Calculating the 5 year housing requirement 2014-2019

This note sets out the range of possibilities that could be considered. The Council previously set out its view in BNES/52. However, the agenda for March 27th introduces the possibility of a further option and so the Council uses this note to place them all together. There are two broad approaches, identified below, each with sub-approaches (relating to frontloading or spreading the Local Pan backlog and/or any additional shortfall accruing since 2011).

1. Planned provision figure of around 13,000
2. Disaggregated housing requirement figures (the market and affordable components)

1. 5 year Housing Land Supply Position (2014-2019) against planned provision of around 13,000 for 2011-2029

The planned housing provision figure of around 13,000 comprises two components:

- 1,167 relates to a Local Plan backlog from 1996-2011
- 11,833 relates to a forward looking supply from 2011-2029.

The Council presents three possible outcomes for the 5 year requirement, as summarised below. The means by which these figures are derived is set out in detail subsequently. The approaches in the 1st and 3rd columns have previously been set out in Appendix 2 of BNES/52 in TableA2i, p.33 and the first table on p.35. However, there is a middle way, not previously set out in BNES/52, but triggered by the agenda set for March 27th. This involves merging the Local Plan backlog in with the 13,000 and spreading it across the plan period and then applying the Sedgefield approach to the resultant annual requirement.

Planned Provision Summary

	Liverpool LP backlog spread or frontloaded (1a &2a)	**Sedgefield LP backlog spread (1b)**	**Sedgefield LP backlog frontload (2b)**
5yr Req 100%	3,825	4,253	4,900
5yr Req 120%	4,590	5,103	5,880

<u>Spreading the Local Plan Backlog</u>

In Tables 1a and 1b below the Local Plan backlog of 1,167 is spread over the entire 2011-29 plan period. Within this context the two tables set out two choices; whether to make up any shortfalls accruing since 2011 against the 13,000 over the rest of the plan period (Liverpool approach) or to make this up within the next 5 year period (Sedgefield) approach.

Table 1a: Local Plan shortfall spread out over 2011-29 - Liverpool

Total Planned Provision 2011-29	13,000
Built 2011/12 - 13/14	1,523
Residual 2013/14 - 18/19	11,477
Residual Annualised	765
5 year requirement 2013/14 -18/19 (100%)	3,825
5 year requirement 2013/14 -18/19 (120%)	4,590

Table 1b: Local Plan shortfall spread out over 2011-29 – Sedgefield

Total Planned Provision 2011-29	13,000 (722pa)
Interim Target 2011-19 *(8 x 722)*	5,776
Built 2013/14 - 18/19	1,523*
5 year requirement 2013/14-18/19 (100%)	4,253
5 year requirement 2013/14-18/19 (120%)	5,103

*In 1b the shortfall to 2013/14 is 643 (722 x 3 = 2,166, less 1,523 = 643)

<u>Frontloading the Local Plan Backlog</u>

In Tables 2a and 2b the Local Plan backlog of 1,167 is programmed to be 'dealt within the first 5 years of the plan period (2011-2016). Monitoring shows that 1,523 homes will be built by the end of year 3 (2013/14). 1,167 of these completion will deal with the local plan backlog, with a 356 'surplus' contributing to the forward looking requirement of 11,833 (722pa) i.e. 356 built against 2,116 (722 x 3). Within this context the tables 2a and 2b set out two choices; whether to make up the shortfall against the 11,833 over the rest of the plan period (Liverpool approach) or to make this up within the next 5 year period (Sedgefield) approach.

Table 2a: Local Plan shortfall (or rather Core Strategy shortfall) spread out over 2014-29 – Liverpool

Total Planned Provision 2011-29	13,000
Built 2011/12 - 13/14	1,523*
Residual 2013/14 - 18/19	11,477+
Residual Annualised	765
5 year requirement 2013/14 -18/19 (100%)	3,825
5 year requirement 2013/14 -18/19 (120%)	4,590

* of which 1,167 relate to LP backlog and 356 contributes to forward looking requirement

+ 11,833 less 356 or 13,000 less 1,523 depending on how one looks at the situation

This outcome is no different to Table 1a, because of the passing of three years since 2011 and the clearing of the Local Plan backlog during that time

Table 2b: Local Plan shortfall (or rather Core Strategy shortfall) frontloaded over 2014-29 – Sedgefield

Total Planned Provision 2011-29	13,000
Interim Target 2011-19	6,423*
Built 2013/14 - 18/19	1,523+
5 year requirement 2013/14-18/19 (100%)	4,900-
5 year requirement 2013/14-18/19 (120%)	5,880

*1,167 plus 5,256 (11,833/18)=657 x8
+ of which 1,167 relate to LP backlog and 356 contributes to forward looking requirement
- 6,423-1,588 (or 5,256-421)

<u>Housing Delivery Baseline – the level from which supply must be boosted, significantly</u>

Even the lower end of these figures would represent a significant boost to supply given the last three 5yr year periods have delivered 2,100, 2,100 and 2,200 and pre 2011 delivery ranged between 1,400 and 1,900 in any 5 year block. A jump to even the lower end of the range (3,825) in the next 5 year block would therefore represent a considerable boost to supply especially given that the 20% buffer requires the identification of 4,590.

<u>A Short Note on Deliverable Supply</u>

Against the range of outcomes, the SHLLA currently shows 5,800+ units of deliverable supply. Forecasting delivery and sales rates is not an exact science. Reasonable assumptions must be made, based on evidence. The SHLAA is evidence based, reasonable and reflects discussions with developers but it is a best case scenario. When risk assessed the risks are more likely to result in a marginally reduced supply than a greater supply. These relate to (1) the baseline for 5 year performance and the extent of the boost implied by 5,800; (2) the whole market context (new build and second hand) re annual sales and the ability of developers to build at the highest rates required; (3) that on key sites without planning permission (5 Green Belt sites and 3 MoD sites) delivery generally starts in year 3, which supposes a relatively smooth, appeal free planning process as well as keen developer intent. If one were to nudge things back a year, thus pushing year 5 into year 6the SHLAA forecast for the next 5 years would fall by up to 400 (i.e. each site would lose about 50 dwellings). The recent addition of 250 more units in the 5 year supply by Crest is reasonable as the land is available now, but negotiations between Crest and National Grid have not yet concluded. There may be some risk that these fail and that CPO powers will need to be exercised, which will take time. In combination this risk assessment suggests that in a 'worst' case scenario deliverable supply would not fall below 5,000 i.e. enabling up to approach 1b identified in the planned provision summary table above.

2. 5 year Housing Land Supply Position (2014-2019) against the market and affordable components of need 2011-2029

The affordable component is 3,290. The market component is 5,437 (CSA14 and 15) but increasing to 6,832 following the 'common sense' adjustment to the outputs yielded by the hybrid household formation rates under mid migration trend.

We present three possible outcomes for the 5 year requirement, as summarised below. The means by which these figures are derived is set out in detail subsequently. The approaches in the 1st and 3rd columns have previously been set out in Appendix 2 of BNES/52. However, there is a middle way, not previously set out in BNES/52, but triggered by the agenda set for March 27th. However, this is not significantly different to the outcomes in the first column.

Affordable Housing Summary

	Liverpool LP backlog spread or frontloaded (3a &3b)		**Sedgefield LP backlog spread (4a)**		**Sedgefield LP backlog frontloaded (4b)**	
	Aff	**Mkt**	**Aff**	**Mkt**	**Aff**	**Mkt**
5yrReq 100%	942	1,930	999	1,992	1,225	2,413
5yrReq 120%	**1,130**	**2,316**	**1,199**	**2,390**	**1,470**	**2,895**

<u>Affordable Housing - Spreading the Local Plan Backlog</u>

Table 3a: Local Plan shortfall spread out over 2011-29 - Liverpool

	Aff	**Mkt**
Total Planned Provision 2011-29	3,290	6,832
Built 2011/12 - 13/14	465	1048
Residual 2013/14 - 18/19	2,825	5,784
Residual Annualised	188.3	386
5 year requirement 2013/14 -18/19 (100%)	942	1,930
5 year requirement 2013/14 -18/19 (120%)	**1,130**	**2,316**

Table 3b: Local Plan shortfall spread out over 2011-29 – Sedgefield

	Aff	Mkt
Total Planned Provision 2011-29	3,290 (183pa)	6,832 (380pa)
Interim Target 2011-19	1,464	3,040
Built 2013/14 - 18/19	465	1048
5 year requirement 2013/14-18/19 (100%)	999	1,992
5 year requirement 2013/14-18/19 (120%)	**1,199**	**2,390**

*In 1b the shortfall to 2013/14 is 643 (722 x 3 = 2,166, less 1,523 = 643)

<u>Frontloading the Local Plan Backlog</u>

Table 4a:, Local Plan shortfall frontloaded over 2011-29 – Liverpool

	Aff	Mkt
Total Planned Provision 2011-29	3,290	6,832
Built 2011/12 - 13/14	465*	1,048*
Residual 2013/14 - 18/19	2,825+	5,784+
Residual Annualised	188.3	386
5 year requirement 2013/14 -18/19 (100%)	942	1,930
5 year requirement 2013/14 -18/19 (120%)	**1,130**	**2,316**

* for Aff - of which 410 relate to LP backlog and 55 contributes to forward looking requirement

* for Mkt, of which 757 relate to LP backlog and 291 contributes to forward looking requirement

+ 2,880 less 55 or 3,290 less 465 depending on how one looks at the situation

+6,075 less 291 or 6,832 less 1,048 depending on how one looks at the situation

Table 4b:, Local Plan shortfall frontloaded over 2011-29 – Sedgefield

	Aff	Mkt
Total Planned Provision 2011-29	3,290	6,832
Interim Target 2011-19	1,690*	3,461*
Built 2013/14 - 18/19	465+	1048+
5 year requirement 2013/14-18/19 (100%)	1,225-	2,413
5 year requirement 2013/14-18/19 (120%)	**1,470**	**2,895**

*for Aff is 410 plus 1,280 (2880/18) = 160, x8

*for Mkt is 757 plus (6075/18) =338 x8

+ for Aff, of which 410 relate to LP backlog and 55 contributes to forward looking requirement

+ for Mkt, of which 757 relate to LP backlog and 291 contributes to forward looking requirement

- 1690-465 (or 1280-55)