

Cotswold District Local Plan 2018 – 2031 Update

Town and Country Planning (Local Planning) Regulations 2012

Regulation 18 “Issues and Options” consultation/participation

Evidence Paper: Housing Need, Requirement, Land Supply and Delivery

1. Main Issues

- 1.1 Since the adoption of the Local Plan in August 2018, the National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG) have been updated. New rules have changed the frequency with which housing needs must be reassessed, against which the District’s five year housing land supply is measured. A new Housing Delivery Test has also been introduced. A review of the adopted Local Plan found that the Local Plan should be updated to ensure that the District continues to maintain a deliverable five year housing land supply and pass the Housing Delivery Test. The Local Plan would also benefit from being updated to identify and provide for the needs of different groups of people.

2. Objectives

- 2.1 Local Plan objective 2(a) aims to, “through establishing the District’s OAN¹ for the Plan period and allocation of land, provide an adequate supply of quality housing, of appropriate types and tenures, to at least meet objectively assessed needs.” This objective remains sound.

3. NPPF, PPG and other material considerations

- 3.1 NPPF (2021) paragraph 74 specifies that “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... unless these strategic policies have been reviewed and found not to require updating”.
- 3.2 Paragraph 73 goes on to require that the supply of specific deliverable sites should in addition include a buffer of 5% to ensure choice and competition in the market for land or 10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through a recently adopted plan; or 20% where there has been significant under delivery of housing over the previous three years.
- 3.3 There is PPG on ‘Housing supply and delivery’² and there is also PPG on ‘Housing and economic needs assessment’³, which provide a standard method for assessing housing need.

¹ Objectively Assessed Need

² [Planning Practice Guidance: Housing supply and delivery \(MHCLG, July 2019\)](#)

³ [Planning Practice Guidance: Housing and economic need assessment \(MHCLG, December 2020\)](#)

- 3.4 The Local Plan was adopted on 3 August 2018. The five-year anniversary is 3 August 2023. In light of the standard method calculation of the District's housing need of 490 dwellings per annum, a review of the extant Local Plan housing requirement found that it needs to be updated. The requirement against which the five year housing land supply and Housing Delivery Test are measured will revert to being measured against the District's standard method calculation of 490 dwellings a year from 3 August 2023 unless the Local Plan housing requirement is updated beforehand.
- 3.5 Gloucestershire Local Housing Needs Assessment (LHNA)⁴ applies the standard method calculation to identify the minimum local housing need, which is 490 dwellings per annum for Cotswold District. The study also considers the possible justification for any increase in the minimum local housing need figure for plan-making purposes. The LHNA finds there to be no justification for increasing the local housing need above the minimum figure identified by the standard methodology.
- 3.6 The LHNA specifies that the local housing need is only the starting point for establishing the final housing requirement which will be planned for through strategic policies. In determining the local plan housing target, it will be necessary for the local authorities to consider whether or not the local housing need could be met within their area, taking account of any constraints on land availability. In particular, it will be important to balance the need for housing against policies intended to restrict development in Areas of Outstanding Natural Beauty and any other areas with similar constraints. Where local authorities are unable to meet their local housing need in full, it will be necessary for them to engage with neighbouring authorities through the Duty to Cooperate discussions in order to establish if any of the identified housing need that isn't able to be delivered locally (the "unmet need") could be provided for in other areas, either within or outside the county.
- 3.7 Following two Call for Sites campaigns in 2019 and 2020, Cotswold District Council assessed all available land in the Strategic Housing and Economic Land Availability Assessment Review (2021) (SHELAA). The SHELAA establishes the availability of sites for development, as well as providing a high level assessment of the suitability of sites for development and whether development would be achievable and viable. It effectively creates a shortlist of sites that can be taken forward for further more detailed assessment.
- 3.8 Since the adoption of the Local Plan, Gloucestershire County Council has produced a Housing with Care Strategy⁵ and an Older Person Care Home Strategy⁶. These provide updated information on the accommodation needs of older people in the District and the strategy for providing for those needs. Further discussion on specialist accommodation needs of older people, as well as other groups of people, is provided in the Health, social and cultural wellbeing topic paper.
- 3.9 An update to the Gloucestershire Gypsy and Traveller Accommodation Assessment is also currently being undertaken, which will indicate whether the Local Plan requires updating to provide for any changes to the accommodation needs of Gypsies, Travellers and Travelling Showpeople.

⁴ [Gloucestershire Local Housing Needs Assessment \(ORS, September 2020\)](#)

⁵ [Housing with Care Strategy: Overview of the Cotswolds \(Gloucestershire County Council, October 2020\)](#)

⁶ [Older People Care Home Strategy \(Gloucestershire County Council, June 2019\)](#)

4. Background Evidence and Sustainability Appraisal

- 4.1 Housing delivery in the adopted Local Plan period has been front-loaded (i.e. the free market has delivered more houses earlier in the plan period than were required). The average annual housing requirement for the local plan period is 420 dwellings per annum. However, delivery peaked at 911 completions in 2017/18 and 5,582 dwellings were completed in the first half of the Local Plan period, which is significantly more than the 4,200 homes required for that period⁷.
- 4.2 Step I of the [standard method formula for calculating housing need](#) relies on household projections. Household projections derive from household growth rates. Given that the district experiences significant over-delivery of housing, the household growth rates have increased year on year. This is reflected in the District's housing need / requirement increasing on multiple occasions since the 1990s.
- 2006: 307.5 dwellings a year (6,150 dwellings between 1991-2011)⁸
 - 2012: 345 dwellings a year (6,900 dwellings between 2011-2031)⁹
 - 2014: 380 dwellings a year (7,200 dwellings between 2011-2031)¹⁰
 - 2016: 420 dwellings a year (8,400 dwellings between 2011-2031)¹¹
 - 2021: 490 dwellings a year (9,800 dwellings over a 20-year period)¹²
- 4.3 For as long as the district continues to over-deliver housing, household growth rates will continue to increase. This means that future housing requirements would also be likely to continue to increase. There comes a point where the sustainability of this approach has to be questioned.
- 4.4 The second part of the standard method of assessing housing need applies an adjustment to take account of affordability. Housing affordability is discussed in a separate topic paper. However, key concerns are that: i) housing in Cotswold District is extremely unaffordable; and ii) despite significant over-delivery of housing, affordability in Cotswold District has continued to worsen. For various reasons, simply building more and more housing has not improved the affordability of housing in Cotswold District. As with Part I, there comes a point when the sustainability of using the standard method to calculate housing need in Cotswold District has to be questioned.

5. Current Local Plan Policy

- 5.1 Policy DSI identifies the District's housing requirement to be 8,400 homes for the 20-year period from 2011 to 2031. The calculation of the District's five year housing requirement is based on a residual requirement approach for the remaining years of the Plan period. This

⁷ [As set out in the Housing Land Supply Report \(Cotswold District Council, October 2020\)](#)

⁸ Cotswold District Local Plan (1991-2011)

⁹ Review of Future Housing Requirements for Cotswold District (2011-31) (Keith Woodhead, Feb 2013)

¹⁰ Objectively Assessed Housing Needs of Stroud, Forest of Dean and Cotswold (2011-31) (Neil McDonald, Oct 2014)

¹¹ Cotswold District Local Plan (2011-2031)

¹² Standard method for assessing housing need (2021)

deducts net completions since 2011 from the overall requirement of 8,400 dwellings, which is also set out within Policy DSI.

- 5.2 As of 1 April 2020, it was estimated that that 3,591 dwellings will be completed in the eight-year period from April 2023 to March 2031 (an average of 449 dwellings per annum)¹³. This falls short of the 490 dwelling per annum minimum housing need plus the smallest buffer of 5% (515 dwellings per annum in total), which will take effect from 3 August 2023.
- 5.3 Without a policy response, the District will unlikely be able to maintain a five year housing land supply from 3 August 2023. It will also likely lead to a reduction in housing delivery and difficulty passing the Housing Delivery Test in future.
- 5.4 Local Plan Policy H7 identifies a need for up to 14 pitches for gypsies and travellers and Policy H4 identifies a need for 665 sheltered and extracare housing units (dwellings) and 580 nursing and residential bedspaces. The Plan allocates sites across the district and has further policies to ensure that the housing requirements are fully delivered and a five year housing land supply is continually maintained. The existing plan policies are on track to deliver these housing needs.

6. Potential Policy Responses

- 6.1 There are two options for meeting the increased total housing need. Both would help to secure the five year housing land supply to 31 March 2026, after which point there would be fewer than five years remaining in the Local Plan period to measure a five year supply. Both options would also contribute positively towards passing the Housing Delivery Test. Naturally both have their pros and cons.
- 6.2 A summary of the main pros and cons of each option is provided below.

Option 1: Revert to standard method housing need calculation as the basis for determining the requirements against which the five year housing land supply and Housing Delivery Test are measured. Allocate additional sites in the Local Plan to maintain a five year housing land supply and pass the Housing Delivery Test.

- Option 1 currently increases the District's minimum annual housing need to 490 dwellings. A 5% buffer to the five year housing land supply would be required, giving an overall minimum total of 515 dwellings a year. This would apply from 3 August 2023.
- Based on current estimations, sites capable of delivering upwards of 700-900 additional dwellings would be required. These would need to be completed by March 2031. The upper range would give more flexibility in supply should some sites not be delivered by 2031 or in case more than 490 homes are delivered in any of the given years.
- Option 1 would be a minimum, not a maximum. If, for example, 900 dwellings were delivered in one year, a minimum of 515 dwellings would still be required the following year. The District has experienced extreme spikes in delivery in previous

¹³ [Housing Land Supply Report \(CDC, October 2020\) – Appendix I](#)

years and this could happen again. Option 1 could therefore require further sites if this issue occurs again and is more susceptible to off-plan development in this regard.

- Option 1 would lose the current Local Plan's residual requirement methodology for calculating the five year housing land supply. The residual requirement methodology is currently an important mechanism that balances the delivery of housing throughout the Local Plan period and levels out peaks and troughs in delivery. These issues have affected the District in the recent past.
- Option 1 would also be more susceptible to change than Option 2. Option 1 directly links the five year housing land supply and Housing Delivery Test requirements to the standard method calculation. The standard method calculation is set out in PPG, which can be updated at any time, without warning, and the changes can take immediate effect. The standard method currently uses 2014-based Sub-National Household Projections, which are widely acknowledged to be outdated. If the standard method is updated, the five year housing land supply and Housing Delivery Test requirements would also automatically be updated. If the standard method requirement increased and additional sites were required to maintain a five year housing land supply, the Council may immediately be in a situation where it no longer has a five year housing land supply. This could only be resolved through a further Local Plan update, which would require additional time and money. In the intervening period, it is likely that the Council would have to permit off-plan developments in otherwise unsuitable locations. It is noteworthy that a recent government consultation suggested that the District's minimum housing need should increase to 1,209 dwellings, although this was not implemented.
- Any off-plan development would make it more difficult to deliver the Council's climate change emergency, ecological emergency, affordable housing and health and wellbeing ambitions. It also has various other practical and ethical issues.
- Option 1 does not have any reference to local circumstances - it relies on a nationally prescribed and highly simplistic one size fits all formula, which is applied to all local planning authority areas. Option 1 would also not benefit from being examined in public.

Option 2: Update the Local Plan housing requirement for the remainder of the Local Plan period. If required, allocate additional sites to maintain a five year housing land supply and pass the Housing Delivery Test.

- In this option, the Local Plan housing requirement provided by Policy DSI would be recalculated for the remaining years of the Local Plan period. This would have reference to some local circumstances, rather than relying on the nationally prescribed standard method as the basis for determining the housing requirement.
- The starting point for calculating the housing requirement would be the 490 dwellings per annum housing need identified by the standard method. However, Option 2 would provide an opportunity to explore whether there are exceptional circumstances for a lower housing requirement, such as environmental constraints¹⁴.

¹⁴ Local authorities can use an alternative approach to the standard method to calculate the housing need, although this would need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth

- Option 2 might result in a housing requirement that is higher than the 490 dwellings per annum unconstrained housing need identified by the standard method. This is because the standard method does not attempt to predict future government policies, changing economic circumstances or other factors that might have an impact on demographic behaviour. It also does not factor in issues, such as whether additional housing is needed to boost affordable housing delivery¹⁵; additional growth that may result from strategic infrastructure improvements; or Duty to Cooperate matters with neighbouring authorities. A separate assessment would be required to consider whether the overall need could be accommodated within the District and then translated into an updated housing requirement figure set out in Local Plan Policy DSI.
- The housing requirement established through Option 2 would be examined in public.
- National policy requires strategic policies to look ahead over a minimum 15 year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from major improvements in infrastructure¹⁶. If the housing requirement was reassessed, it is reasonable to ask why the housing requirement should also not look ahead to a 15 year period from adoption. In answer, the Local Plan is being partially updated within a limited scope and timescale. Housing requirements identified in Local Plans now have to be reassessed once every five years. So Option 2 would seek to update the housing requirement for the next five-year period. Once adopted, a full Local Plan review could commence to extend the plan period and secure the housing requirement beyond 2031.
- Option 2 would retain the residual requirement methodology set out in Policy DSI to calculate the five year housing land supply, enabling the district to continue to offset any over-delivery from the requirement for the remaining years of the plan period. This would even out any peaks or troughs in housing delivery over the Local Plan period. The residual requirement would also continue to form the basis for assessing the District's Housing Delivery Test score. This would also mean that a smaller housing supply buffer for the Local Plan period could be used, as the buffer would be less susceptible to extreme years of over-delivery¹⁷, which could occur with Option 1.
- Option 2 would enable the district to continue to average out any peaks or troughs in housing delivery over the remainder of the Local Plan period, rather than having to plan around the possibility of having a year, or several years, of extreme over-delivery. This would mean there would be more certainty that the Local Plan housing supply would be sufficient to deliver the housing requirement. It would also reduce the risk of needing to update the Local Plan again or permit off-plan development to continue to maintain a five year housing land supply, which would otherwise occur if Option 1 was chosen.

and that there are exceptional local circumstances that justify deviating from the standard method. The alternative approach would be tested at examination.

¹⁵ Note, however, that the Gloucestershire Local Housing Need Assessment (ORS, 2020) finds that an uplift to the 490 dwelling per annum unconstrained housing need is not required to deliver Cotswold District's affordable housing needs to 2031 and beyond.

¹⁶ NPPF (2021) paragraph 22

¹⁷ Note - this is different to the buffer that is applied to the five year housing land supply

- Option 2 would fix the housing requirement for five years, albeit that the NPPF also specifies that strategic policies may still require an earlier review if the local housing need is expected to change significantly in the near future¹⁸. Be that as it may, Option 2 is less susceptible to changes resulting from revisions to the standard method calculation than Option 1. Because of this, there would be less risk of off-plan development. As explained in Option 1, the delivery of part of the Council's corporate plan can be achieved through plan-led development, so Option 2 is more secure in this regard.
- Option 2 would also assist the Development Management process by reducing the potential risk of peaks and troughs in applications, should the housing need increase.
- It is difficult to say how many additional dwellings would need to be allocated in the Local Plan as a result of Option 2 without an assessment to determine the housing requirement being carried out first. National Policy would, however, likely require a 10% buffer to be added to the requirement against which the five year housing land supply is measured, as the five year supply would be demonstrated through a recently adopted plan.

6.3 In addition to Options 1 and 2, a third option may also be required. This is to update Policies H4 and H7 to reflect the updated specialist accommodation needs.

Option 3: Update the Local Plan to reflect new evidence on the accommodation needs of older people and Gypsies, Travellers and Travelling Showpeople.

Policy Approach	Discussion of impacts, effectiveness etc - justification
(A) Preferred Option:	Option 2 and Option 3
(B) Alternative Option:	Option 1
(C) Rejected Option:	Do nothing. Do not maintain a five year housing land supply. Fail the Housing Delivery Test. Do not plan positively for the delivery of the District's housing needs / requirements. Allow free-market economics to dictate housing delivery.

¹⁸ NPPF (2021) paragraph 33.