

East Herts' Five Year Housing Land Supply (5YHLS) at 1st April 2023

Background

1. East Herts must demonstrate a 5YHLS in accordance with paragraph 77 of the Framework.
2. At a public inquiry in July 2023 into an appeal made by Churchill Retirement Living against the failure of the Council to determine within the relevant timescales an application for 34 retirement living apartments at 41 Railway Street, Hertford (LPA ref: 3/22/2346/FUL, PINS ref: 3318094), it was agreed that the Council could only demonstrate a 4.41 year supply.
3. This followed a hearing into appeals regarding a site at Whempstead Road, Benington (PINS refs: 3303408, 3303413 and 3288702), which took place in December 2022 where the 5YHLS was considered in detail. In that case, the Inspector concluded that around 1,800 dwellings should be removed from the Council's supply at 1st April 2022 on the basis that it had not provided the clear evidence required for their inclusion, in accordance with the definition of deliverable as set out on page 69 of the Framework.
4. Based on these appeal decisions, the Council cannot demonstrate a deliverable supply at 1st April 2022.
5. The Council has since updated its position. The Council's latest position is that at 1st April 2023 it has a deliverable housing land supply of 6,189 dwellings. Against the local housing need identified in the Council's position statement of 1,112 dwellings per annum, this equates to 5.57 years. Against the local housing need identified in the Council's addendum to its position statement of 1,041 dwellings per annum, this equates to 5.95 years.

Housing requirement

6. The East Herts District Plan, adopted in October 2018, is more than five years old. The adopted strategic policies have not been reviewed and found to be up to date. Therefore, in accordance with paragraph 77 and footnote 42 of the Framework, the 5YHLS is to be measured against the local housing need calculated by the standard method set out in the PPG.

7. The local housing need at 1st April 2023 for East Herts is 1,112 dwellings per annum, as shown in the Council's position statement. Whilst the addendum to the position statement seeks to update the local housing need using the latest inputs (i.e. the projected annual average household growth over the 10-year period starting in 2024 and the affordability ratios published in March 2024), we disagree with this approach for the following reasons:

- a. Consistency is required in terms of the base date for the need and supply. The base date is 1st April 2023 and therefore the local housing need at the base date should be used;
- b. The Framework does not support an approach where the local housing need calculation is updated but the deliverable supply is not. It is not appropriate for the Council to update the local housing need without also updating the supply;
- c. Changing the affordability ratio input into the standard method would skew the assessment as the supply in 2023/24 will have influenced the need. This is in reference to the fact that the affordability ratio used in step 2 factors in past delivery. This is confirmed in paragraph 68-031 of the PPG, which states: "Step 2 of the standard method factors in past under-delivery as part of the affordability ratio, so there is no requirement to specifically address under-delivery separately when establishing the minimum annual local housing need figure"

The affordability ratio itself is calculated using the median house prices to the end of September each year. Consequently, the 2023 affordability ratio published in March 2024 is influenced by the rate of housebuilding which has taken place up to the end of September 2023. Therefore, the use of the 2023 affordability ratio would result in an unbalanced assessment because the rate of housebuilding between the base date of 1st April 2023 and the end of September 2023 on sites already in the deliverable supply at 1st April 2023 influences the need; and

- d. The Housing Delivery Test requires 1,112 dwellings to be delivered in East Herts in 2023/24, not 1,041 dwellings.

8. The above position was considered at three recent appeals in Malvern Hills¹ where Inspectors concluded that it was inappropriate to update the local housing need using the latest affordability ratios for the reasons set out above.

¹ PINS ref: 3313440 – 14th August 2023, PINS ref: 3304685 – 25th May 2023 and PINS refs: 3300301 and 3316416 – 31st August 2023

9. The latest Housing Delivery Test (HDT) result for East Herts, published on 19 December 2023, was over 85% (it was 125%). Therefore, the 20% buffer does not apply. As such, the deliverable supply to be demonstrated for East Herts at 1st April 2023 is 5,560 dwellings.

Housing supply

10. We have assessed the Council's position and conclude that the deliverable supply at 1st April 2023 is 4,236 dwellings. The reason for the difference of 1,953 dwellings between the Council's supply figure of 6,189 and our supply figure of 4,236 is because the Council has not provided "clear evidence" that housing completions will begin on several sites which fall within the category b) definition of deliverable as set out in the Annex on page 69 of the Framework within five years. The position is summarised in the following table:

Table 1.1 – Summary of deductions

Source of supply	Deduction
Sites without planning permission	963
Sites with outline planning permission	58
Other disputed sites	934
Total	1,955

11. We therefore conclude that the deliverable 5YHLS at 1st April 2023 is 4,236 dwellings, which against the local housing need is **3.81 years**, as shown in the table below.

Table 1.2 – East Herts’s 5YHLS at 1st April 2023

A	Annual local housing need figure / requirement	1,112
B	Five year requirement	5,560
	Supply	
C	Five year supply at 1 st April 2023	4,236
D	Supply in years (C / A)	3.81
E	Surplus / Shortfall (C - B)	-1,324

12. The implication of this is addressed in the Planning Statement.