

Five-year Housing Land Supply Update (September 2015)

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1. Purpose of the Report

- 1.1. To consider and sign-off the paper providing an update on the Council's five-year housing land supply position. The paper sets out the five-year housing land supply for the period 2015 to 2020.

2. Public Interest

- 2.1. The Council is required to demonstrate it can supply five-year's worth of housing land at all times. The amount of land needed over a five-year period stems from the local plan housing target, but also takes in to account previous performance in housing delivery.
- 2.2. There are two sides of an equation that need defining in order to prove whether the Council can demonstrate it has a five-year housing land supply.
- 2.3. On one side, it must be determined how many houses should be provided over the next five years. This figure includes five years' worth of the local plan annual housing target, plus any previous under-delivery, plus a buffer to help boost supply. This becomes the target for the five-year period.
- 2.4. On the other side, the Council must demonstrate the amount of land, sites, and number of houses that can realistically be built in the next five-years. This figure takes account of sites with planning permission and sites identified for development.
- 2.5. Where a Council can demonstrate a five-year supply of housing sites, the policies in the local plan maintain their status and are used as normal in decision-making on planning applications. Where a Council cannot demonstrate a five-year supply of housing sites, the policies relating to housing in the local plan are deemed "out-of-date" and are given less status in decision-making on planning applications.

Recommendation(s):

That District Executive:-

- i. endorse the Five-year Housing Land Supply update paper, and resolve that the conclusions and implications are effective as of 3rd September 2015 (**See Appendix A**).
- ii. delegate responsibility to the Assistant Director for Economy in consultation with the Portfolio Holder for Strategic Planning to make any final minor text amendments which may be necessary to enable the Five-year Housing Land Supply update paper to be published.

3. Report

- 3.1. The National Planning Policy Framework (NPPF) (March 2012) requires each Council to meet the needs of its area by defining a housing requirement in a local plan. It then asks each Council to identify a supply of land to meet five years' worth of housing against the requirement. This exercise must be updated annually.
- 3.2. The future supply of land must respond to previous performance in meeting the housing requirement set out in the local plan. Any under-delivery must be factored into the amount of future land supply and must be overcome straightaway, in the next five years.
- 3.3. In addition, the supply of land must be increased by a buffer amount to provide choice within the market, and generate competition amongst landowners and developers. Normally this buffer is an additional 5%. But the buffer is increased where under-delivery has been persistent and performance against the housing requirement has been poor. Where under-delivery has been persistent the buffer is increased to an additional 20%.
- 3.4. The South Somerset Local Plan covers the period 2006 to 2028 and sets out a housing requirement of 15,950 dwellings to be built. The annual requirement is therefore 725 dwellings to be built each year.
- 3.5. Taking account of previous performance against the annual housing requirement in the local plan, it is shown that delivery has been persistently under the level required. Table 1 shows this in detail.

Table 1: South Somerset District Council – Net Housing Completions (2006/2007 – 2014/2015)

	2006 / 2007	2007 / 2008	2008 / 2009	2009 / 2010	2010 / 2011	2011 / 2012	2012 / 2013	2013 / 2014	2014 / 2015	Total
Local Plan Target	725	725	725	725	725	725	725	725	725	6525
Completions (net)	620	724	547	482	984	480	528	514	779	5658
Progress Against Target Per Annum	-105	-1	-178	-243	259	-245	-197	-211	54	
Cumulative Shortfall	-105	-106	-284	-527	-268	-513	-710	-921	-867	-867

- 3.6. From this table two things are clear. That the Council must incorporate the identified shortfall straightaway, in the next five years. And that the record of persistent under-delivery means that a 20% buffer must be added to the land supply figures, rather than the normal 5% buffer.
- 3.7. As set out in section 2.3 above, the first side of the equation is to establish how many houses should be provided over the next five years. The component parts in reaching a conclusion on this are set out in Table 2 below.

Table 2: Overview of Component Parts of Five-year Housing Requirement

Component of Five-year Housing Requirement	Method	Total
Basic Housing Requirement (annualised)	(15,950 / 22)	725
Basic Housing Requirement over a five-year period	(725 x 5)	3625
Completions Since 2006		5658
Current Identified Shortfall	(6525 – 5658)	867
Basic Requirement Plus Shortfall (“Sedgefield”)	(3625 + 867)	4492
Basic Requirement Plus Shortfall with 20% Buffer Added	(4492 x 1.2)	5390

3.8. The overall conclusion is that the Council will need to be able to demonstrate a land supply capable of delivering **5,390 dwellings** in the next five years.

3.9. Determining the other side of the equation, namely, whether there is a sufficient supply of land for housing to equal 5,390 dwellings in the next five years, requires an assessment of the following information:

- Sites with planning permission;
- Sites which are subject to planning applications;
- Sites with a resolution to grant permission subject to a Section 106 Agreement;
- Sites within the Strategic Housing Land Availability Assessment; and
- Windfalls.

3.10. During the appraisal of sites and land it is important to note that to be included within the first five-years of the housing land supply the sites must be “deliverable”. That is, the prospect of the site being built and completed within the next five years must be realistic and demonstrable.

3.11. Having assessed the potential of the sites within the district, the overall conclusion on the supply side of the equation is a total of **4,692 dwellings**.

3.12. This does not meet the required figure of 5,390 and there is a gap of 698 dwellings.

3.13. Accordingly, the Council cannot demonstrate a five-year housing land supply and the current supply represents just over **4 years and 4 months**.

3.14 In simple terms the presumption implicit in the Government requirement for a five year land supply is that granting permission for more planning applications will increase the number of dwellings being constructed. This is partially correct, but issues such as viability, ability to borrow, willingness to build even when market conditions are sending negative signals, competition, and land constraints, are all as important and sometimes more important issues, that govern build rates. These factors are outside the council’s direct

control. Many councils are facing this same issue exacerbated by the fact that historic undersupply is added to the next five years requirements

Conclusion

3.14. This conclusion has significant implications for the Council's decision-making on planning applications and directly affects the housing policies in the local plan.

3.15. The NPPF, at Paragraph 49, sets out that:

“relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites.”

3.16. Paragraph 49 of the NPPF is linked to Paragraph 14 of the NPPF, and has the effect of altering the perspective when taking decisions on planning applications, in so far that:

*“where the development is absent, silent or **relevant policies are out-of-date**, granting permission unless:*

- *Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or*
- *Specific policies in this Framework indicate development should be restricted.”* (emphasis added)

3.17. In simple terms, the implication of not being able to demonstrate a five-year housing land supply is that the policies relating to housing within the local plan are deemed to be 'out-of-date'. As such, the weight that should be attached to them in decision-making should be reduced.

3.18. The starting point for decision-making shifts to one where a planning application should be granted permission, unless it can be shown that the adverse impacts of development significantly and demonstrably outweigh the benefits of the proposed housing.

4. Implications

4.1. The conclusion poses a number of issues for the Council. For example, it is likely that the lack of a five-year housing land supply will prompt an increase in the number of planning applications submitted to the Council.

4.2. As such, Area Committees will need to be aware of the change in approach to decision-making which must occur when a Council cannot demonstrate a five-year housing land supply. Under the terms of Paragraph 49 and Paragraph 14 of the NPPF, the Council's starting point should be to grant permission unless significant and demonstrable harm can be shown.

4.3. Decisions taken by the Council which do not conform to this approach will be at an increased risk of being subject to appeal by applicants. These issues and the various implications will be set out in each planning officer report accompanying planning applications.

5. Next Steps

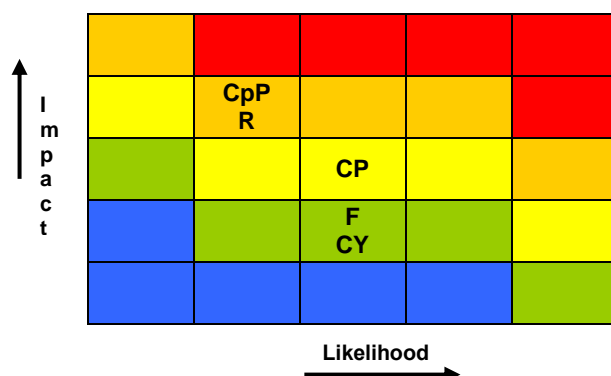
- 5.1. In terms of how the Council can look to rectify the current situation and seek to demonstrate a five-year housing land supply in the future, the following actions are suggested:
- Take a more proactive approach to decision-making on schemes which accord with the local plan to improve supply and achieve development in those locations already identified in the local plan.
 - Commence the full Strategic Housing Market Assessment (SHMA) work to fully understand the nature of the housing market, drawing out needs and demands to better inform choice of where and when to provide land for development.
 - Commence a new Strategic Housing Land Availability Assessment (SHLAA) which will involve asking landowners and developers to identify additional land and sites which could come forward for housing in the district. It will also help refine the Council's understanding of existing land identified as availability. This is currently programmed to begin in October 2015, but could be brought forward to start in September 2015.
 - To assess options for allocating more land for residential development through the 'Early Review' of the Local Plan.
 - Establish a more regular 'landowner and developer forum' to ensure that the Council is better informed on the needs, demands, and aspirations of the development industry.
 - Increase the Council's level of involvement in shaping and delivering residential development sites in South Somerset; including taking a more proactive role in investing in site assembly and delivery, and helping to fund infrastructure to facilitate development.

6. Financial Implications

- 6.1. There are no direct financial implications from this report or the recommendations.
- 6.2. However, the work envisaged to improve the housing land supply position and assist the Council in attempting to demonstrate a five-year housing land supply in the future will require use of external support and come at a financial cost to the Spatial Policy service. This cost has been factored into existing budgets, but the level of expenditure may occur earlier than first envisaged.
- 6.3. As highlighted in Section 5.2 and Section 5.3, there may be unexpected budgetary pressures stemming from the Council having to submit evidence and take part in planning appeals where decisions are made to refuse planning applications without sufficient evidence and identification of significant and demonstrable harm as required under the terms of Paragraph 49 and Paragraph 14 of the NPPF.

7. Risk Matrix

7.1. The matrix below sets out the risks associated with District Executive endorsing the five-year housing land supply update paper, and resolving that the implications of the paper are effective as of the 3rd September 2015.



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

8. Corporate Priority Implications

8.1. No direct implications. Although not being able to demonstrate a five-year housing land supply does undermine the housing related policies in the local plan.

9. Carbon Emissions and Climate Change Implications

9.1. None.

10. Equality and Diversity Implications

10.1. No direct implications. Future work to help demonstrate a five-year housing land supply may require the identification and analysis of additional land within the district.

10.2. Any evidence base work will be subject to appropriate equalities impact assessments. In addition, any subsequent decision-making on options for housing sites will be prepared in accordance with the legislative and statutory requirements of an Equality Analysis, Habitats Regulations Assessment and Sustainability Appraisal.

11. Background Papers

11.1 Appendix A – Five-year Housing Land Supply Update (September 2015)