

PLANNING POLICY AND LOCAL PLAN COMMITTEE

10 OCTOBER 2022

REPORT OF THE ACTING DIRECTOR (PLANNING)

A.1 UPDATED HOUSING SUPPLY POSITION AND HOUSING TRAJECTORY

(Report prepared by Paul Woods)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To report, to the Planning Policy and Local Plan Committee:

- The number of new homes built in Tendring during the 2021/22 financial year and the up-dated year-by-year ‘trajectory’ for future housebuilding; and
- The current housing land supply position (the ‘five-year’ supply).

EXECUTIVE SUMMARY

Key Points

- 777 (net) new homes were built in the 2021/22 financial year, meaning that the annual housing requirement of 550 homes a year in the Local Plan has been achieved for the sixth year running. More homes were completed in 2021/22 than expected in last year’s housing trajectory.
- There is sufficient land allocated for housing development in the adopted Local Plan, along with sites that already have planning permission, to comfortably achieve the district’s housing requirement up to 2033 without the need to consider the release of additional sites.
- The Council can demonstrate a **6.89 year supply** of deliverable housing sites against the government requirement to demonstrate a 5 year supply. This means the Council remains in a strong position to resist speculative and unwanted housing developments that fall outside of the settlement development boundaries of the Local Plan unless there are material benefits that might exceptionally justify a departure from Local Plan policy .

Housing Requirement

Section 1 of the Local Plan sets out the 'objectively assessed housing need' (OAN) for Tendring of 550 homes a year, and the housing requirement for the period of the Local Plan 2013-2033 is therefore 11,000 homes. With approximately 5,000 homes already built between 2013 and 2022, the remaining requirement between now and 2033 stands at approximately 6,000 and the historic shortfall in housing delivery has now been addressed.

Housing Completions and Future Trajectory

In the period 1 April 2021 to 31 March 2022, a net total of 777 (net) new homes were completed in Tendring. This means that the housebuilding target of 550 homes a year has now been achieved for a sixth year in succession.

Officers have updated the Council's 'Strategic Housing Land Availability Assessment' (SHLAA) which contains a trajectory for future housing building up to 2033. Information from developers as well as officers' own monitoring of building sites have informed the forecast for the coming years.

Five Year Housing Supply and Decision Making

The Government requires Councils to demonstrate an ongoing 'five year supply' of deliverable housing sites to ensure that they are well placed to meet their future housing needs. Following the adoption of Section 1 of the Local Plan in January 2021, the Council's local housing need has been confirmed as 550 homes per year.

Taking into account the future trajectory set out in the SHLAA, the Council can demonstrate a 6.89 years supply of deliverable housing sites. Around 4,000 homes are expected to be built within the five years 2022/23 – 2026/27, against a five year requirement of approximately 2,900 homes.

RECOMMENDATION

That the Local Plan Committee endorses the contents of this report and notes that the new Strategic Housing Land Availability Assessment (SHLAA) (linked as a background document) demonstrates an up-to-date housing land supply position for the purposes of determining planning applications and contesting planning appeals.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Maintaining and demonstrating an ongoing five-year supply of deliverable housing sites is key to the Council's ability to control the pattern of housing growth across the District and to determining planning applications in line with the policies of the Local Plan.

RESOURCES AND RISK

The annual housing survey, the five-year housing land supply calculation and the updated housing trajectory have all been undertaken by the Council's Planning Policy Team within the agreed 'LDF Budget'.

The main risk to the housing supply calculations is a challenge to the figures by third-party developers promoting their sites through the planning appeal process. To minimise this risk, Officers have generally taken a cautious/conservative approach to the expected delivery of housing on sites to make it difficult for developers to successfully challenge the figures on the basis of them being too optimistic.

The main risk to housing delivery and achieving and maintaining an ongoing five-year supply of housing land is the housing market in the District. If the market is not buoyant, insufficient completions will be achieved, adding to the shortfall that has to be recovered. In addition, the trajectory of future housing delivery would have to be adjusted to reflect longer lead-in times and/or slower build-out rates.

The COVID-19 coronavirus outbreak in particular was expected to have a significant impact on housebuilding in future year, although the conservative estimates made in previous years' SHLAA trajectories have been exceeded in reality. Wherever possible, Officers' assumptions about housing delivery on certain sites have been reached in consultation with relevant landowners or developers and through the application of reasonable judgement.

LEGAL

The new National Planning Policy Framework (NPPF) published in July 2021 requires Councils to boost, significantly, the supply of housing by identifying sufficient land with their Local Plans to meet their housing requirements. They are also required to identify and update, annually, a supply of specific 'deliverable' sites sufficient to provide five years' worth of housing against their housing requirements, plus an appropriate buffer. Updates to the NPPF in February 2019 have clarified that housing supply has to be measured against a 'local housing need' figure derived using the government's 'standard method' unless adopted Local Plan housing policies are less than five years old. Because the Council adopted its Local Plan in January 2022, housing supply is measured against the Local Plan requirement of 550 homes a year.

From November 2018, housing delivery has also had to be measured against a new 'Housing Delivery Test', which looks at the number of homes constructed, against housing requirements, over the previous three years.

In the event that a Council is unable to demonstrate a five-year supply of deliverable housing land, its policies for the supply of housing cannot be considered up-to-date. Councils are then expected to grant planning permission for housing developments (even if they are contrary to the Local Plan) unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits

when assessed against the NPPF as a whole, or specific paragraphs in the NPPF indicate that development should be restricted.

OTHER IMPLICATIONS

Area or Ward affected: All wards.

Consultation/Public Engagement: None – although the assumptions about housing delivery set out in the SHLAA have been informed through consultation with a number of landowners and developers. Officers will keep the assumptions under continual review and will produce updated versions of the SHLAA on an annual basis, or more frequently if required.

PART 3 – SUPPORTING INFORMATION

Housing requirement

For a number of years, there has been much debate and argument about how many new homes are required in Tendring to meet the needs of a growing population and therefore how much land is required for housing development. The issue of housing numbers and housing development was undoubtedly the most challenging issue the Council had to address through the Local Plan preparation process – particularly given the high level of public objection to major housing developments and the very unusual problem that Tendring has had in interpreting projections for future population and household growth.

The ‘objectively assessed housing need’ (OAN) for Tendring, as set out in the adopted Section 1 of the Local Plan, has been confirmed as 550 homes a year – or 11,000 homes over the period 2013 to 2033.

Housing completions

Earlier this year, Officers undertook the annual survey of housing completions for the period 1 April 2021 to 31 March 2022. This involved updating records of sites with planning permission for housing and recording the number of dwellings that had been created on each of those sites over that 12-month period. This was achieved through a combination of site visits, satellite images, information requested from and provided by developers and the use of building control completion data.

The ‘net dwelling stock increase’ (or housing completions minus losses) for the 2021/22 financial year is recorded as **777** new dwellings. This ‘net’ figure takes into account demolitions and other losses of existing homes such as conversions. This exceeds the housing requirement for Tendring of 550 homes a year.

In each of the first three years of the Plan Period actual completions fell short of this requirement:

- 204 completions in 2013/14,
- 267 completions in 2014/15, and
- 245 completions in 2015/16.

This under delivery amassing a total shortfall of 934 dwellings. However, the number completions in the subsequent years was significant stronger:

- 658 completions in 2016/17,
- 565 completions in 2017/18,
- 915 completions in 2018/19,
- 784 completions in 2019/20,
- 646 completions in 2020/21, and
- 777 completions in 2021/22.

Strong delivery over these past six years has helped to eliminate the shortfall from the early years of the Plan Period. There is now a surplus in housing delivery of 111 dwellings.

The significant improvement in house building in the last six years reflects improvements in housing market conditions since the 2008 economic downturn, the increase in the number of housing sites gaining planning permission, and the continued strong progress on some of the District's larger housing developments. Of the 777 completions recorded for 2021/22, 625 took place on larger development sites of 10 or more dwellings with 152 on smaller developments of 9 or fewer.

Officers have received contact from some small to medium sized developers concerned that the adoption of the new Local Plan and greater level of control it gives the Council is stifling the pipeline of small development sites that might be of interest to local builders. However, at April 2022, there remains an expectation that 943 dwellings will be built on small schemes of 9 or fewer dwellings up to 2033 and planning permissions are already in place for 686 dwellings (net) on sites of this size. If the pipeline of small sites does become a genuine concern for the Council in future years, there will be an opportunity through the five-yearly review of the Local Plan to consider policy changes or additional land releases to allow such developments.

Strategic Housing Land Availability Assessment (SHLAA) and Housing Trajectory

A Strategic Housing Land Availability Assessment (hereafter referred to as a 'SHLAA') is an essential part of the 'evidence base' that is needed to inform and underpin decisions on allocating sites for housing in Local Plans. The primary purpose of the SHLAA is to:

- identify sites and broad locations with potential for housing development;
- assess their housing potential; and
- assess their suitability for development and the likelihood of development coming forward.

The assessment (linked as a background document) has been updated to a 1st April 2022 base date in order to reflect the latest available information on housing developments in the district, including

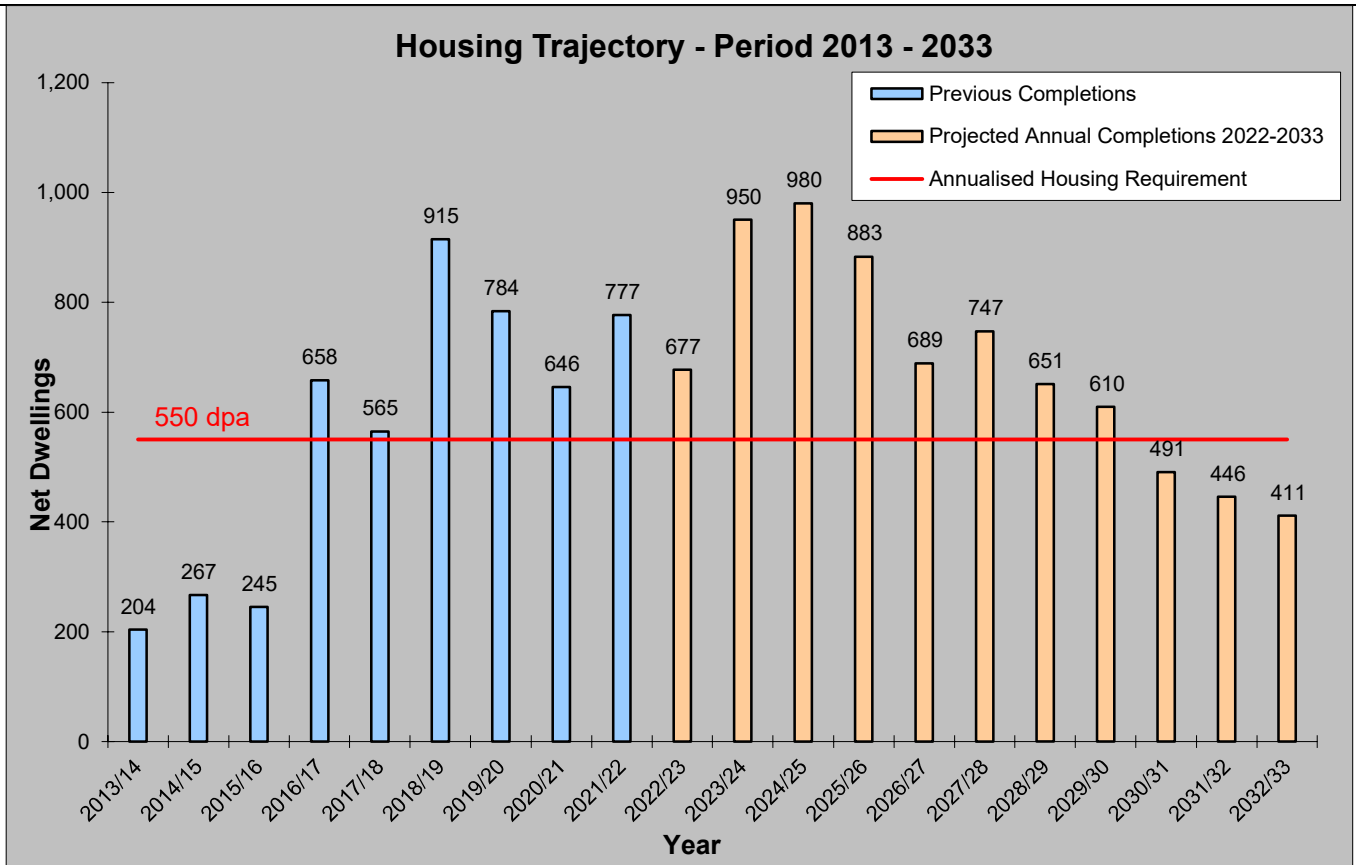
planning decisions and appeal decisions which have a significant bearing on the assumptions on housing delivery currently set out in the Local Plan.

This assessment identifies that through a combination of dwellings completed since 2013, large sites with planning permission for housing development, small sites and windfall sites and sites specifically allocated in the adopted Local Plan, the objectively assessed requirement to deliver 11,000 homes between 2013 and 2033 can still be met and comfortably exceeded, by around 1,600 homes.

This 'headroom' was useful in demonstrating to the Local Plan Inspector examining Section 2 of the Local Plan that even if certain sites do not come forward for development in the timescales envisaged, there is still a reasonable prospect that the district's housing requirements up to 2033 will be achieved. For example, the largest and most complex residential and mixed-use developments in the emerging Local Plan are the Tendring Colchester Borders Garden Community and the Hartley Gardens development in north west Clacton. If either one of these developments were delayed, or failed to come forward at all during the remainder of the plan period to 2033, there is still sufficient headroom in the overall supply to meet the housing requirement. Because of this additional flexibility and headroom, the Inspector did not require the Council to include additional sites in the Local Plan.

The National Planning Policy Framework requires Councils to ensure their Local Plans meet the full objectively assessed needs for market and affordable housing. As well as identifying and updating a supply of specific deliverable sites to provide five years' worth of housing (plus the appropriate buffer), Councils need to identify a supply of specific, developable sites or broad locations for growth for years 6-10 and, where possible, for years 11-15. The expected rate of housing delivery has to be illustrated through a 'housing trajectory' for the plan period.

The updated information contained within the new SHLAA has been fed into an overall trajectory for housing growth over the plan period which is set out in the graph below.



The trajectory shows the low level of housing completions in the years 2013/14 to 2015/16 followed by significant improvement in performance recorded for 2016/17 to 2019/20. Delivery fell in 2020/21 due to the pandemic and the closure of building sites for several months, and the current financial year is also expected to see slightly lower delivery as some larger developments are completed. However stronger delivery is anticipated from 2023/24 as several large sites with outline permission are expected to obtain detailed permission and commence development.

Stronger performance is expected to continue through the next four years, dropping slightly in year five, and then a further increase in delivery is expected in the later part of the plan period once sites allocated in the Local Plan have obtained planning permission and commence building. Officers will keep under review impacts on the economy arising from increasing inflation, particularly in energy and materials costs, which might lead to some revisions to next year’s forecast.

The Five Year Supply and implications for determining planning applications

Requirements under the updated NPPF

A new version of the National Planning Policy Framework (NPPF) was published in July 2021. It requires Councils to significantly boost the supply of housing. Councils still have to identify and update, annually, a supply of specific ‘deliverable’ sites sufficient to provide five years’ worth of housing against their housing requirements. It also requires Councils to include an additional ‘buffer’ of either:

- a) *“5% to ensure choice and competition in the market for land; or*
- b) *10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan, to account for any fluctuations in the market during that year; or*
- c) *20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply.”*

From November 2018, as well as having to demonstrate a five-year supply of deliverable housing sites, Councils have also needed to demonstrate that they are meeting the new ‘housing delivery test’ (HDT) in the NPPF. It requires housing delivery over the previous three financial years to be measured against the housing requirement and where delivery is ‘substantially below the housing requirement’, the ‘tilted balance’ is engaged.

The Council’s performance in housing delivery over the last three years has been very strong when measured against the requirement of 550 homes a year in the Local Plan. The Council is therefore currently allowed to apply the lower 5% buffer in its housing supply calculation – although this may have to be reviewed again in November 2022 when the next round of HDT figures are published.

Critically if a Council cannot identify a five-year supply of deliverable housing sites (plus the appropriate buffer), its policies for the supply of housing cannot be considered up to date and the ‘presumption in favour of sustainable development’ applies. This requires Councils to consider all housing development proposals on their merits, even if they are contrary to the Local Plan. There is an expectation that planning permission will be granted unless the adverse impacts significantly and demonstrably outweigh the benefits. This is now commonly referred to as the ‘tilted balance’.

The Council does still however have the flexibility to grant planning permission for housing development on sites that fall beyond the allocations and settlement development boundaries of the Local Plan where it considers that other material considerations justify such a departure.

Deliverable Sites

In determining whether a five year supply of deliverable housing sites can be demonstrated, the NPPF in Annex 2 includes clear guidance on what can and cannot be considered a ‘deliverable site’. It states:

“To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:

- a) *sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).*

b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.”

Two types of sites are included within the five year supply calculation: *large sites with planning permission*, and *small sites/windfall sites*.

Large sites with planning permission includes sites with the potential to deliver 10 or more (net) dwellings that have either gained planning permission or are the subject of a Planning Committee resolution to grant planning permission on completion of a Section 106 legal agreement. In the last few years, the supply of land with planning permission has increased rapidly as a result of planning decisions by the Council and the Planning Inspectorate to comply with the Government’s policy to boost, significantly, the supply of housing. These sites are assessed one-by-one in Appendix 1 of the SHLAA.

Small sites/windfall sites comprise sites with potential for 9 or fewer dwellings either with planning permission or likely to come forward as ‘windfall’ sites over the course of the plan period. Whilst it is not possible or practical to identify and assess every potential windfall site, the NPPF states that an allowance can be made for windfall sites in the ongoing five-year supply of land if there compelling evidence that they will provide a reliable source of supply. Appendix 2 of the SHLAA includes a detailed explanation of the projected supply from windfall sites, which was updated in 2020 as part of the Local Plan examination. The updated projection covers the 13 year period 2020/21-2032/33. Actual delivery on small sites for the first two years of this projection (2020/21 and 2021/22) was 94% of the predicted total (which is stronger than might have been expected given the disruption caused by the Covid-19 pandemic) giving confidence that the trajectory is an accurate prediction of small site delivery throughout the rest of the plan period.

Updated Figures

Officers have re-run the housing supply calculation to a 1st April 2022 base-date, measured against the requirement of 550 homes a year as set out in the adopted Section 1 of the Local.

The updated calculations are based on the evidence and assumptions contained within the new SHLAA. The calculations within the SHLAA (chapter 6) give a housing supply position of **6.89** years.

These calculations are set out in the following table:

Five Year Requirement and Supply	Local Plan OAN of 550 homes a year
Requirement 2022/23 – 2026/27	2,750 (550 x 5)
Shortfall 2013/14 – 2021/22	0
Sub-Total	2,750
5% buffer	138
Total Requirement	2,888
Supply from large site commitments	3,426
Supply from emerging allocations	0
Supply from small windfall sites	553
Total supply of Homes – Units	3,979
Total five- year supply of Homes - %	137.8%
Total supply of Homes – Years	6.89

APPENDICES
None.

Background Documents
Strategic Housing Land Availability Assessment (SHLAA) (October 2022) (link)