



Topic Paper – Housing Land Supply

South Cambridgeshire District Council

March 2014

RD/Top/050

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Key Evidence:

- Strategic Housing Land Availability Assessment South Cambridgeshire District Council August 2013 (RD/Strat/130);
- South Cambridgeshire Annual Monitoring Reports for 2009 to 2013 and March 2014 update (RD/AD/220 – 270);
- National Planning Policy Framework (RD/NP/010);
- National Planning Practice Guidance (RD/NP/020);
- Laying the Foundations: A Housing Strategy for England 2011 (RD/H/100).

National Planning Policy Framework / National Planning Practice Guidance

- 1.1 The National Planning Policy Framework (RD/NP/010) requires local planning authorities to plan proactively to meet the objectively assessed need for homes in the area.
- 1.2 To boost significantly the supply of housing, the NPPF at paragraph 47 requires each local planning authority to identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their objectively assessed needs, with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities are told to increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land. A supply of developable sites has to be identified for the remainder of the plan period.
- 1.3 The footnote to paragraph 47 of states that to be considered deliverable, sites should be available now, offer a suitable location for development now, be achievable with a realistic prospect that housing will be delivered on site within 5 years, and including that the development site is viable. It then states that sites with planning permission should be considered to be deliverable until the permission expires or there is clear evidence that schemes will not be implemented within 5 years.
- 1.4 NPPF paragraph 48 allows local planning authorities to make an allowance for windfall sites in the five year supply where justified by the evidence.

- 1.5 Paragraph 031 of the National Planning Practice Guidance - Reference ID: 3-031-20140306, makes clear the deliverable sites can include those that are allocated in the development plan as well as those with planning permission, and that sites without planning permission or a plan allocation can also be considered to be deliverable if there are no significant constraints to overcome.
- 1.6 The NPPF at paragraph 154 requires Local Plans to be aspirational, but realistic. Paragraph 158 of the NPPF requires that plans are based on adequate, up-to-date and relevant evidence. A key evidence source for housing supply for the council is provided by past Annual Monitoring Reports (AMRs) which record housing completions, predicted future completions and the current 5 year housing supply situation. The predicted future completions are set out in a housing trajectory, the preparation of which is informed by development industry expectations of how they anticipate the build-out of their sites. Previous AMRs are included in the evidence library to demonstrate how these expectations have changed over time (Annual Monitoring Reports for 2009 to 2013 and March 2014 update (RD/AD/220 – 270)).
- 1.7 Paragraph 159 of the NPPF requires the preparation of Strategic Housing Land Availability Assessments (SHLAA) by local planning authorities. The SHLAA process should establish realistic assumptions about the availability, suitability, and likely economic viability of land to meet the identified need for housing within a local authority's area over the plan period.
- 1.8 The council's position in relation to the supply of housing across the plan period is outlined in Chapter 2 of the Proposed Submission South Cambridgeshire Local Plan 2014 (RD/Sub/SC/010) as amended by modifications (RD/Sub/SC/030, and 040. The most up to date housing trajectory is shown in the latest AMR RD/AD/270). This trajectory was informed by the anticipated lead in time for sites and information from developers.

Strategic Housing Land Availability Assessment

- 2.1 The Strategic Housing Land Availability Assessment (SHLAA) (RD/Strat/130) is a technical assessment of the potential suitability, availability and achievability of sites for housing development.
- 2.2 The South Cambridgeshire SHLAA has been prepared in accordance with the Government's guidance and the council's assessment

methodology agreed in July 2009. It is a technical evidence based document to help the council to assess the amount of land, which might be available between 2011 and 2031. It does not allocate land or commit it for development but assists in informing more detailed work on the review of the Local Plan. It identifies where policy changes would be required through the Local Plan for a site to be suitable for development, for example to the village framework boundary.

- 2.3 At the beginning of the process of preparing the first SHLAA for South Cambridgeshire, a 'Call for Sites' was issued in 2011. This resulted in around 300 sites being put forward to the Council which were assessed against a consistent set of criteria and subject to sustainability appraisal. A total of 62 site options were identified that were considered to be deliverable and developable which were consulted on through the Issues and Options process and from which a preferred set of sites was included in the Proposed Submission Local Plan as allocations. These are included along with commitments and allocations carried forward from the adopted LDF to produce a housing trajectory to show how the Local Plan housing requirements can be met by 2031. The SHLAA was first published in July 2012 and a supplement was published in December 2012. An updated SHLAA (June 2013) replaced both of these previous documents. We found that the updated SHLAA (June 2013) issued at the start of the public consultation for the Proposed Submission Local Plan did not include some of the most up-to-date information which was used when compiling the Local Plan. We published an updated SHLAA in August 2013. The SHLAA (August 2013) replaces all the previous versions of the SHLAA (RD/Strat/120).

Windfall Allowance

- 3.1 Windfall sites are defined in the NPPF as "Sites which have not been specifically identified as available in the Local Plan process. They normally comprise previously-developed sites that have unexpectedly become available." Paragraph 48 of the NPPF allows local planning authorities to make allowance for windfall sites in their five-year supply, if there is 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 have regard to the Strategic Housing Land Availability Assessment, historic windfall delivery rates and expected future trends, and should not include residential gardens.

- 3.2 Whilst the Local Plan does not depend upon windfalls to meet the objectively assessed housing need, a windfall allowance of 400 homes is included in the number of homes predicted to be completed in the 5 year period 2014 to 2019 as shown on Figure 4.7 of the 2012/2013 AMR (RD/AD/270).
- 3.3 Windfalls have averaged over 200 dwellings per year for many years.

Table 1: Windfall Housing Completions Since 1999 in South Cambridgeshire

Time Period	Windfalls
1999-2001*	396 G
2001-2002**	186 G
2002-2003	222 G
2003-2004	190 G
2004-2005	194 G
2005-2006	not known
2006-2007	170
2007-2008	471
2008-2009	170
2009-2010	265
2010-2011	217
2011-2012	220

Source: SCDC Monitoring/Cambridgeshire County Council Monitoring

* this covers the period from July 1999 to June 2001.

** this covers the period from July 2001 to March 2002.

The remaining years are financial years.

G = Includes garden land

Figures from 2006-2007 are net home completions

- 3.4 The average windfall completions per year over the 6 years from 2006 to 2012 excluding gardens is 252 homes per year. Excluding one exceptional year of unusually high completions in year 2007-2008 the average windfall completions per year over 5 years excluding gardens is 208 homes. The AMR trajectory rounds the figure of 208 down to 200 windfall completions per year and gradually introduces this allowance into the trajectory to avoid the risk of double counting with sites that may already have planning permission. The Local Plan allows for limited scale development to come forward within settlement

development frameworks in proportion to the sustainability of the settlement (Submission Local Plan policies S/8, S/9, S/10 and S/11). These policies allow for the effective recycling of land and allow the delivery of new homes to meet local needs.

- 3.5 A significant source of windfall housing in South Cambridgeshire is rural exception site affordable housing which can be provided outside of but adjacent to settlement development boundaries. Figure 4.17 of the AMR (RD/AD/270) records 420 rural exception site affordable home completions over the 8 year period between 2004-2005 and 2012-2013 or 47 homes per year. The City Deal for Cambridge and South Cambridgeshire announced in the budget on the 19th March also includes provision for funding to provide a significant additional supply of rural exception site affordable housing in the future but no allowance has been made in the Local Plan for this additional provision. The City Deal will provide significant extra funding for this type of development which is likely to be used by a bespoke development delivery vehicle for exception sites. This vehicle will proactively seek new sites across the district, and will seek to make the best use of each site that is found to meet local needs. The City Deal funding will reinforce the amended Submission Local Plan policy H/10 to allow a proportion of market housing on exception sites to ensure scheme viability. On this basis and allowing for the phased introduction of a higher rate of completions it would be reasonable to assume an average additional 50-60 homes a year on exception sites from 2016/2017. Taking all of this into account it would be reasonable to allow an extra 150 homes from this source in the current 5 year supply period.
- 3.6 A number of policies in the Local Plan have been made more flexible which will serve to ensure a robust future supply of windfall site housing. These include:
- Policy H/9 Affordable Housing (higher threshold of 3 homes will encourage more very small developments and self build schemes)
 - Policy H/10 Rural Exception Site Affordable Housing (allows inclusion of an element of market housing where needed to ensure viability)
 - Policy H/14 Countryside Dwellings of Exceptional Quality (likely to be a small number of new homes)
 - Policy H/16 Reuse of Buildings in the Countryside for Residential Use (it can also be noted that new permitted development rules are to be introduced to allow redundant farm buildings of up to 450 sq metres to be converted into residential without the need for planning permission).

Allowance for Changing Market Conditions

- 4.1 The period 2002 to 2011 covers a range of different market conditions from an extremely buoyant market in the period 2002 to 2007, to a downturn nationally between 2008 and 2011. In South Cambridgeshire, whilst the housing market has varied over this period it remains second only to Cambridge across the Cambridgeshire Districts. Information from developers suggests that, generally speaking, they expect developments to start later than originally planned but that developments are now moving forward positively. In addition, larger developments are likely to be spread over a longer time period.
- 4.2 There remain a number of reasons why the rate of housing completions is likely to grow and remain high during the next plan period:
- The housing market in Cambridge is strong, with high demand and prices achieved, and with trends in South Cambridgeshire also positive (Housing Market Bulletins for the Cambridge Sub-Region);
 - Economic growth is robust and household incomes remain well above the national and regional averages. 2013 data for full time median weekly earnings being £446.3 for England, £526.3 for the East of England, £559.4 for Cambridgeshire, £556.2 for Cambridge and £636.7 for South Cambridgeshire (ONS Statistics 2013);
 - Previously planned and allocated major sites are now starting to deliver, and although later than planned will be an increasingly important source of supply looking forward. The delivery of urban extensions on the edge of Cambridge is underway and contributing to the strong recent completion figures in Cambridge. A number of the urban extensions extend into South Cambridgeshire where construction will commence in the next 5 years (Cambridge East, North West Cambridge, and Trumpington Meadows).
- 4.3 The number of smaller households continues to increase nationally and this increased need for small dwellings is addressed by the Local Plan in the Housing Mix policy H/8.

- 4.4 There has been little difference in the nature of small sites coming forward over the past 11 years. The policy changes set out above at paragraph 3.6 are likely to encourage additional windfall housing as are the Government relaxation of permitted development rights for offices to residential and the to allow 3 homes to be created from redundant agricultural buildings on each farm.

5 year Housing Land Supply 2014-2019

- 5.1 Using the emerging Local Plan housing requirement of 19,000 homes to be provided in the District between 2011 and 2031, as the most up to date housing requirement supported by an up to date SHMA, gives an annualised requirement of 950 homes. 1,258 homes were completed to March 2013 and it was predicted that a further 565 homes would be completed 2013-2014. This leaves a balance of 17,177 homes to be completed over the 17 years to 2031 (update to the Annual Monitoring Report, March 2014).
- 5.2 The AMR 2014 (RD/AD/270) calculates 5-year supply using the 'Liverpool' method. For comparison, the 'Sedgefield' method is also considered here and its merits in the context of South Cambridgeshire are addressed below. The Local Plan includes a 5% buffer for 5-year housing land supply, as required by the NPPF. The Council does not consider that it has a history of persistent under delivery. This issue of the appropriate buffer is addressed below. However, for comparison, the effects of a 20% buffer on housing supply are also considered. The submission Local Plan includes a housing trajectory that sets out anticipated housing provision over the plan period, including over the 5-year period 2014-2019. Since the plan was agreed, an additional element of housing supply has been announced in the context of an announcement in the Chancellor's March Budget of a City Deal for the Greater Cambridge area, in the form of an additional 1,000 homes on exception sites over the plan period. This can reasonably be predicted to yield an additional 150 homes in the next 5-year period (see paragraph 3.5 above).
- 5.3 It is also important to consider the implications of the close relationship between South Cambridgeshire and Cambridge and the complementary development strategies included in the plans that both Councils are submitting for examination on 28 March. The plan making process has included considerable joint working reflecting the close relationship of the two plan areas and identification of a single development strategy across both council's areas. The delivery of the sustainable development strategy involves more development in

Cambridge early in the plan period involving sites at the top of the search sequence many of which are now well advanced, while the new settlements with their longer lead-in periods come forward. Indeed, given the close relationship, the plans are being submitted for examination together on 28th March and it is anticipated that there may be joint examination hearings for strategic matters, subject to the consideration of the Inspector to be appointed shortly to hold both examinations. For these reasons it is appropriate to consider the 5-year supply situation jointly across both districts.

- 5.4 Table 2 sets out the 5-year supply position under all the above scenarios. It demonstrates that under the Council’s published position (Liverpool method and 5% buffer) it has 5.1 years supply of housing land, and 5.2 years with the additional City Deal homes. If any alternative method of calculation or buffer is used, there is a 5-year supply taking South Cambridgeshire and Cambridge together, with the additional homes included in the City Deal

Table 2: Five Year Supply 2014-2019 (using data up to 31 March 2014)

	Liverpool Method		Sedgefield Method	
	5%	20%	5%	20%
South Cambs	5.1	4.4	4.4	3.9
South Cambs with 1,000 City Deal	5.2	4.6	4.6	4.0
Cambridge	7.7	6.7	7.6	6.6
South Cambs & Cambridge	6.2	5.4	5.6	4.9
South Cambs & Cambridge with 1,000 City Deal	6.2	5.5	5.7	5.0

Liverpool or Sedgefield?

- 5.5 The Liverpool method has always been used by South Cambridgeshire for Development Plans since the requirement to demonstrate a 5 year supply was first introduced. The CLG 2009 publication ‘Land Supply Assessment Checks’ examines both the Liverpool and Sedgefield methodologies and does not recommend either as best practice. There is no preferred methodology for how to calculate a 5 year supply included in either the NPPF or the NPPG.
- 5.6 Paragraph 035 of the NPPG reference ID: 3-035-20140306 is concerned with dealing with past under-supply and states that ‘Local planning authorities should aim to deal with any undersupply within the

first 5 years of the plan period where possible. Where this cannot be met in the first 5 years, local planning authorities will need to work with neighbouring authorities under the 'Duty to Cooperate'.

- 5.7 Importantly, this practice guidance is clearly referring to plan making and to making up any past under-supply 'within the first five years of the plan period' which is the period 2011 to 2016. However there is no backlog for housing in the District to provide for prior to the 2011 Census base date, which also forms the base date of the Local Plan (the SHMA calculations are based upon actual population data from the Census). The NPPG published in March 2014 provides no support for the use of the Sedgefield method in South Cambridgeshire.
- 5.8 The Sedgefield method is not appropriate for South Cambridgeshire taking account of the dispersed spatial settlement pattern of the district (108 villages and no towns), the reversal of the former policy of dispersed development that preceded the adopted LDF, and the trajectory of planned housing delivery which concentrates future growth into urban extensions to Cambridge and into new settlements and with very limited allocated growth in villages. Of the 22,000 homes which we expect to see delivered in the district to 2031 around 15,513 will be delivered in the form of major strategic scale urban extensions on the edge of Cambridge, at Cambourne, at a new town at Northstowe, and at new proposals in the Local Plan at Waterbeach, Bourn Airfield, and via additional growth to the west of Cambourne.
- 5.9 Account should also be given to the housing requirement proposed in Cambridge which has been agreed as appropriate by all the Cambridgeshire and Peterborough authorities in a Memorandum of Understanding prepared under the 'Duty to Cooperate'. South Cambridgeshire has worked closely with the City on development planning matters for many years and together the two authorities have prepared a number of Area Action Plans for major urban extensions to Cambridge which cross the boundary between the two authorities (Local Plan Key Diagram) with a total capacity of over 15,000 homes, not all of which will be forthcoming before 2031. The delivery of the urban extensions is inevitably being delivered from the urban edge outwards meaning that Cambridge is benefiting from the majority of current housing completions, with completions in South Cambridgeshire following later in the plan period (including development at Cambridge East, North-West Cambridge, on land between Huntingdon Road and Histon Road and at Trumpington Meadows on the Cambridge southern fringe). This joint approach has been carried forward into a successful City Deal bid for Cambridge

and South Cambridgeshire intended to help deliver the development proposals in both plans in a joined up way. Note that the Cambridge City Submission Local Plan assumes that a 5% buffer is appropriate for Cambridge and that there has been no past undersupply in Cambridge due to circumstances within the control of the Council.

5% or 20% Buffer?

- 5.10 The AMR demonstrates that there will be a full 5-year supply of housing land every year from submission through to 2031 with a surplus. This includes a buffer of 5% as required by the NPPF. The Council considers this is the correct buffer to apply. The NPPF requires a 20% buffer to be provided if there is evidence of persistent under delivery in an area. The Council does not consider this applies to South Cambridgeshire. This issue has been considered as part of the preparation of the submission Local Plan. Looking at past delivery for the current plan period 1999 to 2016 (see table 3 below), the Council has met the annualised target applying in the adopted plan in operation at that time for four of the nine years up to the recession that took effect on housing delivery in 2008-2009 and had only a small shortfall of 40 homes for two further years. The remaining three years it had a shortfall of less than 200 homes again reflecting the effects of the economic cycle. The Council had met the annualised requirement for the three years leading up the recession and was showing good signs of continuing to deliver at the necessary levels to meet the Core Strategy target had it not been for the recession. The Council has done everything within its power to try and achieve the planned for level of delivery.
- 5.11 It is not appropriate to test against the annualised Structure Plan or Regional Plan target for the whole of the current period, as not only had the higher order plans themselves not been adopted until part way through that period, but there was then an inevitable time lag until a local plan could be put in place to implement the housing target at the local level. This is particularly relevant in a district where the last round of higher order plans introduced a major step change in housing delivery, rising from an average of 753 per annum to 1,176 per annum, that then needed to put in place through allocations in local plans. This was done as expeditiously as possible, with adopted local development documents starting to come through from 2007, despite comprehensive changes to the plan making system at that time. Completion rates were rising well and had started to exceed the annualised target by 2008 but the major worldwide recession then took hold and delivery rates were halved in a year. Recovery has been slow nationally over the last few years but major sites, particularly

most of the sites on the edge of Cambridge are now starting to deliver strongly with other sites actively at the planning stage. There is every sign of that continuing and Northstowe is soon to start on site. The plan therefore appropriately allows for a 5% buffer to ensure a continuous 5-year supply of housing land.

- 5.12 There is no record of persistent under delivery of housing over the long term. The NPPF at paragraph 035 Reference ID: 3-035-20140306 does not define what the NPPF means by the words ‘a record of persistent under delivery of housing’ leaving it for the decision maker to judge whether a 5% or 20% buffer is justified. In the making of this judgement it importantly makes clear that: ‘It is legitimate to consider a range of issues..’ which means that considerations of a lack of demand, and the impact of the recession can be legitimate considerations for the decision maker and that it is not a simple yes/no decision.
- 5.13 There is no clear relationship shown in table 3 between the number of housing completions in a monitoring year and the stock of planning permissions in the previous year. The evidence does not support a proposition that increasing the housing capacity of sites with planning permission would automatically increase the planned rate of completions. In contrast the table does show a close relationship between housing completions and the state of the national economy as shown in the table by GDP growth. It can be noted that the Government’s Housing Strategy for England 2011 itself acknowledges that problems with the economy have had a major part in the downturn in house building (RD/H/100 Chapter 2 paragraphs 15, 16 and 17).
- 5.14 Until 2008, housing completions in South Cambridgeshire were building up to the rate needed to deliver the Core Strategy target in line with the East of England Plan trajectory. Table 3 shows how the house building industry has responded to the onset and then the prolonging of the economic downturn with the Council showing an abundant land supply of deliverable housing sites in the 2006/07 AMR after which house-builders have been advising that they could not build and sell significant numbers of houses until the economy recovers. The result being a slower build out rate on sites, and sites with planning permission taking longer to get development started. The Council has done everything within its power to try and achieve the planned for level of delivery.

Table 3: Capacity of planning permissions and housing completions compared with annualised target in adopted plans and the proposed submission Local Plan and compared to GDP and house price growth

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Capacity of Sites with Planning Permission	-	4,563	4,450	4,057	3,878	3,977	4,153	3,824	3,182	2,813	3,333	2,768	3,334	4,413
Completions	801	801	525	653	979	571	877	924	1,274	610	611	656	671	587
GDP Growth %	2.9	4.4	2.2	2.3	3.9	3.2	3.2	2.8	3.4	-0.8	-5.2	1.7	1.1	0.2
SCDC Median House Prices £ 000's	115	128	150	171	182	195	210	230	247	194	232	233	227	n/a
Adopted Plan Annual Target	843	843	843	843	843	753	753	753	1176	1176	1176	1176	1176	1176
Surplus / Deficit	-42	-42	-318	-190	136	-182	124	171	98	-566	-565	-520	-505	-589
Adopted Plan	Local Plan 1993				Local Plan 2004				Core Strategy 2007					
Target in Rescinded East of England Plan (May 2008)	-	-	700	700	700	700	700	700	1,330	1,330	1,330	1,330	1,330	1,330
Proposed Submission Local Plan Annual Target	-	-	-	-	-	-	-	-	-	-	-	-	950	950
Surplus / Deficit	-	-	-	-	-	-	-	-	-	-	-	-	-279	-363

Sources: SCDC Annual Monitoring Reports and Cambridgeshire County Council Monitoring Data

GDP data: <http://www.ons.gov.uk/ons/rel/elmr/explaining-economic-statistics/long-term-profile-of-gdp-in-the-uk/sty-long-term-profile-of-gdp.html>

CLG median house prices by district, table 582, based on the sale price of property taken from the Land Registry's sold price data.

- = data not available.

Combined housing trajectory for South Cambridgeshire and Cambridge

- 5.15 The close functional relationship between South Cambridgeshire and Cambridge has long been recognised in planning terms. Past structure plans and regional plans identified the Cambridge sub region as a key driver of growth in the area and Cambridge and South Cambridgeshire leading that growth, lying as they do at the heart of the sub region. Cambridge has a tightly drawn administrative boundary and is also surrounded by the Cambridge Green Belt, designated to protect the setting of this important historic city. The development sequence identified in the Structure Plan 2003 and East of England Plan 2008 and given effect in the LDF (adopted between 2007 and 2010) and the Cambridge Local Plan 2006 focuses development in Cambridge, then in major urban extensions on the edge of Cambridge through Green Belt releases in the adopted plans (straddling the administrative boundary and including two joint Area Action Plans), then a new town at Northstowe (north west of Cambridge) and finally through limited development in the rural area.
- 5.16 There has been a close working relationship between South Cambridgeshire and Cambridge in the preparation of their respective new Local Plans, including a joint Strategic Transport and Spatial Planning Member Group, and both Councils submitted their plans for examination on 28 March. There will be a single Inspector appointed to hold both examinations and it is anticipated that there may be joint hearings on strategic matters. There are complementary development strategies included in the Local Plans that both Councils are submitting for examination on 28 March. The plan making process has included considerable joint working reflecting the close relationship and identifies a single development sequence across both Council's areas. The delivery of the sustainable development strategy involves more development in Cambridge early in the plan period with many of the sites at the top of the search sequence now being well advanced, while the new settlements with their longer lead-in periods come forward. There is a logic in considering housing supply and delivery for both areas together. The recent Government announcement of a City Deal for Cambridge and South Cambridgeshire districts reflects the strength of the relationship between the two areas and further supports a joined up consideration in housing supply terms. For these reasons it is appropriate to consider the 5-year supply situation jointly across both districts.