

Examination of the North Hertfordshire Local Plan (2011-2031)

Examination hearing sessions

Statement of North Hertfordshire District Council

Matter 4 – The housing strategy: the supply of land for housing (Policy SP8)

1. In accordance with the request of the Inspector (ED10), a partial update to the Housing and Green Belt Background Paper has been completed (ED3) using updated monitoring information to 1 April 2017. This forms the basis for the answers in this statement.
2. Notwithstanding this, the Council is not proposing modifications to the plan itself to update the housing figures.
3. ED3 demonstrates that the broad principles of the plan's housing strategy in terms of targets, delivery, five-year supply and justification remain sound (ED3, paragraph 1.12, p.4).
4. In this respect, it is considered that the breadth of numerical amendments to the plan required to update it to a 1 April 2017 monitoring base would be a disproportionate response that could cause confusion for other participants in the examination. Other statements to this examination rely upon the figures in the submitted plan. The distinction is made clear as required. Figures in this statement that are taken from the update in ED3 are in **bold**.
5. All figures in this statement are net unless otherwise stated.

The overall supply of land for housing

4.1 Policy SP8 says that new homes will be delivered through the following sources:

Completions, permissions and allowances – 4,340

Strategic housing sites – 7,700

Local housing allocations – 4,860

This totals 16,900 new dwellings. What is the justification for planning a supply of around 6% above the Plan requirement?

6. The Council considers that the planning of a supply at 6% above the Plan requirement will act to ensure flexibility over the Plan period.
7. The updated monitoring data (ED3, paragraph 4.2, p.10) identifies a modest margin of approximately 7% against the overall targets established in the plan.
8. The plan, its allocations and allowances are based upon sound and reasonable assumptions at the present time. However, circumstances change. It is inevitable that,

over a fourteen-year plan period, sites will come forward at different times and development rates to those which can be reasonably anticipated in 2017.

9. Due to changes in circumstances, some sites may be delivered more slowly and a few may not come forward at all. Conversely, some sites may be delivered more quickly.
10. As per the later questions in this statement, paragraph 47 of the National Planning Policy Framework (NPPF) requires the annual identification and updating of a five-year land supply. This must include any necessary buffers and seek to address any accrued shortfall.
11. A plan that contains no margin of error carries the risk that policies within the Plan will be rendered out-of-date should any change in circumstances result in the authority no longer being able to demonstrate a five-year supply of housing land.
12. At ~7% (approximately 1,100 homes), the contingency is substantial enough to absorb the impacts of any such changes without being so excessive as to result in the disproportionate allocation of sites.
13. The margin additionally ensures the NHDC plan is allocating sufficient homes to meet its full OAN under the findings of HOU3 but also the higher figure previously identified in HOU4 (see the Council's Matter 3 statement).

4.2 4,340 dwellings are expected from completions, permissions and 'other allowances'. Paragraph 4.89 of the Plan says that these allowances include windfall delivery as well as 'broad locations'.

a) How many homes have been completed since 2011?

14. **1,994** (ED3, paragraph 2.1 and Table 1, pp.5-6)

b) How many other homes have been granted planning permission since 2011, but have yet to be completed?

15. **1,264** (ED3, paragraphs 2.3 to 2.6 and Table 1, pp.5-6)

c) What level of contribution is anticipated from windfall sites? What is the justification for including windfall delivery in the overall supply?

16. **990** homes.

17. The windfall contribution is split into two elements: small sites and large sites. An allowance of **560** and **430** homes respectively is made (ED3, paragraphs 2.8 to 2.10, and Table 1 pp.5-6)

18. The justification for a small site allowance is set out in paragraphs 3.9 to 3.15 of the Strategic Housing Land Availability Assessment (SHLAA) (HOU9, pp.7-8). Small sites are those less than five units which are not included in the SHLAA and would not be allocated in the Local Plan¹.

19. The SHLAA demonstrated an average of 94 permissions and 63 completions per year from small sites.

20. The completions data is updated in the table below to have regard to the most recent monitoring information. It can now be seen that from the start of the plan period to 1 April 2017, an average of 64 completions per year have been achieved from small sites².

Table A: Small site windfall completions

Monitoring year	Homes completed on sites of less than five units
2011/12	51
2012/13	49
2013/14	71
2014/15	78
2015/16	68
2016/17	65
Total	382
Average (6 years)	64

Source: NHDC Housing Monitoring

21. The reasons set out in the SHLAA (HOU9, paragraphs 3.13 to 3.15, p.8) therefore remain justified and appropriate: Small sites continue to make a demonstrable and consistent contribution to housing delivery in the District. A cautious, discounted approach which assumes an overall supply equivalent to 40 homes per year from small sites for the remainder of the plan period is still considered sound. Based on the information above, it could underestimate the true level of provision from this source over the plan period.

22. The justification for the large sites windfall allowance is set out in paragraphs 3.16 to 3.18 of the SHLAA (HOU8, pp.8-9). In summary it is considered appropriate to allow for a large sites windfall allowance in the period to reflect:

- Sites not requiring planning permission;
- Sites with no incentive to engage with the SHLAA / Local Plan process; and
- Changes in circumstance.

23. On this last point, the SHLAA identifies (HOU9, Appendix 2) a number of sites within the main towns which are considered 'suitable' but which are not currently available

¹ Planning Practice Guidance, What site / broad location size should be considered for assessment? Paragraph: 010 Reference ID: 3-010-20140306, <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

² The figures in paragraphs 19 and 20 both include sites where a net loss of up to five units was recorded.

and / or achievable³. Circumstances may change on these or other similar sites. Preparatory work is currently undertaken to inform the Council's first brownfield register (due to be published December 2017). Annual updates to this will identify any additional sites now meeting the necessary criteria.

24. Sites of this nature are already coming forward. ED3 concludes that it is already appropriate to 'draw down' on the allowance of 500 homes that was assumed at the time of the Proposed Submission consultation to reflect the granting of permission on a large windfall site (paragraphs 2.5 and 2.10, p.5).
25. Further large sites will continue to come forward over the plan period. Should these be successful it will again be possible to consider 'drawing down' on this allowance. This would further reduce reliance on windfall development over the plan period in any future updates to the housing trajectory.
26. Given the constraints present in the District, and in a plan which already places substantial reliance on greenfield and Green Belt releases to meet its housing requirements, these windfall allowances are an essential part of the housing strategy and reduce the need for the identification of further sites around the District's towns and villages.

d) What are the 'broad locations' referred to? What is the justification for their inclusion in the supply?

27. The detailed housing trajectory in Appendix 2 of ED3 (pp.19-20) shows that two broad location allowances are made:

- Letchworth Town Centre (50 homes); and
- Sites to be identified for development post-2026 at review (500 homes)

28. The justification for the Letchworth Town Centre allowance is set out in the SHLAA (HOU9, paragraphs 6.6 – 6.7, p.16). The area in and around the town centre of Letchworth Garden City has been identified as an area where a longer-term review of assets may yield additional development opportunities towards the end of the plan period.

29. The SHLAA recognises that, as a previously developed land in an accessible location, any such site would be sequentially preferable to alternate sites and it is appropriate to make a modest allowance.

30. The reasons and justification for the larger, 500 home allowance is set out in the plan itself (see *particularly* LP1, Policy SP8(e), p.48 and paragraphs 4.100 to 4.105, p.50). This is considered a justifiable allowance for the period after 2026 having regard to:

³ Sites 361, 362, 364, 365, 367, 368 and 369 are examples of previously developed sites considered suitable by the SHLAA but not meeting all three tests in order to be considered for potential allocation.

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- The Council's resolution to fully explore new settlement options in the District and completed (HOU6) and ongoing work in this area. A report to the Council's Overview and Scrutiny Committee from September 2017 is attached as Appendix 1 to this statement to set out how the Council is progressing this issue;
- The proposal within the plan to safeguard land to the west of Stevenage for potential future development of up to 3,100 homes (see the Council's Statement on Matter 7.4(c));
- The intention, set out in the plan, to complete a full review by the mid-2020s at the latest to consider the outcomes of these issues (LP1, paragraph 14.37, p.224); and
- The expectation of Government that plans should be reviewed every five years⁴ and the proposal, through the Housing White Paper, to formalise this into a statutory requirement⁵.

31. The Plan identifies (LP1, paragraph 14.34, p.224) that the District Council considers it has made maximum use of reasonable and available development sites at the time of writing. However, in light of the above, it is apparent that on-going processes are likely to supplement the range of options available to the Council in terms of housing delivery in the period after 2026. The proposed review may bring to light further sites and opportunities which are not available at the current time.

32. As with the windfall allowances above, it is considered that this is a reasonable, justified and sound position to take. Should the Inspector take an alternate view, this could require the identification of further specific land and sites through the plan.

The five year housing land supply

4.3 Overall, is there a supply of specific deliverable sites sufficient to provide five years worth of housing, with an appropriate buffer (moved forward from later in the plan period) to ensure choice and competition in the market for land?

33. Yes. ED3 identifies a **5.3 year supply** of land for housing (Table 3, p.12).

In particular:

a) What is the five year requirement?

34. **4,151** homes (ED3, Table 3, Row H, p.12)

b) Within the five year requirement, is there a need to take account of any backlog (under-delivery from earlier plan periods), or is this accounted for in the OAN?

⁴ Planning Practice Guidance: How often should a Local Plan be reviewed?, Paragraph: 008 Reference ID: 12-008-20140306, <https://www.gov.uk/guidance/local-plans--2>

⁵ Fixing our broken housing market, DCLG, February 2017 (paragraph 1.8, p.23)

35. No. This is accounted for in the OAN (HOU3, paragraphs 12 and 13, p.3) which states “there will be no ‘backlog’ of additional unmet need for housing to be counted at the start of new Plan periods that start in 2011”.

c) Within the five year requirement, is there a need to take account of any shortfall (under-delivery in the plan period i.e. from 2011)?

36. Yes. ED3 identifies an accrued shortfall of 1,006 homes since 2011 (ED3, Table 3, Row D, p.12)

d) Any shortfall should be dealt with either in the first five years of the Plan – this is the Sedgefield method – or over the whole plan period – this is the Liverpool method. If there is a shortfall to be accounted for, does the Council propose to use the Liverpool or Sedgefield method, and what is the justification for the approach proposed?

37. The Council proposes to use the Liverpool method.

38. The plan seeks to meet its objectively assessed housing needs in full.

39. The NPPF recognises, at Paragraph 52, that the supply of new homes can sometimes be best achieved through planning for larger scale development, including extensions to existing villages and towns.

40. In order to deliver upon these, this plan undertakes a comprehensive review of the District’s Green Belt in order to release a range of sites for development. The merits of this approach are discussed in more detail under other matters.

41. Substantial residential sites currently located within the Green Belt normally require an adopted plan which removes them from the Green Belt (or at least a clear indication that they are highly likely to remain within any such plan once adopted) in order to proceed.

42. ED3 therefore recognises (paragraph 3.13, p.8) that it is not prudent to anticipate housing delivery from current Green Belt sites until the 2019/20 monitoring year at the earliest.

43. The ‘components of supply’ trajectory in the Council’s Matter 6 statement demonstrates that significant reliance needs to be placed on extant planning permissions and Local Housing Allocations in the early years following adoption of the plan before the Strategic Housing Sites become the main component of supply.

44. Planning Practice Guidance states that where undersupply cannot be met within the first five years of a plan, local planning authorities will need to work with neighbouring authorities under the Duty to Co-operate⁶.
45. The scale of housing need in the wider sub-region, and the constraints on housing supply in neighbouring authorities means there is presently no realistic prospect of any of the authorities in shared housing market areas being able to contribute positively to any housing shortfall in North Hertfordshire in the foreseeable future. This issue is dealt with in more detail in other Matters (see particularly the Council's Matter 7 Statement).
46. The Liverpool approach is therefore considered the sound and most pragmatic means of reflecting these circumstances. In the above context, the evidence supporting the plan states that:
- It would be perverse to stymie the Council's ability to identify a five-year land supply either now or at the point of adoption through the setting of unrealistically high housing requirements (HOU1, paragraph 5.61, p.33); and
 - That a review of alternate buffers, targets and methods for calculating supply concludes that the *Liverpool* approach remains valid and the most appropriate approach (ED3, paragraph 4.8, p.10).

e) Has there been a record of persistent under delivery of housing, such that a buffer of 20% should be added (for consistency with paragraph 47 of the Framework)?

47. The Council has only exceeded the proposed target of 500 homes per year for the period 2011-2021 once since the start of the plan period. ED3 applies a 20% buffer (paragraph 4.9, p.10).

f) Has any allowance been made for windfall sites in the five year supply? If so, in the light of paragraph 48 of the National Planning Policy Framework, what is the compelling evidence to justify this?

48. Yes. An allowance for windfalls is made within the first five years
49. For small sites, the information set out in paragraphs 18 to 21 of this statement provides the compelling evidence for the inclusion of an allowance from small windfalls within the five-year period.

⁶ Planning Practice Guidance: How should local planning authorities deal with past under-supply?, Paragraph: 035 Reference ID: 3-035-20140306, <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment#methodology--stage-4-assessment-review>

50. Although the total small sites allowance assumes a supply equivalent to 40 homes per year, this is not evenly profiled within the trajectory. This is to stop over- or double-counting in the early years. This is shown in the table below.

Table A: Small windfall allowance in the five-year supply

Year	1	2	3	4	5
	2017/18	2018/19	2019/20	2020/21	2021/22
Small windfall allowance	0	20	30	45	45

Source: ED3 (Appendix 2, p.20)

51. No small windfalls are assumed in the first year, as any such sites should already have permission and be included in the supply. An increasing allowance is then made over subsequent years reflecting the fact that the supply from existing known permissions will tail off and be replaced by schemes which have yet to be submitted for consideration.
52. The average windfall allowance from small sites in the five-year period is consequently just 28 homes per year.
53. As set out in response to 4.2(c) above, a large windfall allowance of 430 homes is made for the second half of the plan period after 2021. This is evenly distributed across the ten-year period. This approach means that an allowance of 43 homes is made in the monitoring year ending 2022 (i.e. the fifth year of the current five-year period).
54. For the reasons set out in paragraph 25 of this statement, this is not an unreasonable approach. Any actual permissions granted on large windfall sites in the period prior to 2021 would appear as commitments in future iterations of the five-year supply.
55. In any event, removing the large sites allowance for 2021/22, or re-profiling it across the remaining nine year period of the plan after this point, would not impact upon the five-year supply which would remain at 5.3 years.
56. Eliminating all windfall allowances from the calculations would reduce the five-year supply from 5.3 years to 5.1 years

g) What (other) assumptions have been used to inform the five year supply calculation (such as any discount based on historic lapse rates, annual yields etc.) and are they justified?

57. The NPPF states (paragraph 47, footnote 12) that “Sites with planning permission should be considered deliverable until planning permission expires, unless there is clear evidence that schemes will not be implemented within five years...”.
58. No specific lapse rate is therefore included. It is assumed that all existing permissions will be implemented in full within the five-year period. The one exception to this is on a large site at the east of Royston (Site RY2). This site presently has outline permission. It is considered that, in allowing time for the outstanding planning requirements to be

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discharged and for works to commence, around a quarter of the dwellings will be completed outside of the five-year period.

59. For Local Plan sites, it has been ensured that only sites where:

- positive representations at the Proposed Submission consultation were received from landowners or their agents; and / or
- there is known planning activity (planning application or scoping opinion submitted, pre-application public consultation has been held)

are included in the five-year supply (ED3, paragraphs 3.14 to 3.15, p.8 and Appendix 1, pp.14-18)⁷.

60. As set out in paragraph 42 above, no reliance is placed upon current Green Belt sites prior to the 2019/20 monitoring year.

61. Development rates on all Local Plan sites are an informed estimate based upon various factors including the size of site. Generally speaking smaller sites are assumed to have (substantially) lower annual delivery rates than large strategic sites where multiple outlets may be on site at one time or other measures to accelerate delivery may be employed.

62. It can be seen from trajectory in ED3 (Appendix 2, pp.19-20) that no more than 100 homes per year are assumed from any individual site within the five-year period.

Paragraph 4.99 of the Plan says that “housing supply will be measured against targets to deliver an average of 500 homes per year [from 2011 to 2021]...for the period beyond 2021, a target of 1,100 homes per year will apply”. Is it intended that the five year requirement should be calculated on this basis? What is the justification for this approach?

63. Yes. It is intended that the five-year requirement should be calculated on this basis. This is the response taken in answering question 4.3(a) of this statement.

64. The Plan is ‘backdated’ to a 2011 start to tie-in with the Council’s assessment of OAN and ensure there is no backlog (see answer to Question 4.3(b)). HOU3 identifies a requirement of 690 new homes per year for North Hertfordshire (paragraph 17, p.4).

65. In the period from 1st April 2011 to 31st March 2017, housing completions in the District were well below this level, averaging 332 homes per year.

66. It is the Council’s intention to ‘boost significantly the supply of housing’ in line with paragraph 47 of the NPPF. However, the Plan recognises that the approach to this must be pragmatic having regard to the factors influencing past performance and the opportunities available within the District (LP1, paragraphs 4.97 and 4.98, p.49)

⁷ The commentary in Appendix 1 of ED3 erroneously omits that representations were submitted to the Reg.19 consultation in relation to Site HT1 [representor no 16525].

67. In this regard, many of the factors identified in response to Issue 4.3(d) similarly justify the use of a staged housing target:

- The plan seeks to meet its objectively assessed housing needs in full over the plan period (paragraph 38 of this statement);
- The reliance of the plan on Green Belt review and strategic development sites in order to achieve this (paragraphs 39 to 42);
- The need for clarity in plan-making terms as to the future status of these sites before they can proceed (paragraph 41);
- The significant reliance on permitted supply (including sites where the current absence of a five-year land supply has been a factor in determination) and smaller, local housing allocations in the early years following plan adoption (paragraph 43); and
- The absence of realistic alternate means of delivering additional housing in shared market areas under the Duty to Co-operate (paragraphs 44 to 46).

68. Under similar circumstances, the combination of the *Liverpool* approach and a stepped housing target was recently found sound for Cheltenham as part of the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy:

92...However, the situation is different for Gloucester and Cheltenham, which have accumulated shortfalls since the start of the Plan period. In accordance with the Liverpool approach, these shortfalls have been spread over the remainder of the Plan period. Whilst the PPG favours Sedgfield, it supports Liverpool in appropriate circumstances. In this case the Councils' reasons for wishing to pursue Liverpool are its partial reliance on large strategic allocations, which require the provision of significant infrastructure prior to the completion of dwellings. Using Liverpool would allow time for these sites to come forward to help meet the shortfall and deliver on-going annual requirements. In these circumstances, I take the view that the Liverpool method is justified.

93. The conventional approach to deriving the annual housing requirement is to divide the total number of dwellings for the Plan period by its number of years' duration to obtain a fixed, average annual figure. However, there is no specific policy or guidance necessitating this methodology. In the interests of ensuring that the future growth of the area can be guided by the Development Plan, the JCS authorities consider that a stepped approach is necessary for Cheltenham Borough.

94. For Cheltenham, as the strategic sites will take time to deliver, providing significant numbers in the mid to latter stages of the Plan, I consider that a stepped approach is justified. Consequently, the housing requirement during the early stages of the Plan has been set at a level that allows the authority to demonstrate a low-risk five year supply from the anticipated adoption of

the JCS, increasing to a more ambitious target for the latter half of the Plan period...⁸

69. Subject to acceptance of the approaches outlined above, it could be beneficial to embed the proposed approach to five-year supply within Policy SP8(d) for effectiveness.

⁸ Gloucester, Cheltenham and Tewkesbury Joint Core Strategy, Inspector's Report, October 2017

OVERVIEW and SCRUTINY
19 SEPTEMBER 2017

*PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

10

TITLE OF INFORMATION NOTE: NEW SETTLEMENT

INFORMATION NOTE OF THE HEAD OF DEVELOPMENT & BUILDING CONTROL

EXECUTIVE MEMBER: COUNCILLOR DAVID LEVETT

1. SUMMARY

- 1.1 The purpose of this Information Note is to update the Overview and Scrutiny Committee with regard work on the Council's aspiration for a new settlement.

2. STEPS TO DATE

- 2.1 Full Council on 12th February 2015 passed a resolution requiring officers to explore the potential for a new settlement within the District to address long term housing needs for the future.
- 2.2 Officer meetings were then held with the Department of Communities and Local Government (DCLG) and the Homes and Communities Agency (HCA) leading to the securing of a grant to enable an initial piece of work to be undertaken through the HCA's Advisory Team for Large Applications (ATLAS).
- 2.3 ATLAS commissioned Mott MacDonald in January 2016 to undertake a desk-based assessment considering the potential of a new settlement with the District. The report entitled *North Hertfordshire New Settlement Study* reviewed the broader issues in respect of new settlements, including different settlement typologies and delivery vehicles. No judgements or recommendations as to the new settlement were presented but the report did recognise that the planning of a new settlement will represent a complex and lengthy process which is likely to take a number of years.
- 2.4 Full Council on 11th February 2016 approved as part of the Council's revenue investment proposals an on-going budget of £30,000 each year to enable the formulation of the Council's aims and ambitions with regard a new settlement.

3. INFORMATION TO NOTE

- 3.1 The ATLAS report recognised that the new settlement process will require a considerable amount of time and resources and will require the direct involvement of a broad range of stakeholders including infrastructure providers. The provision of a new settlement within the District therefore represents one potential option for providing for significant housing need over the longer term, any substantial contribution being for future Local Plan periods.

3.2 The North Hertfordshire New Settlement Study was published on the Council's website and also forms part of the evidence base for the submission Local Plan 2011-2031 as approved by Full Council on 11th April 2016. The submission Local Plan 2011-2031 references the Council's aspirations with regard to a new settlement in:

- Policy SP8: Housing
Over the plan period 2011-2031, housing growth will be supported across the district.
We will:
 - e. *Seek to provide long-term certainty by:*
 - i. *working with the Government and other relevant agencies to identify new settlement options with North Hertfordshire that can provide additional housing options in the period after 2026;*

4. NEXT STEPS

4.1 Following submission of the Local Plan to the Secretary of State (SoS) in June 2017 officers have undertaken further work on the new settlement and are currently looking to prepare a paper around the high-level estimates of future housing requirements for the District over the long-term to 2051.

4.2 This will seek to include consideration of factors which may produce a range of requirements for the above, potentially including (but not necessarily limited to):

- a. Published long-range, national-level population projections;
- b. Published subnational population and household projections which extend beyond the time horizon of the current local plan;
- c. 'Rolling forward' methodological assumptions in existing assessments of objectively assessed housing needs for the current local plan;
- d. Alternate scenarios influencing population and / or household formation such as Brexit or a major financial recession;
- e. The proposed introduction of a standardised methodology for the calculation of local plan housing targets as referenced in the Housing white Paper to be introduced from March 2018.

4.3 Further topic papers are also proposed, currently envisaged being around possible delivery models, viability and infrastructure.

4.4 Council officers are also maintaining contact with officers of the DCLG and the HCA and submitting grant applications for additional funding when available.

5. APPENDICES

5.1 None.

6. CONTACT OFFICERS

6.1 Ian Fullstone, Head of Development and Building Control
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7. BACKGROUND PAPERS

7.1 North Hertfordshire New Settlement Study:
<https://www.north-herts.gov.uk/files/hou6-north-hertfordshire-new-settlement-study.pdf>

7.2 Local Plan Examination Library

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/examination-library>