

Annual Position Statements and Potential impact of Covid-19 to land supply

Briefing Note

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This Briefing Note considers this year's Annual Position Statements and the potential implications of Covid-19 to housing land supply across England and how Government might respond.

Annual Position Statements

At the start of April, Government published the 2020 list of Local Planning Authorities who hope to confirm their 5 Year Housing Land Supply. The list includes

- Fylde Borough Council ·
- Milton Keynes Council ·
- South Kesteven District Council ·
- Stockton on Tees Borough Council ·
- Sunderland City Council ·
- Wyre Council

This is second time the list of Councils hopeful of publishing an APS has been released. Of the 9 Councils who notified Government in 2019, only 3 published an APS. With only 1 of those 3 having it found compliant by PINS. Of interest will be how Milton Keynes Council progresses, considering that the figures found on appeal have consistently found a shortfall against the Council's claim of a surplus.

As part of the process to confirm supply, LPAs will need to engage with stakeholders who have an involvement with the delivery of sites. It is important that the case for more than a bare minimum level of engagement is put to Councils at the earliest opportunity. This will ensure that robust and objective evidence is available to an Inspector when reviewing a Council's APS.

All developers and land promoters should seek to be represented through the consultations on an APS given their potential importance in decision making.

The impact of Covid-19 to 5 Year Housing Land Supplies

Whilst we are in the relatively early stages of the Government's response to Covid-19, the immediate impacts are clear; house builders are pausing construction on active sites and for a variety of reasons new applications are being paused or progressing through the system slowly.

We have also a blanket pause on Local Plan Examinations and the vast majority of appeals are in abeyance or have been delayed until further notice.

To better understand the impact and possible response of Government to maintain or boost supply, we deal with each of the typical inputs to a 5 year land supply calculation in turn; the requirement, the buffer and the supply. Then consider the impact and how Government may respond.

Housing Requirement

This will either be the adopted strategic policy, or if that is more than 5 years old the LPA will have to calculate housing need using the standard methodology

Government have already announced there will be a change to the standard methodology to get closer to their target of 300,000 new dwellings built each year. This change may come in shortly, and could lead to some 5YHLS assessments slipping under 5 years.

A change to the standard method has been discussed since it came in to place in 2018. It will be interesting to see if Government moves away from the use of household projections to calculate need, as these have fallen in 2016 and 2018, particularly in the north of England. The continuation of household projections to calculate housing supply is likely to lead to lower levels of need and therefore lower completion rates. This is a cyclical effect, so a method that breaks this cycle needs to be found.

As demonstrated by Central Bedfordshire and other LPAs in the south, the standard method is fast becoming the maximum an LPA has to plan for with a number of southern LPAs claiming "exceptional circumstances" to further avoid this. As a corollary to this, some northern LPAs are using the standard method to row back from previous ambitious growth agendas. The upshot of either scenario is the much talked about 300,000 dwellings per year target is receding further away

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Possible changes to the standard method could be linked to the affordability ratio, with a regional variance, or the use of a multiplier on existing households rather than the ONS population and household projections. Whatever the alteration Government make, it will need to remain simple and be genuinely effective in achieving what is a central objective of Government policy, to boost housing (and economic) growth across England.

Post the Covid-19 lockdown, the need to boost short-term economic performance will likely become even more pressing so increasing supply could take on an extra importance

The Buffer, or Housing Delivery Test

The results to be published in November 2020 are unlikely to be significantly impacted by Covid-19. However, there could be a delays in LPAs reporting completions to MHCLG. This is because site visits are necessary to confirm completions, and therefore, as March, April and May are traditionally when land use monitoring is done, LPAs are unlikely to do this until the restrictions put in place by Government are sufficiently relaxed. This means it might not be until 2021 that the November 2020 figures will be published.

The impact on completions as a result of Covid-19, is likely to be greater in the period 2020/21 (2021 HDT figure). We may see completion figures go down for this period, but this is entirely dependent upon how and at what pace the housebuilding industry responds to the crisis. Time will be taken to re-start stalled sites and for consumer confidence to return to start buying houses again thus triggering completions. How the Government relaxes restrictions and whether an economic stimulus is put in place will be important, as will the actions of each LPA and their ability to grant permissions.

Deliverable Sites in the Housing Land Supply

There could be issues with sites considered 'deliverable', how should evidence collated before 1st April be treated? If in February a housebuilder said they were working 'full steam ahead' for the whole year but by April sites are closed and they've lost at least 3 months on progress and have finished fewer homes than expected, should these sites still be considered deliverable?

Impact to 5 year housing land supply assessments

We consider there are going to be different impacts for land supply assessments for the 2020/21 period and the 2021/22 period.

5YHLS for 2020/21

- Delays to reports coming out. Will some LPAs seek to rely on 'old' assessments? At present 5YHLS assessments are meant to be published annually (NPPF paragraph 73) so if there is more than a year from the date of the last publication it could be claimed that the LPA have failed the requirement in the NPPF, even if there was a 5 year supply in the previous publication?
- When published, the claims made by LPAs on the deliverability of sites could be well out of kilter with what is now happening. How much lenience should be afforded because of Covid-19; should any?

5YHLS for 2020/21

- Issue of stalled sites – completions at a lower rate
- Will there be fewer permissions from the previous year – reducing supply overall supply?
- Deliverability, will developers be able to support claim of deliverable with clear evidence?
- HDT results in Nov 2021 (which will be including completions 1st April 2020 to 31st March 2021 period) are likely to be down because of the impact on Covid-19 on site completions.

For both years there is of course the potential for inspectors and decision makers to simply put the HDT and the five year and supply to one side on the basis that the present situation represents exceptional circumstances and as such accordance with the NPPF should not be a requirement.

Possible Government Response

Do they fall on the side of the LPAs and feel that Covid-19 is a valid reason for not being able to demonstrate a 5YHLS and instruct inspectors/decision makers through a guidance update to take this into account in decision making? Or do they fall on the side of development industry, by keeping the policy and guidance on supply the same, but, altering the standard method calculation (something that will happen anyway) which potentially increases the requirement in many LPAs and therefore could push a land supply under 5 years.

One solution might be to revert back to the situation as of 1st April 2019 and the evidence available at that time.

The update to the standard method has been trailed for a long time and should provide a boost to house building and the economy in general. However, individual inspectors may take into account Covid-19 related issues to the land supply and this could indeed form part of their decision making. Any LPA with a marginal 5YHLS could argue this point; it was certainly argued in the last recession.

Therefore, for applicants and appellants it will be very important to counter any leniency because of Covid-19 by clearly setting out the economic benefits of development.

While it is likely that the Government will be pro-growth in terms of objectives, it will have the usual constraints. Green Belt is likely to remain a serious policy hurdle, there is also likely to be a much greater emphasis on actual delivery, so the benefits are produced early. This is good news for housebuilders but for landowners and land promoters evidence of interest from those who will deliver the completions will likely be influential.

For those promoting development, understanding the potential 5YHLS position of local authorities for this year and next will be very important. Using a range of data sources we are able to undertake a high level review of the potential land supply positions of all LPAs across the country the benefits of development and the economic gains.

DLP Planning Ltd and its Strategic Planning & Research Unit

(SPRU) have extensive experience in assessing the five year supply position and objectively assessed housing need of local planning authorities, using the most up to date sources and modelling. Such assessments are often critical to the successful promotion of sites for residential development.

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