

NPPF 2019 – Five Year Housing Land Supply update (March 2019)

1. Background

- 1.1 In February 2019 the government published an update to the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). These updates contain a number of important updates for the Council with regard housing supply. This paper explains these updates and updates the Council's position with regards its five year housing land supply.

2. Housing Delivery Test

- 2.1 The NPPF 2018 introduced a Housing Delivery Test (HDT); this is an additional test that looks back over the last three years. Where the HDT indicates that delivery has fallen below 95% of the 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 years¹.
- 2.2 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 are out of date².
- 2.3 Furthermore, 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 authority³.
- 2.4 There are transitional arrangements set out in the NPPF that provide a gradual ramping up for the requirements of the HDT with regard its consideration under paragraph 11 of the NPPF. Between November 2018 and November 2019 the authority needs to demonstrate 25% delivery over the last three years; between November 2019 and November 2020 the authority needs to demonstrate 45% delivery over the last three years; and after November 2020 the authority needs to demonstrate 75% delivery over the last three years⁴.
- 2.5 The [data](#) published alongside the NPPF and PPG updates indicates that Uttlesford has delivered 147% of its requirement in the last three years.
- 2.6 The HDT is an additional test to the five year housing land supply test. The Council needs to be able to demonstrate that both of these tests are passed in order to ensure paragraph 11.d) of the NPPF is not engaged.

3. Five Year Housing Land Supply

- 3.1 The updates to the PPG include a change to the household growth projections that should be used for calculating an authority's housing need and five year housing land supply (5YHLS). Until the Council adopts its Local Plan, the local housing need for the authority determined by the methodology in the NPPF and PPG.

¹ NPPF paragraph 75

² NPPF paragraph 11.d) and footnote 7

³ NPPF paragraph 73 and footnote 39

⁴ NPPF paragraph 215

- 3.2 Previously the guidance indicated that the most up to date projections should be used for determining an authority's housing need. The most recently published projections are the 2016-based household projection, which were published in September 2018. It is these 2016-based projections that informed [the Council's 5YHLS position](#) published in October 2018.
- 3.3 This update to the PPG necessitates an update to the Council's 5YHLS paper to take account of the 2014-based household projections.
- 3.4 Appendix A to this paper calculates the updated average annual household requirement. Using the 2014-based projections; the updated requirement is 723 dwellings per annum⁵.
- 3.5 Updating the 5YLHS calculations to take account of the revised annual housing requirement results in a 5YHLS of 3.29 years. Appendix B of this paper sets out these calculations.

⁵ This is an increase from the calculation used to inform the previous 5YHLS situation, which was 632.8 dwellings per annum

Appendix A: Calculation of minimum local housing need using the standard method

- A.1 The methodology is set in the Planning Practice Guidance on [Housing and economic development needs assessments](#).

Step 1 – Setting the baseline

- A.2 Set the baseline using national [household growth projections](#) (2014-based household projections in England, table 406 unitary authorities and districts in England) for the area of the local authority. Using these projections, calculate the projected average annual household growth over a 10 year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period). Note that the figures displayed are rounded and individual cells need to be viewed in order to see the full number.

Number of households 2018	35,463
Number of households 2028	40,628
Household growth 2018-2028	5,165
Average annual household growth	516.5 per year
Source: 2014-based live Tables on household projections: Table 406: Household projections by district, England, 1991- 2039	

Step 2 - An adjustment to take account of affordability

- A.3 Then adjust the average annual projected household growth figure (as calculated in step 1) based on the affordability of the area.
- A.4 The most recent [median workplace-based affordability ratios](#), published by the Office for National Statistics at a local authority level, should be used.
- A.5 No adjustment is applied where the ratio is 4 or below. For each 1% the ratio is above 4 (with a ratio of 8 representing a 100% increase), the average household growth should be increased by a quarter of a percent. To be able to apply the percentage increase adjustment to the projected growth figure we then need to add 1.
- A.6 Where an adjustment is to be made, the precise formula is as follows:

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

Uttlesford's most recent median workplace based affordability ratio		13.37
Adjustment factor	$((13.37 - 4) / 4) \times 0.25 =$	0.585625
Minimum annual local housing need figure	$(1 + 0.585625) \times 516.5 =$	819.0
Source: House price to workplace-based earnings ratio, Table 5c Ratio of median house price to median gross annual (where available) workplace-based earnings by local authority district, England and Wales, 1997 to 2017		

Step 3 - Capping the level of any increase

- A.7 A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing.
- A.8 Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.
- A.9 This also applies where the relevant strategic policies have been reviewed by the authority within the 5 year period and found to not require updating.
- A.10 For areas covered by spatial development strategies, the relevant strategic policies are those contained within the spatial development strategy. For example, where a requirement figure for an authority in a spatial development strategy differs from that in a local plan, the figure in the spatial development strategy should be used.
- A.11 Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of:
- a. the projected household growth for the area over the 10 year period identified in step 1; or
 - b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).

Average annual housing requirement in existing relevant policies		N/a
Average annual household growth over ten years	As per step 1	516.5
The minimum annual local housing need figure	As per step 2	819.0
The cap is set at 40% above the projected household growth for the area over the 10 year period identified in step 1	$516.5 \times (40\% \times 516.5) = 516.5 + 206.6$	723.1
Average annual household requirement		723

Appendix B: Calculation of 5 year housing land supply

B.1 The below table calculates the Council's 5YHLS as of April 2018, based on the target of 723 dwellings per annum. It applies a 5% buffer to ensure choice and competition in the market for land⁶.

B.2 Note the below calculation does not include an element of 'shortfall'. The PPG states that:

The level of deficit or shortfall will need to be calculated from the base date of the adopted plan and should be added to the plan requirements for the next 5 year period (the Sedgefield approach). If a strategic policy-making authority wishes to deal with past under delivery over a longer period, then a case may be made as part of the plan-making and examination process rather than on a case by case basis on appeal.

B.3 The draft Uttlesford Local Plan is not adopted, and so should not be used to determine a shortfall. The Uttlesford Local Plan 2005 is adopted, but the end date for this plan is 2011 and the target is no longer relevant.

B.4 The HDT allows for any under delivery in the last three years to feed into the 5YHLS calculation.

			Supply from sites with planning permission + windfall allowance only
(a)	Annual target		723
(b)	Target years 1-5	(a) x 5	3,615
(c)	5% of target	(b) x 0.05	180.75
(d)	Overall target	(b) + (c)	3,795.75
(e)	Supply		2,496
(f)	% of overall target	[(e) / (d)] x 100	65.7578
(g)	Supply in years	(e) / [(d) / 5]	3.2879
(h)	Deficit / Surplus	(e) - (d)	1,299.75

⁶ N.b. where authorities want to seek to confirm a 5YHLS through an annual position statement or recently adopted plan, a buffer of 10% must be used.