

CHESHIRE EAST COUNCIL

REPORT TO: STRATEGIC PLANNING BOARD

Date of Meeting: 8 February 2013
Report of: Strategic Planning & Housing Manager
Subject/Title: Cheshire East Strategic Housing Land Availability Assessment
Portfolio Holder: Cllrs David Brown & Rachel Bailey

1.0 Report Summary

- 1.1 This report considers an update to the Strategic housing Land Availability assessment (SHLAA). It considers the different methodologies that might be employed, the various sources of housing supply – and reaches a conclusion as to the current supply figure in Cheshire East.

2.0 Decision Requested

- 2.1 That Strategic Planning Board recommends that the Cabinet Portfolio Holder:
1. Approves for publication the Strategic Housing Land Availability Assessment attached at Appendix 2

3.0 Reasons for Recommendations

- 3.1 To ensure that the Council has appropriate measures in place to document the current housing land supply position..

3.0 Wards Affected

- 4.1 All wards

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications including

– Carbon Reduction

- 6.1 The existing adopted Local Plans and Draft Local Plan all focus development on the edge of settlements where there is a good range of jobs, shops and services and a high standard of accessibility by means of travel other than the car. The SHLAA also highlights suitable sites for the redevelopment of previously developed land within settlements for additional housing. New housing will be required to be energy efficient.

- Health

- 6.2 New housing developments will be required to include affordable housing which will be available for people in housing need, providing them with improved healthier living conditions. Sites will also be required to provide open space.

7.0 Financial Implications

- 7.1 If the Council is unable to demonstrate a 5 year supply of housing and then subsequently refuses planning applications for housing it may be vulnerable to costs awards at appeal. This is especially so where it can not adequately substantiate a reason for refusal or is otherwise found to be unreasonable. The effective management of housing land supply is a means of mitigating this risk.

8.0 Legal Implications

- 8.1 S.38 of the Planning act 2004 requires that determinations on planning applications be made in accordance with the Development Plan unless material considerations indicate otherwise. Prime amongst those considerations is the National Planning Policy Framework (NPPF). Paragraph 47 of the NPPF requires Local authorities to provide an annual assessment of housing supply, including identified sites.

9.0 Risk Management

- 9.1 If the Council fails to provide sufficient housing over a long and sustained period of time then it risks increasing house prices, stifling economic growth and eroding choice and balance in the housing stock.
- 9.2 In the shorter term if the Council fails to demonstrate a 5 year supply of housing land it is vulnerable to losing appeals on residential planning applications. Consequently housing may end up being built in locations which the Council and local community consider unsuitable.

10.0 Background & Policy Context

- 10.1 Paragraph 47 of the National Planning Policy Framework (NPPF) requires local authorities to do several things in order to “boost significantly” the supply of housing.
- 10.2 The First is to ensure that the Local Plan meets the full objectively assessed need for housing, as far as is consistent with the policies of the Framework. This is further discussed below at paragraph X.
- 10.3 The second requirement is to identify and update annually a supply of specific “deliverable” sites sufficient to provide five years of housing against their housing requirements. The NPPF describes in uncharacteristic detail how a deliverable site should be defined:

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 and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will

not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.

A buffer of either 5 or 20% then needs to be added (see paragraph X below)

- 10.4 The NPPF does not specify how the supply of housing should be identified and updated each year – but it is ordinarily done via a Strategic Housing Land Availability Assessment – and paragraph 48 of the framework endorses the continued use of this tool. Guidance on the preparation of the SHLAA is contained within the 2007 publication “Strategic Housing Land Availability Assessments – practice guidance”. Whilst this document redates the NPPF and includes references to other documents now revoked it remains the current national guidance on preparing these assessments. Accordingly the Council has followed the approach of this guide in the preparation of its SHLAA
- 10.5 The advice is that housing supply should be updated annually. To properly gauge supply an assessment needs to be made at a single point in time to accurately capture all the various changes in supply and to provide a consistent baseline for measurement. Accordingly the current SHLAA takes a base date of 1 April 2012.

11 Methodology

- 11.1 Despite the publication of national guidance, there remains areas of the assessment where different methodologies can be applied. As with any numerical assessment, diverse approaches and varying calculations will inevitably provide different final outcomes. For this reason planning appeal inquiries are occasionally burdened by protracted and wearisome debates on housing supply methodology.
- 11.2 As a consequence, it is important to be transparent and clear about the exact methodology employed. The approach taken by the Council in certain key areas of preparing the SHLAA is therefore set out below:

Housing Supply Requirement

- 11.3 In relation to housing matters the Development Plan for Cheshire East comprises the North West Regional Spatial Strategy and the Local Plans of the three district Boroughs. The former deal with housing numbers up to 2011, but the RSS looks ahead to 2021 and establishes an average housing requirement of 1150 homes per year. This figure was tested through examination and was supported by appropriate evidence. Whilst the Government has signalled that the RSS will be revoked and measures are underway to secure this, it remains extant for the time being. Whilst it remains, any Local plan produced by Cheshire East must be in general conformity with it.
- 11.4 In addition to this, the NPPF requires that local authorities to use their evidence base to meet the full objectively assessed needs for housing – as far as that is consistent with the policies of the Framework. There are factors within the evidence base that serve to elevate the housing requirement – most especially the Strategic Housing Market Assessment (SHMA). This document

sets out an unconstrained need of around 4,000 homes per year. However this figure takes no account of physical, environmental, social and related constraints. The SHMA is currently being updated and so will provide a more recent perspective on housing need to inform the final Local Plan Core Strategy. However, based on existing assessments and other relevant evidence, the Council has already made a judgement as to the housing numbers appropriate for the area through to 2030

11.5 The Cheshire East Local Plan Development Strategy states that '*Sufficient land will be provided to accommodate at least 27,000 homes between 2010 and 2030. This will be phased as follows:*

- 2010 to 2015 - at least 1,150 homes each year (5,750 total)
- 2016 to 2020 - at least 1,250 homes each year (6,250 total)
- 2020 to 2030 - at least 1,500 homes each year (15,000 total)'

This illustrates an intention to increase housing supply steadily over the plan period and especially after 2020. This approach not only broadly conforms to the RSS position, but also reflects other issues such as infrastructure provision and the current depressed state of the housing market, which continues to deliver at levels well below the historic norm. Further information in support of the housing numbers within the Draft Plan is found within the Population Projections and Forecasts background paper (see Appendix 1)

11.6 Employing the figures with the Development strategy document, a five year supply therefore equates to:

- 6,050 dwellings in Years 1 to 5 (April 2013 to March 2018)
- 7,000 dwellings in Years 6 to 10 (April 2018 to March 2023)
- 7,500 dwellings in Years 11 to 15 (April 2023 to March 2028)

Totalling 20,550 for the 15 year period through to 31st March 2028.

Dealing with the backlog

11.7 One of the variables within the SHLAA methodology is how to deal with any under provision of housing within the current plan period. Over the decade leading to 2010, housing supply largely matched RSS provision averaging 1147.5 homes per year. Consequently it is assumed that there is no "carry over" from the previous decade and that the New Local Plan base date of 2010 therefore starts afresh. Supply is thus considered against the current Local Plan period:

- 2010-2012 Cheshire East net completions = 1,043 dwellings
- 2010-2012 Cheshire East Development Strategy = 2,300 dwellings
- Shortfall = 1,257 dwellings

11.8 This shortfall needs to be addressed so that there is no overall loss of provision over the plan period. Some will argue that the whole of any identified shortfall needs to be recouped over the next five years. However such a position would appear to contradict the fact that housing completions frequently vary – and that it is deliver over the plan period that ultimately matters to the housing market. There are also provisions within the NPPF for the application of buffers (see further below); this suggests that the redemption of any shortfall within a five year period should be limited to 20%.

In any event it is recommended that this issue will be addressed following the methodology proposed by the Home Builders Federation, as follows:

- Residual Plan Period = 2012-2030 = 18 years
- Residual dwellings = 27,000 – 1,043 = 25,957 dwellings
- Residual annualized figure = 1,442 dwellings
- Additional annual residual figure 1,442.06 – 1,350 = 92 dwellings
- Additional 5-year residual figure 92.06 x 5 = 460 dwellings

This therefore produces a new 5-year housing land supply figure (for years 1-5) of 6,510 dwellings, equating to an annual average of 1,302 homes.

Sources of Supply

11.9 Sources of supply include:

- The Local Plan Development Strategy
- Sites that are currently allocated in the Local Plans (for the former authorities)
- Sites that are under construction
- Sites that have full or outline planning permission
- Sites that have permission subject to Section 106 agreements
- Sites that do not have permission including:
 - Sites that have been submitted through the Call for Sites process
 - Sites that have been on historic housing databases (ie urban capacity studies or NLUD)
 - Sites that have been considered in previous planning documents (eg Town Strategies or historic Site Allocations documents or Local Plans)
 - Council owned land
 - Sites that have been added through officer knowledge
 - Sites that have previously had permission but are now expired
 - Sites that are subject to current applications
 - Sites that have planning permissions that have been determined after the base date

11.10 Around 2,200 sites were considered as part of the Strategic Housing Land Availability Assessment, of these approximately 1,600 sites are considered suitable for housing during the next 15 years. These sites could potentially provide a total of 49,645 dwellings over the next 15 years. **It also identified 9,771 deliverable dwellings that were expected to come forward within the 1-5 year period.**

11.11 The Council's Development Strategy and Policy Principles collectively comprise a draft Local Plan Core strategy – essentially a preferred option draft Plan. This will be followed by the Final Draft Core strategy which will then be submitted to the Secretary of State. Following examination this will then be adopted and will become the Development Plan for the Borough. The Development Strategy was approved for consultation by the Council's cabinet on 10 December. At that meeting it was also resolved that the Strategy be employed as a material consideration in decision making.

11.12 Paragraph 216 of the NPPF makes it clear that decision makers can give weight to emerging Plans and policies. The degree of weight will depend on how advanced the Plan is, the level of unresolved objection and the degree of conformity with the Framework. The NPPF also makes it clear that the planning system should be plan led – and that communities should be

empowered to shape their surroundings. In many cases sites that appear within the development strategy have also been endorsed by the relevant Town Council in the preceding town strategies. Accordingly they enjoy a pedigree of plan making, public participation and approval which other sites do not necessarily possess.

- 11.13 It is also proposed to include sites that do not currently have planning permission as deliverable sites within the SHLAA. It is sometimes argued that only sites with consent should be included within the five year supply (ironically often by the promoters of sites that themselves do not have planning permission, but aspire to acquire it). The SHLAA guidance itself at paragraph 20 makes it clear that sites not yet included within the planning process should be considered. It is then a matter of the characteristics of these sites as to whether they can be considered genuinely deliverable.

Build rates

- 11.14 In relation to the delivery of the sites within the Strategic Housing Land Availability Assessment it is proposed that a consistent approach is applied to all sites, dependent on the stage within the planning process and the size of the site¹. Alternative build rates will be considered where additional information has been provided or in line with any current planning permissions. The standard build rates are set out in Table 1 below.

Table 1: Standard Build Rates					
Site Status		Site Size / Number of Dwellings			Notes
		Less than 50 homes	50 to 200 homes	200 plus homes	
Under construction	Lead in time	N/A	N/A	N/A	Build rate applied to residual capacity
	Build rate (per annum)	15 dwgs	30 dwgs	50 dwgs	
Full Planning Permission / Reserved Matters	Lead in time	1 year	1.5 year	2 year	Lead in time to allow for infrastructure provision and construction start up.
	Build rate (per annum)	15 dwgs	30 dwgs	50 dwgs	
Outline Planning Permission	Lead in time	1.5 years	2 years	2.5 years	Lead in time to allow for full permission / reserved matters, infrastructure provision and construction start up.
	Build rate (per annum)	15 dwgs	30 dwgs	50 dwgs	
Sites without permission	Lead in time	2.5 years	3 years	3.5 years	Lead in time to allow for planning permission, infrastructure provision and construction start up.
	Build rate (per annum)	15 dwgs	30 dwgs	50 dwgs	

¹ Allowing for increased potential of more than one house builder to bring forward larger sites and for increased lead in times in infrastructure provision.

Buffers

- 11.15 The NPPF advises that a five percent buffer should be applied to the requirement to identify five years worth of specific deliverable housing sites. It is stated that this buffer “to ensure choice and competition in the market for land”. This buffer is moved forward from the remainder of the Local Plan period and so is not an ‘extra’ requirement. In essence the Framework advises that some extra flexibility is required to ensure that the five years supply is not (for example) all in the hands of a limited number of companies or sites.
- 11.16 The framework goes on to indicate that where there has been “a record of persistent under delivery of housing” the buffer should be increased to 20%. This is in order to “provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land”. This suggests that where housing completions have historically failed to achieve the development plan target extra land should be identified to give the best possible chance of meeting the supply requirement.
- 11.17 In Cheshire East, the housing market has traditionally been prosperous – indeed the Borough contains some of the most desirable residential property outside of the southeast. However even outside of these choice areas the Cheshire East Strategic Housing Market Assessment reported that estate agent confidence in the Borough was strong, despite the impact of the recession.
- 11.18 This is backed up by the historical pattern of completions over preceding years. The average number of net dwellings completed over the last 15 years (1997 to 2012) is 1141 each year, during this time net completions each year have varied from 520 to 1500 homes pa.
- 11.19 It is only with the advent of the current recession that housing completions have dipped below the development plan target. The reasons for this hardly need rehearsing, but are rooted in the national and international financial climate, rather than any local circumstances in Cheshire.
- 11.20 Cheshire has historically proved to be a prosperous housing market where housing completions have matched or outstripped development plan targets. The advent of the current recession has changed this picture, with underperformance in the past few years of deep (now treble dip) recession. This current down turn is not considered to be a record of ‘persistent under delivery’ as described by paragraph 47 of the NPPF but rather a reflection of pervading national trends. Accordingly it is proposed that the standard 5% be applied to the housing supply in the Borough.
- 11.21 Incorporating a 5 % buffer:
- $5\% \text{ of } 6,510 = 325.5$
 - $6,510 + 325.5 = 6,835.5$
 - Annual figure = 1,367.1

12 Conclusions

11.22 The revised SHLAA has examined all available sources of housing supply and assessed them in terms of their potential to contribute to housing supply over the next 15 years. The methodology has followed the example of the CLG good practice guidance and the approach of the Home Builder's Federation. **Incorporating a 5% buffer within the 1-5 year supply, The SHLAA identifies sufficient sites equivalent to 7.15 years housing supply for the years April 2013 to March 2018.**

13.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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Appendices

- Appendix 1 Background Paper – Population Projections & Forecasts**
- Appendix 2 Cheshire East Strategic Housing Land Availability Assessment**
- Appendix 3 SHLAA Appendix D – Site Proformas (on line only)**