



# Milton Keynes Council Assessment of Five Year Housing Land Supply

2019/20 - 2023/24

(June 2019)

## 1. Introduction

### Background

- 1.1 Local planning authorities should, as required in Paragraph 73 of the National Planning Policy Framework (NPPF), identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing. The housing land supply statement responds to this and brings together information on permitted development and land allocated within the Borough of Milton Keynes.
- 1.2 This statement covers the five year period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2024. It firstly establishes the housing requirement that the Council needs to demonstrate is deliverable and then assesses the land supply available to deliver the requirement over the next five years. Furthermore, commentary within each stage of the statement will outline the methodology the Council has applied to reach its conclusions.
- 1.3 Appendix 1 outlines the Council's current total housing supply and housing trajectory, providing details of all sites currently allocated or permitted, including a small commentary on their deliverability (as of 1 April 2019), even if they are not considered deliverable within the 5 year period.
- 1.4 The assessment has been carried out in accordance with the policy and development framework provided by the following:

#### **National Policy**

- The National Planning Policy Framework (NPPF) (February 2019)
- National Planning Practice Guidance (PPG) (March 2014 and as updated) and the Housing Delivery Test Measurement Rule Book (July 2018)

#### **The 'Development Plan'**

- Plan:MK (adopted March 2019)
- Milton Keynes Site Allocations Plan (adopted July 2018)
- All made Neighbourhood Plans within the Borough of Milton Keynes

## **National Policy and Guidance**

- 1.5 In July 2018 a revised NPPF was published and subsequently updated in February 2019. The NPPF requires local planning authorities to identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing. This is measured against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than five years old.
- 1.6 The glossary of the NPPF states that to be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:
- a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are not viable, there is no longer a demand for the type of units or sites have long term phasing plans).
  - b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.
- 1.7 Planning Practice Guidance (PPG) (Paragraph 048, 3-048-20180913) provides more detailed advice for preparing an annual review of the five-year land supply position. It expects assessments to include:
- for sites with detailed planning permission, details of numbers of homes under construction and completed each year; and where delivery has either exceeded or not progressed as expected, a commentary indicating the reasons for acceleration or delays to commencement on site or effects on build out rates;
  - for small sites, details of their current planning status and record of completions and homes under construction by site;
  - for sites with outline consent or allocated in adopted plans (or with permission in principle identified on Part 2 of brownfield land registers, and where included in the five-year housing land supply), information and clear evidence that there will be housing completions on site within five years, including current planning status, timescales and progress towards detailed permission;
  - permissions granted for windfall development by year and how this compares with the windfall allowance;

- details of demolitions and planned demolitions which will have an impact on net completions;
- total net completions from the plan base date by year (broken down into types of development e.g. affordable housing); and
- the five-year land supply calculation clearly indicating buffers and shortfalls and the number of years of supply.

1.8 Paragraph 75 of the revised NPPF sets out the Housing Delivery Test (HDT). This requires local planning authorities to monitor progress in building out sites which have permission. It states that where the HDT indicates that delivery has fallen below 95% of the housing requirement over the previous three years, the authority should prepare an action plan in line with national planning guidance, to assess the causes of under delivery and identify actions to increase delivery in future years.

1.9 Performance in line with the HDT also indicates the buffer that should be applied to the housing supply:

- a) 5% to ensure choice and competition in the market for land; or
- b) 10% where the local planning authority wishes to demonstrate a five-year supply of deliverable sites through an annual position statement or recently adopted plan, to account for any fluctuations in the market during that year; or
- c) 20% where there has been significant under delivery of housing over the previous three years (where delivery is below 85% of the housing requirement as measured by the HDT), to improve the prospect of achieving the planned supply.

1.10 The Government published the HDT 2018 measurement results in February 2019. The result for Milton Keynes Council and its implications for the housing supply position are detailed later in this statement.

1.11 It should be noted that Plan:MK was examined under the 2012 NPPF and as such the Council will review the methodology for calculating the five-year land supply, in light of the updated NPPF, next year when carrying out a full update of the Strategic Housing Land Availability Assessment (SHLAA).

## **2. The Five-Year Land Supply Requirement**

### **Basic Requirement**

2.1 Plan:MK was adopted in March 2019 and is less than five years old. Therefore, in accordance with Paragraph 73 of the NPPF, the starting point for establishing the five year land supply requirement is the housing requirement set out in the adopted strategic policies of Plan:MK.

2.2 The housing target within Plan:MK is to deliver an average of 1,767 homes per year across the Borough. This starting point gives a basic five year requirement for 8,835 homes.

$$1,767 \times 5 = 8,835$$

### **Performance, Shortfall and Buffer**

2.3 Table 1 shows the annual housing completions in Milton Keynes since the base date of Plan; 1<sup>st</sup> April 2016. The gross figure indicates the total number of dwellings completed, whereas the net completions reflects the losses from dwelling conversions, changes of use and demolitions.

**Table 1: Housing Completions 2016/17 to 2018/19**

	Requirement	Total Dwellings		Shortfall
		Gross	Net	
<b>2016/17</b>	1,767	1,247	1,230	537
<b>2017/18</b>	1,767	1,527	1,518	249
<b>2018/19</b>	1,767	1,787	1,781	-14
<b>Total</b>	5,301	4,561	4,529	772

2.4 The table also shows performance against the Plan:MK housing requirement. Whilst housing completions have shown a steady rise over the first three years of Plan:MK, and in 2018/19 the council achieved its housing requirement for the first time in over 10 years, there has still been a shortfall of 772 homes accumulated since the start of the plan.

2.5 To demonstrate the Council's commitment to boosting the supply of housing across the Borough, an approach is being taken to address this shortfall in the next five year period. This approach is commonly referred to as the "Sedgefield" approach and is recommended (but not required) in the PPG (044 Reference ID: 3-044-20180913). The approach was also agreed for use by the Council at the examination of Plan:MK to deal with any shortfall.

2.6 This shortfall will therefore be added to the basic requirement, giving a total of 9,607 homes.

$$8,835 + 772 = 9,607.$$

2.7 As set out in Paragraph 73, the NPPF requires an appropriate buffer (moved forward from later in the plan period) to be applied to the housing requirement (including any shortfall). The appropriate buffer to be applied will be measured against the HDT results.

- 2.8 The first HDT measurement results, for the year 2018, were published in February 2019. Table 2 shows the measurement results for Milton Keynes.

**Table 2: Housing Delivery Test Measurement Results 2018 (February 2019)<sup>1</sup>**

Year	Homes Required	Homes Delivered	HDT 2018 Measurement
2015/16	1,562	1,194	
2016/17	1,543	1,229	
2017/18	1,482	1,485	
<b>Total</b>	<b>4,587</b>	<b>3,908</b>	<b>85%</b>

- 2.9 As a result of falling below 95%, the Council is required to publish a Housing Action Plan<sup>2</sup>. However, as the result does not fall below 85%, the application of a 20% buffer on the five-year land supply is not required. The Council will therefore apply a 5% buffer to its requirement to ensure choice and competition in the market for land.

### **Residual Housing Requirement**

- 2.10 Taking into account the basic requirement, housing shortfall from 2016/17 (start of the Plan:MK period), and including the 5% buffer identified in the NPPF, the five-year housing requirement for the period 2019/20 to 2023/24 is as follows:

$$(8,835 \text{ (basic requirement)} + 772 \text{ (shortfall)}) \times 1.05 \text{ (buffer)} = \mathbf{10,087 \text{ homes}}$$

## **3. Housing Supply**

- 3.1 As of the 1st April 2019 land was available for a total of 29,408 homes within the Borough of Milton Keynes. Table 3 outlines the breakdown of this supply.

**Table 3: Total Housing Supply for Milton Keynes (1 April 2019)**

<b>Permission</b>	<b>Outline</b>	8,043
	<b>Full</b>	7,798
<b>Allocated Sites</b>		13,567
<b>Total</b>		29,408

- 3.2 As outlined in the housing trajectory in Appendix 1, not all of these homes are expected to be delivered within the five-year period. As part of this assessment each site has been assessed to determine the realistic prospect of development taking

<sup>1</sup> Available to view at: <https://www.gov.uk/government/publications/housing-delivery-test-2018-measurement>

<sup>2</sup> The Council has already produced and published its Housing Delivery Action Plan; this can be viewed at: <https://www.milton-keynes.gov.uk/planning-and-building/planning-policy/housing-delivery-action-plan>

place within the next five years in line with the definition of 'deliverable' as set out in the NPPF.

### **Assessing Deliverability**

- 3.3 For all major sites within the housing trajectory, the Council contacted the landowner, developer/housebuilder, or agent, seeking up to date information relating to timescales and projected delivery trajectories, as well as any other information which may be of use. As part of this, individual pro-formas for each site, or parcel of a larger site, were prepared to set out the agreed assumptions. These pro-formas are not published as part of this statement, but will be made available where required (e.g. for use at Section 78 appeals).
- 3.4 For the large majority of sites, pro-formas were completed. Where this has been the case, the timescale and completion projection data provided has been used within the housing trajectory and this is noted within the "Notes on Deliverability" column within the housing trajectory. In some instances a further optimism bias has been added on a site-by-site basis where, upon review, it was felt that data provided appeared to suggest an overly optimistic development/completion rate within individual years of the five year period. Again, where this has been applied it is noted within the "Notes on Deliverability" column.
- 3.5 For sites where we do not have a completed pro-forma or have not received feedback we have taken one of the following approaches:
- If the site is under construction and is delivering units, we have applied a continued completion rate that reflects; the number of units under construction, the completion rates from previous years on the site, and information that has been received previously from the housebuilder.
  - If the site is a large expansion site, with outline permission, that is being delivered in phases, we have projected completion rates based on:
    - REM applications for new parcels that have been submitted and that are currently being assessed by the Council;
    - Previous rates of completions on parcels from the same site which are under construction or completed;
    - Previous information provided by the master developer.
  - If the site is not under construction, is not a larger expansion site with outline permission, or is a parcel on a larger site with REM permission, in which development is yet to commence, the pre-build lead-in times outlined in Table 4 have been broadly applied. For clarity, the pre-build lead in time is the period from the 1st April of the year of the assessment (i.e. 1st April 2019) to the completion of the first plot(s).

**Table 4: Five-year supply lead in times**

Allocated sites without planning permission	36 Months
Outline Planning Permission	30 Months
Reserved Matters/full planning permission	18 Months

- 3.6 Finally, a 10% allowance for slippage has been applied to all sites where completions (of any quantity) are profiled in year 5 of the five-year period. The discount is applied to all years for qualifying sites, not just year 5. This was agreed as an acceptable approach for use in Milton Keynes by the Inspector during the examination of Plan:MK and is referenced within Plan:MK as the method that will be used. This will be reviewed as part of the SHLAA update as referenced in Paragraph 1.11.
- 3.7 Through this process, as outlined in Appendix 1, the Council can demonstrate, prior to the application of a 10% buffer, as outlined above, a housing supply of 13,149 homes from major sites for the five-year period 2019/20 to 2023/24. With the application of the 10% buffer the housing supply is 12,470 homes.

#### **Minor Sites and Windfall**

- 3.8 The deliverability of individual sites of less than 10 units has not been specifically assessed. Instead a windfall allowance totalling 95 homes per year (35 homes per year in the rural area and 60 per year within the urban area) has been included. This windfall allowance was agreed as a suitable allowance for the Borough during the examination of Plan:MK, at which a detailed justification for the allowance was presented and accepted.
- 3.9 Table 5 shows the number of completions from sites of less than 10 units recorded during the Plan:MK period to-date on an annual basis. This shows an annual average number of completions of 138 homes, which remains above the 95 homes per year allowance. It is worth noting that the data for 2017/18 is the only year in Council records whereby the allowance has not been exceeded. This demonstrates that an average of 95 homes per year remains a suitable windfall allowance to apply.

**Table 5: Completions from sites under 10 dwellings during Plan:MK period.**

	<b>No. of homes from sites under 10 units</b>
<b>2016/17</b>	166
<b>2017/18</b>	79
<b>2018/19</b>	169
<b>Total</b>	414

3.10 With the addition of 95 homes per annum as a windfall allowance, totalling 475 homes over the five-year period, the total housing supply across the Borough for the period 2019/20 - 2023/24 is **12,945 homes**.

#### **4. The Five-Year Land Supply Position**

4.1 The total land supply for homes across the Borough (12,945) is significantly more than is required to meet the housing requirement, of 10,087 homes, established earlier in this paper. As set out in Table 6 below, and in more detail at the bottom of the housing trajectory in Appendix 1, the Council can currently demonstrate that deliverable supply is in place for 6.42 years' worth of housing land.

**Table 6: Milton Keynes overall five-year housing land supply position at 1 April 2019**

	<b>Total</b>
Overall Requirement 2019/20 - 2023/24	10,087
Overall Supply of Deliverable Sites	13,624
Overall Supply with 10% discount to applicable sites	12,945
Overall supply compared to requirement	2,858
Overall years Supply	6.42 years