

Housing Numbers Topic Paper

Purpose

This paper sets out how the South Worcestershire Councils (SWCs) have calculated the overall housing number for the South Worcestershire Development Plan Review. The calculation is based on the Government's standard methodology for housing need. The paper explains how the calculation has been undertaken and how the housing need has been used to calculate the housing requirement for the plan period.

Applying the Government's Standard Methodology for Calculating Housing Need

Paragraph 60 of the National Planning Policy Framework (NPPF) states that Local Planning Authorities should use the Government's Standard methodology to calculate Local Housing Need, unless exceptional circumstances justify an alternative approach, which also reflects current and future demographic trends and market signals. It also requires unmet need from adjoining Local Planning Authority areas to be considered.

The National Planning Practice Guidance (NPPG) sets out the methodology and provides detailed guidance for applying it. The NPPG also states that the methodology identifies a minimum annual housing need figure. It does not produce a housing requirement figure. Whilst the use of the methodology is not mandatory, not using it would require robust justification.

The methodology uses household projections and an adjustment factor which is calculated as follows:

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

Setting the Baseline

The baseline is derived from the 2014 based Household Projections. The NPPG is clear that the calculation should be based on average growth across 10 consecutive years using the date the calculation is made as the starting point. The South Worcestershire Councils have used 2021 as the starting point as this is the date at which the current SWDP is 5 years old and at risk of being considered to be out-of-date and also ensures that the calculation reflects the need on the date of submission of the Plan for Examination in Public which is expected to be February 2021.

Applying the Adjustment Factor

Once the baseline is set the number is multiplied by the adjustment factor. The latest affordability data should be used, currently this is the data published in March 2019. The Strategic Housing Market Assessment (SHMA) has factored this in. This results in a slight increase in dwellings requirements compared to the previous data release because housing has become less affordable across the SWDP area. This data will be updated again in March 2020 – this will be after the

Preferred Options consultation but before the Publication Plan. Therefore, any increase in dwellings arising from new data will need to be factored into the Publication plan.

Moving from Local Housing Need to Overall Need

The SWDP review covers the 25 year period from 2016 to 2041. The Issues and Options Paper based the housing need calculation on an assumption that the current SWDP figure would not be considered to be out-of-date until February 2021 – five years from the date that the current plan was adopted. If the SWCs were not preparing a Plan review we would be relying on the figure in SWDP until that date regardless of the fact that the Local Housing Need is higher, additionally, the Housing Delivery Test will use the SWDP figure as its baseline until the Plan is 5 years old. Therefore, the SWDP Review relies upon the adopted SWDP housing requirement until 2021 and applies the revised requirement from then on.

2016 Based Household Projections and the review of the Standard Methodology

The 2016 based Household Projections were published in September 2018 and the original intention of the standard methodology was that this latest data would be used as the baseline for calculating local housing need using the standard methodology. However, the Government have, through NPPG revisions, indicated that this data should not be used as in many cases it generates a lower baseline and therefore a lower housing requirement and it does not provide a basis for planning to deliver 3000,000 homes per year across the Country which is the Government's well established national housing target.

In Worcester City and Malvern Hills the 2016 based household projections do set out a lower level of growth than the 2014 based data and the Government is clear that this data should not be used to justify lower housing requirement. However, in Wychavon, the number is higher when using the 2016 data as the baseline, this is likely to be due to the record number of new dwellings completed within Wychavon District in recent years. Taking the SWDP as a whole, the figure is higher when using the 2016 data as the baseline, the growth in Wychavon exceeds the decline in Malvern Hills and Worcester City.

It is anticipated that the Government will publish the next iteration of household projections in September 2020 and that a revised standard methodology will be published alongside this dataset. The South Worcestershire Councils will take full account of this in preparing the Publication plan.

The Duty to Cooperate

The South Worcestershire Councils have already committed to the principle of development at Mitton to meet the growth needs of Tewkesbury. Although there is not a site allocation within a Local Plan, the SWDP as adopted includes a footnote referring to this and the Cheltenham, Tewkesbury and Gloucester Joint Core Strategy includes 500 dwellings at Mitton as part of the housing supply which will meet some of Tewkesbury's housing need. Therefore, the agreed number of dwellings (currently 500) needs to be included over and above the SWCs Local Housing Need. Further information on this matter is provided within the Duty to Cooperate statement which supports the Preferred Options.

Completions, Commitments and Outstanding Allocations

Completions since 1st April 2016 will be taken off the housing requirement, as will commitments and outstanding allocations.

The Preferred Options housing number takes account of completions and commitments to 31st March 2019 and assumes that allocations within the current SWDP which have not been completed or counted as commitments will be reallocated and they are therefore deducted from the housing need. A review has been undertaken and allocations which are no longer considered deliverable will not be counted, similarly, where evidence suggests that the number of units on the site will be different to that in the SWDP this has been taken into account in calculating the housing requirement.

Single Plan Housing Requirement

The adopted SWDP works on the basis of District specific housing need which is reapportioned to five separate and non transferable sub areas within the Plan. The SWDP Review works on the basis of a single housing figure to cover the Plan area. This is then apportioned based on the land available within each District through the allocations. However, the South Worcestershire Councils are already undertaking the Housing Delivery Test as a single plan area and intend to continue with this approach, therefore, following the adoption of SWDP review the three South Worcestershire Councils intend to approach five year housing land supply jointly too, publishing a single land supply figure for the Plan area.

Lapse Rate

A lapse rate of 4.4% has been applied to the existing commitments. This reflective of the actual average lapse rates across south Worcestershire from 2010/11 to 2018/19.

Over Allocation

A number of the Issues and Options representation suggested that the plan should include an over allocation to allow flexibility and compensate for non delivery of some sites. At the Preferred Options stage a 10% over allocation has been included, this has been applied to the net additional housing need and to the outstanding allocations in the current plan. This is not a suggestion that any of the sites included in the Preferred Options are not deliverable, it simply allows for the fact that circumstances change and also allows the south Worcestershire councils flexibility to respond to any increase in housing numbers that is likely to arise from new data and revision to the standard methodology between Preferred Options and publication.

Calculating the Housing Number

SWDP requirement 2016-2021 (5 years)	$1183 * 5 = 5,915$
Standard Methodology output (taken from SHMAA) 2021-2041 (20 years)	$1257 * 20 = 25,140$
Additional 500 dwellings – Mitton (to meet need from Cheltenham, Tewkesbury and Gloucester)	+500
Total Housing Need	31,555
Completions 1 st April 2016 to 31 st March 2019	-5,832

Commitments as at 31 st March 2019	-6,636 (6,211) with 4.4% lapse)
Outstanding allocations still considered to be deliverable	-7,506
Net requirement	12,006
Over allocation – to build in flexibility to respond to changes in the methodology and non-delivery of allocations	+10% of additional need and outstanding allocations. 10% of 7,506 = 751 10% of 12,006 = 1,200 10% over allocation = 1,951
Net Additional Housing Target	13,957

Conclusion

This Topic Paper sets out how the South Worcestershire Councils have calculated the housing requirement of 31,555 dwellings for the period 2016 -2041 and a net requirement of 13,957 additional dwellings taking into account completions, commitments and existing allocations, as the basis for the Preferred Options Paper.