

## Five Year Housing Land Supply 2019/20

- 1.0 Pursuant to the requirement in paragraph 73 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 and the National Planning Policy Practice Guidance (PPG) July 2019 sought to provide further clarification in relation to the 5 year land supply. This included an additional footnote to Paragraph 73 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, the PPG now confirms the use of the 2014-based household projections when calculating housing need. Justification for this is to provide stability, ensure historic under-delivery and declining affordability are reflected and for consistency with 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) and most recently, the Site Allocation and Development Management Plan (adopted in 2016). 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.
- 2.2 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<sup>1</sup>. The five year land supply will be kept under review and may be revised if any new or updated information becomes available. The government has now confirmed that the 2014 sub-national population projections will be used as the basis for calculating housing need rather than the 2016 projections. However, as in the 2018-19 version of this document, the 2016 projections have been stated, alongside the recently published 2018 projections, to provide additional context and a fuller picture of all scenarios.
- 2.3 The PPG sets out how completions should be counted when calculating the 5 year land supply. As of the 31<sup>st</sup> March 2020, a net total of 3,309 dwellings had been completed in Hertsmere since the start of the current plan period, an average of 414 dwellings per annum. This represents a significant ‘surplus’ of 1181 units over the baseline requirement of

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<sup>1</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

2128 dwellings for the same period derived from an annualised target of 266 homes. This surplus reduces the remaining annualised requirement against the adopted Core Strategy target to just 97 dwellings per annum.

**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>Total</b>	<b>2745</b>	<b>1862</b>	<b>883</b>

Source: Hertsmere Borough Council

2.4 The rolling five-year period requirement is based on the relevant housing requirement together with an additional 5% buffer as required by paragraph 73(a) of the NPPF to ensure choice and competition. Table 1 demonstrates that there has not been significant under delivery of housing over the previous three years and there is not considered to be a need to apply a 20% buffer under paragraph 73(c). The council is not currently seeking to have an annual position statement which would introduce a 10% buffer under paragraph 73(b). The rolling five year requirement is therefore set out below in Table 2.

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

	1.Core Strategy taking account of surplus delivery 2012-2020 <sup>2</sup>	2.Standard national methodology using 2014 population projections	3. Standard national methodology using 2016 population projections	4.Standard national methodology using 2018 population projections
Base year	2012/13	2020	2020	2020
Annual basic requirement	97 (266)	717	457	283
5 year basic requirement	485 (1330)	3585	2285	1415
5% buffer for choice and completions	24(67)	179	114	71
Total five year land supply requirement	509 (279)	3764	2399	1486
Annualised requirement with 5% buffer	102 (279)	753	480	297
<b>5 year housing land supply requirement</b>	<b>587 (1395)</b>	<b>3765</b>	<b>2400</b>	<b>1485</b>

Note: Numbers may not tally due to rounding Sources: Hertsmere Borough Council (standard methodology based of NPPF and PPG guidance and data supplied by the Office for National Statistics)

<sup>2</sup> Based on the current annual housing requirement figure of 266 dwellings in the current Local Plan, baseline figures excluding reductions for surplus delivery are stated in brackets.

2.5 Table 2 calculates Hertsmeres’s 5 year land supply requirement as of April 2020, incorporating a target of 717 dwellings per annum. Although the new Local Plan is still being drafted, the council intends to adopt 2018 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 2020 and 2030. In accordance with the PPG this annual number can then be applied to the whole of the adopted plan period (minimum 15 years). To clarify, the figures for the 2020-30 period arising from the 2014 household projections remain almost identical to the previous year, increasing from 714 to 717 dwellings per annum. The affordability ratio has increased slightly from last year. However, because it is still significantly above the 40% threshold, the cap still applies, which results in the same annual and five year requirements.

### 1. Baseline

Projected increase in households from 2020 (43,788) to 2030 (48,905) under 2014 projections<sup>3</sup> = 5117

Average household increase over 10 year period from 2020= 512

As a comparison the 2016 projections state the increase from 2020 (42,078) to 2030 (45,348) is 3,216 and the 2018 projections state an increase between 2020 and 2030 of just 2015, from 41,576 to 43,591.

### 2. Affordability adjustment

Local affordability ratio (2019\*) = 14.1<sup>4</sup>

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

Standard methodology adjustment factor =  $\frac{(14.1 - 4)}{4} \times 0.25 + 1 = 1.631$

### 3. Initial calculation

512 x (1.631) = 835

### 4. Capping the increase

The 40% cap applies as 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 = **512**

<sup>3</sup> Source: ONS 2014-based live Tables on Household projections – Table 406: Household projections by district, England 1991 – 2039 (12 July 2016)

<sup>4</sup> Source: ONS House price to workplace-based earnings ratio – Table 5c ( 19 March 2020)

\*2020 affordability ratio figures not published

- ii) The average annual housing requirement figure set out in the most recently adopted strategic policies = **266**

The average annual household requirement is therefore set at **40% above 512**. This means that the average annual household requirement is:  $512 + (0.4 \times 512) = 512 + 205 = 717$

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

$717 + (0.05 \times 717) = 753$  **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 AA) 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

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 2020. The windfall allowance is calculated on a 5 year rolling average based on previous completions (2015 to 2020).

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

<b>Source of land supply</b>	<b>Net units</b>
Planning Permissions under construction	406
Prior notifications under construction	65
Planning permissions*	561
Prior notifications*	185
HELAA sites *	413
AAP (excl. sites with pp)	238
Local Plan allocations (excl. sites with pp)	34
Windfall allowance of 59 pa HELAA	297
<b>Total</b>	<b>2199</b>

\*includes 5% lapse rate

Source: Hertsmere Borough Council, HELAA

### **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) The adopted Core Strategy housing requirement adopted in January 2019 as part of the Local plan.
- (2) as per (1) but reducing the annualised requirement by deducting the 'surplus' of homes delivered against the annual Core Strategy target since 2012
- (3) A housing requirement derived from the standard national methodology introduced in 2019 using 2014 projections.
- (4) A housing requirement derived from the previous standard national methodology introduced in 2018 using the 2016 projections.
- (5) A housing requirement derived from the previous standard national methodology introduced in 2020 using the most recent 2018 projections.

4.2 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."*

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<sup>5</sup> The five year housing supply does not include safeguarded housing sites, large windfall allocations, and potential future prior approval applications.

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

<b>Total supply</b>	<b>2199</b>
Rolling five-year housing requirement	(1) 587 (Core Strategy less surplus delivered since 2012) (2) 3765 (standard national methodology - 2014) (3) 2400 (standard national methodology - 2016) (4) 1485 (standard national methodology-2018)
Five year housing supply position	(1) $(2199/587) \times 5 = 18.73$ years (2) $(2199/3,765) \times 5 = 2.92$ years (3) $(2199/2,400) \times 5 = 4.58$ years (4) $(2199/1485) \times 5 = 7.4$ years

Source: Hertsmere Borough Council

- 4.3 Overall, the council's updated 5 year land supply requirement, in accordance with the updated standardised methodology (July 2019) and using the 2014-based household projections, is 717 dwellings per annum (plus a 5% buffer), resulting in a revised 5 year land supply of 2.92 years