

**North East Derbyshire District Council**

**Special Cabinet**

**10 October 2017**

**Objectively Assessed Housing Need Update and Five Year Housing Land Supply  
Position Statement**

**Report of Councillor M Gordon, Portfolio Holder with Responsibility for  
Environment**

This report is public

**Purpose of the Report**

- To advise Members of the updated assessment of 'objectively assessed housing need' (OAN) for North East Derbyshire.
- To approve the updated OAN figure as the baseline position for calculating the Council's five year housing land supply.
- To approve the annual assessment and publication of the five year supply of deliverable sites for housing as required by paragraph 47 of the National Planning Policy Framework (NPPF) 2012.
- To advise Members that the Council can demonstrate that it has a **7.0 year supply of deliverable housing land**.

**1 Report Details**

**Background**

- 1.1 The National Planning Policy Framework (2012) requires local planning authorities to 'boost significantly the supply of housing'. This involves using up to date and appropriate evidence to ensure that local plans meet the full objectively assessed needs for market and affordable housing in the area (NPPF, para. 47). The NPPF currently requires that this evidence is provided by a Strategic Housing Market Assessment (SHMA).
- 1.2 Objectively assessed need (OAN) is based on modelling work using demographic factors such as births, deaths, number of households; migration patterns; and, employment to predict the number of houses likely to be needed in an area. This basic data is refined by considering other factors, such as whether household formation has been suppressed by affordability or past under-provision, or whether the figures will support forecast employment growth to arrive at an objectively assessed need.
- 1.3 The NPPF also requires local planning authorities to identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirement. In areas without a five year supply, relevant policies for the supply of housing are not considered up-to-date and housing

applications should be considered in the context of the presumption in favour of sustainable development.

- 1.4 Members will be aware that in recent years the Council has based its OAN figure on evidence provided through the 2013 SHMA. Unfortunately the Council has not been able to demonstrate that it has a 5 year supply of deliverable housing land in relation to this figure or to the previous figure. This has meant that housing applications have fallen to be considered in the context of the presumption in favour of sustainable development, rather than in line with policies in the development plan. This has been the position for the last 8 years.
- 1.5 It should be noted that in the Housing White Paper published earlier this year the Government makes a commitment to implement a new common methodology for calculating OAN. The Government's proposed approach to calculating local housing need was subsequently published on 16<sup>th</sup> September 2017 in the consultation document 'Planning for the right homes in the right places: consultation proposals'.

### **Objectively Assessed Need (OAN) Update**

- 1.6 As part of maintaining an up to date evidence base the Council alongside its partners in the North Derbyshire and Bassetlaw Housing Market Area (Bolsover DC, Chesterfield BC & Bassetlaw DC) commissioned the North Derbyshire and Bassetlaw Strategic Housing Market Assessment (SHMA) Update, September 2017. This provides an update to the previous SHMA produced in 2013, taking account of the most up to date National Household Projections (published July 2016) and identifies the full objectively assessed need for housing, both across the Housing Market Area and for each of the component authority areas.
- 1.7 The SHMA update indicates a need for 1211 dwellings per year across the HMA. For North East Derbyshire, the SHMA update identifies the Objectively Assessed Need (OAN) for housing as **283 dwellings per year**. This figure is based upon baseline demographic need for homes with an upward adjustment to support enhanced affordable housing delivery and baseline economic growth.
- 1.8 Further work is required to identify how this figure will be translated into a new strategic housing target for the Local Plan. In the meantime it is recommended that the baseline OAN figure of 283 dwellings per year identified through the 2017 SHMA update is used as the basis for calculating the Council's five year housing land supply.
- 1.9 The Government's proposed methodology for calculating local housing need is just a consultation document at this stage, but does give a clear indication of the direction of travel. The consultation sets out a simple approach that takes the demographic baseline of household projections (derived from national projections), which is then modified to take account of market signals (using a median house price to earnings ratio). This will set the OAN and avoid arguments at examination over the method used. It will then be up to the Local Authority to consider whether the figure should be adjusted to take account of land constraints or economic growth. The Consultation also includes a 'Housing need consultation data table' which sets out the housing need for each local planning authority using the proposed method. The figure for North East Derbyshire is 276. Whilst only

indicative at this stage, it is very similar to the OAN figure of 283 derived from the SHMA update, giving comfort that the SHMA evidence and recommendations set out in this report are sound.

## Five Year Supply Assessment

- 1.10 This assessment of the Council's five year supply of housing land is based upon the most up to date OAN figure of **283 dwellings per year** and a base year of 2014, derived from the 2017 SHMA update. The NPPF also requires an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the housing market. In cases where there has been a record of persistent under delivery of housing, the buffer is increased to 20% to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land.
- 1.11 **Table 1** below shows the annual net completions since 2014 against the annual target of 283 dwellings, any shortfall in completions should be made up in the subsequent five year period. Completions in the first and third year fall short of the target, whereas the second year sees a substantial oversupply. This gives a combined oversupply of 126 dwellings for the past 3 years. In light of this there is no past under delivery to reconcile and it is considered that a **5% buffer** should be applied to the five year housing land supply calculation.

Table 1: Annual Net Completions against OAN target

	Completions	Target	Under/Oversupply
2014/15	262	283	-21
2015/16	431	283	+148
2016/17	282	283	-1
<b>TOTAL</b>	<b>975</b>	<b>849</b>	<b>+126</b>

- 1.12 Government policy in relation to the supply of housing in the 5 year supply is that it should be 'deliverable' and 'developable' (NPPF, para.47). To be considered 'deliverable' sites should be available, in a suitable location, with a realistic prospect that housing will be delivered on the site within five years; and in particular that development of the site is viable.
- 1.13 In terms of future supply, the Council currently bases its projected future housing land supply on sites with outstanding planning permission at 31<sup>st</sup> March 2017. These projections include both major (10 dwellings and above) and minor sites (below 10 dwellings) with planning permission, which are either currently under construction, or not started yet. However, not all sites with planning permission are considered 'deliverable', within the next five years.
- 1.14 The assessment of 'deliverability' (availability and achievability) was carried out differently for major and minor sites, due to the scale of the task involved. For **major sites**, officers have contacted all landowners and/or developers to determine whether these sites are still available and achievable, as well as the delivery timetables for these sites. Sites where contact could not be established have been marked as undeliverable. Those major sites that are considered to be deliverable are listed at **Appendix 1**. For the **minor sites**, an average lapse rate of 5% (based

on past trends<sup>1</sup>) was applied to all outstanding permissions. Overall there are 472 outstanding minor permissions, which reduces to 448 dwellings when the 5% lapse rate is applied. This gives an average projected completion rate of 90 dwellings per year over years 1 to 5.

- 1.15 **Table 2** includes the projected completions for the subsequent five years from 2017/18 to 2021/22, based on the methodology set out above. It shows that an annual over-supply is expected in all five years. The overall projected housing delivery for years 1 to 5 is 2095 dwellings, representing an oversupply of 680 in relation to the target. This reduces to 609 dwellings when applying the required 5% buffer.

*Table 2: Five Year Supply: projected completions against OAN target*

Year (yr)	Projected Completion	Target	Under/ Oversupply
2017/18 (yr 1)	433	283	+150
2018/19 (yr 2)	552	283	+269
2019/20 (yr 3)	453	283	+170
2020/21 (yr 4)	360	283	+77
2021/22 (yr 5)	297	283	+14
<b>TOTAL</b>	<b>2095</b>	<b>1415</b>	<b>+680</b>

- 1.16 **Table 3** sets out the five year housing land requirement calculation and illustrates that in order to demonstrate that the Council has a 5 year supply it must have a deliverable supply of 1486 dwellings.

*Table 3: Five Year Housing Land Requirement Calculation*

a)	5 Yr Target (OAN x 5 years = Target)	283 x 5	1415
b)	Backlog (from Table 1)	0	0
c)	Sub-total (a + b)	1415 + 0	1415
d)	5% buffer (on sub-total) (c x 5%)	1415 x 5%	71
e)	<b>Total Requirement (c + d)</b>	<b>1415 + 71</b>	<b>1486</b>

- 1.17 The following calculation gives the current land supply position and demonstrates that the Council has a 7 year supply:

$$(2095 \div 1486) \times 5 = 7.04$$

(Projected Completions {from Table 2} divided by the Total Requirement {from Table 3 [e] } ) multiplied by 5 years

<sup>1</sup> The expiry rates on all permissions (major and minor) has been well below 5% since 2014.

1.18 Further flexibility is offered by seven sites with a resolution to grant planning permission subject to the signing of a Section 106 agreement at 31<sup>st</sup> March 2017. Some Local Planning Authorities also add this to their supply (eg Bolsover, Stratford, Mansfield). **Table 4** lists these sites which add a further supply of 284 dwellings.

Table 4: Resolution to grant Planning Permission subject to Section 106 agreement at 31<sup>st</sup> March 2017

App Ref	Site Address	Dwellings	S106 signed
15/00153/OL	Land north of Hallgate Lane Pilsley	85	26/04/2017
16/00257/FL	Land behind 181 Chesterfield Road, Holmewood	25	16/06/2017
15/00502/OL	Land between 205 and 235 Chesterfield Road, Holmewood	15	23/06/2017
16/00419/FL	Brackenfield Lane, Wessington	43	04/07/2017
15/00667/OL	Ankerbold House, Tupton	15	07/07/2017
14/01236/OL	Land at Church Meadows, Calow	47	Pending
16/00034/OL	Land South Of Green Lane, Lower Pilsley	54	Pending
<b>TOTAL</b>		<b>284 dwellings</b>	

## **2 Conclusions and Reasons for Recommendations**

2.1 The 2017 SHMA update identifies North East Derbyshire's Objectively Assessed Need (OAN) for housing as 283 dwellings per year. This is in line with current Government guidance and represents the most up to date baseline figure for calculating housing need. This figure is also consistent with the figure derived utilising the Government's proposed new standard methodology for calculating local housing need. It is therefore recommended that the Council bases its calculation for the five year supply of housing land upon the OAN figure of 283 dwellings.

2.2 It should be noted that this figure may differ from the Local Housing Target which will be identified through work on the emerging Local Plan. Once a target has been identified through the Local Plan this will replace the OAN figure as the baseline for calculating the five year land supply.

2.3 The housing land supply assessment at 31<sup>st</sup> March 2017 is now complete and demonstrates that the Council has a seven year supply of deliverable housing land that is more than sufficient to meet the required five year supply. **Appendix 2** includes the recommended Five Year Supply Statement for publication.

## **3 Consultation and Equality Impact**

3.1 The contents of the SHMA update report have been considered by members of the Local Plan Steering Group at its meeting on 19<sup>th</sup> September. This was in the context of the emerging Local Plan and identifying an appropriate housing target.

- 3.2 There are no specific equalities issues arising out of the identification of the OAN figure and five year supply. However, an equality impact assessment of the Local Plan's policies (which will include the Local Housing Target) will be undertaken at the publication stage of the Local Plan.

#### **4 Alternative Options and Reasons for Rejection**

- 4.1 There is a requirement under national planning policy to undertake a SHMA, identify the OAN and carry out the assessment of the five year supply of deliverable housing sites. The 2017 SHMA update clearly identifies the level of OAN which is the baseline housing need for the District. In the absence of any fuller assessment to identify a local housing target, which can only be undertaken through the Local Plan, there is no alternative course of action at this stage.

#### **5 Implications**

##### **5.1 Finance and Risk Implications**

- 5.1.1 The preparation of the SHMA update is covered by the existing budgets. The assessment of the five year supply of deliverable housing sites is part of programmed annual monitoring work and is also funded from existing budgets. However, it is important that this budget is maintained in future years.
- 5.1.2 Having a 5 year supply of housing land will mean that the Council is able to refuse more speculative planning applications for housing development. In addition any application where a decision notice has not been issued but has been approved by Planning Committee will need to be looked again by officers and if the existence of a 5 year supply could potentially affect the decision the application will need to be referred back to Committee. This could lead to more planning appeals and challenge to the SHMA and the five year housing land supply calculation.

##### **5.2 Legal Implications including Data Protection**

- 5.2.1 The Council has a statutory duty to keep under review the matters which may be expected to affect the development of their area. The development of land for housing is a key issue that affects the growth of the district.

##### **5.3 Human Resources Implications**

- 5.3.1 There is a need to ensure that resources in the planning service continue to be sufficient to ensure that timely delivery of a sound Local Plan.

#### **6 Recommendations**

- 6.1 That Cabinet:

- (1) Notes the detailed issues set out in the report;
- (2) Approves the baseline objectively assessed housing need figure of 283 as an appropriate baseline for calculating the Council's Five Year Housing Land Supply;

- (3) Approves the assessment of the Council's current five-year supply of deliverable housing sites as set out in this report;
- (4) Authorises the publication on the Council's website of the Five Year Supply Assessment (**Appendix 2**).

## 7 Decision Information

<p><b>Is the decision a Key Decision?</b>  A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <i>BDC: Revenue - £75,000</i> <input type="checkbox"/>  <i>Capital - £150,000</i> <input type="checkbox"/>  <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/>  <i>Capital - £250,000</i> <input type="checkbox"/>  <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p><b>Is the decision subject to Call-In?</b>  (Only Key Decisions are subject to Call-In)</p>	No
<p><b>District Wards Affected</b></p>	All
<p><b>Links to Corporate Plan priorities or Policy Framework</b></p>	<p>The maintenance of a five year supply of deliverable housing has an impact on the way decisions on planning applications for residential development are determined. As such it has potential impacts on the following corporate aims:  <b>COMMUNITY SAFETY</b> – Ensuring that communities are safe and secure  <b>ENVIRONMENT</b> – Promoting and enhancing a clear and sustainable environment  <b>REGENERATION</b> – Developing healthy, prosperous and sustainable communities</p>

**8 Document Information**

Appendix No	Title
Appendix 1	Schedule of Deliverable Major Sites in the Five Year Supply
Appendix 2	Five Year Supply Assessment
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Strategic Housing Market Assessment Update, 2017	
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AGIN 3 (Sp Cab 1010) 2017/5 Yr Housing Land Supply/AJD