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Housing Need and Site Assessment Update

Report summary:

This report seeks to update Members on changes to the local housing need figure for East Devon that sees this increase to 946 homes per year as a result of the increasing gap between salaries and house prices in the district. This change has come from work on the update to the local housing needs assessment which will be reported to Members when available.

Member's views are sought on a proposal to bring forward Member discussions of potential site allocations in and around the main towns to enable this work to be undertaken in early summer to inform officer's ongoing work on the draft plan for consultation in the autumn. Alongside this proposal Members views are also sought on how this work could align with further presentations from site promoters and developers which it is proposed could also be undertaken in early summer with respect to sites in and around the main towns.

Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

Recommendation:

That Strategic Planning Committee:

1. Consider the update to the local housing need figure and its implications as detailed in the report;
2. Recommend that detailed site assessment work for sites being promoted for allocation in and around the main towns be brought to the committee for consideration in the early summer;
3. Recommend that arrangements be made for two further day long virtual sessions for presentations from site promoters and developers of sites in and around the main towns to be held before Members formally consider the site assessment work;
4. In the event that recommendations 2 and 3 are agreed consider the issues of the length of presentation slots and the prioritisation of sites as detailed in paragraphs 3.4 and 3.5 of the report and recommend an approach for the meeting arrangements.

Reason for recommendation:

To advise Members of changes to the local housing need figure and agree a way forward for considering detailed site assessment work and engaging site promoters and developers in this work.

Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Democracy, Transparency and Communications
- ☐ Economy and Assets
- ☐ Finance
- ☒ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information Planning Practice Guidance on Housing and Economic Needs Assessments - [Housing and economic needs assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/housing-and-economic-needs-assessment); Previous SPC report on Site Promoter [2. sitepromoterpresentationsSPCreport2.pdf \(eastdevon.gov.uk\)](https://www.eastdevon.gov.uk/media/2021/02/sitepromoterpresentationsSPCreport2.pdf); Previous SPC report on Housing Policy Matters - [5. Housing Policy Matters - v2.pdf \(eastdevon.gov.uk\)](https://www.eastdevon.gov.uk/media/2021/05/housing-policy-matters-v2.pdf)

Link to [Council Plan](#)

Priorities (check which apply)

- ☐ Better homes and communities for all
- ☐ A greener East Devon
- ☐ A resilient economy

1. Local Housing Need Figures

- 1.1 Members will be aware that the local housing need for the district is calculated under government policy using a standard method. One of the inputs into the standard method is an affordability ratio which is calculated by dividing median house prices by median gross annual workplace-based earnings. The figures for 2021 have just been published and show that the affordability ratio for East Devon now stands at 10.88 up from 10.08 in 2020. This illustrates that increasing house prices over the period have not been matched by increases in earnings making housing in the district less affordable than it was.
- 1.2 The standard method includes an adjustment to take account of affordability which basically means that for each 1% the ratio is above 4 the average household growth baseline should be increased by a quarter of a percent. The result of this is that the housing need figure for East Devon increases from 918 homes per annum to 946 homes per annum. Clearly this change now needs to be factored into our work on the new Local Plan. The impact of the change is that the East Devon 20 year housing need figure rises from 18,360 to 18,913 homes i.e. 553 more homes are needed over the plan period. Once a 10% supply flexibility allowance is added to this as discussed in previous papers then in reality a further 608 homes will need to be planned for.

- 1.3 Consultants are currently working on an update to our Local Housing Needs Assessment which among other things will reflect these changes and should be available for presentation to Members in early summer.
- 1.4 Members will be aware that following a debate at council on the 21st February 2022 the chairman of the Council wrote to Michael Gove MP:
- “(a) calling on him to review the standard methodology in the light of concerns about the reliability of the algorithm used and the AONB designations and other environmental constraints in the district; and*
- (b) calling on the government to identify a more positive approach to solving the housing crisis rather than requiring the granting of more planning permissions.”*
- 1.5 The letter and the received response are appended to this report and highlight the government’s objectives around delivering 300,000 homes per year nationally and that changes to the formula made in December 2020 did not affect East Devon and instead increased need in the 20 most populated urban areas.
- 1.6 The letter from government also states that “Councils decide their own housing requirement once they have considered their ability to meet their own needs in their area. This includes taking local circumstances and constraints (such as areas of outstanding natural beauty) into account and working with neighbouring authorities if it would be more appropriate for needs to be met elsewhere. This recognises that not everywhere will be able to meet their housing need in full”. This may be seen as a means to not meet the identified need in East Devon, however it would entail demonstrating that the local need cannot be met without causing harm to the AONB’s when initial assessment work suggests that this is likely to be achievable. Even if this were not possible we would really need to reach agreement with a neighbouring authority to take any shortfall under the duty to co-operate when this is likely to be difficult to achieve and time consuming. It is therefore not considered that the letter provides an opportunity to change path and move away from Members established position of seeking to produce a local plan that meets the identified housing need in full.

2. Site Assessment Work

- 2.1 Work is continuing to complete a full detailed assessment of each of the sites that have been put forward through the call for sites and assessed by the HELAA panel (see separate HELAA report on this agenda). This is a huge area of work with a net total of 552 sites to consider as well as those that will come through the current call for sites as well. This work also has to be progressed alongside various other work streams in order to produce a draft plan for consultation to be presented to Members at the end of the summer. In reviewing the timetable for this work it is considered that it is not going to be possible to provide Members with a full assessment of every site in advance of presentation of the draft plan. Work is therefore progressing on the basis of prioritising assessment of the sites put forward within and around the main towns i.e. working through the tiers of the settlement hierarchy from tier 1 down to tier 4. By doing this it is envisaged that work will have progressed to the stage whereby detailed site assessments of the sites in and around the main towns can be presented to Members in the early summer provisionally at the July Committee meeting. This would enable Members to consider these sites and provide their provisional views on whether they should be included as a preferred site for allocation in the draft plan. No final view on these sites could be reached without first seeing the assessment of sites outside of the main settlements to understand how this may impact on housing numbers and the spatial strategy. However it is considered that growth should be accommodated in the most sustainable locations and so opportunities to accommodate growth within the main settlements at the higher tiers within the settlement hierarchy should be maximised. With this approach and a brownfield first mind set it is considered that

obtaining Members views on sites at the towns in early summer would inform production of the draft plan for consultation and reduce the committee's workload at the end of the summer when considering the draft plan. Members' views on this approach are sought.

3. Presentations from Site Promoters and Developers

3.1 If Members are to consider the sites at the main towns in the early summer then it is worth considering how this aligns with further presentations from developers and site promoters. At Members meeting of the 28th February 2022 Members were presented with options for taking forward this area of work. At the meeting Members resolved to progress option 2 which was to:

“Set aside time for more developer presentations at a later stage of plan production This option would enable the remaining parties to present their sites but enable some further refinement and targeting of site presentations by delaying further presentations until there is greater clarity over the proposed strategy and policy direction. It would also enable a potential further call for sites to take place to help to meet the shortfall in housing sites and for additional sites to be able to present as well”.

3.2 If Members are to consider full site assessments of the sites in and around the main towns in the early summer it would make sense for site promoters and developers to make their presentations in relation to these sites beforehand.

3.3 Based on Members resolution at the November 2021 meeting the January sessions were organised on the following basis:

- Two full day meetings (10am to 5pm and 9.30am to 5pm respectively) with a 30 minute lunch break and 10 minute comfort breaks in the morning and afternoon;
- 20 minute slot per site (comprising 10 -15min presentation followed by questions from Members);
- An agenda was published beforehand with interested parties invited to register to present to the committee by a stated deadline;
- As demand exceeded the number of slots a cascade was applied whereby priority was given to mid-scoring sites in officer's initial assessments;
- A list and timetable of presentations was put together taking sites in settlement hierarchy order from top to bottom and then alphabetically through each tier;
- The meetings were held virtually and broadcast on you-tube.

3.4 In reflecting on the two days of presentations heard in January it was notable that while the meeting ran to schedule on the 25th; on the second day the meeting ran ahead of schedule for most of the day. This was because a number of the presentations were on smaller scale sites and the presentations and subsequent question and answer sessions were shorter. It is therefore recommended that a slot of only 10 minutes be offered for sites of no more than 10 dwellings or a site area of less than 0.5ha.

3.5 It is considered that a further two days of sessions could be set aside to hear presentations from the remaining parties that wish to present on sites in and around the main settlements using the January sessions as a basis for the new meetings. It is noted that some Members in response to the report to Committee in February highlighted that they felt that all sites should have the opportunity to be presented in order to be fair to all parties. Members may therefore want to consider whether a priority system should still be applied in the event that

demand exceeds the number of available slots or whether or not more time should be set aside in that eventuality.

Financial implications:

There are no specific financial implications impacting council finances as a result of the report. As a council with an HRA, the impact of housing needs is significant both within the general fund, for example in terms of temporary accommodation requirements and primarily within the HRA to meet the need for social and affordable housing.

Legal implications:

This report updates members as to how the updated local housing need figure can be addressed in the draft Local Plan work going forward ensuring the Council complies with its duties and can demonstrate an adequate supply of housing. Other than those set out in the report here are no legal implications from this report.

Appendix 1 – Letter from the chair of the Council to Rt Hon Michael Gove MP

Date: 06/04/2022
Direct email: ithomas@eastdevon.gov.uk



The Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
House of Commons
London
SW1A 0AA

Dear Mr Gove

Standard Method for Calculating Housing Need

I am writing on behalf of East Devon District Council following a debate at the Council meeting on the 21st February in which Members agreed to write to you calling on you to review the standard methodology for calculating housing need and to identify a more positive approach to solving the housing crisis.

The standard methodology is a crude and blunt instrument designed to deliver the government's target of 300,000 homes a year. Using a mathematical equation to determine how many homes are built and where is a fundamentally flawed approach that pays no regard to key factors such as land availability and environmental constraints that need to be taken into account. The result is a housing need figure for East Devon that can only be met through harming our attractive landscape areas including two Areas of Outstanding Natural Beauty (AONB's) and areas where development has been shown to have a significant detrimental impact on designated wildlife habitats. Between them these areas make up well over 90% of East Devon. We have next to no brownfield sites to develop and so housing has to be built on attractive green field sites to the detriment of the landscape and wildlife. The natural environment is what attracts people to East Devon and makes it such a wonderful place to live but the standard method means that we have to sacrifice that to satisfy a housing need generated by a flawed algorithm.

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We invest in people Platinum

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The main input into the standard method is household growth projections but these projections are based on past trends. The impact of this on the housing need figure is massive and yet all that this means is that growth is directed to the locations that have historically seen growth. As a result those areas of the country that have historically done as successive governments have asked and accommodated growth are punished by ever increasing housing need figures. This is because growth leads to a growing population which in turn increases household growth projections thereby creating a need for even more homes.

East Devon has accepted huge amounts of growth in recent times through Cranbrook new town, large housing developments of thousands of homes on the edge of Exeter and urban extensions of many of our market towns. The number of homes delivered in east Devon per year has grown from around 700 a year less than 10 years ago to well over a 1000 in 2019. These developments have however used up the available land and led to a pattern of population and household growth that under the standard method fuels a supposed need for more and more homes in the future. These levels of growth are unsustainable and harmful to the environment and communities of East Devon.

The standard method approach is disconnected from government policy in that it distributes housing numbers across the country with no regard to key government objectives around sustainability, climate change, bio-diversity gain and levelling up. There is a desperate need to look to allocate new housing based on future needs and aspirations to protect the environment rather than based on past trends. To do this we need a joined up approach that looks at the ability of different areas to deliver growth that best meets the government's national planning policies and aligns with the levelling up agenda. This could be achieved through a national housing strategy or through other mechanisms that use sound planning principles to determine where new homes are accommodated rather than maths.

East Devon District Council is calling on the government to find a more positive approach to solving the housing crisis and a move away from algorithms that pay no regard to the consequences of new housing numbers on the environment and the communities affected by growth. We look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Thomas', with a large circular flourish at the start.

Councillor Ian Thomas
Chair of East Devon District Council



Department for Levelling Up,
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Our Ref: 16405025

28 March 2022

Dear Cllr Thomas

Thank you for your letter of 2 March to the Rt Hon Michael Gove MP regarding the standard method for calculating local housing need. I am replying as Minister of State for Housing.

I hope you will understand that, due to the Secretary of State's quasi-judicial role in the planning system, I am unable to comment on specific local plans or local issues. However, I can offer the following general comments, which I hope you will find useful.

The Government is clear that to help make home ownership affordable for more people, and to help more people rent their own home, we need to deliver more homes. A crucial first step to getting enough homes built in the places where people and communities need them, is to plan for the right number of homes. That is why, in 2018, we introduced a standard method for assessing local housing need to make the process of identifying the number of homes needed in an area simple, quick and transparent.

In December 2020, to support working towards our target to deliver 300,000 homes per year, we changed the formula to increase need in our 20 most populated urban areas to maximise use of existing infrastructure and to support development that reduces the need for high-carbon travel. The uplift in need within our biggest cities and urban centres in England also supports our wider objectives of regenerating brownfield sites, renewal and levelling up. All other local authorities in England – including East Devon – saw no change compared to the previous method, so in effect continue to calculate their local housing need in the same way they had been previously.

The standard method is used by councils to inform the preparation of their local plans. Councils decide their own housing requirement once they have considered their ability to meet their own needs in their area. This includes taking local circumstances and constraints (such as areas of outstanding natural beauty) into account and working with neighbouring authorities if it would be more appropriate for needs to be met elsewhere. This recognises that not everywhere will be able to meet their housing need in full.

Paragraph 11 of the National Planning Policy Framework sets out that, for the purposes of plan-making, local planning authorities should provide for objectively assessed needs for housing and other uses, unless the application of policies in the Framework to protect the areas, set out in Footnote 7, provide a strong reason for restricting development in the plan area. These policies include National Parks, Areas of Outstanding Natural Beauty and Green Belt. For the purposes of decision-taking, paragraph 11 also sets out that planning permission can be refused where the

application of policies in the Framework to protect the areas, set out in Footnote 7, provides a clear reason for refusing the development proposed.

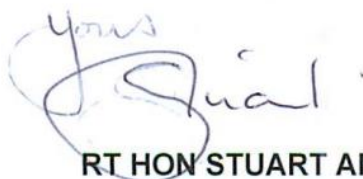
Local authorities are expected to give, throughout their planning policies and decisions, full consideration to all relevant policies in the National Planning Policy Framework (NPPF), including those protecting the natural environment, irreplaceable habitats and valued landscapes.

The NPPF says local authorities should give substantial weight to the value of using suitable *brownfield* land within settlements for homes. They should support housing development on under-utilised land by, for instance, converting space above shops and building on or above service yards, car parks, lock-ups and railway infrastructure. It is also clear that where there is an existing or anticipated shortage of land for meeting identified housing needs, it is especially important that planning policies and decisions avoid homes being built at low densities and that developments make optimal use of the potential of each site.

Ministers are considering how to best take forward proposals for changes to the planning system, and an announcement on next steps will be made in due course. An integral part of any changes will be considering how they align with and support the Department's wider mission to level-up the country and regenerate left-behind places.

As with all policies, we are monitoring the impact of the new standard method, particularly as the impact of changes to the way we live and work and levelling up become clear.

Thank you again for your letter. I hope you find this information helpful.

A handwritten signature in blue ink, appearing to read 'Stuart', with the word 'Yours' written above it.

RT HON STUART ANDREW MP