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Housing need and delivery

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21 May 2019



Overview

Housing need and how it has changed/changing

- Standard method
- How will you demonstrate exceptional circumstances
- Looking ahead how can you future proof your number

Housing Delivery

- The housing delivery test
- The changing definition of deliverability
- Challenges to delivery

Local Housing Need – Standard method

The NPPF changes

Assessing housing need used to be complicated, expensive, slow
It was the main cause of Local Plan delay

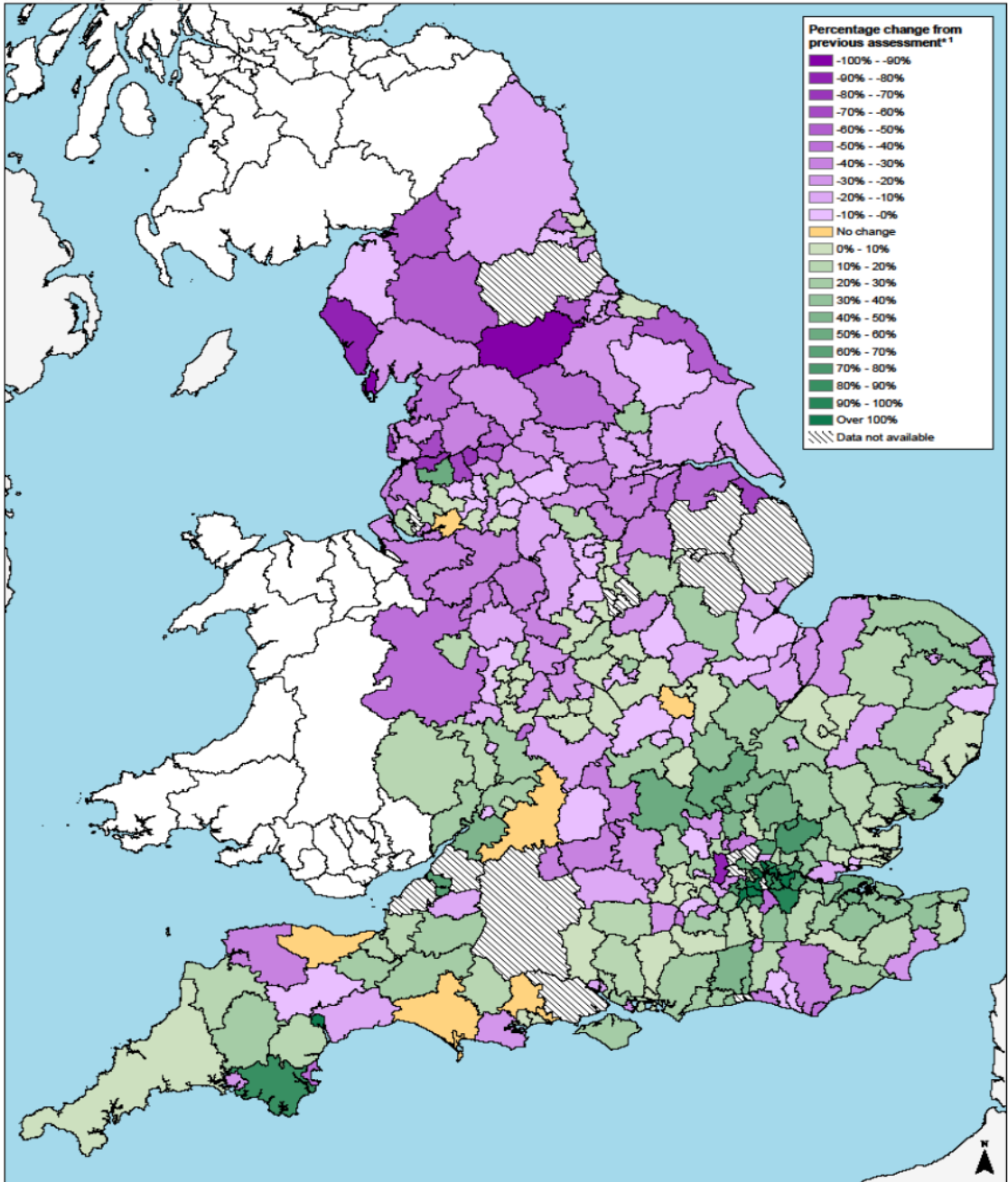
The new system is based on publicly available data
It is simple – easy and transparent

Affordability is the key indicator

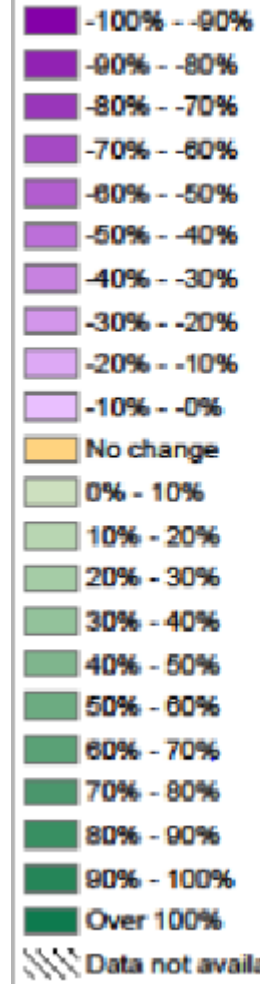
The market signals adjustment factor is based on affordability ratio

$$\text{Adjustment factor} = \frac{\text{Local affordability ratio} - 4}{4} \times 0.25$$

Calibrated to produce 266,000 new homes per year for England
Subject to 40% cap – depending how old your plan is



Percentage change from previous assessment¹



Household projections

NPPF – Para 60 and PPG – housing and economic needs assessment

Use the 2014-based set

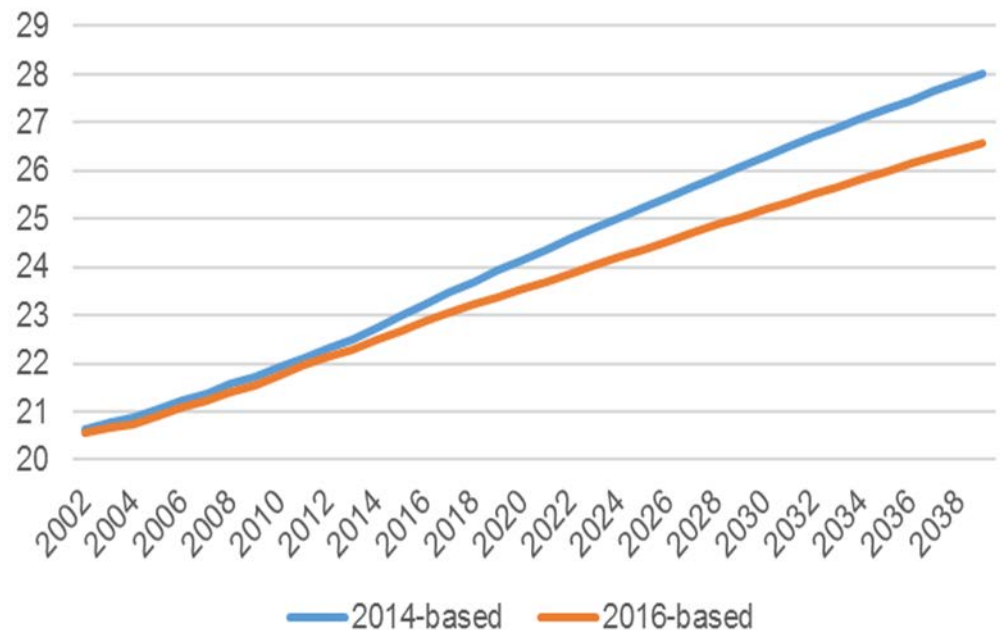
New affordability ratio 2018

The newest ones (2016-based) show far fewer homes (25% less)

Because population has reduced, less immigration, life expectancy stopped rising and lower household formation –primarily due to technical changes

- Use current year
- Work out 10 year average
- Get annual figure
- Apply 1+ adjustment factor
- Multiply by number of years

Households in England, millions



Exceptional Circumstances

Can you justify using an alternative method?

It will be rigorously tested at examination

Too early to say what level of evidence is required – but the bar is likely to be high

Why would the official projections not be a realistic approximation to the likely future household growth?

What does the data show?

Births, deaths and migration flows and UPC – are there historical large peaks or troughs, anomalies or errors?

Is the choice of trend period robust?

Compare whether what was estimated has actually happened

Are your Household representative rates very different from national trends?

Future proofing your local housing need

For how long will the 2014-based projections continue to be valid?

What will the new projections show?

How will demographic data, which underpins future housing need, change in your area?

How will your trajectory impact on migration rates and influence future household projections?

How will national policy and the Standard Method change?

Will it still use a 5 year trend period?

How can you sensitivity test the number?

Uplift for uncertainty in the method - delivering 300,000 across England

Uplift for increasing affordability ratio

Discussion

Questions to consider

How far should you rely on the current Standard Method figure in your next plan?

How can you build in flexibility at an early stage so that any changes in the calculation do not undermine your plan making?

To what extent will your trajectory influence the next set of projections?

**Consider the trajectories – and the trend periods
What are the likely implications for housing need for a plan with a start date of 2020 and 2022?**

Housing Delivery Test



Housing Delivery

NPPF 2019 has redefined 'deliverable'

- Annex 2, Glossary

By definition only covers

- Small sites
- Detailed planning permissions
- (Unless there's evidence they won't be delivered within five years)

Other sites require clear evidence

- That completions will begin within five years
- Can include Statement of Common Ground

Challenges

To know what 'Annex 2' delivery really means, we'll have to wait for appeals..

The first was Woolpit- Mid Suffolk in July 2018 (3194926)

- **Small Sites and those with detailed permission should be considered deliverable.**
- **Sites with outline permission should only be considered deliverable where there is clear evidence housing completions will begin in 5 year years.**

The onus is on the LPA

Challenges

But proving deliverability will be difficult - Inevitably

- It's a bit like proving a negative
- The real problem is responsibility without power
- LPAs are held responsible
- But they don't build houses
- Mostly it's developers who build them
- And what happens if the market worsens?
- In the last recession Inspectors were understanding
- In the next recession they won't have that discretion

Discussion

Questions to consider

What constitutes clear evidence that an outline planning permission will begin within 5 years?

How could LPAs and developers work together to help evidence the delivery of outline permissions within 5 years?

What are the typical reasons a site's delivery is delayed?

Are there any mechanisms that LPAs can use to manage delivery trajectories- especially during a market down turn?



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Thank you.

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