

South Worcestershire Councils' Five Year Housing Land Supply Report

Monitoring Period 2022/23

5YHLS Period 2023/28



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1. Introduction

- 1.1 This report provides a full explanation of the Five Year Housing Land Supply (5YHLS) calculation for the south Worcestershire Councils (SWCs; namely Malvern Hills District Council, Worcester City Council and Wychavon District Council) as required by the National Planning Policy Framework (NPPF). It sets out the housing requirement, delivery to-date and identifies deliverable housing sites for the five year period 1 April 2023 to 31 March 2028. The report includes an appropriate in-depth analysis of sites with planning permission and those that are allocations in the adopted South Worcestershire Development Plan (SWDP) to provide additional evidence about deliverability and to ensure that the supply calculation is robust.
- 1.2 The adoption of the SWDP in February 2016 established, at SWDP3, five separate sub-areas (Malvern Hills, Worcester City, Wychavon, Wider Worcester Area Malvern Hills [WWA Malvern Hills] and Wider Worcester Area Wychavon [WWA Wychavon]) for dealing with housing, employment and retail provision, redistributing the requirements according to land availability and natural and environmental constraints. Since the adoption of the SWDP, the SWCs have published five annual 5YHLS Reports against the annual housing requirements detailed in SWDP3.
- 1.3 As of February 2021, the SWDP is now more than five years old. As set out in the NPPF at Paragraph 74, in such circumstances the calculation of the 5YHLS position should be based on the local housing need calculated using the Standard Method rather than any housing requirement adopted in the Local Plan. Due to the Standard Method being calculated for each LPA individually, the five policy areas identified in the SWDP, the WWA Malvern Hills, Malvern Hills (exc. WWA), Worcester City, WWA Wychavon and Wychavon (exc. WWA) will be attributed to the LPAs on a proportional basis established in the SWDP.
- 1.4 It should be noted that it is the intention of the SWDP Review to formally establish a single joint approach to 5YHLS, and that the SWCs are considered as a single entity in the calculation of the Housing Delivery Test, with a 2021 measurement of 155% published in January 2022. Read more about Housing Delivery Test: 2021 measurement on <https://www.gov.uk/government/publications/housing-delivery-test-2021-measurement>.

2. Housing Requirement

- 2.1 Under Paragraph 73 of the National Planning Policy Framework (NPPF) (2023) and in accordance with Paragraphs 68-002 (68-002-20290722) and 61-067 (61-067-2019035) of the Planning Practice Guidance (PPG) Local Planning Authorities (LPAs) are required to identify and update annually a supply of specific deliverable sites to provide a minimum of 5 years’ worth of housing (and an appropriate buffer) against their local housing need set out in adopted strategic policies or against a local housing need figure, using the standard method.
- 2.2 Due to the SWDP being over five years old (as at February 2021), the SWCs have reverted to the standard method to determine the housing target for each LPA ([Housing and economic needs assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/housing-and-economic-needs-assessment)). The calculation sets the baseline using the 2014-based household projections to calculate the projected average annual household growth over a 10 year period (see Table 1).

Table 1: Baseline data Live tables on household projections - GOV.UK (www.gov.uk) using Table 406

	2023	2033	Increase in 10 years	Average annual number of additional households
Malvern Hills	35,482	38,221	2,739	274
Worcester	46,166	49,042	2,876	288
Wychavon	54,251	57,839	3,588	359
SWCs total	135,899	145,102	9,203	921

- 2.3 An affordability adjustment is made based on the affordability of the area using the most recent median workplace base affordability ratios (2022, published February 2023).

Figure 1: Adjustment factor calculation

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

Table 2: Affordability adjustment using House price to workplace-based earnings ratio - Office for National Statistics (ons.gov.uk) Table 5C

	Ratio of median house prices to median gross annual workplace-based earnings	Adjustment factor (to two decimal places)
Malvern Hills	10.54	1.41
Worcester	7.07	1.19
Wychavon	9.75	1.36

- 2.4 A cap is applied which limits the increases an individual local authority can face. This cap is set at 40% above the projected household growth for the area over the 10 year period, or the average annual housing requirement figure in existing policies, whichever is the higher. None of the SWCs need to apply this 40% cap.
- 2.5 A 35% uplift is also added to Greater London and 19 of the largest urban centres in the country. The 35% uplift is not applicable to any areas within south Worcestershire.
- 2.6 The standard method provides a local housing need figure for each LPA which takes account of past under-delivery (where applicable).

Table 3: Standard Method outcome for the SWCs

	Annual Baseline Need	Affordability Adjustment Addition	Total Annual Local Housing Need
Malvern Hills	274	109	383
Worcester	288	55	343
Wychavon	359	129	488
SWCs total	921	293	1,217

- 2.7 On the 14th August 2023 an appeal relating to a site off Post Office Lane, Kempsey (APP/J1860/W/22/3313440) (Malvern Hills District) was determined and the method for calculating housing land supply was a main issue in this appeal. The Inspector considered five different approaches to calculating a housing land supply figure for Malvern Hills district. The Inspector’s preferred approach has implications for the way in which Worcester City and Wychavon District Council’s calculate their 5YHLS.
- 2.8 The Inspector’s preferred methodology for determining the 5YHLS is set out below:
- Using the Government’s Standard Method, and affordability ratios from 2022 for all years for the three Local Authorities; and
 - Distributing the commitments between the three Local Planning Authorities based on the three sub-areas (five SWDP policy areas), as identified in policies SWDP

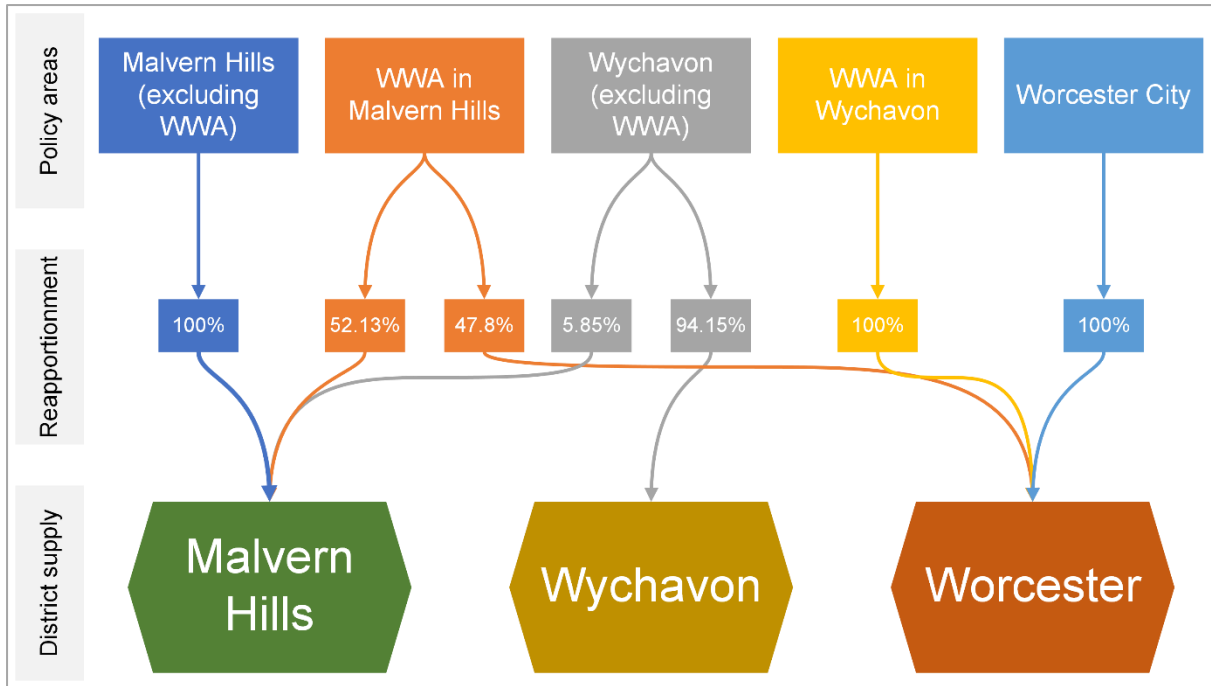
2 and SWDP 3 of the adopted 2016 SWDP, even though the SWDP is out of date.

- 2.9 Policy SWDP 3 redistributed housing requirements amongst the councils and then let the supply count against the requirement for the area it was in. With the Standard Method it is not possible to redistribute housing requirements, but it is possible to reapportion the housing supply instead.
- 2.10 SWDP 3 allocates 4,450 dwellings in the Malvern Hills WWA. This figure is made up of unmet need from Malvern Hills and Worcester City. Malvern Hills has a total unmet need of 2,940 but 620 of this will be met by Wychavon, so the need being met in the Malvern Hills WWA is $2,940 - 620 = \mathbf{2,320}$. This equates to 52.13% of the Malvern Hills WWA commitments to go to Malvern District.
- 2.11 Worcester City has a total unmet need of 3,030 but 900 of this will be met by the Wychavon WWA, so the need being met in the Malvern Hills WWA is $3,030 - 900 = \mathbf{2,130}$. This equates to 47.87% of the Malvern Hills WWA commitments to go to Worcester City.
- 2.12 Policy SWDP 3 also allocates 620 dwellings of Malvern Hills' need to Wychavon. So, of the total supply of 10,600 in Wychavon (exc. WWA), 5.85% should be apportioned to Malvern Hills District.
- 2.13 All the supply from the Wychavon WWA is allocated to Worcester City. This a relatively small number of dwellings, for example Table 6 shows that for this five year supply period 4 dwellings can be included for this policy area.
- 2.14 Using the reapportionment figures explained above, Table 4 shows these in context. Figure 2 below provides these figures in an illustrated format.

Table 4: Reapportionments of the five policy areas to the three Districts.

Policy area	Apportionment to Malvern District	Apportionment to Worcester City	Apportionment to Wychavon District
WWA Malvern Hills	52.13%	47.8%	0%
Malvern Hills (exc. WWA)	100%	0%	0%
WWA Wychavon	0%	100%	0%
Wychavon (exc. WWA)	5.85%	0%	94.15%
Worcester City	0%	100%	0%

Figure 2: Reapportionment between the five policy areas and three Districts



3. Buffer

- 3.1 The Housing Delivery Test (HDT) is an annual measurement of housing delivery in the area of relevant plan-making authorities and looks at how many homes were delivered in the last three years against the homes required in the same period. From 2020 LPAs are penalised for not delivering housing through requirements of an Action Plan (<95%), 20% buffer added to the 5YHLS (<85%) or a presumption in favour of sustainable development (<75%). LPAs with joint plans are measured jointly for the HDT 2021 measurement.
- 3.2 The HDT measurement for 2020-2021 is 155%. This is the most recent measurement published (January 2022).
- 3.3 Whilst the HDT is measured jointly, Inspectors at appeal have concluded the 5% buffer should be used in individual 5YHLS calculations.
- 3.4 Irrespective of past over or under delivery individually, each local authority uses a 5% buffer.

4. Lead in times and Delivery

- 4.1 The NPPF Glossary defines 'Deliverable' as sites for housing that are "available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:
- a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).
 - b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years".
- 4.2 A deliverability questionnaire was sent out to landowners, developers and promoters of major sites: (10 or more dwellings) in Worcester City; and sites of more than 60 dwellings in Malvern Hills and Wychavon Districts to establish the status of deliverability in accordance with the definition above. Appendix 2 shows the questionnaire sent out, and Appendix 3 provides the details received.
- 4.3 In order to ensure robust deliverability rates established trends in delivery in south Worcestershire have been analysed. In adopting this reasonable approach, the SWCs have assumed the following, unless there is robust and clear evidence to suggest otherwise.

On allocated sites:

- a. Where an application has been submitted, the applicant is a housebuilder, and they have responded to the deliverability questionnaire about their intentions to start on site; it is assumed that it will take 30 months to the first legal completion is achieved, unless there are any other specific reason that suggest otherwise.
- b. On large sites where an application has been approved subject to a Section 106 agreement it has been assumed that it will take 24 months to the first legal

completion is achieved, unless there are any other specific reasons to suggest otherwise.

- c. Where outline permission has been granted (i.e. a Section 106 has been signed) it is assumed that it will take 18 months to the first legal completion.
 - d. Where full planning permission has been granted, it is assumed that it will take 12 months to the first legal completion.
- 4.4 For the avoidance of doubt, in considering sites with planning permission, a distinction has been drawn between those which have full planning permission and large sites which only have outline permission, in accordance with the definition of 'deliverable' set out in the NPPF Glossary and as outlined above.
- 4.5 When determining the delivery of a site, all minor applications (sites of 9 or less dwellings) are expected to be built out within the next five years, unless there are specific circumstances as to why this may not be achieved. For major applications (10 or more dwellings) a delivery rate of 40 dwellings per annum (dpa) per outlet on a site (e.g. Taylor Wimpey, Bovis Homes etc.) has been assumed once a site is up and running and into its first significant year of production. A conservative figure of 40 dpa has been assumed as the expected build-out rate across south Worcestershire since 2013 as a result. Retaining this figure assures over-estimation of yield will not unduly impact the 5YHLS, however, due to the HDT being 155% for the SWCs, the SWCs may, in the future, need to re- evaluate build-out / deliverability rates as over-delivery of the housing requirement is currently being achieved.
- 4.6 The Lichfields' Start to Finish document (Second edition February 2020 ([Start to Finish \(second edition\)](#))) assessed 180 sites across England and Wales and found a large difference in completion rates depending on the size of a scheme, as well as a slight change in completion rates depending on how many outlets there were on site. On average, Lichfields' report found a higher number of dwellings completed per annum than the 40 that the SWCs use (61 dpa, dropping to 51 dpa for sites of two outlets, and 45 dpa for sites with three outlets). There was also a higher average annual build-out rate on greenfield sites compared to brownfield sites (34%). The data Lichfields have assessed spans England and Wales, with sites ranging from 50 to 2000+ dwellings, and so cannot be directly correlated specifically to the SWCs, however, it does provide another perspective on averages.

- 4.7 When determining the deliverability of a site, the SWCs have taken into account a number of factors. These include:
- a. The number of developers building at the same time on a large site, as we would expect each developer to achieve completions of 40 dwellings per annum once established (unless clear historic data of higher completions on site for specific home builders);
 - b. The type of site (for example, greenfield / brownfield) as this may impact the amount of infrastructure or remediation required; and
 - c. The types of infrastructure to be provided.
- 4.8 In some cases, where it is known that affordable housing on a site will be delivered separately to the market dwellings, the 40 dwellings per annum has been increased by 40% to 56 dwellings per annum.
- 4.9 The SWCs also monitor an element of residential institutions within the C2 use class (residential institutions such as residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres) and attribute a ratio that equates the bedspaces to C3 (dwelling house) numbers. The ratios relate specifically to extra care units and student accommodation and are sourced from the Department of Levelling Up, Housing and Communities' guidance. The SWCs have applied these ratios for the purposes of additional caution and consistency with the Housing Delivery Test: 2021 measurement technical note ([Housing Delivery Test: 2021 measurement technical note - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107444/Housing-Delivery-Test-2021-measurement-technical-note.pdf) January 2022 – Refer to section 'To calculate the homes delivered, the steps taken were:' paragraph 2). For C2 extra care units a 1.8 ratio is applied and for C2 student accommodation, a 2.5 ratio is applied. For example, for every 1.8 C2 extra care units, 1 C3 unit would be recorded).

5. Housing Completions and Commitments

- 5.1 A full list of all sites with planning permission which were monitored in 2022/23 are located in Appendix 1. This includes sites which are completed, under construction and not started (at 31 March 2023). Appendix 1 also details the extent of housing expected within the next five years. This information has been used to feed into the 5YHLS tables in Section 9.
- 5.2 Across the SWCs, a total of 1,849 dwellings were completed. The breakdown of completions are shown below in Table 5.

Table 5: Completions in the SWCs for monitoring year 22/23

Policy Area	Completions in 22/23
Malvern Hills (excluding WWA)	433
WWA (Malvern Hills)	248
Wychavon (excluding WWA)	737
WWA (Wychavon)	84
Worcester City	347
Total	1,849

- 5.3 Across the SWCs, a total of 1,616 dwellings were under construction, with 7,721 dwellings not started but possessing planning permission at 31 March 2023. Of those 9,337 commitments, only 4,125 are commitments expected to be completed in the next five years. Table 6 shows the commitments in the five policy areas, with Tables 7 to 9 showing how the total commitments for each Local Planning Authority has been reached. In Appendix 1 and Tables 5 to 9 below, dwellings which are not started (NS) are split into two categories:
- those which will not have the 5% lapse applied;
 - those that will have the 5% lapse applied;
- 5.4 Dwellings which **will not** have the 5% lapse rate applied are attributed to sites which are currently under construction and therefore will not lapse. Those which have stalled are discounted from the supply.
- 5.5 Dwellings which **will** have the 5% lapse rate applied are attributed to sites which wholly have not started, which could therefore lapse. The discounted figures comprise of both sites and parts of sites which are not expected to be built out within

5 years. The lapse rate for each LPA and the joint SWCs lapse rate is 5%. The reasoning for using a 5% lapse rate is detailed in Section 7.

Table 6: Commitments for the SWCs 5 policy areas at 31 March 2023

	Commitments with lapse rate	Commitments without lapse rate
Malvern Hills (excluding WWA)	395	324
WWA (Malvern Hills)	0	950
Wychavon (excluding WWA)	480	809
WWA (Wychavon)	0	4
Worcester City	278	885

Table 7: Commitments for Malvern Hills District at 31 March 2023

Malvern Hills District		Commitments with lapse rate	Commitments without lapse rate
Malvern Hills (excluding WWA)	100%	395	324
WWA (Malvern Hills)	52.13%	0	495
Wychavon (excluding WWA)	5.85%	28	47
Total		423	867

Please note: The figure 867 is due to rounding

Table 8: Commitments for Wychavon District at 31 March 2023

Wychavon District		Commitments with lapse rate	Commitments without lapse rate
Wychavon (excluding WWA)	94.15%	452	762
Total		452	762

Table 9: Commitments for Worcester City at 31 March 2023

Worcester City		Commitments with lapse rate	Commitments without lapse rate
Worcester City	100%	278	885
WWA (Malvern Hills)	47.8%	0	454
WWA (Wychavon)	100%	0	4
Total		278	1,343

6. Deliverable Allocated Sites in the Adopted SWDP (2016)

- 6.1 There are a number of sites in the SWDP which do not currently have planning permission. All site owners / promoters of large sites allocated in the adopted SWDP but currently without planning permission in Malvern Hills and Wychavon Districts were sent a Deliverability Questionnaire.
- 6.2 This questionnaire is sent out annually to landowners, developers and promoters and provides an updated picture on the progress of the site, the intentions of stakeholders and highlights any slippage. Where the contact has not responded, housing figures for that site have not been included in the 5YHLS. Where a developer has responded that they are expecting their site to be built out, or begin to be built out, within the next 5 years these figures are included in the 5YHLS. Appendix 3 details one site which is allocated and is expected to come forward in the next 5 years, however, due to issues with overage this site has not been included in the five year supply.

7. Lapse Rates

- 7.1 The Inspector conducting the SWDP Examination concluded (February 2016, Annex A, Para 80) that adopting a **5% lapse rate** would be “robust and sound” for the Plan across the three administrative areas, rather than the proposed 4% lapse rate. This is for dwellings on all minor and major sites.
- 7.2 For Malvern Hills District council, there were a total of 5 planning permissions which lapsed this monitoring year, totalling 20 dwellings, providing a lapse rate of 0.50% this monitoring year. The average lapse rate for Malvern Hills from 2006/07 to 2022/23 is **3.96%** lapse.
- 7.3 For Wychavon District council, there were a total of 17 planning permissions which lapsed this monitoring year, totalling 25 dwellings, providing a lapse rate of 0.60% this monitoring year. The average lapse rate for Wychavon District from 2006/07 to 2022/23 is **2.31%** lapse.
- 7.4 For Worcester City council, there were a total of 4 planning permissions which lapsed this monitoring year, totalling 14 dwellings, providing a lapse rate of 1.20% this monitoring year. The average lapse rate for Worcester City from 2006/07 to 2022/23 is **3.25%** lapse.
- 7.5 The overall lapse rate for the SWCs between 2006/07 and 2022/23 is **3.36%**.
- 7.6 It is therefore considered that retaining a **5% lapse rate** is appropriate and precautionary for both individual and combined 5YHLS calculations. To ensure assumptions on the lapse rate remain up to date, the lapse rate will continue to be monitored annually. Please see Appendix 4 for further information on the lapse rates, and information on the planning permissions which have lapsed this monitoring year.

8. Windfalls

- 8.1 Windfall sites are sites not specifically identified in the development plan but come forward outside the plan process. An allowance can be made for windfall sites as part of anticipated supply. Compelling evidence of a reliable source of windfall sites must be presented, with the windfall allowance being realistic having regard to the strategic housing land availability assessment, historic windfall delivery rates and expected future trends.
- 8.2 The Inspector conducting the Examination of the SWDP confirmed that, in principle, he saw no objection to the Plan taking account of windfalls as part of the supply of housing over the plan period. The Inspector confirmed the proposed windfall figures in table 4d of SWDP 3 (Inspectors Report, February 2016, Annex B, Paragraph 62) which are detailed in Table 6 below.
- 8.3 The SWCs monitor small windfall sites annually, which comprise of 9 dwellings or fewer, also known as minor planning permissions. Monitoring of windfall sites has been ongoing since 2006/07 for each of the LPAs. Sites of 10 or more dwellings are not included because applications for these sites have tended to increase during periods when a five year housing land supply cannot be demonstrated, this can skew the annual average provision.
- 8.4 There was a total of 228 small windfall completions for the monitoring year 2022/23 across South Worcestershire. Appendix 5 includes further information on historic windfall data. It can be clearly seen that the South Worcestershire Councils have had a greater number of completions than the projected windfall allowance used in the 5YHLS calculations.
- 8.5 Windfall completions will continue to be monitored annually. The SWCs will revisit the windfall allowance through the SWDPR or where a change to the existing position is consistently evidenced.
- 8.6 To ensure sites which have planning permission are not double counted, the windfall allowance will only be included in the last two years of the 5YHLS. The windfall allowance is shown row G of the 5YHLS calculation tables.

9. Five Year Housing Land Supply Calculations

9.1 The 5YHLS has been calculated for 1 April 2023 – 31 March 2028. The information in tables 10 to 12 below have been taken from the sections in the Report above (namely sections 4, 6, 8, 9, and 10). Please note that due to rounding, the tables below do not always result in numbers matching up through the calculations.

Table 10: Malvern Hills District 5YHLS

		Dwellings	Average per annum
A	Malvern Hills District Requirement using Standard Method		386
B	5 year target using Standard Method (1 April 2023 to 31 March 2028) (A x 5)	1,930	
C	5 Year target + 5% Buffer (B x 1.05)	2,027	405
D	Dwellings with planning permissions without lapse rates	867	
E	Dwellings with planning permission which require lapse rate	423	
F	Total deliverable sites including 5% lapse rate (E x 0.95)	402	
G	Windfalls (35 x 2 years)	70	
H	Total Supply (D + F + G)	1339	
I	Total supply less 5 year requirement (H – C)	-688	
J	Number of Years Supply (H / 405)	3.31	

Table 11: Worcester City 5YHLS

		Dwellings	Average per annum
A	Worcester City Requirement using Standard Method		343
B	5 year target using Standard Method (1 April 2023 to 31 March 2028) (A x 5)	1,715	
C	5 Year target + 5% Buffer (B x 1.05)	1,801	360
D	Dwellings with planning permissions without lapse rates	1343	
E	Dwellings with planning permission which require lapse rate	278	
F	Total deliverable sites including 5% lapse rate (E x 0.95)	264	
G	Windfalls (63 x 2 years)	126	
H	Total Supply (D + F + G)	1733	
I	Total supply less 5 year requirement (H – C)	-68	
J	Number of Years Supply (H / 360)	4.81	

Table 12: Wychavon District 5YHLS

		Dwellings	Average per annum
A	Wychavon District Requirement using Standard Method		488
B	5 year target using Standard Method (1 April 2023 to 31 March 2028) (A x 5)	2,440	
C	5 Year target + 5% Buffer (B x 1.05)	2,562	512
D	Dwellings with planning permissions without lapse rates	762	
E	Dwellings with planning permission which require lapse rate	452	
F	Total deliverable sites including 5% lapse rate (E x 0.95)	429	
G	Windfalls (82 x 2 years)	164	
H	Total Supply (D + F + G)	1355	
I	Total supply less 5 year requirement (H – C)	-1,207	
J	Number of Years Supply (H / 512)	2.65	

10. Conclusions

- 10.1 None of the SWCs can currently demonstrate a 5YHLS. As such, the presumption in favour of sustainable development, as set out in the NPPF paragraphs 11 to 14, should be applied. The 5YHLS calculations at 1 April 2023 are **3.31** years for Malvern Hills, **4.81** years for Worcester City and **2.65** years for Wychavon against the standard method housing requirement, including a 5% buffer.
- 10.2 The SWCs continue to approve planning permissions post 1 April 2023, many of which will be included in future 5YHLS calculations. Should an element of the discounted commitments from this year's calculation come forward sooner than anticipated, and there is a robust supply of new planning permissions which are considered deliverable within five years, then each of the SWCs may be able to achieve a 5YHLS in the coming years.
- 10.3 To ensure the SWCs attain a 5YHLS in the longer term, work is ongoing on the SWDP Review, to allocate new development sites and ensure that the SWCs achieve a joint 5YHLS upon adoption. The SWDP Review was submitted to the Secretary of State for public examination on 27th September 2023 and hearing sessions are planned for 2024.
- 10.4 The SWCs will also be looking at any implications of the revised NPPF in the New Year and any updates to the Planning Practice Guidance that will be forthcoming.