

Main Issue 2(ii) - Whether the Local Plan would assist in boosting significantly the supply of housing in terms of both a 5-year housing land supply and sufficient sites to achieve the plan requirement

a) Does the Local Plan assist in providing a continuous supply of specific deliverable sites sufficient to provide 5 years worth of housing against the housing requirement with an appropriate buffer? Are the sites identified by the Council viable, are they available now, do they offer a suitable location for development now and are they achievable with a realistic prospect that housing will be delivered within 5 years?

The evidence for this is contained primarily in documents CD019 and CD025 and is also explained further in our letter to the Inspector dated 10th February 2016. It is, therefore, probably not necessary to address this in much detail here. It is also anticipated that there will be opportunities to discuss the matter in some detail at the Examination Hearings. The Council strongly believes, however, that it will be able to demonstrate a five year supply at adoption and that the strategy will ensure it is maintained throughout the plan period.

The five year supply position is a constantly shifting. It should be noted that the Council is currently carrying out its annual monitoring of delivery. Early indications are that the estimations of completions for the 2015/16 period were too pessimistic and more dwellings have been completed than anticipated. This may be a good indication that housing delivery is increasing due to improving market conditions. It also reflects the fact that some of the sites within the strategy already have permission and have started to deliver homes. This monitoring work is on-going. We are also anticipating decisions on a number of key sites in the next few weeks which could impact on the supply position. We will, of course, draw the Inspector's attention to any significant changes in context as soon as it is possible to do so and provide an updated position for the Hearings.

b) Is there evidence of persistent under delivery of housing that would justify the buffer being 20% as proposed?

This is addressed to an extent in the Council's letter of 10th February. It would be fair to say that if looking back to 2008 or 2011 then there is evidence of persistent under delivery. A 20% buffer has been used on this basis as it seemed appropriate to consider the issue from the original start date of the plan (2008). However, as pointed out in the letter, national guidance suggests that the analysis of undersupply will be more robust if a longer term view is taken which takes account of peaks and troughs in the housing market cycle. If a longer term view is taken then performance has been much better. The evidence provided alongside our previous letter shows that for a relatively long period, delivery was above the target required. Therefore, if the Inspector was of the opinion that a longer period should be taken into account then it may be justified to apply the 5% buffer instead.

c) Should any past shortfall in new housing in the early part of the plan period be addressed in the 5-year housing land supply or be spread over the plan period as a whole?

The method of making up the shortfall from the start of the plan period within the first five years is known as the 'Sedgefield approach'. This appears to have been the preferred approach of Inspectors and Government in recent years and thus we felt it appropriate to calculate our five year supply using this methodology. However, while we are confident that we can demonstrate a five year

supply using this method, it does not necessarily mean that we consider it the most helpful or appropriate approach in principle.

There is an argument to suggest that the 'Liverpool' method (i.e. the spreading of the short fall across the plan period) or other alternatives such as 'phasing' delivery can be equally valid approaches which would not seek to restrict delivery or undermine the Government's objectives in any way.

The circumstances we find ourselves in terms of shortfall are not as a result of any action by the Council to restrict housing. They are the result of the market and economy. As we are now five years into the plan period, trying to make up the shortfall accrued in this time over and above the 'normal' requirement will clearly be more challenging. There are natural limits to the market, the construction industry and the ability of developers to deliver higher and higher levels of housing annually. It is also noteworthy that the Framework's aim to boost significantly the supply of housing is a general ambition for Plans and is not a specific requirement related to the supply of deliverable sites. The stock answer to not having a five year supply always seems to be to allocate more and more land. However, we feel that this misses the point that there are limits to what the market will build no matter how many schemes have permission or sites that are allocated. . Continuing with this approach can only lead to some authorities not being able to demonstrate a five year supply, even when they clearly have more than enough deliverable units to meet immediate needs. It is an academic approach that serves only to hinder progress on plans. It is unlikely to lead to any significant actual increase in delivery.

The Liverpool method could more realistically fit the way that developers deliver new homes to the market, particularly where there are large strategic sites that will take longer to come forward. This would not reduce the amount of housing delivered over the plan period or be contrary to the NPPF's requirement to 'boost significantly' the supply of housing. In Derby, the 'Liverpool method' would still require 910 dwellings a year. This is still a considerable level of development over and above what has been developed in the City over the last few years and the basic requirement of 647 dwellings a year.

This does not mean that the Council is not confident of its approach or that we cannot achieve a five year supply using the Sedgefield approach. We have allocated a range of site types, scales and locations in order to ensure that deliverable sites are available in the short term. There are both small sites that can deliver most/all of their dwellings within the five years and a number of larger sites that will come forward in the short term but provide over a longer period. We have ensured that a 'worst case' scenario has been taken into account when considering the 'deliverable supply' needed and thus we are happy that we have a five year supply even in these possibly unhelpful circumstances.

d) Have appropriate assumptions been made about the contribution of windfall sites to the 5-year housing land supply?

Paragraphs 2.47 to 2.64 and 6.38 to 6.41 of the document CD025 explains the relationship between windfalls and the five year supply in sufficient detail to address the matter. Paragraph 48 of the NPPF allows authorities to make an allowance for windfalls within the five year supply "if they have

compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply. Any allowance should be realistic having regard to the Strategic Housing Land Availability Assessment, historic windfall delivery rates and expected future trends...". We feel that there is sufficient evidence of the consistent delivery of 'windfalls' within the City to justify inclusion in the five year supply.

We also feel that we have addressed any concerns over potential double counting of windfalls in our letter of 10th February 2016.

e) Has appropriate allowance been made for some current planning permissions to lapse when calculating the 5-year housing land supply?

Footnote 11 of the NPPF (page 12) states that planning permissions should be considered deliverable unless there is clear evidence that it will not be implemented within five years. There is no requirement, therefore, to apply arbitrary 'lapse rates' to permissions as suggested by some objectors. This is not to say that the Council has not addressed the issue of permissions not being implemented within the five year period.

Each site with permission has been assessed on an individual basis to determine the likelihood of implementation. This has led to a number of permissions being excluded from the five year supply. In terms of large sites, this includes a 300 dwelling permission on the 'Riverlights' site (which may still come forward for housing at some point) and 80 dwellings adjacent to Jurys Inn. In terms of small sites, as at 1st April 2015, there were some 492 dwellings worth of extant permissions on small sites. Of these it was estimated that around 380 would be delivered within 5 years; 80 within the 2015/16 period (and thus forming part of the estimated 2015/16 completions) and a further 300 within the plan period. This means that we have excluded some 112 permissions from the on small sites.

This is a robust approach to assessing the delivery of permissions, which actually results in a realistic but conservative assessment of permissions.

f) Is the Local Plan likely to result in an appropriate supply of specific deliverable sites or broad locations for growth in the plan period beyond 5 years? Are the sites in a suitable location with a reasonable prospect that they are available and could be viably developed at the point envisaged?

This Matter appears to be concerned with ensuring that the plan is not too focussed on the five year supply alone and provides sufficient scope for longer term delivery. The Part 1 plan identifies sufficient strategic sites to deliver 6,975 dwellings with a further 1,294 in the Part 2 plan and 900 to come forward as windfalls. This level of growth far exceeds the five year supply requirement and should give comfort that the plan provides for both short and longer term needs. The issue of the suitability of allocations will be addressed against other matters below, but the Council is happy that they are in suitable locations and have a reasonable prospect of being available and viable for development during the plan period. As noted above, there is also a mixture of site types in the plan which will both provide for immediate and medium term needs and a number of larger sites that will come forward throughout the plan period. This should provide sufficient comfort.

g) Does the housing trajectory provide an appropriate illustration of the expected rate of housing delivery for the plan period?

The trajectory produced and explained in CD019 reflects our current and best understanding of the likely rate of delivery of housing in the City. This document should be referred to for a more in-depth explanation of the trajectory and methodology behind it. As with all matters relating to housing supply, it needs to be monitored and updated accordingly. Any assessment can only be a 'snapshot' in time. We feel that the assessment of each individual site is robust based on discussions with developers, comparisons with sites currently under construction, an understanding of local conditions and past trends. It will be monitored over time to ensure it remains a robust assessment of likely delivery.

As it stands, the Trajectory Graph in Appendix B of the Plan includes sites with planning permission, sites which are allocated in Part 1 and windfalls. Most of the sites which will be included in the Part 2 Plan are not yet included in the trajectory. This, as well as the use of Sedgefield and the application of a 20% buffer brought forward from later in the plan period, explains why the graph appears to indicate a big drop-off in delivery in the final years. This does not reflect the reality, as the trajectory will be amended over time to reflect the preparation of the Part 2 plan and other changing circumstances.

From a five year supply perspective, it is also worth noting that the trajectory includes our assessment of all deliverable dwellings. This totals nearly 5,800 units. Although we anticipate there is a realistic prospect that these numbers will need to be delivered, they do not all *have* to come forward to keep the plan on track in terms of meeting housing needs and the five year supply. The actual number of dwellings required to be built over the next five years is 4,570 dwellings. This is calculated as the normal annual requirement of 647 per year plus the making up of the shortfall of 1,335 dwellings within the first five years (this could be less, therefore, if it were concluded that shortfall could be spread throughout the plan period or a phased approach was considered).

The above figure does not include the buffer. The buffer exists only to provide choice and flexibility (NPPF) by 'bringing forward sites from later in the Plan period'. With the 20% buffer included the number of dwellings we must demonstrate are 'deliverable' increases to between 5,217 and 5,484 depending on when it is added to the calculation. However, it is not the purpose of the buffer to increase the housing requirement or scale of delivery and the dwellings within the 'buffer' do not have to be delivered, they must simply be able to provide choice. There are considerably more dwellings in the initial years of the trajectory than are required to meet the housing requirements. As already stated, we remain confident that the trajectory is realistic but it also provides a considerable level of flexibility and headroom over what is actually needed in the period.

h) Is there a clear housing implementation strategy for the full range of housing, describing how the Council will maintain delivery of a 5-year supply of housing land to meet the housing target?

The housing implementation strategy is contained within the policies of the Plan and particularly in CP6 and CP7. The above response explains how the housing supply will be maintained through and beyond the first five years including Part 2 allocations, windfalls and the fact that strategic

allocations will continue delivering into the later years of the Plan period. Policy CP6 also commits to reviews of the SHMA and SHLAA to ensure that housing need and supply is kept under review.

Policy CP7 will ensure that the needs for affordable and specialist housing can be met throughout the plan period. All of this also takes place in the wider context of Council activities in terms of delivering housing, including the identification/operation of the City Centre Housing Zone, City Living Initiative, intervention and assistance in major regeneration schemes across the City and the direct delivery of housing through working with registered providers and Derby Homes.

The monitoring of the plan will also have a role in assessing its effectiveness. This will provide an early warning of any longer term problems with maintaining a five year supply and allow the Council to take action if necessary.

i) Is the intention for non-strategic housing allocations to be a matter for the Part 2 Local Plan justified? Is the allowance for this of 1,294 dwellings justified? How does it relate to the separate assumption about windfall sites? Is there reasonable certainty that the Part 2 Local Plan will be able to deliver the sites required?

This issue is addressed to a large extent in the Council's Housing Position Statement (CD025), particularly paragraphs 2.69 to 2.78 and in the Council's letter dated 10th February 2016.

The intention has always been to prepare two plans. Originally, the expectation was that the 'Core Strategy' would not make any allocations and that it would simply identify the scale of growth. It was then decided that in order to provide some comfort over delivery in the short term, it would need to make 'strategic allocations', the nature of which changed from very large sites in the first instance to smaller more readily available and deliverable sites as time went on and the need to identify a deliverable five year supply become increasingly important. It was hoped that we would be able to expedite the adoption of the Core Strategy and the key housing sites, while leaving non-strategic sites to a later date. It was felt that widening the scope of the plan at any point in the process would have led to greater delays and less certainty. While it has clearly taken longer than anticipated to reach this point, the fact is that it would still have taken longer if a move to single plan had been adopted half way through the process. It should be noted that the preparation of the plan has given some comfort to developers that sites are appropriate for housing and this has led to planning applications and in some cases permissions. The plan is therefore already being delivered in some cases and many sites are already progressing through the planning/development process. As the Core Strategy provides for a considerable amount of development across a range of site types and locations, it continues to be thought appropriate to address non-strategic allocations separately.

We feel we have addressed the issues relating to the 1,294 dwellings within our initial response and within the Housing Position Paper (CD025) and in our response to the initial questions. The figure of 1,294 is the result of a robust assessment of the pool of sites known to the Council in the SHLAA and a reasonable assessment of what may come forward in a future 'call-for-sites' or the release of public sector land. Of the 1,294 we are already confident that around 400 are 'developable', which leaves around 800 to be 'found'. As we previously concluded, while the overall scale of opportunities that would come from the above sources is currently unknown, we are confident that

the work around the Part 2 plan will demonstrate that will be sufficient scope to address the residual requirement, including the potential to provide some level of flexibility if necessary.

The Council's approach to windfalls is discussed in detail in paragraph 2.47 - 2.64 of document CD025. It is hoped that any concerns the Inspector had about the double-counting of windfalls and Part 2 sites has also been addressed in our letter of 10th February. It is useful to reiterate the point here that we expect the majority of 'windfalls' to be made up from smaller sites of under 10 dwellings. This is below the SHLAA threshold and below what we would allocate in the Part 2 plan. It would be impractical and unnecessary to include such sites in either document. The outcome of this, however, is to ensure a clear separation between the Part 2 allocation process and the calculation and delivery of the windfall allowance.