Agenda for Overview Committee Tuesday, 27 September 2016; 6.00pm

Members of the Committee

Venue: Council Chamber, Knowle, Sidmouth, EX10 8HL <u>View directions</u>

Contact: Chris Lane 01395 517544 or Debbie Meakin 01395 517540 (or group number 01395 517546): Issued 16 September 2016



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- 1 Public speaking
- 2 To confirm the minutes of the meeting held on 28 June 2016 (pages 3 6)
- 3 Apologies
- 4 <u>Declarations of interest</u>
- 5 Matters of urgency none identified
- To agree any items to be dealt with after the public (including press) have been excluded. There are no items that officers recommend should be dealt with in this way.

Matters for Debate

7 **Housing Delivery – discussion paper** (pages 7 - 19)

To consider and agree an approach for the committee to undertake review of the issues raised in relation to the local housing market and changes introduced by the Housing & Planning Act 2016, which will lead to recommendations for an outcome of maintaining a balanced and sustainable housing market to meet local housing need.

8 Quality of house building in East Devon (pages 20 - 25)

To consider and agree a response to the All Parliamentary Group for Excellence in the Built Environment report entitled "More Homes, Fewer Complaints".

9 Overview forward plan (page 26)

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Decision making and equalities

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EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Overview Committee held at Knowle, Sidmouth on 28 June 2016

Attendance list at end of document

The meeting started at 6.00pm and ended at 8.25pm.

*1 Councillor David Chapman

The Chairman asked that Committee members spend a few moments remembering the life and Council work of Councillor David Chapman who had sadly passed away on Sunday.

*2 Public speaking

There were no public speakers at this point of the meeting.

*3 Minute confirmation

The minutes of the Overview Committee held on the 22 March 2016, were confirmed as a true record. Councillor Matthew Booth raised an issue arising from the minutes on coastal erosion issues at Pennington Point, Sidmouth and the Sidmouth Beach Management Plan and where responsibility for any coast protection works lay

Councillor Mike Allen advised that he had attended a meeting of the Joint Economy and Regeneration Think Tank but had not had a chance to discuss his report entitled 'East Devon Economic Development Policy in Rural Areas'. The Chairman reported that the Committee at its meeting on 29 November 2016 would discuss economy, including in rural areas.

*4 Role of the Committee

Members noted changes to the Constitution agreed at Annual Council on 16 May 2016. The briefing paper set out the role of the committee following these changes.

5 Local Government Boundary Committee for England Electoral Review Programme 2015 - 2019

The Committee received a report from Mark Williams, Chief Executive, asking the Committee to consider and recommend to Cabinet/Council a future number of councillors for the District of East Devon (currently 59) and to approve the draft submission to be sent to the LGBCE (due week commencing 18 July 2016). The report had proposed for the purposes of debate that the minimum number of East Devon Councillors required was 45.

The key requirement the LGBCE needed was the council's view on the appropriate number of Councillor for the future. The LGBCE advised that effective representations would address:

- Decision Making;
- b. Scrutiny and Partnerships;
- c. Representational Requirements.

During discussions, the following further points and questions were also raised:

- If the Council were minded to reduce the number of councillors, was the need for Councillors to represent the Council on partnerships and outside bodies and Member Champions capable of being properly addressed? There was also the need to consider the representational requirements of constituents;
- Disappointment that only 31 councillors had replied to the latest survey;

- Less Councillors meant more work for those in post and that affected their work/life balance:
- There was not a standard number of electors per Councillor;
- Concern over a suggestion made in the report for there to be the same number of Councillors on Cabinet and Scrutiny, which would reduce the number of Councillors on Scrutiny;
- Mention should be made in the report of the Exeter to Waterloo rail line;
- There were originally 60 councillors at EDDC and this would be the ideal number to enable the work to be spread around;
- The way Councillors now worked has changed greatly over the last 10 years and this work had increased considerably;
- What was the ideal number of councillors to properly service and represent East Devon?
- East Devon was a diverse district and had an ageing population,
- The number of planning applications in the District was increasing which meant more work for all Councillors, particularly those on Development Management Committee;

RECOMMENDED

- 1. that the appropriate number of Councillors for the District of East Devon to be recommended to the LGBCE was 60 and that the justification for this was:
 - a. The need to ensure an appropriate work/life balance for new Councillors;
 - b. The need for enough members to ensure effective scrutiny and properly represent the full diversity of the district;
 - c. The role of the district councillor was seen to be a more active and demanding role as a consequence of developments in ICT and social media together with an increased interest in local democracy, planning and general societal changes;
 - d. Increased role of councillors resulting from changes in devolution and the funding of services:
 - e. The need to reflect the growth in population in East Devon both at Cranbrook and generally.
- 2. that a revised and updated draft submission based on that attached to the report be approved for the purposes of submission to the LGBCE;
- that the Chief Executive, in consultation with the Group Leaders, be given delegated authority to make any recommended changes by the LGBCE to the draft submission following its consideration by the LGBCE.

6 Heart of the South West Formal Devolution Bid

Members received a report from Mark Williams, Chief Executive, which sought approval to sign up 'in principle' to the pursuit of a Devolution Deal and the creation of a Combined Authority for the Heart of the South West sub-region to administer the powers devolved through the Deal. An 'in principle' agreement from all of the authorities, partners and MPs involved in the Heart of the South West devolution process would open up negotiations with Treasury to work towards a deal.

During discussions, the following points and questions were raised:

- Concern about possible future financial implications of taking on responsibility for health, social and wellbeing issues;
- Future of development of Hinkley Point C following the EU Referendum result;
- The process chosen by the government to introduce devolved powers was flawed.

RECOMMENDED

- that the Leader's current approach to devolution be endorsed and that agreement be given to signing up to the principle of creating a Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution Deal for the area;
- 2. that it be noted that giving this endorsement does not commit the Council to entering into a Devolution Deal or becoming a member of a Heart of the South West Combined Authority. This would be subject to future debate and agreement by the Council and subject to negotiations with Government.

7 Communications Plan 2016/20

The Committee received a report from Karen Jenkins, Strategic Lead - Organisational Development and Transformation, on the Communications Plan 2016/20. The plan aimed to deliver effective communications to EDDC's customers. The Council strongly believed that customers who were informed about its services and benefits were more positive in their view of the Council than those who were not so informed.

Although there had been a great increase in social media activity, the Council used other methods such as the local press and leafleting to get its message across.

Karen Jenkins, Strategic Lead - Organisational Development and Transformation was thanked for her report.

RECOMMENDED

that the Communications Plan 2016-2020 be endorsed.

*8 Overview forward plan

The Committee discussed items for the forward plan, and agreed the following topics to be scoped before further consideration on how to proceed:

RESOLVED

That the forward plan include:

- 27 September 2016 Affordable homes, Street Markets and trading consultation outcomes.
- 29 November 2016 Economy.
- 11 January 2017 Draft budgets and service plans 2017/18.
- 28 March 2017 Tourism economy and cultural enhancement of natural environment.

Attendance list

Councillors Present:

Peter Bowden (Chairman)
Graham Godbeer (Vice Chairman)

Mike Allen Matthew Booth Peter Faithfull Maria Hale Ian Hall Rob Longhurst

Councillors Also Present:

David Barratt
Paul Diviani
John Dyson
Jill Elson
Cathy Gardner
Roger Giles
Ben Ingham,
Andrew Moulding
Marianne Rixson
Pauline Stott
Tom Wright

Officers

Anita Williams, Principal Solicitor
Mark Williams, Chief Executive
Karen Jenkins, Strategic Lead - Organisational Development and Transformation
Rebecca Heal, Solicitor
Chris Lane, Democratic Services Officer

Councillor Apologies:

Pat Graham Christopher Pepper

Chairman	Data
Chaillian	 Date

Report to: Overview Committee

Date of Meeting: 27th September 2016

Public Document: Yes
Exemption: None

Review date for release

None



Agenda item:

7

Subject:

Housing Delivery - discussion paper

Purpose of report:

This report sets out some of the challenges we face in maintaining housing delivery in the district to meet housing needs, and in particular the need for affordable housing.

It recognises the success we have achieved in recent years and considers ways in which we can continue to deliver the homes required in a new national housing policy context and changing housing market conditions. The discussion can influence our housing and planning policies, the current operating environment, and opportunities in the East Devon housing market.

The housing market has complex interactions with many factors that we are unable to control. Our policies must be based on sound evidence of local market conditions and housing need, in order that we can use the National Planning Policy Framework and discretionary housing policies to best effect for our residents.

In exploring the subject the committee may wish to adopt an ad hoc Select Committee approach and gather evidence from expert witnesses to help in formulating recommendations.

Recommendation:

The Overview Committee consider the issues raised in relation to the local housing market and changes introduced by the Housing & Planning Act 2016, and propose actions to ensure that we maintain a balanced and sustainable housing market to meet local housing need.

In order to undertake this task comprehensively we are proposing a Select Committee style enquiry approach, calling upon expert witnesses to address the Committee and give their views on the challenges we face in delivering sufficient and appropriate new homes for East Devon residents, and how we respond with suitable plans and policies set in the current national framework.

Reason for recommendation:

To encourage a discussion and obtain a steer on some of the issues influencing housing delivery in the future.

Officer:

John Golding Strategic Lead – Housing, Health & Environment and Ed Freeman – Service Lead Planning Strategy & Development.

Management.

Financial implications:

There are no financial implications at this stage.

Legal implications:

Some of the legislative background is set out in the report. Clearly there are likely to be significant legal considerations going forward depending

on the approach the Council wishes to adopt going forward. Legal advice will be given throughout the process as required to ensure the Council acts appropriately and lawfully. It is likely that the Council will have to have regard to and ensure compliance with our public sector equality duties under the Equalities Act 2010 as policy formulation occurs. This said, at this stage the report raises no direct legal implications.

Equalities impact: Medium Impact

> We need to ensure that our housing and planning policies provide for a variety of housing needs and circumstances so that all residents have

access to a decent home at an affordable cost.

Medium Risk Risk:

> If our approach to the future delivery of housing is we run the risk of failure of the housing market to meet local housing needs, increasing homelessness and numbers of those in housing need. There will be impacts on the development industry and the economy if we do not have

appropriate housing and planning policies in place.

Links to background information:

n/a

Link to Council Plan:

This report impacts on all of the Council's priorities - Encouraging communities to be outstanding; Developing an outstanding local economy; Delivering and promoting our outstanding environment;

Continuously improving to be an outstanding council.

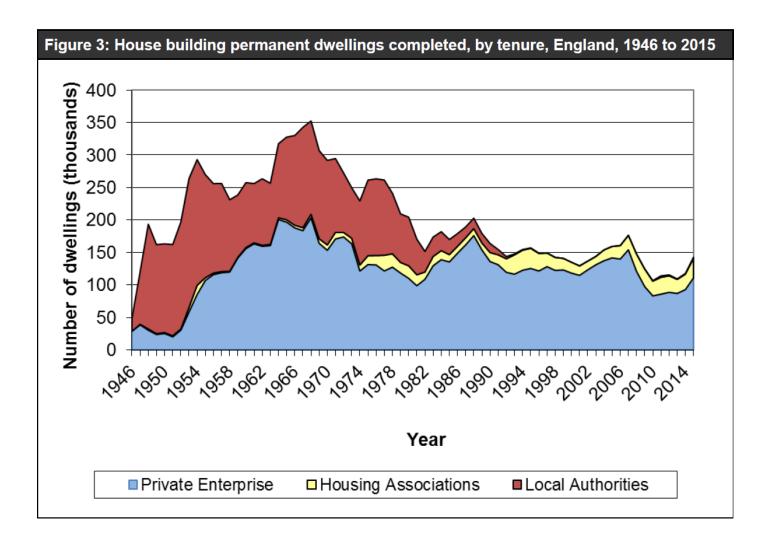
Background 1.

- 1.1 Our involvement in the local housing market in recent years has been highly successful delivering opportunities for East Devon residents to secure suitable housing at an affordable price. Working closely with the private sector and Registered Providers we have been achieving significant levels of new house building, including a significant proportion of affordable housing.
- 1.2 This is all in accordance with national policy encouraging growth and house building on a greater scale. We have seen considerable housing growth in the west of the district and Axminster, with further growth expected to achieve the Local Plan housing numbers.
- 1.3 This growth is providing home ownership opportunities for many, but one of the enduring features of our local housing market is affordability where we find that many residents are having to pay a significant proportion of their income on housing costs, and a high proportion are unable to afford access to home ownership. Many jobs in the area are relatively low paid and this combined with high house prices creates an affordability gap for many.
- 1.4 We have a good appreciation of housing need now and projected into the future through the Strategic Housing Market Assessment; Housing Needs Surveys and the regular interrogation of our Housing Register. Local Plan policies have been framed using this information and designed to deliver against this demand.
- 1.5 We recognise that a successful local economy delivers not just homes but jobs and other work opportunities to achieve balanced, vibrant, and sustainable communities.
- 1.6 The National Housing Federation's regular Home Truths publication identified that the South West has been hit by a combination of high housing costs and low wages. With rural

- and coastal beauty spots commanding premium house prices and attracting wealthy second home owners, many areas have seen prices pushed out of reach of local people.
- 1.7 There is an acute housing crisis in the South West. The region is large and diverse, made up of rural communities, historical towns and cities and long stretches of coast, with some pockets of deprivation. The average price of a home in the South West is just over £240,000 and in desirable areas, the average price increases by 50%. Compared to the average salary, homes in the region are ten times more expensive.
- 1.8 The 2015/16 South West Home Truths report (annex 1) also found:
 - South West households would need an annual pay rise of more than £30,000 to afford an average home.
 - The average cost of renting in the region is nearly £700 per month and these costs swallow up more than a third of local incomes.
 - Work is no guarantee of being able to pay for housing costs, with the number of employed people claiming housing benefit, is up 22% since 2008.
 - Last year 6,500 too few homes were built to keep up with demand, and around 441,000 new households are expected to form in the South West by 2037.
- Our local position on housing need and delivery has been set out in our Homes and Communities Plan; Local Plan; Housing Service Plan and Corporate Plan. The provision of affordable housing remains a corporate commitment and a major element to achieving our outstanding communities' aspiration. We have seen radical change in national housing and planning policy which requires this Council to respond so this is a good opportunity for the Committee to debate the issues.

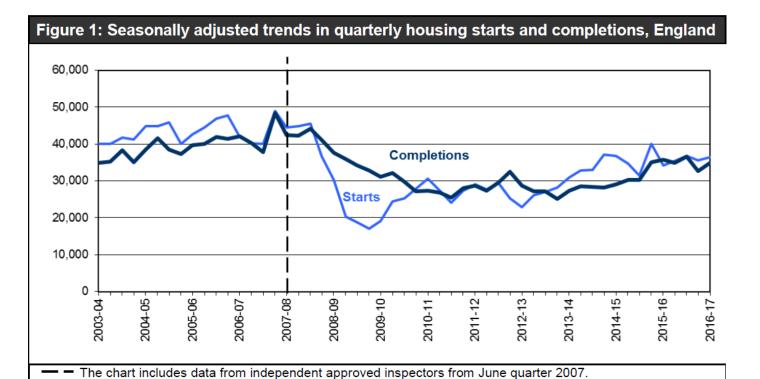
2. National Housing Policy

2.1 We have seen significant change in national housing and related planning policy in recent years. The government are targeting building one million new homes over the course of the current parliament, however, at current build rates we will fall well short of achieving that target. In order to achieve that target an increase in house building not seen since the post war period would be required and that was largely fuelled by massive investment in council housing as can be seen from the graph below:



2.2 The above graph clearly shows how the housing sector has become dominated by the private sector and how the drop in public investment in housing since the 1970's has not been addressed through a proportionate increase in build by the public sector or housing associations.

The latest data from DCLG shows that 34,920 homes were completed in the quarter to June 2016 with completions over the preceding year totalling 139,030. Although this is an increase on the previous year it is up by only 6%. This graph below shows housing starts and completions in England since 2003/4.



- 2.3 Clearly in order for the government to achieve their target of a million new homes by the end of the parliament house building levels will have to increase back to levels not seen since the late 1960's/early 1970's. The government's aims for increasing house building have led to a number of landmark changes to policy the most recent landmark being the Housing & Planning Act 2016.
- 2.4 The Housing and Planning Act 2016 (the Act) contains provisions on new homes (including Starter Homes), landlords and property agents, abandoned premises, social housing (including extending the Right to Buy to housing association tenants; sale of local authority assets; 'pay-to-stay'; secure tenancies), planning, compulsory purchase, and public land (duty to dispose). The Act has been seen as a 'game changer' for social housing.

Part 1 – New Homes in England

- 2.5 This Part of the Housing & Planning Act 2016 deals with the issues of starter homes and self-build and custom house building. Section 2 of the Housing & Planning Act 2016 sets out what starter homes are and who will be eligible to purchase such dwellings. The key points to note are:
 - Starter Homes are to be "new dwellings":
 - > Starter Homes will be available to first-time buyers only and purchasers must be at least 23 years old and no older than 40 (although this may be amended by the Secretary of State by regulations).
 - ➤ Starter Homes are to be sold at a discount of at least 20% of the market value and always for less than £250,000 outside of Greater London (and £450,000 in Greater London).
- 2.6 Starter homes are going to be "affordable housing" for the purposes of the National Planning Policy Framework and, therefore will count towards Councils' affordable housing targets as well as the provision of affordable housing by developers under Section 106 Agreements.
- 2.7 A lot of detail remains to be provided concerning starter homes (including provisions concerning their onward sale) and this will be provided through regulations which, in turn, are going to be informed by responses received to the Government's Technical

Consultation on the Starter Homes provisions, which was launched in March 2016. The consultation sought views on a requirement for 20% starter homes on schemes of ten or more units or a site size of 0.5 hectares and so this can be taken as a clear indication of what the regulations are likely to say.

2.8 The key point made by the Housing & Planning Act 2016 concerning self-build and custom house building is the conferring on local planning authorities of a duty to "give suitable development permission in respect of enough serviced plots of land to meet the demand of for self-build and custom house building in the authority's area...". "Development permission" here will mean planning permission or permission in principle (a concept introduced by the HPA). Evidence of such demand will be provided by registers required to be kept under the Self-Build and Custom House Building Act 2015. It is worth noting that local planning authorities can apply to the Secretary of State to be exempt from this duty.

Part 4 – Social Housing in England

- 2.9 This Part of the Housing & Planning Act 2016 deals with social housing in England.
- 2.10 The key points to note are:
 - Under Section 64 of the Housing & Planning Act, registered providers of social housing (RPs) may be paid grants by the Secretary of State "in respect of Right to Buy discounts". However, there is no detail in the Housing & Planning Act as to the amount of the grant and whether or not it will be a grant equal to the full market value of the dwelling, nor when and how any payments will be made. Section 66 envisages that the Secretary of State will identify criteria for the voluntary Right to Buy scheme which would then be monitored by the social housing Regulator the Homes and Communities Agency.
 - Section 76 of the Housing & Planning Act imposes a duty on local housing authorities to consider selling vacant "higher value" housing (where such local housing authority keeps a Housing Revenue Account). What constitutes "higher value housing" will be the subject of regulations made under the Housing & Planning Act and, it is possible, that such definition will take into account different types of housing, different local housing authorities and different geographical areas. The rationale behind this duty is to raise more money to support the supply of more housing.
 - Under Section 80 of the Housing & Planning Act, the Secretary of State may (by regulations) "make provision about the levels of rent that an English local housing authority must charge a high income tenant of social housing in England." The regulations will deal with issues concerning the relationship of this higher rent to the market rate and allow for people with different incomes and social housing in different areas. Under the provisions of Section 81, any such regulations will also require a definition of what is "high income".
 - > Sections 92 94 and Schedule 4 of the Housing & Planning Act deal with reducing regulation of social housing.
- 2.11 Deregulation includes the removal of the disposal consent requirements, which could provide RPs with greater flexibility in relation to their asset management strategies Schedule 4, Part 1 of the Housing & Planning Act amends Section 133 of the Housing Act 1988 and Section 172 of the Housing and Regeneration Act 2008 so that consent for the onward disposal of housing obtained from local authorities and consents to the disposal of interests in social housing dwellings is no longer required. This means that RPs who own properties acquired from local authorities will now be able to revalue those properties from the low Existing-Use-Value basis to the higher Market-Value-Subject-To-Tenancy basis, allowing them to raise more finance on the strength of their asset base. Also, RPs are now

- free to dispose of their dwellings without the need to obtain the consent of the Social Housing Regulator allowing them more freedom to manage their assets.
- 2.12 The removal of the consents regime is to be replaced with a system of notification, providing RPs with more freedom and control over their businesses particularly in relation to group restructuring, mergers, conversions and reconstructions. Again, charitable RPs should be mindful of the provisions of the Charities Act 2011 which currently continue to apply.

Part 6 - Planning in England

- 2.13 A number of changes to the planning system in England have been made under the Housing & Planning Act and the key ones to mention in this summary are:
 - Neighbourhood planning Local planning authorities are required to make both neighborhood development orders and neighborhood development plans "as soon as reasonably practicable after the referendum is held" in a measure to prevent local planning authorities being slow to bring to fruition neighborhood plans. As to what comprises "as soon as reasonably practicable", this will be the subject of regulations.
 - Local planning The key issue addressed by the Act here is "permission in principle" (PIP) for housing-led development which will provide developers with greater certainty of consent at an earlier stage in the development cycle. The term "housing-led" development is a little vague but appears to include those developments where there is retail / commercial / etc uses as long as the development's key component is housing. PIP will be granted either on the adoption of a "qualifying document" (e.g. a development plan document or a neighborhood development plan) or on application to a local planning authority. This will not apply retrospectively to previously approved documents such as the Local Plan.
 - ➤ Planning Freedoms Scheme The act introduces the ability for Council's, following local consultations, to be granted time-limited powers to "disapply or modify" national planning rules "in order to facilitate an increase in the amount of housing". It is not entirely clear what these freedoms may include.
- 2.14 The intention of PIP is to speed up the planning process by granting automatic permission (subject to various technical details such as location, uses, etc) for homes which are on a local planning authority's register (which they are required to keep under s151 of the HPA). Whilst no express mention is made of brownfield sites, it appears that this measure is aimed at reusing brownfield sites to help meet the ever-growing demand for housing.
- 2.15 Planning obligations Sections 158 and 159 of the Housing & Planning Act set out new dispute resolution procedures in relation to planning obligations and make amendments to S106 of the Town and Country Planning Act 1990. Under these sections of the Housing & Planning Act, the Secretary of State is permitted to make regulations which "may impose restrictions or conditions on the enforceability of planning obligations entered into with regard to the provision of (a) affordable housing; or (b) prescribed descriptions of affordable housing."

Part 7 – Compulsory Purchase, etc

- 2.16 Part 7 of the Housing & Planning Act sets out changes to the compulsory purchase system, the key elements of which are:
 - Sections 172 180 give all acquiring authorities the same powers of entry on to land for the purposes of carrying our surveys prior to such land being compulsorily acquired (such measures to include standard warrant provisions and a standard notice period of

- 14 days to be given to every owner / occupier of the land prior to entering the land to carry out the survey).
- Clearer timetables and targets concerning the confirmation stage of the CPO process.
- Section 181 grants confirming authorities the power to appoint inspectors to act in the stead of the confirming authority in relation to the confirmation of a CPO.
- Section 203 confers the power to override easements and other rights where: (i) the land is the subject of planning consent for building or maintenance work; (ii) the land has become vested by a specified authority or has been appropriated by a local planning authority for planning purposes; (iii) the authority could acquire the land compulsorily for the purposes of the building or maintenance work; and (iv) the building or maintenance work is related to the purposes for which the land was vested, acquired or appropriated.
- 2.17 Following a Government steer a few years ago we have seen a move towards allowing developers to argue viability concerns as a way of reducing affordable housing requirements. This has impacted on affordable housing delivery reducing or negating provision on certain sites.
- 2.18 There is a thrust in national housing policy towards greater levels of homeownership to the point of other tenures being marginalised. Even with high levels of assistance towards ownership there will still be a significant proportion of the population that cannot afford the various ownership models. It is often households with some degree of vulnerability; low income; lacking capacity; homeless; lending risk etc that are unable to aspire to ownership. We need to ensure that these groups continue to be able to secure a decent home at an affordable cost.

3. Local situation

- 3.1 In recent years we have done an excellent job at increasing the supply of housing in the district with total completions more than doubling since they hit around 400 in 2011/12 to just over 1000 last year. We have also been able to deliver significant numbers of new affordable homes working with a variety of partners. This and effective use of nominations into affordable housing has enabled us to reduce the Housing Register and manage the homeless demands.
- 3.2 For several years we have delivered in excess of 300 new affordable homes a year, and 989 over the last five years. As a consequence we have reduced the size of our Housing Register from circa. 4,300 households to circa. 2,600 households over the last five years. We have also been able to ensure that homeless households are housed in suitable accommodation, avoiding the use of Bed & Breakfast and Private Sector Leased properties.
- 3.3 Our affordable housing policy has sought 70% affordable housing as rented and 30% shared or low cost home ownership. This is consistent with the Housing Market Assessment findings.
- 3.4 We had been achieving 40% affordable housing on sites coming forward in the early years of the old Local Plan, however in the latter years of the plan this proportion was increasingly being challenged with regard to its viability. Schemes in Seaton and Exmouth in particular had consistently been demonstrating that this proportion was not viable and as a result we were having to accept a lower percentage in order to enable the development to proceed. The new Local Plan policy is for 25% affordable housing in the lower value areas such as Exmouth and Seaton and 50% in high value areas, based upon viability evidence.
- 3.5 Recent national policy changes and legislation have adversely impacted on our housing ambitions. The 1% rent reduction for the next four years is taking £7.9m out of our Housing Revenue Account Business Plan and curtailing our aspirations for new build and property acquisitions. Many authorities are in a worse position and will struggle to pay the loans they were required to take out under the self-financing deal in 2012. We are reviewing our Business Plan and attempting to predict the impact of the sale of high value stock, Right to

Buy acceleration and Welfare Reform on tenant's ability to pay their rent. We have a huge challenge to maintain tenant's homes and services to the standard we have come to expect when our income and asset base is being eroded.

- 3.6 We are seeing some of our Registered Provider partners become more risk averse and reducing their development programmes whilst concentrating more on homes for sale and low cost home ownership. We have questioned whether our affordable housing pipeline will be sufficient to meet needs going forward.
- 3.7 We have seen rural housing schemes become harder to deliver with high land prices, a shortage of suitable sites and many sites being optioned by major land owners being among the reasons for this.
- 3.8 The introduction of Community Infrastructure Levy (CIL) in the district from 1st September 2016 is also likely to have a significant impact on our ability to deliver affordable housing. This is because CIL is non-negotiable and so developers will have to pay their CIL charge regardless of any viability issues. Elements of their overall planning obligations which fall outside of the scope of CIL such as affordable housing will then be vulnerable on schemes that are not viable as the proportion of affordable housing will need to be reduced in order to make the development viable and enable it to go ahead.
- 3.9 The introduction of Starter Homes is likely to squeeze out other forms of affordable housing. If the government follow through on the consultation from earlier this and require 20% of homes on schemes above size threshold to be Starter Homes then that may only leave 5% in high value areas of the district and 30% in other parts of the district to provide for other affordable housing needs. Given that there is no proven need for Starter Homes in the district and yet a significant proven need for rented affordable homes this could significantly hamper our ability to meet identified needs.
- 3.10 Requirements in the act to grant permission for sufficient serviced plots to meet demand for self build and custom house building mean that if sufficient sites are not coming forward from the development industry that the Council will be required to find land and obtain permission for them to be used by self and custom builders. There is concern that sites will simply not be easy to find in East Devon and demand is likely to be quite high. Meeting this demand could be resource intensive in terms of officer time and the cost of acquiring plots although this would be recouped through its subsequent sale.

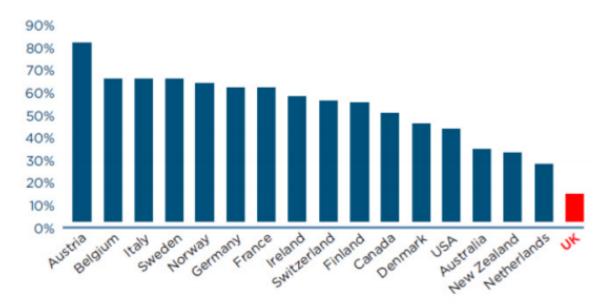
4. Discussion

- 4.1 It can be seen that the 'landscape' for housing delivery is changing and that we need to be flexible and open minded to ensure that we have an active housing market in the district that is providing for a variety of housing needs and tenures.
- 4.2 We are constrained by housing and planning legislation and guidance, but there are opportunities for being creative and working within the policy constraints to provide the number and type of homes that we know from our survey evidence that our residents need.
- 4.3 Some commentators argue that the way we deliver new housing in this country is fundamentally broken and that this is why we face a housing crisis. The supply of new housing is reliant on delivery by the private sector and this sector is dominated by a small number of large national house builders who between them build the majority of new homes in this country. In 2012/13 one third of homes built in this country were built by the 5 biggest house builders. Small and medium sized house builders that used to operate at a local level

have been largely priced out of the market and find land increasingly hard to come by as the major house builder's option up land years in advance of building on it.

4.4 In the post war period house building only rose to 250 – 350k homes per year because of investment from the public sector and the greater number of providers overall. While a level of public investment on this scale is perhaps unrealistic today it is clear that small and medium size builders need help to play a larger role in the delivery of housing and that self and custom build also has a much greater role to play. In much of the rest of the world the self build sector is substantially larger and enables people to build their own home at a price that is affordable for them. The graph below from a study carried out by the University of Sheffield shows UK self build compared to other countries:

Proportion of all homes delivered by self-build - illustration taken from 'An Action Plan to promote the growth of self build housing' report 2011



- 4.5 Increasing the proportion of self build to 50% or higher may be unrealistic but the graph shows how this can work elsewhere and how self build could have a much bigger role to play in delivering housing and more affordable housing in this country.
- 4.6 Arguably land owners have too much control over the delivery of new housing as demand is so high that a land owner with land with development potential knows that they command prices many times the agricultural value of the land if they are selling to a developer. This immediately impacts on the viability of any development and is often the reason why affordable housing levels are limited or affordable housing cannot viably be provided on some developments. With this in mind some commentators argue that land for the development of new communities and other large scale residential developments needs to be acquired by the public sector at values much closer to agricultural values so that the landowner can make a reasonable return but development can come forward in a form that meets the wider public need for new housing and in particular new affordable housing. Such a model can also make it more viable for services and infrastructure to be funded off the back of the development and delivered in a more timely manner. It also enables much greater control over what is built as has been illustrated at Poundbury where because the town is built on land owned by the Duchy of Cornwall the whole town has been built in accordance with design principles set by Prince Charles.

- 4.7 Innovation in terms of the types of homes is also an important consideration moving forwards as well. House building has progressed a long way in terms of technology in many areas and yet in this country we still build most homes out of bricks, mortar, clay, concrete tiles or slate. Many companies make "flat packed" houses that can be manufactured in a factory and then transported to the site and erected in a few days. These types of homes are very cost effective and many of them are very attractive such as those produced by the German company Huf haus who have been featured on several TV programmes such as Grand Designs. Further alternatives include a greater use of park homes and other forms of temporary housing that are affordable and may have a role in meeting housing needs in the future.
- 4.5 Having set the context the big issues for debate I would suggest are around the following themes:
 - ➤ How do we maintain an adequate supply of housing overall and specifically affordable housing to meet need?
 - ➤ How do we ensure that the tenure mix of new housing meets the housing needs and affordability evidence ?
 - What role can Starter Homes and Custom/Self-Build play in future affordable housing delivery?
 - How do we ensure a continued supply of new affordable housing in rural areas?
 - How do we ensure that Registered Provider partners deliver the affordable homes needed in East Devon?
 - Can we afford to maintain a Council own build and acquisition programme?
 - How is Welfare Reform impacting on affordability and housing need?
 - Would DPD/SPG guidance on delivering affordable housing be beneficial?
 - How are viability assessments impacting on affordable housing delivery?
 - How will Brexit affect the housing market locally?
 - Will Community Land Trusts be able to meet more of our rural housing needs?
 - > Do we need to think about what we are doing to promote self build in East Devon and how we can identify and provide land for self builders?
 - > Do we need to look at radical ways of delivering new housing that isn't so reliant on the major house builders?
 - What role do alternative forms of housing such as temporary structures and "flat packed" homes produced in factories have to play in meeting our housing needs in the future?
- 4.6 In order to provide some of the answers to the questions posed above and formulate our policy direction we intend to debate the issues with a number of expert witnesses, drawing on their knowledge and experience and how they see the way forward to maintain a vibrant, balanced and sustainable local housing market that meets the wide range of housing needs in the district.

The housing crisis in the South West

There is an acute housing crisis in the South West. The region is large and diverse, made up of rural communities, historical towns and cities and long stretches of coast, with some pockets of deprivation. The average price of a home in the South West is just over £240,000 and in desirable areas such as The Cotswolds, the average price increases by 50%. Compared to the average salary, homes in the region are ten times more expensive and households would need an annual pay rise of more than £30,000 to afford an average home.

Renting privately is also becoming less affordable compared to average pay packets with prices continuing to climb. The average cost of renting is nearly £700 per month and these costs swallow up more than a third of local incomes, more than the national average.

Work is no guarantee of being able to pay for housing costs, with the number of employed people claiming housing benefit up 22% since 2008.

There are nowhere near enough homes being built in the South West. Last year 6,500 too few homes were built to keep up with demand and unless action is taken now, this problem is only set to get more acute. Around 441,000 new households are expected to form in the South West by 2037.

With the highest level of second homes anywhere in the country and house prices continuing to increase, home ownership remains a pipe dream for many in the South West.



Solving the housing crisis

Britain is in the midst of a housing crisis that has been a generation in the making. This is experienced differently across the country and requires a range of interventions rather than a single solution.

It was no surprise that housing was a top five vote-deciding issue at the last election. The public is demanding action and the Government is responding with a range of initiatives designed to increase supply and help people get a foot on the property ladder.

We have a once in a generation opportunity to tackle the housing crisis and deliver the homes the country so desperately needs. Public attitudes towards housebuilding have shifted and now twice as many people support more new homes being built in their local area. The devolution agenda also provides promising new opportunities for addressing England's housing challenges on a local level.

Housing associations are a key part of the solution to our housing crisis. They are amongst the most successful public private partnerships in Britain's history, securing £75bn in private investment since the Conservative Government's Housing Act in 1988. For every £1 invested by the taxpayer, associations put in £6 of their own money. They invest in communities, house five million people in England and built 50,000 homes last year, 40% of all new homes in the country and one third of all new homes over the last Parliament. Housing associations work to make home ownership more affordable, having helped over 275,000 people to buy their own home over the last 30 years and want to help even more.

By providing secure homes for all we can build a foundation on which anyone and everyone can make a better life for themselves and thousands more people can achieve their aspiration of a home to call their own. We can close the gap between the 'haves' and 'have nots' and end the housing crisis within a generation.

Contact:



NATIONAL HOUSING FEDERATION

HOME TRUTHS 2015/16

The housing market in the South West



South West





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	Average (mean) house prices in 2014 ¹	Average (mean) monthly private sector rents in 2013/2014 ²	Mean annual earnings in 2014³	Ratio of house prices to incomes ^{1,3}	Income required for 80% mortgage 2014 (80% at 3.5x) ¹	% of housing benefit claimants in employment in Feb 2015 ⁴	Unemploy- ment rate (Dec 2014) ⁵	Four-year shortfall 2011–2014'	Second homes ⁷	All long-term vacant stock ⁸	Total HA rented homes 2014°
ENGLAND	£265,888	£720	£26,499	10.0	£60,774	23.8%	6.2%	-515,340	251,518	205,821	2,573,781
SOUTH WEST	£240,427	£693	£23,832	10.1	£54,955	24.2%	5.0%	-33,670	52,079	18,550	236,572
Bath and North East Somerset	£321,674	£964	£25,324	12.7	£73,526	27.1%	4.9%	-402	702	423	11,460
Bournemouth	£229,857	£702	£23,894	9.6	£52,539	25.4%	6.3%	-786	3,205	783	3,952
Bristol, City of	£235,547	£814	£24,830	9.5	£53,839	21.5%	7.2%	-4,636	2,171	1,141	12,736
North Somerset	£238,189	£666	£27,269	8.7	£54,443	18.8%	5.0%	-4,941	649	122	9,393
Plymouth	£171,906	£563	£22,048	7.8	£39,293	20.9%	7.0%	-11	730	652	23,228
Poole	£313,159	£786	£24,580	12.7	£71,579	29.5%	4.6%	-1,641	1,676	362	3,230
South Gloucestershire	£230,029	£708	£26,400	8.7	£52,578	25.9%	4.4%	-1,291	272	460	12,003
Swindon	£181,599	£594	£25,360	7.2	£41,508	21.4%	5.4%	-3,741	247	547	5,722
Torbay	£187,956	£582	£19,516	9.6	£42,961	23.0%	7.3%	-1,029	1,608	1,063	5,879
Cornwall	£227,854	£636	£20,306	11.2	£52,081	24.8%	5.1%	-4,231	14,253	2,990	20,991
Isles of Scilly		£716						15	187		59
Devon	£250,235	£672	£22,199	11.3	£57,197	25.8%	4.2%	-3.474	11.458	2,429	28,303
East Devon	£270,982	£687	£23,171	11.7	£61,939	28.2%	3.5%	-184	2,513	451	2,052
Exeter	£234,914	£840	£22,266	10.6	£53,695	25.9%	5.3%	-141	454	258	4,543
Mid Devon	£224,282	£628	£22,984	9.8	£51,264	22.7%	3.5%	-738	281	129	1,465
North Devon	£229,413	£591	£20,556	11.2	£52,437	25.0%	4.6%	-294	1,608	517	4,502
South Hams	£331,625	£716	£23,795	13.9	£75,800	27.0%	4.3%	-216	3,894	260	4,692
Teignbridge	£235,860	£658	£21,122	11.2	£53,911	26.6%	4.0%	-184	1,255	372	5,834
Torridge	£208,471	£570	£20.077	10.4	£47,650	23.0%	5.6%	-913	967	290	2,756
West Devon	€239,160	£632	£24,248	9.9	£54,665	26.4%	3.2%	-804	486	152	2,459
Dorset	£276,630	£724	£23,390	11.8	£63,230	26.2%	4.0%	-2,393	6,781	1,392	23,692
Christchurch	£304,837	£809	£27,825	11.0	£69,677	25.9%	4.9%	-717	783	167	2,655
East Dorset	£318,693	£858	£23,899	13.3	£72,844	26.0%	2.9%	-671	273	193	3,184
North Dorset	£256,001	£685	£22,084	11.6	£58,514	26.1%	3.2%	115	482	235	4,328
Purbeck	£289,446	£758	£20,394	14.2	£66,159	28.6%	3.7%	-154	1,642	138	2,556
West Dorset	£277,075	£729	£24,679	11.2	£63,332	26.0%	3.1%	-961	2,633	390	6,679
Weymouth and Portland	£208,182	£614	£21.694	9.6	£47,584	25.5%	5.5%	-701	968	269	4,290
Gloucestershire	£246,383	£711	£25,381	9.7	£56,316	23.2%	5.5%	-3,045	3,349	2,617	24,150
Cheltenham	£269,244	£743	£27,992	9.6	£61,542	21.7%	5.3%	-1,386	774	394	2,620
Cotswold	£356,908	£922	£27,772 £23,098	15.5	£81,579	25.4%	3.0%	430	1,536	248	6,193
Forest of Dean	£201,176	£575	£25,076	7.9	£45,983	21.9%	4.9%	-168	277	550	4,970
	£201,176 £167,087	£5/5	£25,381 £22,719	7.9		21.9%	7.5%	-168	131	525	
Gloucester		£680	£22,719 £26,780	7.4 9.4	£38,191	24.1%	3.7%	-828 -354	388	753	3,721
Stroud	£252,108				£57,625		3.7% 4.4%			753 147	1,712
Tewkesbury	£237,084	£710	£25,719	9.2	£54,191	24.6%		-739	243		4,934
Somerset	£219,125	£627	£23,535	9.3	£50,086	24.4%	5.1%	-1,476	3,114	2,049	26,203
Mendip	£239,501	£668	£24,809	9.7	£54,743	24.0%	4.5%	-262	396	439	6,348
Sedgemoor	£195,760	£607	£23,135	8.5	£44,745	22.7%	5.6%	-189	504	277	3,201
South Somerset	£218,797	£615	£21,960	10.0	£50,011	25.4%	4.3%	-659	878	636	11,472
Taunton Deane	£217,778	£607	£25,958	8.4	£49,778	25.4%	4.6%	-113	340	473	2,650
West Somerset	£235,063	£613	£19,068	12.3	£53,729	23.8%	5.0%	-252	996	224	2,532
Wiltshire	£255,458	£732	£24,586	10.4	£58,390	26.7%	4.1%	-589	1,677	1,520	25,571

Land registry 2014
 VOA Private sector rents 2013/14
 SAHE Income table 8.1a 2014 all employees
 WP Stat Explore Feb 2015

^{5.} ONS Model Based Estimates of Unemployment Dec 2014

Housing Need based on Holmans / TCPA projections weighted by DCLG household projections to a local level; Delivery figures compiled from DCLG

 Housing Need based on Holmans / TCPA projections weighted by DCLG household projections to a local level; Delivery figures compiled from DCLG

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 House TCPA projections to a local level; Delivery figures compiled from DCLG

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 House TCPA projections to a local level; Delivery figures compiled from DCLG

 House TCPA projections to a local level; Delivery figures compiled from DCLG

 House TCPA projections to a

Live Table 253a

Report to: Overview Committee

Date of Meeting: 27th September 2016

Public Document: Yes

Exemption: None

Review date for

release

None



Agenda item:

8

Subject:

Quality of House building in East Devon and How this can be addressed.

Purpose of report:

This report follows a Strategic Developments and Partnerships Think Tank that was held on the 24th August 2016 to consider the poor quality of finish of house building in the district and what if anything can be done to address these issues which are of grave concern to residents of a number of modern developments in the district. The report summarises the discussion and recommends a response to a report prepared by the government's All party Parliamentary group for Excellence in the Built Environment.

Recommendation:

That the response to the All Parliamentary Group for Excellence in the Built Environment report entitled "More Homes, Fewer Complaints" attached as Appendix 1 be sent to encourage the government to take action on the issues raised in the report and the additional concerns expressed at the Members Think Tank.

Reason for recommendation:

Although the Council has very limited power to control the quality of finish of new house building in the district it is considered that as an area seeing high levels of house building these concerns which have caused great concern among residents need to be highlighted to government and action taken.

Officer:

Ed Freeman – Service Lead – Planning Strategy and Development Management

Financial implications:

There are no financial implications.

Legal implications:

There are no direct legal implications arising

Equalities impact:

Low Impact

Risk:

Low Risk

Links to background information:

 More Homes, Fewer Complaints – Report from the Commission of Inquiry into the quality and workmanship of new housing in England. http://policy.ciob.org/resources/appg-excellence-built-environment-homes-fewer-complaints/

Link to Council Plan:

Encouraging Communities to be outstanding, Delivering and promoting our outstanding environment

Report in full

On the 24th August 2016 a Members Think Tank was held to consider the following title:

"Working with Developers – How to get the best Quality of New Homes and Residential Development in East Devon"

The Think Tank had been formed following questions raised at Council by Councillor Douglas Hull following concerns he and his fellow ward members had received regarding new homes built in Axminster and the poor quality of finish. The Think Tank was advised by officers of the Council's Planning and Building Control teams.

A number of concerns and issues were noted by the Think Tank including common problems such as the quality of finish of plaster and cracking, the fitting of kitchens and bathrooms and other internal cosmetic issues. More specific issues such as a development in Axminster where the retaining structures supporting split levels between gardens had been made of timber which had subsequently rotted leaving residents with gardens that were subsiding and concerns over who is responsible for rectifying these faults.

Officers advised Members that the Council had little control over these issues. Our planning powers do not extend to the quality of finish of internal fixtures and fittings and while some external finishes can be controlled such as the materials and mortar used the quality of workmanship was not something that could be controlled through planning powers. The Building Control team have some greater powers where the issues lead to problems with compliance with the regulations most commonly where issues of damp arise and officers can take enforcement action in these cases, however they also have no control over cosmetic issues provided this will not lead to any structural defect or problems in terms ventilation or other standards. These issues are widely controlled directly by the house building industry through warranties such as those offered by the National House Building Council (NHBC). These warranties are however time limited often to 10 years and are limited in terms of what they cover. As a result the timber retaining structures that have caused issues within gardens in Axminster may not be covered under the relevant warranty or may now be over 10 years old in any event.

Members were advised that while Building Control do inspect new build homes during their construction this is on the basis of securing compliance with the Building Act and not in relation to cosmetic issues over which we have no control. Building Control do not however inspect every new home as they operate in a competitive market where Approved Inspectors can provide this service as well. Approved Inspectors are known to do fewer inspections than our own Building Control service and so faults and problems and less often identified and addressed during the build and such issues can then be left for our own Building Control team to resolve using their enforcement powers when problems have occurred later.

Members were advised that an all party parliamentary group had been looking into these issues and published a report in July 2016 summarising their findings and making a series of recommendations. The key findings of their report can be summarised as:

 According to the 2015 National New Home Customer Satisfaction Survey carried out by the Home Builders Federation (HBF) and the NHBC, 93% of buyers reported problems to their builder and of those 35% reported 11 or more problems.

- The same survey shows that customer satisfaction declined in 2015 from 90% to 86% equating to around 15,500 homebuyers that were not satisfied.
- A survey carried out by Local Authority Building Control (LABC) a body that represents local authority building control services, found that a growing number of consumers are taking their complaints to their local authority building control department even though they have no jurisdiction over such issues. The survey shows that 67% of complaints relate to issues that are not covered by warranties with nearly 7 out of 10 related to aesthetic finish and decor issues.

The reasons for the poor finish of new homes was attributed to:

- Lack of market competition half of all new private homes are built by just 10 companies
 with many small house builders having struggled in recent years such that less than a third
 of homes are built by small house builders whereas this was around two thirds in the
 1980's.
- Lack of skilled labour The house building industry is under immense pressure to increase supply but lost many skilled workers during the recession and has not had sufficient supply of apprentices in the traditional trades coming through to take on the additional work. The skills shortage runs through the industry from bricklayers and plasterers through to site management.
- House builders working to targets with quality being reduced as they rush to meet them.
- Goods and equipment not being installed to manufacturers guidelines.
- Builders substituting products specified by the architects with cheaper products.
- House builders being over reliant on inspections by warranty staff and building control to drive quality even though their roles are more about managing risk and compliance with legislation.
- House builders own quality control systems are not fit for purpose

The commission make a number of recommendations for addressing these issues:

- DCLG should initiate steps to set up a New Homes Ombudsman who would mediate disputes between consumers and their builders or warranty providers to provide a quick resolution procedure.
- House building sales contracts should be standardised so that they set out how defects are handled including provision for dealing with disputes before referral to an ombudsman.
- Buyers should have the right to inspect properties before completion with a 10 day period for them to do so and financial completion to be delayed until issues are resolved.
- Builders should be required to provide buyers with a comprehensive information pack to include the plans and spec of the property, details of warranties and building inspections, a plain English guide to what the warranty covers etc
- There should be a review of laws governing consumer rights when purchasing new homes.
- DCLG should commission a thorough review of warranties.
- House builders should instigate a new quality culture by adopting quality systems to ISO standards.
- The industry should significantly increase skills training programmes.
- A minimum standard should be set for compliance inspections
- House builders should make the annual customer satisfaction survey more independent to boost customer confidence.

The think tank considered all of these recommendations to be very sensible and that they would address many of the concerns raised. They concluded that they would like to endorse the findings

of the report and recommend that the government take immediate action to implement the findings as well as a few additional recommendations that were put forward. These were:

- That external structures such as walls and fences and inparticular retaining walls should be covered under all warranties and covered under the building regulations to ensure that they are fit for purpose in the long term.
- That an immediate measure should be that a leaflet be provided to all new purchasers
 advising them of their existing rights and what measures they can already take such as
 having full survey carried out prior to completion to protect themselves. A further leaflet be
 sent to house builders advising them of what is expected of them as well.
- That there should be greater oversight of Approved Building Control Inspectors who are known to be doing fewer inspections than is considered necessary leading to issues for the enforcement of the Building Regulations by Local Authority building control and at their expense.

A draft letter to Oliver Colville MP as chairman of the all-party group outlining the Think Tanks views is attached as Appendix 1. If agreed by Members it is recommended that this be copied to Hugo Swire MP, Neil Parrish MP and Mel Stride MP for their information and in the hope that they will support its recommendations.

Date:

Contact number: 01404 881361

Email: pdiviani@eastdevon.gov.uk

Direct Fax: Reference:



Oliver Colville MP House of Commons London SW1A 0AA East Devon District Council Knowle, Sidmouth, EX10 8HL DX 48705 Sidmouth Tel: 01395 516551

Email: csc@eastdevon.gov.uk www.facebook.com/eastdevon www.twitter.com/eastdevon

Dear Sir

More Homes, Fewer Complaints – Report from the Commission of Inquiry into the quality and workmanship of new housing in England

I write further to the above mentioned report and the work of the all party group looking into these issues that you chaired. The issues highlighted in the report have been raising a great deal of concern among residents and Members in East Devon and we were very pleased to see that this was being addressed. We would like to strongly endorse all of the findings of the group and ask that you and the government take these forward as soon as possible.

East Devon has seen a significant increase in housing delivery in recent years as we form a major growth point on the edge of Exeter where Cranbrook new town and a number of other major new housing developments are being constructed. We have also seen major growth in many of our existing towns and villages and delivered over a thousand new homes in the last year. We consider ourselves to be at the forefront of increasing housing delivery in the South West and yet are troubled by the poor quality of the homes that are being built. We feel that action is urgently needed to address this as while increasing supply is vital it is important that high quality homes are provided if the problems in the housing market are to be successfully addressed.

In addition to endorsing the findings of your group there are a couple of additional recommendations that we would ask be considered and hope that you will also be able to put forward. These are:

• That external structures such as walls and fences and in particular retaining walls should be covered under all warranties and also covered under the building regulations to ensure that they are fit for purpose in the long term. A development built around 10 years ago in Axminster was constructed with split levels between gardens which were constructed using a timber retaining structure that has subsequently rotted away. We consider that there should be greater obligation on developers to construct such structures so that they



- are much longer lasting so that residents are not left with having to replace these structures such a relatively short time after they purchase the property.
- That some immediate measures should be put in place including providing a leaflet to all new purchasers advising them of their existing rights and what measures they can already take such as having a full survey carried out prior to completion to protect themselves. It is considered that this immediate measure could warn property purchasers straight away while longer term measures are put in place. Similarly housebuilder's should be immediately advised of what is expected of them as well and their obligations to provide a quality product.
- That there should be greater oversight and regulation of Approved Building Control Inspectors who are known to be doing too few inspections of new homes. We understand that they often do only two inspections during the construction of a new home whereas our own building control team often do many more. Two inspections cannot possibly ensure full compliance with the building regulations and leads to enforcement issues for Local Authority building control services who have to resolve issues that arise as a result. This has cost implications for local authority building control teams who cannot recover the costs of investigating and taking action on these issues.

I hope that you will take the above additional recommendations on board and wish you the best of luck in pursuing the recommendations of your group through the house. If we can be of assistance or provide any further evidence or support please let me know.

Yours sincerely

Paul Diviani Leader East Devon District Council

Agenda item 9

Overview Committee



Overview Committee Forward Plan 2016/17				
Date of Committee	Report	Lead		
29 November 2016	Economy Street Trading – designation of streets	Richard Cohen Rob Murray Simon Davey Richard Cohen		
11 January 2017	Draft budgets and service plans 2017/18			
28 March 2017	Tourism economy and cultural enhancement of natural environment	Richard Cohen Charlie Plowden		

Work for scoping and allocation to the Forward Plan:

	roposed date	Topic
tb	С	Review how regeneration boards operate