



Cabinet

13 July 2022

Report of: Councillor Rob Bindloss - Portfolio Holder for Growth and Prosperity

2021/22 Five-years' housing land supply and housing trajectory

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:	Yes
Subject to call-in:	Yes

1 Summary

- 1.1 The Five-years' Housing Land Supply and Housing Trajectory 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 good position with **8.4 years' worth of housing supply against the housing requirement.**
- 1.2 The report explores different scenarios to respond to changes in the National Planning Policy Framework (NPPF) and associated guidance and confirms the Council's good position in terms of housing supply even in the worst-case scenario.

2 Recommendation(s)

That Cabinet:

- 2.1 **Approves the publication of the report in accordance with the requirements established in paragraph 74 of the National Planning Policy Framework (NPPF, 2021).**
- 2.2 **Notes that the minimum required in terms of housing delivery is not only met, but widely surpassed.**
- 2.3 **Notes that the number of years' worth of housing supply identified in future annual reports is likely to decrease in the next years.**
- 2.4 **Notes that the short-term impact as consequence of Covid-19/Brexit and other**

3 Reason for Recommendations

- 3.1 Approval to publish the final 2021/22 'Five-years' housing land supply and housing trajectory' report is sought in order to meet the national requirement as identified in paragraph 74 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 document, illustrating that the Council can demonstrate 8.4 years' worth of housing supply against the housing requirement.
- 3.3 The acknowledgement of the likely decrease of the number of years' worth of housing supply in the next years given the increased basic requirement that needs to be met. This is explained by the adopted stepped trajectory, which increases the basic requirement to 245 dwellings per annum for the period 2021-2026 and to 320 dwellings per annum for the period 2026-36.
- 3.4 The impact of the external factors such as Brexit, the pandemic, the war in Ukraine or the inflation, has been considered in the report taking into account the results from the survey sent to site promoters. The small sample and its variance, the uncertainty in relation to the period they will cover, the minimum impact in the calculation or the adjustments to the Housing Delivery Test are the most substantial reasons these impacts have not been factored into the 5-years' housing land supply calculation.

4 Background

4.1 Five-years' housing land supply

4.2 With the adoption of the Local Plan in October 2018 the Council adopted 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. Considering these annual requirements, it is for the Council to demonstrate that there are at least 5-years' worth of housing supply.

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

- a) A requirement of 1,300 dwellings for the period 2022-2026 according to the requirements at para 4.2.
- b) Net completions since 2011: 2,008 (365 in 2021/22). There is an increase of 55 dwellings in relation to 2020/21. The cumulative shortfall has been overcome and there is a surplus of 63 dwellings for the first time since the start of the Local Plan period (2011). This is the fourth consecutive year with a surplus in housing delivery.
- c) 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 2020/21 completions, that 197% of the requirement in the past three years has been delivered (figures were adjusted by the Government to address the impact of the pandemic). **Once the Housing Delivery Test is updated with the new completions, it will show that 166% of the requirement in the past three years would have been delivered** (without adjustments).
- d) A lapse rate of planning applications of 4.54%. The lapse rate is calculated using a five-year average. This year's average is higher than usual (10.16%); this is partly explained by an expired permission for 16 dwellings (Brooksby College).
- e) An identified supply in the first five years of 2,393 dwellings.
- f) A windfall allowance of 29 dwellings per year (but only 44 in the first five years).

4.4 These elements provide the final figure of 8.4 years of supply.

4.5 It should be noted that this is the highest level of housing delivery that Melton Borough has seen since recording began.

4.6 Other scenarios

4.7 The NPPF and associated guidance tightened up the definition of deliverable sites, and even though the 8.4 years of supply are evidence based, the report explores other scenarios.

4.8 The worst-case scenario (scenario B1), which would remove sites without permission and outline permissions from the first five years, shows that the Council still has 6.0 years of supply. This allows members and the planning department to be in a relatively relaxed position in terms of potential appeals related to housing supply.

4.9 Conversely, 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 9.5 years (as shown in scenario C1).

4.10 These scenarios are shown in figure 1 below.

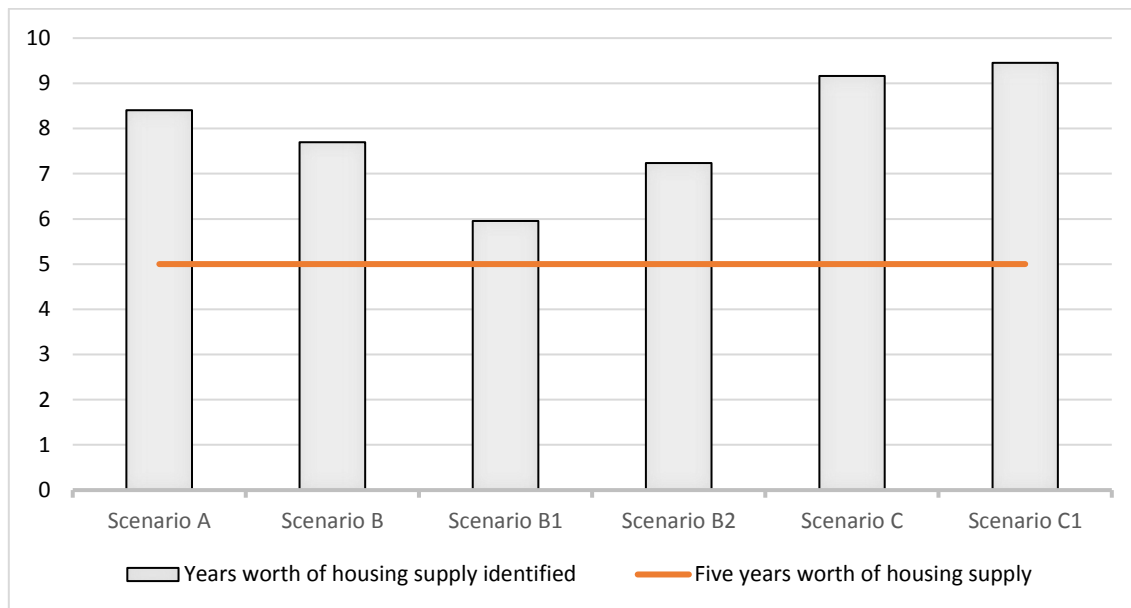


Figure 1 Housing supply identified in different scenarios

4.11 Stakeholder engagement (external impacts)

4.12 To address the impact of the global pandemic, Brexit, the war in Ukraine, and other external impacts, the report analysis the responses received and their implications.

4.13 Only 23 responses were received for these questions in relation to external impacts. The feedback received addresses the reasons of delays in the past year (when there is any delay). The main issue raised relates to delays in the planning system. Other reasons include, increased cost of materials, availability of material, labour shortages, increasing inflation, and the fiscal response of increasing interest rates.

4.14 Most of the respondents consider that the demand was as expected.

4.15 Finally, it was explored in the Council could help with the delivery of the sites. A third of the respondents considered that they would benefit from some help, with most of them referring to the slow planning process as the key area of improvement.

4.16 Although 13 out of 23 respondents identified some delays, the sample is too small to be extrapolated to all the large sites. Additionally, other considerations have been given to the limitations of the data. There is a high variance, the build up rates received could had been already considered by site promoters, it is unknown how long these impacts will last, and they are particularly focused on delays associated with development management.

4.17 Considering all these constraints and the limited impact that a detailed assessment had in last year's calculations (a reduction of 0.1 years' worth of housing supply), alongside a diminished ripple effect from the lockdown periods and the external adjustments to the requirement (Housing Delivery Test), external impacts have not been factored in this year's calculation.

4.18 Conclusions

4.19 As identified in the report the Council is in a comfortable position in terms of housing supply as shown in the number of years' worth of deliverable sites. The Council is also in a

comfortable position in terms of housing delivery as proven by the Housing Delivery Test. Finally, although they are present, impacts from external factors have a negligible impact in the five-years' housing land supply calculation.

5 Main Considerations

- 5.1 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 did respond to the survey. Then, when appropriate, this information was adjusted to match our internal records and case officers' feedback.
- 5.2 The same promoters responded to a survey in relation to external impacts (e.g., pandemic, Brexit, war in Ukraine...). 23 responses were received for these questions.

6 Options Considered

- 6.1 Focussing on the calculations, the report provides the following scenarios relating to the amount of years' worth of housing supply the Council can demonstrate:
- a) Scenario A: The one 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: 7.7 years of housing supply.
 - c) Scenario B1 (worst-case scenario): Same as 'B' but excludes sites with outline permission too. Result: 6.0 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: 7.2 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: 9.2 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: 9.5 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.

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 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 None

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 Regulation 34 (4) of the Town and Country Planning (Local Planning) (England) Regulations 2012 and paragraph 74 of the National Planning Policy Framework require Local Planning Authorities to provide information on housing policy and performance.

Legal Implications reviewed by: Deputy Monitoring Officer 04.07.22

11 Equality and Safeguarding Implications

- 11.1 None

12 Community Safety Implications

- 12.1 None

13 Environmental and Climate Change Implications

- 13.1 None

14 Other Implications (where significant)

- 14.1 None

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 increase the risk of planning appeals in relation to the five-years' housing land supply	Low	Marginal	Low Risk
3	Consideration of a tangible (numerical) impact in housing delivery as consequence of external factors could threaten the reliability	Very Low	Critical	Medium Risk

	on the Local Plan.			
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 paras 4.15-4.16 as a sound approach
4	Approval of recommendation 1

16 Background Papers

16.1 None

17 Appendices

17.1 A: 2021/22 Five-years' housing land supply and housing trajectory report

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