

Cabinet

16 September 2020

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

2019/20 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:	No
Subject to call-in:	No Not key decision

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 an exceptional 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 excellent 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, and assuming a limited impact in the three first years, the delivery rates would be above the housing requirement.

2 Recommendations

That Cabinet:

- 2.1 **Approves the 'Five-years' housing land supply and housing trajectory' report as attached at Appendix A**

3 Reason for Recommendations

- 3.1 Approval of the final 2019/20 'Five-years' housing land supply and housing trajectory' report is sought 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 document, illustrating that the Council can demonstrate 11.6 years' worth of housing supply against the housing requirement. This is an increase of 51% in comparison to last year's identified supply (7.7 years) and 132% above the minimum target (5 years).
- 3.3 The impact of the Covid-19 pandemic has been considered in the report, assessing the impact in a similar way to the impact created by the 2007/8 'credit crunch' recession. Data from 2007/8 suggests a 13% reduction in housing delivery in the first three years, taking into consideration the delays associated with lockdown (and any potential additional lockdowns in the next five years). The impact of the pandemic is expected to be moderate with a reduction of approximately 250 net completions of dwellings in the next five years; however the Council will be able to deliver above the requirement for that period.

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 1,150 dwellings for the period 2020-2024 according to the requirements at para 4.2.
- b) Net completions since 2011: 1,333 (334 in 2019/20). The percentage change with the previous year was -6% in 2017/18, then +61% in 2018/19, and +50% in 2019/20.
- 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 2018/19 completions, that 100% 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 136% of the requirement in the past three years would have been delivered.**
- d) A lapse rate of planning applications of 6.34%.

e) An identified supply in the first five years of 3,121 dwellings, an increase of 33% in comparison to 2018/19, which shows an important increase in the number of planning applications received and dealt with by Development Management and the Planning Committee.

f) A windfall allowance of 29 dwellings per year (but only 15 in the first five years).

4.4 These elements provide the final figure of 11.6 years of supply, an important improvement in comparison to the 7.7 years identified in the previous report.

4.5 The main reasons explaining this increase are related to the rise of planning applications, the perception that these and some housing allocations are deliverable (in the first five years) and the reduction of the buffer on supply (from 20% to 5%) thanks to the recent delivery performance.

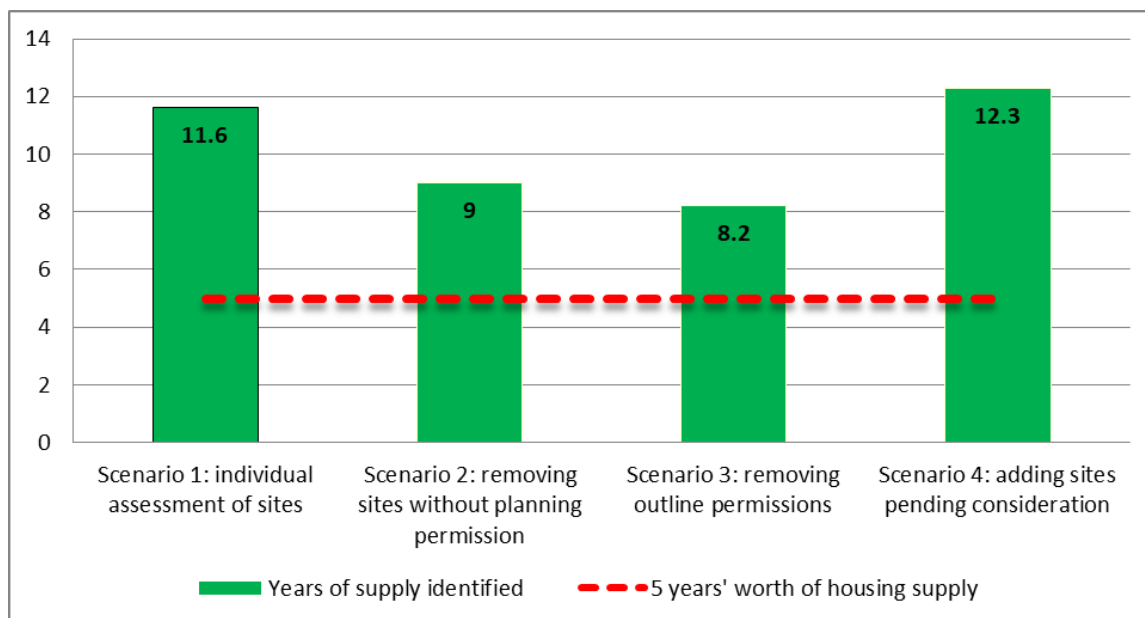
4.6 **Other scenarios**

4.7 The NPPF and associated guidance tightened up the definition of deliverable sites, and even though the 11.6 years of supply are evidence based, the report explores other scenarios.

4.8 The worst case scenario, which would remove sites without permission and outline permissions from the first five years, shows that the Council still has 8.2 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 Additionally, there are some applications associated to housing allocations in the Local Plan that are pending consideration that have not been included in the calculations. These could potentially increase the supply to 12.3 years.

4.10 These scenarios are shown in figure 1 below.



4.11 **Impact of Covid-19**

4.12 In order to address the impact of the global pandemic, the report takes into account two elements: the likelihood of ongoing impacts and the economic impacts.

4.13 To address the economic impacts, the report refers to the 2007/08 “credit crunch” and its impacts on housing supply. The 2007/08 crunch showed a 13% fall in housing delivery in the following three years. Consequently, this reduction has been applied to the current

expected housing delivery, as it is the only recent evidence of a recession and its impacts upon housing delivery that we have. It should be noted that the impact would be more severe if the economic impacts remain present in years 4 and 5.

- 4.14 The trajectory takes into account the recent lockdown measures, but it was considered prudent to include a Covid-19 delay allowance addressing any potential for delays as result of future local lockdown measures. Six to eight weeks of delay per year have been applied to the expected delivery in the next five years.
- 4.15 In practice these considerations still show an expected delivery above the housing requirement. The largest single-year impact is identified in year 3. The overall impact in these five years is a reduction of delivery from 1,610 dwellings to 1,371, still above the requirement of 1,150 dwellings.
- 4.16 **Conclusions**
- 4.17 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, assuming an economic impact (associated to the pandemic) restricted to the next three years, the Council has enough room in terms of housing supply, to face the short-term challenges in housing delivery.

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. 97% of promoters of active large sites provided a response, and this information was revised accordingly and added to the trajectory.
- 5.2 The same promoters received a survey in relation to Covid-19. 65% of them provided feedback.

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 1: Individual assessment of sites. Based on a thorough assessment of large sites and their deliverability, it is considered the most robust scenario. It takes into account the information provided by developers and case officers. A total of 11.6 years' worth of housing supply are identified under this scenario.
 - b) Scenario 2: As per scenario 1, but removing sites which do not yet have planning permission. Although these sites are part of the first five years due to the evidence provided and the assessment undertaken by our officers, an alternative calculation without these could be considered more cautious. A total of 9.0 years' worth of housing supply are identified under this scenario.
 - c) Scenario 3: As per scenario 2, but also removing sites with outline planning permission. Some sites in scenario 1 have outline permission, which is not necessarily an automatic recognition for a site to be deliverable. Again, our evidence proves that these outline permissions could be part of the first 5 years of housing supply; however,

an over-cautious approach is assessed for information. A total of 8.2 years' worth of housing supply are identified under this scenario.

- d) Scenario 4: As per scenario 1, but also adding sites with applications pending consideration. This is a more optimistic approach, where some sites in the process of being granted planning permission could be considered as additional supply in the first five years. The evidence for these sites has not been considered robust enough to be applied. A total of 12.3 years' worth of housing supply are identified under this scenario.

6.2 Moving to the considerations of the impact of the global pandemic, the report considers two direct impacts: the impact associated to the lockdown (delays) and the financial impact.

6.3 It is clear that this is uncharted territory, therefore the reasons given for the assumptions relating to each impact are shown below:

a) Economic impact

- i) Assuming a 13% drop in net completions. Using the data associated with the 2007/08 "credit crunch" as the most comparable source of information, this shows that there was a reduction in housing delivery in the Borough of Melton of 13% over the following 3 years. The feedback received from the housing industry and the information provided by Central Government seems to indicate that extending this impact beyond year 3 is inappropriate at the present time (it is expected currently that the UK will experience a 'V' shaped recovery).
- ii) Assuming a higher percentage drop in net completions. The same "credit crunch" indicated that the impact was more severe after year three (starting at 26%), however for the reasons explained above, this scenario seems unreasonable.

b) Lockdown delays

- i) 6-8 weeks per year during five years. With enough perspective to analyse the total delay associated to the lockdown at the start of 2020, and with the uncertainty that further lockdowns could be needed, a 12.5% allowance (percentage associated to 6-8 weeks) has been applied. As this allowance does not directly affect delivery (but to the delivery in a given year), a cautious approach to consider these potential delays could be extended to the next five years.
- ii) Different allowance. The evidence we currently have do not indicate that further lockdowns would be needed during this year.

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 Notification to developers that have participated in the exercise.
- 8.3 Sharing the details with interested parties (Leicestershire County Council to inform the full business case submission for the MMDR to Department for Transport).
- 8.4 An annual monitoring report against the Five-years' housing land supply and housing trajectory' report shall be considered by Cabinet on an annual basis.

9 Financial Implications

- 9.1 None

Financial Implications reviewed by: Section 151 Officer

10 Legal and Governance Implications

- 10.1 Legal implications are contained within the report. Strategic planning is an executive function.

Legal Implications reviewed by: 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 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	Low	Marginal	Low Risk

	relation to the five-years' housing land supply			
3	Consideration of a higher impact in housing delivery as consequence of the global pandemic could threaten 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 as subsequent subparagraphs as a sound approach
4	Approval of recommendation 4

16 Background Papers

16.1 2019/20 Five-years' housing land supply and housing trajectory report

17 Appendices

17.1 Appendix A – Five Years' Housing Land Supply and Housing Trajectory Report

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