

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Northstowe and New Communities Portfolio Holder 24 November 2011
AUTHOR/S: Executive Director (Operational Services) / Corporate Manager Planning and New Communities

FIVE-YEAR HOUSING LAND SUPPLY

Purpose

1. To agree the Council's response to a technical shortfall in 5-year housing land supply.
2. This is not a key decision because the Council has already confirmed its commitment to the development strategy over the longer term.

Recommendations

3. That the Portfolio Holder agrees that the appropriate method of calculating 5-year housing land supply pending the completion of the Local Development Framework review is against the draft East of England Plan >2031 (the review of the East of England Plan 2008 to 2031) housing target (Option 1), without making up any residual shortfall against the Core Strategy target for the period to 2016, and that this be a material consideration for planning decisions pending the completion of the Local Plan review.

Reasons for Recommendations

4. Despite having sufficient deliverable land supply to provide 5,600 new homes over the next 5 years, the Council has a technical shortfall in 5-year housing land supply against the Core Strategy target to 2016. Government policy in PPS3 and the draft National Planning Policy Statement is that Councils should have a rolling 5-year supply of housing land. Where there is a shortfall, Government policy is that planning permission should be granted for housing, subject to certain conditions.
5. This report proposes the Council's approach in respect of calculating 5-year housing land supply pending the completion of the new Local Plan that will provide policies for the period to 2031. This will form a material consideration in determining housing applications that are contrary to planning policy but make a case for approval based on a lack of 5-year housing land supply. The method recommended in this report for calculating 5-year housing land supply is consistent with Government guidance provided in the context of the proposed abolition of regional plans, that the so-called Option 1 targets, targets that have been agreed between individual local authorities and the Regional Planning Body and published in a draft RSS, can be used by authorities who decide to revise their housing targets.
6. This approach is consistent with the evidence that, whilst there is a technical shortfall, there is not an actual shortfall in housing land when considered in the context of prevailing housing market conditions, the objectives underpinning the development strategy and the most recent forecasts on creation of jobs and the corresponding requirement for new homes, and that there is adequate housing land supply to respond to housing needs as the market recovers. The Local Plan review that is

already under way is considered the most appropriate way to consider the development strategy for both the short term and the period to 2031.

Background

7. Over the last 3 years, the Local Development Framework Annual Monitoring Report has shown a deteriorating 5-year land supply compared with the Core Strategy housing target to 2016. This is a result of the recession and the major reduction seen in housing completions nationally, combined with a development strategy that expected the major sites to come forward towards the end of the plan period, which are themselves being delayed by the recession. The effect has been compounded by the relatively few years of the plan period to 2016 now remaining, and the way land supply is calculated on the assumption that the whole of the housing target must be made up by the end of the plan period.
8. Being identified in the Annual Monitoring Report (AMR), this shortfall is known to landowners/developers who are promoting development at villages which is not consistent with Development Plan. To date, such sites have primarily been in less sustainable locations considered and rejected by the Inspector who examined the South Cambridgeshire Local development Framework. Promoters are beginning to seek to rely on the technical shortfall to secure planning permission.
9. In reaching a conclusion whether there is actually a problem at this time that additional planning permissions for housing would help resolve, this report explores the issue of land supply, and sets it within the context of:
 - the development strategy for the Cambridge Sub Region, which is jobs led,
 - the latest forecasts for jobs and housing in the context of the recession
 - housing provision and current housing land supply
 - the remaining years of the current Local Development Framework and the draft East of England Plan >2031 (Option 1 figures)
 - the Local Plan review that the Council has already embarked on.

It then considers the appropriate approach to calculating the 5-year housing land supply pending the Local Plan review, and whether there are any material considerations that would justify a change in approach to determining planning applications specifically on the basis of the technical 5-year housing land supply, pending the Local Plan review.

Considerations

10. The development strategy for South Cambridgeshire was established in the Regional Plan for East Anglia 2000 (RPG6) and the Cambridgeshire and Peterborough Structure Plan 2003 and later confirmed in the East of England Plan 2008. The strategy is one of supporting the economic success of the Cambridge area through continued jobs growth, with housing provision at a level, and of a quality, to allow for the economic prospects to be met. To reduce the amount of commuting in the longer term, the aim is also to achieve a better balance between jobs and home in and close to Cambridge. The strategy envisages a high level of in-migration to support new jobs, with average annual net in-migration at 80% across the plan period to 2016 being forecast at the time the Structure Plan was prepared (Source: Technical Report in support of the 2002 Deposit Draft Structure Plan, Table 2.3).

11. The strategy focuses development on a number of strategic scale sustainable developments comprising urban extensions to Cambridge and the new town of Northstowe. The plans envisaged that the remaining village allocations from the previous dispersed development strategy would provide for a continuous supply of housing land for the first half of the plan period, together with a continuing supply of windfall development, while the major developments were coming forward. The Council therefore has a significant supply of housing land, and taking extant planning permissions, sites where the Council has resolved to grant planning permission and allocations together, still has land identified for a total of approximately 17,300 dwellings.
12. The latest comprehensive forecasts of jobs and housing provision in the Cambridge Sub Region were undertaken in 2008. As part of work towards a review of the East of England Plan covering the period to 2031, the local authorities in Cambridgeshire commissioned the Cambridgeshire Development Study. This was prepared by consultants WSP in association with Pegasus Planning, SQW Consulting and Cambridgeshire Econometrics. The study took account of the effects of the recession as they were understood at that early stage. It concluded that the current development strategy for Cambridgeshire commits land for enough housing to provide for a period of 20 years as the economy recovers. It also concluded that across the County, the rate of increase in employment is likely to be very much slower than has occurred 2001-2008. An overall reduction in employment was expected in the period 2008-2010 before any growth resumes, with significantly lower annual rates of jobs growth taking place to 2030 compared with the East of England Plan (2008) rate to 2021. It identified that South Cambridgeshire is broadly in balance for jobs and homes, with slightly more homes than jobs, but that there are parts of the district that have higher population densities not balanced by the lower employment opportunities which would result in significant out commuting. It advised that further consideration should be given to the employment prospects for jobs and economic drivers for growth and to then consider the associated dwellings numbers to match with this and the infrastructure and supply constraints associated with this.
13. In 2009, the Council appointed consultants PACEC to undertake an assessment of the South Cambridgeshire economy. The Economic Assessment 2010 predicted that on the basis of based on Treasury central forecasts of GDP, South Cambridgeshire would lose 5,000 jobs between 2008 and 2010. It also advised that this would be followed by broadly stationary employment to 2013 and then a gradual recovery which could reach 2008 levels by 2022. This enables an assessment to be made of the likely jobs levels by 2016, based on an even recovery over that period. This reinforces the findings of the Cambridge Development Study and confirms the economic slowdown and the anticipated slow recovery.
14. The Council accepted the findings of these Studies in its support for the joint approach commended to EERA by the Cambridgeshire local authorities. The draft East of England Plan >2031 was submitted to Government in March 2010 but is not now being pursued because of the Government's stated intention to abolish regional plans. The figures in the draft plan are known as the Option 1 targets, being targets that have been agreed between individual local authorities and the Regional Planning Body and published in a draft RSS. Government guidance to local authorities in the context of the intention to abolish regional plans through the Localism Bill is that the Option 1 figures can be used by authorities that decide to revise their housing targets.
15. The Council agreed a joint interim statement with all the Cambridgeshire Authorities in November 2010 that confirmed the commitment to the strategy for planning in the County, as embedded in adopted development plans. However, it recognised that

with factors such as fragile economic growth, the need to rebalance the economy towards the private sector, changing demographic pressures, the challenges of climate change, uncertainty over infrastructure provision and the then emerging proposals for the Greater Cambridge and Greater Peterborough Local Enterprise Partnership, there remains a need to keep the strategy under review. The district Council is already acting on that need in starting work on a review of the Local Development Framework.

16. Together, the studies referred to above provide a more recent picture of past and future performance in terms of jobs and housing requirements. This is more up to date than the forecasts on which the plan is based. The recession has however been deeper and the downturn longer even than forecast in those studies. On the basis of the evidence, the delivery of the strategy for the area does not require additional housing development over and above that consistent with the current development strategy. The Cambridgeshire Development Study concluded that the housing proposals in the Councils plan broadly sufficient to meet needs in the area for around 20 years.
17. This conclusion is also supported by detailed evidence on housing provision and housing land supply. Housing completions had built up to, and had exceeded, the Core Strategy average annual requirement by 2007-2008 without the benefit of the new major sites allocated in the LDF. It is reasonable to assume that the high levels of delivery would have been maintained and exceeded if the economy had continued to grow and as the major sites came forward. However, the recession in 2008 had a significant effect on housing completions, which dropped significantly in 2008-2009, by half compared with the previous year's peak, and by almost 40% on the average of the previous 3 years. Housing completions have remained at similar levels over the last couple of years, at around 610 dwellings, with only a modest increase in 2010-2011.
18. At the same time, there is a healthy supply of sites with planning permission that could be built or be built faster if the market would support it, a total of 2,749 dwellings at March 2011, a much smaller drop of 17% on pre-recession levels compared with the drop in completions. In addition to sites with extant planning permission, land for almost 14,400 dwellings is allocated in the Local Development Framework.
19. The Council prepares a housing trajectory in its Annual Monitoring Report in December each year. The trajectory has been completed earlier than usual this year in view of the importance of the land supply issue. The trajectory is attached at Appendix 1.
20. Good progress is now being made on bringing forward planning applications for the major sites, eg. application received for the University site in NW Cambridge and application expected for the first phase of Northstowe early in the new year, and pre-application discussions are in progress on a number of other allocated sites. It is therefore considered that there is a good level of housing land supply that can be delivered when the market will support it.
21. In the local context of the purposes of the development strategy in South Cambridgeshire, the depth of the recession and length of the downturn, and the short time horizon of the South Cambridgeshire Local Development Framework, it is not considered that the normal approach of calculating the 5-year housing land supply against the Core Strategy is currently appropriate. In view of the evidence that the existing development strategy will last for up to 20 years, it is not necessary,

appropriate or possible to seek to provide the full housing target contained in the Core Strategy by 2016 and whilst the Council remains committed to the development strategy, it is considered that the housing target for the period to 2016 is effectively out of date and material considerations warrant a different approach. The Council has decided to review its LDF and identify an appropriate local target for the period to 2031 and work is already in hand, with Issues and Options consultation planned for summer 2012.

22. In the interim, while the Council reviews the LDF, the Option 1 figures contained in the draft East of England Plan >2031 are the most robust housing figures currently available and are supported by clear evidence of the effects of the downturn and recovery rates as predicted in 2009 by the Cambridgeshire Development Study. The Option 1 figures propose an average annual provision of 1,050 dwellings over the period 2011-2031. Calculating the 5-year housing land supply on the basis of the draft regional plan would be more consistent with the objectives of the development strategy for South Cambridgeshire and the most recent evidence that the development strategy will now last up to 20 years. Against the draft East of England Plan >2031, the Council has a 5.3 year supply (see Appendix 2).
23. This approach should be used until the Council has prepared a new draft Local Plan that is based on new jobs and housing forecasts that take full account of the effects of the recession and downturn in the economy. This compares with a technical supply of 2.9 years against the Core Strategy timescale to 2016, which demonstrates the significant effect that seeking to deliver the full housing target by the end of the plan period has.
24. Notwithstanding this position, and even if the case in relation to calculating 5 year housing land supply were not accepted by Inspectors at appeal, there is no certainty that if further permissions were granted on sites that are contrary to policy and not consistent with the development strategy, they would be built in the near future. There is also a risk that any sites that come forward in this way could be at the expense of sites that are consistent with adopted planning policies. This would be of significant concern and would potentially undermine the delivery of the sustainable development strategy, where the signs are positive that significant progress will be made soon.
25. As and when market conditions improve, there remains a good supply of permissions to be built out, and it is anticipated that this will continue to be added to by the planned major sites as planning applications are determined. There is an expectation that windfall sites consistent with the development strategy will continue to come forward as they have through the recession, and potentially at higher levels as conditions improve.
26. A specific local issue around housing supply in the longer term is replacing the major urban extension of Cambridge East in light of Marshall's decision that Cambridge Airport will not relocate in the next plan period. This is most appropriately addressed through the review of the Local Development Framework, on which work has already begun given the strategic significance of this development. It would not be appropriate for this scale of strategic allocation, which was not anticipated to come forward in any event until post 2016, to be replaced on an ad hoc basis with sites that are not consistent with the development strategy, on the basis of a 5 year land supply argument. The new plan is anticipated to be adopted by mid 2015 and the democratic plan making process provides the appropriate means of reviewing the development strategy, appropriate housing target and the sites to provide that housing.

27. The Annual Monitoring Report will be brought to the January 2012 meeting for this Portfolio and will include more detailed technical evidence supporting the findings of this report.

Options

28. The evidence does not support the alternative option of potentially granting planning permission for housing on sites that are contrary to the Local Development Framework.

Implications

29. Financial	The Council may be called on to defend this approach at appeal with the consequential financial implications if legal representation is required.
Legal	See above.
Staffing	There would be resource implications of defending this approach at appeal.
Risk Management	There is a risk of challenge of this approach if applications that argue a lack of 5 year supply are refused. There is a risk that an alternative approach to grant permission would result in a significant level of ad hoc applications resulting in unplanned development contrary to the development strategy in unsustainable locations.
Equality and Diversity	The development strategy in the Local Development Framework seeks to provide development in the most sustainable locations to provide the best access to services, facilities and public transport for the whole community.
Equality Impact Assessment completed	No. This report is a technical assessment as part of the preparation of the Annual Monitoring Report.
Climate Change	The development strategy in the Local Development Framework seeks to provide development in the most sustainable locations to provide the best access to services, facilities and public transport for the whole community and minimise the need to travel and limit adverse impacts on climate change.

Consultations

30. There has been consultation with officers across the service and the Council's legal officer.

Consultation with Children and Young People

31. None. This report is a technical assessment as part of the preparation of the Annual Monitoring Report.

Effect on Strategic Aims

32. The 5 year land supply has the following effects on the Council's Strategic Aims:
- AIM A - We are committed to being a listening council, providing first class services accessible to all – the Local Plan review is the appropriate democratic process for considering the appropriate development strategy for the district moving forwards

- AIM B - we are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family – the Local Plan review is the most appropriate way of ensuring that any new housing sites identified are the most appropriate in terms of this aspect of sustainability through the Sustainability Appraisal process that will inform the Local Plan review and would not underpin any ad hoc response to proposals contrary to the plan.
- AIM C - we are committed to making South Cambridgeshire a place in which residents can feel proud to live – as Aim A
- AIM D - We are committed to assisting provision for local jobs for you and your family – the development strategy is focused on meeting the economic needs of the area
- AIM E - We are committed to providing a voice for rural life – as Aim A.

Conclusions / Summary

33. The evidence summarised in this report demonstrates that whilst there is a technical shortfall in 5-year housing land supply, there is no evidence of an actual shortfall and that the latest comprehensive evidence is that the current development strategy will broadly provide for the needs of the district over the next 20 years. As such the Core Strategy housing target to 2016 is now effectively out of date. The Council has embarked on a review of the Local Development Framework which will provide the new strategy and appropriate local housing targets for the period to 2031. Pending the preparation of a draft plan, the draft East of England Plan >2031 and the Option 1 housing target it contains, is considered to be the most appropriate plan against which to assess the Council's 5-year housing land supply. This is the figure referred to by Government as the figure local authorities could use in view of the proposed abolition of regional plans and pending the completion of local plan reviews. On this basis, the Council has 5.3 years housing land supply.
34. As such, whilst there is a technical shortfall in 5-year housing land supply, material considerations indicate that there is no actual shortfall such that planning applications that are contrary to the development strategy contained in the adopted Local Development Framework should as a matter of principle be considered for approval on this specific ground. Clearly the Council will need to determine each planning application on its merits having regard to all material considerations. Pending the completion of the Local Plan review, the 5-year housing land supply should be calculated using the Option 1 figures included in the draft East of England Plan review, which are consistent with the latest forecasts for jobs and housing included in the Cambridgeshire Development Study.

Background Papers: the following background papers were used in preparing this report:

- Cambridgeshire Development Study 2009 - WSP in association with Pegasus Planning, SQW Consulting and Cambridgeshire Econometrics
- South Cambridgeshire Economic Assessment - PACEC 2010

Contact Officer: Caroline Hunt – Local Development Framework Team Leader
Telephone: (01954) 713196