

**DRAFT Position Statement**  
**TO: Members and Officers**  
**Update on Five Year Housing Land Supply Position**  
**(January 2019)**



**Introduction/Context**

1. In light of the recent Secretary of State (SoS) decision (December 2018) on the Section 78 appeal for planning permission for residential-led development at ‘*Land to the east of Newport Road and to the east and west of Cranfield Road at Woburn Sands*’, and the update to the National Planning Policy Framework (NPPF), the Council have undertaken a review and update of their current Five Year Housing Land Supply (5YHLS) position.
2. This review has also taken account of the current position of Plan:MK, the Council’s new local plan, which has been at examination since April 2018 and is still on course for adoption in March 2019.
3. This note outlines the considerations the Council has made in reviewing the 5YHLS both in terms of housing requirement and supply, and provides an up-to-date position which will be used in decision making in advance of the adoption of Plan:MK.

**Establishing the Housing Requirement**

4. The starting point of calculating the 5YHLS position is the housing requirement. As outlined in the NPPF, for the purposes of calculating a 5YHLS, the housing requirement is either that contained within a development plan which is less than five years since adoption, or where there is no up-to-date plan, then the housing requirement is that defined by paragraph 73 of the Framework which is the Local Housing Need (LHN) calculated by the standard methodology or other justified approach.
5. The housing requirement figure (1,750 dpa) as set out in the current Development Plan, the Core Strategy (2013) is now considered, as per the NPPF, to be out of date as, following July 2018, it is over 5 years since the plan was adopted. As our Core Strategy requirement is considered out of date, our housing requirement should therefore be calculated either by using the standard methodology, or a justified alternative.
6. The below outlines the two approaches in the context of Milton Keynes.

Local Housing Need: The Standard Methodology Approach

7. Alongside the 2018 NPPF, the Government published “*How is a minimum annual local housing need figure calculated using the standard method?*”. This outlines how Local Housing Need (LHN) should be calculated via the standard methodology and via the use of specific datasets.

8. Following this methodology, the housing requirement for the Council for the 5 year period 2018/19 - 2022/23 is calculated as **9,907 dwellings**, an average annual requirement of **1,981 dwellings**.
9. The assumptions made in calculating this figure are as follows:
  - 9.1. Using the Governments preferred 2014 ONS<sup>1</sup> data as outlined in the recent “*Technical Consultation on updates to National Planning Policy and Guidance*” (October 2018), the average annual household increase for Milton Keynes between 2018 and 2028 is 1,462.
  - 9.2. The affordability adjustment figure for Milton Keynes is 8.65.
  - 9.3. In assessing the capped level of any increase, the Capped figure is greater than the minimum annual LHN figure and therefore the minimum annual LHN figure of 1,887 dpa is used.
  - 9.4. The Council is deemed to have a Housing Delivery Test figure of 86% and therefore in accordance with the NPPF a 5% buffer is applied.
10. It should be noted here that whilst the Government were due to release the results of the Housing Delivery Test in November 2018, these are yet to be published. Therefore whilst the above calculations have been made using the methodology outlined in the *Housing Delivery test Measurement Rule Book (July 2018)* it is not certain that the 86% figure will be correct until the results are published. Given that a result of below 85% would result in the Council having to apply a 20% buffer, as opposed to a 5% buffer, this could have a significant impact upon the 5YHLS requirement using this method.

#### Local Housing Need: A Justified Alternative Approach

11. It is the Council’s view that a justified alternative method to calculating the housing requirement could be used, notably the methodology that has been considered by the Local Plan Inspector currently examining Plan:MK.
12. The Inspector in his interim findings (Interim Note dated 13th August 2018) has indicated that having seen all the material before him, he does not see any need to alter the figure of 1,766 dwellings “for plan soundness”. Given the considerable evidence that has been produced by the Council to support this figure and its recent rigorous testing through the Local Plan process, it is felt that this represents a clearly justified alternative approach for calculating the need for housing in Milton Keynes in the context of Paragraph 73 of the NPPF.
13. It should also be noted that as part of the examination process, the Inspector also examined the council’s approach to demonstrating a 5YHLS position which would be applicable upon adoption of Plan:MK and, through recommended main modifications to the plan following the hearings, has looked to embed this approach in the plan (See MM17 of *Plan:MK Schedule of Proposed Main Modifications (October 2018)*).
14. The assumptions made in this approach are as follows:

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<sup>1</sup> It should be noted here that the SoS decision on the ‘*Land to the east of Newport Road and to the east and west of Cranfield Road at Woburn Sands*’ appeal utilised 2016 ONS data, which produces a much lower housing need figure for Milton Keynes, however Government preference is for the 2014 data to be used.

- 14.1. As the Plan:MK start date is 1<sup>st</sup> April 2016, the housing requirement of 1,766 dpa should be applicable from this date and therefore in calculating a 5 year land supply position as of 1 April 2018 any under-delivery against this requirement in the first two years of the plan should be accounted for.
  - 14.2. Any under-supply should be dealt with via the Sedgefield method (within the next 5 year period).
  - 14.3. A 20% buffer should be applied both to the requirement and the buffer due to persistent under-delivery in recent years.
15. Using this approach, the housing requirement for the Council for the 5 year period 2018/19 - 2022/23 is calculated as **11,534**, an average annual requirement of **2,307 dwellings**.

### Conclusion on Housing Requirement

16. As set out in paragraph 73 and Annex 2 of the NPPF, a justified alternative may be used to calculate the Local Housing need in the context of the five-year supply. The Council have through the preparation of Plan:MK provided a justified alternative approach as set out in the Council's Strategic Housing Market Assessment (February 2017) which has been examined and found to be sound by the Inspector. It is therefore the Council's intention to use this as the starting point for the housing requirement for the calculating a 5YHLS position.
17. Furthermore, as the approach to calculating the 5YHLS position, as confirmed in the main Modifications proposed to Plan:MK, has also been examined and accepted as a sound approach by the Inspector, it is the intention of the Council to apply this approach fully and utilise the housing requirement as set out above in Paragraph 15.
18. Utilising this approach also reduces the risk associated with the current uncertainties around the Housing Delivery Test and the potential impact that this could have on a housing requirement calculated using the standard methodology.

### **Housing Supply**

19. The second element of the 5YHLS calculation is the housing supply. In his decision on the '*Land to the east of Newport Road and to the east and west of Cranfield Road at Woburn Sands*' appeal, the SoS felt that the Council could demonstrate a land supply of between 10,000 and 10,500 dwellings.
20. No detailed explanation has however been provided by the SoS as to how this figure has been calculated. Furthermore, the data relied upon by the Council at the appeal in question was tested further at a number of S78 appeals which occurred at later dates during 2017 and 2018, the decisions of which all presented different supply figures, all of which were higher than that proposed by the SoS.
21. The conclusions of these appeals in relation to housing supply were subsequently taken into account in preparing both an updated 5YHLS position for 2018/19 and in preparing the housing trajectory for inclusion in Plan:MK. The figures that the SoS decision is based on, as presented for the appeal hearings in July 2017, are therefore not considered to be up-to-date.

22. The most recently produced housing supply data by the Council is that which has been included within the housing trajectory for Plan:MK, which takes a base date of 1 April 2018, as requested by the Inspector examining Plan:MK. This data was thoroughly scrutinised by the Inspector at the Examination hearings and was found to be sound for the purposes of calculating a 5YHLS position for Plan:MK.
23. Whilst Plan:MK is yet to be adopted, it would be prudent to not rely on the full housing supply at this time, as a number of sites contained within remain unallocated until adoption of the plan. However, given the scrutiny that the supply has faced as part of the examination process it is felt that the lead-in times and build-out rates for the remainder of the sites within the supply, which benefit from existing allocations or permissions, can be justifiably relied upon in calculating a 5YHLS position.
24. In taking this approach, the Council can demonstrate a housing supply for the 5 year period 2018/19 - 2022/23 of **12,112 dwellings**. This includes a 10% discount applied to all sites with projected completions in year 5, as presented to and accepted by the Inspector examining Plan:MK.

#### **Preferred Approach and updated 5YHLS Position**

25. As outlined above, the Council feels that for the purposes of calculating a 5YHLS the approach for determining a housing requirement as set out in Plan:MK provides a reasonable alternative approach to using our Local Housing Need figure as it is supported by considerable evidence and, following thorough scrutiny during the Plan:MK hearings, the Inspector has indicated in his interim findings that it is sound. This approach will therefore be fully applied in calculating our 5YHLS position.
26. Furthermore, with regards to housing supply, it is felt that the trajectory outlined within Plan:MK and examined by the Inspector, minus sites that require adoption of Plan:MK to be allocated, and with the inclusion of a discount for slippage, provides a justified supply to be used in calculating our 5YHLS position.
27. Using this approach means that, for the period 2018/19 - 2022/23, the housing requirement figure is **11,534 dwellings** and the housing supply is **12,112 dwellings**. This results in the Council being able to demonstrate a housing land supply position of **5.25 years**. Appendix 1 of this position statement outlines a breakdown of the data used to achieve this figure via the preferred approach.
28. This approach is consistent with that which has been examined as part of Plan:MK and has been found sound by the Inspector in his interim findings. Using this approach will therefore not undermine Plan:MK and will provide continuity in approach upon adoption of the Plan.

## Appendix 1: Milton Keynes 5 year land supply position 2018-2023 (January 2019)

The below table outlines the data for the Council's 5 year land supply position for the period 2018-2023, using the methodology outlined in the Position Statement:

Annual Requirement (Plan:MK Requirement)	1,766 dpa
Overall requirement 2018-2023	8,830 dws
Under-supply 2016/17 - 2017/18	782 dws
Total Requirement 2018-2023	9,612 dws
<b>Total Requirement with 20% buffer</b>	<b>11,534 dws</b>
Overall supply of deliverable sites	12,827 dws
<b>Overall supply with 10% discount to applicable sites</b>	<b>12,112 dws</b>
Overall supply compared to Requirement	578 dws
<b>Overall years supply</b>	<b>5.25 years</b>

### How the 5 Year Housing Land Supply has been calculated

The 5 year housing land supply calculation is made up of two elements; the requirement and the supply.

#### Requirement

Basic Requirement: The starting point for the requirement is the housing target in Plan:MK to deliver an average of 1,766 homes per year.

This starting point gives a basic 5 year requirement of 8,830 homes:

$$1,766 \times 5 \text{ years} = 8,830 \text{ homes}$$

Shortfall: In the 2 years since the start of the Plan:MK period (1 April 2016), there have been 2,750 completions. Against the requirement of Plan:MK over the same period this means there has been a shortfall of 782 homes.

$$(2 \text{ years} \times 1,766) - 2,750 = 782 \text{ homes}$$

As per the Plan:MK Inspector's recommendation, the shortfall will be accommodated using the Sedgefield Method and therefore provided in its entirety within the 5 year period.

Buffer: Due to a record of persistent under delivery of housing within recent years, we are required to also add a 20% buffer to both the basic requirement and the shortfall.

Total Requirement: taking account of the above the total requirement is as follows:

$$(8,830 \text{ (basic requirement)} + 782 \text{ (shortfall)}) \times 1.2 \text{ (buffer)} = \mathbf{11,534 \text{ homes}}$$

### **Supply**

The supply element is made up of homes on sites which are deemed to be deliverable within the 5 year period, as outlined in the Plan:MK Housing Trajectory. There is then a 10% discount applied to all sites which show delivery within year 5 of the 5 year period to account for any slippage or non-implementation.

As of 1 April 2018 Milton Keynes can demonstrate 12,827 homes which can be delivered within the 5 year period (2018/19 – 2022/23). With the discount applied this leaves a total supply of **12,112 homes**.

### **5 Year Land Supply Position 2018/19 – 2022/23**

To obtain the 5 year land supply position the following calculation must be made:

$$(\text{Deliverable Land Supply} / \text{5 year Housing Requirement}) \times 5$$

Therefore the following is the land supply position for Milton Keynes for the period 2018/19 – 2022/23.

$$(12,112 / 11,534) \times 5 = \mathbf{5.25 \text{ years}}$$