

## Five Year Housing Land Supply 2021/22

- 1.0 Pursuant to the requirement in paragraph 74 of the National Planning Policy Framework (NPPF), the Council has calculated five years of deliverable housing land supply. The NPPF requires that this figure should be identified and updated annually against a “housing requirement set out in adopted strategic policies or against their local housing need where the strategic policies are more than five years old.”
- 1.1 Subsequent changes to the National Planning Policy Framework (NPPF) in February 2019, July 2021 and to the National Planning Policy Practice Guidance (PPG) in July 2019, sought to provide further clarification in relation to the 5 year land supply. This included an additional footnote to Paragraph 74 of the NPPF which states that where the local housing need is used as the basis for assessing whether a 5 year housing land supply of specific deliverable sites exists, it should be calculated using the standard methodology set out in the national policy guidance. Therefore, the methodology remains unchanged from the previous Note.
- 1.2 Furthermore, it remains that the 2014-based household projections are to be used when calculating housing need. Justification for this is to provide stability, ensure historic under-delivery and declining affordability are reflected and for consistency with the government objective of significantly boosting supply of homes.

### Historic Delivery and the Five-Year Requirement

- 2.1 The Borough’s adopted Local Plan is made up of the Core Strategy (adopted in January 2013), the Elstree Way Corridor Area Action Plan (adopted in 2015) the Site Allocation and Development Management Plan (adopted in 2016) and more recently, the Shenley and Radlett Neighbourhood Plans, that were both made (adopted) in May 2021.
- 2.2 The Local Plan sets out the requirement for housing provision for the Borough between 2012 and 2027, which equates to 266 dwellings per annum. The Council’s strategic policies were five years old as of January 2018, towards the end of the 2017/18 monitoring year.
- 2.3 The report is based on the best available information at the time of publication, and sets out the five year housing land supply, against both the Core Strategy requirement and the local housing need derived from the standard national methodology, as set out in guidance published in 2019 and updated in Dec 2020. The five year land supply will be kept under review and may be revised if any new or updated information becomes available. Presently, the 2014 sub-national population projections remain as the basis for calculating housing need rather than the 2016 or 2018 projections. However, as in the 2019-2020 and-2020-2021 versions of this document, the 2018 projections have been provided for additional context.
- 2.4 The PPG sets out how completions should be counted when calculating the 5 year land supply. As of the 31<sup>st</sup> March 2022, a net total of 4,123 dwellings had been completed in Hertsmere since the start of the current plan period, an average of 412 dwellings per annum. This represents a significant ‘surplus’ of 1,457 units over the baseline requirement of 2,660 dwellings for the same period derived from an annualised target of 266 homes, minus the number exceeding the overall Core Strategy target. To clarify, this surplus means that the local authority has already met the Core Strategy target of 3990 homes with a surplus of 123

dwelling. Therefore, Hertsmere has met the 15 year Core Strategy target within 10 years. However, this latest years' total is significantly down on recent years and is thought to have been impacted by a combination of the impact of Coronavirus pandemic and Article 4 directions in designated employment areas beginning to take effect on Prior Approval applications.

**Table 1: Completions against Core Strategy housing requirement (net)**

| Year           | Completions | Annual Requirement (Core Strategy) | Shortfall / Surplus against Core Strategy |
|----------------|-------------|------------------------------------|---|
| 2012/13        | 292         | 266                                | 26  |
| 2013/14        | 440         | 266                                | 174                                       |
| 2014/15        | 180         | 266                                | -86                                       |
| 2015/16        | 354         | 266                                | 88  |
| 2016/17        | 309         | 266                                | 43  |
| 2017/18        | 540         | 266                                | 274                                       |
| 2018/19        | 630         | 266                                | 364                                       |
| 2019/20        | 564         | 266                                | 298                                       |
| <b>2020/21</b> | 456         | 266                                | 190                                       |
| <b>2021/22</b> | <b>352</b>  | <b>266</b>                         | <b>86</b>                                 |
| <b>Total</b>   | <b>4123</b> | <b>2660</b>                        | <b>1457</b>                               |

Source: Hertsmere Borough Council

- 2.5 The rolling five-year period requirement is based on the relevant housing requirement together with an additional 5% buffer as required by paragraph 74(a) of the NPPF to ensure choice and competition. The rolling five year requirement is set out below.

**Table 2: Five year land supply requirement**

|   | 1.Core Strategy taking account of surplus delivery 2012-2022 <sup>1</sup> | 2.Standard national methodology using 2014 population projections | 3.Standard national methodology using 2018 population projections |
|---|---|---|---|
| <i>Base year</i>                              | <i>2012/13</i>  | <i>2022</i>   | <i>2022</i>   |
| Annual basic requirement                      | 0   | 724   | 206   |
| 5 year basic requirement                      | 0   | 3620  | 1030  |
| 5% buffer for choice and completions          | 0   | 181   | 52  |
| Total five year land supply requirement       | 0   | 3801  | 1082  |
| Annualised requirement with 5% buffer         | 0   | 760   | 216   |
| <b>5 year housing land supply requirement</b> | <b>0</b>  | <b>3801</b>   | <b>1082</b>   |

<sup>1</sup>Based on the current annual housing requirement figure of 266 dwellings in the current Local Plan

Numbers may not tally due to rounding

Sources: Hertsmere Borough Council (standard methodology based on NPPF and PPG guidance and data supplied by the Office for National Statistics)

- 2.6 Table 2 calculates Hertsmere's 5 year land supply requirement as of April 2022, incorporating a target of 724 dwellings per annum. Although the new Local Plan is still being drafted and has been delayed, the council intends to adopt 2022 as the formal start date for the plan. The calculation for the standard national methodology is set out below, using the

10 year period between 2022 and 2032. In accordance with the PPG this annual number can then be applied to the whole of the adopted plan period (minimum 15 years). The figures for the 2022-32 period arising from the 2014 household projections remain almost identical to the previous year, increasing from 721 to 724 dwellings per annum. The affordability ratio has decreased slightly from last year but is still significantly above the 40% threshold and the cap applies.

- 2.7 Table 1 demonstrates that there has been a significant under delivery of housing over the previous three years against the target of 760 and it is therefore likely that a 20% buffer will need to be considered under paragraph 74(c) of the NPPF following the 2022 Housing Delivery Test measurement.

### 1. Baseline

Projected increase in households from 2022 (44,792) to 2032 (49,960) under 2014 Projections<sup>2</sup> = 5168

Average household increase over 10 year period from 2022= 517

As a comparison, the 2018 projections state the increase is from 41,943 to 43,999, an increase of only 2056 which when rounded is the same as the previous years' annual requirement using the 2018 projections.

### 2. Affordability adjustment

Local affordability ratio (2021) = 15.5

$$\text{Standard methodology adjustment factor} = \frac{(\text{local affordability ratio} - 4)}{4} \times 0.25 + 1$$

$$\text{Standard methodology adjustment factor} = \frac{(15.5 - 4)}{4} \times 0.25 + 1 = 1.72$$

### 3. Initial calculation

$$517 \times (1.72) = 889$$

### 4. Capping the increase

The 40% cap applies as the annual housing need figure is greater than 40% above the average annual household growth. As the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making this calculation), the local housing need is capped at whichever is higher of:

- i) The projected housing growth for the area over a 10 year period = **517**
- ii) The average annual housing requirement figure set out in the most recently adopted strategic policies = **266**

<sup>2</sup> Source: ONS 2014-based live Tables on Household projections – Table 406: Household projections by district, England 1991 – 2039 (12 July 2016)

<sup>3</sup> Source: ONS House price to workplace-based earnings ratio – Table 5c (23 March 2022)

The average annual household requirement is therefore set at **40% above 517**. This means that the average annual household requirement is:  $517 + (0.4 \times 517) = 517 + 207 = 724$

#### **5. Applying buffer of 5%**

$724 + (0.05 \times 724) = 760$  **Annualised requirement with buffer.**

### **Housing Supply**

3.1 The Borough's housing supply consists of the following components:

- Sites with extant planning permission deemed to be deliverable within the next five years;
- Site with a resolution to grant permission subject to the completion of a s106 agreement and deemed to be deliverable within the next five years;
- Strategic allocations in the Local Plan (SADM Policies Plan and Elstree Way Corridor AAP) considered deliverable within the next five years; and
- Sites from the Housing and Economic Land Availability Assessment (HELAA), published in August 2019, which are deemed to be deliverable within the next five years
- Windfall allowances where there is compelling evidence that they will provide a reliable source of supply, as demonstrated in the 2019 HELAA
- HELAA Sites reassessed as part of the local plan process prior to publication of the Reg18 Draft Local Plan

3.2 Most planning permissions continue to be implemented but even in an area of high housing demand, some residential permissions will inevitably lapse. To calculate lapse rates, planning permissions granted for schemes providing new housing units over the ten year period between 2006 and 2016 were reviewed. The method for calculating lapse rates is set out in the HELAA with the analysis leading to a lapse rate of 5% being applied.

3.3 The table below summarises the 5 year land supply as of 1<sup>st</sup> April 2022. The windfall allowance is calculated on a 5 year rolling average based on previous completions (2017 to 2022). As of this year, lapse rates are only included for sites with non-commenced permissions. It does not apply to HELAA sites.

**Table 3: Source of 5 year land supply<sup>5</sup>**

| Source of land supply                        | Net units   |
|--|-------------|
| Planning Permissions under construction      | 287         |
| Prior notifications under construction       | 26          |
| Planning permissions*                        | 383         |
| Prior notifications*                         | 171         |
| HELAA sites                                  | 290         |
| AAP (excl. sites with pp)                    | 250         |
| Local Plan allocations (excl. sites with pp) | 26          |
| Windfall allowance of 56 pa HELAA            | 280         |
| <b>Total</b>                                 | <b>1713</b> |

\*includes 5% lapse rate

Source: Hertsmere Borough Council, HELAA and CDP Smart

### Five Year Land Supply Position

4.1 The table below presents the total number of net additional dwellings against the planned housing provision for the five-year period. Land supply figures have been provided against:

- 1) A housing requirement derived from the standard national methodology introduced in 2019 using 2014 projections.
- 2) A housing requirement derived from the previous standard national methodology published in 2020 using the more recent 2018 projections.

4.2 As the local authority has met its 2013 Core Strategy housing target, no net additional requirements for the next 5 years needs to be provided against the Core Strategy requirement. The calculation set out in Table 4 does not include a separate element for 'shortfall.' However, paragraph 11 of the PPG guidance on the housing and economic need assessment states that:

*"The affordability adjustment is applied to take account of past under-delivery. The standard method identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately."*

4.3 It should be noted that the the five year housing supply described above does not include safeguarded housing sites, large windfall allocations, and potential future prior approval application.

**Table 4: Five year land supply position**

|                                       |  |
|---------------------------------------|--|
| <b>Total supply</b>                   | <b>1713 units</b>  |
| Rolling five-year housing requirement | (1) 3081 (standard national methodology - 2014)<br>(2) 1082 (standard national methodology - 2018) |
| Five year housing supply position     | (1) $(1713/3081) \times 5 = 2.25$ years<br>(2) $(1713/1082) \times 5 = 7.9$ years                  |

Source: Hertsmere Borough Council

4.4 Overall, the council's updated 5 year land supply requirement, in accordance with the updated standardised methodology (July 2019) and if specifically using the 2014-based household projections, is 724 dwellings per annum (plus a 5% buffer), resulting in a revised 5 year land supply of 2.25 years.