

Newcastle-under-Lyme Borough Council

5 Year Housing Land Supply Statement: 2015-2020

1. Background

- 1.1 This is the fourth detailed annual statement of the five year housing land supply that Newcastle-under-Lyme Borough Council has produced. It sets out new information on the delivery of residential development in the borough for the period 1st April 2014 through to 31st March 2015 and the availability of land for housing development looking forward over the next five years from 2015 to 2020.
- 1.2 Since last year's statement was prepared there have been a number of important national changes that have meant that the Council must now reconsider the way in which its supply of housing land is calculated:
- Two years after the publication of the National Planning Policy Framework (NPPF) the Government published national Planning Practice Guidance (PPG), at the end of March 2014. This provides further detail on how assessments of housing land availability should be undertaken, for example using household projections as a starting point for an authority to establish its housing requirement. The detailed guidance in the PPG was last updated on 27th March 2015.
 - In June 2014 the Planning Advisory Service (PAS) issued a technical advice note to provide further guidance on objectively assessing housing needs, in the context of the PPG¹. The borough council has also sought direct advice from PAS on the methodology for the calculation of the 5 year supply. PAS have also released a paper in March 2015 summarising development proposals that have been refused at appeal or public inquiry, despite the lack of a five year housing land supply². PAS advice has however no official status.
 - New 2012-based Household Projections were released by the Department for Communities and Local Government (CLG) in February 2015. PPG states that these form the starting point for calculating the overall need for housing, whilst also recognising that they need adjustment to take account of local demographic trends and household formation rates. This is explained further in section 4.

¹ 'Objectively Assessed Need and Housing Targets: technical advice note' (PAS, June 2014):

http://www.pas.gov.uk/web/pas1/local-planning/-/journal_content/56/332612/6363116/ARTICLE

² 'Sensible decision-making without a Local Plan' (PAS, March 2015): http://www.pas.gov.uk/local-planning/-/journal_content/56/332612/7138663/ARTICLE

- Case law (e.g. Hunston Properties Ltd v St Albans DC 2013 and Solihull MBC v Gallagher Homes 2014) has shown that previous approaches to calculating the supply of housing land which take account previous plan targets may no longer be appropriate. These types of High Court judgements explain how local planning authorities should interpret national policy and therefore carry weight in decision making.

1.3 These changes have been outside of the control of the Borough Council. However they have implications for the calculation of the local housing land supply. These implications are explained in more detail throughout this report.

2. National Policy and Guidance

2.1 Paragraph 47 of the NPPF requires Local Planning Authorities to annually identify and update a supply of specific deliverable sites sufficient to provide five years worth of housing against the housing requirements for the area. To be considered 'deliverable', sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular the NPPF points out that the development has to be viable in order to be considered to be deliverable.

2.2 The PPG states that sites with planning approval can be considered to be deliverable but that this is not a prerequisite; sites without planning approval can be considered as deliverable if there is strong (robust and up-to-date) evidence that they will receive planning approval and can be delivered within five years. They must not have significant constraints to overcome, for example new infrastructure provision. Three such sites have been included in this year's housing land supply and these are detailed in section 8.

2.3 Assessments such take into account the anticipated trajectory of housing delivery, and consideration of associated risks and an assessment of the local delivery record

2.4 The PPG also states that housing requirement figures in up to date adopted Local Plans should be used as the starting point for calculating the five year supply. Such figures are considered to be the most robust because;

- a) they are derived from a full objective assessment of housing needs for the area which has taken into consideration both demographic and market trends;
- b) they have taken into account policy constraints such as sustainability or environmental factors and housing land availability issues;

- c) they have been informed by duty to cooperate discussions with neighbouring local authorities, and;
- d) they have been tested through public consultation and an independent examination.

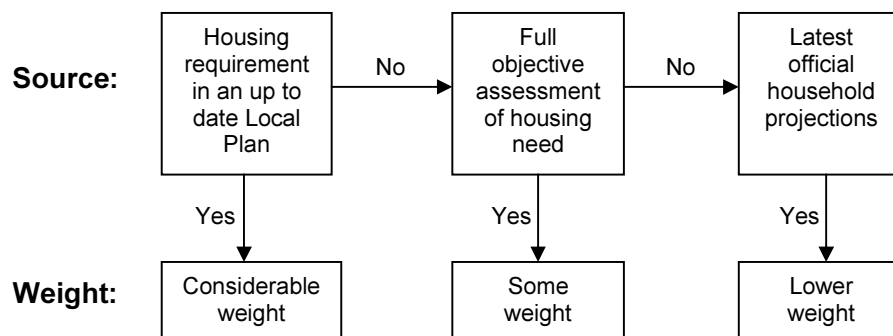
2.5 The PPG also states that adopted Local Plan targets may not adequately reflect current housing needs where the evidence underpinning them dates back several years, such as that drawn from revoked regional strategies.

2.6 In the absence of having a housing requirement derived from an up to date Local Plan and where evidence in a Local Plan has become outdated, the PPG states that the latest full objective assessment of housing needs should be considered. This is normally identified through a Strategic Housing Market Assessment (SHMA). However, the weight attached to such an Assessment has to take account of the fact they have not been tested or moderated against relevant constraints. Such constraints are meant to be identified in a Strategic Housing Land Availability Assessment (SHLAA).

2.7 The PPG goes onto indicated that where there is no robust recent assessment of full housing needs, as set out in a published SHMA, the household projections published by CLG should be used as a starting point for calculating an area’s housing need. Again, the weight given to these projections needs take in to account that they have not been tested against local circumstances, market signals or physical constraints.

2.8 The diagram below illustrates the weighting attached to the different sources of housing requirement.

Figure 1: Weighting of the different sources of housing requirement



3. The Newcastle-under-Lyme Situation

3.1 Newcastle-under-Lyme’s current housing target is set by the adopted Core Spatial Strategy (CSS). This sets a target of 5,700 net additional dwellings

over the plan period from 2006 to 2026, equating to an annual average requirement of 285 net new dwellings per year. This figure is derived directly from the West Midlands Regional Spatial Strategy Phase 2 Revision which has since been revoked. In light of the PPG, this housing requirement may not be considered to 'adequately reflect current housing needs' and whilst it has been used in the past it should no longer be used to assess supply.

- 3.2 The Borough Council is working with Stoke-on-Trent City Council on the preparation of a new Joint Local Plan. This will replace the Core Spatial Strategy and it will set a new housing requirement which will take in to consideration a full, up to date objective assessment of housing needs for both areas. In order to provide the evidence for these housing needs, both authorities have commissioned a new Strategic Housing Market Assessment (SHMA) which is due to be published in time for when the Councils consult upon the Joint Local Plan Issues and Options document in Autumn of this year.
- 3.3 There will be a need to further test the objective assessment of housing needs identified within the SHMA in order to precisely establish the number of houses that will be required over the next plan period. This further testing will include modelling within a new Employment Land Review to determine the levels of housing development required to accommodate a future workforce, as well as public consultation on the various different options for growth presented within the Issues & Options document. A new housing requirement will subsequently be developed as work on the Joint Local Plan progresses.
- 3.4 At present, taking into account the above, the Council considers it appropriate to use the Government's official household projections as the starting point for determining the housing requirement to measure the borough's housing land supply against.

4. Using the Household Projections

- 4.1 CLG published the latest household projections in February 2015. These are calculated from the 2012-based sub-national population projections which are prepared and issued by the Office for National Statistics. The household projections start from 2012 and they project forward to 2037.
- 4.2 The projections indicate a growth in the number of households within Newcastle-under-Lyme from 52,817 in 2012 to 58,612 in 2037. This is an increase of 5,795 households over a 25 year period, leading to an annual average increase of 232 new households requiring accommodation each year.

- 4.3 These latest projections have to be treated with a degree of caution as they are informed by past trends from the preceding five year period (2007-2012). They are therefore considerably affected by the economic downturn in 2008 and 2009 when households were forming at a much slower rate (due to circumstances such as young couples and families being unable to afford homes of their own and therefore living with other family members). This means that the actual need for housing may have been underestimated within these latest projections.
- 4.4 In order to balance out this potential underestimation the Council considers that it is necessary to also have regard to the 2008-based household projections, as these take in to account a more positive economic climate between 2003 and 2008, when households were forming at a greater rate and were therefore more able to occupy new properties. The 2008 projections identified an annual average increase of 335 new households forming each year.

5. Past delivery against the Housing Requirement

- 5.1 To ensure choice and competition in the market for land, the NPPF requires local planning authorities to add an additional 5% buffer to their housing requirements over the next five years. Where there has been a record or persistent under-delivery, this buffer is to be increased to 20%.
- 5.2 In order to determine whether or not we have persistently under-delivered and are therefore required to increase the buffer to 20%, we need to measure our past housing delivery against the housing requirement established by the two sets of household projections.
- 5.3 Table 1 below shows our annual dwelling completions as measured against the housing requirement derived from the household projections for each of the previous monitoring years.

Table 1: Housing Delivery 2008-2015

Monitoring year:	Net dwelling completions:	Household Projection Requirement:	Delivery against Requirement:
2008-09	277	335	-58
2009-10	207	335	-128
2010-11	183	335	-152
2011-12	251	335	-84
2012-13	414	232	+182
2013-14	295	232	+63
2014-15	219	232	-13

Total:	1,846	2,036	-190
Average per year:	264	291	-27

- 5.4 As described above, the 2008 and 2012 household projections have been used as the basis for measuring past delivery in the borough. The 2012-based household projections have been applied to the period between 2012 and 2015, giving a requirement of 232 new dwellings per annum, and the 2008-based household projections have been applied to the preceding period between 2008 and 2012, giving a requirement of 335 new dwellings per annum. Using both sets of projections to look back over a longer period of time enables peaks and troughs in the housing market to be taken in to account and to balance them out.
- 5.5 The Table shows that housing delivery for the years 2008 to 2012 were persistently below the household projections. This led to a cumulative shortfall of 422 dwellings by 2012. Dwelling completions increased to a peak of 414 in 2012/13, but have fallen away again since then. This is largely due to the delivery of a number of larger developments over this period, including;
- Silverdale Colliery (300 dwellings);
 - Land off Keele Road, Newcastle (293 dwellings);
 - Former Wolstanton Colliery (237 dwellings);
 - Former GEC Site, Lower Milehouse Lane (127 dwellings);
 - Land at Charter Road, Newcastle (117 dwellings).
- 5.6 The peak in delivery and the subsequent falling away follows national rates of construction over the same period. This has led to a cumulative shortfall of 190 dwellings in the borough by 2015.
- 5.7 Given this existing shortfall and previous years of under-delivery (5 out of 7) it is appropriate to apply a 20% buffer to our housing requirement over the next five years. It is relevant to note that this was the view which the Inspector in the January 2015 Gateway Avenue, Baldwin's Gate appeal came to³. He concluded as follows:-

“In assessing the correct buffer to apply, it is good practice to look at the Council's housing delivery figures over a significant period of time to iron-out short term fluctuations. The Council's own evidence is that the CSS target of 285 dwellings per annum has been met in only 2 of the last 8 years, and Mr Bridgwood (the Council's planning witness) submits that the

³ Appeal reference number: APP/P3420/A/14/2218530

current year appears to be on a similar upward trajectory, the fact remains that there is a large cumulative deficit of some 303 dwellings, which amounts to more than a full year's requirement. To my mind, the evidence clearly demonstrates persistent under-delivery, thereby requiring a 20% buffer to be applied".

- 5.8 Although the Inspector made this judgement against the Core Spatial Strategy housing requirement, the principle of determining past under-delivery against the household projections remains the same.
- 5.9 The cumulative shortfall is no longer more than a full year's requirement, and the Council is now measuring itself against a different requirement, however the position now is fundamentally as it was in January at the time of the appeal decision (and it is now known that delivery in 2014/15 did not demonstrate the upward trajectory anticipated by the Council's witness, but actually declined).

6. Housing Requirement over the Next Five Years

- 6.1 In line with the approach to measuring past delivery against the two sets of household projections in section 5 above, both projections are also used to project the amount of new housing to be delivered in the next five years between 2015 and 2020. This ensures consistency and presents a balanced picture between periods of significant economic growth and decline.
- 6.2 An average figure for the number of new households to be created each year is derived from both sets of projections. This annual average is then used to determine the annual requirement going forward. This is calculated as follows:

Table 2: Calculation of housing requirement for next five years

Average annual new households: (derived from 2008-based household projections)	335
Average annual new households: (derived from 2012-based household projections)	232
Average annual new households derived from both projections:	284

- 6.3 Projecting forward this average household increase of 284 new households per year indicates a requirement for 1,420 additional dwellings to be completed in the next five years up to 2020.
- 6.4 In light of the cumulative shortfall and the persistent past under-delivery identified in section 5, it is appropriate to apply a 20% buffer to the borough's housing requirement over the next 5 years, as required by

paragraph 47 of the NPPF. The current shortfall of 190 dwellings also needs to be added to the requirement. This is summarised in the table below.

Table 3: Additional housing requirements for next five years

Requirement for next five years: (derived from annual average of 2008 and 2012- based household projections)	1,420
+ existing shortfall (190 dwellings)	1,610
+ 20% buffer (322 dwellings)	1,932

7. Windfall Allowance

7.1 Paragraph 48 of the NPPF states that local planning authorities can make an allowance for windfall development in their five year supply if there is compelling evidence that such sites have consistently become available in the area and will continue to provide a reliable source of supply. Windfall sites are defined as those which have not specifically been identified as available in the Local Plan process. A windfall allowance should be realistic and have regard to the Strategic Housing Land Availability Assessment (SHLAA), historic windfall delivery rates and expected future trends.

7.2 The table below shows the past trends in windfall site completions since 2008. These typically comprise of changes of use and conversions and sites not already identified in the published SHLAA.

Table 4: Calculation of the windfall allowance

Year:	Windfall Completions		Total:
	Change of use/ Conversions:	Sites not identified in the SHLAA:	
2008-09	18	30	48
2009-10	39	8	47
2010-11	3	18	21
2011-12	16	11	27
2012-13	25	6	31

2013-14	18	15	33
2014-15	24	2	26
Average per year:			33

7.3 A windfall allowance of 33 dwellings per year for the last two years of the next five year period is carried forward in to the housing land supply calculation in the next section. This figure is applied to the last two years (i.e. 2018-2020) in order to avoid any duplication with existing planning approvals which are likely to be built in the next three years. This is lower than the allowance of 40 dwellings per year identified in last year's statement. This is due in part to the windfall completion figures for 2014-15 being lower than in preceding years.

8. Current Five Year Housing Land Supply

8.1 The Appendix to this report lists all sites included in the five year housing land supply. This includes all sites with existing planning approval as at 1st April 2015 and three sites without planning approval but which are highly likely to be deliverable in the next five years.

8.2 The inclusion of these three additional sites follows the guidance in the NPPF and PPG as described in section 2. Details of the three sites and the reasons for including them are as follows:

- Wilmot Drive, Cross Heath (100 dwellings) – this is a deliverable SHLAA site (no. 337) that has been included because the landowner has given sufficient assurance that planning approval is to be sought within a year and that 100 new dwellings (out of a total of 240) can be delivered within the next five years. It is also identified as a development site in the Knutton and Cross Heath Development Sites (Phase 1) Supplementary Planning Document.
- Ashfields New Road, Cross Heath (42 dwellings) – this is a deliverable SHLAA site (no. 9775) that has been included because the planning agent has given sufficient assurance that planning approval is to be sought this year and that all dwellings proposed on the site can be delivered before 2017.
- The Hawthorns, Keele (55 dwellings) – this is a deliverable SHLAA site (no. 40) that has had a planning application submitted on it for 92 dwellings (13/00424/FUL). Although the application was refused, as far as the Council was concerned the principle of residential redevelopment of the site was acceptable, but the scheme involved overdevelopment and harm to the character of the Conservation Area and the locality. A decision on the subsequent appeal is currently awaited. In light of this, the Council considers that the site

ought to be considered within the supply but at the lower figure recognised as deliverable within the SHLAA. This will be revisited once the appeal decision has been made.

- 8.3 Taken together, these three sites contribute 197 new dwellings to the supply of housing land over the next five years.
- 8.4 The remainder of the housing land supply is made up of sites with planning approval. Some of these approved sites have had some housing development completed on them (these completions are taken in to account in section 5). The remaining capacity of these approved sites once completions have been deducted is 1,698 new dwellings. Of these, as at 1st April 2015, 256 had been resolved to be permitted by Planning Committee and were awaiting the signing of Section 106 obligations at that date.
- 8.5 Table 5 below summarises all of the capacity included within this statement. Details of all of the sites are set out in an appendix to this report.

Table 5: Housing site supply 2015-2020

Source of Supply:	Dwellings:
Remaining capacity of sites with planning approval at 1 st April 2015:	1,442
Capacity of sites resolved to permitted by Planning Committee but awaiting signing of Section 106 obligations as at 1 st April 2015:	256
Capacity of sites with no planning approval but anticipated to deliver new housing prior to 2020:	197
Windfall allowance:	66
Total:	1,961

9. Housing Land Supply Calculation

- 9.1 The previous sections of this report explain all of the different considerations that need to be factored in to calculating the supply of housing land. This section brings together all of these factors to determine how the capacity of land for housing development in the borough compares with the requirement over the next five years.

- 9.2 The basic calculation to determine this is the amount of housing land available (the supply) divided by the annual requirement (the demand). This is set out in Table 6 below.

Table 6: Calculation of the housing land supply

Housing requirement 2015-2020:	1,932
Annual Requirement (i.e. 1,932 divided by 5 years):	387
Total Housing Land Supply:	1,961
Number of years' worth of housing land supply against the requirement: (i.e. total supply of 1,961 divided by the annual requirement of 387)	5.07

- 9.3 The Table indicates that the borough could demonstrate a five year supply of housing land if the as yet unidentified Local Plan housing requirement were comparable to the combined requirement of the 2008 and 2012-based household projections. This takes in to account the additional requirement of the 190 dwellings cumulative shortfall and the application of a 20% buffer for past under-delivery identified in section 6.
- 9.4 Whilst this appears to demonstrate a five year supply of housing land it must be noted that because the calculation is based on the two most recent household projections from 2008 and 2012, it is only a starting point in calculating the housing land supply situation in the borough. It therefore has lower weight in planning decisions than a housing requirement set within an up to date and NPPF compliant Local Plan.