changes which have taken place, including significant build cost inflations (in addition to costs associated with regulatory changes) and the changing policy environment. With these matters, we have reservations over the Council's claim that there will not be an additional burden anywhere within the County.

Secondly, the Council admit the data points used in their input assumptions will have a limited life span given changing mortgage rates and living costs. To tackle this, the Council propose to update each data point each April, or bi-annually. By fixing specific data points, there is very little flexibility within the methodology to account for changes over the course of a year. It is considered that there is a silent admittance of this in the Council's statement that the figures would have limited life spans.

Thirdly, the introduction of a £140,000 price cap would represent a blanket approach which disregards house types and sizes. This would have an even greater impact on the viability of delivering larger homes which needs to be considered in the context that the Strategic Housing Market Assessment [SHMA] does not identify an affordable housing need for only 1 and 2 homes. A price cap would result in challenges to delivering 3 and 4 bed homes (and potentially even 2 bed homes in some circumstances).

Lastly, the Council are currently in the process of adopting a new Local Plan. The new Standard Method, introduced in December 2024, has dramatically increased the annual housing requirement within County Durham, by approximately 55%. This is a significant change in policy, and the adoption of a new Local Plan will introduce another new policy environment. It is considered that adopting a new SPD which is based upon a Viability Assessment last updated in October 2020 is premature, considering the new Local Plan will need be expected to be supported by a Viability Assessment.

Implications of a Price Cap

Taking into account the NPPF definition of DMS housing and setting a benchmark of a minimum 20% discount, it is important to consider how the discount level would

vary across the Borough through implementing a price cap.
County Durham is a large authority area and in light of this, Policy 15 of the adopted County Durham Plan breaks the authority down into value areas whereby different proportions of affordable housing is required. To implement a County-wide price cap is inconsistent with the approach taken in the Local Plan and ignores different residential values across the County. There is also no consideration of property size or type.

To illustrate this, the Home Builders Federation [HBF] have prepared a breakdown of house prices for recent developments situated around Durham City. As the main settlement within County Durham, it is highly likely that a large proportion of the future growth will be delivered in and around the city. The HBF found that house prices for 3-bedroom properties ranged from £222,000 to £320,000. Taking into account the price cap of £140,000, this presents a discount level of between 36.9% and 56.3%.

The HBF have also looked at recent developments outside of the Durham City area and found that 3-bed properties around Gainford and Staindrop would also be subject to a 58.7% and 53.3% discount level. Lichfields are not aware of any other Local Planning Authorities in the North East that are adopting discounts of this proportion.

The discount levels are significantly over and above the definition within the NPPF and it is considered that the discrepancies further illustrate the practical issues of applying a County-wide price cap across a broad geographic area.

The SPD makes no reference to whether developers can submit a site-specific viability assessment to demonstrate that the price cap and discount levels would render a scheme unviable. If there is no expectation that developers are able to submit a site-specific viability assessment, that would be considered by officers, sites in some areas of the County where discount levels are exceedingly high would not come forward. This would impact areas where high proportions of housing growth are likely to come forward and therefore jeopardise the delivery of the County's housing requirement as required by the NPPF.

Looking at a Wynyard specific-context, the implementation of a site-wide Design Code has assisted in the delivery of a high-quality development which has been recognised by the Government in the granting of Garden Village status. The Design Code applies to all properties regardless of their tenure. On the ground, this has the effect of ensuring there are no discernible differences between a traditional market dwelling and an affordable home. In practice, however, this has the effect of increasing the build cost of an affordable home. As currently worded, the SPD would not allow for any consideration of the impact of increased build costs associated with affordable homes at Wynyard. As a result, the implementation of a County-wide price

cap would hurt the future viability of development at Wynyard even further. Not only are build costs more expensive for affordable homes, but the price cap would also significantly suppress the price at which those homes can be sold for. The impact of which would be two-fold:

1. Housing delivery at Wynyard would be detrimentally affected due to viability concerns; and
2. The quality of affordable housing would be detrimentally affected as developers seek to lower build costs.

The SPD as currently worded has the potential to significantly impact upon a future expansion of the Wynyard Garden Village into Durham and provide a substantial contribution towards housing delivery in Durham.

If developers can submit a site-specific viability assessment however, it is considered that the price cap would still have a detrimental effect on housing delivery. If the price cap increases the number of sites which require a viability assessment, this increases the risk of delays during the planning process and places further burden on capacity, both within the Council and within the private sector. The overall effect is risks and delays to the delivery of the Council's significantly increased housing requirement and resultant delays to the economic, environmental and social benefits that new housing delivers.

Amended Methodology

Whilst we do not endorse a blanket-type approach to the calculation of the discount to DMS homes, if the Council are committed to implementing a consistent methodology and a County-wide price cap, it is considered that the input assumptions should be amended.

This includes aligning with standard practice of mortgage lenders, including determining affordability on the basis of gross pre-tax figures and disapplying a blanket assumption for debt and committed living costs.

A review of 2024 Annual Survey of Hours and Earnings (ASHE) data indicates a median annual gross (pre-tax) income within County Durham of £32,347. Adopting the Council's approach of assuming household income would be equivalent to two times this figure, results in an average household income of £64,694.

Having regard to the adjusted input assumptions, Lichfields has undertaken an assessment to identify the indicative affordability level. This assessment has been conducted using largely the same overall methodological framework adopted by the Council.

Average Gross Income in County Durham of £32,347;

Average Gross Household Income (assuming 2no. persons) of £64,694; Assumed max mortgage = £226,429 (based on a loan to income multiple of 3.5); Assumed minimum 10% deposit = £25,158; and

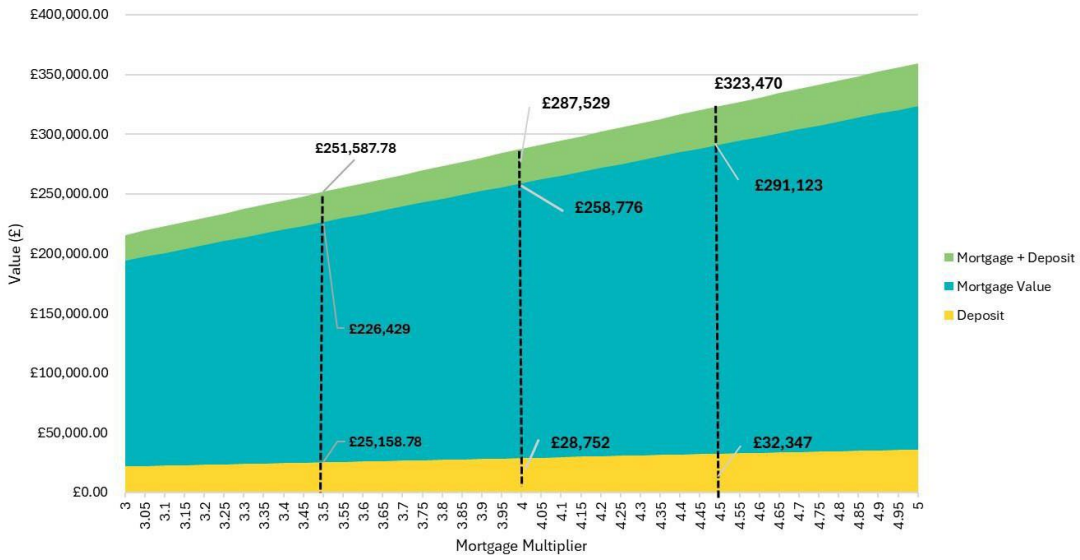
Assumed property value that could be afforded = £251,588.

The indicative level of affordability is identified as £251,588. This would indicate that the end developers need to deliver DMS properties for sale at £251,588 to be affordable. This indicative level of affordability assumes an income multiple of 3.5 consistent with the proposed approach. However, as demonstrated above, there is evidence to show that lenders are typically offering mortgages with an LTI in excess of 4, and evidence obtained from the Financial Conduct Authority suggests an average LTI for first time buyers of almost 4.

In light of this evidence, it is reasonable to assume that many households will be eligible for mortgages with an LTI of 4 or above. As demonstrated in Figure 1 below, the level of affordability is shown to be £287,529 with an LTI of 4, and £323,470 with an LTI of 4.5, which would potentially enable the delivery of affordable homes which responds to the need identified in the SHMA.

The assumptions above are based on a 10% deposit, also consistent with the proposal approach. However, as noted on page 2 of this representation, many households are likely to be eligible for mortgages that require only a 5% deposit.

Figure 1 Affordability Assessment



Source: Lichfields analysis

Conclusion

In summary, this response includes the following concerns:

The Council's method is flawed, by

- Using a disposable income, rather than gross income
- Applying an assumed debt / living cost, which should be assessed on an individual basis
- Applying a conservative loan to income multiplier
- Applying an assumed requirement for a 10% deposit

This leads to a proposed price cap of £140,000, based on the application of this method and the findings of a dated Viability Assessment

It is anticipated that this will lead to viability implications for developments, coinciding with a time where there is pressure to address both a national housing crisis and a significant annual housing requirement for County Durham.

In a Wynyard context, it is anticipated that future housing delivery would be affected, along with the quality of future affordable housing delivery, due to rising build costs.

The unintended consequences of this SPD could result in the stalling of housing growth across the County and the resultant economic, environmental and social benefits of new housing. This is then likely to increase house prices, due to lack of delivery and competition in the market and have the opposite effect than that intended by the SPD.

This response offers an alternative method with a more robust and accurate set of assumptions should the Council still wish to pursue a methodology for calculating a discount for DMS homes, although we do not endorse this approach, rather the requirements of the NPPF should be followed.

With forthcoming deadline for Local Planning Authorities to adopt SPDs before 30 June 2026, our client are concerned about the time before this deadline to ensure that the responses from this consultation are duly considered and we would welcome further dialogue with the Council to examine better ways to boost the delivery of affordable homes across County Durham.
Yours faithfully

The Trustees of Lord Durhams 1989 Voluntary Settlement Response to Consultation on Draft Durham Discount Market Sale Supplementary Planning Document

We write to submit representations, on behalf of The Trustees of Lord Durham's 1989 Voluntary Settlement [The Trustees], to the consultation by Durham County Council [the Council] on the draft Discount Market Sale [DMS] Supplementary Document [SPD].

The response is submitted in the context of the Trustees' land interest at Lambton Park, which is located in Medium Value Market Area. For the reasons explained in this response, the Trustees have significant concerns with the content of the DMS SPD. It is also noted that these concerns are shared by the Home Builders Federation [HBF].

This letter is structured as follows:

- Background to Lambton Park;
- Purpose of the SPD;
- How affordability and the level of discount to apply to DMS properties has been calculated within the SPD;
- Suggested amendments to the input assumptions within the methodology; and
- Practical implications of the methodology in its current form.

Background to Lambton Park

Outline planning permission (reference. DM/15/02714/OUT) was granted in 2016 for approximately 400 new homes at Lambton Park, which has been proceeded by a series of reserved matters approvals. Construction is now well underway, and Lambton Park has become established as a location where there has been the delivery of an exceptionally high-quality development which has been nominated for and secured numerous awards both locally and nationally that recognise the craftsmanship involved in such a development and the overall architectural design and delivery.

In part, this was achieved through the site-wide implementation of a Design Code which applies to all dwellings, including traditional market homes, affordable homes, and self-build plots.

A further Outline Planning Application is currently pending determination (reference. DM/25/03472/OUT) for up to 800 dwellings, of which there is a requirement for 30% affordable housing (equating to up to 240 dwellings) under the Golden Rules outlined in the NPPF.

The Purpose of the SPD

The NPPF defines affordable housing and provides the following definition for DMS

housing:

Discounted Market Sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

The SPD, through a methodological framework, seeks to establish a price cap for DMS properties across the County, regardless of the location of the property or surrounding local market value.

There is a clear steer from national policy in terms of the level of discount which should be at least 20%, but there is no basis for a price cap. The Council acknowledges this in paragraph 4.17 of the SPD.

The definition within the NPPF clearly references local market value which is considered to be an acknowledgement that house prices can vary across local planning authority areas. If a local authority administrative area-wide approach was to be taken, the NPPF would have clearly stated this, rather than referring to the 'local market' which allows for the nuances which occur across administrative areas. This is particularly important in County Durham given the geographical size of the County and different characteristics across it which is reflected in the Local Plan which identifies different value areas (Low, Medium and High Value Areas).

The proposed approach to establish a price cap is therefore inconsistent with the definition set out in the NPPF and fails to take into account local circumstances.

It is also relevant to note that the Government is seeking to phase out the role of SPDs under the new planning system1:
Supplementary Planning Documents (SPDs) will remain in force until planning authorities adopt a new style local plan or minerals and waste plan. The final adoption date for new SPDs will be 30 June 2026, to ensure any advanced emerging SPD can be adopted.

As such, there is a clear expectation that any development requirements should form part of the local plan-making process and be subject to the formal examination process. Plainly any SPD which has not gone through a rigorous Examination in Public can only be afforded limited weight in the determination of any subsequent planning application.

1 https://www.gov.uk/government/publications/plan-making-regulations-explainer/plan-making-regulations-explainer

The Draft Methodological Framework

The SPD outlines a broad methodological framework for identifying affordability and thus determining the level of discount to apply to DMS properties. The Council's

methodology for determining affordability is as follows:

- Average Gross Domestic Household Income (GHDI) in County Durham of £17,228;
- Average Disposable Household Income (assuming 2no. persons) of £34,456;
- Average assumed debt and living costs of (£434 per month) totalling £5,208;
- Total available income for mortgage = £29,256 (£34,456 less £5,208);
- Assumed maximum mortgage = £102,396 (based on a loan to income multiple of 3.5);
- Assumed minimum 10% deposit = £11,400 (£102,396 / 0.9) less £102,396; and
- Assumed property value that could be afforded = £113,796.

Key Input Assumptions

As set out above, the calculation is based upon a series of input assumptions, including income, debt and committed living costs, and in relation to mortgages, income multipliers and loan to value ratios. These inputs are considered further in the sections below.

Income

The Council uses GDHI as the basis of the household income estimate. This is understood to provide an estimate of gross disposable household income after direct and indirect taxes.

This approach was criticised in the Inspector's decision as part of the Sniperley Park appeal2 – the Appellant's position was that gross income (median) should be applied, on the basis this is typically used as the basis of mortgage offers by lenders. The Inspector considered the Council's approach to be inappropriate and noted:

"The Council uses a disposable income figure rather than a gross income figure which is usually used
by lenders. This results in a very low-income figure being used in the calculation." [Paragraph 716] and
"The calculations to determine the 'affordability cap' are based on grossly underestimated annual salaries and are figures after tax, rather than the gross figures that relate to lending." [Paragraph 284].

In essence, as currently worded, the SPD is inconsistent with how mortgage lenders consider affordability. The starting point for mortgage lenders is gross pre-tax salary, not post-tax salary. They may then apply a degree of stress testing, but it is considered that the SPD should be consistent with the starting point for lenders. Notwithstanding this, the GDHI of £17,228 would equate to a gross salary (before taxes) of just over £19,000 per annum which for someone working full-time would be below the legal minimum wage (£23,809), or they would be working part-time. Either scenario is an unrealistic basis for undertaking this calculation and calculating affordability across the County.

Crucially, the approach the Council are proposing to adopt has been tested at Inquiry and considered independently by a Planning Inspector and the Secretary of State and was not accepted. It is, therefore, highly surprising, and most disappointing, that the Council is persisting with an un-sound approach.

2 Appeal reference: APP/X1355/W/23/3333600

Debt and Committed Living Costs

Debt to Income (DTI) ratios are used by mortgage lenders to ascertain lending risk and assist in mortgage product offerings. However, they are calculated based on total committed monthly debt payments as a proportion of total gross monthly income and are not netted off from gross income to cap mortgage lending, as is set out in the Council's methodology. This is a further example of how the methodology is inconsistent with real-world application.

Furthermore, debts and living costs will vary greatly between individuals/households, and would be a consideration of lenders as part of a mortgage application process. It is considered that a blanket assumption of debt and committed living costs would be incorrect and further suppresses the potential mortgage values accessible.

Income Multipliers

With respect to loan to income (LTI) multipliers, the Council's approach assumes a value of 3.5.

To inform this representation, Lichfields has conducted a review of the LTI multipliers offered by the ten largest mortgage lenders within the UK (representing 83.1% of the market). This involved using individual lenders' mortgage calculators and applying an assumed household income of £64,694 (which is in line with the medial annual gross pre-tax income for two people). It should be noted that these LTIs are based on indicative lending amounts and actual multipliers for individual mortgage offers may be lower. Nevertheless, it provides a useful means of testing the reasonableness of the Council's figure.

The Sniperley Park Inspector noted that the assumption within the Council's methodology (LTV multiplier of 3.0) was low and was not informed by any third-party validation, stating:

"The income multipliers are not reflective of actual lending." [Paragraph 284]; and

"I am concerned that the Council's assessment does not rely on third party validation such as confirmation from brokers or banks about mortgage lending multipliers." [Paragraph 716]

It can be seen from the summary analysis in Table 1 below that the LTI multipliers offered by these lenders ranged from 4.45 to 5.00 and averaged 4.61. Indeed, based on the evidence presented, an LTI multiplier of 3.5 under represents and artificially suppresses what is actually happening in the marketplace.

Table 1 Loan to Income Multiplier based on gross income (Mean) and indicative borrowing amount

Lender	Mortgage Balances	Market Share	LTI Multiplier
Lloyds Banking Group	£305.5bn	18.9%	4.75
Nationwide Building Society	£203.1bn	12.5%	4.49
NatWest Group	£192.7bn	11.9%	4.45
Santander UK	£172.6bn	10.7%	4.45
Barclays	£160.6bn	9.9%	4.73
HSBC Bank	£125.4bn	7.7%	4.75
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Total	**£1,346.1bn**	**83.1%**	**4.61**

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Whilst we note that the multiplier has been increased to 3.5 in this SPD, it is still evidently some way short of the average LTI offered by the ten largest mortgage lenders in the UK and also short of the information provided by the FCA. As such, the implication of this is that the Council's method artificially supresses the amount of money that a couple in County Durham is likely to be able to borrow, meaning that the total affordable housing price depicted is significantly lower than it would be if the correct inputs were used.

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In 2021, the UK Government introduced the Mortgage Guarantee Scheme which included participating lenders offering up to 95% LTV mortgages (5% deposit) to

support with achieving home ownership.

This was originally introduced as a temporary scheme but was launched as a permanent initiative by the Government in July 2025.

By increasing the percentage of LTV mortgages, households are able to afford a greater proportion of homes. By adopting a lower percentage, the SPD suppresses the amount of money a household is likely to be able to borrow which brings further reduces the price cap.

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In the first instance, we have significant concerns regarding relying on a Viability Assessment which was previously updated in October 2020, given material changes which have taken place, including significant build cost inflations (in addition to costs associated with regulatory changes) and the changing policy environment. With these matters, we have reservations over the Council's claim that there will not be an additional burden anywhere within the County.

Secondly, the Council admit the data points used in their input assumptions will have a limited life span given changing mortgage rates and living costs. To tackle this, the Council propose to update each data point each April, or bi-annually. By fixing specific data points, there is very little flexibility within the methodology to account for changes over the course of a year. It is considered that there is a silent admittance of this in the Council's statement that the figures would have limited life spans.

Thirdly, the introduction of a £140,000 price cap would represent a blanket approach which disregards house types and size. This would have an even greater impact on the viability of delivering larger homes which needs to be considered in the context that the Strategic Housing Market Assessment [SHMA] does not identify an affordable housing need for only 1 and 2 homes. A price cap would result in challenges to delivering 3 and 4 bed homes (and potentially even 2 bed homes in some circumstances).

Lastly, the Council are currently in the process of adopting a new Local Plan. The new Standard Method, introduced in December 2024, has dramatically increased the annual housing requirement within County Durham, by approximately 55%. This is a significant change in policy, and the adoption of a new Local Plan will introduce

another new policy environment. It is considered that adopting a new SPD which is based upon a Viability Assessment last updated in October 2020 is premature, considering the new Local Plan will need be expected to be supported by a Viability Assessment.

Implications of a Price Cap

Taking into account the NPPF definition of DMS housing and setting a benchmark of a minimum 20% discount, it is important to consider how the discount level would vary across the Borough through implementing a price cap.

County Durham is a large authority area and in light of this, Policy 15 of the adopted County Durham Plan breaks the authority down into value areas whereby different proportions of affordable housing is required. To implement a County-wide price cap is inconsistent with the approach taken in the Local Plan and ignores different residential values across the County. There is also no consideration of property size or type, or the variation on value areas across the County, which is relevant given the size and varying nature of County Durham.

To illustrate this, the Home Builders Federation [HBF] have prepared a breakdown of house prices for recent developments situated around Durham City. As the main settlement within County Durham, it is highly likely that a large proportion of the future growth will be delivered in and around the city. The HBF found that house prices for 3-bedroom properties ranged from £222,000 to £320,000. Taking into account the price cap of £140,000, this presents a discount level of between 36.9% and 56.3%.

The HBF have also looked at recent developments outside of the Durham City area and found that 3-bed properties around Gainford and Staindrop would also be subject to a 58.7% and 53.3% discount level. Lichfields are not aware of any other Local Planning Authorities in the North East that are adopting discounts of this proportion.

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Looking at a Lambton Park specific-context, the implementation of a site-wide Design Code has assisted in the delivery of an award-winning development. The Design Code applies to all properties regardless of their size and tenure. On the ground, this has the effect of ensuring there are no discernible differences between a traditional market dwelling and an affordable home. In practice, however, currently, this has the effect of increasing the build cost of an affordable home by around 25%. Although this will likely increase over the 10-15 year build out of the scheme along with revenues. As currently worded, the SPD would not allow for any consideration of the impact of increased build costs associated with affordable homes at Lambton Park. As a result, the implementation of a County-wide price cap would significantly impact the future viability of development at Lambton Park even further. Not only are build costs more expensive for affordable homes, but the price cap would also significantly suppress the price at which those homes can be sold for. The impact of which would be two-fold:

1 Housing delivery at Lambton Park would be detrimentally affected due to viability concerns; and
2 The overall quality of affordable housing would be detrimentally affected as developers seek to lower build costs through still using non-standard materials, but cheaper versions than currently used which perhaps would not retain the same visual qualities over time.

The SPD as currently worded has the potential to significantly impact upon the future of an award-winning development which has been viewed by all stakeholders as an exemplar development within the County, across the region and the Country, as demonstrated by the numerous awards in Annex 1 of this letter.

If developers can submit a site-specific viability assessment however, it is considered that the price cap would still have a detrimental effect on housing delivery. If the price cap increases the number of sites which require a viability assessment, this increases the risk of delays during the planning process and places further burden on capacity, both within the Council and within the private sector. The overall effect is risks and delays to the delivery of the Council's significantly increased housing requirement and resultant delays to the economic, environmental and social benefits that new housing delivers.

Amended Methodology

Whilst we do not endorse a blanket-type approach to the calculation of the discount to DMS homes, if the Council are committed to implementing a consistent methodology and a County-wide price cap, it is considered that the input assumptions should be amended.

This includes aligning with standard practice of mortgage lenders, including determining affordability on the basis of gross pre-tax figures and disapplying a blanket assumption for debt and committed living costs.

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In light of this evidence, it is reasonable to assume that many households will be eligible for mortgages with an LTI of 4 or above. As demonstrated in Figure 1 below, the level of affordability is shown to be £287,529 with an LTI of 4, and £323,470 with an LTI of 4.5, which would potentially enable the delivery of affordable homes which responds to the need identified in the SHMA.

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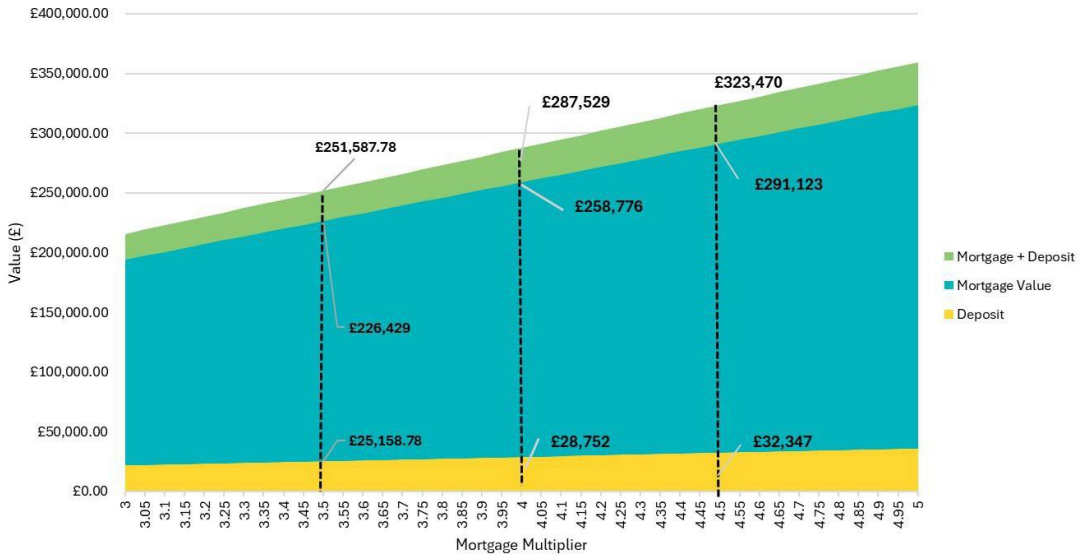

Source: Lichfields analysis

Conclusion

In summary, this response includes the following concerns:

- The Council's method is flawed, by
  - Using a disposable income, rather than gross income
  - Applying an assumed debt / living cost, which should be assessed on an individual basis
  - Applying a conservative loan to income multiplier
  - Applying an assumed requirement for a 10% deposit
- This leads to a proposed price cap of £140,000, based on the application of this method and the findings of a dated Viability Assessment
- It is anticipated that this will lead to viability implications for developments, coinciding with a time where there is pressure to address both a national housing crisis, increasing build costs and regulatory requirements plus a significant annual housing requirement for County Durham.
- In a Lambton Park context, it is anticipated that future housing delivery would be affected, along with the quality of future affordable housing delivery, due to rising build costs. This would impact upon the wider legacy of the development as an award-winning exemplar development for the County, region and Country.
- The unintended consequences of this SPD could result in the stalling of housing growth across the County and the resultant economic, environmental and social benefits of new housing. This is then likely to increase house prices, due to lack of delivery and competition in the market and have the opposite effect than that intended by the SPD.

This response offers an alternative method with a more robust and accurate set of assumptions should the Council still wish to pursue a methodology for calculating a

discount for DMS homes, although we do not endorse this approach, rather the requirements of the NPPF should be followed

With forthcoming deadline for Local Planning Authorities to adopt SPDs before 30 June 2026, the Trustees are concerned about the time before this deadline to ensure that the responses from this consultation are duly considered and we would welcome further dialogue with the Council to examine better ways to boost the delivery of affordable homes across County Durham.
Yours faithfully

Council's response

Whilst it is accepted that there is diversity in the county regarding local house prices, the 2019 SHMA confirmed that County Durham is a single Housing Market Area, the DMS methodology accordingly considers affordability of DMS to meet affordable housing needs within the defined Housing Market Area.

There is no requirement to subject SPD to Examination in Public. The Government announced on 27 November 2025 that the new plan making system will be in place by early 2026, with existing SPDs remaining valid until new style local plan is adopted. The final date for adopting any remaining SPDs is 30 June 2026.

The SPD has confirmed, with reference to independent sources, that it is appropriate utilise net income (after tax) rather than gross income. The SPD provides justification for the inputs to the assessment including the use of GDHI.

Gross Disposable Household Income (GDHI) is the amount of money that all the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the "material welfare" of the household sector. Conversations with mortgage lenders have indicated that whilst it is not this specific term they use to calculate mortgages it reflects the to the information they consider.

The Financial Conduct Authority (FCA) state that the lender 'must take full account of the income of the customer, net of income tax and national insurance….' The income which lenders are directed to use for individuals mirrors that which is provided in the GDHI.

The Inspector at the Sniperley appeal expressed concerns that the Council's assessment didn't rely upon third party validation, such as confirmation from brokers or banks about mortgage lending multipliers. As set out, the SPD has been developed with input from the sector, including FCA guidance.

It is acknowledged that households will have different levels of debt. The SPD sets

out a calculation to determine what an average household in the county would be able to afford. On this basis it is appropriate to consider debt and average debt is assumed utilising recognised data sources for this purpose. The amount of debt that a household has is a key factor in informing mortgage offers, therefore the approach reflects industry practice.

The representation presents details of the mortgage rates available on the market, however, these are not representative of what mortgages are available for the Discount Market Sale product. Rather, the information provided appears to be mortgage rates for properties for open market sale. Mortgage multipliers differ between properties for open market sale and Discount Market Sale, as households in Discount Market Sale are generally considered to be a higher risk by lenders due to many customers having very little credit history, as well as potentially having restrictions on the property in the event of repossession.

The representation states that they have tested their assumptions using lenders mortgage calculators. It is assumed by DCC that these are online calculators available on lenders websites. Whilst discussing mortgages directly with a Halifax mortgage advisor, these calculators were covered. The advisor stated that these are primarily used as a marketing tool to show what a person in an idea circumstance could borrow. The mortgage rates used in these examples are not likely to be representative of what an average income would be offered on affordable products.

As noted in a number of representations, the FCA operates a loan-to-income framework under which mortgage lenders are expected to limit lending at or above 4.5 times income to no more than 15% of their new residential mortgage lending. This is a portfolio-level supervisory limit rather than a cap on individual borrowing. While Discount Market Sale purchasers often borrow at lower income multiples in practice, the FCA framework permits lending at higher levels where affordability can be demonstrated. It is therefore appropriate for affordability assumptions to acknowledge the FCA's 4.5x benchmark, without implying that such borrowing levels will be routinely achieved.

The representation refers to the UK Government's Mortgage Guarantee Scheme, under which participating lenders may offer mortgages of up to 95 per cent Loan to Value (LTV), and notes that this arrangement has been confirmed as a permanent initiative. This is recognised as a relevant consideration for the affordability assessment within the DMS SPD. On this basis, the SPD has been amended to assume a reduced deposit of 5 per cent rather than 10 per cent, reflecting the potential for households purchasing DMS properties to access 95 per cent LTV mortgage products in line with the Scheme.

It should be noted, however, that changes to LTV ratios through the Mortgage Guarantee Scheme affect deposit size rather than borrowing capacity. The

representation conflates deposit affordability (the ability to provide upfront capital) with purchase affordability (the ability to service mortgage repayments). The Mortgage Guarantee Scheme was introduced specifically to reduce the deposit hurdle faced by purchasers, rather than to increase the amount households are able to borrow.

While higher LTV mortgage products reduce the upfront deposit required and can therefore improve access to home ownership for households with limited savings, they do not in themselves increase borrowing capacity. The amount a household can borrow remains constrained by income levels, lending multiples and affordability assessments applied by mortgage lenders. Accordingly, the revised LTV assumption affects accessibility to home ownership rather than the underlying assessment of what level of housing cost is affordable in repayment terms.

The Discount Market Sale SPD is informed by the viability assessment which underpins the Development Viability, Affordable Housing and Financial Contributions SPD. The date in the SPD is incorrect and the information was produced in 2023. This will be corrected as a minor amendment to the document.

It is appropriate to consider review period linked to the methodology within the assumptions. The timeframe for review is considered suitable. The SPD is clear on the intention in this regard.

The SPD defines a mechanism described as a viability informed price cap. As context, Annex 2 of NPPF confirms that a discount should be ‘at least 20%’. This envisages and allows for scenarios in which a discount could exceed 20%. DMS is a form of affordable housing, therefore it follows that a discount larger than 20% would be implemented where this was required to ensure that a DMS product was genuinely affordable, and therefore meeting housing needs.

The DMS SPD sets out an affordability calculation, to determine what the average household in County Durham could afford. The DMS SPD also reflects the findings of the adopted Development Viability Affordable Housing and Financial Contributions SPD and related Local Plan Viability Testing Update (2023). The SPD therefore reflects this study’s conclusion at the point to which a discount would be considered viable. It is established practices to utilise evidence on viability to guide delivery.

In regard to a blanket viability cap on all property sizes, it is noted that the comments state that it would challenge the ability to deliver 3 and 4 bed homes as affordable. Historically developers have never provided 4bed homes as affordable and only recently started to offer 3bed as part of the affordable offer. It is however noted that the greatest need is for 2bed homes.

As set out, the DMS SPD has been informed by viability considerations and the

findings of the Local Plan Viability Testing Update (2023). In this context, the DMS SPD reflects the findings of the evidence prepared to support the adopted Development Viability Affordable Housing and Financial Contributions SPD. This SPD, at section 6 sets out a process for presenting a viability case where viability issues are to be used to demonstrate below policy compliant levels of developer contributions.

There is an important distinction between the viability areas set out in Policy 15 and the DMS methodology in the SPD. Policy 15 of the County Durham Plan is informed by evidence-based viability areas, reflecting variations in house prices across the county, and these areas are used to determine the appropriate quantum of affordable housing to be delivered. In contrast, the SHMA identifies County Durham as a single Housing Market Area, meaning that housing delivery across the county contributes to meeting overall housing needs. From an affordability perspective, it is therefore appropriate to take a county-wide approach, as affordable homes delivered in any location help address needs across the Housing Market Area.

It is noted that the examples in the HBF response are predominantly drawn from the Highest Value area, supplemented by further examples in the High Value area and a single example from the Medium Viability area. There are no examples from the Low viability area. It is also unclear as to whether the house types identified are intended as DMS properties.

As noted previously the Local Plan Viability Testing Update (2023), has informed the viability informed price cap, therefore the SPD has been informed by viability considerations.

As set out, the DMS SPD has been informed by viability considerations and the findings of the Local Plan Viability Testing Update (2023). In this context, the DMS SPD reflects the findings of the evidence prepared to support the adopted Development Viability Affordable Housing and Financial Contributions SPD. This SPD, at section 6 sets out a process for presenting a viability case where viability issues are to be used to demonstrate below policy compliant levels of developer contributions.

Responses have been provided elsewhere in this response to justify the assumptions within the approach set out within the DMS SPD

With regard to ASHE data, this data set is not considered appropriate for the purpose of assessing affordability. ASHE is based on a 1% sample of employee jobs taken from HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) records. The data set therefore doesn't include self-employed, those on benefits or retired people who would be in housing need. The data only relates to PAYE workers and is considered likely to overstate income levels in the general population.

The amended methodology within the representation presents an affordable house price level of c.£251,000. A house price of £251,000 is high in the County Durham context. When benchmarked against Office for National Statistics (ONS) house price statistics, it sits clearly above the upper quartile of the local housing market and within the upper segment of values. This assessment is based on ONS House Price Statistics for Small Areas, which place the County Durham upper quartile at around £180,000–£190,000, together with analysis of Land Registry transaction data indicating that the large majority of sales occur below £250,000. As a result, a price of £251,000 is best characterised as within approximately the highest 10–15% of property values across the county.

Home Builders Federation

Discount Market Sale Supplementary Planning Document (SPD)

1. Thank you for consulting with the Home Builders Federation (HBF) on the consultation draft of the Council's Discount Market Sale Supplementary Planning Document (DMS SPD).

2. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multinational PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.

3. The Council has previously consulted on a policy related to DMS homes as part of a wider Housing Needs SPD and has now separated this into its own standalone SPD. We have previously expressed our concerns regarding how the Council is approaching DMS, both through the Housing Needs SPD and now this emerging DMS SPD. The HBF considers that adopting the DMS SPD as currently drafted will only serve to frustrate housing delivery in many if not all areas of the County. In fact, given the issues which the Council has in not being able to achieve and maintain a five year supply of deliverable housing land, and the wider challenge the Council has in meeting its Local Housing Need (LHN), the application of the approach in the DMS SPD will only serve to exacerbate this position rather than improve it. As such, the HBF does not support the premise of this SPD. We map out our objections below looking first at the broad principle of the SPD, before then examining the details of the SPD requirements.

General Comments Concerning the Principle of the Discount Market Sales Supplementary Planning Document

Use and scope of a Supplementary Planning Document

4. The Council will be aware that an SPD is not a development plan document and so it cannot be given statutory weight in the determination of a planning application, rather it is a material con-sideration.

5. As this is the case, both the National Planning Policy Framework (NPPF, 2024) and the Planning Practice Guidance (PPG) are very clear on the role of an SPD in the plan-making system. Annex 2 of the NPPF confirms this by stating that SPDs are:
"Documents which add further detail to the policies in the development plan. They can be used to provide further guidance for development on specific sites, or on

particular issues, such as design…"

6. The PPG goes further and states:

"…As they do not form part of the development plan, they cannot introduce new planning policies into the development plan. They are however a material consideration in decision-making. They should not add unnecessarily to the financial burdens on development." (Reference ID: 61-008-20190315).

7. The HBF considers that this proposed SPD goes much further than this and its role is clearly not to explain or provide further guidance in relation to the relevant policy (Policy 15 of the County Durham Plan, adopted October 2020), rather it seeks to fundamentally change the mechanics of the policy by introducing additional requirements; namely a county-wide price cap on DMS homes.

8. As outlined in the PPG, an SPD is also not to unnecessarily add financial burdens on development. It is clear by introducing a price cap such as that outlined in the SPD, the Council is precisely doing this and has failed to present evidence to demonstrate that it will not unnecessarily add a financial burden. The SPD references a Viability Assessment that was last updated in October 2020. The HBF does not consider that relying on a Viability Assessment that is over five years old is sufficient and robust justification on which to base the SPD. Given the significant build cost inflation (in addition to costs associated with regulatory changes) that has been experienced since 2020 and that growth in sales revenues over this period has been subdued, to not update the Viability Assessment to acknowledge this, the HBF considers that the Council cannot credibly claim that there will not be an additional burden anywhere within the County. Furthermore, there is no mechanism included in the SPD which would allow an applicant to submit a site-specific Viability Assessment where it is considered that applying the price cap would render a scheme unviable.

Function of Discount Market Sales Tenure

9. Annex 2 of the NPPF provides the definition for DMS homes which outlines that they are

"Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households."

10. This makes it clear that the basis on which the price of a DMS home is calculated is as a percent-age of the local market value. It makes no mention of this then being able to be subject to any form of price cap and as an organisation, the

HBF is unaware of any other local planning authority in England applying such a cap to its DMS homes. Indeed, the only mention that the Government has ever made in relation to a price cap is concerning First Homes and the SPD itself makes clear that the DMS sought in County Durham is not First Homes.

11. The HBF therefore considers that putting a price cap on DMS homes conflicts with the NPPF and is inconsistent with the Annex 2 definition. If the Government had intended that the tenure could be subject to a price cap, then the NPPF would have clearly stated so.

Specific Comments regarding the Proposed Price Cap

Examination of Inputs that Inform the Price Cap

12. Table 1 of the SPD outlines the inputs and calculations used to inform the price cap. This is replicated below:

Input	Amount	Total
Gross Disposable Household Income (GDHI) for a couple	£17,228 x 2	£34,456
Subtracted assumed average debt and living costs (per month for the household not including existing mortgage, rent, house-hold maintenance costs)	£434 x 12	£5,208
Total available income for mortgage		£29,248
3.5 mortgage multiplier	£29,248 x 3.5	£102,368
10% Deposit	£102,368/0.9	£11,374
Total affordable housing price		**£113,742**

13. The price cap itself is set higher than this at £140,000 to accommodate viability considerations, however, as outlined in our comments above, an updated Viability Assessment has not been used to calculate this, rather the data relies on a Viability Assessment that is now over 5 years old and does not reflect recent build cost inflation and subdued rises in sales values.

14. The HBF has a number of fundamental concerns regarding the inputs and how the cap has been calculated. Firstly, we do not consider the use of the GDHI figure as appropriate for undertaking this exercise. Mortgage lenders do not use disposable income to calculate how much an individual or couple can borrow, this is done from gross pre-tax salary. The mortgage lender may then refine this figure by applying a degree of stress testing, however this is always based on the gross pre-tax salary. Notwithstanding this, the GDHI of £17,228 would equate to a gross salary (before taxes) of just over £19,000 per annum which for someone working full-time would be below the legal minimum wage (£23,809), or they would be working part-

time. Either scenario is an unrealistic basis for undertaking this calculation.

15. The Council also takes the approach of discounting assumed average debt and living costs from the GDHI. This is an unnuanced approach as debts and living costs will vary greatly between individuals and would be a consideration of lenders as part of a mortgage application process. It is not right to use average debt and living costs to reduce the actual price of the DMS properties given how widely this varies. This further underlines that seeking to apply a price cap is inappropriate.

16. The HBF also considers that the 3.5 x mortgage multiplier is too low and a mortgage of 4.5 x salary is the correct figure to use in this instance. This is the benchmark used by the Financial Conduct Authority (FCA), albeit that the Government announced in July 2025 that it would make more mortgages available at over 4.5 x a buyer's income (https://www.gov.uk/govern-ment/news/reeves-to-cut-financial-red-tape-to-boost-homeownership), arguably making the 4.5 x multiplier a minimum figure to use.

17. The implication of this is that the Council's method artificially suppresses the amount of money that a couple in Durham is likely to be able to borrow, meaning that the total affordable housing price depicted is significantly lower than it would be if the correct inputs were used. Indeed, the pre-cursor to this SPD in the form of the Draft Housing Needs SPD (February 2024) was commented on as part of the planning appeal for Sniperley Park (appeal reference: APP/X1355/W/23/3333600). This draft SPD also had the approach of using the GDHI but incorporated a 3 x mortgage multiplier and a 15% deposit to attempt to establish a price cap for dis-count market sales homes. In response, the Inspector (endorsed by the Secretary of State) stated: "I am concerned that the Council's assessment does not rely on third party validation such as confirmation from brokers or banks about mortgage lending multipliers. Furthermore, the Council uses a disposable income figure rather than a gross income figure which is usually used by lenders. This results in a very low-income figure being used in the calculation."

18. The HBF considers that notwithstanding that the multiplier has increased to 3.5, this is still short of the FCA benchmark and given that the Council continues to use the GDHI figure, the criticism raised by the Inspector is still relevant and would signify and approach which does not stand up to scrutiny.

Effect on the Housing Market and Deliverability

19. County Durham itself is a geographically large authority containing a wide array of residential values. This is acknowledged through the application of value areas for affordable housing within Policy 15 of the adopted County Durham Plan. The application of a single price cap to cover the whole of County Durham is therefore inappropriate and simply ignores the diverse residential values found across the County. This leads to a disjointed approach between how the quantum of

affordable homes is calculated and then how any discount is applied. The cap also does not appear to relate to property size or type and so is not reflective of the wider housing mix that may be on a development site.

20. As an example of this, the adopted County Durham Plan identifies a notable portion of housing growth to be situated around Durham City and as the main settlement in County Durham, this is likely to be the case into the future. As a 'Highest Value Area', the affordable requirement in Durham City is 25% (Policy 15 of the County Durham Plan).

21. House prices in the area for new homes can be seen from recent development sites. The table below provides these typical prices and demonstrates the effect that the price cap would have on the area:

Development	**Housebuilder**	**House Size/Type**	**Price**	**% Discount if £140,000 price cap is applied**
The Green at DH1 (Sniperley Farm)	Ashberry Homes	3 bedroom semi-detached	£319,995	56.2%
Aykley Heads	Persimmon Homes	3 bedroom detached.	£320,000	56.3%
Old Durham Gate	Barratt Homes	3 bedroom detached	£252,995	44.7%
Bishops Walk	Miller Homes	3 bedroom semi-detached	£222,000	36.9%

22. This clearly demonstrates that if the DMS SPD were to apply in sites around Durham City, all DMS properties would need to be significantly discounted to achieve the price cap (substantially above the 20% discount suggested in the NPPF definition). Clearly discounting homes to this degree on all DMS properties would simply render such schemes unviable and undeliverable.

23. However, it is not just around Durham City where the DMS SPD will affect housing delivery. The table below also illustrates the implications it will have on other value areas within the County by looking at recent development sites.

Development	Housebuilder	Value Area	House Size/Type	Price	% Discount if £140,000 price cap is applied
Chester Meadows, Pelton Fell	Taylor Wimpey	Medium (15% affordable housing)	2 bed bungalow	£214,000	34.6%
Woodberry Park, Staindrop	Homes by Carlton	High (20% affordable housing)	3 bed semi-detached	£300,000	53.3%
The Old Foundry, Wolsingham	Bellway Homes	High (20% affordable housing)	2bed bungalow	£234,995	40.4%
Spa Gardens, Gainford	Wharfdale Homes	High (20% affordable housing)	3bedroom semi-detached	£339,000	58.7%

24. This demonstrates that the application of the price cap in this case will seriously undermine the delivery of new homes in the County as a whole, and serve as a major barrier for the Council achieving its required LHN set out through the current Standard Method (2,021 dwellings per annum). Such stalling of housing growth is likely to then drive-up house prices and have the opposite effect than that intended by the DMS SPD.

Future Engagement

25. The HBF wishes to continue to engage with the Council so as to help facilitate the delivery of affordable homes in County Durham, however it considers that the use of this proposed DMS SPD to impose a price cap, which has no basis in national planning policy or guidance, will in fact stifle delivery of affordable housing across the county and make it more difficult to develop the homes which are needed.

26. The HBF would therefore welcome further dialogue with the Council to examine better ways to boost the delivery of affordable homes across County Durham.

Council's response

The DMS SPD has been informed by viability considerations. The Local Plan Viability Testing Update (2023) recommended a figure of no lower than £140,000.

The DMS SPD is therefore in accordance with the findings of the study. The date of this study has been corrected in the document as a minor amendment.

The purpose of this SPD is to provide details and clarity on the CDP policies. Policy 15 of the County Durham Plan provides the policy framework to deliver affordable homes in County Durham. Policy 15 notes the role of DMS in this context. The supporting text of Policy 15 at paragraph 5.106 reflects the NPPF Annex 2 Glossary, which provides the definition for affordable housing, including DMS. Paragraph 5.106 notes that it is important that a variety of affordable housing options are offered to meet the circumstances of those in need and to cater for the affordable housing needs of specific groups. The DMS SPD therefore notes the role of DMS in County Durham and considers the affordability of the product to ensure it meets housing needs.

As set out, the DMS SPD has been informed by viability considerations and the findings of the Local Plan Viability Testing Update (2023). In this context, the DMS SPD reflects the findings of the evidence prepared to support the adopted Development Viability Affordable Housing and Financial Contributions SPD. This SPD, at section 6 sets out a process for presenting a viability case where viability issues are to be used to demonstrate below policy compliant levels of developer contributions.

The SPD defines a mechanism described as a viability informed price cap. As context, Annex 2 of NPPF confirms that a discount should be ‘at least 20%’. This envisages and allows for scenarios in which a discount could exceed 20%. DMS is a form of affordable housing, therefore it follows that a discount larger than 20% would be implemented where this was required to ensure that a DMS product was genuinely affordable, and therefore meeting housing needs.

The DMS SPD sets out an affordability calculation, to determine what the average household in County Durham could afford. The DMS SPD also reflects the findings of the adopted Development Viability Affordable Housing and Financial Contributions SPD and related Local Plan Viability Testing Update (2023). The SPD therefore reflects this study’s conclusions at the point to which a discount would be considered viable. It is established practices to utilise evidence on viability to guide delivery.

There is a misunderstanding as the representation sets out that the assessment to inform affordability has informed the viability cap. This is incorrect, as it was the Local Plan Viability Testing Update (2023), which informed the viability informed price cap in recommending a figure of no lower than £140,000.

Gross Disposable Household Income (GDHI) is the amount of money that all the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a

concept that is seen to reflect the “material welfare” of the household sector. Conversations with actual mortgage lenders have indicated that whilst it is not this specific term they use to calculate mortgages it reflects the to the information they consider.

The Financial Conduct Authority (FCA) state that the lender ‘must take full account of the income of the customer, net of income tax and national insurance….’ The income which lenders are directed to use for individuals’ mirrors that which is provided in the GDHI.

GDHI differs from the level of a legal wage because GDHI is a net, annual measure of the income households actually have available after taxes and deductions, averaged across the whole population (including non-workers), whereas a legal wage is a gross, hourly rate for individuals in paid employment. As a result, the two are not directly comparable, GDHI reflects overall living standards, while a legal wage reflects the minimum price of labour, and they are measured on different bases (net vs gross, annual vs hourly, population wide vs workers only).

It is acknowledged that all households would have different levels of debt. The basis of the calculation is to determine what an average household in the county would be able to afford and therefore an average debt using recognised statistics is used. The amount of debt that a household has is a key factor in mortgage offers so to omit the concept from the calculation would not mirror industry practice. The approach is in accordance with the calculation intended to confirm what the average household in County Durham would be able to afford.

As noted in a number of representations, the FCA operates a loan-to-income framework under which mortgage lenders are expected to limit lending at or above 4.5 times income to no more than 15% of their new residential mortgage lending. This is a portfolio-level supervisory limit rather than a cap on individual borrowing. While Discount Market Sale purchasers often borrow at lower income multiples in practice, the FCA framework permits lending at higher levels where affordability can be demonstrated. It is therefore appropriate for affordability assumptions to acknowledge the FCA’s 4.5x benchmark, without implying that such borrowing levels will be routinely achieved.

The Inspector at the Sniperley appeal expressed concerns that the Council’s assessment didn’t rely upon third party validation, such as confirmation from brokers or banks about mortgage lending multipliers. As set out, the SPD has been developed with input from the sector, including FCA guidance.

There is an important distinction between the viability areas set out in Policy 15 and the DMS methodology in the SPD. Policy 15 of the County Durham Plan is informed by evidence-based viability areas, reflecting variations in house prices across the

county, and these areas are used to determine the appropriate quantum of affordable housing to be delivered. In contrast, the SHMA identifies County Durham as a single Housing Market Area, meaning that housing delivery across the county contributes to meeting overall housing needs. From an affordability perspective, it is therefore appropriate to take a county-wide approach, as affordable homes delivered in any location help address needs across the Housing Market Area.
It is noted that the examples are predominantly drawn from the Highest Value area, supplemented by further examples in the High Value area and a single example from the Medium Viability area. There are no examples from the Low viability area. It is also unclear as to whether the house types identified are intended as DMS properties.

As noted previously the Local Plan Viability Testing Update (2023), has informed the viability informed price cap, therefore the SPD has been informed by viability considerations.

Whilst we acknowledge the concerns raised we do not agree that the proposed approach will impact upon delivery, on the basis it has been informed by viability considerations.

We would, however, be happy to engage further outside of the SPD process to continue a constructive conversation on supporting the delivery of affordable housing to meet housing needs

Dere Street Homes

Please see our comments regarding the above SPD.

Section 4
When someone is buying a OMS dwelling we understand there is a form to complete and submit to the council. Is there going to be a charge for this and if so, how much? Also is there a timescale within which the Council have to review the form?

We are comfortable with the eligibility criteria but there should be a cascade marketing clause that can be added to S106s, so that properties aren't on the market indefinitely.

The calculated average mortgage of £113, 742 for County Durham seems very low. We understand the methodology, but we don't think this reflects what happens on the ground. For example, on our Marley Fields development, we understand that the local GDHI at the start of the development was just over £10000 per household. Based on this the local population could not afford the new houses. However, our mean price was around £175 k per retail unit, selling the last one at the end of 2020. We had no issues selling houses on this site and a high proportion of the houses were bought by the local population.

The SPD explains how affordability needs to be balanced alongside viability. Specifically it states:

"The study determines that the discount from the open market value property should be £140,000 to ensure viability. This is in line with plan wide viability. Therefore, DMS properties are to be sold at least a 20% discount from the confirmed open market value of the property, up to a maximum level of £140,000.

The viability study, referenced above considered caps of £120k, £130k, £140k, £150k and £160k. The report concludes that any caps, including £160,000 would not be viable in low viability areas, such as Wheatley Hill. The report concludes that on balance the cap should be no lower than £140k. It does not state that the cap should be £140k and based on the evidence presented in the study that may be too low a cap to make some developments viable.

Section 5

Para 5.2 states: "If OMS is provided on sites developers should ensure that there is a mix of size and property types. Affordable homes should not be a single unit type, size or co-located in a single area. Affordable homes should not be distinguishable from the open market housing and this should be reflected in the makeup of the overall site".

Whilst we appreciate that the Council ideally want a mix of affordable homes, in terms of number of bedrooms etc, we think there should be allowance for exceptions to this. For example there could be a need for one type of affordable housing in a particular settlement.

In terms of locating the homes in one area, there may be merit in doing so sometimes. For example clustering affordable bungalows, would allow similar aged persons who often occupy bungalows to support each other.

Section 6

Para 6.4 states "The October 2020 Local Plan Viability Testing update provides a comprehensive analysis of the viability of developments and concludes with providing a 'Viability Cap'. This cap is set as £140,000 per affordable property. It concludes that the developer would be able to discount an affordable property to this level with the scheme remaining viable. Whilst this is higher than what we would consider is affordable for an average person in County Durham we accept that compromise is required to ensure that schemes are deliverable".

As noted above, we do not agree that the Viability Testing document concludes that all developments would be viable at a £140,000 cap.

We would be grateful if you can acknowledge receipt of our representations and that they are taken into account when finalising the SPD.

Yours sincerely

Council's response

The council utilises an online application form to assess the eligibility of prospective purchasers. The form serves to capture relevant information from potential buyers so that the council can confirm that they are eligible to purchase the property. There is currently no charge for this process. Applications are usually assessed within three working days, however this may vary where applications are incomplete or during busy periods,

The SPD notes the role of cascading arrangements, but seeks to ensure that demand is identified at the point of application to avoid relying on cascading mechanisms post approval.

The assessment of what can be afforded is informed by the methodology. To note this relates to affordable housing. In the example cited it is understood that the average price cited relates to an average of properties on the site including open market housing. It is understood that the DMS properties on the site in question

would meet the requirements of the SPD.

The Local Plan Viability Testing Update (2023) recommended a figure of no lower than £140,000. The DMS SPD is therefore in accordance with the findings of the study.

Nonetheless, the adopted Development Viability Affordable Housing and Financial Contributions SPD at section 6 sets out a process for presenting a viability case where viability issues are to be used to demonstrate below policy compliant levels of developer contributions.

Demand information indicates that there is a need for variation in the size of affordable homes across all locations across the county, however the highest demand is for 2 bed properties.

The SPD as drafted would make provision for the example set out as the SPD enables distribution of affordable housing in small clusters with limited conjoining properties. This could accommodate for the scenario described as part of a wider development.

The Local Plan Viability Testing Update (2023) recommended a figure of no lower than £140,000. The DMS SPD is therefore in accordance with the findings of the study.

Storey Homes.
DURHAM DISCOUNT MARKET SALE (DMS) SUPPLEMENTARY PLANNING DOCUMENT (SPD)

Story Homes has an excellent track record in delivering high-quality residential developments in Durham. Successful projects include Priory View, Finchale and Heritage Fields, Tanfield. All these projects demonstrate Story Homes' commitment to quality development, provision of affordable housing and to work collaboratively with the Council.
We understand that the Council are proposing to adopt this DMS SPD document to supplement policies in the County Durham Plan (CDP) (adopted October 2020).

Principle of a Viability Informed Price Cap

As a company, we do not support the adoption of this DMS SPD as currently drafted. We believe that the introduction of a viability cap would either significantly limit the size and location of DMS properties or constrain the overall viability of housing proposals in most areas across the County, further exacerbating the Council's 5YHLS shortfall. Furthermore, its adoption would be contrary to the Government's pro-housing growth agendas to boost the supply of homes across England.

The viability informed price cap has been justified by the Council as defining the level at which a price is viable. The Council also suggests that a cap is an established mechanism. It is noteworthy however, that the NPPF's definition of DMS homes in Annex 2 does not refer to any form of price cap, with DMS homes simply calculated as a percentage of the local market value. Furthermore, in our experience as a housebuilder operating across Northern England, the introduction of such a cap is not common practice and not an 'established mechanism'.

Approach and Methodology to Inform Price Cap
The approach to assessing affordable prices for DMS properties using an average household profile to determine achievable mortgage levels to calculate the price cap is inaccurate and unfounded. The Council is not a mortgage lender or financial institution and therefore is not best placed to make these assumptions.

Table 1 of the SPD lists the inputs and calculation assumptions to inform the price cap. The total affordable housing price for a couple is listed as £113,742 which is significantly below what would be considered achievable by a registered mortgage provider for the reasons set out below:

- Firstly, there are discrepancies as to how the achievable mortgage level has been calculated. The Council has used Gross Disposable Household Income rather than using a gross-pre-tax salary which mortgage lenders would normally use.

- Notwithstanding this, the GDHI income figure that the Council uses (before tax) would work out at a figure significantly below the minimum legal wage.
- Thirdly, we believe that the 3.5 x mortgage multiplier is too low and does not reflect the benchmark used by the Financial Conduct Authority, of 4.5 x salary.

Furthermore, we are very concerned that the SPD uses a Viability Assessment that was last updated in October 2020. Appreciating first hand that build costs have risen significantly since 2020 compared to sales values, the principle of an SPD setting a price cap based off a methodology that utilises out-dated and inaccurate data, is unsound and would create significant financial burdens. There is also no mechanism to account for site specific viability and the submission of a housebuilder's own site-specific viability assessment.

Effect on the Housing Deliverability

County Durham covers a wide area, with a variety of housing market areas and diverse range of house price values. In our opinion, the application of a single price cap of £140,000 for DMS homes across the whole county would significantly undermine the delivery of new homes and be a major constraint to the delivery of the Council's Local Housing Need. Given that there have been no location parameters or property size specifics added to this viability informed price cap, most areas in the County would need its DMS homes to be significantly discounted above the NPPF's 20% figure to achieve the price cap. If DMS homes of all types, sizes and locations were expected to adhere to this price cap, this would render schemes unviable and undeliverable. Furthermore, a knock-on consequence of this could be the under-delivery of larger 3 and 4 bed DMS housing.

Conclusion

The SPD is seeking to introduce an inaccurately evidenced price cap that in principle is not consistent with the NPPF, will constrain the delivery and mix of DMS properties and will ultimately risk compromising the viability of residential development proposals across Durham, stifling housing delivery.

Story Homes urges the Council to reconsider the implementation of such price cap. If the Council is not prepared to do so, as a minimum the affordability evidence underpinning the cap must be reviewed and the viability consequences for residential development proposals be tested using up-to-date data ahead of a second consultation period.

Yours sincerely

Council's response

The DMS SPD has been informed by viability considerations. The Local Plan Viability Testing Update (2023) recommended a figure of no lower than £140,000.

The DMS SPD is therefore in accordance with the findings of the study.

The use of viability evidence to inform delivery is an established mechanism, likewise, utilising viability evidence to determine the point at which viability is achieved is also an established process. The council has utilised a version of the assessment for determining discounts for in excess of 10 years, prior to bringing it forward into SPD. There are other examples of processes where a viability threshold is determined, relating to either the quantum or price of houses.

Historically DMS units provided by developers have been smaller 2bed units, with only recently 3bed units being introduced. 4bed DMS units have never been provided in County Durham. It is not considered that the size of the units would be unduly impacted on what the developers are already providing.

It is correct that DCC is not a financial institution, however, the assumptions within the SPD have been informed by assumptions with relevant financial institutions as part of the process of determining affordability considerations.

Gross Disposable Household Income (GDHI) is the amount of money that all the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the “material welfare” of the household sector. Conversations with actual mortgage lenders have indicated that whilst it is not this specific term they use to calculate mortgages it is akin to the information they use.

The Financial Conduct Authority (FCA) state that the lender ‘must take full account of the income of the customer, net of income tax and national insurance….’ The income which lenders are directed to use for individuals mirrors that which is provided in the GDHI.

GDHI differs from the level of a legal wage because GDHI is a net, annual measure of the income households actually have available after taxes and deductions, averaged across the whole population (including non workers), whereas a legal wage is a gross, hourly rate for individuals in paid employment. As a result, the two are not directly comparable, GDHI reflects overall living standards, while a legal wage reflects the minimum price of labour, and they are measured on different bases (net vs gross, annual vs hourly, population wide vs workers only).

As noted in a number of representations, the FCA operates a loan-to-income framework under which mortgage lenders are expected to limit lending at or above 4.5 times income to no more than 15% of their new residential mortgage lending. This is a portfolio-level supervisory limit rather than a cap on individual borrowing. While Discount Market Sale purchasers often borrow at lower income multiples in practice, the FCA framework permits lending at higher levels where affordability can

be demonstrated. It is therefore appropriate for affordability assumptions to acknowledge the FCA's 4.5x benchmark, without implying that such borrowing levels will be routinely achieved.

The date in the SPD is an error and the documentation is dated 2023. This will be corrected. To note, the DMS contains a link to the viability study at footnote 11. This document notes the correct date.

The adopted Development Viability Affordable Housing and Financial Contributions SPD at section 6 sets out a process for presenting a viability case where viability issues are to be used to demonstrate below policy compliant levels of developer contributions.

Whilst it is accepted that there is diversity in the county in regards to local house prices, the 2019 SHMA confirmed that County Durham is a single Housing Market Area, the DMS methodology accordingly considers affordability of DMS to meet affordable housing needs within the Housing Market Area.

Bellway Homes/Stantec
Reference: Representations to Durham County Council's Discount Market Sale Supplementary Planning Document Consultation

Stantec are instructed by Bellway Homes to submit comments to the Discount Market Sale Supplementary Planning Document (SPD) which provides clarification on Durham County Council (DCC's) affordable housing policies (Policy 15: Addressing Housing Need and Policy 19: Type and Mix of Housing) in relation to Discount Market Sale (DMS) homes. In the interest of clarity, annex 2 of the National Planning Policy Framework (NPPF) (2024) defines discount market sale housing as a type of affordable housing that is "sold at a discount of at least 20% below local market value1. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households".

The County Durham Plan (CDP) was adopted in October 2020. Policy 15 of the CDP states that affordable housing will be sought on developments of 10 homes or more (or between 6-9 homes in designated rural areas), and on sites with 10 or more homes 10% of homes in the low value viability areas should be for affordable home ownership.

Please leave your comments for Section 1: Introduction here.
This section covers Purpose of the SPD, Status and weight in decision making and Relationship to the County Durham Plan.

Bellway have no comments regarding Section 1 specifically, but believe it is critical to outline that the SPD introduces requirements that go beyond interpreting existing policies and instead creates new obligations. These matters should be addressed through the Local Plan, not an SPD and therefore exceed the documents scope.

1 NPPF Annex 2: Glossary – Definition of Discount Market Sale Housing (2023).

Please leave your comments for Section 2: Policy Background here.
This section covers Summary of County Durham Plan affordable housing requirements, Affordable tenure mix expectations and First Homes.

Bellway have no comments on the content of Section 2 of the draft SPD. However, Bellway consider it would be helpful for Paragraph 2.4 to outline the circumstances under which First Homes would be deemed acceptable following a developer's request. As currently drafted, the criteria for what would constitute acceptable justification is unclear.

Please leave your comments for Section 3: Affordable Housing Products here.
This section covers What is DMS? How DMS differs from other intermediate products, Benefits and limitations and Local Context: historic use and developer

preference.

Bellway acknowledge the definition of DMS and agrees that DMS is an established intermediate tenure within County Durham. However, Bellway seeks to highlight that the SPD does not fully reflect that national policy allows flexibility above the minimum 20% discount. National policy does not prescribe a fixed price, and any approach that moves towards a capped price point risks limiting the range of affordable homes that can be delivered.

Paragraph 3.5 of the SPD recognises that higher value locations or larger property types may see the discount fail to achieve an affordable level, yet later sections of the SPD introduce rigid mechanisms (a fixed price cap) that contradicts this point later in the SPD. Therefore, the SPD should incorporate sufficient flexibility to address issues such as high deposit requirements and the limited suitability of smaller units for growing households.

The SPD's approach would restrict DMS delivery largely to two-bedroom homes as the combined effect of the cap and affordability method renders larger units unviable. This undermines CDP Policy 19's aim to secure a balanced mix of dwelling sizes.

Please leave your comments for Section 4: Eligibility and Affordability here. This section covers Eligibility criteria, Affordability principles, Mortgage assumptions and deposit expectations, Example affordability calculation and Viability informed price cap.

Eligibility Criteria
Bellway considers that the eligibility criteria in Section 4 lack clarity. It is unclear whether these criteria reflect a national approach or a locally defined standard. In particular, the SPD provides no clear explanation of the employment requirements, or how a "local" connection should be defined and applied in practice. The reliance on parish-based criteria also raises questions as to how eligibility will be assessed in non-parished areas and how consistent application will be ensured across the county.

Affordability Calculation Methodology
Bellway strongly object to the affordability methodology outlined in Section 4. Bellway do not support the use of Gross Disposable Household Income (GDHI) as the primary affordability input. The use of GDHI is different from how lenders usually assess affordability, which is based on gross income rather than post-tax income. Applying this assumption underestimates the real borrowing capacity of typical DMS home applicants, and such an approach was criticised and afforded limited weight by both the Inspector and the Secretary of State in the Sniperley Park appeals2, where it was concluded that using disposable income produces artificially low affordability thresholds and is not reflective of lending practice. Bellway do acknowledge that

paragraph 4.8 of the SPD states that the council have consulted mortgage lenders as part of the development of the SPD but would insist that further detail should be provided regarding which lenders were consulted and the scope of that engagement.

The recent Sniperley Park appeal decision provides clear and directly relevant precedent. In that case, the Secretary of State confirmed that affordability methodologies based on disposable income, restrictive mortgage multipliers and locally derived price caps should be afforded only very limited weight, and that Discount Market Sale products must be assessed in accordance with national policy rather than untested local assumptions. The decision also emphasised that any form of price cap must be introduced and justified through the development plan process, not via an SPD, which cannot impose new policy burdens.

The formula which the SPD bases affordability on is over simplistic. Lenders typically assess capacity against gross earnings, not disposable income, and multipliers of 4 to 4.5x are common in mainstream lending. Fixing a 3.5x multiplier and a single 10% deposit assumption lowers the affordability price manipulating the outcome and does not reflect variety in real world lending. As such, Bellway consider the affordability calculation to be methodologically unsound and recommend that the methodology is revised to align with standard market lending criteria. Bellway are confident that this calculation carries limited weight as a county-wide benchmark and strongly recommend amending the method to use gross earnings with a realistic multiplier range and deposit range.

Buyer Assumptions

Paragraph 4.10 references the use of historic applications for the DMS product in County Durham as forming the basis for calculating the number of adults per household. However, this data is not within the public domain and therefore cannot be verified or evidenced. As such, it should not be relied upon as the basis for the SPD's assumptions.

The SPD also relies on a 3.5x income multiplier and a fixed 10% deposit assumption. This approach oversimplifies mortgage market behaviour and does not reflect typical lending practice. The use of such rigid assumptions unduly constrains the affordability calculation, resulting in an affordability figure that is lower than what many purchasers could realistically borrow. Mortgage products vary significantly and are assessed on a case-by-case basis; therefore, a more flexible approach is required.

Paragraph 4.12 acknowledges that the level of deposit available to a household is not a standard amount. Given this context Bellway question how it is appropriate for the Council to justify a standardised price cap, given that one of its key underlying assumptions, deposit levels are recognised as inconsistent.

Viability Informed Price Cap

Bellway strongly object to the introduction of a £140,000 price cap in the SPD. Durham County Council should remove this requirement, as there is no basis in national policy for a fixed price cap for DMS homes; and where price caps are introduced, they must be set through the Local Plan process rather than an SPD, which only constitutes a material consideration in the decision-making process.

Paragraphs 4.18–4.19 introduce a county-wide price cap of £140,000. This figure is derived from plan-wide viability testing rather than affordability evidence. The SPD acknowledges that the affordability calculation produces a figure of around £113,000, clearly demonstrating that the £140,000 figure is derived inherently from viability considerations when it should derive from affordability evidence or local need. The Secretary of State's conclusions within the Sniperley Appeals confirmed that such caps should be given very limited weight and that fixed caps applied outside the plan-making process were inappropriate. This conclusion directly undermines 4.18 of the plans where it is stated that "whilst there is not a specific provision for a 'cap' in NPPF, it is appropriate to define the level at which a price is viable and a cap is an established mechanism." This statement is incorrect. Neither the National Planning Policy Framework nor the Planning Practice Guidance provides evidence that such a viability-based measure is an appropriate approach.

Accordingly, Bellway are concerned that this approach moves DMS away from a simple 20% discount on open market value and instead forces all homes to meet one fixed price, which is not how DMS is defined or intended to operate. The Council's own 2023 viability update acknowledges high viability pressure and warns against adding further policy burdens in the short term, yet the SPD introduces additional constraints regardless. The cap is not affordability led, has not been examined through a Local Plan review as mandated by national policy, and would in practice introduce a new policy requirement via the SPD, which is not acceptable. Therefore, Bellway are confident in the stance that the proposed introduction of a price cap is unsound, unjustified and inconsistent with national policy and appeal precedent. Bellway request that the price cap be removed from the SPD and measures taken to ensure the document reverts to a straightforward approach. Bellway would recommend establishing open market value based on a RICS open market valuation and then applying a minimum 20% discount, with agreement of any higher discounts carried out on a case-by-case basis where appropriately evidenced to support affordability, housing mix and deliverability.

2 Secretary of State Decision Letter for Sniperley Park, Durham – Appeals APP/X1355/W/22/3330836, APP/X1355/W/22/3331745, APP/X1355/W/22/3331801 and APP/X1355/W/22/3333600, dated 21 August 2024

Please leave your comments for Section 5: Delivery and Implementation here. This section covers DMS to meet housing needs, Role of developers and Registered Providers (RPs), Evidence of demand and RP commitment for alternative affordable routes to home ownership and Legal mechanisms to

secure affordability in perpetuity.

Bellway supports the ambition to deliver mixed and balanced communities. However, applying a fixed price cap will have a direct impact on the design and mix of affordable homes. Specifically, the fixed price cap will reduce developers' ability to deliver larger DMS homes, when they could be needed to satisfy local housing requirements. Removing the price cap will allow developers greater flexibility and ability to provide a wider mix of sizes and types, while also aligning more closely with Policy 19 of the County Durham Plan.

Please leave your comments for Section 6: Valuation and Discount Setting here.
This section covers Open market valuation requirements, Standardised discount methodology, Maximum price cap and review mechanism and Transparency and consistency across sites.

Standardised Discount Methodology
Bellway support the use of independent Royal Institute of Chartered Surveyors (RICS) valuations to determine open market value. However, the standardised approach proposed is helpful, but the SPD's later requirements work against this by forcing discounts to achieve a fixed price point, rather than applying the NPPF requirement "of at least 20% below market value." The SPD first requires a RICS open market value and recognises DMS as a percentage discount product but then introduces a price cap that overrides outcomes by forcing the final price to £140,000 or less (see paragraphs 6.3–6.5).

This approach undermines the role of the valuation exercise and does not sit comfortably with a percentage based discount model. The price should be based on a percentage discount from the market value, not a fixed cap

As confirmed by the Secretary of State in the Sniperley Park appeal decisions (see Section 4), locally derived affordability assumptions and fixed price caps introduced outside the development plan should be afforded very limited weight, and Discount Market Sale products must be determined through a valuation led, national percentage discount approach. The decision also made clear that any form of price cap must be tested and introduced through the plan-making process rather than an SPD, which cannot impose new policy burdens.

Price Cap

Bellway objects to the introduction of a price cap as set out in section 4 of this representation. The cap exceeds the remit of an SPD, while concurrently conflicting with national definitions of DMS homes. The cap risks distorting site viability and undermining housing mix, particularly for larger DMS homes, and ignores appeal

precedent from the Secretary of State that such caps should be afforded very limited weight. The cap will risk discouraging inclusion of larger DMS homes within developments and consequently undermining the housing mix sought in Policy 19 of the CDP and the SPD's own objectives.

In addition, while Bellway acknowledges that County Durham operates as a single Housing Market Area, there are nevertheless clear and well-established viability variations across the county. These differences are recognised through the affordable housing viability areas, informed by the CDP's viability evidence, as well as within the identified CDP monitoring areas.

Policy Basis

The cap is presented as derived from viability updates and treated as an operative requirement. However, SPDs cannot introduce new policy burdens of this nature, and accordingly any county-wide price control must be proposed and tested through the development plan and examination. This is particularly pertinent where such measures will have significant delivery effects across typologies and value areas. The SPD itself outlines that the NPPF does not provide for a DMS cap, reinforcing that a cap exceeds what an SPD can legislatively enforce. It is also notable that the Council's adopted 2024 Development Viability SPD makes no reference to any DMS price cap, further confirming that such a mechanism has not been established through adopted policy. The Council should await their formal Local Plan review process in order to have any such mechanism independently tested as part of an Examination in Public.

Transparency and Consistency

Bellway welcome transparency, but the SPD's application of a uniform price cap introduces rigidity and does not allow for differences between sites, viability areas or house types. A negotiated evidence-based approach would be far more appropriate, ensuring that differences in market context, site circumstances and house typologies can be considered rather than constraining all developments to a fixed figure that does not reflect valuation evidence.

Please leave your comments for Section 7: Design and Integration here. This section covers Blended affordable housing principles, Distribution across site (pepper-potting), Tenure blind design expectations and Phasing and delivery across large sites.

The SPD's phase by phase distribution expectation could be impractical on large sites, where sequencing, access and infrastructure vary. A more flexible approach is needed to ensure efficient and viable delivery. Bellway supports the principles of pepper-potting, tenure blind design and mixed communities. However, imposing a

uniform price cap across the county risks producing a narrow range of affordable unit sizes, predominantly smaller homes, which consequently make tenure blind design significantly more challenging to achieve. The SPD should make greater attempts to recognise that flexibility in discount levels is necessary to maintain a balanced mix across the range of different house sizes.

Please leave your comments for Section 8: Monitoring and Review here. This section covers How DMS will be monitored, Annual data updates and Housing Need Evidence.

Bellway support annual updates to data inputs. However simply updating GDHI and the fixed multiplier will not address the main issue within the methodology that the affordability model is not aligned with lender practice regarding mortgages. Bellway believe that the SPD must be amended to instead use gross income, publish a multiplier and deposit range and clarify that any affordability prices are illustrative and not binding. In addition, future SHMA findings should be the main point of reference for assumptions about household composition and size mix.

Please leave your comments for Section 9: Additionality and Planning Weight here.
This section covers Approach to over-provision of affordable housing and When additional weight may be given in decision-making.

Bellway supports an approach whereby additional weight will be afforded in the planning balance to developments which exceed affordable housing policy requirements. However, Bellway also notes that the SPD as drafted could discourage developers from achieving this may be more difficult because the price cap increases viability pressure, especially those which accommodate larger DMS homes. This concern is amplified by the fact that Durham County Council is presently in a tilted balance position, being unable to demonstrate a five-year supply of deliverable housing land, where flexibility is required to assist in addressing housing delivery and choice.

Removing the cap will enable developers to explore opportunities for additional affordable housing provision where viable.

It should also be considered that affordable housing delivery is not solely dependent on private sector delivery, with a proportion of homes delivered through Homes England grant funding. Consequently, private sector price controls will not result in the proportionate increase in affordable housing provision, the council envision.

If you have any additional comments to make about the Discount Market Sale SPD, please provide these here.

Bellway's concern centres on the £140,000 price cap which:

- Does not follow national practice for DMS homes.
- Has no explicit basis in the Count Durham Plan and is not provided for in national policy for DMS homes.
- Is viability led, not affordability evidenced and has not been examined through a Local Plan review.
- Risks reducing deliverability and the mix of DMS homes across County Durham, particularly for larger family sized units in higher value locations.

Bellway therefore urges the council to action the following:

- Remove the £140,000 price cap for the SPD.
- Base affordability assessments on gross income and realistic lending assumptions.
- Retain a simple and NPPF compliant pricing method which is based on RICS Open Market Value, applying a minimum 20% discount, resulting in the DMS price.

These amendments will help to ensure that Discount Market Sale homes remain deliverable in practice, are aligned with national policy and continue to support a balanced mix of homes across County Durham.

Overall Bellway consider that removing the price cap and aligning the SPD with national policy will ensure DMS homes remain deliverable and allow a balanced mix of homes across the county.

Bellway Homes would like to thank the Council for the opportunity to comment on the draft Supplementary Planning Document. We trust that these comments are helpful in trying to ensure the SPD is a useful tool for the purposes of development management and will be considered in good faith.

Yours faithfully,

Council's response

The purpose of this SPD is to provide details and clarity on the CDP policies. Policy 15 of the County Durham Plan provides the policy framework to deliver affordable homes in County Durham. Policy 15 notes the role of DMS in this context. The supporting text of Policy 15 at paragraph 5.106 reflects the NPPF Annex 2 Glossary, which provides the definition for affordable housing, including DMS. Paragraph 5.106 notes that it is important that a variety of affordable housing options are offered to meet the circumstances of those in need and to cater for the affordable housing needs of specific groups. The DMS SPD therefore notes the role of DMS in County Durham and considers the affordability of the product to ensure it meets housing needs.

It should also be noted that the DMS SPD reflects the Local Plan Viability Testing Update (2023), which was prepared to inform the adopted Development Viability Affordable Housing and Financial Contributions SPD.

The SPD at paragraph 2.4 requires that Developers seeking to deliver first homes justify this with reference to the housing need for the product. It is not considered necessary to provide a specific methodology for this purpose. It would be up to the applicant to justify the use of First Homes with reference to evidence on housing needs.

The SPD defines a mechanism described as a viability informed price cap. As context, Annex 2 of NPPF confirms that a discount should be 'at least 20%'. This envisages and allows for scenarios in which a discount could exceed 20%. DMS is a form of affordable housing, therefore it follows that a discount larger than 20% would be implemented where this was required to ensure that a DMS product was genuinely affordable, and therefore meeting housing needs.

The DMS SPD sets out an affordability calculation, to determine what the average household in County Durham could afford. The DMS SPD also reflects the findings of the adopted Development Viability Affordable Housing and Financial Contributions SPD and related Local Plan Viability Testing Update (2023). The SPD therefore reflects this study's conclusions at the point to which a discount would be considered viable. It is established practices to utilise evidence on viability to guide delivery.

In regards to a blanket viability cap on all property sizes, it is noted that the comments state that it would challenge the ability to deliver 3 and 4 bed homes as affordable. Historically developers have never provided 4bed homes as affordable and only recently started to offer 3bed as part of the affordable offer. It is however noted that the greatest need is for 2bed homes.

As set out, the DMS SPD has been informed by viability considerations and the findings of the Local Plan Viability Testing Update (2023). In this context, the DMS SPD reflects the findings of the evidence prepared to support the adopted Development Viability Affordable Housing and Financial Contributions SPD. This SPD, at section 6 sets out a process for presenting a viability case where viability issues are to be used to demonstrate below policy compliant levels of developer contributions.

The representation acknowledges the NPPF requirement of discounts being at least 20% below market value and endorses the use of RICS open market value and notes that '…The price should be based on a percentage discount from the market value, not a fixed cap…' but the representation does not offer an alternative method to determine the discount.

Eligibility criteria including employment requirements and local connection is detailed in each applications S106 and therefore only the broad requirements are detailed in the SPD.

As noted at paragraph 4.1 eligibility criteria is defined in the respective S.106 agreement. In this context, if a locality is unparished, then parish-based criteria would not be utilised. To note the SPD does not mandate use of parishes as a geography, it reflects experience where often parish geographies are utilised. Paragraph 4.1 notes circumstances in which national criteria are utilised compared with local considerations.

Gross Disposable Household Income (GDHI) is the amount of money that all the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the “material welfare” of the household sector. Conversations with actual mortgage lenders have indicated that whilst it is not this specific term they use to calculate mortgages it is akin to the information they use.

The Financial Conduct Authority (FCA) state that the lender ‘must take full account of the income of the customer, net of income tax and national insurance….’ The income which lenders are directed to use for individuals mirrors that which is provided in the GDHI.

The Inspector at the Sniperley appeal expressed concerns that the Council’s assessment didn’t rely upon third party validation, such as confirmation from brokers or banks about mortgage lending multipliers. As set out, the SPD has been developed with input from the sector, including FCA guidance.

The representation misinterprets Sniperley Park appeal decision. The Inspector’s comments cited at paragraph 710 relate explicitly to First Homes and the related First Homes PPG, which sets out a specific national framework for the use of local price caps through the plan making process. Those observations were made in the context of the Written Ministerial Statement and PPG First Homes only.

Discount Market Sale is a separate affordable housing tenure outside of the scope of First Homes PPG, with no equivalent national policy requirement restricting the use of local affordability evidence or price benchmarks in SPD guidance. As such, the Inspector’s conclusions on First Homes affordability methodologies and price caps cannot reasonably be transposed to Discount Market Sale products and do not provide a directly applicable precedent for the current SPD consultation.

Paragraph 4.10 provides a high level, factual summary of trends observed from historic Discount Market Sale applications in County Durham to explain the rationale

for adopting a reasonable and inclusive assumption for affordability modelling.

However, the publication of individual application data is neither necessary nor appropriate, the SPD accurately and transparently summarises the position. The approach is considered proportionate and ensures that average earners are not excluded, while not disadvantaging single applicants. It is noted that information relating to historic applications contain personal information and therefore is not published.

The multiple and the deposit are subject to annual review and would change if the mortgage lenders amend their practice. As stated in 8.3 of the SPD these figures are subject to review annually or as data is released.

As noted in a number of representations, the FCA operates a loan-to-income framework under which mortgage lenders are expected to limit lending at or above 4.5 times income to no more than 15% of their new residential mortgage lending. This is a portfolio-level supervisory limit rather than a cap on individual borrowing. While Discount Market Sale purchasers often borrow at lower income multiples in practice, the FCA framework permits lending at higher levels where affordability can be demonstrated. It is therefore appropriate for affordability assumptions to acknowledge the FCA's 4.5x benchmark, without implying that such borrowing levels will be routinely achieved.

Paragraph 4.12 acknowledges that the amount of deposit available to a household is not a standard amount, but then provides justification for the assumption utilised.

The SPD defines a mechanism described as a viability informed price cap. As context, Annex 2 of NPPF confirms that a discount should be 'at least 20%'. This envisages and allows for scenarios in which a discount could exceed 20%. DMS is a form of affordable housing, therefore it follows that a discount larger than 20% would be implemented where this was required to ensure that a DMS product was genuinely affordable, and therefore meeting housing needs.

The DMS SPD sets out an affordability calculation, to determine what the average household in County Durham could afford. The DMS SPD also reflects the findings of the adopted Development Viability Affordable Housing and Financial Contributions SPD and related Local Plan Viability Testing Update (2023). The SPD therefore reflects this study's conclusions at the point to which a discount would be considered viable. It is established practices to utilise evidence on viability to guide delivery.

The delivery of affordable homes in County Durham has been informed by viability evidence. The SPD provides an assessment based upon affordability and notes the findings of the 2023 Local Plan Viability Testing Update, which evidences the position.

It is noted that the representation recommends an alternative approach as follows, ‘Bellway would recommend establishing open market value based on a RICS open market valuation and then applying a minimum 20% discount, with agreement of any higher discounts carried out on a case-by-case basis where appropriately evidenced to support affordability, housing mix and deliverability’

However, it is considered that the recommendation is unclear and lacks a defined basis for assessment. In particular, the reference to higher discounts being agreed where ‘appropriately evidenced to support affordability’ does not explain how affordability would be determined and any underlying assumptions.

In contrast, the Council’s approach clearly defines affordability through a consistent and transparent methodology, informed by local income data and reasonable assumptions. This provides certainty and ensures that pricing for Discount Market Sale homes has been informed by both affordability and viability considerations.

Historically developers have never provided 4bed homes as affordable and only recently started to offer 3bed as part of the affordable offer. It is however noted that the greatest need is for 2bed homes.

There is an important distinction between the viability areas set out in Policy 15 and the DMS methodology in the SPD. Policy 15 of the County Durham Plan is informed by evidence-based viability areas, reflecting variations in house prices across the county, and these areas are used to determine the appropriate quantum of affordable housing to be delivered. In contrast, the SHMA identifies County Durham as a single Housing Market Area, meaning that housing delivery across the county contributes to meeting overall housing needs. From an affordability perspective, it is therefore appropriate to take a county-wide approach, as affordable homes delivered in any location help address needs across the Housing Market Area. The local plan monitoring areas are not informed by housing need considerations

The SPD does not introduce a new policy burden. Discount Market Sale is an established form of affordable housing defined in Annex 2 of the NPPF, and Policy 15 of the County Durham Plan provides the adopted policy basis for the delivery of affordable housing products, including Discount Market Sale where appropriate.

The SPD provides guidance on the implementation of that adopted policy, including how Discount Market Sale should be priced to ensure it is genuinely affordable to local households. In doing so, it does not create a new requirement, but clarifies how the existing policy objective of meeting identified housing needs should be achieved in practice.

The viability informed price cap outlined in the SPD has been informed by local

affordability evidence and viability considerations, ensuring that homes remain deliverable while meeting the fundamental purpose of Discount Market Sale as an affordable housing product.

The approach is considered consistent and transparent, the representation seeks a ‘negotiated evidence-based approach’ but does not set out what this would consist of.

Large scale sites can take several years to completely be built out. By requiring affordable per phase it ensures that new affordable housing is available at all points of the build. It also mitigates the risk that affordable homes could be back loaded and not built, or should a build stall for some reason that the affordable requirement to that date has been provided.

The issue of income is covered above, however it is confirmed that a review process is put in place to monitor assumptions and update as required. Supported noted for the approach to review.

Please note that the DMS product is provided solely by private sector developers in County Durham. It is noted that Registered Providers support the provision of affordable housing to meet needs via alternative products.

It is considered that the additional comments have been addressed in response to comments made in the main body of the response.

Barratt David Wilson Homes
Affordable Housing Discount Market Sale Supplementary Planning Document – Barratt David Wilson Homes North East response

Thank you for allowing Barratt David Wilson Homes North East (BDW) the opportunity to comment on the draft SPD.

BDW do have some concerns with the proposals set out in the SPD. Our concerns relate to the resultant impact they would have on the viability of schemes and as a direct consequence the delivery of the housing requirement in Durham.

Principle of using a Price Cap for Discount Market Value homes and compliance with the National Policy

We note that DCC is proposing to cap the value of Discount Market Value (DMV) homes. This would be contrary to national planning policy.
Annex 2 of the National Planning Policy Framework (NPPF) defines Discount Market Sales housing as affordable housing 'sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should in place to ensure housing remains at a discount for future eligible households'.

The NPPF adds flexibility to be given to the Local Planning Authority to determine the appropriate value of the DMV houses for a specific area. This is further reinforced by Planning Policy Guidance, which is clear that appropriate discounts should be determined and applied to whole local plan areas. The guidance makes clear that 'local price caps should not be set arbitrarily and should only be used if evidence demonstrates a need for intermediate housing at particular price points'.

This evidence has not been supplied in this case.
We, therefore, consider that putting a price cap on DMV houses conflicts with the NPPF and is inconsistent with the Annex 2 definition.

Viability Implications of a Price Cap
Our concern relates primarily to the viability implication of introducing a cap.
The sites allocated in the Local Plan were deemed viable, supported by the Local Plan Viability Addendum (2019). This testing did not test for price caps on the DMV houses. Indeed, it only concluded a positive impact on scheme's viability when the DMV were put in at a discount of 20% from the open market value.

The update to the Local Plan Viability Testing (October 2023) further reinforced this, concluding that viability pressure is high.

'The result of the testing shows that viability pressure is high. This is due a

combination of challenging market conditions, amendments in Council local planning policy, and national planning/Building Regulations requirements'.

BDW also have concern with the proposed calculation of mortgage affordability in the SPD. We suggest amends to the calculation as below.

DCC's Allowance	DCC's Calculations	BDW's Allowance	BDW's Calculations
GDHI	£17,228 x 2 = £34,456	GDHI -mortgage affordability is based on annual salary before any deductions	£31,218 x 2 = £62,436
Subtracted assumed average debt and living cost (per month for the household not including existing mortgage, rent, household maintenance costs)	£5,208		
Total available income for mortgage	£29,256		
3.5 mortgage multiplier	£29,256 x 3.5 = £102,296	4.5 mortgage multiplier	£62,436 x 4.5 = £280,962
10% deposit	10% of £102,296 = £11,400	10% deposit	£28,096
Total affordable housing price	**£113,796**		**£309,058**

It is widely accepted that mortgage affordability is calculated using annual salary before any deductions, multiplied by 4 or 4.5 times. A mortgage of 4.5x salary is widely cited by mortgage lenders and financial advisers.

The ONS Annual Survey of Hours and Earnings, 2024, cited the median pre-tax salary in Durham as £31,218 per annum for full time workers.

These figures and multipliers, along with a 10% deposit have been used in the calculations above. They demonstrate that the locally determined price cap Durham are proposing to use is unrealistic and does not reflect the current position in relation

to earnings within Durham. Even if we utilise the 3.5 mortgage multiplier which the Local Authority have used, this still results in a figure significantly higher that the cap which Durham are proposing. On this basis BDW are of the opinion that the Local Authorities proposals are flawed.

This would alleviate our concerns with Durham's calculation, plus reflect those raised by the Inspector and the Secretary of State (SoS) as part of Sniperley Park Hybrid Appeal decision, determined August 2024 (APP/X1355/W/23/3333600). Figure 716 stated 'I am concerned that the Council's assessment does not rely on third party validation such as confirmation from brokers or banks about mortgage lending multipliers. Furthermore, the Council uses a disposable income figure rather than a gross income figure which is usually used by lenders. This results in a very low income figure being used in the calculation'.

BDW would ask Durham Council to review their calculation and the basis of the methodology for it.

Rationale and Basis for the Supplementary Planning Document
A Supplementary Planning Document, SPD, is not a development plan document and as such cannot be given statutory weight in the determination of a planning application.

Annex 2 of the NPPF states SPDs are 'documents which add further detail in the policies in the development plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design…'
The PPG goes further stating that '…as they do not form part of the development plan, they cannot introduce new planning policies…' (Reference ID: 61-008-20190315).

This proposed SPD goes far beyond the remit of what can lawfully be done through an SPD. The SPD seeks to introduce a price cap which would add unnecessary financial burdens on development, which an SPD cannot do.

Furthermore, it disregards the current approach in Policy 15 which identifies value areas for affordable housing, presenting an approach which would be inconsistent with current policy and ignores the diverse residential values found across the County.

BDW therefore considers that the Council's proposed SPD does not accord with the requirements of an SPD set out in the NPPF and PPG and goes beyond what can lawfully be done through an SPD.

Conclusion
BDW are keen to continue their good working relationship with Durham County

Council. We want to work with the Council to ensure that they can deliver the housing they need. We consider that the use of this proposed SPD will only stifle housing delivery and particularly affordable housing delivery.
We would welcome the opportunity to discuss this further.

Barratt David Wilson Homes North East

Council's response

The purpose of this SPD is to provide details and clarity on the CDP policies. Policy 15 of the County Durham Plan provides the policy framework to deliver affordable homes in County Durham. Policy 15 notes the role of DMS in this context. The supporting text of Policy 15 at paragraph 5.106 reflects the NPPF Annex 2 Glossary, which provides the definition for affordable housing, including DMS. Paragraph 5.106 notes that it is important that a variety of affordable housing options are offered to meet the circumstances of those in need and to cater for the affordable housing needs of specific groups. The DMS SPD therefore notes the role of DMS in County Durham and considers the affordability of the product to ensure it meets housing needs.

The SPD defines a mechanism described as a viability informed price cap. As context, Annex 2 of NPPF confirms that a discount should be 'at least 20%'. This envisages and allows for scenarios in which a discount could exceed 20%. DMS is a form of affordable housing, therefore it follows that a discount larger than 20% would be implemented where this was required to ensure that a DMS product was genuinely affordable, and therefore meeting housing needs.

The DMS SPD sets out an affordability calculation, to determine what the average household in County Durham could afford. The DMS SPD also reflects the findings of the adopted Development Viability Affordable Housing and Financial Contributions SPD and related Local Plan Viability Testing Update (2023). The SPD therefore reflects this study's conclusions at the point to which a discount would be considered viable. It is established practices to utilise evidence on viability to guide delivery.

To note the PPG guidance cited relates specifically to First Homes

The DMS SPD has been informed by viability considerations. The Local Plan Viability Testing Update (2023) recommended a figure of no lower than £140,000. The DMS SPD is therefore in accordance with the findings of the study

Gross Disposable Household Income (GDHI) is the amount of money that all the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the "material welfare" of the household sector.

Conversations with actual mortgage lenders have indicated that whilst it is not this specific term they use to calculate mortgages it is akin to the information they use.

The Financial Conduct Authority (FCA) state that the lender 'must take full account of the income of the customer, net of income tax and national insurance….' The income which lenders are directed to use for individuals mirrors that which is provided in the GDHI.

The Inspector at the Sniperley appeal expressed concerns that the Council's assessment didn't rely upon third party validation, such as confirmation from brokers or banks about mortgage lending multipliers. As set out, the SPD has been developed with input from the sector, including FCA guidance.

ASHE is based on a 1% sample of employee jobs taken from HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) records. Although the survey is compulsory only 300,000 are included which is a statistically small sample size. This doesn't include self-employed, those on benefits or retired people who would be in housing need. The data only relates to PAYE workers and is considered likely to overstate income levels in the general population. This is not therefore as appropriate as the use of GDHI data.

To note the response identifies a price that would be affordable to residents of County Durham as being c.£309.000. This is a high house price within the County Durham context. When benchmarked against Office for National Statistics (ONS) house price statistics, it sits well above the upper quartile and within the highest 5–10% of property values across the county. This assessment is based on ONS House Price Statistics for Small Areas, which show the County Durham upper quartile at around £180,000–£190,000, together with analysis of Land Registry transaction distributions indicating that only a very small proportion of sales exceed £300,000.

The SPD does not introduce a new policy burden. Discount Market Sale is an established form of affordable housing defined in Annex 2 of the NPPF, and Policy 15 of the County Durham Plan provides the adopted policy basis for the delivery of affordable housing products, including Discount Market Sale where appropriate.

The SPD provides guidance on the implementation of that adopted policy, including how Discount Market Sale should be priced to ensure it is genuinely affordable to local households. In doing so, it does not create a new requirement, but clarifies how the existing policy objective of meeting identified housing needs should be achieved in practice.

The viability informed price cap outlined in the SPD has been informed by local affordability evidence and viability considerations, ensuring that homes remain deliverable while meeting the fundamental purpose of Discount Market Sale as an

affordable housing product.

There is an important distinction between the viability areas set out in Policy 15 and the DMS methodology in the SPD. Policy 15 of the County Durham Plan is informed by evidence-based viability areas, reflecting variations in house prices across the county, and these areas are used to determine the appropriate quantum of affordable housing to be delivered. In contrast, the SHMA identifies County Durham as a single Housing Market Area, meaning that housing delivery across the county contributes to meeting overall housing needs. From an affordability perspective, it is therefore appropriate to take a county-wide approach, as affordable homes delivered in any location help address needs across the Housing Market Area.

Resident Ref - 46cf4dda-a05c-4016-969f-5fb72fcf1183

Please leave your comments for Section 4: Eligibility and Affordability here.

Policy 15 of the County Durham Plan also includes the needs of older and disabled people. In County Durham, it is hard for older and disabled home owners to "rightsize" to a home which meets their existing or possibly future needs because bungalows are usually more expensive than houses. Bungalows need to be large enough to accommodate older people who have belongings and hobbies, but may also need space for disability equipment. Many bungalows in County Durham do not meet the basic principles of accessibility, and are too small for couples. Could the policy include a calculation of discounted market sale price for two bedroom bungalows built to M4(3) standard in suitable locations which would allow older people to age well within a community, near facilities. Pepper-potting older people's bungalows in small numbers throughout a housing estate without facilities is a recipe for social isolation, if older less active people are surrounded by family homes where both partners have to work full-time.

Please leave your comments for Section 5: Delivery and Implementation here.

Many older people would not qualify for a Registered Provider bungalow because they have too much capital in existing assets.

Council's response

Following the adoption of the County Durham Plan in 2020 minimum space standards were introduced for all new build properties, whereby properties are required to be constructed to the Nationally Described Space Standards (NDSS). This space standard was introduced in part due to the number of existing properties that were too small for the needs of the residents and to ensure that future new builds would be a suitable size. It is not feasible to retroactively require that all existing properties adhere to this standard.

Policy 19 requires that developments are balanced in regards to property type and tenure. This means that affordable homes need to be delivered across the site and blend in with open market properties. The location of affordable DMS on sites is considered on a site by site basis to ensure this and the location of any bungalows would be considered as part of this process.

To note, the discount would be determined based upon viability considerations therefore this would be applicable to a bungalow.

The eligibility for Affordable and Social rented bungalows managed by Registered Providers is not within the scope of this SPD.

Resident – REF ae9fdbe1-5a67-4a57-acd4-9e08bf9f134c

Please leave your comments for Section 6: Valuation and Discount Setting here.

When properties are advertised as "discounted market sale" there should be similar properties available on the same development at full market price. Developments which only have some types of houses (e.g. bungalows) at discounted market sale price, or to be rented by registered providers do not provide housing options for older people who do not qualify for either scheme.

Council's response

All new developments are required under Policy 19 to provide a mix of property type/size/tenure. Developers are encouraged to provide similar size properties in both affordable and open market tenures. It is not considered necessary to have the same house type available as discount market sale and for market sale.

The full market price of properties is determined by an independent valuation with a discount applied even if an identical property is not on the same site.

Resident – Ref fdc84985-bbd7-45ef-8565-44badd98e83f

Please leave your comments for Section 1: Introduction here.

I do not believe houses (or anything else) should be priced on ability to afford. If you can't afford it, you shouldn't have it. That's how it should be. The Council should stop interfering with free markets. That is all I have to say.

Council's response

The National Planning Policy Framework (NPPF) requires that provision is made for affordable housing. The NPPF notes that affordable housing is for those households whose needs are not met by the market.

The Discount Market Sale product is a form of affordable housing which the Council use to assist people in need . The SPD sets out how this will work in practice.

Community campaigner & consultant – Ref c05391fc-fefd-4c62-9748-6ccb4b684252

Please leave your comments for Section 1: Introduction here.

Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds.

Please leave your comments for Section 2: Policy Background here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. identify actual placemaking needs- see my PDF Umbrella Representation for further information.

Please leave your comments for Section 3: Affordable Housing Products here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. Financial incentives for those that pursue this approach to be supported.

Please leave your comments for Section 4: Eligibility and Affordability here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. Those adopting this route should be given maximal support to facilitate occupiers' needs.

Please leave your comments for Section 5: Delivery and Implementation here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. as above

Please leave your comments for Section 6: Valuation and Discount Setting here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. as above

Please leave your comments for Section 7: Design and Integration here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. as above

Please leave your comments for Section 8: Monitoring and Review here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. as above

Please leave your comments for Section 9: Additionality and Planning Weight here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. as

above

If you have any additional comments to make about the Discount Market Sale SPD please provide these here.
Authentic Traditional Architecture Design Codes must be a forefront focus t support all key stakeholders on strong economic, ecological and environmental grounds. as above

Council's response
The comment appears to relate to the design of affordable homes. All affordable homes are required to meet the same design standards as the rest of the site. The affordable homes should not be recognisable as such, and this is covered in the SPD.

Resident - 430e22c4-0922-4e88-b1c3-af9da8a6dd31

Please leave your comments for Section 1: Introduction here.
No comment

Please leave your comments for Section 2: Policy Background here.
Disappointed that first homes will not be required as a minimum. Too many larger homes being built rather than smaller starter homes.

Please leave your comments for Section 3: Affordable Housing Products here.
Perceived affluent areas do not provide adequate opportunities for young people to purchase at affordable prices.

Please leave your comments for Section 4: Eligibility and Affordability here.
Assumption that the Gross Disposable House Income (GDHI) can be doubled if two people are buying can be mis-leading. May and will affect young persons with a child without childcare facilities. Could this be changed to one and a half time income? This assumption will prevent younger people buying in their local village.

Please leave your comments for Section 5: Delivery and Implementation here.
Shared ownership schemes are costly and would be interesting to see the uptake of this type of purchase has taken place over the last 5 years.

Please leave your comments for Section 6: Valuation and Discount Setting here.
Across county Durham housing stock there is a huge difference if pricing dependant on location. Some areas are priced too high resulting in profiteering by builders whilst areas of deprivation struggle to meet pricing structure of properties still being too high for local residents to purchase in that area.

Please leave your comments for Section 7: Design and Integration here.
No comment

Please leave your comments for Section 8: Monitoring and Review here.
Section 106 allocation should be up front rather than at the end of a build. This currently results in unfinished roads, no access to GP's, schools general infrastructure to support the community the homes are being built in.

More emphasise should be placed on location of employment of purchasers as currently this results in small villages/towns becoming 'dormer' towns. This results in reduced use of local facilities as people access these where they are working.

Please leave your comments for Section 9: Additionality and Planning Weight here.
If there is a shortfall, this needs to be met by building near employment areas and not just building for the sake of building, particularly larger houses.

If you have any additional comments to make about the Discount Market Sale SPD please provide these here.
GDHI should not be doubled, one and a half times should be considered particularly

in areas of deprivation.

Councils response

National Policy update in December 2024 removed the requirement to provide First Homes on new build sites, however these can be provided as part of the affordable mix if proposed by the developer. There are properties with this tenure in operation in the county.

Policy 15 of the County Durham Plan divides the county into viability areas. These areas detail the amount of affordable housing that a developer is required to provide ranging from 10% to 25% of the total development. Areas which are required to provide a larger amount of affordable homes tend to be the areas where property prices are higher (where viability is highest) and therefore offer more opportunities to access an affordable home.

The DMS SPD sets out an affordability calculation, to determine what the average household in County Durham could afford. Gross Disposable Household Income (GDHI) is the amount of money that all the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the “material welfare” of the household sector. In the affordability calculation this is doubled as applications for affordable homes tend to be two people joining households together. It is noted that a single person may and do apply for affordable homes, however these are fewer, and the calculation is based on a hypothetical average household in the county.

The price of houses is determined by the market. It is however recognised that there is a variation in house prices across the county

Two comments relate to issues outside of the scope of this SPD. Information on Shared Ownership take up in the county should be sought from Registered Providers who administer this product. However, it is advised that in general terms there is a greater proportion of DMS properties delivered than shared ownership properties. Secondly, Section 106 contributions relating to other areas than affordable housing can not be commented on. Large scale sites can take several years to completely be built out. By requiring affordable per phase it ensures that new affordable housing is available at all points of the build rather than front loaded in a single location.

In eligibility terms a local connection via employment is considered. It is noted however that frequently households will commute beyond their settlement for employment. The Strategic Housing Market Assessment (SHMA) shows that there is an unmet need for affordable housing. Therefore all developments, regardless of their proximity to employment centers, are required to provide affordable housing to

meet this need. Focusing on specific geographical areas would overburden developments and lead to stalled developments.

Historic England

Historic England is the Government's statutory adviser on all matters relating to the historic environment in England. We are a non-departmental public body established under the National Heritage Act 1983 and sponsored by the Department for Digital, Culture, Media and Sport (DCMS). We champion and protect England's historic places, providing expert advice to local planning authorities, developers, owners and communities to help ensure our historic environment is properly understood, enjoyed and cared for.
Thank you for consulting Historic England on the above document.
We have no comments to make on the draft Supplementary Planning Document.

However, if you have any specific queries, please do not hesitate to contact me.

Council response

Response noted

The Coal Authority

Thank you for your notification of the 27th February 2026 seeking the views of the Coal Authority on the above.

The Coal Authority is a non-departmental public body sponsored by the Department for Energy Security and Net Zero. As a statutory consultee, the Coal Authority has a duty to respond to planning applications and development plans in order to protect the public and the environment in mining areas.

Our records indicate that within the County Durham Council area there are recorded coal mining features present at surface and shallow depth including; mine entries, coal workings and reported surface hazards. These features may pose a potential risk to surface stability and public safety.

We note that this current consultation relates to an SPD on Discount Market Sale housing and I can confirm that the Planning team at the Coal Authority have no specific comments to make on this document.

Council response

Response noted