



**West
Northamptonshire
Council**

West Northamptonshire Strategic Plan

Housing Background Paper – September 2021



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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 2020-2050 that will review and, where appropriate, replace strategic policies in the West Northamptonshire Joint Core Strategy. This background paper has been prepared to provide an overview of the relevant findings of the Housing and Economic Needs Assessment¹ (HENA) and further context to the housing section of the WNSP Options 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 Sections 3 and 4 set out the national and local context, including an overview of key national policies.
- 2.2 Section 5 identifies the different scenarios for how much housing we need to plan for including the existing supply as at 1st April 2021.

3. National Context

National Planning Policy Framework (NPPF – July 2021)

- 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 61 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 Arc², and a potential uplift in housing numbers (i.e. above local housing needs) has been considered – see section 5 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, this is discussed in section 4. The

¹ [Housing and Economic Needs Assessment 2021, GL Hearn](#)

² [Creating a Vision for the Oxford – Cambridge Arc](#)

information required to undertake local housing needs assessment using the standard methodology is only available for the predecessor councils of Northampton Borough, Daventry District and South Northamptonshire. Whilst the need figure is generated using former local authority areas data, the resultant figure is a requirement for West Northamptonshire, and it is the role of the plan to determine how this is distributed.

- 3.2 Paragraph 62 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. The [Housing and Economic Needs Assessment](#) provides the evidence to develop policies in this regard – these will be included in the forthcoming draft version of the plan
- 3.3 Paragraph 63 identifies that where the need for affordable housing is identified, planning policies should specify the type of affordable housing required. Evidence has been produced in the form of the [Housing and Economic Needs Assessment](#). Policies identifying the amount and type of affordable housing, informed by viability assessment, will be provided in a forthcoming draft version of the plan.

4. Local Context including Duty to Cooperate

- 4.1 The Duty to Cooperate is a legal duty that Local Planning Authorities must fulfil when preparing Development Plans. Discussions are ongoing with various Duty to Cooperate partners and the outcomes of these discussions will be set out in a separate background paper that will be made available as the plan progresses. To date, in respect of housing, the only local authority adjoining West Northamptonshire that has identified a specific cross-boundary housing issue is Harborough District. An additional housing need in the Daventry area of West Northamptonshire has been identified as a consequence of economic growth in Harborough District, specifically a need for 6 dwellings per annum until 2031 as a result of planned growth at Magna Park. As this need will not arise until the extension of Magna Park is completed this position will be kept under review to determine when it affects the calculations in section 5. However, Magna Park is starting to be built out so at most, assuming this requirement starts in 2022, it would equate to 6 dwellings over 9 years, 54 dwellings in total.

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

- 5.1 West Northamptonshire Council was formed on 1st April 2021. The NPPG (Para 039 Reference ID: 2a-039-20201216 provides guidance as to how calculate local housing need for re-organised authorities which confirms that data for former Local Planning Authority areas should be used and that in

establishing the overall level this should at least be the sum of the local housing need of all the predecessor local authorities.

- 5.2 This section sets out how the standard method in the NPPG has been applied to each of the three former LPA areas to understand the minimum number of homes to be planned for across West Northamptonshire. This is included in the Housing and Economic Needs Assessment, as set out below, with a base date of 2020 which equates to 2,139 dwellings per annum. However given the availability of more recent data an updated calculation as at 1st April 2021 is also provided.

Table 1- 2020 West Northamptonshire standard method-based LHN.

HENA 2020 Figures	Daventry	Northampton	South Northants	West Northants
Households 2020	34,212	99,579	38,321	172,112
Households 2030	36,834	110,412	41,983	189,229
Change in households	2,622	10,833	3,662	17,117
Per annum change	262	1,083	366	1,712
Affordability ratio (2019)	9.22	7.02	9.99	
Uplift to household growth	33%	19%	37%	
Total Need (per annum)	348	1,288	503	2,139

Step 1 – Setting the baseline

- 5.3 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 using the 2014 based household projections as recommended in the NPPG.

Table 2- Setting the Baseline

	Households in 2021	Households in 2031	Average Annual growth
Northampton	100694	111,499	1080.5
Daventry	34,199	37,075	287.6
South Northamptonshire	38,688	42,322	363.4

Step 2 – an adjustment to take account of affordability

- 5.4 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.
- 5.5 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 it is then necessary to add 1.

5.6 The precise formula is as follows:

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

Table 3- Adjustment for Affordability

	ONS Average Annual Growth	Affordability Ratio 2020	Adjustment factor	Total average annual need inc adjustment factor	Additional need above ONS
Northampton	1080.5	7	1.1875 (18.7%)	1283.1	202.6
Daventry	287.6	9.21	1.3256 (32.5%)	381.2	93.6
South Northamptonshire	363.4	10.33	1.3956 (39.5%)	507.2	143.8
West Northamptonshire	1,731.5			2171.5	

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. In West Northamptonshire, the policies were reviewed and found to not require updating. The NPPG says that where policies have been reviewed and found to not require updating the cap should apply to the policy requirement. It also states that where the policies are more than five years old, the cap is set at whichever is higher of either the WNJCS requirement plus 40% or projected average annual household growth plus 40%. Both approaches are considered in table 4 below.

Table 4- 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	1080.5	1,513	1,582	2,214	1283.1	N/A
Daventry	287.6	402.64	388	543	381.2	N/A
South Northamptonshire	363.4	508.76	351	491	507.2	N/A
West Northamptonshire	1,731.5		2,321		2172	N/A

4.9 The table above shows that none of the areas have a need that is in excess of either of the capped requirements.

Overall Plan Period Requirement

4.10 Taking the minimum need from the table above, it is then necessary to translate the requirement over the plan period, 2020 to 2050, a period of 30 years.

Table 5- Plan Period Housing Requirement

	Minimum Average Annual Need	Local Housing Need over plan period 2020-2050
Northampton	1283	38,490
Daventry	381*	11,430
South Northamptonshire	508	15,240
West Northamptonshire	2172*	65,160

* As noted above, this will increase by 6 units per annum once Magna Park is completed and occupied.

4.11 It is evident that there is broad alignment with the housing needs identified in the HENA

4.12 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 and it is anticipated that such an approach will need to be taken

forward in the WNSP. The alternative option would be to present an annualised trajectory.

Contingency Uplift

4.13 It is acknowledged that the above requirements are minimum need figures and therefore there may need to be some form of uplift in the requirement to provide for additional flexibility and contingency. The issues paper identified 2 potential uplift scenarios of 10% and 20%.

4.14 Translating this equivalent level of uplift into a scenario to 2050 equates to;

- Local Housing Need +10% = 71,676 dwellings
- Local Housing Need +20% = 78,192 dwellings

4.15 However, whilst the 10% and 20% contingency scenarios were identified in the Issues Paper this was in the context of a plan period to 2040. Looking at a longer plan period to 2050 there is a case for a smaller level of contingency for the following reasons;

- A longer plan period to 2050 allows plenty of time to plan for the necessary infrastructure, and to address any shortfalls that might arise in the plan period. This could be done through regular reviews which have to be done every 5 years.
- The inclusion of evidenced lapse rates (discussed below) might further reduce the need for higher percentage of contingency.
- It is important to ensure that the level of contingency isn't so high that it has adverse effects particularly given the need for associated infrastructure and the capacity of the housing market to deliver levels of growth.

4.16 An alternative contingency scenario could therefore be to plan for a level of contingency against the residual requirement of 27,715 dwellings, particularly given the increasing confidence in the level of the committed supply coming forward given the progress now being made on a number of large scale SUE's. This is set out in the table below.

Table 6 Contingency Scenarios

Residual Requirement	Contingency (%)	Contingency number (dwellings)	Total requirement (dwellings)
27,715	5%	1,386	29,101
27,715	10%	2,772	30,487

- 4.17 Consequently, when factoring in some contingency an appropriate level of housing to be planned for would be approximately 30,000 dwellings.

Oxford –Cambridge Arc

- 4.15 In addition to any such flexibility and contingency uplift the presence of the Oxford-Cambridge Arc is an important factor that could require additional housing above LHN. The HENA considered the potential for an uplift, including any such uplift that should be planned for to support the economic aspirations of the Oxford-Cambridge Arc. It looked at a range of economic growth scenarios, a 'baseline scenario' equating to 1,395 dwellings per annum (dpa), an 'adjusted scenario' equating to 2,110 dpa and a 'further growth' scenario that, in addition to the existing committed sites, includes needs arising from committed national infrastructure sites at DIRFT and Northampton Gateway that would equate to 2,207 dwellings per annum. This scenario equates to a 3.2% increase on the 2020 LHN standard method need of 2,139 dpa and a 1.6% increase on the 2021 LHN standard method need of 2,172 dpa. Despite this marginal increase above LHN the HENA recommends as page 8 'that the standard method housing requirement is the preferred housing need figure as there is not a clear economic need to increase above this'.

Factoring Existing Supply

- 4.14 A key component of establishing the amount of growth to be planned for is to factor in existing housing supply from the 1st April 2020. This is summarised in table 7 below.

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 to 2050.
- 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 in table 6, with consequent reductions in capacity in the allocations and Sustainable Urban Extensions categories, to show the uncommitted number of dwellings as at 1st April 2021.

Windfall Allowance

- 4.17 The supply identified below includes windfall allowances. Respective areas have sought to justify such allowances through either their part 2 local plans (Daventry area) or in respective HLA reports (Northampton and South Northamptonshire areas). Whilst there is some evidence that these have consistently come forward over a long period of time (in the Daventry area evidence shows windfalls have consistently come forward over at least the last 19 years) it is acknowledged that there is some uncertainty as to predicting a windfall allowance for each of the areas over a period to 2050. It is therefore

considered reasonable to include some windfall allowance up to 2035. For the Northampton area the windfall rate also reduces slightly on annual basis given the urban nature of the area. When excluding the next 2 years (as these will be factored into short term commitments) this allows for 13 years worth of windfall supply.

Allowance for Lapses

4.18 The supply below factors in the potential for permissions to lapse. This has been included based on evidence established in the respective Housing Land Availability Reports undertaken for the Daventry and South Northamptonshire areas. With regards the Northampton Related Development Area, further evidence is being gathered to establish a potential lapse rate to be applied to future years and should this be justified it will be included in a further version of this background paper.

Table 7- Components of existing supply as at 1st April 2021

	Supply from 2020 to 2050
Northampton Related Development Area	
Completions 2020-21	1221
WNJCS Sustainable Urban Extensions	14570
Part 2 Local Plan Allocations	5067
Commitments	1709
Windfall Allowance (to 2035)	3350
Lapse	0
Sub-Total	25,917
Former Daventry District outside of the NRDA	
Completions 2020-21	384
WNJCS Sustainable Urban Extensions (Daventry NE)	3,400
Part 2 Local Plan Allocations	1818
Neighbourhood Plan Allocations	7
Commitments	1334
Windfall Allowance (to 2035)	1443
Lapse	-315
Sub-Total	8,071
Former South Northamptonshire District outside of the NRDA	
Completions 2020- 21	392
WNJCS Sustainable Urban Extensions	1409
Part 2 local Plan Allocations	N/A
Neighbourhood Plan Allocations	
Commitments	851
Windfall Allowance (to 2035)	975
Lapse	-210
Sub-Total	3,417
Total	37,405

Surplus/Shortfall against previous 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 WJNCS trajectory, this does not require an adjustment to future requirements based on the standard method.

Residual Requirement to 2050

4.19 The total need to 2050, using the 2021 LHN, equates to 65,120 dwellings and the total supply as at 1st April 2021 is 37,405 dwellings. This leaves approximately 27715 dwellings as a minimum number of dwellings to be included in the policy requirement for the WNSP. Factoring in contingency discussed previously the WNSP should be looking to make provision for approximately 30,000 dwellings.