



Cabinet

21 July 2021

Report of: Councillor Leigh Higgins - Portfolio Holder for Growth and Prosperity (and Deputy Leader)

2020/21 Five-years' Housing Land Supply and Housing Trajectory

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|--|---|
| Corporate Priority: | Delivering sustainable and inclusive growth in Melton |
| Relevant Ward Member(s): | All |
| Date of consultation with Ward Member(s): | N/A |
| Exempt Information: | No |
| Key Decision: | No |
| Subject to call-in: | No Not key decision |

1 Summary

- 1.1 The report provides information in relation to the current housing delivery and housing supply situation in the Borough. The paper shows that the Council is in a strong position with 11.6 years' worth of housing against the housing requirement.
- 1.2 The report explores different scenarios to respond to the recent changes in the National Planning Policy Framework (NPPF) and associated guidance and confirms the Council's position in terms of housing supply even in the worst-case scenario.
- 1.3 Finally, the report explores the implications of the global pandemic in housing delivery and adapts the expected delivery rates accordingly. Again, short-term delivery rates should be above the housing requirement.

2 Recommendations

That Cabinet:

- (i) **Approves the publication of the full Five-years' Housing Land Supply and Housing Trajectory report comprised as at Appendix A in accordance with the requirements**

established in paragraph 73 of the National Planning Policy Framework (NPPF, 2019).

- (ii) Notes that the minimum required in terms of housing delivery is met, and significantly exceeded.**
- (iii) Notes that the short-term impact of Covid-19/Brexit has been almost negligible.**

3 Reason for Recommendations

- 3.1 This report seeks approval to publish the final 2020/21 'Five-years' housing land supply and housing trajectory' report in order to meet the national requirement as identified in paragraph 73 of the NPPF, which states: '... Local Planning Authorities should 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 ...'.
- 3.2 The acknowledgement of the positive position of the Council regarding housing delivery is given by a range of indicators explored in the main body of this report, illustrating that the Council can demonstrate 11.6 years' worth of housing supply against the housing requirement, which is significantly above the minimum target (5 years).
- 3.3 The impact of the Covid-19 pandemic has been considered in the report taking into account the results from the survey sent to site promoters and the analysis from previous year's expectations. The anticipated impacts are almost negligible given the timeframes when these impacts are expected, and the level of supply identified during these years.

4 Background

- 4.1 The adopted Local Plan has a stepped housing requirement of 170 dwellings per annum (dpa) until March 2021, 245 dpa until 2026 and 320 for the remainder of the Local Plan period. Under these annual requirements, it is for the Council to demonstrate that there are at least 5-years' worth of housing supply.
- 4.2 The Council is also required to publish the result of the Housing Delivery Test, which comprises delivery 'on the ground' against the combined Local Plan housing requirement for the last 3 years.
- 4.3 Finally, the report looks into the impact of the Covid 19 pandemic on the delivery of housing.
- 4.4 Housing Delivery is an important element of the planning system. As well as being a main objective of the NPPF, both the 5 year land supply and the Housing Delivery Test are mechanisms employed in planning policy (at a National level) to determine whether a Local Plan is regarded as 'out of date' and decision making would thereafter fall under 'the presumption in favour of sustainable development' regime as set out in the NPPF. This would allow the Council less influence and control over the delivery of development and provision of infrastructure.

5 Main Considerations

5.1 Five-years' housing land supply

5.1.1 The calculation includes a number of considerations. These are:

5.1.2 A requirement of 1,225 dwellings for the period 2021-2025 under to the requirements explained at para 4.1 above.

- Net completions since 2011: 1,643 (310 in 2020/21). The percentage change with the previous years were was -6% in 2017/18, then +61% in 2018/19, +50% in 2019/20 and -7% in 2020/21. This year's reduction aligns with the 1-month reduction to the requirement that the government applied to the Housing Delivery Test.
- 5% buffer on supply to ensure choice and competition in the market. This percentage is associated to the Housing Delivery Test, which shows, with the 2019/20 completions, that 141% of the requirement in the past three years has been delivered. Once the Housing Delivery Test is updated with the new completions, it will show that 175% of the requirement in the past three years would have been delivered.
- A lapse rate of planning applications of 3.36%. The lapse rate has been updated and now it addresses a period of five years rather than a period that started in 2009/10. This update reflects a more precise current trend.
- An identified supply in the first five years of 3,144 dwellings.
- A windfall allowance of 29 dwellings per year (but only 14 in the first five years).
- A pandemic/Brexit allowance that implies a reduction of 24 dwellings in the first five years.

5.1.3 These elements provide the final figure of 11.6 years of supply, which reinforces and maintains last year's results (11.6 years of supply) despite of the increased requirement.

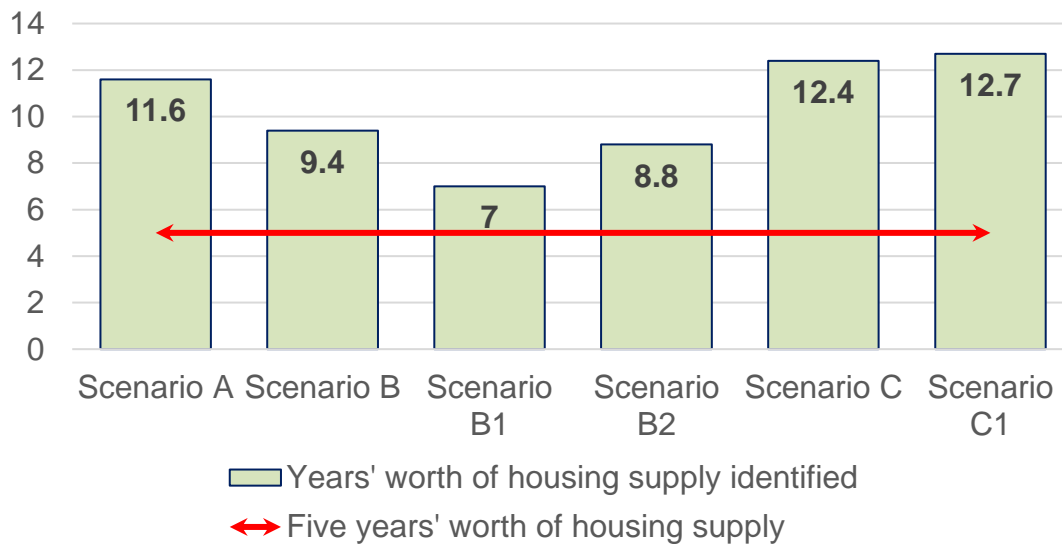
5.2 Other scenarios

5.2.1 The NPPF and associated guidance applied stricter discipline to the definition of deliverable sites, and even though the 11.6 years of supply are evidence based, the report explores other scenarios.

5.2.2 The worst-case scenario, which would remove sites without permission and outline permissions from the first five years, shows that the Council still has 7.0 years of supply. This allows Members and the Planning Officers to be to in a confident position in terms of potential appeals related to housing supply.

5.2.3 Additionally, there are some applications associated with housing allocations and reserve sites in the Local Plan that are pending consideration that have not been included in the calculations. These could potentially increase the supply to 12.7 years.

5.2.4 These scenarios are shown in figure 1 below:



5.3 Impact of Covid-19/Brexit

- 5.3.1 In order to address the impact of the global pandemic and/or Brexit, the report takes into account the feedback received from developers alongside the conclusions extracted from last year's expectations.
- 5.3.2 The feedback received suggests that 5-weeks' delays may need to be considered in the trajectory (a 9.6% of the supply), whilst the predictions from last year's trajectory suggest that 20% of the supply from large sites has not delivered as expected (no impacts on small sites).
- 5.3.3 Applying the highest of the two percentages is justified by the concerns
- 5.3.4 Applying this 20% on years 1 and 2, and a 5% reduction per year until year 6, only 24 dwellings originally identified in the first five years will be delayed until year 6 instead.
- 5.3.5 Considering the limited implications, the potential fluctuations on the percentages applied and the amount of supply identified during these five years, the report concludes that the impact of these delays is almost negligible, and it does not affect the planned trajectory.

5.4 Conclusions

- 5.4.1 The Council is in a positive position in terms of housing supply as shown in the number of years' worth of deliverable sites. The Council is also in a strong position in terms of housing delivery as proven by the Housing Delivery Test. Finally, although they are present, impacts from Covid-19/Brexit have a limited impact in the five-years' housing land supply calculation.
- 5.4.2 Information to produce the trajectory was gathered from developers and land promoters of large sites (≥ 10 dwellings) including housing allocations and permissions. 53% of the promoters for these sites responded to the survey.
- 5.4.3 The same promoters responded to a survey in relation to Covid-19/Brexit.

6 Options Considered

- 6.1 Focussing on the calculations, the report provides the following scenarios relating to the amount of years' housing supply the Council can demonstrate:

- a) Scenario A: The scenario justified in the report and this paper. It involves the site-by-site assessment of large sites, the feedback from developers, site promoters and case officers.
- b) Scenario B: Same as 'A' but excludes sites without planning permission in the first five years. Result: 9.4 years of housing supply.
- c) Scenario B1 (worst-case scenario): Same as 'B' but excluding sites with outline permission too. Result: 7.0 years of housing supply.
- d) Scenario B2: Same as 'B1' but including those outline permissions where progress to submit a reserve matters application, full application or a pre-application has been identified. Result: 8.8 years of housing supply.
- e) Scenario C: Same as 'A' but includes allocations with submitted applications (partially or totally) within the first five years. Result: 12.4 years of housing supply.
- f) Scenario C1: Same as 'C' but includes reserve sites with submitted applications or pending appeal processes (partially or totally) within the first five years. Result: 12.7 years of housing supply.

6.2 As explained earlier, the first scenario (scenario 'A') is the most robust option and represents a reasonable approach to the calculation.

6.3 Moving to the considerations of the impact of the global pandemic and/or Brexit, the report considers that there will be delays of 20% of the supply in years 1 and 2, and then a reduction of 5% per year until year 6.

6.4 Alternatively, this 20% could have been substituted by the 10% identified in the surveys and the reduction of 5% per year could have been different. All these potential scenarios reinforce the consideration that the impact is relatively negligible in the first five years as the results are less detrimental than identified in the adopted approach.

7 Consultation

7.1 This is primarily a technical report. The input from specific developers associated with large scale housing sites has directly informed the housing trajectory and consequently the main conclusions in this report.

7.2 No further consultation is expected.

8 Next Steps – Implementation and Communication

8.1 Publication of the report at Appendix A on the Local Plans website.

8.2 Publication of the non-confidential trajectory spreadsheet

8.3 Publication of the GIS files associated with the trajectory

8.4 Sharing the details with interested parties (pending FOIs and data requests)

9 Financial Implications

9.1 The New Homes Bonus (NHB) was introduced in 2011 provides an incentive for local authorities to encourage housing growth in their areas. The bonus has been matching the

average Council Tax raised on each new home built for a period of six years. At present, the County Council benefits from 20% of this payment, and Melton Borough Council 80%.

- 9.2 Between February-April 2021 the government consulted on the future of the bonus from the year 2022/23 onwards. Various options were proposed in the consultation for the new / replacement NHB, however it is likely that there will be no legacy payments included in the new scheme. Six options were proposed, but these are not mutually exclusive.
- 9.3 The Government has yet to advise the outcome of the consultation, whilst NHB was not ring-fenced any replacement will have a different calculation base and may be ring-fenced in terms of how it can be spent. The projected housing delivery as described in the report is positive, however the positive financial implications that historically would have been significant could be eroded by the NHB replacement.

Financial Implications reviewed by: Dawn Garton, Director for Corporate Services

10 Legal and Governance Implications

- 10.1 There are no legal implications arising from this report. The National Planning Policy Framework (NPPF) requires that local authorities boost significantly the supply of housing in their local areas.
- 10.2 NPPF Paragraph 47 sets out the requirements to identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land.

Legal Implications reviewed by: Kieran Stockley, Monitoring Officer

11 Equality and Safeguarding Implications

- 11.1 None

12 Community Safety Implications

- 12.1 None

13 Environmental and Climate Change Implications

- 13.1 The strategic policies of the adopted Melton Local Plan seek to ensure that development is sustainable. This means working proactively with applicants to secure development that improves the economic, social and environmental conditions of the area. The Council actively supports. The Council's development strategy ensures that development is distributed across the Borough in the most sustainable manner, meaning that development is directed to the most sustainable locations.
- 13.2 The adopted Local Plan also actively promotes the protection and enhancement of the landscape, setting out policies to achieve biodiversity net gains, an improved green infrastructure network, standards for open spaces, and the mitigation of climate change. Specifically, policy EN9 supports energy efficient and low carbon development.

14 Other Implications (where significant)

- 14.1 Health & Wellbeing – Quality housing is a key determinant of health, and the Local Plan seeks to maximise the affordable housing possible without undermining the overall scheme viability. Affordable housing is housing that meets the needs of those whose needs are not met by the market. The Local Plan has a target of 1300 affordable homes to be provided over the plan period (2011-2036).
- 14.2 In the last financial year 86 affordable homes were provided of various tenures across the Borough, against an annual target of 36.

15 Risk & Mitigation

| Risk No | Risk Description | Likelihood | Impact | Risk |
|---------|---|-------------|------------|-------------|
| 1 | Although it is not specified in the National Policy, the omission of the annual update could potentially cause the Secretary of State to intervene. | Low | Marginal | Low Risk |
| 2 | The selection of a different scenario in terms of housing supply identified, particularly when this is higher, could have increased the risk of planning appeals in relation to the five-years' housing land supply | Low | Marginal | Low Risk |
| 3 | Consideration of a higher impact in housing delivery as consequence of the global pandemic and/or Brexit could have resulted in threat to the reliability of the Local Plan. | Very Low | Critical | Medium Risk |
| 4 | Delays in the production of the annual report | Significant | Negligible | Low Risk |

| | | Impact / Consequences | | | |
|------------|---------------------|-----------------------|----------|----------|--------------|
| | | Negligible | Marginal | Critical | Catastrophic |
| Likelihood | Score/ definition | 1 | 2 | 3 | 4 |
| | 6 Very High | | | | |
| | 5 High | | | | |
| | 4 Significant | 4 | | | |
| | 3 Low | | 1,2 | | |
| | 2 Very Low | | | 3 | |
| | 1 Almost impossible | | | | |

| Risk No | Mitigation |
|----------------|--|
| 1 | Approval of recommendation 1 |
| 2 | Acknowledgement of Scenario 1 (para 6.1.) as the most robust scenario |
| 3 | Acknowledgement of para 6.3 and subsequent subparagraphs as a sound approach |
| 4 | Approval of recommendation 4 |

16 Background Papers

17 Appendices

17.1 A: 2020/21 Five-years' Housing Land Supply and Housing Trajectory Report

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| Report Author: | Sarah Legge , Local Plans Manager Jorge Fiz Alonso , Planning Policy Officer |
| Report Author Contact Details: | 01664 502463 jfizalonso@melton.gov.uk |
| Chief Officer Responsible: | Jim Worley , Assistant Director for Planning and Delivery |
| Chief Officer Contact Details: | 01664 502359 jworley@melton.gov.uk |