Policy Advice Note

5 Year Housing Land Supply

November 2014

What is the 5 Year Housing Land Supply Calculation?

1. The 5 year housing land supply calculation (5YHLSC) is a comparison of the anticipated supply of new homes against the number of new homes that are required to be built in Stratford-on-Avon (known as the housing requirement).

2. It is expressed as the number of years' worth of supply. So as to avoid being skewed by annual fluctuations in housing supply, it is calculated over a 5 year period. It should therefore exceed 5. Any 5YHLSC is a snapshot in time. The 5 year period is a 'forward look' produced on at least an annual basis and standard practice is for the starting point to be 1 April each year. Stratford-on-Avon District Council has chosen to produce a mid-year calculation using the starting point of 1 October. This 5YHLS calculation rolls forward the 5 year period by 6 months.

3. The purpose of this Policy Advice Note (PAN) is to provide additional explanation on how the 5YHLSC is calculated. It should therefore be read in conjunction with the accompanying documents which are all are available on the Council's website at www.stratford.gov.uk/5yearsupply.
    - 5 Year Housing Land Supply Calculation Summary – this sets out the Council's latest position in respect of 5 year supply
    - Schedule of Housing Sites and Completions – this lists the housing sites that are included within the calculation
    - Schedule of Additional Quarterly Housing Commitments - this lists the additional housing sites that have been granted planning permission since the 5YHLSC was previously calculated

4. Three appeal decisions have also recently been published which have a bearing on the 5YHLS. In the first appeal for 28 homes at Land off Stratford Road, Hampton Lucy[1], the inspector concluded that the Council could not demonstrate a 5YHLS. In the second appeal, for 36 sheltered apartments for the elderly at 2-6 Priory Road, Alcester[2], the Inspector concluded that the Council could demonstrate a 5YHLS. In the third appeal for 80 dwellings at Land off Dovehouse Drive, Wellesbourne[3], the Inspector concluded that the Council could not demonstrate a 5YHLS.

5. It is not unusual for appeal inspectors to reach differing conclusions on similar planning issues as an Inspector is entitled to reach his or her own conclusions based on the specifics of the particular appeal proposal, the weight that should be afforded to relevant issues and the evidence presented.

[1] Appeal Reference APP/J3720/A/14/2215757
[2] Appeal Reference APP/J3720/A/13/2209488
[3] Appeal Reference APP/J3720/A/14/2216615

For example, at the Hampton Lucy appeal, the 5YHLS issue was the subject of cross examination, whereas at the Priory Road appeal 5YHLS was not considered to be a 'main issue' and was dealt with through correspondence following close of the appeal hearing. At the Dovehouse Drive appeal, the Council did not seek to defend its reasons for refusal and argued that the 5YHLS position was not a material consideration in the determination of this appeal. The Council has taken on board the Inspectors' conclusions in respect of the 5YHLS as it deems appropriate having regard to all the information now available. It has revised the calculation accordingly. A summary of the Inspectors conclusions and the Council's response is set out in Appendix 1.

Why is the 5YHLS important?

6. The 5YHLS is a means of demonstrating that the Council is meeting the housing development needs of the District and is a key plank of the National Planning Policy Framework (NPPF) to *'boost significantly the supply of housing'* (para47). Further guidance on land availability and 5 year supply is provided in the Planning Practice Guidance (PPG). Both the NPPF and PPG are available to view at http://planningguidance.planningportal.gov.uk/.

7. Although it formed part of previous Government guidance, the 5YHLS has obtained critical importance under the NPPF. Not only should housing applications *'be considered in the context of the presumption in sustainable development' but crucially, 'relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites'* (para49).

Definitions

8. The 5YHLS is calculated against the annualised average housing requirement. For example, a housing requirement of 10,000 over a 20 year plan period equates to an average of 500 homes per annum.

9. The following definitions are key to understanding how the 5YHLS is calculated:
   - *Completions*: the number of homes built from the start of the plan period to the start of the 5 year period
   - *Surplus/Shortfall*: the difference between what should have been built and what was actually built between the start of the plan period and the start of the 5 year period
   - *Commitments*: the number of homes expected to be built within the 5 year period on 'deliverable' sites.
   - *Percentage Buffer*: The NPPF also requires the 5YHLS to include a 5% or 20% buffer (moved forward from later in the plan period) to ensure choice and competition in the market.

10. Commitments come from a number of sources:
    - Sites with full and outline planning permission
    - Sites with planning permission subject to S106
    - Allocated sites e.g. Local Plan, Core Strategy and Neighbourhood Plans
    - Sites identified in the Strategic Housing Land Availability Assessment (SHLAA)
    - Identified Rural Affordable Housing Schemes being promoted by communities in partnership with housing associations and the Council's Housing Enabling Service
    - Windfall sites i.e. those unidentified sites that get permission, usually brownfield sites

11. Homes are classed as any self-contained permanent residential dwelling and can, for example, include mobile homes for agricultural workers and homes for older people known as 'extra care'

(where the unit is a self-contained dwelling). The 5 year supply calculation is concerned with the 'net' increase to the housing stock[4]. Whilst the re-use of empty homes provides an important source to meet housing needs, as with replacement dwellings, bringing empty homes back into use does not normally add to the overall supply of new housing, as there is no 'net' increase in supply[5]. Gypsy and Traveller sites are not included as they do not form part of the standard housing requirement. Gypsy and Traveller pitches are, however, planned for and monitored separately. Also, sites that are currently at appeal cannot be included as commitments, unless they relate to allocated sites where the principle of development has been accepted. Although if an appeal were to be granted, the site would count as a commitment.

12. Notwithstanding the above, the PPG (paras37 Reference ID: 3-037-20140306 & 38 Reference ID: 3-038-20140306) published in March 2014 permits local planning authorities to include *'housing provided for older people, including residential institutions in Use Class C2*, against their housing *requirement. […] All student accommodation, whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus, can [also] be included towards the housing requirement, based on the amount of accommodation it releases in the housing market. Notwithstanding, local authorities should take steps to avoid double-counting'.*

13. The Council must decide whether it has robust information to justify including residential institutions and/or student accommodation in its supply calculation. As indicated above, such accommodation is comprised of bedrooms as opposed to dwellings, and as such, the number of bedrooms provided cannot necessarily be used as a proxy for the number of dwellings. For older people, it would be necessary to judge the extent to which an increase in care accommodation would lead to the release of existing housing onto the market, thus contributing to a net increase in supply. Whilst an allowance for 'residential institution' accommodation was included in the Council's updated assessment of supply as at April 2014, this matter has been revisited in the light of recent appeal decisions. It is now accepted that the potential inclusion of an allowance for such accommodation is in the first instance a matter for the Core Strategy. As such, this accommodation has been excluded from this updated 5YHLS calculation.

Site Deliverability

14. To include a site as a commitment, it has to be considered deliverable, that is, there is a realistic prospect that housing will be delivered within the next 5 years. In other words, the site should be available for development now, development on the site should be achievable with a realistic prospect that housing will be delivered on the site within 5 years and, in particular, development of the site is viable. The PPG (para31, Reference ID: 3-031-20140306) states that sites with planning permission should be considered deliverable until permission expires, *'unless there is clear evidence that schemes will not be implemented within 5 years'*. Similarly, allocated sites can also be considered deliverable as can sites from certain other sources. The Council considers this can include identified rural affordable housing schemes, sites identified in the Strategic Housing Land Availability Assessment (SHLAA), and an allowance for windfall sites (see below).

[4] The 'net' number of homes is the increase in homes whereas the 'gross' is the actual number of homes provided. For example, if an existing house was demolished and 4 built in its place, the gross housing number would be 4, but the net increase would be 3.

[5] Whilst there is no overall net increase in supply, if demolitions and replacements occur in separate years there would be a loss and gain shown against those corresponding years. This can be seen on many small sites in particular in the Schedule of Housing Sites and Completions.

15. It is important to stress that not every site from the commitment sources is considered deliverable and included in the 5YHLS. Indeed, as the PPG (para31 Reference ID: 3-031-20140306) makes clear, '*planning permission or allocation in a development plan is not a prerequisite for a site being deliverable in terms of the five-year supply*'. Also, on larger sites in particular, it is not assumed that all of the homes granted planning permission would actually be built within the 5 year period. In a buoyant housing market such as Stratford-on-Avon, a general rule of thumb is considered to be 40 to 50 homes per sales outlet per annum. Many larger sites may have more than one sales outlet or even more than one developer/house builder. The 'Schedule of Housing Sites and Completions' lists which sites are included within the 5YHLSC as well as a brief summary of deliverability for each site to explain the Council's assumptions.

16. In respect of Land West of Shottery, this site achieved outline planning permission for up to 800 homes on appeal on 25 October 2012. The scheme includes provision of the Stratford-upon-Avon western relief road. The Council expects that 450 homes will be delivered on this site within the next 5 years. This expectation is based on the following:

    - Pre-commencement planning conditions are being/have been discharged and reserved matters application is expected shortly;
    - The extant planning permission enables 350 homes to be built prior to construction of the relief road;
    - Whilst the proposed route of the western relief road requires third party agreement, negotiations are ongoing in this respect. It is not unreasonable to assume that agreement will be reached in good time to enable construction of a further 100 homes (beyond the 350) within the 5 year period;
    - 450 homes within 5 years is potentially an underestimate as the developer is confident that a greater number of homes will be delivered;
    - It is anticipated that the scheme will have 3 sales outlets. It is not unreasonable to assume delivery of 40-50 units per outlet per annum;
    - The expected delivery timescale is comparable with other sites currently under construction in Stratford-on-Avon District (see below).

17. The Meon Vale development at Long Marston Depot is a mixed-use scheme including 550 homes, community facilities and new highway access. Outline consent was granted in February 2010 and reserved matters approval for the first phase of 284 units was given in December 2012. Construction of homes commenced in July 2013 and first completions were recorded in January 2014. 82 completions have been achieved within less than 2 years of the reserved matters approval. Phase 1 is expected to be built-out within 5 years alongside implementation of 192 units under later phases. The site has 3 sales outlets. Similarly, land off Ettington Road, Wellesbourne for a total of 225 units (including a 50 unit extra care scheme) was granted outline consent in July 2012 and reserved matters were approved in May 2013. A start on site was recorded in January 2014 and completions to date total 29. These examples indicate that the delivery assumptions for West of Shottery are not overly optimistic and high rates of completions can reasonably be achieved in a buoyant market such as that found in Stratford-on-Avon District.

18. The Council has previously recorded the Former Pioneer Foodstore, Studley (20 units) and the former Cattle Market, Stratford-upon-Avon (197 units) as 'stalled'. This status reflected the fact that,

although the sites had extant permission, implementation of the scheme had stopped. The Council's view was that despite this, it was still reasonable to conclude that development could be achieved within 5 years (albeit only 80 at the Cattle Market). Both sites are Local Plan allocated brownfield land within the built-up area boundaries. Although the permission at the Pioneer Foodstore has now expired, negotiations with the landowner, developer and affordable housing provider are ongoing. Although the site now has no permission, given these active negotiations, its brownfield status and the fact that it is a Local Plan allocation, it is considered reasonable to assume 20 units are achievable within the next 5 years. Development of the Cattle Market site stalled because of issues regarding viability. These have now been resolved through the grant on appeal (May 2014) for a revised scheme comprising 214 units and with a significant reduction in affordable housing provision. Given its allocated and brownfield status, the stated intention of the developer to 'move quickly', and the resolution of viability issues, it is considered reasonable to assume the majority of this site will be built within 5 years.

19. Importantly, the Council has not included the remaining emerging allocations proposed in the Core Strategy. This is because, whilst the Council is confident that the Core Strategy will be found 'sound' at independent examination, for the purposes of determining planning applications the Core Strategy currently has limited weight. As such, for the purposes of the 5YHLSC there is potential unceratinty regarding the delivery of these sites[6]. However, as the Core Strategy moves forward to adoption any allocations (as appropriate) will be included in the 5YHLS.

Lapse Rates

20. The Council acknowledges that it must apply a 'lapse rate' to its commitments to reflect the fact that not all sites with planning permission will actually get built. Recent appeal decisions in Stratford-on-Avon[7] and neighbouring Districts suggest that 10% is emerging as a 'de-facto' standard lapse rate. On this basis the current assessment applies a 10% lapse rate to commitments, despite the Council's belief that a 10% deduction to sites with full and outline consent may be over-cautious given the market conditions in Stratford-on-Avon District. The Council is seeking to obtain further market data to verify this and may therefore modify its approach when future calculations are prepared.

SHLAA Sites

21. The Strategic Housing Land Availability Assessment (SHLAA) forms part of the technical evidence to inform the preparation of the Core Strategy. Its purpose is to provide independent advice on the deliverability and availability of land for housing. Whilst the SHLAA identifies sites and assesses their potential for development, it does not allocate sites for development and the inclusion of potential housing sites within the SHLAA does not imply that the Council would necessarily grant planning permission for development. Any application would be determined on a case-by-case basis in accordance with the Local Plan and any other material considerations.

[6] Notwithstanding this, currently four of the proposed Core Strategy allocations have already achieved planning consent: North of Allimore Lane, Alcester (sites ALC.1 & ALC.2), West of Banbury Road, Southam (site SOU.1) and West of Coventry Road, Southam (site SOU.2). These sites have been included in the 5YHLS as appropriate. The two other Core Strategy allocations NOT currently included within the 5YHLSC are the Canal Quarter Regeneration Zone and the Gaydon / Lighthorne Heath new settlement for a total of 650 and 2,500 homes within the plan period, respectively.

[7] Appeal Ref: APP/J3720/A/14/2215757 dated 3 November 2014

22. The SHLAA identifies three types of site: those within settlements and considered to have potential (listed in Appendix 4 of the SHLAA); those outside settlements and considered to have potential (listed in Appendix 6 of the SHLAA); and rejected sites (i.e. those sites not considered to have potential as listed in Appendix 8 of the SHLAA). It is entirely reasonable for a local planning authority to include sites assessed as having potential in the SHLAA within their 5YHLS. In doing so, the expectation is that permission would be granted on any such sites.

23. However, given that the current policy context in Stratford-on-Avon is one of restraint to development in the rural area, it is not considered appropriate to include SHLAA sites with potential outside of existing settlements in the 5YHLS, since the principle of development may not be acceptable.

24. Equally, whilst the SHLAA has identified settlement boundaries for the Local Service Villages as proposed in the Core Strategy, such boundaries have no policy status at the current time. For this reason, those sites identified as having potential within settlements have also not been included in the 5YHLS. The exception is those SHLAA sites identified as having potential and being within the settlement boundaries of Stratford-upon-Avon and the Main Rural Centres where the principle of development is acceptable[8].

25. The Council's position in respect of the inclusion of SHLAA sites within the 5YHLS continues to be reviewed in tandem with the preparation of the Core Strategy. This is because the Core Strategy is proposing a more flexible and dispersed approach to development in the rural area. In doing so, the Council will also need to review its position in respect of the windfall allowance (see below). Care should also be taken to avoid double-counting with other commitment sources as the SHLAA also includes allocated sites in its list of sites considered to have potential for development.

Windfall Sites

26. The NPPF allows local planning authorities to make an *'allowance for windfall sites in the 5YHLS if they have compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply'* (para48). There is no explanation as to what might constitute compelling evidence.

27. Analysis of completions shows that Stratford-on-Avon District has achieved a consistently high supply of homes from windfall sites in previous years. For example, in the 3 years since April 2011, 450 (59%) of the 765 completions were windfalls equating to an average of 150 per annum. As can be seen from Figure 1, small windfalls total 139 homes or an average of 46 homes per annum.

[8] In addition, there may be completions in rural locations from SHLAA sites listed within the Housing Sites and Completions Schedule. Such sites have only been included once they achieved planning permission and reference is made to the SHLAA for monitoring purposes.

Figure 1: Sources of Supply[9]

Source of Supply		Small Windfall (1-4 homes)	Large Windfall (5-99 homes)	Super Windfall (100+ homes)	Allocation	Affordable Housing Schemes	Other	Total
2011/12	**No.**	23	6	0	104	0	0	**133**
	%	17%	5%	0%	78%	0%	0%	**100%**
2012/13	**No.**	44	72	60	109	0	0	**285**
	%	15%	25%	21%	38%	0%	0%	**100%**
2013/14	**No.**	72	105	68	92	10	0	**347**
	%	21%	30%	20%	27%	3%	0%	**100%**
Total	**No.**	**139**	**183**	**128**	**305**	**10**	**0**	**765**

28. The Council's Strategic Housing Land Availability Assessment (SHLAA) 2008[10] concluded that the *'overall delivery of housing from windfall in the longer term is likely to remain a total level of 180 dwellings per annum, 60 per annum on small sites and 120 per annum on large. This is below the long-term average of 214 dwellings which has been delivered over a 20 year period but reflects a reasonable assumption of the long term delivery of dwellings on unallocated land'.*[11] The more recent SHLAA Review 2012 concluded that 156 dwellings per annum was realistic assumption for future windfall supply[12].

29. The Inspector at the Dovehouse Drive appeal concluded that the Council did not have compelling evidence to justify its inclusion of windfalls in the 5YHLS. This conclusion appears to have been reached, at least in part, because there was no windfall rate included in the 2009 SHLAA Review. Whilst this is technically true, the findings of the SHLAA Review 2009 appear to have been taken out of context. In 2008, national planning policy for housing was set by Planning Policy Statement 3: Housing (PPS3). Paragraph 59 stated that *'allowances for windfalls should not be included in the first 10 years of land supply unless Local Planning Authorities can provide robust evidence of genuine local circumstances that prevent specific sites being identified. In these circumstances, an allowance should be included but should be realistic having regard to the Strategic Housing Land Availability Assessment, historic windfall delivery rates and expected future trends'.* Importantly, PPS3 was framed in the expectation that SHLAAs would identify sites capable of delivering at least one home and that Development Plan Documents would identify every site to meet the housing requirement in full. The national policy context has changed. The NPPF now allows local planning authorities to make an allowance for windfall sites (see para 26 above).

30. Analysis of commitments over the next 5 years shows supply from windfalls continuing at a high level. This is not unsurprising given the local context of Stratford-on-Avon District: over a hundred

[9] Table H5 from the Council's Authority Monitoring Report (AMR) December 2014
[10] Prepared by Baker Associates on behalf of Stratford-on-Avon District Council (2008)
[11] Paragraph 7.2.15, SHLAA Review 2009 (Baker Associates, on behalf of Stratford-on-Avon District Council (July 2009)
[12] Prepared by Peter Brett Associates on behalf of Stratford-on-Avon District Council (January 2013)

historic towns and villages with older, mixed and more spacious built environments often providing many opportunities for unidentified sites to come forward for development. Moreover, the rural nature of the District provides ample opportunity for edge-of-settlement greenfield development for sensitive and well-designed homes in keeping with the character and scale of the settlement. The Council has mapped the supply of housing from windfall sites and the pattern of distribution, coupled with the nature and number of historic settlements in the District, suggests that there is capacity (and therefore likelihood) that windfall rates will continue to be relatively high. It will continue to compile more detailed evidence about the on-going availability of suitable sites in the context of its work to update the SHLAA, but it remains evident from an analysis of the planning applications submitted month by month to the Council that suitable small scale housing sites are readily identifiable across a range of rural settlements. The Council considers this evidence to be compelling justification to continue to include an element of windfall allowance in the 5YHLSC.

31. In terms of calculating a future annual windfall rate, the Council has assumed annual supply will be equivalent to past supply from small sites only. Whilst windfall completions on residential garden land can be counted as part of the supply, in accordance with the NPPF, the actual allowance should not include an assumption that windfalls will be delivered on residential garden land. In calculating a revised windfall allowance, supply from replacement dwellings has also been excluded, as its inclusion would potentially skew the figures. Furthermore, to avoid double counting, taking account of the time it takes to achieve planning permission and build a house, the Council also only applies a windfall assumption in the last 3 years of the 5 year period since any erstwhile windfalls delivered in the first 2 years are very likely to be those that already have planning permission. It is considered that this is a cautious approach given that best practice guidance suggests windfalls should only not be counted in the first of the 5 years[13]. The 'windfall' assumption will be kept under review in order to prevent double counting (e.g. sites identified through other sources).

32. Having taken into account all available evidence, the Council believes that it is reasonable to expect a windfall allowance of 34 homes per annum from small sites[14]. It is pointed out that this represents a significant reduction based on past levels of delivery.

Objectively Assessed Need and Housing Requirement

33. The 5YHLSC is sensitive to the District housing requirement. The NPPF requires local planning authorities to *'ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area'* (para47). To do this, the NPPF recommends carrying out a Strategic Housing Market Assessment (SHMA) as part of the evidence to inform decisions about the housing requirement.

34. The widespread geography of Stratford-on-Avon means that the District is subject to different housing market influences. At its most simple, the analysis shows that the more northern and western parts of the District look to the Birmingham and Solihull market area (which includes Redditch), the more northern and eastern parts of the District look to Warwick, Rugby and Coventry,

[13] See page 48 of the *'Good Plan Making Guide'* published by the Planning Advisory Service (September 2014) http://www.pas.gov.uk/documents/332612/6363137/FINAL+PAS+Good+Plan+Making+.pdf/2916aa6b-8cec-4fba-8684-08aa36c4b1e0

[14] NB: This figure differs from the figure of 139 (average of 46 pa) shown in Figure 1 which is for all windfalls i.e. including replacement dwellings and residential garden land.

and the more southern parts of the District look to areas within Oxfordshire/Gloucestershire and to the Evesham area. Looking further afield, the strong functional links in migration and commuting between Coventry and all five districts in Warwickshire makes it appropriate to conclude that the whole of Coventry and Warwickshire forms an appropriate and relevant housing market area for strategic planning purposes. As such, in November 2013 a joint SHMA prepared by consultants GL Hearn for the Coventry and Warwickshire Sub-region was published.

35. The SHMA considers a housing requirement for the period 2011 to 2031 should lie between 540 to 600 dwellings per annum. The lower end of the range takes into account the likelihood of there being a gradual return to a higher rate of household formation, reflecting some suppression of demand during the last five years. The higher end of the range reflects the desirability of boosting the supply of affordable housing and increasing provision to bolster the supply of labour (and thus to support the local economy). As such, the SHMA recommends a mid-point of 570 homes per annum as best reflecting assessing need in Stratford-on-Avon District.

36. To further ensure that the housing requirement can be considered robust, the Council commissioned consultants Environmental Resources Management (ERM) to undertake an independent review of the SHMA. This review endorses the majority of the findings in the SHMA, including its assumptions about a gradual return to higher rates of household formation. However, ERM advise that the extent to which the housing requirement should be increased to secure a larger resident workforce is much more a matter of judgement. This judgement needs to take account of the likely success or otherwise of a higher housing requirement achieving an actual increase in local labour supply in the light of the possible unintended consequences. The SHMA identifies that, to maintain a constant resident labour force, 9,800 additional homes are required between 2011 and 2031. Thus, any additional homes above this figure will contribute to increased employment levels.

37. It should be noted that only around 1,700 of the estimated additional dwellings would be generated by natural change in the existing population. The remaining dwellings (some 9,000) would accommodate net in-migrants. While the projections assume that these would include sufficient people of working age to make up for the reduction in labour force due to the ageing of the existing population, this cannot be ensured. There may indeed be a boost to local employment levels, which would support economic growth in the area, but there may equally be a disproportionate number of new out-commuters and of elderly in-migrants who would contribute to further unbalancing the age structure of the population. Because of these risks ERM do not recommend further increasing the level of housing provision beyond 10,800, the level at which a modest increase in the number of employed persons is considered plausible. This approach is consistent with the Council's aspirations in its Economic Development Strategy.

38. Notwithstanding the above, it is claimed by some that housing need in Stratford-on-Avon District warrants a higher housing requirement. Such representations often cite the Inspector's conclusions and Secretary of State's decision in respect of the West of Shottery Appeal in September 2012. In this appeal, the inspector concluded that 'a figure of 11,000 to 12,000 more closely accords with the NPPF'. Whilst this decision incorporates an element of scrutiny of the District housing requirement, the policy context has changed and the decision is no longer relevant for the following two reasons.

39. Firstly, the Inspector's conclusions were based on the evidence available at the time. New up-to-date evidence has since been prepared and it is impossible to say what conclusion the inspector

would have reached had they had sight of this more robust technical work. Secondly, the conclusion that '11,000 to 12,000 more closely accords with the NPPF' related to the 20 year plan period 2008 to 2028. This has now changed. As such, the modelling and housing projections for 2011 to 2031 are separate to any modelling and projections for the period 2008 to 2028 and any figures quoted for one plan period do not translate to another (also see section on 'Shortfall' below).

40. The subsequent High Court challenge by Stratford-on-Avon District Council of the West of Shottery decision, heard in July 2013, is also relevant. Although the Judge found against the Council, the decision confirmed both that a S78 Appeal decision does not predetermine the Council's identification of an objectively assessed housing requirement through the plan-making process, and that it was right that an independent Inspector should reach a decision based on the most up-to-date information presented at the time.

41. It is also claimed that the housing requirement should include some of Birmingham's housing requirement, given that it is apparently unable to meet its own needs in full. The Council accepts that part of the District does relate functionally to Birmingham/Solihull and its housing market. However, the scale of the housing shortfall in Birmingham is as yet not wholly defined. The extent to which its immediate neighbours within the market area can accommodate any shortfall is also not yet known. Importantly, this matter does not impact upon the assessment of need within Stratford-on-Avon District. If at some future stage there were to be an acceptance that housing needs relating to the Birmingham population should appropriately be met within Stratford-on-Avon District, then this need would be additional to, rather than part of the District's objectively assessed housing need. There is no good reason to delay the preparation of the Stratford-on-Avon District Core Strategy given the resultant lack of certainly that would provide. Instead, should it become necessary, the Council is committed to an early review of the Core Strategy to deal with this issue in collaboration with other local authorities within the Coventry and Warwickshire HMA and more widely across the West Midlands.

42. Whilst it is acknowledged that the figure of 10,800 homes has yet to be tested at examination, it is considered to form an objectively assessed housing requirement for Stratford-on-Avon District that is NPPF and PPG compliant. Importantly, it is based on up-to-date evidence and considers housing need across the housing market area (as opposed to being constrained to District boundaries). Whilst trend-based household projections form the starting point for the estimate of overall housing need, it takes account of employment trends and local market signals. The figure of 10,800 is considered to be the most appropriate figure upon which to calculate the 5YHLSC. The use of the 10,800 figure was recently endorsed by the Planning Inspector at the appeal for 28 homes at Land off Stratford Road, Hampton Lucy[15]. In particular, the Inspector was *'not satisfied that sufficient information has been provided by the appellants about the particular relationships used within the Chelmer Model […which they advocate as providing a more robust assessment of need…] to enable proper scrutiny of it'.* The Inspector therefore concluded that *'in the absence of any substantial evidence in respect of the assumptions made within the Chelmer Model and, given that the Council's approach more closely reflects that advocated within the PPG, I have used the housing requirement put forward by the Council in its emerging Core Strategy as the full objectively assessed need for the purposes of this appeal'.*

[15] Appeal Ref: APP/J3720/A/14/2215757 dated 3 November 2014

Backlog Shortfall

43. It is important to distinguish between shortfall in housing need and shortfall in housing supply. In accordance with the PPG (para35 Reference ID: 3-035-20140306), the Council seeks to meet any shortfall in housing supply in the first five years by adding any difference between the number of homes that were meant to be built and the number of homes actually built into the calculation. This is known as the Sedgefield approach (as opposed to the Liverpool approach which spreads any shortfall across the remaining plan period).

44. Some parties have suggested that Stratford-on-Avon also has a shortfall in housing need arising from the change in the start of the plan-period from 2008 to 2011 and it is argued that this backlog shortfall should also be taken into account in the 5 year supply. However, such a shortfall does not exist because the up-to-date SHMA already takes account of outstanding need in its projections for the period 2011 to 2031[16]. To add it to the 5YHLS would be to double count it.

45. Indeed, the High Court has recently confirmed (March 2014) this common-sense approach (Zurich Assurance Ltd v Winchester City council and South Downs National Park Authority). Mr Justice Sales notes that whilst it was argued that *'the modellers in 2011 should have begun by saying there was a shortfall of 854 homes against a previous estimate and then should have added that on to their own modelled estimates for new homes for 2011-2031 to produce a relevant total figure […] none of them proceeded in that way, and rightly so. In my view, they would clearly have been wrong if they had tried to do so. Their own modelling for 2011-2031 is self-contained, with its own evidence base, and would have been badly distorted by trying to add in a figure derived from a different estimate using a different evidence base. That would have involved mixing apples and oranges in an unjustifiable way'* (para95).

Applying a Percentage Buffer

46. The issue of shortfall in supply is relevant in terms identifying which percentage buffer to apply to the 5YHLS calculation. This is not an additional requirement, but a percentage of the total housing requirement moved forward from later in the plan period. In all cases a 5% buffer is required although where there has been a *'record of persistent under delivery of housing'* a 20% buffer should be applied (NPPF, para47). A 5% buffer is considered appropriate for Stratford-on-Avon District (see below). In reality, therefore, local planning authorities are required to actually demonstrate the equivalent of 5.25 years (at 5%) or 6 years (at 20%). However, because under our approach the percentage buffer is already included as part of the calculation, the 5YHLS just needs to be compared against 5 years as opposed to 5.25 years or 6 years.

47. The purpose of this buffer is *'to ensure choice and competition in the market for land'*. In other words, if a local planning authority is required to deliver 2,500 homes in the 5 year period, the Government considers that this is more likely to happen if developers and house builders can choose which 2,500 to build from a total of 2,650 (i.e. 2,500 x 1.05).

[16] The updated projections for 2011-2031 show a lower housing need than the projections for 2008-2028. This is because they are based on data from the 2011 Census (published 2013) which show a reduction in current and estimated households whereas the 2008 projections over-estimated the impacts of migration on housing need. Paragraphs 7.21 to 7.26 of the Coventry and Warwickshire SHMA provide further explanation.

48. In respect of identifying whether there has been persistent under supply, the PPG (para35 Reference ID: 3-035-20140306) acknowledges that it *'involves questions of judgment for the decision maker in order to determine whether or not a particular degree of under delivery of housing triggers the requirement to bring forward an additional supply of housing. The factors behind persistent under delivery may vary from place to place and, therefore, there can be no universally applicable test or definition of the term. It is legitimate to consider a range of issues, such as the effect of imposed housing moratoriums and the delivery rate before and after any such moratoriums. The assessment of a local delivery record is likely to be more robust if a longer term view is taken, since this is likely to take account of the peaks and troughs of the housing market cycle'* (http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-land-availability-assessment/stage-5-final-evidence-base/).

49. Indeed, given that the annual figures for the supply of housing are averages and the actual supply of housing will fluctuate annually, it is considered appropriate to measure housing delivery in the longer term from 2001. Appendix 2 compares housing supply against the housing requirements set out in the Stratford-on-Avon Local Plan Review (Table 1) and the West Midlands Regional Spatial Strategy (RSS) both as originally adopted (providing the target figure for 2001 to 2005) and as proposed to be modified following the Phase 2 Review (providing the target figures from 2006 onwards) (see Table 2) [17].

50. Various conclusions might be drawn from the information set out in the tables in Appendix 2. Table 1 shows that the number of new homes completed in Stratford-on-Avon District has failed to meet the locally established targets (those of the adopted Local Plan and the emerging Core Strategy) in 10 of the last 13 years. However, Table 2 shows that delivery compared to RSS targets was achieved in 7 of those 13 years and that over the decade 2001-2011 the cumulative delivery exceeded the level derived from the RSS targets. As is thus evident, the situation may not be as straightforward as the tables suggest. Additionally, delivery was without doubt constrained by the fact that a housing moratorium, approved by the then Government Office for the West Midlands, was in place between 2006 and 2011. The moratorium was introduced because the rate of development experienced between 2001 and 2006 had significantly exceeded that envisaged under the West Midlands RSS. The moratorium presumed against the grant of permission for most planning applications seeking to provide new homes other than provided on the following specific types of schemes: affordable housing, housing to meet local needs, replacement dwellings, dwellings for rural workers, schemes that ensure the continued protection of buildings of historic interest, schemes on 'bad neighbour' sites and other exceptional circumstances.

51. Due to the 'time-lag' between obtaining planning permission and actually building homes on site, although the moratorium 'ended' in 2011 the residual effects were still felt in 2011/12 and 2012/13. This is because the moratorium applied to permissions and not the construction of homes. As such, in order for homes to be completed in 2011/12 and 212/13, applications would have needed to have been submitted and granted in 2010/11 or earlier i.e. during the moratorium.

52. With the benefit of hindsight, arguably the moratorium might have ended sooner. However, that ignores the fact that up until March 2012 and the final publication of the NPPF, planning decisions

[17] See footnotes 9 and 10 in Appendix 1 for a more detailed explanation of how the annual housing requirement has been calculated.

and plan-making in Stratford-on-Avon District were being led by the West Midlands RSS and its associated Phase 2 Revision. The housing figures as recommended by the Phase 2 Revision Panel are regularly quoted as providing the most up-to-date objectively assessed and tested housing figures for the area. As set out in Table 2 at Appendix 2, the Panel proposed a phased increase of the annual housing requirement for the District (275 per annum 2006-2011 and 330 per annum 2011-2016) that reflected the policy imperative of bringing about urban renewal within the metropolitan area. Against the RSS figures, delivery only fell significantly short in the two years 2010/11 and 2011/12.

53. The Inspectors at the Hampton Lucy and Dovehouse Drive appeals both concluded that, at the present time, a 20% buffer should apply to Stratford-on-Avon District. Whilst the Council accepts this position, it should be noted that in respect of Hampton Lucy it was reached, in part, due to a lack of clarity about how the annual housing targets in the West Midlands RSS had been calculated; and in respect of Dovehouse Drive, it was reached in the context of the Council not defending its position. Best-practice guidance advises local planning authorities to *'take a sensible and pragmatic view […] in trying to determine whether there has been a record of 'persistent under-delivery' that will impact future plan requirements. […] Look at a period that is long enough to take into account the peaks and troughs of the property cycle'*[18]. As such, the 5YHLS Calculation Summary presents two calculations setting out the land supply position if either a 5% or 20% buffer were to be applied. The Council is confident that as it moves forward, assuming the continued delivery of an increased housing supply, it will legitimately be able to revert to applying a 5% buffer.

Calculating the 5 Year Supply

54. The actual figure for the latest 5YHLSC is set out in the accompanying information sheet at www.stratford.gov.uk/5yearsupply. It should be noted that previously the Council has prepared an annual update and roll forward (as of 31 March) each year followed only by quarterly updates to take account of new commitments (e.g. where sites had obtained planning permission). It was acknowledged that the quarterly updates may have involved some overstatement of the 5 year supply position as they did not measure the new commitments against the actual requirement for the same period. Moving forward, the Council will now undertake a complete roll forward and update of the 5YHLSC bi-annually at 31 March and 30 September each year.

55. Updating the calculation provides the Council with the opportunity to revise the 5YHLSC assumptions, reflecting the latest information including any change to the status and/or deliverability of sites, and correcting any errors or omissions. As well as including new sites that have been granted planning permission since the date of the previous calculation it should also be noted that, as sites are built-out, commitments will become completions. Thus, whilst another years' worth of requirement is brought into the calculation (and effectively, another years' worth of supply needs to be found), the immediate year becomes a year of completions to be considered as part of the surplus/shortfall.

56. The methodology for calculating the 5YHLS is as follows:

    a. Identify completions
    b. Identify commitments

[18] Paragraph 6.15, 'Good Plan Making Guide' (Planning Advisory Service, September 2014)

c. Calculate average annual target [divide housing requirement by the number of years in the plan period i.e. 20 years]
d. Calculate target from start of plan period to start of 5 year period [multiply (c) by number of years past]
e. Calculate surplus/shortfall [subtract (a) from (d)]
f. Calculate initial 5 year requirement [multiply (c) by 5]
g. Add surplus/shortfall [(f) plus (e)]
h. Apply % buffer [multiply (g) by 1.05 or 1.2]
i. Calculate annual 5 year target [divide (h) by 5]
j. Calculate 5 year housing land supply [divide commitments (b) by (i)]

57. The 5YHLSC is always a snapshot in time and the calculation is based on the objective assessment of 10,800 homes for the period 2011 to 2031. It is important to remember that the objective of the 5YHLSC is not simply to achieve a 5 year supply of housing, but to maintain a minimum of 5 years worth of housing supply on an on-going basis. Thus, Stratford-on-Avon District needs to continually deliver some 540 homes on average every year over the plan period, and more in the short-term to reflect the shortfall in delivery / under provision in the period 2011 to 2014.

End.

Appendix 1: Summary of Inspector's Conclusions in respect of 5YHLS

Land off Stratford Road, Hampton Lucy (Reference: APP/J3720/A/14/2215757, 3rd November 2014)

Issue	Summary of Inspector's Conclusions	Council's Response
Housing Requirement	Based on lack of information about how the appellants housing requirement figure of 20,342 had been calculated, and given that the Council's figure of 10,800 was more akin to Government guidance, the Inspector concluded that the figure of 10,800 was more appropriate as the basis for the 5YHLS calculation.	Accepted - no change.
Appropriate Buffer	Both the Council and the appellant agreed that the basis for assessing past housing delivery, in order to determine whether a 5% or 20% buffer should be applied, should be the West Midlands RSS Phase 2 Revision Panel Report recommendations and the Local Plan Review. The Inspector noted a discrepancy between figures shown in the Policy Advice Note and those referred to in the RSS. As a result, the Inspector concluded that the annual housing targets had not been met in 8 of the last 13 years. Whilst the Inspector noted the effects of the moratorium extended to 2012/13 owing to the time lag between obtaining planning permission and constructing homes on site, in all but 2 years between 2006/07 and 2012/13 the dwellings built were substantially less than the RSS and Local Plan targets. Although housing completions are showing signs of increasing they remain below the RSS and emerging Core Strategy targets. The Inspector concluded that the record of persistent under delivery remained.	Noted. The Council has prepared two calculation showing the effect on 5YHLS when both a 5% and 20% buffer is applied. The Council acknowledges that there was a lack of clarity about how the annual housing targets in the West Midlands RSS had been calculated. The Council accepts responsibility for this lack of clarity and has rectified this by rewording the explanatory footnotes to the Tables in Appendix 2 to this PAN.
C2 Uses	The Inspector was not satisfied that substantial evidence had been provided to support the Council's 1/3 reduction to C2 institutional uses or that this has been adequately tested. Whilst the Inspector agreed that C2 uses should be counted against the housing requirement, the approach to be taken should be determined as part of the Local Plan process.	Accepted. The Council has excluded C2 institutional uses from the 5YHLS calculation and will explore this through the Core Strategy.
Windfall Allowance	The Inspector acknowledged the Council's exclusion of 'super-sized' sites, replacement dwellings and residential gardens from its windfall assumption and that it only applied it in the last 3 of the 5 years. However, the Inspector concluded that there was a heavy reliance on windfalls (80pa) and that the Council has not provided compelling evidence to include a windfall allowance within the 5YHLS.	Partially accepted. The Council acknowledges the Inspector's conclusions although notes that there is no explanation as to what evidence could be considered compelling. The Council considers that given the rural nature of the District, with numerous settlements comprising older built-up areas, delivery of small windfalls on both greenfield and brownfield sites will continue. Taking on board the Inspector's concerns about the size of the windfall allowance, the Council considers it appropriate to include a significantly reduced windfall allowance within the 5YHLS based on that proposed in the Submission Core Strategy.
Sites with Planning Permission	Without any evidence to the contrary the Inspector favoured the more cautious approach to lapse rates advocated by the appellants of a 10% deduction.	Accepted. The Council considers a 10% deduction unduly pessimistic in a District such as Stratford-on-Avon and will seek evidence to justify its approach. In the interim, it will apply a 10% deduction to sites with full and outline permission.

Issue	Summary of Inspector's Conclusions	Council's Response
	In respect of land west of Shottery, the Inspector concluded that the Council's supply of 450 units was overly optimistic and that a more cautious approach should be taken, agreeing with the appellants that 350 units would more accurately reflect likely build-out rates.	Not accepted. The Council considers 450 units are achievable and this is supported by evidence of supply from comparable sites. The Council has also not increased supply despite rolling forward the 5 year period by 6 months, further strengthening the Council's assumptions.
Local Plan Allocations	The Inspector agreed with the Council in respect of the inclusion of Friday Furlong Phase 2 within the 5YHLS.	Accepted – no change.
Dwellings with a Resolution to Grant Planning Permission	The Inspector agreed with the Council in respect of the inclusion of Dudfields Nursery and Long Marston Depot within the 5YHLS	Accepted – no change.
Stalled Sites	The Inspector agreed with the Council in respect of the inclusion of the Cattle Market.	Accepted. The Council has updated the schedule to reflect the updated status of this site.

2-6 Priory Road, Alcester (Reference APP/J3720/A/13/2209488, 5th November 2014)

Issue	Summary of Inspector's Conclusions	Council's Response
Housing Requirement	The Inspector concluded that the Council had responded to the NPPF requirement to significantly boost housing supply through the promotion of its Core Strategy housing requirement.	Accepted – no change.
Appropriate Buffer	The Inspector concluded that the housing moratorium and the delivery rate during and after this period are legitimate considerations in reaching a judgement on the assessment of housing need. The recession also undoubtedly was a contributing factor. Based on this, a 5% buffer was concluded to be appropriate in this instance.	Accepted – no change.

Land off Dovehouse Drive, Wellesbourne (Reference APP/J3720/A/14/2216615, 24th November 2014)

Issue	Summary of Inspector's Conclusions	Council's Response
Housing Requirement	The Inspector concluded that based on the evidence before him, it is unlikely that the full, objectively assessed need for the District would be less than 10,800 dwellings.	Accepted – no change.
Appropriate Buffer	The Inspector noted that it is legitimate to consider a range of issues, such as the effect of imposed moratoriums and the delivery rate before and after any such moratoriums. The Inspector also acknowledged that although the moratorium ended in 2011, the effects were still felt in 2011/12 and 2012/13, due to the 'time-lag' between obtaining planning permission and completion of homes. However, given completions in 2012/13 and 2013/14 fell significantly short of the requirements of the Core Strategy and only rose marginally above the West Midlands RSS, there has been a persistent under delivery of housing.	Noted. The Council has prepared two calculation showing the effect on 5YHLS when both a 5% and 20% buffer is applied.

Issue	Summary of Inspector's Conclusions	Council's Response
Windfall Allowance	The Inspector concluded that since the Council's 2008 SHLAA did not include an allowance for windfalls, for similar reasons an allowance should not be included. Furthermore, the Council has not provided full details of the analysis that lies behind the derivation of the windfall allowance to test the assertion that windfalls are likely to continue to be relatively high.	Partially accepted. The Council acknowledges the Inspector's conclusions although notes that there is no explanation as to what evidence could be considered compelling. Taking on board these concerns, the Council has reduced its windfall assumptions and is in the process of publishing its analysis.

Appendix 2: Housing Supply in Stratford-on-Avon District since 2001

Table 1: Delivery against the Stratford-on-Avon District Local Plan Review Housing Requirement[19]

Year	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Built	472	436	602	806	649	454	401	172	244	102	133	285	347
Target	475	475	475	475	475	475	475	475	475	475	540	540	540
% Achieved	99%	92%	127%	170%	137%	96%	84%	36%	51%	21%	25%	53%	64%

Table 2: Delivery against the West Midlands Regional Spatial Strategy (including Phase 2 Revision Recommendations) Housing Requirement[20]

Year	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Built	472	436	602	806	649	454	401	172	244	102	133	285	347
Target	528	528	528	528	528	225	225	225	225	225	330	330	330
% Achieved	89%	83%	114%	153%	123%	201%	178%	76%	108%	45%	40%	86%	105%

[19] The Local Plan Review set a housing requirement of 4,752 homes for the period 2001 to 2011 (i.e. 475 per annum) calculated by applying the proportion for Stratford-on-Avon District (i.e. 26.4%) to the Warwickshire Structure Plan figure of 18,000. From 2011/12 the annual target is based on 10,800 homes provided over the 20 year period 2011 to 2031.

[20] In 2009 the independent Panel published its Phase 2 Recommendations on the West Midlands RSS. Recommendation R3.1 set a revised housing requirement for Stratford-on-Avon District of 7,500 for the period 2006 to 2026, with an additional 2,500-3,000 for the period 2021 to 2026. Importantly, instead of an annualised average over the 20 year period Recommendation R4.1 set out a stepped increase in delivery in 5 year phases based on the proportions applied to Warwickshire as a whole (i.e. 1,125 for 2006-2011, 1,650 for 2011-2016, 2,250 for 2016-2021, and 2,475 for 2021-2026) . These recommendations were based on a strategy that sought to regenerate the main urban areas of the West Midlands by restraining development in the 'shire' Districts.