

PLANNING POLICY AND LOCAL PLAN COMMITTEE

23 JULY 2024

REPORT OF THE DIRECTOR OF PLANNING

A.2 UPDATED HOUSING SUPPLY POSITION AND LOCAL PLAN REVIEW BASELINE

(Report prepared by Paul Woods and Gary Guiver)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To report to the Planning Policy and Local Plan Committee:

- The findings of the most recently updated Strategic Housing Land Availability Assessment (SHLAA) including:
 - The number of new homes built in Tendring during the 2023/24 financial year and the up-dated year-by-year ‘trajectory’ for future housebuilding; and
 - The current housing land supply position (the ‘five-year’ supply).
- The baseline housing position for the Local Plan Review.

EXECUTIVE SUMMARY

Housing Supply Position

Housing Requirement

Section 1 of the adopted 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 6,700 homes already built between 2013 and 2024, the remaining requirement between now and 2033 stands at approximately 4,300 and the historic shortfall in housing delivery has now been addressed. It will be necessary to revisit the housing requirement for the district as part of the Local Plan review to assess the longer-term needs for the rolled-forward plan-period, with any new requirement taking effect from the anticipated adoption of the updated Local Plan (2026).

Housing Completions and Future Trajectory

In the period 1 April 2023 to 31 March 2024, **a total of 838 (net) new homes were completed** in Tendring. This means that the housebuilding target of 550 homes a year has now been achieved for an eighth 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

When the National Planning Policy Framework was updated in December 2023, the requirement for Local Planning Authorities to demonstrate an ongoing 'five-year supply' of deliverable housing sites was removed in certain circumstances – specifically for those authorities whose Local Plan was adopted less than five years ago and identified at least a five year supply of specific, deliverable sites at the time its examination concluded. Nevertheless, the SHLAA includes a calculation of the Council's five-year housing land supply, which demonstrates that Tendring is well placed to meet future housing needs.

Taking into account the future trajectory set out in the SHLAA, **the Council can demonstrate a 6.26 year supply of deliverable housing sites**. Around 3,600 homes are expected to be built within the five years 2024/25 – 2028/29, against a five-year requirement of approximately 2,900 homes. This means that, so long as the Local Plan is kept up to date, 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, or the proposals satisfy other policies within the Local Plan (e.g. rural exception sites for affordable housing).

Local Plan Review Housing Requirement

When the adopted Local Plan was prepared, the Council was required to calculate an objectively assessed housing need (OAN). This OAN was the subject of significant scrutiny as part of the Local Plan examination, and a number of objectors argued for a higher figure than the Council was proposing. However, because of uncertainties around the Census demographic data and unattributable population change, the Council, with the support of demographic consultants, was able to demonstrate to the Inspector that 550 dwellings per annum was a sound housing requirement for Tendring.

Since the submission and examination of the current Local Plan, the way in which Local Planning Authorities are required to calculate their housing need has changed. At the time of writing, national policy states that to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance ([link](#)). The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area. Based on consideration of this topic to date, it is

possible that the Council will not be able to justify a departure from the Standard Method when reviewing the longer-term housing need as part of the Local Plan review.

Based on a Standard Method calculation, the annual housing requirement for the updated Local Plan (from 2026 – 2041) would be expected to increase to around 770 dwellings per annum. Officers are keeping this under review, and taking advice from demographic consultants to ensure the Local Plan review is based on the correct housing requirement for the District.

After analysing the number of new homes currently planned for (through adopted Local Plan allocations, large sites with Planning Permission, and a projection of small site and windfall development), the Local Plan review may need to allocate sites for between 3,000 - 4,000 additional homes.

At the time of writing, it is unclear to what extent national planning policy may change over the coming months, and what impact this will have on the District's housing requirement. The Council will need to proceed with the review of the Local Plan in accordance with current policy and Officers will keep the situation and any implications for Tendring's Local Plan under review.

Small Sites

The NPPF requires Local Plans to identify enough small sites (of less than 1ha) to deliver at least 10% of their Local Housing Need. If the Council is required to meet a Local Housing Need calculated using the Standard Method as part of the Local Plan review, an initial analysis suggests that 9.5% of the total amount of housing needed up to 2041 can already be met on small sites in the District that are either allocated in the adopted Local Plan, benefit from planning permission, or form part of the windfall projection set out in the SHLAA. This position will need to be monitored, but it may be necessary to allocate land for around 100 dwellings to be delivered on small sites, as part of whichever spatial strategy the Council decides upon following the Issues and Options consultation later this year.

RECOMMENDATION

That the Planning Policy and Local Plan Committee:

- (a) endorses the content of this report, and**
- (b) notes that the new Strategic Housing Land Availability Assessment (SHLAA) (linked as a background document) demonstrates an up-to-date housing land supply position and an April 2024 baseline housing position for the purposes of reviewing the Local Plan.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

This report contributes to a number of priorities established in the Council's Corporate Plan 2024-2028, including creating opportunities, championing our local environment, and working with partners to improve quality of life.

Ensuring the District has an up-to-date Local Plan is a high priority for the Council. It is also the goal of government for local planning authorities to deliver sustainable development and coordinated provision of housing, jobs and infrastructure whilst best protecting and enhancing the natural and built environment. Since the adoption of the Local Plan, the Council has had greater power to resist speculative development, exercise greater control over the way development is delivered within the district and push towards achieving higher standards of quality.

The review of the Local Plan will be guided by the priorities established in the Council's new Corporate Plan 2024-2028. The updated Local Plan will promote pride in our area by seeking to deliver decent housing and well-designed communities. The process of the review will take advantage of digital tools to ensure residents are able to effectively engage with the process.

The Local Plan will seek to improve access to skills, learning and training, and boost employment opportunities – particularly associated with Freeport East and the Garden Community. It will promote a high-quality environment that creates spaces for leisure, wellbeing and healthy lifestyles as well as securing open spaces and community resources. Policies in the Local Plan will promote safe, healthy, well-connected and inclusive communities, and will champion the District's tourism offer and heritage assets.

Officers propose a proportionate and cost-effective approach to producing evidence to support the Local Plan, which will contribute to the financial sustainability of the Council.

RESOURCES AND RISK

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

As it stands, the NPPF requires Local Planning Authorities to calculate the housing need for their area using the Standard Method as set out in Planning Practice Guidance. The Standard Method currently includes a cap of 40% above the existing adopted housing requirement, which means that Tendring's annual housing requirement for the Local Plan review would be capped at 770 dwellings per annum. However, a change in national policy may alter the way the Council needs to calculate the District's housing need. If this were to be the case, there is a risk that the annual housing requirement may increase further, putting greater pressure on the Council to allocate more land for housing development.

LEGAL

The National Planning Policy Framework (NPPF) requires Councils to boost, significantly, the supply of housing by identifying sufficient land with their Local Plans to meet their housing requirements.

The December 2023 update of the NPPF removed the requirement for Council's to demonstrate a five-year supply of specific 'deliverable' housing sites for the purposes of making Planning decisions. However, Officers have retained this calculation in the SHLAA to demonstrate the strong position the Council remains in with regards to predicted housing delivery over the coming years.

From November 2018, housing delivery has been measured against a new 'Housing Delivery Test', which looks at the number of homes constructed, against housing requirements, over the previous three years. The Council has demonstrated strong performance against this test over recent years.

Paragraph 61 of the NPPF requires the minimum number of homes needed for an area to be determined using the standard method set out in national planning guidance. The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area. This requirement was not in place when the adopted Local Plan was prepared and examined, and it produces a higher annual housing need figure for Tendring than the one included in the adopted Local Plan.

Paragraph 70 of the NPPF states that at least 10% of a Local Planning Authority's housing requirement must be met through sites no larger than one hectare, in order to promote a good mix of sites.

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. The information that Council relies on as evidence for the Local Plan will be the subject of public scrutiny when the draft Local Plan update is consulted on in the coming months.

PART 3 – SUPPORTING INFORMATION

Housing Supply Position

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. This figure was calculated in line with the national policy relevant at the time the Local Plan was prepared, and through the Local Plan review the Council will need to revisit the longer-term housing requirement in line with any updated national planning policy.

Earlier this year, Officers undertook the annual survey of housing completions for the period 1 April 2023 to 31 March 2024. 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 2023/24 financial year is recorded as **838** 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 current Local Plan Period actual completions fell short of this requirement. However, strong delivery over the past eight years has helped to eliminate the shortfall from the early years of the Plan Period.

Of the 838 completions recorded for 2023/24, 715 took place on larger development sites of 10 or more dwellings with 123 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 2024 there remains an expectation that 686 dwellings will be built on small schemes of 9 or fewer dwellings up to 2033 and planning permissions are already in place for 813 dwellings (net) on sites of this size. The review of the Local Plan will need to ensure 10% of the District's housing requirement can be met on sites of less than 1ha.

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:

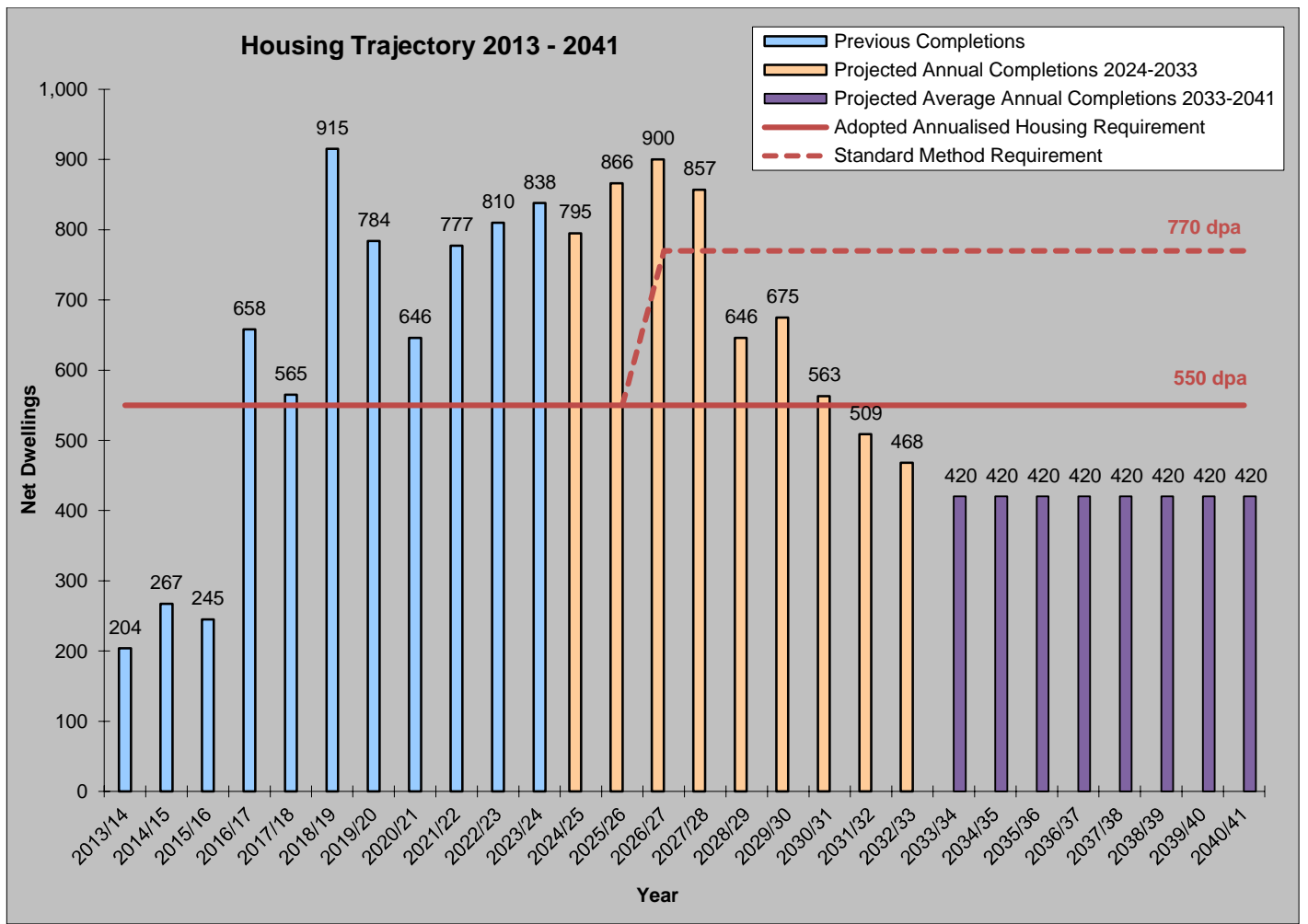
- identify sites and broad locations with potential for housing development;
- assess their housing potential; and
- assess their suitability for development and the likelihood of development coming forward.

The assessment (linked as a background document) has been updated to a 1st April 2024 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 over 1,900 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 northwest 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. Naturally, in extending the plan period to 2041 during the review of the Local Plan, this position will need to be revisited and the Council will need to consider how much flexibility is incorporated into the supply of housing sites over that extended period.

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



In addition to showing housing delivery across the current plan period (2013-2033), an additional eight years have been included to cover the extended period to be covered by the Local Plan review (up to 2041). A year-by-year projection hasn't been established for the period 2033-2041 (shown in purple) – instead, the total number of homes expected to be delivered during that period (from current Local Plan allocations, large sites with Planning Permission, and windfall development) has been averaged across the eight years. The graph also includes a dotted line showing the potential increase in annual housing need if the Council were required to use the Standard Method figure from 2026.

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, but stronger delivery has been seen in the years since.

Stronger performance is expected to continue through the next four years, dropping slightly in year five. 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.

For the period after 2033, the trajectory shows the predicted delivery of existing Local Plan allocations and sites with Planning Permission up to 2041 (the updated Local Plan period). This is significantly below the potential housing need for the updated Local Plan and illustrates the need to allocate further housing sites for the longer term.

The Five-Year Supply

When the National Planning Policy Framework was updated in December 2023, the requirement for Local Planning Authorities to demonstrate an ongoing 'five-year supply' of deliverable housing sites was removed in certain circumstances – specifically for those authorities whose Local Plan was adopted less than five years ago and identified at least a five-year supply of specific, deliverable sites at the time its examination concluded. Nevertheless, the SHLAA includes a calculation of the Council's five-year housing land supply, which demonstrates that Tendring is well placed to meet future housing needs.

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 and is broadly reflective of the levels of development that might be required under the Standard Method calculation.

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 s106 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. Actual delivery on small sites for the first four years of this projection (2020/21 - 2023/24) was 103% of the predicted total, 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-calculated the housing supply position to a 1st April 2024 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 **6.26** years.

These calculations are set out in the following table:

Five Year Requirement and Supply	Local Plan OAN of 550 homes a year
Requirement 2024/25 – 2028/29	2,750 (550 x 5)
Shortfall 2013/14 – 2023/24	0
Sub-Total	2,750

5% buffer	138
Total Requirement	2,888
Supply from large site commitments	3,158
Supply from Local Plan allocations	0
Supply from small windfall sites	456
Total supply of Homes – Units	3,614
Total five- year supply of Homes	125.14%
Total supply of Homes – Years	6.26

Local Plan Review

The figures set out in this report will form the baseline for our Local Plan Review. They show the number of new homes completed in recent years as well as the number that are expected to be delivered – either through existing Local Plan allocations, large sites with Planning Permission, and a projection of small sites and windfall development. This baseline will help us understand the number of additional homes the updated Local Plan will need to allocate for, in order to meet the District’s housing need, and also which areas have capacity for additional development over the coming years.

Local Housing Need

When the adopted Local Plan was prepared, the Council was required to calculate an objectively assessed housing need (OAN). This OAN was the subject of significant scrutiny as part of the Local Plan examination, and a number of objectors argued for a higher figure than the Council was proposing. However, because of uncertainties around the Census demographic data and unattributable population change, the Council, with the support of demographic consultants, was able to demonstrate to the Inspector that 550 dwellings per annum was a sound housing requirement for Tendring.

Since the submission and examination of the current Local Plan, the way in which Local Planning Authorities are required to calculate their housing need has changed. At the time of writing, national policy states that to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance ([link](#)). The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area. Based on consideration of this topic to date, it is possible that the Council will not be able to justify a departure from the Standard Method when reviewing the longer-term housing need as part of the Local Plan review.

A key part of the Standard Method calculation is a cap – which limits the increase an individual local authority can face. Where the existing Local Plan was adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement set out in the existing policies. For Tendring, that means the housing need under the Standard Method would be $550 + 40\% = 770$ dpa. For the period of 2026 – 2041, that would result in a total housing need of 11,550 dwellings. It is worth noting that since 2018, the average annual housing delivery in Tendring, in response to genuine market demand, has been 795 dwellings per annum – which is broadly reflective of the level of housing growth that might be expected in the future, on an annual basis, if the housing requirement does increase to around 770 homes a year, as might be expected through the application of the Standard Method calculation (including the cap).

For the updated Local Plan period of 2024-2041, the overall housing requirement would include 2 years of the existing housing need of 550 dpa to account for the period up to 2026 (five years from adoption of the current Local Plan). If the Council is required to use the Standard Method to calculate the housing need for the updated Local Plan from 2026, the total figure for the period of 2024-2041 would be $(2 \times 550) + (15 \times 770)$ and is therefore likely to be in the region of 12,650 dwellings.

Officers are keeping the situation with national policy under review as we continue the process of updating the Local Plan and will continue to take advice about whether the Standard Method is the most appropriate calculation for Tendring.

The SHLAA sets out, in Appendix 4, the trajectory for housing delivery on large sites between now and the end of the adopted Local Plan period (2033). It includes large sites with Planning Permission and existing Local Plan allocations. For those larger sites whose delivery will extend beyond 2033, it also indicates the number of dwellings that will remain to be delivered in the longer term. In Appendix 2, the SHLAA sets out a projection of the number of dwellings likely to be delivered from small sites and windfall development.

Source	Delivery between 2024 - 2033	Delivery between 2033 - 2041	TOTAL
Local Plan Allocations	1,568	2,600	4,168
Large Site Commitments	4,025	640	4,665
Small sites and windfalls	686	120	806
Totals	6,279	3,360	9,639

Based on this trajectory (with 9,639 dwellings already planned for between the years 2024-2041), the review of the Local Plan may need to allocate land for something in the order of 3,000 – 4,000 additional homes. It may be prudent to incorporate an additional degree of flexibility as the Council has done in the existing Local Plan.

Small Sites

Paragraph 70 of the NPPF highlights the important contribution that small and medium sized sites can make towards meeting the housing requirement of an area, particularly as they are often built out relatively quickly. Local Planning Authorities are therefore required identify land to accommodate at least 10 of their housing requirements on sites no larger than one hectare.

As part of establishing the baseline housing position for the Local Plan review, Officers have considered the current position with regards to small housing sites. The relevant definition in the NPPF (less than 1ha) is different from the definition used in our SHLAA (fewer than 10 dwellings) – and so there is some overlap in how the sites have been assessed.

The table below sets out those sites with an area of less than 1ha that are assessed as part of the SHLAA (Local Plan Allocations, and sites with Planning Permission for more than 10 dwellings), as well as the total from the windfall projection set out in Appendix 2 of the SHLAA.

Source	Site	Number of Dwellings
Local Plan Allocations (less than 1ha):	Station Yard, Walton	40
	Weeley Council Offices	24
Large site commitments identified in the SHLAA (more than 10 dwellings but less than 1ha)	Coppins Court, Clacton	60
	Crossways Garden Centre, Lt Clacton	21
	Rumours Night Club, Clacton	16
	23-27 Brooklands, Jaywick	15
	3 Marine Parade East, Clacton	14
	32-37 Brooklands, Jaywick	13
	St Helena Hospice, Clacton	10
	Cliff Hotel, Dovercourt	20
	Fronks Road, Harwich	14
	Ferndale Road, Harwich	13
	Kirby Road, Gt Holland	41
	Martello, Kirby Road, Walton	4
	27/31 High Street, Walton	10
	Thorne Quay Warehouse, Mistley	45
	Honeycroft, Lawford	13
	East of Tye Road, Elmstead	15
24 The Street, Lt Clacton	10	
Windfall projection 2024-39		806
TOTAL		1,204
<i>Percentage of 12,650</i>		<i>9.5%</i>

This could mean that, to comply with the government requirement for 10% on small sites, the Council may need to identify additional land for around 100 dwellings on small sites of less than 1ha.

APPENDICES

None

Background Documents

Strategic Housing Land Availability Assessment (SHLAA) July 2024 ([link](#))