NPPF REQUIREMENT FOR HOUSING AND ASSESSMENT METHODS

A revised NPPF was published in July 2018. It includes - with support from the Planning Practice Guidance (PPG) - the means by which local authorities should assess the housing requirement, delivery and supply. These are summarised below.

HOUSING REQUIREMENT (STAM)

NPPF: Paragraph 60
To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance - unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. 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.

PPG: Housing Needs Assessment
The Standard Methodology (StaM) provides a minimum requirement housing figure is calculated as follows:
- Establish a baseline of household growth over a ten year period using the Government's most recently published household projections;
- Adjust this figure as required with regard to the median workplace-based affordability ratio. For every 1% the local ratio exceeds the benchmark of 4, an increase of 0.25% is applied to the baseline need.

HOUSING DELIVERY (HDT)

NPPF: Paragraph 75
To maintain the supply of housing, local planning authorities should monitor progress in building out sites which have permission. Where the Housing Delivery Test indicates that delivery has fallen below 95% of the local planning authority’s 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.

Housing Delivery Test Rulebook
The Government was expected to publish the results of the Housing Delivery Test (HDT) in November 2018, but did not meet this deadline. The Housing Delivery Test Measurement Rule Book was published in July 2018. It is possible to calculate results independently. The HDT is calculated as follows:

- **Delivery** - The sum of the following is used to assess the net increase in residential units:
  - Net increase in dwellings;
  - Net increase in Communal, Student bedspaces (divided by the average number of students per student-only households nationwide); and
  - Net increase in Communal, Other bedspaces (divided by the average number of adults per households nationwide).

- **Need** - The following figures are to be used:
  - 2015/16 - annual average of 2015-25 in the 2012 based household projections;
  - 2016/17 - annual average of 2016-26 in the 2012 based household projections;
  - 2017/18 - annual average of 2017-27 in the 2014 based household projections; and
  - 2018/19 onwards - StaM figure (or adopted housing target if less than five years’ old).

What this means, in effect, is that the full force of the StaM figures will not come into effect until 2020/21 (the point at which all three years in the HDT will take their cue from the StaM).

If delivery falls below the certain percentages, the NPPF requires the following action:
- 95% - Councils are obliged to prepare an action plan to assess the causes of underdelivery and identify a strategy for increasing supply (NPPF, paragraph 75).
• 85% - a 20% buffer should be applied to 5 year housing land supply statements (NPPF, paragraph 73). Such a shortfall is described as a ‘significant underdelivery of housing’.
• 75% - the policies which are most important for determining the application are out-of-date (NPPF, paragraph 11, footnote 7). Such a shortfall is described as being ‘substantially below the housing requirement’.

**HOUSING SUPPLY (5YHLS)**

**NPPF: Paragraph 73**
Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years’ worth of housing 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. The supply of specific deliverable sites should in addition include a buffer (moved forward from later in the plan period) of:

(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 plan38, 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, to improve the prospect of achieving the planned supply (from November 2018, this will be measured against the Housing Delivery Test, where this indicates that delivery was below 85% of the housing requirement).

**NPPF: Paragraph 74**
A five year supply of deliverable housing sites, with the appropriate buffer, can be demonstrated where it has been established in a recently adopted plan, or in a subsequent annual position statement which:

(d) has been produced through engagement with developers and others who have an impact on delivery, and been considered by the Secretary of State; and
(e) incorporates the recommendation of the Secretary of State, where the position on specific sites could not be agreed during the engagement process.