

West Northamptonshire Strategic Plan

Housing Background Paper – Version 1 July 2019



South
Northamptonshire
Council



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1. Introduction

- 1.1 This document forms part of the technical evidence base that will inform the West Northamptonshire Strategic Plan (WNSP). The WNSP is a new strategic plan for West Northamptonshire, covering the period 2019-2041 that will review and, where appropriate, replace strategic policies in the West Northamptonshire Joint Core Strategy. This is currently the only background paper that has been prepared to provide further context to the housing section of the WNSP Issues Paper. It is anticipated that further background papers will be produced as the WNSP progresses through the plan-making process. It sets out the current national and local policy context and guidance relating to the provision of housing. The provision of a suitable range and amount of housing is a key requirement and objective of the plan.

2. Structure of this document

- 2.1 Section 3 sets out the context, including an overview of key national policies.
- 2.2 Section 4 identifies the different scenarios for how much housing we need to plan for and section 6 sets out the existing supply as at 1st April 2019. Please note that the supply set out below uses the published data as at 1st April 2019 for Daventry district (outside of the NRDA) but that the information used for South Northamptonshire (outside the NRDA) and Northampton (including the NRDA) had not been finalised and published at the time of producing this report. This document will be further updated once this information is publically available to inform the next stages in the production of the WNSP.

3. National Context

National Planning Policy Framework (NPPF - February 2019)

- 3.1 Chapter 5 of the NPPF provides guidance on delivering a sufficient supply of homes. It sets out that to support the Government's objective of significantly boosting the supply of homes it is important that a sufficient amount and variety of land can come forward where it is needed. Paragraph 60 sets out that to determine the minimum number of homes needed, strategic policies should be informed by a local housing needs assessment, conducted using the standard methodology in national planning practice guidance (NPPG) – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. It is not considered that exceptional circumstances exist locally, however

West Northamptonshire is within the Oxford-Cambridge Arc¹, and a potential uplift in housing numbers (i.e. above local housing needs) is being considered – see section 4 below. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for. To date the only local authority adjoining West Northamptonshire that has indicated that some of their need will have to be met in West Northamptonshire is Harborough district, which has indicated a need for 6 dwellings per annum as a result of planned growth at Magna Park. This need will not arise until the extension of Magna Park materialises however this position will be kept under review as to when it affects the calculations in section 4. The local housing needs assessment using the standard methodology for Northampton Borough, Daventry District and South Northamptonshire is set out in section 4.

- 3.2 Paragraph 61 of NPPF sets out that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. Work was undertaken to inform the Part 2 Local Plans (the plans that have followed the production of the West Northamptonshire Joint Core Strategy), specifically the 2017 West Northamptonshire Joint Planning Unit Housing Market Evidence Study² and the Study of Housing and Support Needs of Older People across Northamptonshire³. However it will be important to update this part of the evidence base to inform production of the WNSP.
- 3.3 Paragraph 62 identifies that where the need for affordable housing is identified, planning policies should specify the type of affordable housing required. Further evidence will be undertaken to establish the level of affordable housing to be provided.

4. How much housing do we need to plan for?

- 4.1 This section sets out how the standard method in the NPPG has been applied to each of the three authorities to understand the minimum number of homes to be planned for.

¹ Oxford – Cambridge Arc - <https://www.gov.uk/government/publications/the-oxford-cambridge-arc-government-ambition-and-joint-declaration-between-government-and-local-partners>

² 2017 West Northamptonshire Joint Planning Unit Housing Market Evidence available from; <https://www.daventrydc.gov.uk/living/planning-policy/part-2-local-plan/evidence-base/?assetdet8190f8ce-8bb0-44dd-a5a8-fd8288414807=45907&p=3>

³ Study of Housing and Support Needs of Older People Across Northamptonshire available from; <file:///C:/Users/TJames/Downloads/Housing%20-%20Study%20of%20Housing%20and%20Support%20Needs%20of%20Older%20People%20Across%20Northamptonshire.pdf>

Step 1 – Setting the baseline

- 4.2 Step 1 of the NPPG requires LPAs to use household projections to calculate the projected average annual household growth over a 10 year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period). This has been done on the 2014 based household projections as recommended in the NPPG.

Table 1 – Setting the Baseline

	Households in 2019	Households in 2029	Average Annual growth
Northampton	98,464	109,345	1,088.1
Daventry	33,918	36,593	267.5
South Northamptonshire	37,947	41,636	368.9

Step 2 – an adjustment to take account of affordability

- 4.3 Step 2 requires an adjustment to the annual projected growth figure based on the affordability in the area. This should use the most recent median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level.
- 4.4 No adjustment is applied where the ratio is 4 or below, which doesn't apply to any of the three authorities. For each 1% the ratio is above 4 (with a ratio of 8 representing a 100% increase), the average household growth should be increased by a quarter of a percent. To be able to apply the percentage increase adjustment to the projected growth figure we then need to add 1.
- 4.5 Where an adjustment is to be made, the precise formula is as follows:

$$\text{Adjustment factor} = (\text{Local affordability ratio} - 4/4) \times 0.25 + 1$$

Table 2 – Adjustment for Affordability

	ONS Average Annual Growth	Affordability Ratio 2018	Adjustment factor	Total average annual need inc adjustment factor	Additional need above ONS
Northampton	1,088.1	7.6	1.225	1332.9	244.8
Daventry	267.5	10.27	1.391875	372.3	104.8
South Northamptonshire	368.9	10.49	1.405625	518.5	149.6
West Northamptonshire	1,724.5			2223.8	

Step 3 - Capping the level of any increase

- 4.6 A cap is then applied in certain circumstances which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing.
- 4.7 Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of:
- the projected average annual household growth for the area over the 10 year period identified in step 1; or
 - the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).
- 4.8 As at December 2019 it will be 5 years from the date of adoption of the WNJCS and the cap has been applied on this basis, i.e. a post December 2019 scenario has been used.

Table 3: Assessing if the 40% cap applies

	a Projected average annual household growth in Step 1	a With 40% added (potential cap)	b WNJCS Annualised Requirement	b With 40% added (potential cap)	Need including affordability adjustment (Steps 1 and 2) Less than a and b More than a and b	Minimum Annual Need taking into account 40% cap
Northampton	1,088.1	1,523	1,582	2,214	1,332.9	1,333
Daventry	267.5	374.5	388	543	372.3	372
South Northamptonshire	368.9	516	351	491	518.5	516
West Northamptonshire	1,724.5		2,321		2,223.8	2,221

- 4.9 The table above shows only South Northamptonshire has a need that is in excess of either of the capped requirements, it is, therefore, subject to the 40% cap above the ONS average growth figure as this is the higher of the two scenarios.

Overall Plan Period Requirement

- 4.10 Taking the minimum need from the table above, when the cap is factored in, it is then necessary to translate the requirement over the plan period, 2019 to 2041, a period of 22 years.

Table 4 – Plan Period Housing Requirement

	Minimum Average Annual Need taking into account 40% cap	Local Housing Need over plan period 2019-2041
Northampton	1,333	29,326
Daventry	372	8,184
South Northamptonshire	516	11,352
West Northamptonshire	2,221	48,862

4.11 In establishing the final trajectory for the WNSP it will be important to consider the anticipated rate of delivery from large sites and how the trajectory should be profiled to reflect anticipated build-out rates and to align with the delivery of infrastructure. This approach, known as a stepped trajectory, was adopted in the WNJCS. The alternative option would be to present an annualised trajectory.

Contingency Uplift

4.12 It is acknowledged that the above requirements are minimum need figures and therefore it is important to allow for an uplift in the requirement to provide for additional flexibility and contingency. The issues paper has identified 2 potential uplift scenarios;

- Local Housing Need +10% = 53,700 dwellings
- Local Housing Need +20% = 58,600 dwellings

Oxford-Cambridge Arc

4.13 West Northamptonshire is situated within the Oxford-Cambridge Arc, where the government has ambitions to promote growth. The government’s ambitions for the Arc include up to one million high quality new homes by 2050 and to achieve this aim a step-change in housing delivery substantially above local housing need is required. Given that there is potential for significant infrastructure investment it is unlikely that any significant uplift could occur early in the plan period. Therefore one scenario would be for Local Housing Need +10% for the period 2019-2029 and then apply a further uplift of 40% from 2029 to 2041. A total requirement of 61,300 dwellings.

Table 5: Summary of Uplift Scenario

	LHN + 10% 2019-2029	40% Uplift 2029 -2041	Total Requirement
Annual	2,402	3,109	
Total	24,021	37,308	61,300

Factoring Existing Supply

4.14 A key component of establishing the level of growth to be planned for is to factor in existing housing supply from the 1st April 2019. This is summarised below.

Table 6: Components of existing supply

Northampton inc NRDA	Supply to 2041
WNJCS Sustainable Urban Extensions	16,196
Part 2 Local Plan Allocations	4,749
Commitments	2,907
Windfall Allowance (to 2029)	2,400
Sub-Total	26,252
Daventry District	
WNJCS Sustainable Urban Extension's (Daventry NE)	3,600
Part 2 Local Plan Allocations (Daventry South West)	1,475
Commitments	1,951
Windfall Allowance (to 2029)	848
Sub-Total	7,874
South Northamptonshire	
WNJCS Sustainable Urban Extensions	2,649
Part 2 local Plan Allocations	N/A
Commitments	1,247
Windfall Allowance (to 2029)	350
Sub-Total	4,246
Total	38372

Sustainable Urban Extensions and Allocations

4.15 It is assumed that all of the allocations in the WNJCS and the Part 2 local plans would be built out in the plan period with the exception of Daventry North East where a small proportion of delivery is expected to go beyond 2041.

4.16 Some of the allocations in the development plans now have the benefit of planning permission and some have been partially built out. The dwellings still to be built, but with planning permission are recorded in the 'commitments' category below, with consequent reductions in capacity in the allocations and sustainable Urban Extensions categories.

Windfall Allowance

4.17 The supply identified above includes windfall allowances up to 2029 which respective authorities have sought to justify through their part 2 local plans. The WNSP will need to consider whether to also include a windfall allowance or whether this is more appropriately justified at a Part 2 local plan level.

Surplus/Shortfall against WNJCS Requirements

- 4.18 The NPPG (Para 011 Ref 2a-011-20190220) is clear that past under-delivery does not need to be included because it is taken into account through the affordability adjustment. Therefore, whilst a number of allocations identified in the WNJCS are not coming forward as envisaged, and there is a shortfall against the trajectory, this does not require an adjustment to future requirements.