

**Report To:** Cabinet

**Date of Meeting:** 27th October 2015

**Lead Member / Officer:** Cllr David Smith, Public Realm/  
Angela Loftus, Strategic Planning & Housing Manager

**Report Author:** Karsten Brußk, Planning Officer

**Title:** Draft LDP Annual Monitoring Report 2015: Lack of a 5-year supply of readily developable housing land

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### **1. What is the report about?**

This report is about the identified lack of a 5-year supply of readily developable housing land in the Denbighshire Local Development Plan 2006 – 2021 (LDP) Annual Monitoring Report (AMR) 2015. It outlines actions to address the shortfall, and proposes to express the Council's concern about the prescribed calculation method to Welsh Government (WG).

### **2. What is the reason for making this report?**

A decision is required on whether the Council wishes to express its concern about the prescribed calculation method for a 5-year supply of readily developable housing land to WG.

### **3. What are the Recommendations?**

- i) Members note the full Annual Monitoring Report (Appendix I), it being the first such report.
- ii) To send a written statement on behalf of Cabinet to Welsh Government outlining concern about the prescribed calculation method for a 5-year supply of readily developable housing land.

### **4. Report details**

- 4.1 The Draft Annual Monitoring Report (AMR) 2015 for the LDP (Appendix 1) has revealed that having regard to WG method of calculation the Council lacks a 5-year supply of readily developable housing land, which is a principal performance indicator for the entire Plan.
- 4.2 Planning Policy Wales (2015) requires local planning authorities (LPAs) to ensure that sufficient land is genuinely available or will become available to provide a 5-year supply of land for housing. This national policy is supplemented by Technical Advice Note (TAN) 1: Joint Housing Land Availability (2015) which prescribes the calculation methodology for LPAs with an adopted LDP.

- 4.3 Welsh Government published a revised version of TAN 1 in January 2015. If the local planning authority (LPA) has an adopted LDP, the 'residual' method is the only method to be used for calculating housing land supply instead of the previously accepted method of 'past building' rates. The Council already outlined its concern about the prescribed 'residual method' in a consultation response to the draft TAN 1 document in October 2014 (Appendix 2) and in letters from the Head of Service to the WG Chief Planner (Appendix 3).
- 4.4 The residual method of calculating housing land supply can lead to extreme annual requirements during periods of low economic activity and also where growth levels in adopted LDPs are based on Household projections that have not materialised. The difficulties of using the residual method were at least recognised in the previous TAN 1 (2006) which stated (para. 7.5.2) *'In some circumstances that calculation has indicated land shortages or surpluses which do not exist in practice. In such cases, a comparison of available land with past building rates can provide a measure of the adequacy of land supply that is more relevant to the achievement of the general objectives of the development plan'*.
- 4.5 The residual method of calculation works best when actual build rates have broadly been as anticipated in the development plan. However if there is significant deviation between actual build rates and those contained in the LDP this distorts the residual calculation and produces unrealistic and, having regard to market conditions, unachievable results. The Minister acknowledged, in his letter of 10th April 2014 to LPA's, that recent completions have been lower than anticipated in previous WG projections and this is an obvious reflection of recent past economic conditions resulting from the global economic crisis.
- 4.6 In comparison, the residual method focusses on the remaining number of houses to be delivered in the remaining Plan period, whereas the past completions/ built method reflects to a greater extent what has actually been delivered on the ground by the construction industry in the County. Comparing both methods identifies a significant problem in Denbighshire. (see Table 1) There is sufficient land available for residential development but delivery is dependent on developers. The industry has not taken up the land available to deliver as many houses per year as required by the Plan.

Table 1: Impact of chosen method on 5-year housing land supply

Method used for calculating housing land supply	Result
Based on 10 year past completions	8.75 years
Based on 5 year past completions	9.97 years
Based on residual method	2.10 years

- 4.7 The adopted Denbighshire LDP contains an annual housing requirement of 500 dwellings per annum over the 15 year Plan period. Actual completions since the start of the Plan period (2006) have averaged only 189 dwellings per annum. As a result, in Denbighshire, based on the residual method there is now a requirement to achieve a completion rate of 898 dwellings per annum to meet the LDP requirement. This rate is more than four times that achieved since 2006. While the LDP Inspector ensured that the Council has sufficient land allocated to meet its LDP requirement, both the

capacity of the housebuilding industry and the market demand in the area, to meet this residual completion rate of 898 dwellings per annum over the lifetime of the Plan is not optimistic.

- 4.8 The subsequent release of more land, either via an appeal scenario, or via a review of the LDP is likely to do little to help achieve a 5 year supply, given the market and housebuilding capacity constraints referred to previously. Furthermore, this likely increase in applications and appeals on unallocated land will serve to harm planning and its reputation as a tool for public interest & sustainable development; remove certainty and transparency for developers and the community (key concerns noted in the Positive Planning agenda) and, undermine the influence of an LDP which has gone through the relevant consultation and Examination in Public procedures. It does not achieve what WG itself had set out for Wales, namely a Plan led system.
- 4.9 The Denbighshire situation is of course not unique and a significant number of other LPA's are struggling to achieve an agreed 5 year supply, even though the land supply as a whole is sufficient to accommodate their LDP requirement and a built in contingency. This would appear to fly in the face of Welsh Government's stated desire to have a plan led system.
- 4.10 Officers at this stage, i.e. the first AMR, do not wish to review the LDP Growth Strategy on the mere quantitative lack of houses being built, and takes the following actions to support an increase in new built houses: production of supplementary planning guidance notes, site development briefs, a housing sites prospectus, development of a Housing Strategy for the County, the provision of high quality planning advice for developers, land agents and the public to make Denbighshire an attractive County for house builders to invest.
- 4.11 In conclusion, Members are requested to send a strongly worded letter on behalf of Cabinet to Welsh Government, outlining their concern with the dictated calculation method for the 5-year supply of land for housing in order to minimise the principal risk that the Council would otherwise be exposed to (see also point 10. What risks are there and is there anything we can do to reduce them?):
- (1) There is a risk of losing planning appeals for residential development on non-allocated LDP sites or outside of development boundaries in the open countryside.

## **5. How does the decision contribute to the Corporate Priorities?**

Whilst the decision to send a strongly worded letter to WG does not contribute towards the Corporate Priorities, the LDP contributes towards them through setting out where and how new developments will be taken place up in the County up to 2021:

- Developing the local economy;
- Ensuring access to good quality housing; and
- Modernising the Council to deliver efficiencies and improve services for our customers

## **6. What will it cost and how will it affect other services?**

There are no costs. Other Council services will benefit from addressing the lack of a 5-year supply of land for housing. Having a strong, reliable and sustainable Local Development Plan provides planning certainty for services that deal with Council-owned land and buildings, provision of infrastructure facilities such as schools, and support the implementation of corporate strategies such as the Economic & Community Ambition Strategy.

**7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report**

An Equality Impact Assessment (EqIA) has not been carried out because the report does not seek a decision on a Council policy, strategy, work procedure or programme. It is about providing a written statement to Welsh Government.

**8. What consultations have been carried out with Scrutiny and others?**

There have been discussions with Members of the LDP Steering Group (30th July 2015), at Cabinet Briefing (2nd March 2015), SLT (17th September 2015) and CET (5th October 2015). The Draft AMR 2015 document was also noted by Members of the Planning Committee (16 September 2015).

**9. Chief Finance Officer Statement**

The report's recommendation has no immediate cost pressure to the Council. However the longer term financial implication of the Council not being able to show a 5 year supply of housing could potentially lead to additional costs arising from having to conduct an early full review of the LDP. There are also costs of defending decisions at appeal and the risk of having costs awarded against the Council.

**10. What risks are there and is there anything we can do to reduce them?**

If the Council is not in the position to show a 5-year supply of housing land, it will be exposed to the following risks:

- (1) There is a risk of losing planning appeals for residential development on non-allocated LDP sites or outside of development boundaries in the open countryside.
- (2) The LDP will be subject to an early Full Review, which would be a prolonged and costly process.

**11. Power to make the Decision**

Planning & Compulsory Purchase Act 2004, Section 76