

Subject: 5 Year Housing Land Supply

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Ward Members: All

1. Introduction

- 1.1 As the local planning authority (LPA), Stratford-on-Avon District Council is required to deliver a continuous 5 year supply of housing to meet its housing requirement.
- 1.2 The requirement to demonstrate a 5 year supply has become increasingly important following the publication of the NPPF. Paragraph 49 states that "*housing applications should be considered in the context of the presumption in favour of sustainable development. Relevant policies for the supply of housing should not be considered up-to-date if the LPA cannot demonstrate a 5 year supply of deliverable housing sites*".

2. Methodology

- 2.1 No updated guidance has been published on how the 5 year land supply should be calculated. Stratford-on-Avon previously used a 'residual' approach to calculate its 5 year housing land supply, although recent appeal decisions have increasingly given credence to a methodology known as the 'Sedgefield' approach. This takes into account any shortfall of homes delivered from the beginning of the plan period to current date, as compared against the original requirement, and then adds that to the total for the next five years. The Sedgefield approach has gained favour because it is considered to be more in line with the spirit of the NPPF to significantly boost housing supply.
- 2.2 The 5 year calculation takes a 'forward look' from the start of the next monitoring period (2013/14). It takes account of expected completions in the current year (2012/13), as well as actual completions from the start of the plan period (2008/09 to 2011/12). In order to ensure choice and competition in the market for land, the NPPF also requires LPAs to include an additional buffer of 5% (moved forward from later in the plan period), although where there is a record of persistent under delivery of housing a 20% buffer should be applied. Again, no guidance has been produced defining what 'persistent under delivery' means, although the appeal into development at land west of Shottery confirmed that, as things stand, the 5% buffer applies to Stratford-on-Avon.
- 2.3 The 5 year supply is based on assumptions about when sites will be delivered (see <http://sdcweblive/planning/annual-monitoring-report.cfm>). Committed sites include those under construction and with permission, remaining allocated sites and those identified as available, suitable and achievable in an up-to-date SHLAA. Commitments can also include an allowance for windfalls, but only where there is 'compelling evidence' that such sites have consistently become available and councils should be cautious not to overstate the potential supply from windfalls. Analysis of completions between 2008 and 2012 suggests an average net supply of windfalls from both large and small sites of 115 dwellings per annum (excluding residential garden land).

- 2.4 Any assumptions about windfalls need to be reviewed regularly to avoid double counting e.g. if sites are identified in the SHLAA or any neighbourhood plan. Also, the rate of windfalls is subject to the policy approach in the Core Strategy itself, i.e. if a more flexible policy approach is envisaged (e.g. infilling within Local Service Villages), then a more generous windfall allowance would be appropriate. Notwithstanding this, because of the time it takes for a dwelling to get permission and be constructed, it is not appropriate to include a windfall allowance in the first two years of the 5 year period since these erstwhile "windfalls" are likely to already have permission.

3. Calculation

- 3.1 For comparison purposes, the results of 3 calculations are shown below based on housing requirement figures for the following: the RSS Phase 2 Revision for the period 2006 to 2026; the Draft Core Strategy 2012 for the period 2008 to 2028; and an alternative higher figure matching that in the RSS but for the same plan period to 2028. The calculations are as of 31 March 2012 for the 5 year period 2013/14 to 2017/18.
- 3.2 As an example, using the figure of 8,000, there is a shortfall of 1,074 dwellings. This is because it is assumed that 2,000 dwellings (8,000 divided by 20 = 400 x 5) should have been built between 2008/09 and 2012/13, instead of the 926 delivered in reality (712 + 214). When this shortfall is dealt with in the short-term, the new 5 year requirement becomes 3,228 (5 year requirement (5x400) plus shortfall of 1,074, multiplied by 5%). Importantly, the RSS Review calculation takes into account the fact that the Independent Panel recommended an additional 2,500 to 3,000 houses (mid-point of 2,750) should be built only after 2021. That means that for the current 5 year period 2013/14 to 2017/18, the calculation shown below is based on a figure of 7,500. This, along with the difference in plan periods, explains the significant difference in results when compared with the third calculation.
- 3.3 It should be noted that, in accordance with Policy STR.2 of the Local Plan Review 2006, a moratorium was applied to housing development between 2006 and 2011. This was to re-balance the high level of completions in the years up to 2006, and thus to support the overriding objective of the RSS to promote regeneration of the main urban areas. The moratorium was effective in this respect and restrained the level of development to that envisaged under the RSS and the Council's adopted Local Plan. Paradoxically, the restricted level of development delivered during the moratorium period now makes it very difficult to demonstrate a 5 year supply of housing land when retrofitting a higher housing target onto the previous lower level of completions. The RSS, which actively steered development away from shire rural areas, is shortly to be revoked and has been replaced under the NPPF by a requirement that all districts should meet their 'full objectively assessed need for market and affordable housing'.

4 Conclusions

- 4.1 Like many districts, Stratford-on-Avon is currently in a transitional period since the Council does not have an up-to-date district housing requirement figure: the housing target in the Local Plan Review expired in 2011. Previously the Council has calculated its 5 year supply using the emerging Core Strategy. However, this is yet to be finalised and the issue of the housing requirement remains outstanding. The emerging Core Strategy has not yet been submitted or examined. The degree of weight that can be given to emerging plans is limited. Equally, whilst a figure of 11,000 to 12,000 may have been referred to in the Shotton appeal decision, this has neither been consulted on nor examined.
- 4.2 In contrast, whilst the West Midlands Regional Spatial Strategy Phase 2 Revision (RSS) was not formally published, it was subject to an Examination in Public (EIP) in 2009 which recommended up to 10,500 dwellings for the period to 2026. Whilst the RSS is

in the process of being formally abolished, the evidence that informed it retains some validity. As such, it is considered that during this time of transition, the most reasonable and robust basis for calculating the 5 year supply is the RSS Phase 2 Revision Independent Panel recommendation.

4.3 Notwithstanding the above, because housing supply is continuous, further land must be identified in order to maintain a 5 year supply. Whilst the high level of previous completions justified the moratorium that was imposed, moving forward it is clear that additional land is required in order to ensure that Stratford-on-Avon continues to deliver a sufficient supply of land to meet its housing requirement.

4.4 It should be remembered that the 5 year supply calculation is always a snapshot in time. The calculations shown below are as of 31 March 2012. The Council is currently collating data to bring the calculation more up-to-date with the intention of publishing information quarterly.

5 Year Supply Calculation (as of 31 March 2012) for 2013/14 to 2017/18

5 Yr Supply Calculation (as of 31 Mar 12) for 2013/14 to 2017/18	Completions (plan start to 31 Mar 12) ¹	Dwellings Expected 2012/13	Requirement to March 2013 ²	Surplus / Shortfall ³	Commitments 2013/14 to 2017/18 ⁴	5 Year Requirement (inc 5% Buffer) ⁵	5 Year Annualised Average	Land Supply (Years) ⁶
RSS Review 10,250 (2006 – 2026)	1,567	214	2,625	844	2,173	2,855	571	3.8
Draft Core Strategy 8,000 (2008 – 2028)	712	214	2,000	1,074	2,173	3,228	646	3.4
10,250 (2008 – 2028)	712	214	2,563	1,637	2,173	4,409	882	2.5

¹ **Completions** = completions (06/07: 454; 07/08: 401; 08/09: 177; 09/10: 238; 10/11: 102; 11/12: 195)

² **Requirement** = the target number of homes that should have been delivered from the start of the plan period to 31st March 2013 (to take into account dwelling target for previous years and the current year). Calculations for the period 2008 – 2028 this is the total divided by 20 years multiplied by 5 years 2008 to 2013; for the RSS this is 7,500 divided by 20 multiplied by 7 years.

³ **Surplus / Shortfall** = the difference between the number of homes that should have been built and have been built i.e. previous requirement minus dwellings completed (including expected completions).

⁴ **Commitments** = Under construction: 391

With planning permission but not started: 768 (inc. 5% deduction for non-implementation)

Resolution to grant / decision pending: 422 (inc. 5% deduction for non-implementation)

Remaining Local Plan allocations: 154

Identified SHLAA sites: 40 (inc. 10% deduction for non-implementation)

Identified Rural Affordable Housing sites: 53 (inc. 10% deduction for non-implementation)

Windfall allowance (large & small sites exc. Residential garden land): 345 (3 yrs x 115pa)

⁵ **5 Year Requirement** = the total divided by 20 years multiplied by 5 years, plus any shortfall/surplus, multiplied by 5%

⁶ **Land Supply (Years)** = number of years housing supply available. Commitments divided by Annualised Average; this should equal 5.