

Hertsmere Five Year Housing Land Supply Assessment 2022/23

- 1.0 Hertsmere Borough Council has calculated the amount of specific deliverable housing land supply, as required by paragraph 74 of the National Planning Policy Framework (NPPF) and following guidance set out in the Government's Planning Practice Guidance (PPG). The NPPF requires that this figure should be identified and updated annually and be measured against five years' worth of "housing requirement set out in adopted strategic policies or against their local housing need where the strategic policies are more than five years old." The results are in paragraph 4.3.
 - 1.1 Since the NPPF was first published, there have been changes in February 2019 and July 2021 and to the National Planning Policy Practice Guidance (PPG) in July 2019, providing clarification in relation to the 5 year land supply. This included an additional footnote to Paragraph 74 of the NPPF which states that where the local housing need is used as the basis for assessing whether a 5 year housing land supply of specific deliverable sites exists, it should be calculated using the Standard Methodology set out in the national policy guidance. Therefore, the methodology remains unchanged from the previous Note in the use of the Standard Methodology.
 - 1.2 Furthermore, Government guidance continues to require that the 2014-based household projections are to be used when calculating housing need using the Standard Method. Justification for this is to provide stability, ensure historic under-delivery and declining affordability are reflected and for consistency with the Government objective of significantly boosting the supply of homes.
- 2. Historic Delivery and the Five-Year Requirement**
- 2.1 The Borough's adopted Local Plan is made up of the Core Strategy (adopted in January 2013), the Elstree Way Corridor Area Action Plan (adopted in 2015) the Site Allocation and Development Management Plan (adopted in 2016) and more recently, the Shenley and Radlett Neighbourhood Plans, that were both made (adopted) in May 2021.
 - 2.2 The Local Plan sets out the requirement for housing provision for the Borough between 2012 and 2027, which equates to 266 dwellings per annum. The Council's strategic policies were five years old as of January 2018, towards the end of the 2017/18 monitoring year.
 - 2.3 The report is based on the best available information at the time of publication, and sets out the five year housing land supply, against both the Core Strategy requirement and the local housing need derived from the national Standard Method, as set out in Government guidance published in 2019 and updated in December 2020. The five year land supply will be kept under review and may be revised if any new or updated information becomes available. Presently, the 2014 sub-national population projections remain as the basis for calculating housing need rather than the 2016 or 2018 projections. However, as we have done since the 2019-2020 version of this document, the 2018 projections have been provided for additional context.
 - 2.4 The PPG sets out how completions should be counted when calculating the 5 year land supply. As of the 31st March 2023, a net total of 4,234 dwellings had been completed in

Hertsmere since the start of the current plan period, an average of 385 dwellings per annum. This represents a significant ‘surplus’ of 1,346 units over the baseline requirement of 2,926 dwellings for the same period derived from an annualised target of 266 homes, minus the number exceeding the overall Core Strategy target. To clarify, this surplus means that the local authority has already met the Core Strategy target of 3,990 homes with a surplus of 234 dwellings. Therefore, Hertsmere met the 15 year Core Strategy target within 10 years. However, this latest years’ total is significantly down even compared to last years’ total and is thought to have been impacted by Article 4 directions in designated employment areas removing permitted development rights for residential conversion; an associated reduction in Prior Approval applications; the continuing reduction of available previously developed land within the borough; and two large residential applications where demolition has taken place or the building is being refurbished but the new units are not yet in place. A relatively significant loss of units have been recorded for this financial year (gross completions are 218 for the year) although it is expected that this will be largely offset in 2023/24 when those sites are brought back into use

Table 1: Completions against Core Strategy housing requirement (net)

Year	Completions	Annual Requirement (Core Strategy)	Shortfall / Surplus against Core Strategy
2012/13	292	266	26
2013/14	440	266	174
2014/15	180	266	-86
2015/16	354	266	88
2016/17	309	266	43
2017/18	540	266	274
2018/19	630	266	364
2019/20	564	266	298
2020/21	456	266	190
2021/22	352	266	86
2022/23	111	266	-155
Total	4234	2926	1346

Source: Hertsmere Borough Council

- 2.5 The rolling five-year period requirement is based on the relevant housing requirement together with an additional 5% buffer as required by paragraph 74(a) of the NPPF to ensure choice and competition. The rolling five year requirement is set out below.

Table 2: Five year land supply requirement

	1.Core Strategy taking account of surplus delivery 2012-2022 ¹	2.Standard Method using 2014 population projections	3.Standard Method using 2018 population projections
<i>Base year</i>	<i>2012/13</i>	<i>2023</i>	<i>2023</i>
Annual basic requirement*	0	726	335
5 year basic requirement	0	3630	1675
5% buffer for choice and completions	0	182	84
Total five year land supply requirement	0	3812	1759
Annualised requirement with 5% buffer	0	762	419
5 year housing land* supply requirement	0	3812	1759

¹Based on the current annual housing requirement figure of 266 dwellings in the current Local Plan. Numbers may not tally due to rounding.

Sources: Hertsmere Borough Council (Standard Method based on NPPF and PPG guidance and data supplied by the Office for National Statistics)

- 2.6 Table 2 calculates Hertsmere’s 5 year land supply requirement as of April 2023, incorporating a target of 726 dwellings per annum. The calculation for the Standard Methodology is set out below, using the 10 year period between 2023 and 2033. In accordance with the PPG this annual number can then be applied to the whole of the adopted plan period (minimum 15 years). The figures for the 2023-33 period arising from the 2014 household projections remain almost identical to the previous year, increasing to 726 dwellings per annum from 724. The affordability ratio has decreased slightly from last year but it still results in a housing requirement significantly above the 40% threshold and therefore the cap remains applicable and reduces this requirement.
- 2.7 Table 1 demonstrates that there has been a significant under delivery of housing over the previous three years against the target of 762 and it is therefore possible that a 20% buffer will need to be considered under paragraph 74(c) of the NPPF following the 2023 Housing Delivery Test measurement. The Council published a Housing Delivery Test Action Plan¹ (HDTAP) in 2022, and although the government’s approach to the Housing Delivery Test remains under review as part of its ongoing reforms of the planning system, the need for a HDTAP will be considered and if necessary, it will be updated.

1. Baseline

Projected increase in households from 2023 (45,302) to 2033 (50,490) under 2014 Projections² = 5,188

Average household increase over 10 year period from 2023= 518.8

¹ <https://www.hertsmere.gov.uk/Documents/09-Planning--Building-Control/Planning-Policy/Housing-Delivery-Test-Action-Plan-Final-September-2022.pdf>

² Source: ONS 2014-based live Tables on Household projections – Table 406: Household projections by district, England 1991 – 2039 (12 July 2016)

As a comparison, the 2018 projections state the increase is from 42,164 to 44,197, an increase of only 2,033 (i.e. only 203.3 per year).

2. Affordability adjustment

Local affordability ratio³ (2022) = 14.39

$$\text{Standard methodology adjustment factor} = \frac{(\text{local affordability ratio} - 4)}{4} \times 0.25 + 1$$

$$\text{Standard methodology adjustment factor} = \frac{(14.39 - 4)}{4} \times 0.25 + 1 = 1.6$$

3. Initial calculation

$$518.8 \times (1.65) = 856$$

4. Capping the increase

The 40% cap applies as the annual housing need figure is greater than 40% above the average annual household growth. As the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making this calculation), the local housing need is capped at whichever is higher of:

- i) The projected housing growth for the area over a 10 year period = **518.8**
- ii) The average annual housing requirement figure set out in the most recently adopted strategic policies = **266**

The average annual household requirement is therefore set at **40% above 518.8**. This means that the average annual household requirement is: $518.8 + (0.4 \times 518.8) = 518.8 + 207.52 = \mathbf{726.32}$, rounded down to **726**.

5. Applying buffer of 5%

$$726 + (0.05 \times 726) = \mathbf{762 \text{ Annualised requirement with buffer.}}$$

3. Housing Supply

3.1 The Borough's housing supply consists of the following components:

- Sites with extant planning permission deemed to be deliverable within the next five years;
- Site with a resolution to grant permission subject to the completion of a s106 agreement and deemed to be deliverable within the next five years;
- Strategic allocations in the Local Plan (SADM Policies Plan and Elstree Way Corridor

³ Source: ONS House price to workplace-based earnings ratio – Table 5c (23 March 2022)

AAP) considered deliverable within the next five years; and

- Sites from the Housing and Economic Land Availability Assessment (HELAA), published in August 2019 (and in the process of being updated in 2023 at the time of publication of this document), which are deemed to be deliverable within the next five years
- Windfall allowances where there is compelling evidence that they will provide a reliable source of supply, as demonstrated in the 2019 HELAA (which is being updated in 2023)
- HELAA Sites reassessed as part of the local plan process prior to publication of the Regulation 18 Draft Local Plan in September 2021

3.2 Most planning permissions continue to be implemented but even in an area of high housing demand, some residential permissions will inevitably lapse. To calculate lapse rates, planning permissions granted for schemes providing new housing units over the ten year period between 2006 and 2016 were reviewed. The method for calculating lapse rates is set out in the HELAA with the analysis leading to a lapse rate of 5% being applied.

3.3 The table below summarises the 5 year land supply as of 1st April 2023. The windfall allowance is calculated on a 5 year rolling average based on previous completions (2017 to 2022). As of last year, lapse rates are only included for sites with non-commenced permissions. It does not apply to HELAA sites.

3.4 Further to this, it has become apparent that the previously used windfall figure, solely based on schemes of 1-4 dwellings is too low, does not reflect the reality of the size and volume of non-allocated sites which typically come forward in Hertsmere, and is out of step with many other authorities' approach where sites of up to 10 or 25 are commonly used for windfall allowances. Due to this, the windfall site size has been increased from 1-4 units to 1-9 units, resulting in a modest increase in the 5 year land supply figure.

Table 3: Source of 5 year land supply⁵

Source of land supply	Net units
Planning Permissions under construction	382
Prior notifications under construction	56
Planning permissions*	404
Prior notifications*	131
HELAA sites	290* **
AAP (excl. sites with pp)	200
Local Plan allocations (excl. sites with pp)	26
Windfall allowance of 92 pa HELAA	460
Total	1949

*includes 5% lapse rate

** due to be updated incorporating the outcomes of the new HELAA in Nov 2023

Source: Hertsmere Borough Council, HELAA and CDP Smart

4. Five Year Land Supply Position

4.1 The table below presents the total number of net additional dwellings against the planned housing provision for the five-year period. Land supply figures have been provided against:

- 1) A housing requirement derived from the Standard Method introduced in 2019 using 2014 projections.
- 2) A housing requirement derived from the previous Standard Method published in 2020 using the more recent 2018 projections.

4.2 As the local authority has met its 2013 Core Strategy housing target, no net additional requirements for the next 5 years needs to be provided against the Core Strategy requirement. The calculation set out in Table 4 does not include a separate element for 'shortfall.' However, paragraph 11 of the PPG guidance on the housing and economic need assessment states that:

"The affordability adjustment is applied to take account of past under-delivery. The standard method identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately."

4.3 It should be noted that the five year housing supply described above does not include safeguarded housing sites, large windfall allocations, and potential future prior approval application.

Table 4: Five year land supply position

Total supply	1713 units
Rolling five-year housing requirement	(1) 3812 (Standard Method - 2014) (2) 1759 (Standard Method - 2018)
Five year housing supply position	(1) $(1949/3812) \times 5 = 2.6$ years (2) $(1949/1759) \times 5 = 5.54$ years

Source: Hertsmere Borough Council

4.4 Overall, the Council's updated 5 year land supply requirement, in accordance with the updated Standard Method (July 2019) and if specifically using the 2014-based household projections, is 724 dwellings per annum (plus a 5% buffer), resulting in a revised 5 year land supply of 2.6 years.