

Wokingham Borough Council

Topic paper: Housing requirement

Wokingham Borough Local Plan Update:
Proposed Submission Plan (Regulation 19)

September 2024



WOKINGHAM
BOROUGH COUNCIL

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1. Introduction

- 1.1 The purpose of this topic paper is to explain the housing requirement for the Local Plan Update (LPU): Proposed Submission Plan (September 2024).
- 1.2 In doing so, it sets out the national policy context, before outlining how the requirement of the Proposed Submission Plan has been established. It further sets out the basis for which a requirement for designated neighbourhood areas can be identified.

2. Background

National Planning Policy Framework

- 2.1 The National Planning Policy Framework (NPPF) sets the context in which local plans must be prepared. The current version of the NPPF was published in December 2023.
- 2.2 NPPF paragraph 11 states that plans and decisions should apply a presumption in favour of sustainable development. It further states that local plans should positively seek to meet the development needs of the area, and that the strategic policies within them should, as a minimum, provide for objectively assessed needs for housing, as well as needs that cannot be met within neighbouring areas.
- 2.3 Paragraph 35 sets out that plans are sound if they meet the four tests of soundness, which require plans to be: positively prepared, justified, effective, and consistent with national policy. In order to be positively prepared, plans are required to provide:

“... a strategy which, as a minimum, seeks to meet the area’s objectively assessed needs; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;”

- 2.4 Paragraph 60 introduces the objective of significantly boosting the supply of homes.
- 2.5 Paragraph 61 states the minimum number of homes needed should be informed by a local housing need assessment, conducted using the standard method in national planning guidance (see below). The outcome of the standard method is an advisory starting point for establishing a housing requirement for the area. There may be exceptional circumstances, which are noted as including the particular demographic characteristics of an area, which justify an alternative approach to assessing housing need. Any alternative approach is expected to reflect current and future demographic trends and market signals.

- 2.6 Paragraph 61 continues to state that in addition to a local authority's own housing needs, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.
- 2.7 Paragraph 67 states that a local authority should establish a housing requirement figure for their whole area which shows the extent to which their own housing need figure can be met over the plan period, as well as any additional needs that cannot be met within neighbouring areas.
- 2.8 Paragraph 67 further states that within this overall requirement, strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations. Where this is not possible, paragraph 68 states that an indicative figure should be provided where requested to do so by a neighbourhood plan body. Factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy should be taken into account.
- 2.9 Of relevance to setting out a requirement for designated neighbourhood areas, paragraph 14 of the NPPF states that in situations where the presumption in favour of sustainable development (paragraph 11d) applies to residential applications, the adverse impact of allowing development that conflicts with the neighbourhood plan is likely to significantly and demonstrably outweigh the benefits, where parts a) and b) apply. Part a) requires the neighbourhood plan to have become part of the development plan within five years of the decision and, of particular relevance, part b) requires that *"the neighbourhood plan contains policies and allocations to meet its identified housing requirement"*.

Planning Practice Guidance

- 2.10 The NPPF is supported by a series of Planning Practice Guidance (PPG). The PPG: Housing and economic needs assessment reinforces the expectation for local authorities to follow the standard method when calculating housing need (Paragraph: 002 Reference ID: 2a-002-20190220).
- 2.11 The PPG sets out that the standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply (Paragraph: 002 Reference ID: 2a-002-20190220).
- 2.12 The use of the use of the standard method is not mandatory, circumstances must exist which warrant an alternative approach. A local authority choosing to take an alternative approach can expect to be scrutinised more closely at examination (Paragraph: 003 Reference ID: 2a-003-20190220).

2.13 The detailed method for calculating local housing need using the standard method is detailed at Paragraph: 004 Reference ID: 2a-004-20201216. The calculation applies four steps (the last of which is only relevant to the top 20 cities and urban centres by population) with prescribed data inputs:

- Step 1 – Setting the baseline
- Step 2 – An adjustment to take account of affordability
- Step 3 – Capping the level of any increase
- Step 4 – cities and urban centres uplift

2.14 The PPG: Neighbourhood planning, sets out further guidance as regards setting a requirement for designated neighbourhood plan areas. It reiterates that strategic policies should set out a housing requirement figure for designated neighbourhood areas. Where this is not possible the local planning authority should provide an indicative figure, if requested to do so by the neighbourhood planning body, which will need to be tested at the neighbourhood plan examination (Paragraph: 009 Reference ID: 41-009-20190509).

2.15 It further states (PPG 41-101-20190509) that there is no set method for setting a requirement for neighbourhood authorities, but instead the general policy making process already undertaken by local authorities can continue to be used to direct development requirements. Matters to be considered include the spatial strategy, housing and economic land availability assessment, and characteristics of the neighbourhood area. Matters which may restrict the scale, type or distribution of development (as per NPPF paragraph 11, footnote 6) should be considered.

2.16 Where neighbourhood planning bodies have decided to make provision for housing in their plan, the housing requirement figure and its origin are expected to be set out in the neighbourhood plan as a basis for their housing policies and any allocations that they wish to make (Paragraph: 103 Reference ID: 41-103-20190509).

2.17 However, paragraph 104 (Paragraph: 104 Reference ID: 41-104-20190509) reiterates that the scope of neighbourhood plans is up to the neighbourhood planning body. A neighbourhood plan does not have to make specific provision for housing, or seek to allocate sites to accommodate the requirement, where strategic policies set out a requirement. This recognises that the allocation of sites to meet the requirement may have already been set out through the strategic policies or through non-strategic policies produced by the local planning authority.

3. LPU Proposed Submission housing requirement

3.1 The application of the standard method calculates the local housing need (LHN) for Wokingham Borough to be 748 dwellings a year at 1 April 2024. The calculation for the

previous year was 795 dwellings. Details of the calculation for each of these periods are as set out in Table 1 and Table 2 below:

Table 1 Local Housing Need at 1 April 2023

Step 1: Setting the baseline	
Projected household growth 2023 – 2033 of 5,138, an average of 513.8 dwellings per annum	513.8
Step 2: Adjustment to take account of market signals	
Median workplace-based affordability ratio 2022	12.77
Adjustment factor = $((\text{Local affordability ratio} - 4) / 4) \times 0.25 + 1$ = $(8.77/4) \times 0.25 + 1 = 2.1925 \times 0.25 + 1 = 1.548125$	1.548125
Minimum annual local housing need figure = (projected household growth per annum x adjustment factor) = $513.8 \times 1.548125 = 795$	795 dpa
Step 3: Capping the level of any increase There is no need for a cap on the Wokingham figure as the local need figure is less than 40% above the average annual housing requirement set out in the most recently adopted strategic policies (policy CP17 of the Core Strategy)	N/A
Step 4 – cities and urban centres uplift Not relevant to Wokingham Borough	N/A
Local Housing Need	795 dpa

Table 2 Local Housing Need at 1 April 2024

Step 1: Setting the baseline	
Projected household growth 2024 – 2034 of 5,032, an average of 503.2 dwellings per annum	503.2
Step 2: Adjustment to take account of market signals	
Median workplace-based affordability ratio 2023	11.79
Adjustment factor = $((\text{Local affordability ratio} - 4) / 4) \times 0.25 + 1$ = $(7.79/4) \times 0.25 + 1 = 1.9475 \times 0.25 + 1 = 1.486875$	1.486875
Minimum annual local housing need figure = (projected household growth per annum x adjustment factor) = $503.2 \times 1.486875 = 748$	748 dpa
Step 3: Capping the level of any increase There is no need for a cap on the Wokingham figure as the local need figure is less than 40% above the average annual housing	N/A

requirement set out in the most recently adopted strategic policies (policy CP17 of the Core Strategy)	
Step 4 – cities and urban centres uplift	N/A
Not relevant to Wokingham Borough	
Local Housing Need	748 dpa

3.2 The Proposed Submission Plan uses LHN as the housing requirement for Wokingham Borough. As set out in Policy SS10: ‘Meeting our housing needs’, this results in a housing requirement of 12,763 dwellings over the year plan period (calculated as 1 year x 795 dwellings plus 16 years at 748 dwellings). The housing requirement averages out to 751 dwellings per year.

3.3 There are not considered to be exceptional circumstances that warrant an alternative method for calculating LHN.

3.4 The application of policies within the NPPF does not provide a strong reason for restricting the overall scale of development in the plan. Technical studies do not suggest the adverse impacts of meeting local housing need would significantly and demonstrably outweigh the benefits when assessed against the NPPF as a whole.

4. Housing requirement for designated neighbourhood plan areas

4.1 Paragraph 5.96 of the Proposed Submission Plan states:

“The Local Plan Update is not reliant on additional land for housing being identified in neighbourhood development plans to meet the housing requirement. All neighbourhood development plans made to date have not included allocations for housing. No emerging neighbourhood development plan seeks to allocate land for housing. The council will supply a housing requirement for designated neighbourhood areas which reflects the spatial strategy set out in the Local Plan Update taking account of completions, permissions, allocations and a proportional contribution to windfall development. Where this is not possible, the council will provide an indicative figure if requested to do so by the qualifying body.”

4.2 Within Wokingham Borough, 11 neighbourhood plan areas have been designated. Of these, five areas have made plans, none of which allocate land for development. With regard to other plans in preparation, none are understood to be considering allocating land for development.

4.3 The approach taken in the recent Purbeck Local Plan, adopted in July 2024¹ was to provide a housing requirement to neighbourhood areas only where those plans were seeking to address housing need. The requirement simply reflects the number of homes allocated in made plans or proposed to be allocated in emerging plans. Those neighbourhood plans

¹ Available at: <https://www.dorsetcouncil.gov.uk/documents/d/guest/purbeck-local-plan-2018-2034-final>

which do not seek to allocate land for homes are not given a requirement figure. Following a similar approach would result in the below:

Table 3 – Indicative housing requirement for neighbourhood areas – method A

Designated Neighbourhood Areas	Housing requirement for neighbourhood areas
Arborfield and Barkham	Made neighbourhood plan does not seek to allocate any housing sites, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan
Charvil	Scale of development the emerging neighbourhood plan might seek to allocate is unknown; no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan.
Finchampstead	Made neighbourhood plan does not seek to allocate any housing sites, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan
Remenham	Currently no firm intention to prepare a neighbourhood plan, no specific housing requirement in accordance with the LPU strategy for housing.
Ruscombe	Made neighbourhood plan does not seek to allocate any housing sites, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan.
Shinfield	Made neighbourhood plan does not seek to allocate any housing sites, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan.
Sonning	Emerging neighbourhood plan does not seek to allocate housing sites, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan.
St Nicholas Hurst	Emerging neighbourhood plan does not seek to allocate housing sites, no specific housing requirement in accordance with the LPU strategy for housing.
Swallowfield	Currently no firm intention to prepare a neighbourhood plan, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan.
Twyford	Made neighbourhood plan does not seek to allocate any housing sites, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan.

Wokingham Without	Currently no known intention to prepare neighbourhood plan, no specific housing requirement in accordance with the LPU strategy for housing beyond the number of homes allocated in this Plan.
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4.4 Whilst the Proposed Submission Plan does not set a requirement for neighbourhood areas, and no neighbourhood area is understood to be seeking to allocate land for development, the following table provides information on how the development set out in the Proposed Submission Plan 2023-2040 might be distributed based on commitments, allocations and a proportionate division of windfall development based on past distribution.

Table 4 Indicative Housing requirements for neighbourhood plan areas – Method B

Neighbourhood area / parish ²	Requirement
Arborfield and Barkham ³	3,555
Charvil	78
Earley	113
Finchampstead	1,592
Remenham	3
Ruscombe	94
Shinfield	921
Sonning	140
St Nicholas Hurst	163
Swallowfield	165
Twyford	217
Wargrave	49
Winnersh	1,025
Wokingham	2,098
Wokingham Without	2,315
Woodley	234
<i>Total</i>	<i>12,763⁴</i>

4.5 Any housing allocations in neighbourhood plans would be expected to provide additional housing above the allocations and commitments identified in the plan. As a minimum, they would be required to meet or exceed the windfall allowance that might be attributable to each neighbourhood area, in order to benefit from NPPF paragraph 14.

5. Conclusion

5.1 This topic paper provides further background and information on the housing requirement in the LPU Proposed Submission Plan. It seeks to explain and justify the council's approach

² Parishes/towns coloured grey are not designated as neighbourhood areas, but included for completeness.

³ Joint neighbourhood area comprising Arborfield & Newland Parish and Barkham Parish whose requirements would be 1,935 and 1,620 respectively

⁴ Totals may not sum exactly due to rounding

to setting the requirement as well as its approach to setting a requirement for neighbourhood areas.

- 5.2 It is not considered that exceptional circumstances exist that warrant an alternative method for calculating local housing need and technical studies do not suggest the adverse impacts of meeting local housing need would significantly and demonstrably outweigh the benefits when assessed against the NPPF as a whole.