



Growth Fund

Programme of Development Guidance 2008

Annex B – Guidance on Producing Housing Trajectories



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Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 020 7944 4400
Website: www.communities.gov.uk

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Tel: 08701 226 236
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Introduction to this Guidance

1. Planning Policy Statement 12 sets out the requirement for local planning authorities to provide information on housing policy and performance including the preparation of a housing trajectory. Current Government guidance on housing trajectories is provided by PPS12 and the companion document *Local Development Framework Monitoring: A Good Practice Guide*.
2. Housing growth trajectories are not themselves statutory planning documents. They are a useful tool for taking forward and realising your growth ambitions, and for planning the delivery of associated infrastructure.
3. You should produce a single trajectory to cover the total of growth within your local authority/partnership as expressed in the Programme of Development.

Why Prepare a Housing Trajectory?

4. Trajectories are a forward planning tool, designed to support the plan, monitor and manage approach to housing delivery by monitoring both past and anticipated completions across a period of time. To illustrate, if past completions show a shortfall against requirements they can be used to demonstrate that future completions will make up this shortfall. Alternatively, as they look forwards as well as backwards, they can help indicate at an early stage whether any steps need to be taken to ensure planned requirements are met. Trajectories also provide a means of further exploring and understanding the various components of past and future housing supply.
5. We would emphasise that housing trajectories are not intended to produce perfect forecasts of the future, nor necessarily absolute answers regarding the past and present. However, we would expect them to allow intelligent questions to be asked and answered; thereby providing as good an understanding as possible of the prospects for delivery and/or the reasons for any under-delivery.
6. Housing trajectories should be regularly checked and updated, as often as is appropriate to local circumstances. Their production should be the result of discussions with all appropriate parties and, while recognising the limitations set by commercial and other confidentiality considerations, their content should be as open and transparent as possible. Growth point and growth area planning authorities or partnerships will not be held to account if the delivery of housing slips from the trajectory forecast: they are a management tool to enable a strategic overlook of the supply of housing to be taken locally and risks to the delivery of housing to be easily identified and mitigated against.

Part 1 – Preparing a basic Housing Trajectory

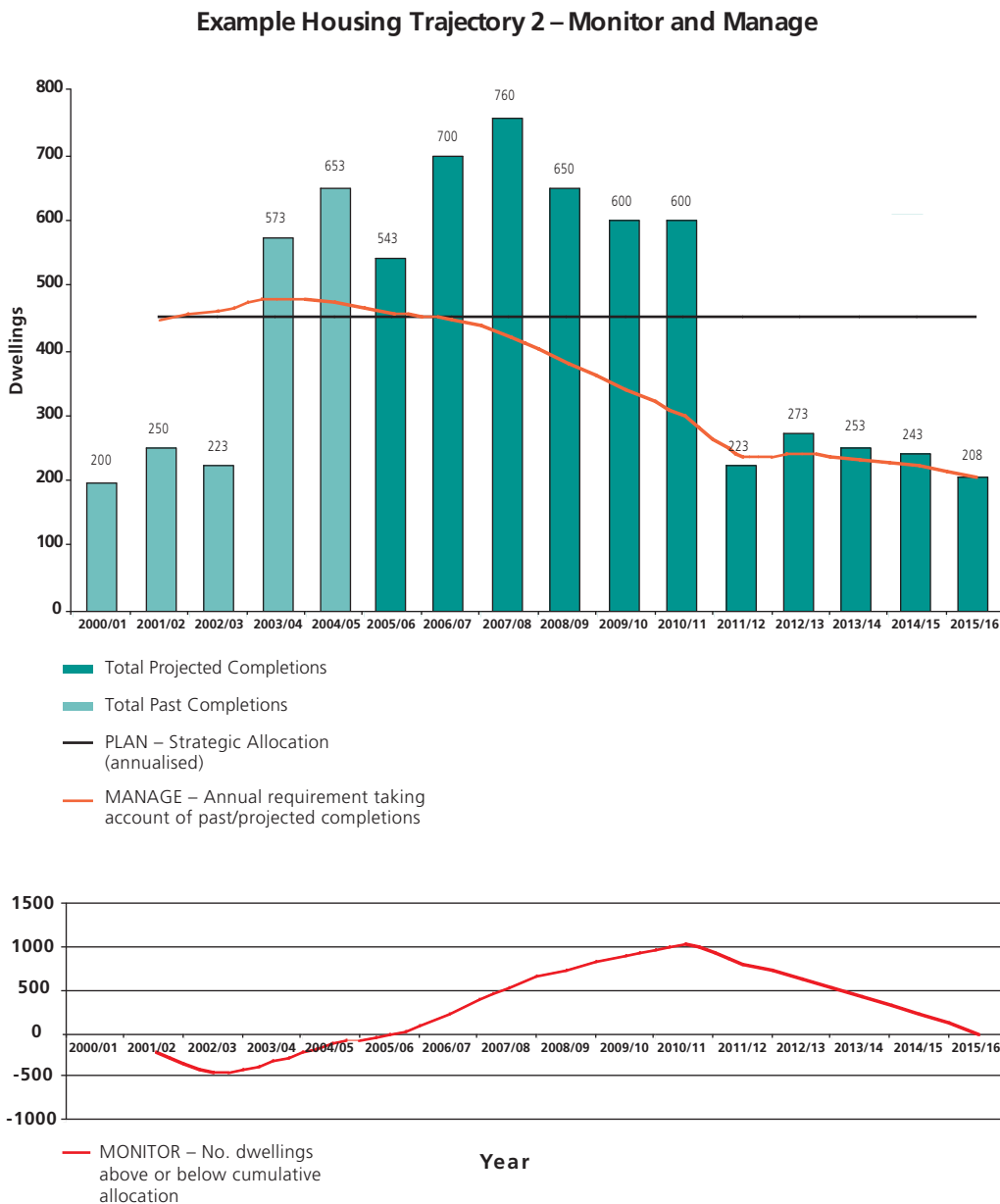
7. Ultimately we would like all growth point and growth area authorities to have and use the most detailed trajectory and chart below. However, given the differing local circumstances, it is useful to produce the trajectory in stages and different places will be in a position to complete the final stage at different times. The basic elements are:
 - The trajectory should cover the period 2001-02 to 2016-17 (16 year period).
 - Past dwelling completion rates – net additional dwellings completed year on year from 2001/02. This is to allow comparison of past and projected completion rates.
 - Projected future completion rates – projected net additional dwellings to be completed year on year until at least 2016-17. This will include allocated sites and the contribution from other sources. Authorities may wish to extend the trajectory beyond 2016-17 to demonstrate a longer supply trend.
 - Dwelling requirement – the annual net additional dwelling requirement from the relevant RSS or that proposed to Government in the growth point submission where ahead of the RSS process.
8. Information should be presented within a table. An example is shown below. In this example the trajectory has been prepared in the year 2005-06 and covers the 15 year period 2000-01–2015-16. The green 'plan' line shows the rate across the whole 15 year strategic plan period. In this case a strategic requirement of 6750 has been divided by 15 to give an annual average of 450. The plan is forecast to deliver two more dwellings more than the strategic requirement. This trajectory is the minimum requirement to meet PPS12 guidance.

Part 2 – Charting and Developing Your Housing Trajectory

9. From this basic trajectory, it is possible to include information on whether a strategy is under- or over-providing at any point in time (the red 'monitor' line – row G in the example below) and also on the possible need for any action to put the strategy back on track (the orange 'manage' line – row H).

	2000/01	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL	
Past Completions – Allocated Sites		100	100	450	530												1180	A
Past Completions – Unallocated Sites	200	150	123	123	123												519	B
Projections – Allocated Sites						420	550	610	550	500	500	150	200	180	170	135	3965	
Projections – Unallocated Sites						123	150	150	100	100	100	73	73	73	73	73	1088	
Total Past Completions	200	250	223	573	653													C
Total Projected Completions						543	700	760	650	600	600	223	273	253	243	208	6752	D
Cumulative Completions		250	473	1046	1699	2242	2942	3702	4352	4952	5552	5775	6048	6301	6544	6752		E
PLAN – Strategic Allocation (annualised)		450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	6750	F
MONITOR – No. dwellings above or below cumulative allocation		-200	-427	-304	-101	-8	242	552	752	902	1052	825	648	451	244	2		G
MANAGE – Annual requirement taking account of past/ projected completions		450	464	483	475	459	451	423	381	343	300	240	244	234	225	206	-2	H

10. This trajectory will produce the following chart:



11. In this example the red **monitor** line (generated by row G of the table) shows how many dwellings above or below the planned rate the plan strategy is at any point in time. This is calculated by adding up completions over time and comparing it to the planned rate. Here, at year two of the plan period (2002-2003) the requirement is equal to two years of annualised rate ($450 \times 2 = 900$). 473 dwellings have been built (row E), hence the red monitor line is shows -427 dwellings. The monitor line provides an early warning if a strategy is likely to deviate from delivery of the annualised requirement over the period. If the trend line on the graph is above 0, a strategy is ahead of the annualised delivery of its requirement. If the trend line moves below 0, the strategy is under-delivering relative to its requirement.

12. **The 'manage' line:** Whilst the 'monitor' line shows under- or over-supply at any one point it does not take account of the effect of future completions in meeting the overall target. The key measure is therefore the remaining annual requirement, which is shown by the orange 'manage' line (generated by row H). This represents the annual number of completions needed to meet the strategic plan total, taking into account any shortfalls or surpluses from both previous and future years. In other words, it represents the numbers of completions needed to get a plan strategy back on track at any point in time. The value of this 'manage' line is that it allows assessment of whether past shortfalls or surpluses will be addressed through future trends in supply, or whether there is any need for action to allow delivery of the strategic allocation.
13. This 'manage' line is calculated using a residual method and is derived from the total plan allocation less the cumulative rate of completions divided by the number of years a plan strategy has left to run. For example:
- Year 1 (2001-02) = Total allocation (6,750) divided by years left to run (15) = 450.
 - Year 2 (2002-03) = Total allocation (6,750) – completions to date (year one = 250) divided by 14 (years left to run) = 464.
 - Year 3 (2003-04) = Total allocation (6,750) – completions to date (year one & year two = 473) divided by 13 (years left to run) = 483.
 - Year 11 (2012-13) = Total allocation (6,750) – completions to date & projected (years one to ten = 5,552) divided by 5 (years left to run) = 240.

Part 3 – Developing Your Housing Trajectory

14. It is possible to break the components of supply down further, to help illustrate the anticipated contribution from individual sites and separate out the sources of windfall completions. In the example below, windfalls are separated out into small and large scale, and sites, including a strategic site phased later into the life of the plan can be tracked through the trajectory.

	2000/1	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL	
Small scale unidentified windfalls	50	28	23	23	23	23	50	50	50	50	50	23	23	23	23	23	485	A
Large scale unidentified windfalls	100	122	100	100	100	100	100	100	50	50	50	50	50	50	50	50	1122	B
Strategic Site								250	250	250	250						1000	
Site A	100	100	100	100	30												330	
Site B				150	200	100	50	50									550	
Site C				100	100	120	100	60	50								530	
Site D					100	100	100	100	100								500	
Site E				100	100	100	100										400	
Site F							100	100	100	100							400	
Site G							100	50	50	50	50						300	
Site H										100	100						200	
Site I											100	100	100				300	
Site J												50	50	30	35		165	
Site K													50	50	50	50	200	
Site L														100	50	50	200	
Site M															35	35	70	
Past Completions	250	250	223	573	653													C
Projected Completions						543	700	760	650	600	600	223	273	253	243	208	6752	D
Cumulative Completions		250	473	1046	1699	2242	2942	3702	4352	4952	5552	5775	6048	6301	6544	6752		E
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15. This example will produce a similar chart to the one in Part 2 of this guidance, but with the columns broken down to identify which sites contribute to the total project completions in any given year.

Frequently Asked Questions

A What happens if a plan is phased?

Some strategic plans and local plans/ development plan documents phase the delivery of housing, with the strategic requirement varying over different time periods. Where this occurs you may wish to generate trajectories demonstrating delivery against the phasing.

Bear in mind that the impact of phasing as opposed to the use of annualised rates should be nil over a single whole plan period. In other words, the key to looking at the trajectory is in understanding the difference between planned rates and completions at the end of the plan period. In the examples above, this is a surplus of two dwellings. This will be the case whether or not the strategic requirement is phased, and hence the possible need for action at any point throughout the plan period will not be affected. However, phasing may have relevance for a part of a trajectory, or where strategic or local development document periods overlap, and there may be good reasons as to why phasing is included in the trajectory.

B What timescale should we use?

The initial focus should be from 2001-02 to 2016-17. However under the new system of LDFs allocation strategies will run to RSS timescales (15-20 years), allowing a longer term view of housing supply trends to be shown., For this reason you may wish to project forward to align with the lifetime of a draft or adopted RSS.

We also recognise that the supply of housing can be very 'lumpy', changing significantly year on year as sites come forward. The basic intention of trajectories is to therefore provide sufficient information on past and future completions to allow a reasonable estimate of past trends and levels of future supply.

B1 In what year should our trajectory begin?

The requirement in PPS12 is to look back to the beginning of the plan period, or for five years, whichever is longer. In some cases plan allocation strategies may not have been running for five years. For example, if the base date of the adopted plan is 2001, preparing a trajectory for the monitoring year 2004-05 will mean that only four years of past completions would be shown for the plan period. In this situation additional completions figures for the period before 2001 should be included, as shown above. In charting the trajectory the 'monitor and manage' lines should still run from the base date of the plan, in this case 2001. It may also be useful to include past completions data over a longer period than the minimum five years where completions have been volatile.

B2 How far forward should it run? How do we produce a trajectory if our plan has 'run out'?

Trajectories should run to at least 2016-17. Where it is useful to run to 2021 or 2026 to align with RSS then please do so. The trajectory is a tool for you to manage the delivery of housing so it is important that its design is fit for purpose.

We recognise that in some growth points the growth proposals submitted to Government have no basis in statutory plans, either draft or adopted, and as such have not been subject to testing or consultation. It will be important in this context that the documents are referenced to this effect and that their project management role and relationship to the planning process is clear.

C How will Government use this trajectory?

The trajectory is primarily a business planning tool for the growth point and growth area authorities and partnerships to assist in planning for an increase in the delivery of housing. Government views a robust trajectory as an integral element to the programme of development as business planning document, which is to be used by Government to assess need for funding to support housing growth for 2008/09 onwards. Growth point and growth area authorities and partnerships will need to demonstrate how the project bids for infrastructure funding or revenue projects within the programme relate to the phasing of the housing growth, as represented by the trajectory. The robustness of the overall programme will be an influencing factor in determining funding allocations.

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