

# Housing and City Development Scrutiny Committee

## 10 June 2024

### The Nottingham Local Plan – Housing Delivery

#### 1. National Housing Delivery Requirements

- 1.1. The Government has set a national housing target of delivering **300,000** new homes in England per year by the mid-2020s. However, the Government does not set binding local housing targets for Local Planning Authorities (LPAs). Instead, LPAs are required to calculate and meet housing need in their local area. The Government sets out the steps LPAs must follow in the National Planning Policy Framework (NPPF). In brief, the NPPF states that LPAs must:
- assess local housing need when they are preparing their Local Plan using the ‘**Standard Method**’ provided by the Government;
  - set out policies in their Local Plan to meet their assessed local housing need (in doing so, LPAs can consider local land constraints); and
  - identify suitable sites in their Local Plan that can deliver at least five years’ worth of housing. This is the ‘five-year housing land supply’.

#### What is the Standard Method of Calculating Local Housing Need?

- 1.2. The Standard Method of calculating local housing need was introduced in 2018 and has been applied in Nottingham since 2019 when the Local Plan (the Core Strategy, adopted in 2014) became over five years old, and was consequently deemed out of date, according to NPPF requirements.
- 1.3. Figure 1 below shows that the Standard Method calculation consists of three main steps. Since 2021, however, an additional fourth step applies to certain urban LPAs (including Nottingham). As a result of needing to increase the supply of housing, and removing pressure from some parts of the country, the Government introduced an ‘**urban uplift**’ to the **20 largest cities in England**. This means that there is now a **35%** additional increase in the number of homes required in Nottingham, over and above the Standard Method calculation.

#### Figure 1: How local housing need is calculated using the Standard Method

<b>Step 1</b> <b>Baseline figure of the number of new homes needed in an area</b>	Calculate projected household growth for the next 10 years using the Government’s 2014 household projections for England.
<b>Step 2</b> <b>Affordability adjustment</b>	Adjust the baseline figure upwards in areas where house prices are more than four times higher than earnings.
<b>Step 3</b> <b>Cap</b>	Cap the increase at 40% of the baseline, or at 40% above the figure set out in the LPA’s Local Plan, if the Local Plan was adopted or reviewed in the last five years.

**Step 4  
Urban uplift**

For the LPAs whose areas contain the largest proportion of the population of one of England's 20 largest cities or urban centres, increase the figure by 35% after applying the cap.

- 1.4. In 'exceptional circumstances', LPAs can use an alternative approach to the Standard Method to assess local housing need. The Planning Inspectorate assesses alternative approaches during the Local Plan Examination process to ensure they are justified and make realistic assumptions about demographic growth.

**Nottingham's Local Housing Requirement**

- 1.5. The Local Plan (the Greater Nottingham Aligned Core Strategy, <https://www.nottinghamcity.gov.uk/media/kyhhfdx4/the-nottingham-city-aligned-core-strategy-ac-s.pdf>) required 475 homes to be built each year from April 2011 to March 2013, 880 homes each year from April 2013 to March 2018, 1,190 homes each year from April 2018 to March 2023 and 1,170 homes in 2023-24.

**Table 1: Nottingham's Housing Delivery Requirement**

<b>Year</b>	<b>Local Plan (Core Strategy) requirement (homes per year)</b>	<b>Government's (Standard Method) Requirement (homes per year)</b>
<b>2011</b>	<b>475</b>	
<b>2012</b>	<b>475</b>	
<b>2013</b>	<b>880</b>	
<b>2014</b>	<b>880</b>	
<b>2015</b>	<b>880</b>	
<b>2016</b>	<b>880</b>	
<b>2017</b>	<b>880</b>	
<b>2018</b>	<b>1,190</b>	
<b>2019</b>	<b>1,190</b>	<b>1,167</b>
<b>2020</b>	<b>1,190</b>	<b>1,265</b>
<b>2021</b>	<b>1,190</b>	<b>1,638*</b>
<b>2022</b>	<b>1,190</b>	<b>1,773*</b>
<b>2023</b>	<b>1,170</b>	<b>1,826*</b>

\*inclusive of the 35% uplift

- 1.6. The Core Strategy became five years old from 9 September 2019, so local housing need has been calculated using the Government's Standard Method from that point onwards, which required 1,149 dwellings each year to be built, giving a housing requirement of 1,167 for 2019/20.
- 1.7. The requirement for 2020/21 was 1,265 dwellings (based on 1,149 dwellings each year until 16 December 2020 and 1,551 dwellings each year from 17 December 2020 to 31 March 2021) based on the Standard Method in use at the

time. The requirement for 2021/22 was 1,638 dwellings, 1,773 dwellings in 2022/23 and 1,826 dwellings in 2023/24.

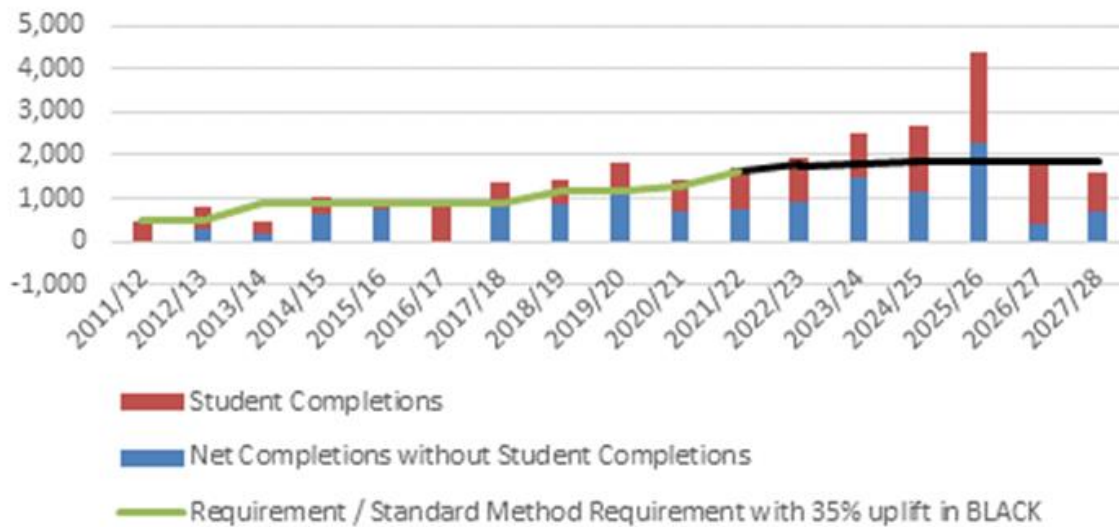
## **2. Nottingham's Housing Delivery**

- 2.1. Housing delivery is comprehensively monitored by the Planning Policy Team within the Council, using the expertise and tools of the Geographical Information Systems Team and data from the both the Planning Application and Building Control Monitoring System. Results are then cross-checked with Council Tax data. It is a significant undertaking, but it is a statutory requirement to make returns to the Government at the end of each monitoring year. It is vital that information is accurate as housing delivery performance is assessed by the Government and the outcome has important consequences.
- 2.2. Figure 3, below, illustrates that annual dwelling completions in Nottingham are historically strong, with annual average requirements being exceeded (including in the past three years) since the 35% uplift was introduced. In summary:
  - The housing delivery requirement for 2012/13 was met.
  - The requirement for March 2013/14 was not met.
  - The requirement for 2014/15 was missed by four dwellings.
  - The requirements for 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 were all met.
- 2.3. Despite not meeting the annual target in 2013/14 and 2014/15 due to the economic circumstances at the time, completions have now caught up and 14,354 net dwellings (i.e., an average of 1,196 per year) have been completed between 2011 and 2023. This figure exceeds the 11,300 dwellings originally stipulated in the Core Strategy. It can therefore be seen that the Council's housing delivery requirement has been met in eight of the last ten years (which can be taken as an economic cycle), and completions are ahead of requirements of the Core Strategy.

### **Further Information on Housing Delivery in Nottingham**

- 2.4. **Student housing** falls within the Government's definition of local housing need and LPAs must therefore plan for student accommodation where there is a need. Since 2011, there have been 8,481 non-student completions and 7,311 student units completed, which is 53.7% and 46.3% respectively out of 15,792 gross completions. Between 2011 and 2023, 6,589 dwellings were completed in the city centre, with 4,789 of these being student dwellings. It can therefore be seen that student housing has made up around half of all housing completions across the city in recent years (see Figure 2, below), with a significant concentration of these units being in the city centre. In monitoring terms, studio flats are counted as 1 unit, but for clusters of flats the calculation is based on the total number of cluster bedspaces divided by the national average student household size (2.5).

**Figure 2: Student and Non-Student Housing Delivery Rates against the Housing Requirement**



- 2.5. As far as housing suitable for families is concerned (defined as having three or more bedrooms), the proportion of **family housing** built in the city was 27.7% of all dwellings completed (outside the city centre and excluding purpose-built student dwellings). The proportion was 26.5% in 2021/22. The figure is 18.4% during 2011/23. The general trend has therefore been upwards since 2003.
- 2.6. In 2022/23, 107 new **affordable dwellings** (based on the Planning definition) were completed in the city. This is a change in the percentage of total completions to 11.4% of gross completions (excluding purpose-built student dwellings). The percentage was 9.8% in 2021/22 and 1,615 (19% of gross excluding student dwellings) new homes built during 2011/23 were classed as affordable.
- 2.7. According to the 2021 Census, there were 124,745 households in the city (compared to 126,131 in 2011), with an average of 2.59 people per household (an increase from 2.3 in 2011). Nationally, the figure is lower at 2.41 people per household, but this is relatively unchanged since 2011. The city has a large proportion of **single adult households** (47.3%, at 49.2% in 2011), being single people or single parent families, compared with 41.2% nationally.
- 2.8. In 2022/23, 99.7% of new-build and converted dwellings (including purpose-built student dwellings) were built on **Previously Developed Land (PDL)**. Between 2011 and 2023, 96.3% of dwellings were built on PDL. As at 1 April 2023, Planning Permission and prior approvals existed for sites to accommodate 10,565 dwellings, with an additional 290 dwellings on sites awaiting a Section 106 Agreement with developers. Of these, 4,628 were on sites which were already under construction.

### 3. Ensuring Sites for Housing Delivery

- 3.1. As well as monitoring housing delivery, LPAs are also required to demonstrate a **5-Year Land Supply** of housing sites. The **Strategic Housing Land Availability Assessment** (SHLAA, <https://www.nottinghamcity.gov.uk/information-for-business/planning-and-building-control/planning-policy/the-local-plan-and-planning-policy/other-local-plan-related-documents/strategic-housing-land-availability-assessment-shlaa/>) is a technical study carried out by Planning officers that assesses potential housing sites in the city. It is prepared in collaboration with agents, developers, landowners and promoters of sites and establishes the availability and achievability of potential housing sites. The SHLAA is used to establish whether there is a deliverable supply of land for five years' worth of housing and beyond.
- 3.2. A **Housing Land Availability Report** is published each year by the Council. The latest report (<https://www.nottinghamcity.gov.uk/media/g2qemo5z/housing-land-availability-report-2023-final.pdf>) demonstrates that Nottingham has a five-year supply of housing plus the buffer allowance. In fact, the document sets out that the city currently has about 6.76 years' supply of deliverable sites. The housing requirement from 2011 to 2028 is 21,248. The total number of dwellings anticipated on all deliverable and developable sites is 27,320, which therefore exceeds the number needed to meet the minimum new homes up to 2028 by 5,807.

#### How is Housing Delivery Enforced?

- 3.3. The national Planning Inspectorate examines whether LPAs have adequately assessed their local housing need and allocated enough sites to meet that need in their Local Plans. To take effect, every Local Plan must be approved by the Planning Inspectorate. The Government also carries out an annual assessment of housing delivery via the **Housing Delivery Test**. If an LPA has delivered less than **75%** of its local housing need, a '**presumption in favour of sustainable development**' will apply. This means an LPA is generally expected to grant Planning Permission for new developments unless, for example, the site is on protected land.

### 4. Key Housing Delivery Issues Going Forward

- 4.1. Whilst housing delivery is currently performing strongly, it is anticipated that this performance will be curtailed in the future. This is due to the Government's additional 35% uplift requirement being introduced and the significant increase in the number of dwellings that must be delivered as a result. Simultaneously, it is highly possible that housing sites will not come forward in the required quantity and rate to be able to deliver the uplift due to boundary, physical and viability constraints and the need for student housing being less. In addition, once the greenfield sites in the Local Plan have been developed, there is no obvious further supply.
- 4.2. In the future (pending the results of a recent Government consultation), it is possible that the Government's Housing Delivery Test threshold will be raised to

95% for uplift LPAs. This means that Nottingham's delivery must remain higher than previously in relation to the housing requirement, or the presumption in favour of new development will apply, whereby the Council will be required to grant Planning Permission for new residential developments.

- 4.3. Nottingham's housing requirement will be set out in the forthcoming Greater Nottingham Strategic Plan (which will replace the current Greater Nottingham Core Strategy). This Local Plan will take precedence over the Standard Method figures for five years from adoption. It is clear, however, that the city does not have the capacity to meet the entirety of its Standard Method calculation need once the 35% uplift has been added, and so Nottingham's future housing requirement is based on the anticipated housing land supply over the plan period. Including the 35% uplift, the city's Standard Method need from 2023 to 2041 is 33,210 dwellings, against an estimated supply of 26,685, which results in a difference of 6,525 dwellings. The approach of using a land supply-based requirement will ultimately need to be tested at a Local Plan examination, which is anticipated to take place in 2025.

**Figure 3: Nottingham's Housing Delivery Rates Compared to its Housing Requirement**

