

South Worcestershire Five Year Housing Land Supply Report December 2022



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1. Introduction

- 1.1 This report provides the south Worcestershire councils' (SWCs; namely Malvern Hills District Council, Worcester City Council and Wychavon District Council) five year housing land supply (5YHLS) position as at 31 March 2022.
- 1.2 The purpose of a 5YHLS Report is to provide an indication of whether there are sufficient sites available to meet the housing requirement or local housing need for the next 5 years. The NPPF at Paragraph 11 makes clear that the presumption in favour of sustainable development should apply where an authority cannot demonstrate a 5YHLS of deliverable sites.
- 1.3 The report first details the issues the SWCs have faced since the South Worcestershire Development Plan (SWDP) (2016) housing policies became out of date in 2021 and the reasoning for, and evolution of, the SWCs' position since this time with relation to geographical and supply issues. The Report then details the standard method, and the outcome of this, leading to completions and deliverable sites this monitoring year (1 April 2021 to 31 March 2022).
- 1.4 In turn, the report identifies the buffer used in the 5YHLS calculations, followed by the deliverability of sites and assumptions taken, the lapse rate applied to deliverable sites and the SWCs' assumptions on windfalls.
- 1.5 Finally, the Report provides the 5YHLS figures for the three LPAs separately and a joint figure for the SWCs, as well as conclusions on the 5YHLS going forward. The SWCs would prefer a single joint 5YHLS calculation, and this is the method proposed in the emerging SWDP Review. However due to recent appeal decisions, individual 5YHLS calculations are the most appropriate approach currently. Further information on the different approaches and reasoning for individual 5YHLS calculations are detailed in Section 3.

2. Background History

- 2.1 The SWDP was adopted in February 2016 and included Policy SWDP 3: Employment, Housing and Retail provision Requirement and Delivery, which detailed the distribution of housing provision within the three LPA areas. The plan was designed to purposefully distribute housing provision across five separate policy areas, rather than between the three local authorities.
- 2.2 Due to the constrained nature of Worcester City, simply redistributing the Objectively Assessed Need (OAN) between the three authorities would have led to Malvern Hills and Wychavon District receiving a higher target than they would otherwise. If there was a land supply shortage in either District, then via the 5YHLS process, the presumption in favour of sustainable development for the whole of the LPA area would have been triggered, resulting in rural areas of the SWCs being at risk. To overcome this issue, two extra areas, known as the Wider Worcester Areas (WWAs) were included in the SWDP. These were within Malvern Hills and Wychavon Districts but adjacent to Worcester City Council. However, rather than being wholly cross boundary supply for Worcester City Council they each contained a mix of local and cross boundary need for their respective LPA for both housing, employment and infrastructure requirements. Therefore, the SWDP was designed to meet the OAN in full across the three LPAs whilst addressing the lack of capacity in Worcester City and ensuring that rural areas (which are not sustainable locations for development) were not put at risk due to lack of, or unexpected lead in delivery times for, larger development sites coming forward in the WWAs.
- 2.3 Policy SWDP 3: *Employment, Housing and Retail Provision Requirement and Delivery* is explicit that the five policy areas are separate, and the housing numbers provided for each policy area were non transferrable. The five areas, with defined supply targets, were needed due to each Council having a requirement to demonstrate their own land supply for their own area as outlined above.
- 2.4 Annually, the five policy areas have been monitored and reported on in separate 5YHLS Reports.
- 2.5 As the SWDP is now more than five years old the NPPF, at Paragraph 74, requires the 5YHLS calculation to be based on the standard method as opposed to the adopted SWDP annual housing requirement.
- 2.6 The SWCs' 2021 5YHLS Report (referred to henceforth as 2021 Report) was published in September 2021 and included an explanation of the shift from the

SWDP annual housing requirement to a local housing need calculated using the standard method. The 2021 Report also retained the oversupply of completions within south Worcestershire, which was offset against the five year requirement in the 5YHLS calculation. A further difference to the 2021 Report from previous years was to calculate the 5YHLS as one single figure across the LPAs. Moving to a single 5YHLS figure from 5 sub-areas was considered a logical approach and aligned with the Housing Delivery Test (HDT), which was issued jointly for the SWCs, given their joint development plan. A single 5YHLS also aligned with the emerging SWDP Review, which proposed to move away from the five policy areas to a single, joint housing requirement and delivery approach across the three LPAs. The outcome of a single joint 5YHLS was a 5.76 years housing supply across the SWCs.

- 2.7 Following the 2021 Report, a number of appeal decisions were received, where Inspectors concluded that past oversupply should not be included within the 5YHLS calculation. This was due to the housing requirement being a minimum requirement, rather than a maximum. The SWCs have therefore agreed that for the short term and in the absence of any government advice in this area, that oversupply should not be included in the 5YHLS calculation and that they did not have a 5YHLS, invoking the tilted-balance.
- 2.8 Inspectors noted that the use of the standard method is the correct approach as the SWDP is now over 5 years old and the housing requirement figures set out in the SWDP are out of date. The Inspector at the Leigh Sinton appeal (APP/J1860/W/21/3289643) also determined that due to the SWDP being over 5 years old, it results in a change to the monitoring of the housing land supply from the five sub areas to the three districts of Worcester City, Wychavon District and Malvern Hills District. The SWCs determined a single joint 5YHLS was the best approach, due to the emerging SWDP Review being a joint plan with a single housing requirement and the HDT being applied on a joint basis to the three LPAs.
- 2.9 In early September 2022 the SWCs published their 2022 5YHLS Report detailing 5.22 years supply of housing. The calculation did not include oversupply in the calculation but was based on a single joint 5YHLS for the three Councils. It was quickly determined that due to a spreadsheet error, the Councils could not demonstrate a 5YHLS. The 2022 Report was removed from the Councils' websites to allow for further checking of the housing data and to consider the findings of the recent relevant appeal decisions.

3. Different approaches and issues arising

- 3.1 The main issue the SWCs face is that the adopted SWDP predated the standard method, so could not have pre-empted the current scenario. The NPPF has also been updated since adoption of the SWDP, however the requirement is still that Councils are required to monitor their own 5YHLS (NPPF, Paragraph 74). National policy and guidance are, however, silent on this issue as to how to transition the application of the standard method to a joint plan, with cross boundary allocations.
- 3.2 Paragraph 74 of the NPPF does state 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.’ (emphasis added). This suggests that it is not necessarily a singular policy which becomes outdated when the standard method is required, but other policies may also become outdated. Policies relating to the quantum and the distribution of housing would therefore be outdated, resulting in the five policy sub areas across the SWCs being superseded by the three individual LPA areas.
- 3.3 There are four possible approaches, detailed below:
- A. A new standard method number for the five policy areas
 - B. A joint approach
 - C. A new ‘redistribution’ approach
 - D. A single LPA approach
- A. A new standard method number for the five policy areas**
- 3.4 The standard method is calculated using a specific formula set out in the PPG which uses household growth projections and median workplace-based affordability ratios at a District level. There is no discretion to amend the method nor to use an alternative. Data used in the calculation relate specifically to individual LPAs. Even if the data allowed the standard method to be split into different policy areas the results would clearly not be the simplified standard method LPAs are prescribed to use in the NPPF and PPG.
- 3.5 At LPA level, to replicate the SWDP 3 policy areas using the standard method would result in two LPAs (Malvern Hills and Wychavon Districts) using a target that

exceeds the standard method. Their targets would be a result of their own target, plus that of some of Worcester City's target, and Worcester City in turn would be applying a lower target than the standard method number in its administrative area.

- 3.6 While the specifics of the SWDP are unusual in this instance, constrained LPAs with limited land supply are not. A constrained LPA is common, and the same scenario plays out across the Country with no suggestion that the relevant LPAs should not apply the standard method because of their constraints.
- 3.7 Therefore, there is no reasonable justification to deviate from the standard method and use this option.

B. A joint approach

- 3.8 The Housing Delivery Test (2021 measurement, released January 2022) is an annual measurement of housing delivery in an area of relevant plan-making authority. As mentioned above, the HDT for the SWCs has been published on a joint basis for the SWCs as they have a joint Local Development Plan – the SWDP.
- 3.9 It is therefore sensible to suggest an approach where the 5YHLS is also joint between the three Councils, which would ensure that the SWCs meet the need in full across the plan area, but also allows the operation of the 5YHLS process to intervene at the plan level if the Councils collectively fail to meet need. This approach also removes the need to split the standard method target and housing supply into policy areas and between Councils.
- 3.10 A joint approach would result in a single 5YHLS assessment. The [Local Plan Inspector's Report](#) addressed concerns raised that the 5YHLS duty rests with each LPA to demonstrate a 5YHLS for their area, stating that "*for the purposes of monitoring their five-year housing land supply, Malvern Hills and Wychavon will make separate calculations for those parts of their administration areas within and outside the WWA*". This meant that the Councils were still able to demonstrate a 5YHLS for 'their area' but would be the sum of two policy areas for Wychavon and Malvern Hills. A joint approach could therefore be seen as not being in conformity with paragraph 74, where wording of 'their' and 'authority' is taken in the context as meaning each individual authority.
- 3.11 A joint approach has also not been accepted by an Inspector since the 2021 Report was published and awarding costs against one of the Councils for promoting a joint approach. Therefore, further promotion of a joint approach would likely be immediately challenged with no new evidence or policy changes. The Inspector in

the Leigh Sinton appeal decision (APP/J1860/W/21/3289643) stated that the joint approach would be a departure from the plan that could only be addressed via the Annual Position Statement or plan making route – not via a S78 appeal. The Council do not agree with the reasoning of taking the Annual Position Statement route, as the SWDP is not recently adopted. Conversely, the standard method post-dates the preparation of the SWDP, so it is unclear how any approach applying the standard method is not seen as some form of departure from the plan. However, the Council are in the process of a Review of the SWDP, and a joint 5YHLS approach will be tested at Examination.

- 3.12 The SWCs therefore reluctantly withdraw the joint method as their approach, until such time as the joint approach as part of the SWDP Review has been Examined and adopted or government guidance changes in this regard. A joint 5YHLS will still be included within this Report after the individual LPA 5YHLS in section 10.

C. A new ‘redistribution’ approach

- 3.13 An alternative approach would be for the SWCs to agree to donate housing supply to count against neighbouring LPA standard method numbers. So that, rather than split the standard method into five policy areas to derive local housing targets, instead make assumptions with regards to the housing supply.
- 3.14 Within the SWDP, both of the WWAs (one within Malvern Hills and one within Wychavon) met the need of not only Worcester City, but also the rural areas. It is possible to calculate an estimate of the ‘share’ for each WWA, that was, when the plan was made, intended to meet the various housing needs for the three LPAs. The resulting calculation can, however, only be made using local plan evidence that is now out of date and does not align with the standard method. The ‘share’ of the housing requirement for each of the five policy areas was developed in the context of the local plan examination which was concerned with housing need as opposed to the standard method. Housing need and standard method are two very different processes with different inputs.
- 3.15 The SWCs had also, before the switch to the standard method, developed a significant surplus against the SWDP housing need based requirements. These surpluses were not evenly spread between policy areas so any assumptions made at the plan making stage about the share of growth that could be accommodated and where, are now out of date.

- 3.16 A redistribution approach is not supported by national policy or guidance. Any agreement made between the LPAs would be based on policy and policy areas which are now considered to be out of date. A new agreement on redistribution would not be considered new policy, as it would have not been through the examination process. Furthermore, apart from not being compliant with the NPPF and PPG, a redistribution approach would not reflect the standard method being seen as a simple, transparent and easy to understand approach of determining a housing requirement for LPAs.
- 3.17 The case for a redistribution approach has been put forward at appeal by appellants, however, Inspectors have disregarded this approach for the same reasons as the joint approach – namely a departure from the SWDP.
- 3.18 Therefore, although a redistribution approach is possible, it is not credited as being a reasonable, appropriate approach for the SWCs to take. The SWCs have always firmly rejected this approach when it has been suggested at appeal.

D. A single LPA approach

- 3.19 Lastly, the single LPA approach is for each LPA to have individual 5YHLS calculations based on the standard method. This approach occurs elsewhere in the Country (outside of a joint plan) where a plan becomes more than five years old without a review. The standard method is applied to constrained LPAs across the country, and therefore cannot be argued as unusual or unintended.
- 3.20 It can be argued that this approach is a departure from the SWDP because it does not reflect the policy areas in the plan but, with the switch to the standard method it is inherent that any change in monitoring would be a departure. As the use of the standard method is prescribed in national policy and guidance, the SWCs must follow an individual LPA approach to monitoring 5YHLS to be compliant.
- 3.21 Historically, WWA Malvern Hills and WWA Wychavon were monitored separately from the remainder of their respective Districts to allow for separate 5YHLS to be published. For the purposes of this Report, where Malvern Hills District or Wychavon District is referred to, this will include figures relating to their respective WWAs as well.

4. Housing Requirement

- 4.1 Under Paragraph 73 of the National Planning Policy Framework (NPPF) (2021) 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.
- 4.2 Due to the SWDP being over 5 years old, the SWCs revert 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/government/publications/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 \(www.gov.uk\)](https://www.gov.uk/government/publications/live-tables-on-household-projections) using Table 406

	2022	2032	Increase in 10 years	Average household growth
Malvern Hills	35,200	37,969	2,769	277
Worcester	45,838	48,770	2,932	293
Wychavon	53,875	57,502	3,627	363

- 4.3 An affordability adjustment is made based on the affordability of the area using the most recent median workplace base affordability ratios (2021, published January 2022).

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 \(ons.gov.uk\)](https://www.ons.gov.uk/methods/indices/house-price-to-workplace-based-earnings-ratio) Table 5C

	Ratio of median house prices to median gross annual workplace-based earnings	Adjustment factor
Malvern Hills	11.9	1.49375
Worcester	8.26	1.26625
Wychavon	10.39	1.399375

- 4.4 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.
- 4.5 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.
- 4.6 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	277	137	414
Worcester	293	78	371
Wychavon	363	145	508
SWCs Total	933	360	1,293

5. Housing Completions

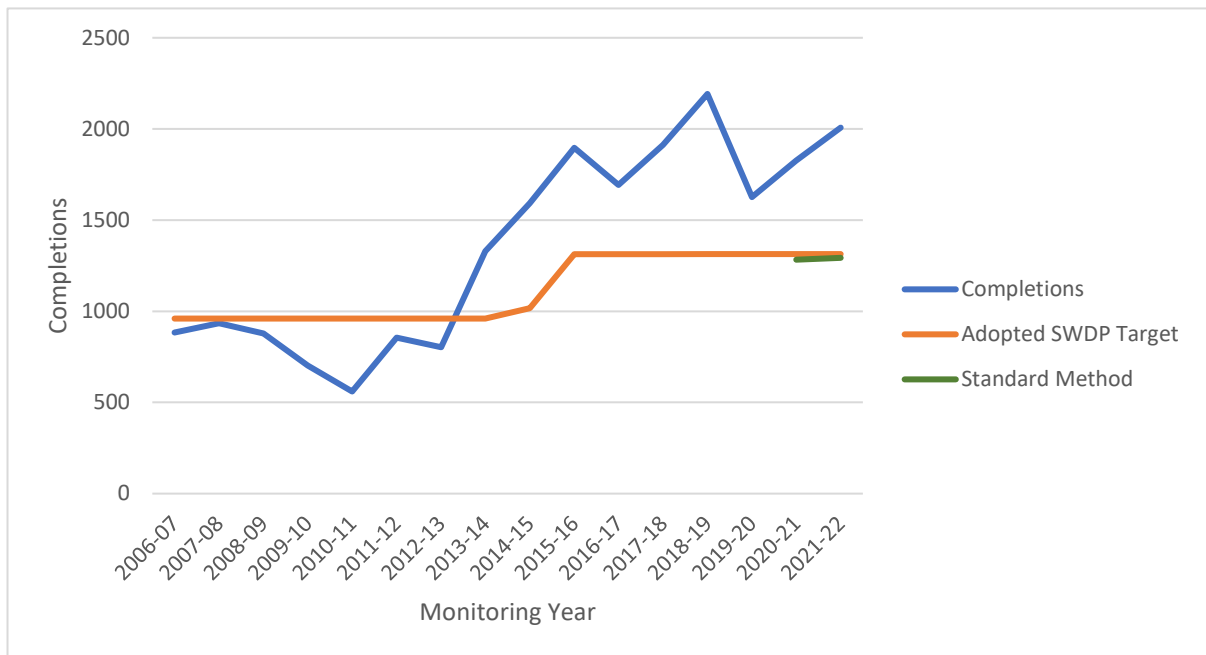
- 5.1 Housing monitoring occurs annually and identifies all those dwellings on sites with planning permissions which are completed, under construction and not started. The monitoring year runs from 1 April to the 31 March the following year. The housing monitoring for 2021-2022 took place in June and July 2022. This is later than usually scheduled, due to the ongoing work towards the SWDP Review and ensuring documents, evidence and mapping was ready for the SWDP Review Publication version (Regulation 19) consultation in November and December 2022. The late monitoring then had a knock-on effect on the production of the 5YHLS calculations and Report, with it initially being published in September 2022 before being removed from the websites due to an error in the calculations. Please see Appendix 1 for this monitoring years' completions.
- 5.2 Table 4 below sets out the completions for the individual LPAs and jointly across the SWCs.

Table 4: Completions for 2021-2022

	Completions 2021-22
Malvern Hills	508
Worcester	456
Wychavon	1,044
SWCs Total	2,008

- 5.3 From the outset of the SWDP period 1 April 2006 to 31 March 2022 there have been 21,501 total completions across south Worcestershire; overall this is significantly above the cumulative SWDP annual requirement for completions from 2006 of 17,894. In fact, completions over the last nine years have been well above the SWDP annual requirement, with completions from 1 April 2013 to 31 March 2022 totalling 15,890 against the cumulative requirement of 11,172.
- 5.4 There is a narrow difference between the housing requirement in the SWDP and the local housing need identified through the standard method. For 2020-2021 the standard method identified an annual housing need of 1,283, and 1,293 for 2021-2022. The housing requirement in the SWDP was 1,313 for both years.
- 5.5 Figure 2 below identifies the housing completions within the SWCs since the adoption of the SWDP against the housing requirement target, as well as against the standard method local housing need for the last two years.

Figure 2: Completions since 2006 against the adopted SWDP Target and the standard method (2020-21 and 2021-22)



5.6 Any shortfall in delivery, against the annualised requirement can be factored into the 5YHLS. As can be seen in Figure 2, the SWCs jointly have been exceeding the adopted SWDP housing target and the standard method for at least the last 9 years, with a surplus of housing completions to the cumulative SWDP housing target for the last 7 years.

5.7 Individual LPA completions against the standard method can be seen in Figures 3 to 5 below. This shows that Malvern Hills and Wychavon Districts both have had a greater number of completions against their local housing need for the last two years. Worcester City Council’s completions were below the local housing need set by the standard method in the monitoring year 2020-2021, however have exceeded both the individual and cumulative local housing need for 2021-2022.

5.8 Therefore, no undersupply has been applied to any of the 5YHLS calculations, as none of the LPAs, either individually, or jointly have an undersupply of dwellings.

Figure 3: Malvern Hills standard method requirement and Completions

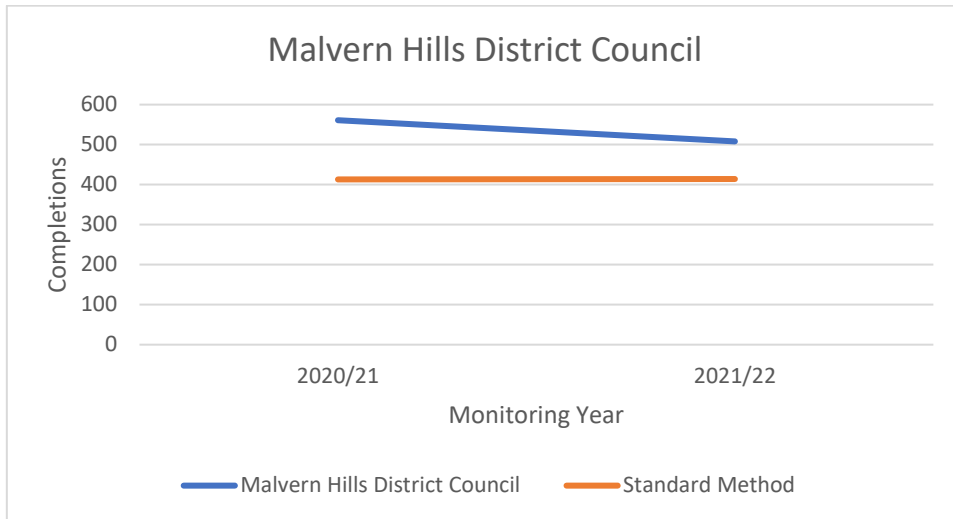


Figure 4: Worcester City standard method requirement and Completions

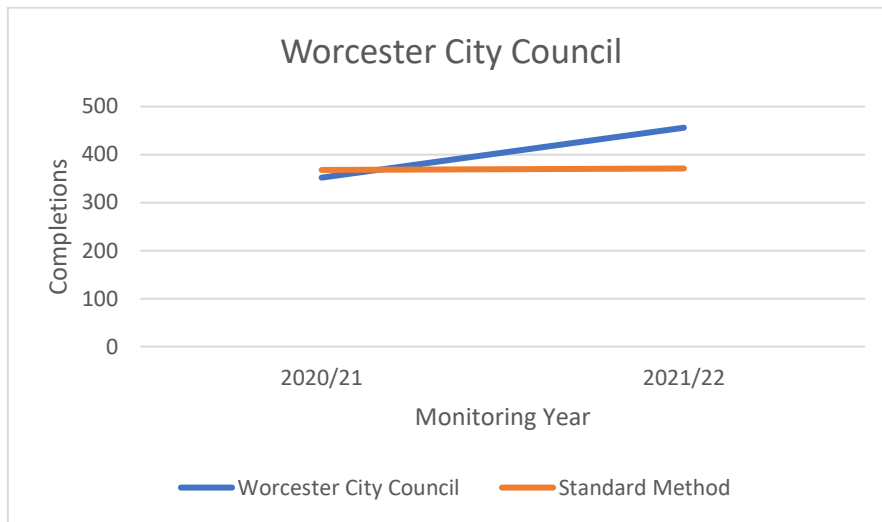
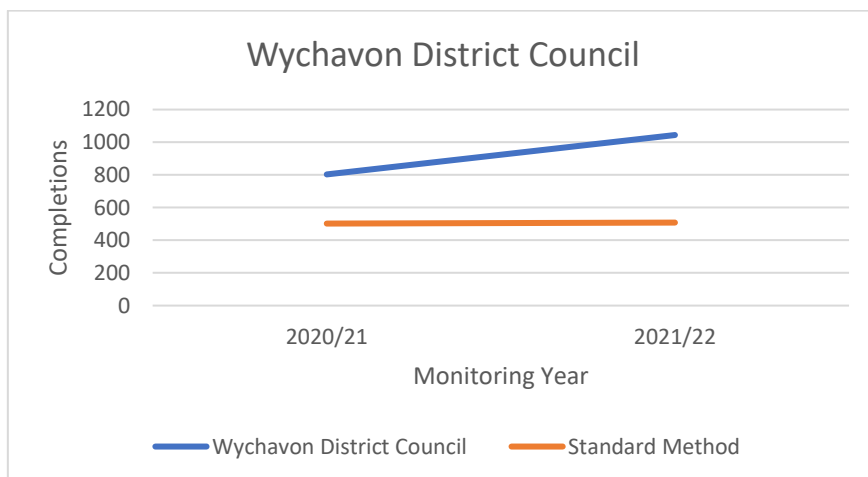


Figure 5: Wychavon standard method requirement and Completions



6. Buffer

- 6.1 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 3 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.
- 6.2 The HDT measurement for 2020-2021 is 155%. This is the most recent measurement published (January 2022).
- 6.3 Although the HDT is measured jointly, Inspectors at appeal have concluded the 5% buffer should be used in the individual 5YHLS. Inspectors have not been convinced a joint HDT is a justification for a joint 5YHLS.
- 6.4 It is therefore an unusual situation, where central government are measuring housing delivery on a joint basis (based on policy and guidance), with the Planning Inspectorate requiring individual 5YHLSs using a 'joint' buffer of 5%.
- 6.5 The SWCs understand that it could be argued that a singular LPA is applying the 'wrong' buffer, should the HDT be calculated on an individual LPA basis. The SWCs acknowledge this could occur but refer to national policy and guidance on the HDT and it being a joint measurement result given.
- 6.6 It must therefore be noted that the SWCs will be using a 5% buffer in their individual and joint 5YHLS calculations.

7. Lead in times and Delivery

7.1 The NPPF Glossary defines 'Deliverable' sites for housing as sites that:

- a. "are available now,
- b. offer a suitable location for development now,
- c. are achievable with a realistic prospect that housing will be delivered on the site within five years.
- d. do not involve major development and have planning permission,
- e. have 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),
- f. 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".

7.2 A deliverability questionnaire was sent out to landowners, developers and promoters of sites of more than 60 dwellings 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.

7.3 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 completions.

- 7.4 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.
- 7.5 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 5 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. This assumption is supported by extensive work undertaken against delivery rates across Evesham, Pershore and Droitwich including work produced by GL Hearn (Droitwich Spa Local Housing Market Assessment, February 2013). 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 reevaluate build-out / deliverability rates as over-delivery of the housing requirement is currently being achieved.
- 7.6 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 completions 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.

- 7.7 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.
- 7.8 In some cases, where it is known that affordable housing will be delivered separately to the market dwellings, the 40 dwellings per annum has been increased by 40% to 56 dwellings per annum.
- 7.9 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 Department of Levelling Up, Housing and Communities' guidance. The SWCs have applied these ratios for the purposes of 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/106222/Housing-Delivery-Test-2021-measurement-technical-note-GOV.UK-2021-01-20.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).

8. Housing Commitments

- 8.1 A full list of sites with planning permission not started and under construction (at 31 March 2022) is set out in Appendix 4. Appendix 4 also details the extent of housing expected within the next 5 years. This information has been used to feed into the 5YHLS tables in Section 12.
- 8.2 Across south Worcestershire, a total of 1,425 dwellings were under construction, with 5,873 dwellings not started but possessing planning permission at 31 March 2022. In Appendix 4 and Table 5 below, dwellings which are not started (NS) are split into three categories:
- those which will not have the 5% lapse applied;
 - those that will have the 5% lapse applied;
 - and those which are discounted and therefore not included in the 5YHLS.
- 8.3 Dwellings which are not started and will not have the 5% lapse rate applied are attributed to sites which are currently under construction and therefore will not lapse.
- 8.4 Dwellings which are not started and 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 10.
- 8.5 There are 11 dwellings within Worcester City and 1 dwelling in Wychavon District which are currently classed as being under construction but have been confirmed that they will not be completed within 5 years and so will not be included in the appropriate 5YHLS.

Table 5: Commitments for the SWCs at 31 March 2022

	Total No. UC	Total No. NS	No. NS to include in 5YHLS without 5%lapse	No. NS to include in 5YHLS with 5% lapse	No. NS to discount from 5YHLS calculation
Malvern Hills	475	3223	1501	121	1601
Worcester	359	988	538	191	259
Wychavon	591	1662	916	244	502
SWCs Total	1425	5873	2955	556	2362

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

- 9.1 There are a number of sites in the SWDP which do not currently have planning permission. All large sites allocated in the adopted SWDP without planning permission were sent a Deliverability Questionnaire.
- 9.2 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 two sites which are allocated and are expected to come forward in the next 5 years.
- 9.3 The two sites expected to come forward are SWDP57/2 for 40 dwellings within the Malvern Hills District, and SWDP59/19 for 65 dwellings in Wychavon District. Therefore, in the Malvern Hills and Wychavon 5YHLS, the relevant number of dwellings is included in row F. Within the SWCs 5YHLS, the 105 dwellings is included in row F.

10. Lapse Rates

- 10.1 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.
- 10.2 For Malvern Hills District council, there were a total of 11 planning permissions which lapsed this monitoring year, totalling 103 dwellings, with a lapse rate of 2.79% this monitoring year. The average lapse rate for Malvern Hills from 2006/07 to 2021/22 is **4.4%** lapse.
- 10.3 Worcester City Council had a total of 14 lapsed permissions this monitoring year, which equates to a total of 41 dwellings. This results in a lapse rate of 3.04% for this monitoring year. The average lapse rate for Worcester City from 2008/09 to 2021/22 is **3.38%**. Worcester City does not have lapse rate data for 2006/07 and 2007/08 which is why it only hold records for 14 years, as opposed to the 16 years Malvern Hills and Wychavon hold.
- 10.4 Wychavon District Council had a total of 8 lapsed planning permissions this monitoring year, totalling 15 dwellings, and a lapse rate of 0.67%. The average lapse rate for Wychavon between 2006/07 and 2021/22 is **2.44%**.
- 10.5 Across the SWCs, there was an annual lapse rate of 2.18%, with an average lapse rate between 2008/09 to 2021/22 of **3.33%**.
- 10.6 It is therefore considered that retaining a **5% lapse rate** is appropriate and has been assumed, for both individual and combined 5YHLS calculations. To ensure assumptions on the lapse rate remain up to date, the lapse rate will be monitored annually. Please see Appendix 5 for further information on the lapse rates, and information on the planning permissions which have lapsed this monitoring year.

11. Windfalls

- 11.1 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.
- 11.2 The Inspector conducting the Examination of the SWDP confirmed his conclusions (Interim Report October 2013) 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.
- 11.3 The SWCs monitor small windfall sites annually, which comprise of 9 dwellings or less, 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..
- 11.4 Table 6 identifies the number of small windfall completions for the monitoring year 2021/22, as well as the windfall number used in the 5YHLS. Appendix 6 includes further information on historic windfall data.

Table 6: Windfalls in 2021-2022

	Windfall completions	Number used in 5YHLS
Malvern Hills	54	35
Worcester	46	63
Wychavon	140	82
SWCs Total	240	180

- 11.5 From Table 6, it can be clearly seen that both Malvern Hills and Wychavon District Councils have had a greater number of completions than the projected windfall allowance used in the 5YHLS. Worcester City Council, however, had fewer completions this monitoring year than its windfall allowance. Historically, Worcester has generally exceeded (as have the other LPAs) the windfall allowance, having

only been below 63 completions four times in the last 16 years and having an average small windfall completion rate of 74 dwellings.

- 11.6 The windfall allowances for each LPA and jointly across the SWCs shall remain, with no changes. Windfall completions will continue to be monitored annually, and where a change to the existing position is consistent, the SWCs will revisit the windfall allowance.
- 11.7 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 H of the 5YHLS calculation tables.

12. Five Year Housing Land Supply Calculations

- 12.1 The 5YHLS has been calculated for 1 April 2022 – 31 March 2027. The information in tables 7 to 10 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 (7 to 10) do not always result numbers matching up through the calculations.
- 12.2 Table 7 shows the 5YHLS calculation for Malvern Hills District Council for 1 April 2022 to 31 March 2027.

Table 7: Malvern Hills District Council 5YHLS

		Dwellings	Average per annum
A	Malvern Requirement using Standard Method		414
B	5 year target using Standard Method (1 April 2022 to 31 March 2027) (A x 5)	2,070	
C	5 Year target + 5% Buffer (B x 1.05)	2,174	435
D	Planning Permissions UC (dwellings which are under construction and those not started on UC sites expected to come forward within the next 5 years) (475 UC + 1501 NS)	1,976	
E	Dwellings on sites Not Started (NS) which are expected to come forward in the next 5 years (121)	121	
F	Deliverable allocated sites in the adopted SWDP not started at 1 April 2022 (SWDP57/2 in Malvern Hills)	40	
G	Total deliverable sites not started (including 5% lapse rate) ([E+F] x 0.95)	153	
H	Windfalls (35 x 2 years)	70	
I	Total Supply (D + G + H)	2,199	
J	Total supply less 5 year requirement (I – C)	25	
K	Number of Years Supply (I / 435)	5.06	

- 12.3 Table 8 shows the 5YHLS calculation for Worcester City Council for 1 April 2022 to 31 March 2027.

Table 8: Worcester City Council 5YHLS

		Dwellings	Average per annum
A	Worcester Requirement using Standard Method		371
B	5 year target using Standard Method (1 April 2022 to 31 March 2027) (A x 5)	1,855	
C	5 Year target + 5% Buffer (B x 1.05)	1,948	390
D	Planning Permissions UC (dwellings which are under construction and those not started on UC sites expected to come forward within the next 5 years) (348 UC + 538 NS)	886	
E	Dwellings on sites Not Started (NS) which are expected to come forward in the next 5 years (191)	191	
F	Deliverable allocated sites in the adopted SWDP not started at 1 April 2022 (SWDP59/19 in Wychavon)	0	
G	Total deliverable sites not started (including 5% lapse rate) ([E+F] x 0.95)	181	
H	Windfalls (63 x 2 years)	126	
I	Total Supply (D + G + H)	1,193	
J	Total supply less 5 year requirement (I – C)	-754	
K	Number of Years Supply (I / 390)	3.06	

WCC 359 UC, however 348 used as 11 dwellings are not expected to be completed within 5 years.

12.4 Table 9 shows the 5YHLS calculation for Wychavon District Council for 1 April 2022 to 31 March 2027.

Table 9: Wychavon District Council 5YHLS

		Dwellings	Average per annum
A	Wychavon Requirement using Standard Method		508
B	5 year target using Standard Method(1 April 2022 to 31 March 2027) (A x 5)	2,540	
C	5 Year target + 5% Buffer (B x 1.05)	2,667	533
D	Planning Permissions UC (dwellings which are under construction and those not started on UC sites expected to come forward within the next 5 years) (590 UC + 916 NS)	1,506	
E	Dwellings on sites Not Started (NS) which are expected to come forward in the next 5 years (244)	244	
F	Deliverable allocated sites in the adopted SWDP not started at 1 April 2022 (SWDP59/19 in Wychavon)	65	
G	Total deliverable sites not started (including 5% lapse rate) ([E+F] x 0.95)	294	
H	Windfalls (82 x 2 years)	164	
I	Total Supply (D + G + H)	1,964	
J	Total supply less 5 year requirement (I – C)	-703	
K	Number of Years Supply (I / 533)	3.68	

WDC 591 UC, however, 590 used as 1 dwelling is not expected to be completed within 5 years.

12.5 Table 10 shows the 5YHLS calculation for the SWCs for 1 April 2022 to 31 March 2027.

Table 10: SWCs 5YHLS

		Dwellings	Average per annum
A	SWC Local Housing Need based on 2022 projections and affordability ratio		1,293
B	5 year target using Standard Method (1 April 2022 to 31 March 2027) (A x 5)	6,465	
C	5 Year target + 5% Buffer (B x 1.05)	6,788	1,358
D	Planning Permissions UC (dwellings which are under construction and those not started on UC sites expected to come forward within the next 5 years) (1,413UC + 2955NS)	4,368	
E	Dwellings on sites Not Started (NS) which are expected to come forward in the next 5 years	556	
F	Deliverable allocated sites in the adopted SWDP not started at 1 April 2022	105	
G	Total deliverable sites not started (including 5% lapse rate) ([E+F] x 0.95)	628	
H	Windfalls (180 x 2 years)	360	
I	Total Supply (D + G + H)	5,356	
J	Total supply less 5 year requirement (I – C)	-1,432	
K	Number of Years Supply (I / 1,358)	3.94	

Due to 12 dwellings not being expected to come forward in the next 5 years, the UC figure has reduced from 1,425 to 1,413.

13. Conclusions

- 13.1 Both Wychavon District Council and Worcester City Council do not have a 5YHLS. As such, the presumption in favour of sustainable development, as set out in the NPPF paragraphs 11 to 14, should be applied. It should be noted that the joint SWCs 5YHLS also cannot demonstrate a 5YHLS at 1 April 2022, with only **3.94 years'** worth of housing against the standard method housing requirement including a 5% buffer.
- 13.2 Malvern Hills District Council can demonstrate a 5.06 5YHLS, and therefore the presumption in favour of sustainable development does not apply.
- 13.3 There are a substantial number of dwellings under construction (1,425 dwellings) and a large number of dwellings with planning permission which have not yet started construction (5,873 dwellings) across south Worcestershire. Additionally, the SWCs continue to approve planning permissions across south Worcestershire post 1 April 2022, which will have yet to be included in the 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, the SWCs may be, both individually and jointly, able to achieve a 5YHLS in the coming years.
- 13.4 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 5YHLS upon adoption. The SWDP Review Publication consultation (Regulation 19) version of the SWDP Review is currently being consulted on through November and December 2022.
- 13.5 Table 11 details the number of years' worth of deliverable sites in accordance with the NPPF (Paragraphs 74-77) for each of the SWCs individually as well as jointly, as calculated in Section 12 above.

Table 11: The number of years' worth of housing against the Standard Method housing requirement including a 5% buffer

District	Five Year Housing Land Supply
Malvern Hills District Council	5.06 years
Worcester City Council	3.06 years
Wychavon District Council	3.68 years
SWCs joint	3.94 years