

# Five Year Housing Land Supply at December 2018

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# Five Year Housing Land Supply at December 2018

## 1 Introduction

**1.1** The National Planning Policy Framework (NPPF), revised 24 July 2018, requires local authorities to identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than 5 years old (unless these strategic policies have been reviewed and found not to need updating).

**1.2** The supply of specific deliverable sites should, in addition, include a buffer (moved forward from later in the plan period) of:

- 5% to ensure choice and competition in the market for land; or
- 10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan, to account for any fluctuations in the market during that year; or
- 20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply.

**1.3** This Five Year Housing Land Supply Statement sets out the housing completions at 31 March 2018 and the supply of deliverable sites for the subsequent five year period 1 April 2018 to 31 March 2023. A further year of deliverable sites, up to 31 March 2024, is also shown to enable a supply for the next five years to be demonstrated. In all cases, a five year supply of deliverable sites can be demonstrated, and this is set out in further detail in Chapter 4: The Five Year Housing Land Supply'.

### The meaning of deliverable

**1.4** The meaning of 'deliverable' is set out in the Glossary of the NPPF. This states:

*"To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. Sites that are not major development, and sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (e.g. they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans). Sites with outline planning permission, permission in principle, allocated in the development plan or identified on a brownfield register should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years."*

**1.5** It is clear that deliverable means that sites should be realistically capable of being delivered within the next five years. It does not require certainty of delivery.

**1.6** This interpretation was confirmed in the judgement; St Modwen Developments Ltd v Secretary of State for Communities and Local Government) (October 2017) in paragraphs 35 and 38:

*"Deliverability is not the same thing as delivery. The fact that a particular site is capable of being delivered within five years does not mean that it necessarily will be. For various financial and commercial reasons, the landowner or house builder may choose to hold a site back. Local planning authorities do not control the housing market. The NPPF recognises that." (Paragraph 35)*

*"Sites may be included in the five year supply if the likelihood of housing being delivered on them within the five year period is no greater than a "realistic prospect" - the third element of the definition in footnote 11. This does not mean that for a site properly to be regarded as "deliverable" it must necessarily be certain or probable that housing will in fact be delivered upon it, or delivered to the fullest extent possible, within five years." (Paragraph 38).*

**1.7** Whilst the judgement was made with reference to the preceding NPPF, published March 2012, the key term 'realistic prospect' is unchanged in the revised NPPF.

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## 2 Monitoring requirement

2.1 This section sets out the basis against which the Council calculates the five year housing land supply.

### Housing requirement

2.2 The first stage in the assessment of the five year housing land supply is the identification of the level of housing provision required. As aforementioned, the housing requirement is that set out in adopted strategic policies, or against the local housing need (LHN) where the strategic policies are more than five years old (unless these strategic policies have been reviewed and found to not need updating).

2.3 The West Berkshire Core Strategy Development Plan Document was adopted in 2012, and the housing requirement will be reviewed through the Local Plan Review process when the government has finalised the methodology for calculating the LHN. The housing requirement for the five year period is therefore based on the LHN, although it is also, for comparison, calculated to show the Core Strategy requirement for the period.

2.4 The government introduced a standardised methodology for calculating LHN alongside the NPPF in July 2018. This calculates LHN using the national household growth projections and applying an affordability adjustment. To limit increases there is a potential cap dependant on the status of relevant strategic policies for housing. Under the standardised methodology it is not necessary to factor in previous levels of under delivery into the calculation of LHN, since any such under delivery will be reflected in the affordability adjustment. This is confirmed in the government's Planning Practice Guidance (PPG) - Housing Need Assessment, which states:

*"The affordability adjustment is applied to take account of past under delivery. The standard method identified the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately." (PPG, Paragraph 017, Reference ID: 2a-017-20180913).*

2.5 The 2016-based household projections, published on 20 September 2018, form the starting point for calculating the LHN. The LHN for West Berkshire calculates as 631 dwellings per year. The detailed calculation is set out in Appendix 3.

2.6 However, on 26 October 2018 the government published, for consultation, proposals to amend the standard methodology so that the 2014-based household projections form the starting point for the LHN. It follows the September 2018 publication of the Office for National Statistics (ONS) 2016-based household projections that lead to a significantly lower housing need than the 300,000 homes per year that the government intends to achieve in supply terms by the mid-2020s.

2.7 Using the 2014-based household projections, the LHN for West Berkshire calculates as 551 dwellings per year. In light of the current consultation, the five year housing land supply is also shown against the LHN of 551 dwellings per year.

2.8 As outlined in paragraph 2.3 above, the LHN already takes account of past under delivery, and as such the number of completions up to March 2018 does not affect the five year requirement when calculated against the LHN. The calculation against the Core Strategy requirement will however, include a shortfall of 277 units which are added to the plan requirement for the five year period before the addition of the buffer.

### The five year period

2.9 The period April 2018 to March 2023 is covered in this update of the five year housing land supply. However, the PPG (paragraph ID 3-030-20140306) says that local planning authorities should have an identified five-year supply at all points during the plan period. This seems to support the use of a forward looking requirement, in the same manner as required by previous government guidance. Information is therefore also presented for the period April 2018 to March 2024, to ensure the full five year supply can be demonstrated.

### Buffer

2.10 The NPPF requires that the supply of the specific deliverable sites should in addition to LHN include a buffer (moved forward from later in the plan period) of:

- 5% to ensure choice and competition in the market for land; or

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- 10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan, to account for any fluctuations in the market during that year; or
- 20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply.

**2.11** Currently the Council has made no decision to publish an annual position statement so the buffer of 10% is not applicable.

**2.12** The question of significant under delivery of housing is informed against the Housing Delivery Test. This defines significant under delivery as provision below 85% of the housing requirement, over the previous three years.

**2.13** This measure of significant under delivery, as measured by the Housing Delivery Test, replaces the previous reference to 'persistent under delivery' in the preceeding NPPF that was published in March 2012.

**2.14** The government introduced the methodology for calculating LHN alongside the NPPF in July 2018. The government was due to publish the Housing Delivery Test outcome for all local planning authorities in November 2018, however it is still awaited. Nonetheless, with the confirmed methodology and the necessary data being available, it is possible to undertake the calculation at the current time. As set out in Table 2.1, the result for West Berkshire is over 100% based on the completions (excluding communal accommodation) for the past three years. The detailed calculation is set out within Appendix 3.

**Table 2.1 Dwelling completions 2015/16 to 2017/18**

| Year                       | Number of net dwelling completions | Core Strategy requirement | Housing Delivery Test requirement |
|----------------------------|------------------------------------|---------------------------|-----------------------------------|
| 2015/16                    | 625                                | 525                       | 545                               |
| 2016/17                    | 485                                | 525                       | 541                               |
| 2017/18                    | 526                                | 525                       | 394                               |
| <i>Total</i>               | <i>1,636</i>                       | <i>1,575</i>              | <i>1,480</i>                      |
| <i>Average per year</i>    | <i>545</i>                         | <i>525</i>                | <i>493</i>                        |
| <b>Percentage delivery</b> |                                    | <b>104%</b>               | <b>111%</b>                       |

**2.15** It is clear from Table 2.1 that under the Housing Delivery Test, West Berkshire is required to apply the 5% buffer to the LHN.

**2.16** Table 2.2 below shows how the buffer has been applied to arrive at the housing requirement for the five year period.

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Table 2.2 The five year housing requirement

| Requirement for April 2018 to March 2023                         | LHN<br>631 dwellings per year | LHN<br>551 dwellings per year | Core Strategy<br>525 dwellings per year |
|--|-------------------------------|-------------------------------|---|
| A. Requirement excluding shortfall and buffer                    | 3,155                         | 2,755                         | 2,625                                   |
| B. Shortfall   | n/a                           | n/a                           | 277                                     |
| C. Requirement including shortfall<br>(A + B)                    | 3,155                         | 2,755                         | 2,902                                   |
| D. 5% buffer<br>(C x 0.05)                                       | 158                           | 138                           | 145                                     |
| <b>E. Requirement including shortfall and buffer<br/>(C + D)</b> | <b>3,313</b>                  | <b>2,893</b>                  | <b>3,047</b>                            |

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## 3 Sources of housing supply

**3.1** This section provides an explanation of the sources of land supply that form part of the monitoring of the five year land supply position.

### Large and medium site delivery

**3.2** Large sites are defined as sites delivering 10 dwellings (gross) or more, or with a site size of 1 hectare in size. These sites comprise of:

- Strategic allocations in the Core Strategy Development Plan Document (DPD);
- Allocations within the Housing Site Allocations DPD; and
- Unallocated sites with planning permission at 31 March 2018.

### Prior approvals

**3.3** Also included in the schedules are sites identified through the prior approval process which do not require planning permission for changes of use to residential development due to permitted development rights. Most of these are changes from office use.

### Engagement with developers/agents

**3.4** Government guidance indicates that authorities should involve those with an interest (in delivery) in assessing the deliverability of sites, and set out up-to-date robust evidence to support assessments of deliverability. The Council therefore produced a site deliverability form that was sent to the agents/developers of all large and medium sites and of sites of 10 net dwellings or more identified through the prior approval process. The completed forms as well as any email responses received are included in Appendix 2.

**3.5** The Council considers the information on delivery provided by the landowner / developer as the most robust source and uses this as the starting point for considering what might reasonably be delivered within the five year period. Where necessary, the Council has adjusted the projected delivery to take account of any overly optimistic or pessimistic view. This ensures the figures relied on by the Council within the five year period are fully realistic.

**3.6** In cases where the landowner/developer has not responded to approaches by the Council, the Council has assessed deliverability of the site using its knowledge of the developer, its knowledge of the specific site and proposed development.

**3.7** Where a site with planning permission is not considered deliverable within the five year period, it is excluded from the five year land supply calculation but may still be included at a later date.

### Small sites

**3.8** The smaller sites of under 10 units are also listed in the schedules and are divided into those that were under construction at March 2018 and those where development had not started at that time. These smaller sites have not been assessed for deliverability in the same manner as the larger sites, however the definition of 'deliverable' is clear that sites that are not major development should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within the five year period.

### Communal accommodation

**3.9** Communal accommodation can now be included in the five year supply. The PPG (ID: 3-043-20180913) states that housing for older people including care homes (Planning Use Class C2) should be counted against the housing requirement. The HDT measurement rulebook gives the ratio for communal accommodation based on the national average number of adults in all households as 1.8 based on the 2011 Census. Therefore, a 90 bed care home would equate to 50 net dwellings ( $90 \div 1.8 = 50$ ).

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## Windfall allowance

**3.10** The NPPF states that where an allowance is to be made for windfall sites as part of the anticipated supply, there should be compelling evidence that they will provide a reliable source of supply. Any allowance should be realistic having regard to the strategic housing land availability assessment, historic windfall rates, and expected future trends.

**3.11** The Council has included an allowance for windfall in the calculation of the 5 year housing land supply. Analysis of past completions shows that on average 130 dwellings have been completed on unallocated medium unallocated windfall sites (10 units or more on sites that are less than 1ha), and 152 dwellings have been completed on small unallocated windfall sites (9 dwellings or less) over the plan period to date. There is no reason why this level of development on unallocated sites should not continue in the foreseeable future. Indeed the NPPF at paragraph 69 states that local planning authorities should:

*"...support the development of windfall sites through their policies and decisions - giving great weight to the benefits of using suitable sites within existing settlements for homes..."*

**3.12** The definition of windfall sites has changed with the publication of the revised NPPF. The new definition is:

*"Sites not specifically identified in the development plan."*

**3.13** Previously windfalls were those sites that unexpectedly became available. Over the period from 2006/07 to 2017/18, an average of 382 units per year were completed on this type of site, primarily on previously developed sites within settlements.

**3.14** In line with the definition of windfall sites in the revised NPPF, these average figures exclude sites specifically identified in the development plan:

**Table 3.1 Net windfall completions over the plan period (2006/07 to 2017/18)**

| Monitoring year                          | Large non-allocated sites (10 or more units and 1ha or more) | Medium non-allocated sites (10 or more units and under 1ha) | Small non-allocated sites (less than 10 units) |
|--|--|---|--|
| 2006/07                                  | 313  | 159   | 202  |
| 2007/08                                  | 216  | 33  | 198  |
| 2008/09                                  | 100  | 217   | 161  |
| 2009/10                                  | 25   | 99  | 115  |
| 2010/11                                  | 40   | 46  | 113  |
| 2011/12                                  | 5  | 31  | 126  |
| 2012/13                                  | 223  | 211   | 118  |
| 2013/14                                  | 102  | 103   | 125  |
| 2014/15                                  | -24  | 135   | 245  |
| 2015/16                                  | 40   | 277   | 125  |
| 2016/17                                  | 122  | 117   | 163  |
| 2017/18                                  | 40   | 139   | 134  |
| <b>Annual Average 2006/07 to 2017/18</b> | <b>100</b>   | <b>130</b>  | <b>152</b>                                     |

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**3.15** The Council has included a windfall allowance for small and medium sites. Development of large unallocated sites of 1ha or more tends to vary significantly from year to year. The exclusion of large sites from the windfall allowance introduces some flexibility to the supply.

**3.16** The Council's small and medium site windfall allowances are shown in Tables 3.2 and 3.3 below. To ensure against potential double counting with sites that have been granted planning permission, an allowance has only been made in years 4 and 5 for small windfall sites, and in year 5 for medium windfall sites. The calculations for determining the windfall allowances are also shown in the tables.

**Table 3.2 Medium site windfall allowance (2018/19 to 2022/23)**

|   |            |
|---|------------|
| A. Unallocated sites with planning permission in the 5 year supply          | 482        |
| B. Sites identified through the prior approval process in the 5 year supply | 103        |
| <b>C. Total medium sites identified in the 5 year supply</b>                | <b>585</b> |
| D. Average medium site windfalls per year between 2006/07 and 2017/18       | 130        |
| E. Allowance for the five year period<br>(D x 5)                            | 650        |
| <b>Windfall allowance for medium sites<br/>(E - C)</b>                      | <b>65</b>  |

**Table 3.3 Small site windfall allowance (2018/19 to 2022/23)**

|   |            |
|---|------------|
| A. Unallocated small sites in the 5 year supply                             | 389        |
| B. Sites identified through the prior approval process in the 5 year supply | 23         |
| <b>C. Total small sites identified in the 5 year supply</b>                 | <b>412</b> |
| D. Average small site windfalls per year between 2006/07 and 2017/18        | 152        |
| E. Allowance for the five year period<br>(D x 5)                            | 760        |
| <b>Windfall allowance for medium sites<br/>(E - C)</b>                      | <b>348</b> |

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## 4 The five year housing land supply

### Calculating the Five Year Requirement

4.1 The five year supply at 31 March 2018 was 4,364 dwellings, and this is set out in Table 4.1 below.

**Table 4.1 The five year supply at 31 March 2018**

|   | 2018/19    | 2019/20      | 2020/21    | 2021/22    | 2022/23    | 2023/24    | Total 2018/19 to 2022/23 | Total 2018/19 to 2023/24 |
|---|------------|--------------|------------|------------|------------|------------|--------------------------|--------------------------|
| Core Strategy Allocated Sites   | 200        | 109          | 227        | 209        | 38         | 0          | 783                      | 783                      |
| Housing Site Allocations DPD Sites  | 98         | 172          | 157        | 293        | 212        | 117        | 932                      | 1,049                    |
| Permitted non-allocated sites of 10 dwellings or more                       | 116        | 477          | 368        | 323        | 126        | 75         | 1,410                    | 1,485                    |
| Sites identified through the prior approval process                         | 149        | 195          | 52         | 0          | 0          | 0          | 396                      | 396                      |
| Permitted non-allocated small sites under construction (under 10 dwellings) | 104        | 0            | 0          | 0          | 0          | 0          | 104                      | 104                      |
| Permitted non-allocated small sites not started (under 10 dwellings)        | 0          | 135          | 150        | 0          | 0          | 0          | 285                      | 285                      |
| Communal accommodation  | 0          | 41           | 0          | 0          | 0          | 0          | 41                       | 41                       |
| Small site windfall allowance   | 0          | 0            | 44         | 152        | 152        | 152        | 348                      | 500                      |
| Medium site windfall allowance  | 0          | 0            | 0          | 0          | 65         | 130        | 65                       | 195                      |
| <b>Total deliverable supply</b>   | <b>667</b> | <b>1,129</b> | <b>998</b> | <b>977</b> | <b>593</b> | <b>474</b> | <b>4,364</b>             | <b>4,838</b>             |

4.2 Table 4.2 sets out the five year land supply calculation for the period 1 April 2018 to 31 March 2023. In light of the proposals by the government to change the standard method, the housing requirement based on the 2014-based household projections is also shown. The five year supply against the Core Strategy requirement is also included for completeness.

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Table 4.2 Housing requirement to 2023 to meet the LHN

|  | Net requirement to meet 631 dwellings per year (applying 2016-based household projections) | Net requirement to meet 551 dwellings per year (applying 2014-based household projections) | Net requirement to meet 525 dwellings per year (Core Strategy) |
|--|--|--|--|
| A. Requirement including buffer and Core Strategy shortfall  | 3,313  | 2,893  | 3,047  |
| B. Total housing supply over 5 year period   | 4,364  | 4,364  | 4,364  |
| <b>C. Total deliverable housing supply in years for April 2018 to March 2023</b><br><br><b>(B ÷ A x 5)</b> | <b>6.5 years</b>   | <b>7.5 years</b>   | <b>7.1 years</b>   |

The latest LHN figure for West Berkshire stands at 631 additional homes per annum from 1 April 2018, using the government's standardised methodology and applying the 2016-based household projections. **Under the Housing Delivery test, a 5% buffer to the LHN should be applied.**

**4.3 At 31 March 2018, the Council can demonstrate a 6.5 years housing land supply against a LHN of 631 dwellings per year, plus the 5% buffer.**

**4.4** If the government's proposed changes to the standard method are implemented (with the 2014-based household projections forming the starting point for the calculation of the LHN), then the Council will be able to demonstrate a 7.5 years housing land supply against a LHN of 551 dwellings per year, plus the 5% buffer.

**4.5** Against the Core Strategy requirement (which includes a shortfall), a 7.1 years housing land supply can be demonstrated. This is shown for information only.

**4.6** As mentioned in paragraph 2.9 of this document, the PPG appears to support the use of a forward looking requirement. Therefore for information, Appendix 4 illustrates how the Council can also demonstrate a supply over the period April 2018 to March 2024.