

Executive 5th August 2021

Report Title	Housing Land Supply in North Northamptonshire
Lead Member	Cllr Steven North, Portfolio Holder for Growth & Regeneration
Lead Officer	George Candler, Executive Director of Place & Economy (Deputy Chief Executive)

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974	

List of Appendices

Appendix 1 – Comments of the Executive Advisory Panel on Planning Policy

1. Purpose of Report

- 1.1. To propose to the Executive the approach to be taken to maintaining a supply of deliverable housing land in North Northamptonshire.

2. Executive Summary

- 2.1 The Council is the local planning authority for the North Northamptonshire area and must maintain a supply of specific deliverable sites sufficient to provide a minimum of 5 years' worth of housing against its housing requirement. In the absence of a 5-year supply, development plan policies may be treated as out-of-date, making the area susceptible to speculative development pressures.
- 2.2 The North Northamptonshire Joint Core Strategy (JCS) provides the strategic planning policies for the area. The housing requirements set out in Policy 28 of the JCS ceased to apply on 15th July 2021 as the measure for assessing 5-year housing supply, this was when the JCS became 5 years old. At this point,

national policy states that these requirements should be superseded by Local Housing Need (LHN) calculated using the Government's standard method. This needs to be kept under review in the light of factors including progress on the review of the JCS, to be titled the North Northamptonshire Strategic Plan, and any changes to the standard method for calculating Local Housing Need.

- 2.3 For North Northamptonshire, current Local Housing Need is similar to the JCS housing requirement in all of the former local planning authority areas. It results in a lower 5-year housing requirement in all areas except East Northamptonshire, where it is only marginally higher.
- 2.4 The choice to be made is between calculating housing land supply on a North Northamptonshire-wide basis or based on the former local planning authority areas (in each case against Local Housing Need). Legal advice obtained by the Joint Planning and Delivery Unit confirms that either option is legally robust.
- 2.5 This report concludes that maintaining a 5-year supply of housing land at the North Northamptonshire level (rather than for former council areas) will provide greatest protection from speculative development proposals for the whole area. In the event of a shortfall in 5-year supply, the Council would have flexibility to determine the most sustainable locations in which to release new sites in line with the spatial strategy of the JCS.
- 2.6 The Planning Policy Executive Advisory Panel met on 29th June 2021 to discuss the most appropriate way for ensuring the North Northamptonshire area maintains a 5-year supply of housing land. The minute extract from that meeting is attached at Appendix 1 to this report.

3. Recommendations

- 3.1 It is recommended that the Executive :
 - a) Approves the Council measuring five-year supply against the Local Housing Need (LHN) for the North Northamptonshire Housing Market Area (HMA), calculated using the Standard Method (as confirmed in Ministerial Statement dated 16th December 2020); and
 - b) Approves the approach set out in recommendation 3.1.a be reviewed annually to take account of changes in circumstances, including progress on the North Northamptonshire Strategic Plan and any changes to the standard method by which Local Housing Need is calculated.

Reason for Recommendations

- 3.2 To agree an approach that is compliant with national policy and guidance and will provide greatest protection from speculative development proposals for the whole of the Council's area.

4. Report Background

- 4.1 The National Planning Policy Framework (NPPF) requires local planning authorities to maintain a supply of specific deliverable sites sufficient to provide a minimum of 5 years' worth of housing¹ against their housing requirement set out in adopted strategic policies, or against their local housing need (LHN) where the strategic policies are more than five years old. Where there is less than a 5-year supply, relevant development plan policies may be treated as out-of-date, making an area susceptible to speculative development pressures.
- 4.2 North Northamptonshire Shadow Council and West Northamptonshire Council Leaders raised concerns with the Ministry for Housing Communities and Local Government (MHCLG) in Autumn 2020 over the prospect of speculative development across the whole of a council's area if one part of the area is not able to demonstrate a 5-year supply. In response, MHCLG drew attention to National Planning Practice Guidance on how 5-year housing land supply should be calculated in new local government reorganisation. This states that:

"...strategic housing requirement policies adopted by predecessor authorities can continue to be used as the housing requirement for calculating the 5-year housing land supply in the areas they apply where these are less than 5 years old, or they are older but have been reviewed within the last 5 years and found not to need updating...Where strategic housing requirement policies, covering the predecessor authority area, are older than 5 years and require updating, local housing need should be used, where this is available. Where the data required to calculate local housing need is not available an alternative approach will have to be used."

- 4.3 This report explores what this means for North Northamptonshire and recommends an approach that should give greatest protection against speculative development proposals by allowing the Council, as local planning authority, flexibility in managing the supply of land for housing across its whole area.

5. Issues and Choices

- 5.1 The adopted strategic policies for North Northamptonshire are set out in the Joint Core Strategy (JCS). The housing requirements in JCS Policy 28 are the basis for the housing land supply position set out in the Authorities Monitoring Report (AMR) for 2019/20 (2020/21 data is currently being collated). This is summarised in Table 1 below². All the former local planning authorities could demonstrate a 5-year supply, but the position in Corby was marginal.

¹ Paragraph 14 of the NPPF enables the 5-year land supply requirement to be reduced to 3 years in areas which have an up-to-date neighbourhood plan in place (less than two years old), and which contain policies and allocations to meet the identified housing requirement.

² Based on 2019/20 AMR www.nnjpdu.org.uk

Table 1

Housing Land Supply for former LPAs	A. 5 x JCS housing requirement + shortfall since 2011 + 5% buffer	B. Identified deliverable housing land supply 2020-25	Number of years deliverable housing land supply (B/A x 5)
Corby	2,546	2,551	5.0
East Northamptonshire	2,205	2,887	6.55
Kettering	3,205	4,326	6.75
Wellingborough	2,550	3,448	6.76

- 5.2 The JCS was five years old on 14th July 2021. From this date, the NPPF (paragraph 73) states that JCS housing requirements should be superseded by Local Housing Need. Table 2 shows the annual housing requirements set out in the JCS and using Local Housing Need (based on the current standard method). There is little difference between the two, but this may change if the variables used in the standard method alter or if the Government revises the formula³. In accordance with the NPPF, Local Housing Need must be used for calculating housing land supply in North Northamptonshire from July 2021⁴ but this should be subject to annual review to take account of changes in circumstances, including progress on the North Northamptonshire Strategic Plan and any changes to the standard method.

Table 2 – Housing requirements for NN and former LPAs	JCS Policy 28 annual housing requirement	Local Housing Need (LHN) using Standard Method
Corby	460	479
East Northamptonshire	420	452
Kettering	520	513
Wellingborough	350	340
North Northamptonshire	1,750	1,784

- 5.3 However, the Council can choose between calculating housing land supply on a North Northamptonshire-wide basis, or on the former Local Planning Authority areas, in each case against Local Housing Need. Legal advice obtained by the Joint Planning and Delivery Unit confirms both approaches are legally robust. Table 3 shows the housing land supply position, using Local Housing Need, across North Northamptonshire and for each of the former Local Planning Authority based on the 2019/20 monitoring year. This includes a 5% buffer as required by national guidance⁵ but no longer includes shortfalls in delivery against past JCS requirements, as national guidance⁶ is clear that the standard method factors this in. This has a significant impact on assessed housing land supply which, compared to Table 1, increases in all of the former Local Planning Authority areas except East Northamptonshire.

³ The current standard method uses the latest Office for National Statistics (ONS) household growth projections for the next ten years as a baseline figure. This is then adjusted according to an affordability ratio, which measures the difference between house prices and annual earnings. ONS published updated affordability ratios in March 2021 (see commentary at <https://static.turley.co.uk/pdf/file/2021-03/The%20standard%20method%20of%20assessing%20housing%20need%200.pdf>)

⁴ In practice, given that housing land supply is measured for a 1st April – 31st March monitoring year, the use of LHN (Table 1 above) for monitoring purposes will need to commence with effect from 1st April 2021.

⁵ NPPG Paragraph: 022 Reference ID: 68-022-20190722

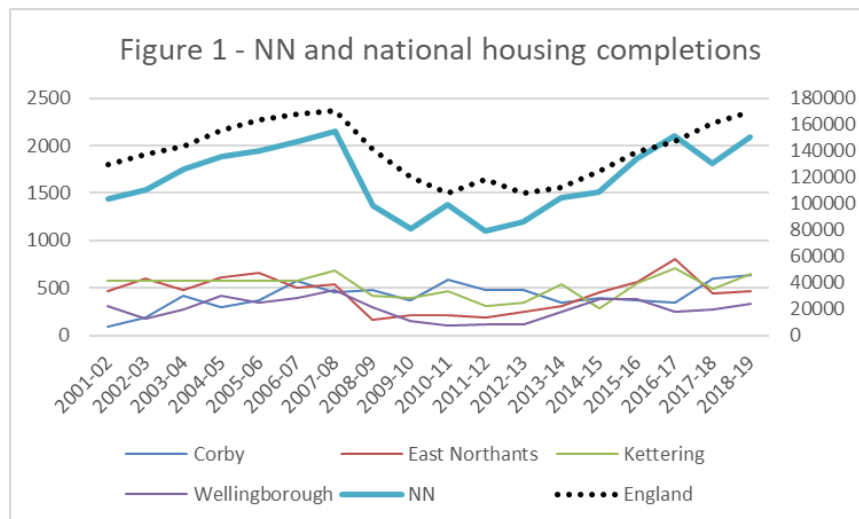
⁶ NPPG Paragraph: 031 Reference ID: 68-031-20190722

Table 3 Housing supply against LHN	Local Housing Need annual requirement	5-year requirement including 5% buffer⁷	Assessed Housing Land Supply 2020-25	Housing land supply (years) against Local Housing Need
Corby	479	2,515	2,551	5.07
East Northamptonshire	452	2,373	2,887	6.08
Kettering	513	2,693	4,326	8.03
Wellingborough	340	1,785	3,448	9.66
North Northamptonshire	1,784	9,366	13,212	7.05

- 5.4 As noted above, national planning practice guidance explicitly allows a newly formed local planning authority to continue to calculate 5-year housing land supply based on the areas identified in the strategic policies adopted by predecessor authorities (the JCS). It is noted that the Buckinghamshire and Dorset unitary authorities are measuring 5-year supply based on old local authority boundaries, and it is understood that this is also the approach favoured by West Northamptonshire Council.
- 5.5 Taking this approach in North Northamptonshire would maintain a fine-grained monitoring of land supply and enable, as far as possible, any shortfall to be addressed within the sub-area that it arises. The four Area Planning Committees would retain the direct link between development management decisions and housing land supply in the same sub-area.
- 5.6 However, as shown in Table 3, Local Housing Need (which is heavily influenced by past rates of housing delivery), the identified supply of housing land (which reflects the progress of sites through planning and development), and the housing land supply measured against Local Housing Need, vary significantly between the sub-areas. While it is presently possible to demonstrate a 5-year supply of housing land in all sub-areas, this remains marginal for the Corby area and has been a problem in other sub-areas in recent years. A consequence of dealing with 5-year supply based on four sub-areas rather than the North Northamptonshire Council area is that, at any point in time, one or more sub-areas could have a shortfall, resulting in developers targeting them with speculative proposals for housing development in locations where significant growth is not supported in the Joint Core Strategy.
- 5.7 Figure 1 illustrates why a more robust approach is to look at the North Northants Housing Market Area (HMA)⁸ as a whole. The pace of development activity and the availability of sites fluctuates across North Northamptonshire, as evidenced by the significant variations in annual housing completions in the sub-areas (left-hand Y axis). However, the four sub-areas have contributed to total completions for the North Northamptonshire Housing Market Area (HMA) that align closely to the national trajectory of housing completions (right-hand Y axis). Monitoring and maintaining housing land supply for the North Northamptonshire HMA will therefore help to balance out inevitable fluctuations in the pace of development activity and the availability of sites across the Council area.

⁷ 5 x LHN + 5% buffer

⁸ A Housing Market Area (HMA) is a geographic area defined by housing demand and preferences and reflects the key functional linkages between places where people live and work.



5.8 As shown in Table 3, North Northamptonshire currently has a 7.05 years' supply of housing land against Local Housing Need requirements. Maintaining a 5-year supply of deliverable housing land at this scale will help to protect the whole of North Northamptonshire from speculative development proposals. Conversely, a failure to maintain a 5-year supply could make the whole of North Northamptonshire vulnerable to speculative development pressure, rather than ring-fencing the problem to the sub-area in which the shortfall arises. However, in this event, the Council would have flexibility to determine the most sustainable locations in which to release new sites. This should be in line with the spatial strategy of the Joint Core Strategy (JCS), with a focus on the Growth Towns and Market Towns rather than the villages and rural area. Continuing to monitor housing land supply based on a composite of the four sub-areas will allow fine-grained information to be collected to inform action at the North Northamptonshire level when it is necessary to boost housing land supply.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 A robust 5-year housing land supply position will deter speculative planning applications and appeals that could otherwise require significant staff and consultancy/ legal support.

6.2 Legal

6.2.1 Specialist legal advice was obtained from Josef Cannon, Cornerstone Barristers to clarify the options available to North Northamptonshire Council. This confirms the requirement to use Local Housing Need as the basis for housing requirements after July 2021, the date at which the JCS was 5 years old. It also states that it is legally robust for the Council to calculate housing land supply on either a North Northamptonshire-wide basis or using the former local planning authority areas.

6.3 Risk

- 6.3.1 In the absence of a 5-year supply, development plan policies may be treated as out-of-date, making the area susceptible to speculative development pressures.

6.4 Consultation

- 6.4.1 Planning Policy Managers have helped to formulate the proposed approach. The options available to the Council have been considered by the Planning Policy Executive Advisory Panel and the minutes are attached to this report to help inform the Executive.

6.5 Consideration by Scrutiny

- 6.5.1 Scrutiny have not considered this topic to date.

6.6 Consideration by Executive Advisory Panel

- 6.6.1 The Planning Policy Executive Advisory Panel considered the 5-year land supply proposals at its meeting held on 29th June 2021. The Panel was supportive of calculating housing land supply on a North Northamptonshire basis as there was little difference between the outputs for the two methods, however there was concern that this could change if the Government revised the formula going forward. Also, the Panel considered it was important to start thinking as a single unitary area rather than four separate councils. The importance of having an effective suite of development documents was reiterated and it would be important to review the JCS as soon as was practicable.
- 6.6.2 An extract from the minutes of the meeting is attached to this report, at Appendix 1.

6.7 Climate Impact

- 6.7.1 No specific impacts arising from this report but the lack of a robust 5-year housing land supply could result in additional pressure for homes in unsustainable locations.

6.8 Community Impact

- 6.8.1 No specific impacts arising from this report. However, the absence of a 5-year housing supply can mean development plan policies may be treated as out-of-date, making the area and communities susceptible to speculative development pressures. This can have impacts on infrastructure capabilities supporting our communities.

7. Background Papers

7.1 Referenced in footnotes.