

Supplementary Information on Derby Five Year Housing Land Supply

1.0 Introduction

- 1.1 In his letters of 29 April 2016 and 5 May 2016, Mr Moore requested that the City Council provide further information to explain and justify the five year housing land supply position which was discussed at the Examination Hearing on 27 April 2016.
- 1.2 The information is provided in this document as a set of appendices and an overview on the land supply position as a result of the work. The appendices are set out as follows in response to the Inspector's specific request:

APPENDIX A - A 2016-based 5-year housing land supply calculation having regard to that submitted to the examination by DPDS Consulting.

APPENDIX B - Evidence on past windfall rates and planning permissions on small sites

APPENDIX C - Details of the basis for the Council's conclusions on individual sites. This appendix also includes comments from the Council on the conclusions on the delivery of individual sites in the 5-year supply by DPDS Consulting (and other parties) in their hearing statement(s).

APPENDIX D - The basis for the assumed number of house completions in 2016/17 used in the Council's 2017-based 5-year housing land supply calculation.

APPENDIX E - Calculations for both the 2016 and 2017 bases using the Liverpool method.

APPENDIX F –5 Year Supply Position (May 2016 update) – Methodologies

APPENDIX G – Updated 5 Year Supply Delivery Tables (May 2016)

2.0 Overview

2.1 Rebasing the Land Supply to 2016 (Appendix A)

- 2.1.1 As requested, the council has produced a 5 year housing supply calculation based on the deliverable sites identified in its updated 5 year housing position 2016 (EX016) but with the base date changed to 1 April 2016 rather than 1 April 2017. The calculation can be seen at APPENDIX A and is consistent with the supplementary hearing statement made by DPDS Consulting on behalf of the Poyser Family (EX023). Using this approach would give the Council a 4.78 year housing land supply.
- 2.1.2 However, the Council maintains that the correct base-date for measuring the five year housing land supply should be 1 April 2017. This would be much closer to the likely adoption date of late 2016 or early 2017 and so better accords with the requirement to be able to demonstrate a 5 year supply at the point of adoption. As confirmed in the updated housing position presented to the hearings (EX016) this approach would result in a 5.22 year supply at the point of adoption.

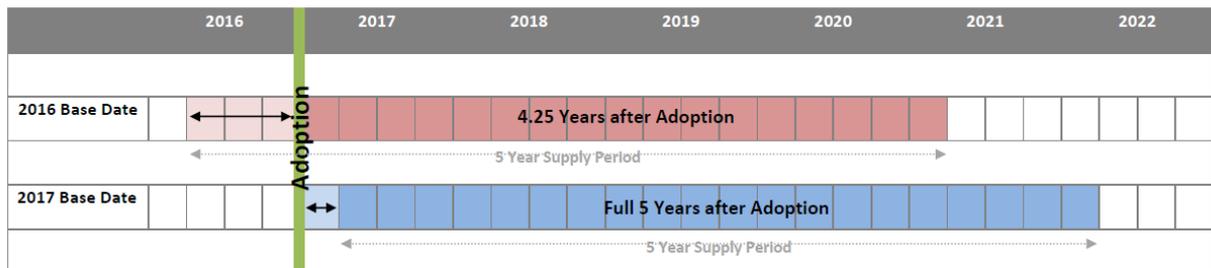
2.1.3 Using the 2017 base date is consistent with the Council’s on-going approach and with the guidance given by the Audit Commission relating to the monitoring of the former National Indicator NI159 ‘Supply of Ready to Develop Housing Sites’. The guidance states that:

“The indicator provides a forward look in terms of there being enough deliverable sites to meet planned housing provision over a 5 year period. So, for AMRs submitted in December 2008, the 5 year period will be April 2009 to March 2014, and so on.”

2.1.4 We realise that this indicator is no longer in force, but we continue to feel that the guidance is logical and has merit. It makes little sense to ‘look back’ when considering this issue as, by definition, it is something that is always ‘in the future’.

2.1.5 DPDS consulting have suggested that the base date for the supply period should be April 2016. Assuming that there are no concerns about the use of ‘monitoring years’ (i.e. April to March), if a 2016 base-date is used the five year period would end at March 2021. From the point of adoption, estimated to be around December 2016, this would leave just 4.25 years remaining at best after the Plan was adopted. Technically speaking, therefore, the use of 2016 as a start date would not allow the Council to have a full five year supply monitoring period on adoption. In any event, considering the issue of five year supply retrospectively seems a strange thing to do in the context of a forward looking Development Plan.

2.1.6 The difference in how the 5 year time frame would fit with the anticipated point of adoption is demonstrated in the diagram below



2.1.7 In the event that the Council was to be asked to identify additional sites to meet any shortfall, as a result of re-basing to 2016 this would cause a significant delay in adoption of the plan. The time taken would move us further into the 5 year supply period. As such, identifying new sites to address the shortfall is likely to be less effective than using a 2017 base date or the Liverpool method. These considerations are discussed further below and in appendix E.

2.1.8 The approach the Council has used is the one that we have consistently taken to calculating the supply. Up to this point there has never been any challenge to the approach. This includes comments made at Pre-Submission and MIQ stage prior to the submission of the Council’s updated position (EX016). The updated position, which we submitted prior to the hearings, did not include any change to our long standing methodology for the calculation.

2.1.9 In a situation where there is no prescribed methodology for the calculation, then it is sensible and logical to use the same approach as has been taken in previous years. In addition, by the time of adoption, April 2017 is likely to be the closest point and so it will make even more sense to adopt this date as the starting point.

2.2 Evidence on past windfall rates and planning permissions on small sites (Appendix B)

Windfall Allowance

- 2.2.1 The Council has included a 'windfall allowance' of 75 dwellings a year in its housing trajectory, including an allowance for windfall housing completions within the five year supply. The Council's justification for the windfall allowance is set out in the Interim Housing Position Statement (CD025).
- 2.2.2 Windfalls sites are those which have come forward unexpectedly. Many of them are infill housing development or small scale brownfield sites. Any completions on small sites (1-9 dwellings) and any major sites which were not identified in the plan making process will count as windfalls. Past windfall completions have ranged from 158 dwellings to 472 dwellings a year.
- 2.2.3 Evidence of past windfall housing completions is included in APPENDIX B. This shows the actual sites which delivered windfalls and the number of completions on each site for the years 2011/12 to 2015/16.
- 2.2.4 The total number of windfall completions each year is as follows:

YEAR	WINDFALL COMPLETIONS
2011/12	160
2012/13	286
2013/14	472
2014/15	193
2015/16	158

- 2.2.5 It is considered that the Council's windfall allowance of 75 dwellings a year is conservative having regard to the record of past windfall completions and the types of sites that are likely to continue to contribute, and that application of the allowance is consistent with Government guidance.
- 2.2.6 The Council has acknowledged that there is currently much more emphasis on identifying all potential housing sites through land availability assessments and that therefore there will be less 'unidentified' sites in future. However, 75 dwellings is considered both a conservative yet realistic allowance given the nature of the city and historic trends.
- 2.2.7 Further explanation and justification of the windfall allowance can be found in paragraphs 2.47 to 2.64 and 6.38 to 6.41 of the Housing Position Statement (CD025).

Planning Permissions on Small Sites

- 2.2.8 The Council's housing trajectory includes a component of small sites which have planning permission. Small sites are those which will deliver less than 10 dwellings.
- 2.2.9 The housing land supply position which was updated in April 2016 (EX016) includes an estimate of 80 small site completions in the 2015/16 year and a further 300 dwelling completions on small sites from 2017/18 to 2021/22 (the five year supply period). In total, 380 dwellings are included in the forward trajectory as being delivered on sites which have planning permission for less than 10 dwellings.

- 2.2.10 At April 2016 when the annual housing surveys had been completed, the Council had a supply of some 473 dwellings with extant planning permission on small sites. Identifying when small sites will be delivered is difficult and although there is no requirement in the Framework to do so, some local authorities include a 'lapse rate' in their land supply calculations. The inclusion of 380 dwellings in the supply when there are some 473 dwellings with permission amounts to a lapse rate of about 20% or 1 in 5 dwellings. This is considered to be a very conservative, robust and justified way of including small sites in the land supply.
- 2.2.11 The list of small sites with planning permission at April 2016 is included in APPENDIX B.

2.3 Details of the basis for the Council's conclusions on individual sites (Appendix C)

- 2.3.1 Details of the basis for the Council's conclusions on individual sites are set out in a schedule in APPENDIX C. This appendix also includes comments from the Council on the conclusions on the delivery of individual sites in the 5-year supply by DPDS Consulting (and other parties) in their hearing statement(s).
- 2.3.2 The Appendix provides details of the sites which are included in the 5 year supply as updated to reflect the position at April 2016 and set out in Examination Library document EX016.
- 2.3.3 The consideration of various matters, including discussions at the Examination Hearings and the information provided by DPDS Consulting and others, has led the Council to conclude that a small number of the sites/dwelling delivery numbers set out in the land supply should be amended. The suggested amendments and reasons for them are set out in Appendix C. Additionally, the implications of these changes on the housing land supply position are discussed in the final summary section of this document and detailed at appendices F and G.

2.4 Evidence for the assumed number of house completions in 2016/17 (Appendix D)

- 2.4.1 At the Examination Hearing on 27 April 2016 and in his letter of 29 April 2016, Mr Moore sought evidence/justification for the number of dwellings expected to be completed in the 2016/17 year as set out in the Council's April 2016 updated 5 year supply (EX016).
- 2.4.2 This information is set out in APPENDIX D which includes a list of each site which is expected to deliver new dwellings in the 2016/17 year and the number of dwellings which are expected to be provided.
- 2.4.3 The housing trajectory includes 588 net dwellings which are expected to be completed in the current monitoring year (2016/17). All of the sites contributing to completions in 2016/17 have planning permission. Some are major sites (10 or more dwellings) and are specifically identified and some are small sites with planning permission where an estimate has been made about delivery.
- 2.4.4 The components of sites which make up the estimated housing delivery are:
- 536 dwellings on specific major sites (10 or more dwellings) (see site specific information in APPENDIX D)

- 80 dwellings on small sites (An estimate for small site completions based on the fact that there are 473 extant planning permissions on small sites).
- 28 losses due to demolition or change of use from residential to non-residential uses
- Total 616 Gross/588 Net dwellings in 2016/17

2.4.5 Council officers survey all sites with planning permission for residential uses annually; usually at the monitoring year end (March each year). At this time a best estimate assessment for completions in the following year is made based on observations of progress and where possible, discussions with sales or construction personnel. In the vast majority of cases, where completions are expected in the year after survey, the site will already be under construction.

2.4.6 A loss rate of 28 dwellings has been applied to the 2016/17 year. This is an estimated rate which has been applied across the longer term trajectory. However, as discussed at the Examination Hearing on 27 April 2016, there is no requirement in the Framework to count losses in the supply of 'deliverable' sites when calculating a five year housing supply. The Council's view is that the 5 year period should begin in April 2017 and therefore the 2016/17 year would not be part of the 5 year period. However, if the 5 year period was to be rebased to include the 2016/17 year the loss rate could be removed from that year. Further consideration is given to the issue of counting losses in the 5 year supply in the summary and implications section at the end of this document.

2.5 Use of the 'Liverpool' Method (Appendix E)

2.5.1 In his letter of 5 May 2016, Mr Moore asked the Council to provide calculations for both the 2016 and 2017 bases using the Liverpool method.

2.5.2 The Liverpool method is an alternative to the 'Sedgefield' method of calculating the 5 year requirement. Where 'Sedgefield' sees any shortfall in delivery from the start of the plan period made up in the five year supply period, 'Liverpool' allows the shortfall to be corrected over the longer term across the residual of the plan period. The calculations for 'Liverpool' are set out in APPENDIX E. If the land supply is maintained as set out in the Council's updated 5 year supply at April 2016 (EX016), then use of the 'Liverpool' method would result in the following supply-:

'Liverpool' Based at 2017	6.08 years
'Liverpool' Based at 2016	5.63 years

2.5.3 It should be noted that whether using 'Liverpool' or 'Sedgefield', the Council has included a 20% buffer on both the base requirement and the shortfall. As discussed at the Hearing on 27 April 2016, the council has included the 20% buffer as it has agreed that there has been a persistent under delivery in housing supply and that the buffer should be applied to the whole 'requirement', including the shortfall element.

2.5.4 The shortfall between 2011 and 2016 is significant. It is either 1,296 dwellings or 1,237 dwellings depending on whether the 5 year period is based at 2016 or 2017.

- 2.5.5 The shortfall in delivery has not arisen as a result of any action or inaction by the Council. It is a result of market and economic conditions which continued after the recession in 2008 and are only now regaining momentum back to pre- recession levels.
- 2.5.6 Although 'Sedgefield' is a preferred methodology so that the shortfall is made up in 5 years, there is no requirement to do this in the Framework. Using 'Liverpool' would allow the shortfall to be spread over the residual of the plan period (2017-2028). This is much more realistic. Whatever the reasons for shortfall, developers are unlikely to increase delivery to unrealistic levels and will more than likely gradually increase delivery over the period as market/economic conditions improve.
- 2.5.7 The Plan includes strategic sites with large levels of growth. There is great confidence that these will be delivered in the plan period but if it is felt that there is uncertainty over lead-in and initial delivery rates then addressing the shortfall over the residual plan period is a much more logical approach.
- 2.5.8 A recent report by the Local Plans Expert Group (LPEG) has found (Appendix 13, paragraph 7) that although 'Sedgefield' is the preferred approach, that where it can be justified locally, the 'Liverpool' approach may be appropriate in some cases.
- 2.5.9 In the report, the LPEG make a recommendation at paragraph 43 that the NPPG should be updated to allow for the implementation of a more case-specific applications of 'Liverpool' or 'Sedgefield' for the delivery of backlog.
- 2.5.10 A recent [Inspector's Report](#) into High Peak Borough Council's Core Strategy found in favour of the 'Liverpool' approach in light of the local context and circumstances. Paragraphs 53 and 54 of the Inspector's Report are of particular relevance and conclude that the use of the 'Liverpool' method would result in a housing land supply that is both aspirational yet realistic.
- 2.5.11 The Council believes that Derby finds itself in a comparable position. The shortfall between 2011 and 2016 represents 2 years of supply in terms of the annual requirement. Furthermore, it leads to a delivery requirement in excess of what has been delivered before or at least since the height of the market in the mid-2000s. The 'Liverpool' method would still result in the need to deliver an average of 932 dwellings per year using a 2017 start date. This is still a very healthy level of delivery which would be both aspirational and realistic. It would also lead to an obvious boost to the delivery of housing over and above what has been achieved in the recent past.
- 2.5.12 The reasons for the shortfall in Derby are similar to those at High Peak and those highlighted by the Local Plans Expert Group; as such using 'Liverpool' rather than 'Sedgefield' would be the most logical way of addressing any issues of supply if the Council's assessments are not accepted. The under supply and the need for such high levels of delivery in the first five years is through no fault of the Council. The evidence demonstrates a clear desire to see growth come forward. We have done our part; well over 5,000 dwellings with planning permission, with a resolution to grant or with applications in the pipeline. We are happy for developers to bring these forward at the rate set out in the trajectory and there is no planning or physical reason why this cannot happen.
- 2.5.13 In summary, the Council's approach is to use 'Sedgefield' to make up the shortfall in the first 5 years. However, if it is felt that this will not be realistic because of lead-in times and

delivery rates, then the situation in Derby would lend itself to using ‘Liverpool’. It would be the most pragmatic and realistic way to deal with a shortfall which has been neither the fault of the Council nor the development industry. The Council acknowledges that it is a significant challenge to meet this shortfall (plus a 20% buffer) within 5 years.

2.6 Phased Delivery of Housing

2.6.1 In his letter of 5 May 2016, Mr Moore also asked the Council to expand on the phased delivery approach and the land supply calculations that would accompany it. The Council has noted that there have been cases where Plans have been found Sound by using a strategy which phases the delivery of housing over the plan period in order to provide a more realistic trajectory of delivery. This approach has been allowed where it has been justified, for example that the authority has a large shortfall to make up or lead-in times for new planned development and the phased is more realistic in achieving a 5 year supply.

2.6.2 It is noted in particular that this approach has been found sound at both Nottingham and East Staffordshire fairly recently. Below is a generic example of how a phased delivery of housing might work for an authority which has a requirement to deliver 10,000 dwellings over 20 years (an annual requirement of 500 dwellings a year). The example assumes that the authority had a shortfall in the early years of the plan period and had allocated strategic sites with lead-in times which mean that they will not be developed immediately.

Plan Period Years	Annual Dwelling Requirement	Dwellings in Phase
Years 1-5	350	1750
Years 5-10	450	2250
Years 11-15	550	2750
Years 16-20	650	3250
TOTALS	10000	10000

2.6.3 The option of using a phased or ‘stepped’ delivery is also mentioned in the LPEG report (Appendix 13) however the group does not go on to specifically endorse such an approach.

2.6.4 To clarify, whilst the Council recognises this approach has been used in specific circumstances, it would be in our view a last resort in demonstrating a 5 year supply and is not something the Council currently considers necessary.

2.7 The possibility of allocating further sites to establish a 5 year supply

2.7.1 An argument has been made by objectors promoting omission sites that if the Council cannot demonstrate a 5 year supply and that the remedy would be to allocate their sites to provide more deliverable dwellings in the supply.

2.7.2 The following observations are made by the Council on the possibility of allocating omission sites to increase the 5 year supply.

2.7.3 Two planning applications, on the omission sites at Breadsall Hilltop and Allan Avenue, proposing a total of 410 dwellings are due to be heard at the Council’s Planning Committee on 26 May 2016 and have positive officer recommendations. If these result in resolutions to grant permission, it is considered that the vast majority of these dwellings could contribute

to the five year supply. Both sites are greenfield sites, in the control of house builders and are currently only constrained in terms of their suitability by being located within green wedges. Both sites were identified in the Council's Preferred Growth Strategy as potential housing sites but were not included in the Core Strategy as further information was required on their suitability. The developers have sought to do this through planning applications.

- 2.7.4 The Council feels that there are no other suitable and deliverable opportunities to allocate further sites at this time if it is considered that the Council cannot demonstrate a 5 year supply using one of the options put forward. As discussed at the Examination Hearing on 28 April 2016, which considered the Omission sites, all other site options either have the potential to undermine the overall strategy due to sites being located in unsustainable/unsuitable locations or would be unlikely to be in a position to deliver housing within 5 years, particularly if the 5 year period was to commence in April 2016. The process of allocating these sites would lead to considerable additional delay in the adoption of the plan. There is a possibility that some of the sites could contribute to the Part 2 Plan and provide housing later in the plan period subject to appropriate evidence on suitability and deliverability.
- 2.7.5 The Council therefore considers that in the event of there being a 5 year supply deficit, the answer should be to use the 'Liverpool' method rather than to allocate additional sites.

3.0 Summary, Implications and Updated Position

- 3.1 This document and the appendices explain in some detail the 5 year supply position and the various calculations which can be used, based on the 5 year housing position as presented at the hearings (EX016).
- 3.2 However, in undertaking this work, particularly reviewing the individual sites in light of comments made by interested parties at Regulation 19 Stage, through MIQ submissions and at the hearings, new information has emerged on a small number of sites that has updated housing supply figures presented to the recent hearings (EX016). Appendix C explains how the dwelling numbers and delivery rates have been applied to each site within the 5 year supply and evidences/justifies the updated delivery estimates. The amendments which the Council has made to its position are summarised below:-

Site	Change to Supply	Reason
R/O 8-12 Agard Street	Remove 50 Dwellings	Response to DPDS comments
Former DRI	Remove 150 Dwellings	
Abbots Hill Chambers	Remove 25 Dwellings	
North Riverside	Remove 42 Dwellings	
Manor Kingsway Hospital	Add 98 Dwellings	New information
Hackwood Farm	Add 60 Dwellings	
Boulton Moor	Add 53 Dwellings	
Remove the Losses	Remove 140 Dwellings	Not required by NPPF

- 3.3 As discussed at the Hearing on 27 April 2016, there is no requirement in the Framework to account for possible losses in the 5 year supply calculation. The 5 year supply is simply a pool of deliverable sites, including a buffer, which ensures that there is a good supply of ready to develop sites to ensure choice and competition in the market and keep delivery on track.

- 3.4 It should be noted that changes to the delivery components have led to a change in the estimated completions for 2016/17. Due to changes in delivery numbers on the Manor Kingsway Site and the removal of losses, the completions in 2016/17 are now expected to be increased from 588 to 670 net completions.
- 3.5 The Council's updated land supply for 5 years is justified at Appendix C and set out in Appendix G. This has been used to recalculate the housing land supply variations requested by the Inspector, as detailed at Appendix F.
- 3.6 The Council's view is that the most appropriate scenario to apply is that of a base date of 2017 using the Sedgefield approach. As set out in Appendix F, based on the revised supply information this would give the Council a **5.39 year** supply of deliverable sites on adoption of the Plan.
- 3.7 It is also of note that within a few days of the submission of this information, the Allan Avenue and Breadsall Hilltop planning applications (80 and 230 dwellings respectively) will be considered by the Council's Planning Control Committee. Both applications are recommended for approval. It is anticipated that these sites will achieve a resolution to grant planning permission subject a Section 106 agreement. These are both greenfield sites in the control of house builders and if a positive resolution is made then the Council feels that all 80 dwellings at Allan Avenue and 200 of the dwellings at Breadsall Hilltop could justifiably be included in the 5 year supply at that point. Discussions with the applicants indicate that there is a realistic prospect of this number of dwellings being delivered within 5 years from April 2017.
- 3.8 The Council has clearly tried to do all it can to meet the Sedgefield approach. If, on the basis of the updated supply information at Appendix G or for any other reason, it were to be concluded that a five year supply could not be achieved using this method, then the Council believes there is a strong case for using the 'Liverpool' method to resolve the situation rather than allocating more sites. As set out above, allocating more sites would not provide a suitable solution.