

Report of Director of City Development

Report to Development Plan Panel

Date: 17th June 2014

Subject: Five Year Supply Update March 2014

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The National Planning Policy Framework (NPPF) states that local authorities are required to identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their requirements. The NPPF also requires the addition of a buffer to ensure choice and competition in the market for land.
2. Known as the 5 Year Supply (5YS), this assessment is a critical test for the Council to pass. Demonstration of a five year supply is a key material consideration when determining housing applications and appeals and the NPPF states that without a 5YS local policies for the supply of housing should not be considered up-to-date.
3. The Council uses evidence from the Strategic Housing Land Availability Assessment (SHLAA) and estimated stocks of windfall housing to devise its 5YS.
4. For the period 2014 to 2019 the Council has demonstrated a supply of ~~27,980~~ 28,165 homes, which is some way in excess of the Core Strategy requirement. ~~should the step-up remain in place. It is also in excess of the Core Strategy requirement when spread evenly across the plan period at a rate of 4,375 per annum.~~

Recommendations

5. To endorse the Five Year Supply assessment and publish the outcomes.

1 Purpose of this report

- 1.1 This report summarises the 2014 5 Year Supply (5YS) assessment, which has been undertaken following the update of the Strategic Housing Land Availability Assessment (SHLAA) (see separate agenda item) and seeks endorsement of Development Plan Panel to publish the 5YS. This information will be subsequently used to update the Authority Monitoring Report). This report has been updated to take account of the latest Main Modifications of the Core Strategy Inspector (received on 5th June and revised on 12th June) and their implications for the calculation of a 5 year supply. Changes to the report are shown in red.
- 1.2 The City Council fully recognises the importance of housing growth and delivery and has been proactive across a range of initiatives to stimulate and sustain the housing market, consistent with overall corporate and planning priorities. However, it should be emphasised that the Council has raised a number of concerns with ministers and at a national and regional level regarding the policy issues and implications associated with the identification of a 5YS. Whilst the City Council considers that a 5YS can be demonstrated in Leeds, both members and officers have raised a number of matters regarding the detailed operation of the 5YS, its relationship to the plan making process and the need to give equal weight to other aspects of national planning guidance in the delivery of sustainable development.

2 Background information

National Planning Policy Framework and Guidance

- 2.1 The National Planning Policy Framework (NPPF) states that local authorities are required to identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their requirements. In order to be classed as "deliverable" sites need to be suitable, available and achievable (and in particular viable). These sites are assessed through the SHLAA, which is detailed in a separate report to this Panel.
- 2.2 The NPPF also requires an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of "persistent under delivery" of housing, the NPPF states that local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land.
- 2.3 The recently published National Policy Practice Guidance clarifies the 5YS assessment and 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 but that evidence drawn from revoked regional strategies, may not adequately reflect current needs and

information provided in the latest full assessment of housing needs should be considered

- planning permission or allocation in a development plan is not a prerequisite for a site being deliverable in terms of the five-year supply
- there can be no universally applicable approach to identifying a record of “persistent under delivery” as the factors and implications behind persistent under delivery may vary from place to place
- any undersupply should be dealt with within the first 5 years of the plan period where possible
- empty homes, older persons and student housing can all help to contribute towards meeting housing need

Base Date

- 2.4 For the purposes of the 5YS the base date of a housing trajectory is 1st April 2012 (the base date of the Core Strategy). The Council considers that an assessment of delivery prior to 2012, against flawed regional strategy targets, would unsurprisingly reveal a period of under delivery during the recession. However, this does not constitute persistent under delivery because it is before the base date of the Core Strategy and any un-met housing needs prior to 2012 are addressed within the Core Strategy’s overall requirement of 70,000 (net) homes.
- 2.5 The previous 5YS was for the period April 2013 to March 2018 and had a base date of 1st September 2012. This 5YS assessment covers the period April 2014 to March 2019 and has a base date of 31st March 2014.

3 Main issues

Assessment of Requirement

- 3.1 The 5YS is assessed against an adopted housing requirement in a local plan or an up to date assessment. For Leeds, this is the requirement progressing through the Core Strategy Examination. At the hearing session on 14th May 2014, the Council remains of the view that a step-up represents the most appropriate approach to a housing requirement (i.e. 3,660 per annum between 2012 and 2017 rising thereafter to 4,700 per annum). Following the hearing, the Inspector has now written to the Council (6th June), proposing a further schedule of Main Modifications. The Modifications include the reinstatement of 3,660 p.a. as a delivery target, with amended supporting text, which emphasises that it is unrealistic to expected completion rates in the early years of the plan to achieve the annual average of 4,375 p.a (given market conditions and infrastructure requirements). The target figure of “at least” 3,660 p.a. is therefore included. In terms of the overall 5YS

position, this Modification is considered to provide a more realistic approach to persistent under delivery and backlog.

- 3.2 It is important to recognise that whilst the Core Strategy Inspector has accepted that the housing requirement should be set at a lower level for the first five years of the plan, he expects the Council to implement the plan in a specific manner. For the purposes of identifying a *supply* of sites to provide for five years' worth of housing, his view is that the overall housing requirement of 70,000 homes (net) should be spread evenly throughout the plan period i.e. at a level of 4,375 homes per annum. For the purposes of assessing *performance* he is of the view that the delivery target should be set at a rate of at least 3,660 homes. This modification reflects the fact that despite the range of initiatives being undertaken to stimulate the housing market (including the release of more land), overall the position of the housing market, the need for infrastructure and the demographic evidence indicates that delivery may well not meet the supply requirement within the first five years. As a result of this modification the Council is better placed to avoid being subject to arguments of persistent under delivery in future years.
- 3.3 Within the context of the Inspector's Main Modification (**Appendix 3**) the assessments of the Five Year Supply are set out at **Appendix 1** to this report.
- 3.4 All scenarios now reflect the Core Strategy step-up in Policy SP6 as Modified by the Inspector. ~~Reflecting a step-up the 5YS requirement rests at 20,380. When a 5% is applied this provides a requirement of 21,399.~~ This means that the basic requirement rests at 21,875 for a five year period (i.e. 4,375 homes per annum multiplies by five) but that any under-delivery is assessed against 3,660 homes per annum.
- 3.5 Addressing under delivery over a 10 year period is considered to be a reasonable approach given the significant increase in house building that would be required to meet even the basic requirement and the need to secure housing delivery across an economic cycle. This results in a requirement of ~~22,518~~ **24,151 homes**. It is on this basis that the Council has submitted evidence to a planning inquiry at Grove Road, Boston Spa where the 5YS is determinative.
- 3.6 However, in recognition that the assessment of a requirement may be looked at differently depending on the conclusions of ~~the Core Strategy or~~ planning appeal Inspectors, **Appendix 1** also highlights the difference between the Council's approach (scenario A) and two other potential scenarios.
- 3.7 Scenario B ~~is the same as Scenario A but applies the Core Strategy requirement evenly across the plan period at a rate of 4,375 homes per annum and~~ remedies under delivery within 5 years. This results in a requirement of ~~26,762~~ **25,332 homes**. Whilst this approach is advocated by the NPPG, the City Council does not consider it to be realistic to remedy any undersupply within 5 years and for the

factors set out in para. 3.25 above, for 10 years to be set as the timeframe appropriate for Leeds.

- 3.8 Scenario C is the approach of the house building industry (stating a persistent under-delivery against RSS targets) and inflates Scenario B by applying a 20% buffer. This results in a requirement of 30,043 homes. Such a level is clearly not only undeliverable but in requiring substantial quantities of land to be brought forward in advance of site allocations, would result in significant harm to the plan-making process in Leeds, including the choices that have to be made locally. Consequently, the City Council does not accept this approach **and has vigorously defended a 5% buffer at recent appeals.**

Assessment of Supply

- 3.9 The 5YS is set out at **Appendix 2** and largely comprises the sites in the SHLAA which fall within the short term. It consists of 725 sites and has been categorised as follows:

Type	2014-19
Homes with planning permission	9,949
Homes on allocated sites without planning permission	1,098
Homes with expired planning permission	2,448
Homes on sites with no planning permission	6,259 6,359
Homes on new SHLAA sites	4,685 1,770
TOTAL	21,439 21,624

- 3.10 Over half of the homes identified in the 5YS are from sites with planning permission or existing allocations. In total 11,047 dwellings are expected to be delivered from these categories. Members should note that this is not the total stock of permissions and allocations (this rests at approximately 26,000 homes) but is the level that at least can be delivered from such sites within five years. However, both members and officers have pressed representatives of the house building industry through the SHLAA Partnership, to bring forward unimplemented planning permissions, where possible as a priority.
- 3.11 Sites with expired planning permission make up nearly 2,500 homes and as a result of being assessed as “green” at the issues and options stage of the site allocations plan, are likely to come forward as allocations during the current five year period.
- 3.12 The remainder of the SHLAA supply is made up of sites with no planning permission, including new sites. Similarly, these are also likely to come forward as allocations because they are largely brownfield sites and do not include greenbelt, greenspace or sites assessed as “red” at the issues and options stage of the site allocations plan.

- 3.13 Clearly, in advance of choices through the site allocations plan, it is positive that there is such a significant stock of identified deliverable sites. However, these would not on their own be sufficient to meet a 5YS.
- 3.14 Further supply (as set out in **Appendix 2**) is provided from a number of sources and totals 6,691 homes:
- The SHLAA does not include Protected Areas of Search or Green Belt sites within the short term. However, sites which meet the initial criteria for the interim protected area of search policy¹ i.e. adjacent to the main urban area and less than 10 hectares, remain necessary in order to supplement and diversify the current 5YS. They provide for 947 homes,
 - In addition a PAS site which doesn't meet the initial criteria of the PAS policy at Spofforth Hill, Wetherby with potential for 325 homes during the five year period has also been included as the planning application is being considered positively and the panel position statement is favourable in principle,
 - The windfall delivery rate of 500 dwellings per annum (which has been accepted by the Core Strategy Inspector) on small sites below the SHLAA threshold has been projected forward to total 2,500 homes,
 - An additional windfall supply is projected on the basis that for the previous 2 years unidentified land continues to come forward as part of new planning approvals. Approvals on unidentified land created 23 new SHLAA sites (413 units) in 2012/13 and 13 new sites in 2013/14 (217 units) at a time when the SHLAA was at its most comprehensive. The Council considers that projecting a windfall delivery of 600 homes from this type of supply is prudent,
 - The bringing back of long term Empty Properties has been estimated at 2,000 over the next five years on the basis that the five year average has been 395 and the Council has in place a number of specific interventions to encourage this level of supply,
 - The current level of prior approvals i.e. conversions of offices to homes without the need for planning approval rests at 119. Projected forward at a rate of 100 per annum for the next three years would contribute an additional 319 homes to the overall supply.
- 3.15 In total the identified supply consists of ~~27,980~~ **28,165** homes between April 2014 and March 2019 and is clearly in excess of the Scenario A requirement of ~~22,518~~ **24,151** homes **where under delivery is spread over 10 years**. It is a healthy position as it is also in excess of the Scenario B requirement of ~~26,762~~ **25,331** homes **where under delivery is spread over 5 years**.

¹ Approved by Executive Board in March 2013

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Technical assessments such as the five year supply are not subject to the need for public consultation like development plans. Evidence reports are informed largely by factual investigation and may have limited involvement of particular specialist interests. In the case of the five year supply, it has been prepared with involvement of officers and Members who sat on the SHLAA Partnership. It has also been considered by an Inspector at a recent planning appeal at Grove Road, Boston Spa. Her decision is not expected until the end of the Summer.

4.2 Equality and Diversity / Cohesion and Integration

4.2.2 This is a technical assessment of SHLAA sites and has no implications for equality and diversity.

4.2.1 Council policies and City Priorities

4.2.1 Leeds City Priority Plan 2011-15. Best City for Business: Support the sustainable growth of the Leeds' economy: Hectares of brownfield land under redevelopment. Best City to Live: Maximise regeneration investment to increase housing choice and affordability within sustainable neighbourhoods: Increase the number of new homes built per year.

4.2.2 Vison for Leeds 2011 – 2030. Aim by 2030 Leeds' economy will be prosperous and sustainable: Leeds will be a city that has sufficient housing, including affordable housing, that meets the need of the community. Best City to Live: the housing growth of the city is sustainable; houses to rent and buy will meet the needs of people at different stages of their lives;

4.3 Resources and value for money

4.3.1 This is an in-house technical assessment conducted by the Council's Data and GIS Mapping Team. It therefore represents an effective use of resources and value for money.

4.4 Legal Implications, Access to Information and Call In

4.4.1 None.

4.5 Risk Management

4.5.1 Demonstration of a five year supply is a key material consideration when determining housing applications and appeals and the NPPF states that without a 5YS local policies for the supply of housing should not be considered up-to-date.

Conclusions

- 4.5.1 The five year supply assessment is critical to the implementation of the Core Strategy's housing policies and the ambitions of the Council to supply the homes which are needed in Leeds.
- 4.5.2 The Council can demonstrate that it has a **5.8 6.2** year housing supply of deliverable sites sufficient to meet the ~~Submission~~ Core Strategy housing requirements and it's step-up ~~as modified in June 2014 by the Inspector. Should the Core Strategy Inspector seek to modify the plan to remove the step-up the Council remains in a position of demonstrating a 5.2 year supply.~~—The approach of the Government is that a supply is either demonstrated or it isn't marginality is not considered to be material.
- 4.5.3 This represents a healthy position in advance of the progression of the site allocations plan and provides house builders with a wide choice of deliverable sites, 23% of which are greenfield, across all housing markets in Leeds.

5 Recommendations

- 5.5.1 To endorse the Five Year Supply assessment and publish the outcomes.

6 Background documents²

- 6.1 None

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix 1: Scenarios for the assessment of housing requirement

Each of the Scenarios presented below are now amended by the Inspector's Main Modifications of 12th June (**Appendix 3**). The Modification sets out that the Core Strategy delivery target should be at least 3,660 per annum between 2012/13 and 2016/17 but that the supply requirement should be 4,375 per annum between 2012/13 and 2016/17. This increases the Councils original assessment of the basic supply requirement but reduces the level of under-delivery in the higher scenarios.

Scenario A: LCC approach - Housing requirement with the Core Strategy step-up, 5% buffer and remedied under delivery within 10 years			
	Elements	Requirement	Total
A	Core Strategy requirement	3,660 * 3 = 10,980 4,700 * 2 = 9,400 4,375 * 5 = 21,875	20,380 21,875
B	NPPF buffer at 5%		4,019 1,094
C	NPPG under-delivery spread over 10 years	Completions 2012/13 = 2,093 Completions 2013/14 = 2,864 Under delivery against 3,660*2 = 2,363 2,363 divided by two = 1,182	1,182
Total			22,581 24,151
Scenario B: Illustrative Approach without with the Core Strategy step-up, 5% buffer and remedied under delivery within 5 years			
	Elements	Requirement	
A	Core Strategy requirement	4,375 * 5 = 21,875	21,875
B	NPPF buffer at 5%		1,094
C	NPPG Under-delivery spread over 5 years	Completions 2012/13 = 2,093 Completions 2013/14 = 2,864 Under delivery against 4,375 3,660 = 3,793 2,363	3,793 2,363
Total			26,762 25,332
Scenario C: Illustrative Approach without with the Core Strategy step-up, 20% buffer and remedied under delivery within 5 years			
	Elements	Requirement	
A	Core Strategy requirement	4,375 * 5 = 21,875	21,875
B	NPPF buffer at 20%		4,375
C	NPPG Under-delivery spread over 5 years	Completions 2012/13 = 2,093 Completions 2013/14 = 2,864 Under delivery against 4,375 3,660 = 3,793 2,363	3,793 2,363
Total			30,043 28,613

Appendix 2: Breakdown of the Five Year Supply 2014-2019

Site Schedules Key	Type	2014-19	Medium term	Long term	TOTAL
A	Sites with planning permission	9,949	5,556	2,190	17,695
B	Allocated sites without planning permission	1,098	2,190	769	4,057
C	Sites with expired planning permission	2,448	1,339	98	3,885
D	Sites with no planning permission	6,259 6,359	24,411	28,857	59,527 59,627
E	New 2013 SHLAA sites	1,685 1,770	777	1,694	4,156 4,241
	TOTAL SHLAA SITES	21,439 21,624	34,273	33,608	89,320 89,505
	PAS which meets the interim policy	947			
	Additional PAS	325			
	Windfall Delivery (<5 units)	2,500			
	Windfall Supply (>5 units (3 years))	600			
	Long Term Empty Properties	2,000			
	Current and Anticipated Prior Approvals (3 years)	319			
	TOTAL ADDITIONAL SUPPLY	6,691			
	TOTAL GROSS SUPPLY	27,497 28,315			
	MINUS DEMOLITIONS (30 per annum)	150			
	<u>NET FIVE YEAR DELIVERABLE SUPPLY</u>	<u>27,980 28,165</u>			

Appendix 3: Core Strategy Inspector's Main Modification 12th June 2014

Modification No.	Page No.	Policy /Paragraph	PROPOSED MODIFICATIONS New text: <u>underlined</u> Deleted text Struckthrough	Reasons for modification
MM6a	32	4.6.3	<p>Insert the following text into Para 4.6.3:</p> <p>Within the context of evidence derived from the Strategic Housing Market Assessment (2011) and informed by the above considerations, a housing requirement of 70,000 <u>(net)</u> new homes net has been set, as a basis to meet the housing demands and job growth aspirations of the City. This figure is broadly consistent with the <u>former</u> Regional Spatial Strategy. <u>It is based primarily on the 2008-based population projections and has not reflected the 2012-based population projections which were published at a very late stage of the Core Strategy Examination process. As part of the implementation of the Core Strategy, the City Council will continue to monitor the evidence base and delivery and through allocations plans, manage the release of sites through phasing.</u></p> <p>Remainder unchanged</p>	Clarity and effectiveness
MM6b	34	4.6.12	<p>Replace Para 4.6.12 with the following</p> <p><u>It is recognised that in planning to accommodate 70,000 (net) new homes it will be necessary to ensure that a supply of deliverable sites is available to meet this need throughout the plan period. Nevertheless, given market conditions moving out of recession, the need to plan for infrastructure and demographic evidence it is considered that it is unrealistic to expect that completion rates reflecting the annual average of 4,375 per annum can be achieved in the early years of the Plan. A lower, but nevertheless challenging, rate of delivery of at least 3,660 per annum is set for the period 2012/13-2016/17. This lower figure relates specifically to delivery and does not alter the assessment made in relation to the requirement for a 5 year housing land supply. Taking into account levels of provision, demolitions and the role of windfall, Leeds will seek to identify 66,000 units for housing delivery over the lifetime of the Core Strategy.</u></p>	To reflect evidence
MM6c	35	Spatial Policy 6	<p><u>The provision of 70,000 (net) new dwellings will be accommodated net</u> between 2012 and 2028 <u>with a target that at least 3,660 should be delivered from 2012/13 to the end of 2016/17</u> will be accommodated at a rate of:</p> <p>3,660 per annum from 2012/13 to the end of 2016/17 (18,300) 4,700 per annum from 2017/18 (51,700)</p> <p>Remainder unchanged</p>	To reflect evidence

Modification No.	Page No.	Policy /Paragraph	PROPOSED MODIFICATIONS		Reasons for modification
			New text: <u>underlined</u>	Deleted text Struckthrough	
MM56	131	Table following Para 6.38	Amend indicators 6, 11 and 14 of the summary monitoring table as below.		Clarity, effectiveness and consistency with national guidance

MM56: Extract from Summary Monitoring Table

No.	Indicator	Key Policies	Targets	Triggers / Intervention	Source
6	Five year supply of housing sites and the long term housing trajectory	SP6, H1	<p>Maintain and update annually a 5 year supply of deliverable net housing land covering 5 years from the beginning of the next monitoring year and in line with para 47 of the NPPF. <u>For the period 2012/13 to 2016/17 this will be the overall requirement spread evenly throughout the plan period (4,375 homes per annum).</u></p> <p>Identify developable sites for housing for the plan period and illustrate in a housing trajectory.</p> <p><u>For monitoring and performance purposes</u> assess a residual housing requirement against plan requirements from April 1st 2012 <u>as set out in Policy SP6 (note 3,660 homes per annum between 2012 and 2017)</u> and bring forward additional sites to accommodate any under delivery.</p>	Positively maintain an annual five year housing land supply by bringing forward further supply identified in the next phase of the Site Allocations Plan (and/or SHLAA), where there is not an identified five year supply, sufficient to achieve a five year supply.	Housing Land Monitor Site Allocations Plan SHLAA