

Item for Decision

## Five Year Land Supply Statement 2020

Summary: This report seeks to publish North Norfolk District Council's 2020 Five Year Land Supply position and the Housing Delivery Test (HDT) results. The results for both tests for 2020 are presented.

Recommendation: That the Statement of Five Year Land Supply 2020-2025 is published.

Cabinet Member(s)	Ward(s) affected
Cllr Andrew Brown	All
Contact Officer, telephone number and email: Rakesh Dholiwar, <a href="mailto:rakesh.dholiwar@north-norfolk.gov.uk">rakesh.dholiwar@north-norfolk.gov.uk</a> . 01263 516161	

### 1. Introduction

- 1.1 The National Planning Policy Framework (NPPF) sets out the requirements for Planning Authorities to address housing need for their area and delivering a sufficient number of homes via the Local Plan and the determination of planning applications.
- 1.2 **Five Year Land Supply Statements (5YLS)** look *forwards* over the next five-year period and compare dwelling requirements over this period with the likely supply of suitable development sites. Failure to maintain a sufficient supply of future development sites reduces the weight that can be given to adopted policies, thereby introducing a policy presumption that planning permission should be granted for sustainable developments, including in circumstances where the proposals may not comply with locally adopted Plans. This presumption should be applied until such time as the land supply position has improved.
- 1.3 The **Housing Delivery Test (HDT)** is published by DCLG on an annual basis. It looks *backwards* over a three-year period and records the number of dwelling completions and compares this to dwelling requirements over the same period. The result is expressed as a percentage of the number delivered compared to the number required. Where this falls below a 100% and by how much, determines which measures, if any, an authority may need to take to improve delivery.

### 2. Five Year Land Supply 2020-2025

- 2.1 The Council is a requirement to produce a statement which compares the future target for the delivery of new homes to the supply of housing land that is available to meet that target. This statement is important both in monitoring

progress on the delivery of homes and ensuring that sufficient development land is available to accommodate future needs.

- 2.2 The formal requirement is that each Authority should always have available sufficient deliverable sites for the next five years of required housing growth. It is not enough to allocate sites in Local Plans or grant planning permission for development - the test requires that there must also be a *realistic prospect* that planned development is actually going to be built within the next five-year period. The test is intended to ensure that the absence of suitable development sites will not hold back required development. If an Authority is unable to demonstrate a five-year land supply (sufficient development land for the next five years) it should take measures to make more land available, for example, by granting more deliverable planning permissions, or allocating more land in a Local Plan, or introducing other measures to incentivise the quicker delivery of sites.
- 2.3 For a) Five Year Land Supply purposes, and b) setting housing targets in Local Plans, the number of homes required over the period is calculated in accordance with a standard national methodology which, although derived from the same National Household Projections as the HDT, produces significantly higher requirements. This is because the standard methodology includes the addition of a substantial 'uplift' in future home requirements with the size of the uplift determined by the relationship between local incomes and local house prices (the affordability ratio). Where this ratio is high this uplift can be substantial and in the case of North Norfolk it adds around 37% to the future dwelling requirement, increasing it to 553 dwellings per annum from 404 dwellings per annum.
- 2.4 In order to ensure that there is sufficient choice and flexibility in future land supply the National Planning Policy Framework (NPPF) also requires that a further 5% buffer is added to the five-year requirement.
- 2.5 In June 2019 the Council commissioned Opinion Research Services (ORS) to undertake a review of Local Housing Needs. This review was focused on establishing the future need for homes in the District and in particular considered if the 2014-based National Household Projections represented a robust starting point for assessing future requirements. The 2014 Projections had previously been accepted as being flawed and shown to overestimate the requirement for new homes in the District. The review concludes that the 2014 Projections overestimate housing requirements by a significant amount and in light of this the Council has resolved that pending the results of an on-going review of the standard national methodology the requirement for new homes in North Norfolk is **487** dwellings per annum. This figure is derived from the later 2016-based National Household Projections, which are considered to be more representative of actual growth rates in the district, and incorporates the standard affordability uplift required by the national methodology together with a further 5% buffer to extend choice as required by the NPPF.
3. Taking account of the planning permissions which have been granted, the allocated development sites in the Site Allocations Development Plan and making an allowance for windfall developments as of April 2020 there is a total assessed deliverable supply of land suitable for some **2,513** new homes in the District.

3.1 **This equates to 5.16 years land supply when compared to the requirement to deliver 487 dwellings per year.**

#### **4. The Housing Delivery Test.**

4.1 The Housing Delivery Test was introduced in 2018 following the publication of a revised National Planning Policy Framework. It is a standard national measure of how each Authority in the Country has performed in terms of delivering homes over the preceding three years. The results are compiled and published annually by Department of Communities and Local Government (DCLG) and compare the **requirement** for new homes over this period with the actual numbers of new dwellings built. Housing completions data is provided by Local Authorities which submit an annual return. The *required* number of homes used in this test is either the current Local Plan housing target (where a Plan is up to date) or, where a Plan is more than five years old as is the case with North Norfolk, the annual average number of new households which are likely to form in an area derived from national household projections published by the Office for National Statistics (ONS). The national household projections are published every two years and the HDT is currently based on projections published in specific years (2012 and 2014 based projections).

4.2 In each of the last three years the number of new homes delivered in North Norfolk has exceeded the targets in both our adopted Local Plan (the Core Strategy has a target of 400 per year) and those derived from the household projections. The District provided **115%**, down from **126%** last year, of the housing requirement over this period and hence passes the HDT. This figure is likely to further diminish next year. Currently the Authority is not required to take any specific actions to improve housing delivery under the HDT.

4.3 The sanctions for not passing the HDT are:

- Where the HDT indicates that delivery has fallen below **95%** of an authority's requirement over the last three years, the authority should prepare an Action Plan to assess the causes of under-delivery and identify actions to increase delivery in future years.
- Where the HDT indicates that the delivery of housing is below **75%** over the last three years, the authority should consider the policies that are most important for determining a planning application as out of date. This means that there is a greater likelihood that planning permission should be granted for proposals which are contrary to locally adopted policies (the so called presumption in favour of sustainable development).
- Where the HDT indicates that the delivery of housing is below **85%** over the last three years a buffer of 20% should be added to the Five-Year Housing Land Supply requirement of the authority.

**Note** – Upon adoption of the new Local Plan the housing target it contains will replace the National Household Projections as the measure for determining if sufficient homes are being delivered for both five year land supply purposes and applying the HDT.

### **Legal Implications and Risks**

- 4.4 The absence of a five-year land supply is a significant risk to the Council. Failure to plan for the required quantity of homes would result in identified housing needs going unmet and increases the risks that planning decisions will depart from the approved Local Plan. It also increases the risks associated with planning applications being made on unallocated sites in locations where local communities expected that the Local Plan would limit development.
- 4.5 It is therefore important that the five-year land supply statement is robust, transparent and accurately represents both previous housing delivery rates and the future trajectory. The approach recommended in this report would fulfill these requirements.

**Recommendation:**                    **That the Council publishes the 2020 Five Year Land Supply Statement.**