

## Five Year Housing Land Supply – Methodology 7

I regret to observe that I am unconvinced by Methodology 7.

The Council asserts that during the period 2018/19 to 2022/23 an Identified Supply of 2362 dwellings will come on stream and that these will more than support its proposed Planned Housing Delivery Trajectory of 1190 dwellings over the period. Both figures are claimed to be realistic but on examination still appear to be more than a little optimistic, for example:

Is it really credible to conclude that the borough, which since 1994/95 has seen housing delivery above 200dpa in only 6 out of the last 23 years and which in the period 2013/14 to 2017/18 has seen just 547 completions at an average of 109dpa, will, in the next five years, deliver 1190 dwellings? That would be 40% above the objectively assessed need as identified by HEDNA and 117% above the recent trend? Where is the evidence for this?

Is it also credible to assert that the Identified Supply in Table M6-2A for the years 2018/19 to 2022/23 of 2563 dwellings will see a lapse rate of just 9%, giving a claimed Total Supply of 2362 dwellings?<sup>1</sup> The Identified Supply may well have planning permission (although for many in outline only) but where is there credible evidence that developers will commit to deliver anything like an average annual supply of 472 dwellings on competing sites over the next five years? Such a supply would be 431% more than the market has achieved over the most recent five year period.

Is it realistic to assert that Service Centres in the rural area will alone account for a supply of 985 dwellings over the next five years? That would be 80% more than the completions for the whole of the borough over the previous five years. Where is the evidence that the market would support that level of housing and, if delivered, at what cost would it be to the rural area? Further, is there not a risk that such a high level of deliverable sites in the rural area will have an adverse impact on the prospects for housing delivery in Melton Mowbray?

The Council references the unusually high number of completions (309) in 1997/98 as evidence of what “can realistically be expected to be delivered moving forward” and in support of its assertion that the stepped build-up in delivery projected to be 310 dwellings in 2022/23 will then reach a peak of 325 dpa in 2023/24 and that a delivery of 320-325 dpa can be consistently sustained for each of the subsequent 11 years to 2034/35. However, as the Council's record of completions shows, 1997/98 was an exceptional year when significant economic growth coupled with the release of pent-up demand and capacity from the earlier years of the decade led to an exceptional level of housing completions.

Methodology 7 reads as a supply side analysis only; it fails to factor in variations in demand which result from the performance of the wider economy and the path of interest rates. No account appears to have been taken of the effects of the normal economic cycle nor the further potential consequences for growth and for the market-led demand for housing of Brexit.

After many years of growth there is clear evidence of a cooling in house prices. The Nationwide Building Society's House Price Index reported house price growth falling back in February 2018. In fact, after taking into account seasonal factors, house prices fell on average by 0.3% which was

---

<sup>1</sup> Incidentally there is an error in the arithmetic in the table; a 9% lapse rate on 2563 is 231 leaving an adjusted supply of 2332 dwellings.

“consistent with signs of softening in the household sector in recent months ..... similarly, mortgage approvals declined to their weakest level for three years in December [which] comes off the back of subdued activity in October and November [and] surveyors report that new buyer enquiries have remained soft in recent months.” In such a climate it is unrealistic to assume that developers will significantly increase the overall supply of housing for sale, yet that is what is predicted in Table M6-T1.

The seemingly intractable problem of Melton's Five Year Housing Land Supply derives in large part from the Council's aspiration to go for growth in a way which will require the borough to deliver at least 6125 new dwellings in the period to 2036, a total which is 40% above the objectively assessed housing need.

In its introduction to Methodology 7, the Council refers to paragraph 47 of the National Planning Policy Framework (NPPF) and the need for local authorities to “boost significantly the supply of land for housing in the short term by requiring the provision of a rolling five year supply of deliverable sites”. It is hard to understand how pushing housing delivery back ten years to 2021/22 and beyond is consistent with this. Furthermore, the proposed stepped approach of Methodology 7 will not make any inroads into the “shortfall” for the period 2011/12 to 2017/18 until 2026/27.

The NPPF in paragraph 47 actually requires that the Local Plan should meet “the full, objectively assessed needs for market and affordable housing in the housing market area” which for Melton borough is 175dpa, as given in the Housing and Economic Needs Assessment (HEDNA) for Leicester and Leicestershire. What Methodology 7 proposes in the short term (a requirement of 170 dpa in each of the first 10 years of the Plan) is very close to the HEDNA figure and would amount to a significant boost to housing supply from the current average of 109dpa and, unlike the aspirational requirement of 245dpa, might be deliverable.

In proposing to abandon the previous preferred Methodology 4, it appears that Melton Borough Council now recognises just how challenging it will be to achieve such a step change in its 5 Year Housing Land Supply delivery but an examination of the data underpinning Methodology 7 offers little or no confidence that Melton will be able to sustainably deliver a rolling 5 year housing land supply if this is derived from a requirement of 6125 dwellings. To my mind this further work in relation to housing land supply only serves to confirm just how problematic the aspirational housing requirement of at least 245dpa would prove to be in practice.

John Moore: ANON-7VBY-7H4P-B

10 March 2018