

March Update - West Berkshire 5-Year Housing Figures

0063 Kintbury

8 May 2014



1. This file note is an update of the note produced on 15th October 2013.
2. The purpose of this File Note is to set out to Endurance Estates the housing land supply position in West Berkshire following the publication of National Planning Policy Guidance, the Thatcham Appeal and St. Albans High Court Challenge to see if the Council can claim to have a 5-year supply.
3. To this end, this note is structured as follows:
 - West Berkshire 5-year housing land supply position.
 - Thatcham Appeal Background.
 - St. Albans High Court Challenge.
 - Publication of National Planning Policy Guidance.
 - Calculating an alternative 5-year housing land supply.
 - Conclusions.

West Berkshire 5-year housing land supply position

4. An updated five-year housing supply paper has been produced by the Council to set out the position as of December 2013.
5. This paper sets out the requirements according to the adopted Core Strategy and the NPPF. The South East Plan requirement for the District is delivery of 10,500 dwellings between 2006 and 2026, producing an average annual requirement of 525 dwellings. This is the target that the Council has adopted in their Core Strategy.
6. Due to a shortfall in housing delivering between 2006 and 2012 (blamed on the recession), the Council have provided two calculations accounted for this undersupply across the rest of the plan (Liverpool Method) and managing this shortfall in the short term (Sedgefield Method). The Liverpool Method produces a requirement of 2,773 new homes over the five-year period (554.6 per annum), the Sedgefield Method produces a requirement of 2,900 (580 per annum).
7. The Council believe they have a land supply over the next five years for 3,068 units. They have therefore calculated a 5.64 or 5.32 years supply, including the 5% buffer.

Thatcham Appeal Background

March Update - West Berkshire 5-Year Housing Figures

0063 Kintbury

8 May 2014

-
8. As Endurance will be aware, of particular relevance within this District is the outcome of the Appeal on land to East of Tull Way, Thatcham (Appeal Ref: APP/W0340/A/13/2191207). This Appeal was dismissed, with the Inspector noting (at paragraph 13) the Council's 5-year supply position as follows:

"As to the District's housing requirement, I share the appellant's view that it in the context of the need to boost significantly the supply of housing (paragraph 47 of the NPPF), it is preferable to include any backlog of unmet housing need in the requirement for the next five years. But in the absence of any published guidance to the contrary, I cannot find the Council's preferred approach unreasonable. Similarly, in the absence of any alternative specified methodology, I accept that the Council's basis for adopting a start date of April 2013 is reasonable."

9. The approach adopted by the Appellant in this Appeal was to critically evaluate the deliverability of a number of the Council's sites in its housing trajectory and therefore, query the availability of supply. The Council provided the Inspector with recent assurances by developers and demonstrated that other sites not included within the SHLAA December 2012 update document could be brought forward. This meant that the alleged small shortfall in the supply could be addressed without requiring a further call for sites.
10. The key failing in the Appellant's approach was reflected in the Inspector's comments that the Council's supply of housing may be lower than demonstrated, but insufficient evidence was provided by the Appellant to persuade the Inspector that the Council could not meet their stated 5-year supply requirement.
11. By implication, should an alternative more robust methodology have been provided that supported a revised target, then the Council's 5-year HLS target and SHLAA could be undermined. The relevance of this is explained below in the St. Albans Case.

St. Albans High Court Challenge

12. Following the *Hunston Properties Ltd v SoS for CLG and St Albans City DC* High Court Challenge ('the St. Albans case'), decision dated 5th September 2013, it has become clear the approach to demonstrating a 5-year supply as set out in the NPPF must begin with an objectively assessed need. The St Alban's case sets out a number of important factors to be considered when identifying an objectively assessed need prior to the

March Update - West Berkshire 5-Year Housing Figures

0063 Kintbury

8 May 2014

determination of any housing applications. The St Albans case infers that due weight needs to be applied to any housing shortfall and this may outweigh other land constraints, including green belt.

13. It also clearly emphasises the sources of robust data that decision takers may choose to accept. This is particularly important if one party has relied on previous Regional Strategy (RS) figures. Where the RS figures took into account constraint and where there are more up to date housing projections it will be difficult to justify reliance on RS figures. The most recent figures are the 2013 DCLG housing projections, based on the 2011 Census. In the St. Albans case, the most-up-to-date figures were the 2008 DCLG projections, which have been superseded by the 2013 projections. These should be taken as the starting point for identifying an objectively assessed need, over the 2008 DCLG housing projections, based on the 2001 Census, against which the RS targets were set.

Publication of National Planning Policy Guidance

14. On 6th March 2014 the National Planning Policy Guidance website went 'live'. Prior to this a draft version was available in 'beta' mode. The NPPG sets out the method that should be adopted in accounting for the existing undersupply.

"Local planning authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible." (NPPG para. 35)

15. This is the 'Sedgefield Method' and this is taken forward in the alternative calculation below. Additionally, the NPPG sets out the amount of weight that can be attached to the existing Core Strategy:

"Considerable weight should be given to the housing requirement figures in adopted Local Plans, which have successfully passed through the examination process, unless significant new evidence comes to light. It should be borne in mind that evidence which dates back several years, such as that drawn from revoked regional strategies, may not adequately reflect current needs." (NPPG para.30)

Calculating an alternative 5-year housing land supply

16. In light of the NPPG and in the post St. Albans environment, the starting point for calculating the need for housing is now the DCLG Household projections. These figures are updated regularly and the latest figures are based on ONS 2011 census data. These

March Update - West Berkshire 5-Year Housing Figures

0063 Kintbury

8 May 2014



figures expect a growth of 7,102 households in West Berkshire between 2011 and 2021, or an 11.3% increase on the 2011 number of dwellings. Therefore, in accordance with the methodology set out in the St. Albans case, the new starting point is 710.2 new dwellings per year. This can include all types of new housing units. This figure should take into account all nationally available data.

17. Through analysing the 2001 census data against the 2011 census data, this figure is supported by an actual recorded change in population size and number of households. Between 2001 and 2011 there has been a population increase of 6.9% across the South East region and the population of West Berkshire increased by 9339 (6.5%). The number of households in West Berkshire increased by 4980 (8.6%) during this time.
18. When considering these figures together, it demonstrates the population growth and growth in numbers of households have increased at different rates. Therefore, it is possible to see that the average household size in West Berkshire has decreased from 2.51 to 2.46 persons. This trend is expected to continue nationally and will lead to a further increase in the number of residential units required.
19. The DCLG household projection figures form the starting point of any assessment of housing need. These can then be adjusted through sensitivity testing according to other known data, as set out below.

Migration Levels

20. ONS data shows that a higher number of people are out-migrating from West Berkshire than in-migrating. The approximate level of variation is 300 people. Sensitivity testing has been applied and this provides certain assumptions on demographic split.
21. Assumptions on demographic split provide either figures of:
 - low impact to the required number of households, which include individuals leaving family homes such as students or people of working age seeking employment elsewhere; or,
 - assumptions of high impact to the required number of households which include family moves and wholesale shifts in employment base.
22. At the one end all, 300 people could be single occupant households, but at the other end they could be large family units that could account for around 60 households if all were five person families. For the purpose of demonstrating a likely variant to justify an

March Update - West Berkshire 5-Year Housing Figures

0063 Kintbury

8 May 2014



objectively assessed housing need, the mean household size has been applied. The land supply calculation can therefore assume that at a rate of 2.46 people per household this translates to approximately 122 units per year. This demonstrates there is currently a need for an approximate reduction of 122 units from the annualised figures, leaving the adjusted annualised need at 588.2 units per annum.

Completion rates of housing development

23. Completion rates affect the 5-year supply figure as the starting point must be adjusted to reflect the most recent trends. If the Council have not met their target build rate previously this figure needs to be carried into their future supply. As set out above, the Sedgefield method should be adopted.
24. The Thatcham appeal identified that during the last three years there has been persistent under delivery of housing to support the growing needs for housing in West Berkshire. This is correlates with the Annual Monitoring Reports for the years 2009/10, 2010/11 and 2011/12 where net completions have been 246, 199 and 162 respectively. This trajectory demonstrates that housing need is growing when the LPA target has been 525 net completions annually.
25. Additionally the 2012/13 AMR completion figure of 552 units can be added to this updated calculation.
26. The December 2013 paper has considered all completions and requirements since 2006 (the start of the plan period). This has produced a shortfall over the past 8 years of 766 units that need to be accounted for.
27. Applying the Sedgefield method, the undersupply of 766 units would be added to the first 5-years target. That translates to an additional 153.2 units annually. Adding this to the above-adjusted figure of 588.2 units, the completion rate adjusted annualised figure is 741.4 units.

Levels of employment change

28. The variation in the amount and type of employment available in the area assists in setting the need because if a significant employment development is known to be underway, or has recently been completed, it is likely the demand for housing will increase as the jobs become available. Likewise, if the type of jobs available locally changes this will affect the type and tenure of dwellings demanded. A desktop

March Update - West Berkshire 5-Year Housing Figures

0063 Kintbury

8 May 2014

assessment of industrial development within this locality has not been completed, however the Local Plan (and indeed the NPPF) has emphasised there is a need for growth. Therefore, any assumption for housing need is to be considered conservative in light of this.

Conclusion

29. The annualised 5-year supply figure relied upon by West Berkshire is provision of 525 units. Due to the December 2013 update, this has recently been adjusted to take into account West Berkshire's understanding of a further need for either 29.6 units per annum or 55 units, depending on the method used, to be added to the target for delivery.
30. As has been demonstrated above the 5-year HLS figure of 525 units is based on out of date evidence. Following the approach that has been set out via the St Albans High Court Challenge and cross referenced with the Thatcham Appeal case and the NPPG, the annualised 5-year supply figure should begin with 710.2 units and sensitivity testing of known factors and market factors should be considered to arrive at a locally and objectively assessed need.
31. In demonstrating the locally and objectively assessed need, the main factors for consideration and sensitivity testing were population demographics, migratory figures and the general assumption of planning for growth which provides a conservative annualised figure. To further support the development of a more precise 5-year supply figure further evidence garnered from the rising trends of house prices and increases in land value could be obtained via local housing and land agents and RICS.
32. Therefore, the robust 5-year supply figure, on which to base any annual delivery against should be at least 741.4 units per year. This demonstrates an annual undersupply of at least 161.4 units, which amounts to 1,291 across the remainder of the plan period.
33. The Council believe that they have land for 3,068 new units over the next five-year period. Based on the up-to date objectively assessed figure calculated above, they need to provide at least 3,707 new units over the next five-year period plus an additional 5% buffer. Therefore, they need to provide adequate land for at least 3,892 new units. The current land supply provided by the Council gives them 3.94 years supply of housing land.

March Update - West Berkshire 5-Year Housing Figures

0063 Kintbury

8 May 2014

34. The Council is unable to demonstrate a 5-year supply figure as calculated in accordance with the most up to date principles set out by the St. Alban's decision and the NPPG. This means that any application is likely to be a test case for the Council as there are no current outline applications for housing to be determined since the outcome of Thatcham or St. Albans.

A	Housing Requirement 2006-2026	10,500
B	DCLG 2011 Household Projections 2011-2021	7102
C	Annualised DCLG Housing Requirement (B/5)	710.2
D	Average Household Size (people per dwelling)	2.46
E	Average Population Change due to Migration	-300
F	Migration Effect on Housing Requirement (300/D)	-122
G	Revised Annual Housing Requirement (C-F)	588.2
H	Housing Supply Shortfall 2006-2013/14	766
I	Additional Units Required Annually over 5 Years (H/5)	153.2
J	Revised Annual Housing Requirement (G+I)	741.4
K	5 Year Housing Requirement (J x 5)	3707
L	5 Year Housing Requirement +5% Buffer (K+5%)	3892
M	Annualised Requirement over 5 Years +5% Buffer (L/5)	778.4
N	Deliverable Land Supply	3068
O	Housing Land Position (N/M)	3.94