

THE SHEFFIELD PLAN

Our City, Our Future

Issues and Options
Housing Technical Note
September 2020



Contents

1. Purpose of the technical note	1
2. Calculating the housing need and requirement	2
Local Housing Need.....	2
Proposed net housing requirement	3
Replacement homes and the gross requirement	4
Housing completions.....	5
3. Identifying land for new homes	6
Supply in the urban area (outside the Central Area)	7
Supply in the Central Area	8
Supply in the Green Belt	8

List of Maps and Diagrams

Figure 1: Local housing need calculation	2
--	---

List of Tables

Table 1: Housing completions	5
Table 2: Overview of the options	6



This document can be supplied in alternative formats. For non-English speakers, we can provide support from a translator or provide translations of small parts of the document.

If you require an alternative format, need small parts of the document translated, or want further assistance, please contact:

Sheffield Local Plan Team
Planning Service
Sheffield City Council
Howden House
1 Union Street
S1 2SH

Tel: 0114 273 4157 Email: sheffieldplan@sheffield.gov.uk
www.sheffield.gov.uk/sheffieldplan



1. Purpose of the technical note

- 1.1 The purpose of this note is to provide further explanation of the housing need and land supply information referred to in the Sheffield Plan Issues and Options document¹.
- 1.2 The note sets out the background to how we have calculated the number of new homes that we need to plan for, and how we can make sure that there is enough land available for these new homes to be built.
- 1.3 Section 2 will provide detail about how the need for new homes is calculated, and how this relates to both population growth and the relative affordability of homes.
- 1.4 In section 3 we summarise the different sources of land that are available as options for delivering new homes. This helps set the context for the spatial options set out in the Issues and Options consultation document. Full details of housing land supply can be found in the Housing and Economic Land Availability Assessment (HELAA)².

¹ <https://www.sheffield.gov.uk/sheffieldplan>

² <https://www.sheffield.gov.uk/sheffieldplan>



2. Calculating the housing need and requirement

Local Housing Need

- 2.1 In the National Planning Policy Framework (NPPF) the Government sets out that a local housing need assessment should inform the minimum number of homes needed. This uses a standard method which can be found in national planning guidance³.
- 2.2 For Sheffield, the need calculated for 2020 is 2,131 net additional homes per year.
- 2.3 To calculate the housing need using the standard methodology, the baseline national household projection is used as a starting point, and this is then modified to take account of market signals which reflect house prices relative to earnings. Currently, the demographic baseline used is the 2014-based household projections, taking the annual average rate of household growth over a 10-year period (in this case 2020 – 2030).
- 2.4 The second stage of the methodology is to adjust the annual number of new homes needed to take account of the affordability of homes in the area. Affordability ratios for median house prices in relation to median earnings are used to adjust the demographic baseline figure. Using this methodology Sheffield's current local affordability ratio is 5.65⁴. The calculation is set out as follows:

Figure 1: Local housing need calculation

$$\text{Adjustment factor} = \left[\frac{\text{Local affordability ratio} - 4}{4} \right] \times 0.25 = 0.103125$$

Local housing need = (1 + adjustment factor) x projected household growth

For Sheffield (2020) this would be (1 + 0.103125) x 1,932 = **2,131** new homes

- 2.5 The local housing need figure is updated annually following the publication of affordability ratios each March.

³ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments> paragraph 004

⁴ Affordability Ratios are published annually by the Office for National Statistics <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricestoworkplacebasedearningslowerquartileandmedian>



2.6 The Government is currently consulting on changes to the standard methodology⁵. The Government's objective remains that of significantly boosting the supply of homes. We will amend the Sheffield housing need figure to reflect any changes to the standard methodology that are confirmed prior to the Publication Draft Sheffield Plan.

Proposed net housing requirement

2.7 There is a difference between housing need and the Local Plan housing requirement. The requirement set out in the Local Plan can be higher or lower than the need calculated using the standard methodology above, depending on local circumstances such as environmental constraints or growth aspirations. This section sets out the factors that Sheffield's proposed housing requirement has taken into account.

2.8 In 2018, the other Local Authorities in Sheffield City Region (SCR) indicated that they were unable to meet any of Sheffield's housing need. We are checking this out again as part of the consultation on the Issues and Options document. Currently, however, our expectation is that we will need to accommodate all our own needs, so we expect the housing requirement to be the same as the housing need figure calculated using the Government's standard methodology.

2.9 The NPPF states in paragraph 60 that in addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account when the amount of housing to be planned for is established. There are currently no requirements for Sheffield to meet other authorities' housing needs, so we are not proposing any addition to the requirement to reflect this.

2.10 The proposed housing requirement is consistent with the number of new homes needed to support the jobs growth target promoted in the current Strategic Economic Plan for SCR⁶.

2.11 In 2015, Edge Analytics carried out demographic modelling for all the Sheffield City Region authorities, to consider a wide range of economic growth scenarios at local authority level and the implication for new homes. The analysis included:

- The most recent (at that time), 2012-based, official sub-national population projection (SNPP) as the starting point for assessing housing need.
- A 'net nil' migration scenario, which provided an indication of the degree to which future demographic growth will be driven by the balance between births and deaths.

⁵ <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>

⁶ <https://sheffieldcityregion.org.uk/wp-content/uploads/2018/01/Strategic-Economic-Plan-2015-2025.pdf>



- Three 'jobs-led' scenarios, which assessed the demographic implications of aspirational, steady and baseline jobs growth forecasts.
- 'Sensitivity' testing which considered the demographic implications of higher economic activity rates.

2.12 The different scenarios included sensitivity testing which considered the impact if the economic activity rate (EAR) improved by 2025. That would mean that more people would be in work, and therefore economic growth (i.e. additional jobs) would not require so many more households to move to the City Region, thus reducing the number of new homes that would be needed to support economic growth.

2.13 For Sheffield, the scenarios resulted in a wide variation in the estimated number of new homes needed each year – between 602 and 2,663. The local housing need figure we propose to use to inform the housing requirement for the Sheffield Plan, falls comfortably within the upper part of that range and we are confident that it provides enough new homes to support Sheffield's anticipated economic growth over the plan period.

2.14 The 2018 Sheffield and Rotherham Strategic Housing Market Assessment (SHMA)⁷ confirms that the additional number of households per annum will range between 1,800 and 2,200 in Sheffield over the next 5 – 10 years, and that on balance the estimate of local housing need using the standard methodology is a sound basis for understanding the housing requirement for the next five years.

2.15 The SHMA explores in more detail how the need for new homes is split between the needs of different groups, including older people and those households unable to afford housing on the open market. It provides evidence on the type, size and tenure of new homes that are needed, looking in more detail at the factors driving housing need and demand.

Replacement homes and the gross requirement

2.16 In order to calculate the gross housing requirement we have to consider the number of homes that will be needed to replace those lost through demolition, conversion or change of use. Historically, there has been a significant amount of demolition in Sheffield, particularly in the early 2000's as part of the Housing Market Renewal programme. However, the final phase of Council-led demolition was carried out at Arbourthorne in 2017/18 and the replacement allowance for the plan period is therefore based on the recent trend of non-Council demolitions.

2.17 The Housing and Economic Land Availability Assessment (HELAA) sets out the demolition and conversion figure for every year since 2004/05 and from this we

⁷<https://www.rotherham.gov.uk/downloads/file/825/strategic-housing-market-assessment>



can make an estimate of 50 losses per year. This also includes an allowance for final ‘losses’ through the redevelopment of Park Hill flats.

2.18 The gross housing requirement proposed is therefore 2,181 homes per year. This figure has been rounded to **2,185** for use in the Issues and Options consultation. Over the period 2020 – 2038 this would mean we need **39,330** (or nearly 40,000) new homes.

Housing completions

2.19 To put the proposed housing requirement into context, recent housing completions are shown in table 1 below.

2.20 The annual average over the last six years has been at a level around that which will be needed to meet the plan requirement. It will therefore be important that the Sheffield Plan identifies enough deliverable land for the first part of the plan period, as well as developable land for the longer term that will ensure delivery remains at the level needed.

Table 1: Housing completions

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	6-year average
Gross completions	1,812	1,621	2,458	2,386	2,000	3,101	2,230
Net completions	1,765	1,432	2,248	2,304	1,975	3,083	2,208



3. Identifying land for new homes

- 3.1 The previous section set out how the housing requirement for the Sheffield Plan will be calculated. This section considers how much land will need to be identified in the city for that number of new homes to be built.
- 3.2 New homes are built at different densities, depending on the type of location, relative levels of accessibility, design and type. In recent years, many of Sheffield’s new homes have been built at higher densities in and around the City Centre, and have included substantial numbers of apartments and student accommodation.
- 3.3 The Issues and Options document includes three broad spatial options for growth. For all three options a significant portion is assumed to be delivered in the urban area, outside the Central Area. Distribution of the remaining 20,000 homes needed differentiates the options, as follows:
- a. Significant growth in the Central Area
 - b. Growth in the Central Area and some limited areas on the edge of the city (around 5,000 homes); and
 - c. More development (up to 10,000 homes) at the edges of the city..
- 3.4 The options are summarised in table 2 below:

Table 2: Overview of the options

	New homes in the Central Area	New homes in the urban area (outside the Central Area)	New homes on land currently in the Green Belt	Total new homes
Option A	20,000	20,000	0 ⁸	40,000
Option B	15,000	20,000	5,000	40,000
Option C	10,000	20,000	10,000	40,000

- 3.5 The Housing and Economic Land Availability Assessment (HELAA) identifies the sites that we consider to form the potential housing land supply. At this stage (Regulation 18), we are asking for views on which sites are suitable and available. We will also undertake further analysis to help us assess suitability

⁸ We estimate that 240 – 750 homes would be developed in the Green Belt through conversion of existing buildings or redevelopment of brownfield sites, through existing policy in the National Planning Policy Framework. This includes sites that already have planning permission.



before reaching a view on which sites to include as proposed allocated sites in the Publication Draft Sheffield Plan. We have produced a separate Technical Note on site selection which explains the process in more detail⁹.

- 3.6 We need to ensure that there is enough *deliverable*¹⁰ supply of housing land, with an appropriate buffer, for the first 5 years of the plan period (2023 – 2028). After that, we need to show that there is a sufficient *developable* supply for years 6 – 10. We would be aiming for the developable supply to become deliverable by the time the Plan is being reviewed for the first time. The steps that would need to be taken to ensure that sites become *deliverable* over that time could potentially include public sector intervention – particularly for sites within the Central Area.

Supply in the urban area (outside the Central Area)

- 3.7 All three options included within the Issues and Options document assume a supply of around 20,000 new homes in the urban area (outside the Central Area) over the next 18 years. This figure includes both sites with planning permission and other sites identified in the HELAA, as well as an estimate of the number of windfalls that will come forwards over the period. This figure is shown as a constant within the Issues and Options document.
- 3.8 As at 31. March 2020 5,439 new homes outside the Central Area had planning permission. Of these homes, 1,561 were on large sites where construction has not yet started and 224 on sites with outline planning permission. The remainder were on large sites that are under construction or where construction is currently suspended, with a further 788 on small sites.
- 3.9 A large proportion of the supply (7,530 homes) are on sites that have not yet gained planning permission. Many of these sites are included within the Brownfield Register. A number of the sites are included within the Council's Stock Increase Programme (SIP) and will come forward for new affordable housing over the next 5 years. Further sites are within the Sheffield Housing Company programme, which is a joint venture housing and regeneration company with a partnership between Sheffield City Council, Keepmoat and Great Places.
- 3.10 We will also make an allowance for windfalls on both large and small sites. The HELAA provides more detail on this. Over the period 2020 – 38 we expect

⁹ www.sheffield.gov.uk/sheffieldplan

¹⁰ 'Deliverable' and 'developable' are defined in Annex 2: Glossary of the National Planning Policy Framework.



6,200 new homes to be delivered on small sites, and large windfall sites¹¹. A large proportion of these will be in the urban area outside the Central Area.

Supply in the Central Area

- 3.11 The 'Central Area'¹² describes the City Centre, and some areas immediately adjacent to it. These are areas where we would expect higher density homes to be built.
- 3.12 Deloitte and Planit-IE are developing the Sheffield Central Area Strategy, to provide a framework for accelerated delivery of sustainable residential growth across the City Centre, through which a capacity study demonstrates that there is spatial capacity across the Central Area to deliver around 20,000 new homes. The capacity study takes a density led approach to each neighbourhood within the Central Area, taking account of townscape character appraisals. Analysis identifies appropriate building heights within different areas, and uses benchmarked typologies to inform appropriate densities, which in turn informs the capacity testing. The work is ongoing and will be assimilated into the HELAA once complete.
- 3.13 Currently the HELAA identifies capacity for 22,082 new homes within the Central Area. This includes 7,738 homes on sites with planning permission, and 14,344 on identified sites.
- 3.14 A critical issue with the supply in the Central Area, is the extent to which new homes will be deliverable over the Plan period to 2038. We need to consider the mix of likely house types that will be delivered, as well as the timing of delivery and the amount of intervention that will be needed to ensure that sites are viable.

Supply in the Green Belt

- 3.15 The Issues and Options document sets out two options, B and C, which would require release of a quantity of Green Belt land in order to deliver new homes, if exceptional circumstances can be demonstrated, 5000 and 10,000 respectively, as set out in paragraph 3.4 above, Table 2. Option A does not require release of Green Belt land.
- 3.16 However, we estimate that regardless of which option is taken forward A, B or C, between 240 – 750 homes would be developed in the Green Belt over the period to 2038. This estimate includes conversion of existing buildings, and

¹¹ This figure includes 648 dwellings on small sites with existing planning permission, 2,952 dwellings on small windfall sites and 2,600 dwellings on large windfall sites.

¹² A map showing the Central Area can be found on page 34 of the Sheffield Plan Issues and Options document <https://www.sheffield.gov.uk/content/dam/sheffield/docs/planning-and-development/sheffield-plan/Sheffield%20Plan%20Issues%20and%20Options.pdf>



could also include redevelopment of brownfield sites, through existing policy in the National Planning Policy Framework. It also includes 98 homes on sites that already have planning permission.

- 3.17 In addition, depending on the capacity of the Central Area to deliver new homes over the Plan period, some Green Belt land may need to be released to find sites for between 5,000 to 10,000 new homes. The Site Selection Technical Note provides more detail about the process that would be used to identify sites to meet this requirement. This would take account of the availability of land, as well as suitability and deliverability. As part of the site allocation appraisal we would be able to take account of issues such as how well land performs against Green Belt purposes. The Green Belt Review provides more detail on how land performs against Green Belt purposes¹³.
- 3.18 At this stage it is not possible to quantify exactly how much land would be needed to deliver between 5,000 to 10,000 new homes in the Green Belt, as it would depend on the specific sites involved. However, we can make an estimate that between 130 and 260 hectares would be needed. The current Green Belt extends to 9,070 hectares, and the amount of land that would need to be released would therefore be less than 5%.

¹³ www.sheffield.gov.uk/sheffieldplan

