

Malvern Hills Five Year Housing Land Supply Report

2018

Includes: Position statement at 1 April 2018, methodology, analysis and evidence supporting the five year housing land supply calculation.

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1. Introduction

1.1 This report provides a full explanation of the five year housing land supply (5YHLS) calculation for Malvern Hills as required by the National Planning Policy Framework (NPPF). It sets out the housing requirement, delivery to-date and identifies deliverable housing sites for the five year period 1 April 2018 to 31 March 2023. The report includes an appropriate in-depth analysis of sites with planning permission and those that are allocations in the adopted South Worcestershire Development Plan (SWDP) (February 2016) to provide additional evidence about deliverability and to ensure that the supply calculation is robust.

2. Housing Requirement

2.1 Previously Malvern Hills has used the full Objectively Assessed Housing Need (OAHN) figure for the Plan period 2006-2030 of 8,590 dwellings. This policy-off figure had been tested by the SWDP Examination Inspector and set out in the Inspector's Further Interim Conclusions on the Outstanding Matters Considered at the Reconvened Stage 1 Hearing¹ (31 March 2014). The SWDP has subsequently been through a further period of examination where policy constraints were considered and the Plan was then adopted in February 2016.

2.2 The adoption of the Plan means that a policy-on target now applies for Malvern Hills District. 5,650 dwellings are required to be delivered between 2006 and 2030 as set out in Policy SWDP3 (Table 4b(i)). The revision of the target following plan adoption also means that the annual requirement has changed. The SWDP Inspector endorsed a stepped target as set out in Policy SWDP3 (Table 4b(ii)). A policy-on target of 235 dwellings per annum is used from 2006-2015 followed by a requirement of 308 dwellings per annum for three years (2015-18), the target is then reduced to 217 dwellings per annum for the remainder of the Plan period (until 31 March 2030). This short term increase in housing target is to allow for lead-in times on the larger urban extensions in the Wider Worcester Area (WWA) (i.e. SWDP45/1 and SWDP45/2) and to ensure the SWDP as a whole and across all sub-areas has a rolling five year supply of housing.

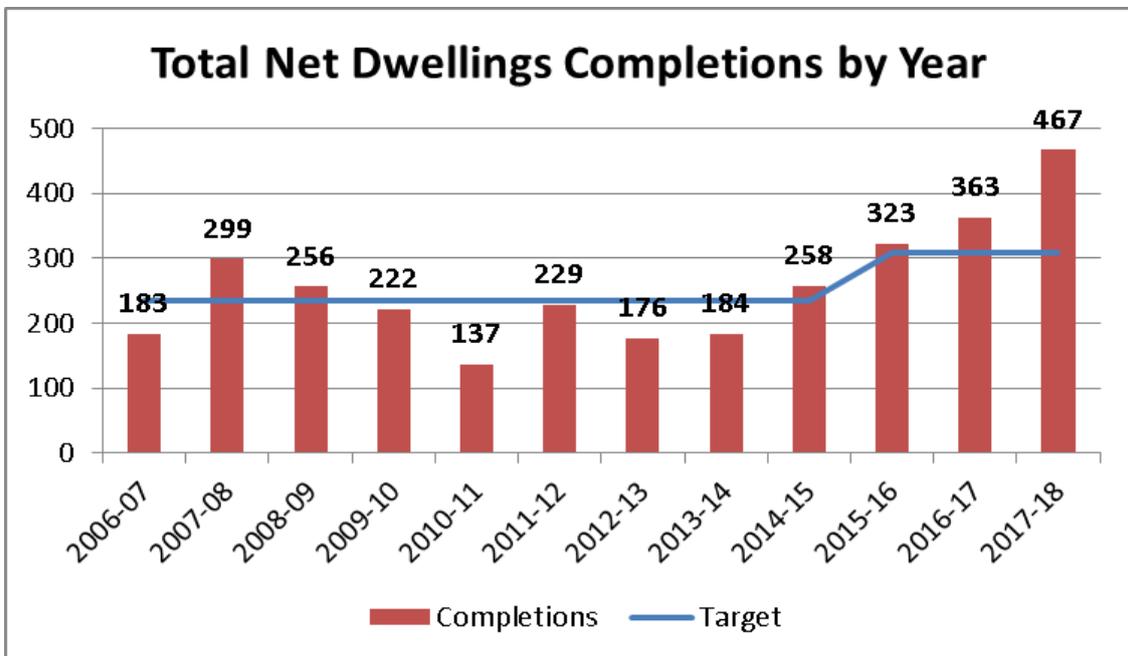
¹ <http://www.swdevelopmentplan.org/?s=Further+Interim+Conclusions>

2.3 It is important to note that the WWA five year housing land supply position will be calculated and published separately to the Malvern Hills calculation, as recommended by the SWDP examination inspector. There will be two separate WWA calculations; one for Wychavon District WWA and one for Malvern Hills WWA.

3. Completions

3.1 Completions from the outset of the Plan period 1 April 2006 to 31 March 2018 are **3,097**; overall this is just above the cumulative annual requirement for completions from 2006. Completions over the last four monitoring periods have increased significantly, with an all time high of **467** recorded in 2017-18. This demonstrates Malvern Hills District Council’s success in addressing a previous shortfall in supply by taking a proactive approach and approving a significant number of housing developments. Further information relating to completions can be found in Appendix 1.

Figure 1: Completions in Malvern Hills District from 1 April 2006- 31 March 2018



4. Calculating Past Under or Oversupply

4.1 Any shortfall in delivery, or indeed over supply, against the annualised requirement is factored in to the five year calculation. The requirement as explained above is that endorsed by the SWDP Examination Inspector set out in Policy SWDP3 (Tables 4b(i) and 4b(ii)) adopted by the three authorities on 25 February 2016. The requirement for the Malvern Hills sub-area (excluding the WWA) is 5,650 dwellings from 2006-2030. The Inspector supported a stepped approach of 235 dwellings per annum from 2006-2015, 308 dwellings per annum from 2015-2018 and 217 dwellings per annum for the remainder of the Plan period until 2030. Therefore, the requirement for the twelve years from 2006-2018 is 9 years at 235 dwellings plus three years at 308 dwellings which equates to a requirement of 3,039 dwellings. To establish the under or over supply, all completions during this period are subtracted from this requirement figure.

$$3,039 \text{ (Requirement 2006-2018)} - 3,097 \text{ (Completions 2006-2018)} = 58 \text{ (surplus)}$$

5. Addressing Past Oversupply

5.1 In terms of addressing undersupply the Government's Planning Practice Guidance (PPG ref: Para: 035 ID: 3-035-20140306) endorses an approach that where there is any historic shortfall it is dealt with in the first available five year period. However, in the case of an oversupply, as there is in Malvern Hills, there is no established approach. Therefore, the Council have taken into account the size of the surplus, which is relatively low (58 dwellings), and have adopted a cautious approach and not deducted this oversupply from the initial five year target. The target therefore remains as it is set out in the SWDP.

$$(5 \text{ years} \times 217) = 1,085 \text{ (5 year target)}$$

6. Buffer

6.1 In accordance with the NPPF (paragraph 47) Malvern Hills is required to test its supply of sites against the housing requirement with an additional buffer to ensure choice and competition in the market for land. Malvern Hills has delivered in excess of the annual housing requirement for the last four monitoring periods and is therefore not considered to have persistently under delivered.

Instead the Council have over delivered by 58 dwellings. Therefore, the Council consider it is appropriate and reasonable to apply a five percent buffer to the five year supply target. A five percent buffer equates to an additional **54** dwellings.

1,085 (5 year target including undersupply) + 54 (5% buffer) = 1,139 (5 year target including undersupply with 5% buffer applied)

7. Lead Times, Delivery Rates and Discount Assumptions

7.1 Before explaining the different categories of sites which will deliver housing within Malvern Hills District in the next five years, it is important to set out the approach that has been taken by the Council to ensure that the supply is robust.

7.2 A substantial amount of detailed work has been undertaken to assess sites and to identify the number of dwellings that will be delivered within the next five years. Large sites (this is generally sites of 5 dwellings or more, unless where stated otherwise for the purposes of data analysis in the report) have been carefully assessed as these represent 89% of the current sites with planning permission not yet started and are therefore an extremely important component of supply.

7.3 Where work is already underway on large sites officers have assessed their potential rate of delivery to establish whether the total number of dwellings with planning permission can realistically be achieved within a five year period. Factors that can influence the delivery rate include the number of developers (outlets) on site, the type of site, e.g. brownfield / greenfield and any requirements for infrastructure provision. In all cases sites are small enough to easily be delivered within five years based on existing local build rates (see Appendix 7 for further details). The largest sites that have been developed in Malvern Hills over the past seven years (using a sample of sites of 30 dwellings or more) are generally being completed within one to three years of commencement, with an average build rate of 29 dwellings per annum.

7.4 In looking at large sites (of 10 dwellings or more) where there has been no start made as at 1st April 2018, promoters and landowners have been engaged to understand their intentions for delivery. Information relating to this is provided in Appendix 8 (deliverability questionnaire) and

Appendix 9 (questionnaire responses). The information has been considered in conjunction with local evidence and assumptions regarding lead in times and delivery rates in Malvern Hills so as not to simply rely without question on the statements and information provided by landowners, developers and house builders in respect of their own sites. Consideration has also been given to landownership and/or who the applicant is (i.e. whether the application has been submitted on behalf of a housebuilder and/or whether the land is owned by a housebuilder). In adopting this cautious approach the Council has assumed the following, unless there is robust evidence to suggest otherwise:

1. On large sites where an application has been submitted but not yet determined it has been assumed that it will take 24 months until the first legal completion is achieved, unless there are any other specific reasons that suggest otherwise. The same lead in time has been applied to applications where there has been a committee resolution to approve subject to a Section 106 agreement. This applies to the sites listed in Appendices 4 and 5.
2. Where outline or full/reserved matters planning permission has been granted, a lead in time of 18 months is assumed. From April 2018, for large sites (5 dwellings or more), where a planning permission has a timescale of six months or fewer left in which to commence on site or apply for reserved matters/full permission (i.e. to November 2018), these sites have been discounted (either in full or in part) from the supply, unless stated otherwise. The sites are listed in Appendix 2. An additional assessment has also been made on sites with outline planning permission that have under one year remaining (from April 2017) in which to submit reserved matters/full applications. This discount to the supply on these large sites has been applied in addition to the 5% lapse rate (section 10).
3. Where sites are considered to be 'stalled', i.e. they have been recorded as under construction but little progress has been made on site over a number of monitoring years, these sites have been removed from the supply. There are currently 15 dwellings on 11 sites that have been recorded as stalled in 2017/18. Monitoring of stalled sites first commenced in 2015/16. If sites re-commence in future monitoring years they will be added back into the supply. The list of stalled sites can be found in Appendix 6. Stalled sites are not included in Appendix 3 (sites under construction).

7.5 This is considered a cautious yet robust approach as this additional discount applied to some large sites removes any potential margin for error in relation to the lapse rate and non-delivery. In terms of site delivery, there is evidence to demonstrate that developers are commencing on site within the same year or within one year of obtaining full planning permission on many large sites (of 10 dwellings or more) unless there are site specific constraints. Local evidence demonstrates that many of these large sites are being completed in 1 to 3 years once development has commenced (see Appendix 7 for further details).

7.6 Malvern Hills District Council has not set a delivery rate estimate for volume house builders for 2017/18 to assess delivery. None of the sites in the 2017/18 supply are large enough to require delivery to be phased (particularly for longer than a five year period). The largest site in the supply currently totals 110 dwellings (14/01231/OUT). However, as previously stated in paragraph 7.3, the average build rate on larger sites (30 dwellings or more) is approximately 29 dwellings per annum. This indicates that at this average build rate, all large sites included in the 5YHLS for 2017/18 should be delivered in full within five years (except where stated otherwise).

7.7 Although the evidence provided demonstrates that in most cases Malvern Hills is delivering in line with the applied assumptions, a cautious approach has been taken to ensure that the 5YHLS position is as robust as possible.

8. Sites with Planning Permission not Started or Under Construction

8.1 Footnote 11 to NPPF Paragraph 47 is clear that all plots that have unexpired planning permissions “should” be included, *“unless there is clear evidence that schemes will not be implemented within 5 years, for example where they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.”*

8.2 All sites with planning permission have been reviewed and there are a few sites, for reasons set out in table 1 below, that have been discounted as there is sufficient evidence available to determine that they will either not be implemented at all within five years, or it is likely to take longer than five years to deliver the total number permitted.

8.3 To inform this decision-making process, all landowners/ agents for large sites with planning permission (of 10 dwellings and over for the purposes of this analysis) where there was no start on site at 1st April 2018 were sent a deliverability questionnaire (Appendix 8). The responses to this detailed questionnaire was disappointingly low, but where responses were returned these have been considered and taken into account when making assumptions about delivery on these sites, although not all developers have replied (responses are published in Appendix 9). By considering all this data along with any additional information that developers and agents have provided, officers have made the 5YHLS position as robust as possible.

8.4 The Council has not relied upon sites predominantly proposing C2 use (residential institutions) in the five year supply calculations although these have, and will, continue to provide an element of C3 supply. The Council will look to scrutinise C2 applications in the future to ensure the use is correctly defined and where all the facilities for each unit (dwelling) are behind their own front door, this will be classified as C3 and therefore potentially contribute towards the 5YHLS. This approach is supported in the National Planning Practice Guidance (NPPG) (Paragraph: 037 Reference ID: 3-037-20140306). However, for the 2017/18 monitoring period, no C2 sites that could potentially be counted as C3 for 5YHLS purposes have been included in the supply.

8.5 The full lists of sites with planning permission not started or under construction (at 31st March 2018) are set out in Appendices 2 and 3, respectively.

8.6 A summary of discounted sites with planning permission not started is set out below in Table 1 (also available as part of Appendix 2):

Table 1: Discounts applied to sites with planning permission that have not started at 1st April 2018				
Planning Ref	Address	Proposal	Commentary	Discount Applied
13/01327	Church House Farm, Church Road, Clifton on Teme, WR6 6DJ	Development of 17 dwellings on the site of an existing farmstead, including 11 new-build, restoration, conversion of 3 curtilage listed barns, subdivision of farmhouse. Provision of a new farmhouse, farm worker's cottage	Expires within 6 months (July 2018)	16
14/01231	Land at Lower Howsell Road, Malvern	Outline application with all matters except for access reserved, for erection of up to 110 dwellings	Allowing 18 months for first completions and delivery at 29 dwellings per annum, 101 dwellings are deliverable within five years	9
TOTAL DISCOUNT APPLIED				25

Total number of dwellings with planning permission not started = **1,177**

Total number of short term undeliverable dwellings with planning permission not started = **25**

1,177 - 25 = 1,152

Total number of deliverable dwellings* = 1,152

*within five years

9. Deliverable Allocated Sites in the Adopted SWDP (2016)

9.1 All landowners / agents of sites allocated in the adopted SWDP with planning permission but not yet started, or those with a resolution to grant planning permission, were sent a deliverability questionnaire. Allocated sites with no current planning permission are not being considered for inclusion in the 5YHLS and so these were not included.

9.2 This questionnaire is sent annually to applicable landowners, developers and promoters and provides an updated picture on the progress of a site, the intentions of stakeholders and highlights any slippage. Where the contact has not responded to the update request a previous response has been used (where existing) unless it is well out of date, along with officers' careful consideration of

the factors relevant to the site. All responses have been scrutinised by officers and not simply relied upon without question.

9.3 The questionnaire includes questions about any known viability issues, any site specific constraints and more detailed questions around phasing and delivery. Questions include: when do you expect to start work on site (month/year)? How many housebuilders will/are likely to develop the site? How many completions do you expect to achieve each year (April to April)? And therefore how many homes do you anticipate being delivered on site within the next five years to April 2023? (See Appendix 8 for the full questionnaire).

9.4 In assessing the responses to ensure that the assumptions are as robust as possible, as previously stated, only sites where the landowners/ agents/developers have already submitted a planning application have been included as deliverable SWDP sites. This is considered a conservative approach as there are a number of additional sites that are likely to be delivered within five years but the promoter has yet to submit a formal planning application.

9.5 All deliverable allocated sites that have either the benefit of planning permission but not started or are under construction at 31st March 2018 can be found in appendices 2 and 3, respectively. Appendices 4 and 5 feature the allocated sites that have been included in the 5YHLS calculation as having a committee resolution to approve subject to section 106 agreement, or were current planning applications at 1st April 2018 and are considered to be deliverable within five years.

Total number of deliverable allocated dwellings* = 74

*within five years

10. Lapse Rate

10.1 The Inspector conducting the SWDP Examination concluded that adopting a 5% lapse rate would be “robust and sound” for the Plan across the three administrative areas.

10.2 Summing all the ‘lapsed permitted dwellings’ 2006/07 to 2017/18 and dividing that by the total gross number of dwellings with outstanding planning permissions over the same period, gives an average lapse rate of 8.07%. 2017/18 saw a spike in the number of expired planning permissions

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with 381 expiries at a rate of 26.29%. Of the eight planning permissions that lapsed during 2017/18, two sites totalling 76 lapsed dwellings have subsequently had new planning permissions granted for a total of 91 dwellings, and of the remaining six lapsed sites five are SWDP allocations totalling lapsed 221 dwellings, of which four (totalling 191 lapsed dwellings) have current applications pending determination for a total of 233 dwellings. So although the average lapse rate has increased to higher than the 5% lapse rate for which the SWDP Examination Inspector concluded would be “robust and sound”, a 5% lapse rate is still deemed appropriate. Appendix 10 provides further information relating to lapse rates.

A 5 % Lapse rate has been assumed.

Table 2 Malvern Hills Planning Permission Lapse Rates 2006/07-2017/18

Year of Expiry	Number of Dwellings Expired	Total Outstanding Commitments (Gross)	Lapse Rate %
2006/07	17	1,286	1.32
2007/08	24	1,235	1.94
2008/09	28	1,192	2.35
2009/10	118	1,013	11.65
2010/11	103	894	11.52
2011/12	76	865	8.79
2012/13	125	611	20.46
2013/14	34	996	3.41
2014/15	115	1,684	6.83
2015/16	16	1,899	0.84
2016/17	29	2,037	1.42
2017/18	381	1,449	26.29
Total over 12 years	1,066	15,161	
Average over 12 year period			8.07%

11. Windfalls

11.1 A windfall² allowance may be justified in the five year supply if a local planning authority has “*compelling evidence*” as set out in [paragraph 48](#) of the National Planning Policy Framework.

11.2 Given the above, the Inspector conducting the Examination into the SWDP confirmed in his Interim Conclusions (October 2013) that, in principle, he saw no objection to the Plan accounting for windfalls as part of the supply of housing over the plan period. Therefore an appropriate allowance has been accounted for in the 5YHLS calculation.

11.3 Appendix 11 contains a detailed breakdown of all windfall completions and concludes that small windfalls (sites of 4 dwellings or less not Greenfield or garden land for Malvern Hills District) have been delivered at an average rate of 33 dwellings per annum from 2006 to 2018. The Council has therefore continued to adopt the Inspector’s lower assumption of 35 dwellings per annum looking forward.

11.4 In order to avoid double counting windfall sites that already have planning permission, three years of windfalls have been discounted from the five year calculation. This is consistent with the extremely cautious assumptions set out in the SWDP longer term trajectory. Therefore windfall completions are only assumed for two years from 2021/22 onwards.

A total of **70 windfalls** are added to the five year calculation (i.e. 2 x 35)

11.5 Looking at the future sustained delivery of windfall sites, officers have in the longer term trajectory assumed that these sites will reduce over time as the SWDP allocation sites come forward. However, the situation is slightly different for Malvern Hills district as the windfall allowance is calculated on small sites of 4 dwellings or fewer. These sites should remain more consistent throughout the plan period than larger sites (i.e. 5 dwelling or more) as they will not be ‘replaced’ by site allocations, as larger windfall sites could be. However, to ensure that assumptions are up to date delivery will be monitored annually and if there is a change in windfall development the council will adjust its subsequent assumptions accordingly.

² Windfalls are any sites that are not allocated sites in a Local Plan and have not been previously allocated or identified in the Strategic Housing Land Availability Assessment (SHLAA).

11.6 There is evidence to suggest a consistent supply of other windfall sites in the district (Greenfield and Garden land), with average delivery rates over the previous 12 years of 24 and 23 dwellings per annum, respectively. However, in keeping with a cautious approach these sites have not been included as part of the windfall element of the 5YHLS calculation.

12. Five Year Housing Land Supply Table

Table 3 Malvern Hills Five Year Housing Land Supply Position at 1 April 2018

		per annum
Adopted SWDP 2016 target	5650	
Completions 2006-2018:	3097	
Oversupply (9 years x 235 + 3 x 308) - 3097:	58	
5 year target as set out in SWDP3 Table 4b(ii) (5 x 217):	1085	
5 year target + 5%	1139	228
Deliverable planning permissions not started at 1 April 2018:	1152	
Deliverable allocated sites in the adopted SWDP:	74	
Total deliverable sites not started (1226 - 5% lapse rate):	1165	
Sites with planning permission under construction at 1 April 2018:	263	
Windfalls 35 x 2:	70	
Total Supply	1498	
Balance against +5 %	359	
Total years housing supply against +5%	6.57	

12.1 This table brings together all the elements presented in this report to demonstrate Malvern Hills District's 5YHLS position for 2018-2023 against the annual housing requirement in the adopted SWDP (February 2016).

12.2 Malvern Hills is able to demonstrate that it has **6.57 years** housing supply against the adopted SWDP policy on requirement for market and affordable housing, which includes a 5 percent buffer. If a 20 percent buffer is applied the position remains strong with 5.76 years housing supply.

13. Maintaining the Housing Land Supply into 2018/19 and beyond

13.1 Looking ahead, the 5YHLS position is very likely to remain robust as a number of large sites have already commenced, or have permission and will begin to deliver homes over the next few years that will help maintain the supply. Additionally, the council will continue to approve planning applications during 2018/19 and many of these will form part of the next 5YHLS update. Malvern Hills have continued to adopt a cautious approach and have not relied unnecessarily on supply components that could affect the ability of the council to demonstrate a robust 5YHLS position.

14. Conclusions

14.1 In accordance with the NPPF (Paragraph 47 second bullet point) the Council have identified and updated a supply of deliverable sites sufficient to provide five years worth of housing against the SWDP 3 housing requirement even when an additional buffer of 5 percent is applied.

14.2 A substantial amount of work has been undertaken to ensure that the sites are in accordance with the NPPF footnote 11 and are deliverable. Sites have been assessed to ensure they are available, offer a suitable location for development, are viable and have a realistic prospect that housing will be delivered on the site within five years. Where there is evidence that a site will not be delivered within five years it has been discounted (either in full or in part). This includes sites where evidence has been provided that they are no longer viable, or where progress on a site cannot be confirmed (e.g. moving from outline permission to a reserved matters permission).

14.3 The Council has not relied entirely on its own judgement and has engaged in additional consultation with developers, land owners and agents on large sites (for the purposes of the deliverability letter this was sites of 10 dwellings or more) to understand their intentions. Where stakeholders have not provided any evidence, the authority has been able to use knowledge gained from those that have, and from trends experienced in the district to make an informed judgement as to the likely delivery of a site.

14.4 The Council has also instructed a consultant to critically assess the 5YHLS 2018-2023 position and their comments have been incorporated into the report.

14.5 The Council is able to robustly demonstrate in excess of five years housing land supply, **6.57 years** (using a 5% buffer) against the Plan requirement of 5,650 dwellings (SWDP 3, adopted February 2016).