

FIVE-YEAR HOUSING LAND SUPPLY AND HOUSING DELIVERY TEST Briefing Note No. 23-15

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Summary

We have now completed the update to Wiltshire's five-year housing land supply position. The current position is a **4.60 years** supply using a base date of 1 April 2022, which will be used to inform decision-making.

While we cannot currently demonstrate the full five-year requirement, the shortfall is considered to be modest. Although the housing land supply is below the five years required by Government, recent housing delivery in Wiltshire remains strong, with the latest Housing Delivery Test results (from 2021¹) indicating the council has met **141%** of its housing targets over the past three years. Both measures are factors that can be applied in the decision-making process when planning applications are determined.

A shortfall in housing land supply means that when applications for housing come forward the 'presumption in favour of sustainable development' applies in decision-making, which in this context means that less weight is given to development plan policies to help resolve supply issues moving forward. However, this does not mean that every housing application should be granted permission. Careful consideration will need to be given to the merits of each case and appropriate weight afforded to development plan policies when determining applications.

This briefing note provides information on both these Government measures and what the implications are for decision making of not meeting Government expectations.

1. Introduction

1.1 Government policy as set out in the National Planning Policy Framework (NPPF) includes two measures that are designed to drive the delivery of housing:

- (i) Five-year housing land supply
- (ii) Housing Delivery Test

¹ The Government's recent consultation on reforms to national planning policy consulted on whether the proposed changes to the Housing Delivery Test should follow from the publication of the 2022 results or if they should be amended, suspended until the publication of the 2023 Housing Delivery Test, or frozen to reflect the 2021 Housing Delivery Test results while consultation results were being assessed. To date, the 2022 Housing Delivery Test results have not been published by the Government.

1.2 The main difference between the two is that:

- the five-year housing land supply measures the level of 'supply' that can be expected to come forward over a five-year period of time i.e. the number of homes that **will be** built; whereas
- the Housing Delivery Test measures the number of homes that **have been** built over a set period.

1.3 Both measures have established methodologies and assess the expected delivery of homes, and homes that have been delivered respectively, against the housing requirement for a local authority area. There is no latitude as to how the methods are applied.

1.4 The Government's recent consultation proposes to remove the five-year housing land supply test but retain the Housing Delivery Test. It is not clear yet how the Government will proceed in planning reforms. Therefore, at present the council is assessed against both measures.

2. What is the five-year housing land supply?

2.1 The NPPF states that:

*"Local planning authorities should identify and update annually a supply of **specific deliverable sites** sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than five years old."* (paragraph 74)

2.2 As the Wiltshire Core Strategy (adopted January 2015) is more than five years old, the housing requirement to be used in the five-year housing land supply calculation is Wiltshire's local housing need based on the Government's standard method². The local housing need is based on future household growth and an adjustment to take account of housing affordability in the local authority. It is recalculated every year based on the latest data, which is applicable at the base date. The standard methodology operates on a local authority basis and does not disperse the local housing need figure to a smaller geographic level.

2.3 The annual update for Wiltshire has now been completed and the results of the assessment, using a base date of 1 April 2022, are set out in the 2022 Housing Land Supply Statement (HLSS). This is available on our website via this [link](#). Key points:

- The council cannot currently demonstrate a five-year housing land supply. The current position indicates there is a **4.60 years** supply.
- The five-year housing land supply position has remained broadly constant since the previously published position (base date 1 April 2021).

² Planning Practice Guidance (DLUHC, July 2019) - <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

3. How is the five-year housing land supply calculated?

3.1 Housing land supply is calculated using a base date from which calculations are made to avoid double counting.

3.2 We have now updated the housing land supply calculation using a base date of 1 April 2022. Using this base date, an explanation is provided below:

Starting point for calculation at base date of 1 April 2022:

Local housing need (1 April 2022) = **2,041** homes per annum

Buffer to be applied = **5%** (5% or 20% depending on the results of the Housing Delivery Test - see below)

5-year requirement including buffer = **10,715 homes**

What can be included in supply?

- (i) Number of homes on small sites (less than 10 homes) with planning permission at 1 April 2022 = **1,727 homes** outstanding of which **1,468 homes** were considered to be deliverable within five years (the reduced number takes into account a delivery rate that is based on historic data on non-implementation and delivery timescales).
- (ii) Number of homes on large sites (10 or more homes) with full planning permission at 1 April 2022 = **4,951 homes** outstanding of which **4,635 homes** were considered deliverable within five years (the reduced number reflects delivery timescales).
- (iii) For other large sites with either outline planning permission; resolution to grant planning permission; or allocated³ at 1 April 2022: the number of homes where there is clear evidence of delivery over a five year period from 1 April 2022 to 31 March 2027 = **10,727** homes outstanding, of which **2,528 homes** were considered deliverable within five years.
- (iv) Windfall allowance: number of homes expected to be completed on new 'windfall' sites (which do not have planning permission at 1 April 2022) over a five-year period from 1 April 2022 to 31 March 2027 = **1,218 homes**

Therefore, in total **9,849 homes** can be included in the deliverable supply.

3.3 (i), and (ii) are relatively straightforward statistical exercises, which involve an understanding of delivery timescales for individual sites.

3.4 (iv) is also a statistical exercise that requires understanding of past delivery trends and the potential for development opportunities to come forward in the future. As these are matters which vary year-on-year, the allowance is reviewed and refreshed as part of each annual update. This year's position now includes an allowance for delivery on both brownfield and greenfield sites.

³ Wiltshire Core Strategy, Chippenham Site Allocations Plan, Wiltshire Housing Site Allocations Plan, and allocations in Neighbourhood Plans which do not yet have planning permission.

- 3.5 (iii) is more complex, and clear evidence must be provided for each site to meet the requirements of paragraph 74 of the NPPF, which requires that sites are deliverable over the five-year period being assessed. This means that for large sites, which take time to deliver, we can only include the first few phases of development in the five-year land supply.
- 3.5 So, while on the face of it there is a substantial pool of large sites, for **18,623 homes** in total, the timescales within which these can be delivered is key. An assessment of the deliverability of these sites has indicated that only **53%** of these are capable of delivery during the five-year period 1 April 2022 to 31 March 2027. Factors determining housing delivery are often outside our control, as the development industry ultimately determines how and when sites come forward, despite planning permissions being granted and sites allocated within the development plan.
- 3.6 It is important for credible judgements to be made in undertaking these assessments because they are subject to scrutiny at appeal by appellants, third parties and the appointed Planning Inspector.

4. What are the implications of not having a five-year housing land supply?

- 4.1 The implications for not having a five-year housing land supply and decision making are set out in previous briefing notes, specifically Briefing Notes No. 20-20 (June 2020), No. 20-37 (December 2020) and No. 22-09 (April 2022).
- 4.2 Where a five-year housing land supply cannot be demonstrated, the presumption in favour of sustainable development, as set out in Paragraph 11d of the NPPF applies. The implications of this are that the policies which are most important for determining the application are deemed to be out of date and permission should be granted unless *“any adverse impacts of doing so would significantly and demonstrably outweigh the benefits”*⁴.
- 4.3 The presumption does not apply where there is a clear reason for refusal due to specific NPPF protection policies that apply, as listed in footnote 7, in relation to: habitat sites including Sites of Special Scientific Interest; Green Belt; Local Green Space; Area of Outstanding Natural Beauty; designated heritage assets; and areas at risk of flooding.
- 4.3 The fact that policies must be considered out of date does not mean they carry no weight, and it is for the decision maker to determine how much weight to give to them taking into consideration their consistency with the NPPF. It is therefore possible for policies to carry significant weight still in decision-making, which are weighed into the presumption in favour of sustainable development (often referred to as the ‘tilted balance’) when decision-making is undertaken.

⁴ In areas with neighbourhood plans, paragraph 14 of the NPPF provides additional policy where the presumption in favour of sustainable development applies. This states that the adverse impacts of allowing development that conflicts with a neighbourhood plan is likely to significantly and demonstrably outweigh the benefits where: the ‘made’ neighbourhood plan is less than two years old; it contains policies and allocations to meet its identified housing requirement; and the local authority has at least a three year supply of deliverable housing sites.

5. What is the Housing Delivery Test and consequences?

5.1 It measures net homes delivery (i.e. net homes built) in a local authority area, such as Wiltshire, against the homes required using local authority completions statistics and local authority planning data.

5.2 The results are published for each local authority area by the Secretary of State in November, see [Housing Delivery Test - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/housing-delivery-test-2020)

5.3 As set out in the NPPF the Housing Delivery Test will apply the day following publication of the results, at which point they supersede previously published results. The most up to date result, at the time of writing, is for 2021.

5.4 Since the inception of the Housing Delivery Test the published results for Wiltshire are:

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| 2018 | 139% (years measured 2015/16 - 2017/18) |
| 2019 | 149% (years measured 2016/17 - 2018/19) |
| 2020 | 140% (years measured 2017/18 - 2019/20) |
| 2021 | 141% (years measured 2018/19 - 2020/21) |

5.5 The three consequences of the Housing Delivery Test (HDT) results are set out in the NPPF, as follows:

1. Triggering the presumption in favour of sustainable development (HDT below 75%)

The presumption in favour of sustainable development (paragraph 11d, NPPF), as explained above, should be applied to decisions where the HDT indicates delivery to be “substantially below” the housing requirement, which is 75% from 2020/21 (footnote 8 and paragraph 222, NPPF).

2. 20% buffer (HDT below 85%)

The five year land supply must include a buffer of 20%, rather than 5%, where the HDT indicates that delivery was below 85% of the housing requirement (paragraph 74, NPPF)

3. Requirement to prepare an action plan (HDT below 95%):

“Where the Housing Delivery Test indicates that delivery has fallen below 95% of the local planning authority’s housing requirement over the previous three years, the authority should prepare an action plan in line with national planning guidance, to assess the causes of under-delivery and identify actions to increase delivery in future years.” (paragraph 76, NPPF)

5.6 Wiltshire has consistently performed well against the HDT and the consequences as set out above do not apply.

6. What can we do to restore a five-year housing land supply?

- 6.1 As set out in the previous briefing notes (referred to in 4.1 above), the council will:
- (i) Work positively with developers to take key strategic sites through the planning system, and seek to approve planning applications on allocated sites promptly where there are no technical matters that have not been addressed.
 - (ii) Continue supporting Neighbourhood Plans, identifying any suitable sites for housing.
 - (iii) Positively consider speculative applications where there are no major policy obstacles material to the decision other than a site being outside settlement boundaries or unallocated.
- 6.2 Since the base date of 1 April 2022, consents have continued to be granted permission on suitable sites. While these do not currently contribute to the housing land supply because they were permitted after the base date of 1 April 2022, they will help to boost the housing land supply in the future. New permissions help replenish the housing land supply as it is reduced due to housing completions, planning permissions lapsing, and delays in delivery on key sites. Table 4 of the HLSS contains a list of large sites (10 or more dwellings) that have been permitted since the base date up to the date of publication.
- 6.3 Work can now commence on the preparation of the next HLSS using a base date of 1 April 2023. These statements take time to prepare, particularly for authorities the size of Wiltshire, and typically take around 9-12 months from the base date to publication.