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Exemption applied: None

Review date for release N/A

Housing Policy Matters

Report summary:

This report sets out an early introduction to housing policy matters and wider related issues that are expected to be fundamental to the East Devon Local Plan preparation. It focuses on housing need options, housing supply, and policy requirement. It also explores the nature of evidence likely to be needed for a housing requirement policy to be found sound and to pass legal tests.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

- 1) That Strategic Planning Committee endorse, in principle, the need for robust evidence on housing need and supply to justify strategic policy on housing requirement provision to include in the Local Plan.
- 2) That Strategic Planning Committee endorses the transparent and timely use of that evidence through the plan-making process to justify Local Plan policy on housing requirement provision.
- 3) That Strategic Planning Committee consider and comment on the questions raised in paragraph 6.3 of the report to help to inform officers' work in developing a housing strategy for the new Local Plan.

Reason for recommendation: To ensure that Members are given the opportunity and are encouraged to provide an early steer on housing policy matters for the new local plan.

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Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Coast, Country and Environment

- Finance
- Strategic Planning
- Sustainable Homes and Communities

Financial Implications In facilitating and encouraging housing growth in the district the council has benefitted financially both through the growth itself in council tax receipts as well as through government incentive schemes such as New Homes Bonus. The continued growth of the district and the future incentives form a vital element in the mitigation of the future financial pressures as detailed in the medium term financial plan.

Legal Implications There are no legal implications other than as set out in the report.

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk

Links to background information – See links in the attached report.

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

1 Introduction

1.1 At Strategic Planning Committee on the 30 March 2021 a local plan work programme was agreed. The programme advised that for the May 2021 meeting (rescheduled to this meeting - 10 June 2021) a paper on the matter below would be considered:

*“**Housing Development Needs** - This paper, with options within, will set out future housing need, ranging from minimum levels required to meet Government requirements to higher levels that might deliver additional benefits. Whilst final conclusions will not necessarily be expected at this stage of plan making an early member steer on numbers and wider housing issues would be desirable.”*

1.2 This report explores housing need and wider housing issues. Other related matters provide the context for or impact on housing issues. Separate reports on employment development and the spatial distribution strategy are being considered at this Committee. The Committee’s work programme also includes future reports for example on HELAA (Housing and Employment Land Availability Assessment), site allocation choices, Local Plan format/structure, and the Local Plan relationship with Neighbourhood Plans.

1.3 At Strategic Planning Committee on 20 October 2020 Members considered the *Future housing needs in East Devon* report by the consultants ORS. Members resolved that the contents of the report be noted and forms part of the evidence base for the production of the new Local Plan be agreed. The brief for the consultants was specifically concerned with understanding the needs for all sectors of the East Devon community at differing stages

through their lives. That brief did, however, extend to looking at satisfaction levels of occupiers of new housing built in recent years.

- 1.4 The final ORS report pre-dates the decision by Government not to proceed with a 'standard methodology' approach that would have resulted in an annual district local housing need of 1,614 dwellings per year. Based on the national Planning Practice Guidance update in December 2020, the current standard methodology figure for net housing need in East Devon district is now an indicative 928 dwellings per year, although this figure is not definitive for plan-making purposes.

2 Housing concepts – Requirement, Need, Supply

- 2.1 Lessons learnt from Inspectors' reports on other Local Plans and the questions they ask at Examination, demonstrate just how strongly and consistently Inspectors focus on testing the plans' policies about how housing need is to be met.
- 2.2 When submitted, the Local Plan will be tested at the Examination stage by the planning Inspector(s) to assess whether the plan has been prepared in accordance with legal and procedural requirements and whether the plan is sound. National Planning Policy Framework (NPPF) (February 2019 plus the June 2019 correction following Written Ministerial Statement) identifies the four tests of soundness that apply to Local Plan plan-making as follows:
 - "a) Positively prepared – providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs¹⁹; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;*
 - b) Justified – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;*
 - c) Effective – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and*
 - d) Consistent with national policy – enabling the delivery of sustainable development in accordance with the policies in this Framework"*
- 2.3 Consistent use of housing terms helps the Local Planning Authority (LPA) to demonstrate consistency with NPPF and meet the tests of soundness. Being consistent and clear is essential for readers of the plan, for decision makers, and particularly helpful for the Planning Inspector(s) testing the Local Plan.
- 2.4 Derived from the NPPF and related Planning Practice Guidance (PPGs), this report carefully and consistently uses the following terms:
 - Housing requirement
 - Housing need
 - Housing supply

2.5 These matters are explored in detail in sections 3 to 5 below. They look at how we expect those matters to be relevant to the future East Devon Local Plan. In particular, how evidence on housing need and supply is essential to justifying the policy choice of the housing requirement, in support of a spatial strategy.

3 Housing requirement - strategic policy

- 3.1 It is the Local Planning Authority’s role to determine the strategic policy on the amount of housing provision to be made in East Devon for the plan period, through the plan making process. If the plan is to be found sound and then adopted, the Local Plan Inspector(s) must conclude that the policy pass the legal tests and the tests of soundness (if necessary with Main Modifications to make the policy sound).
- 3.2 In the current East Devon Local Development Scheme (February 2021), the Council determined that the future East Devon Local Plan will be a Development Plan Document. It will address all development plan matters. When adopted the Local Plan will be part of ‘the development plan’ for this district. The Local Plan will therefore need to set out policies about housing development to guide future development management decision-making.
- 3.3 Consultation earlier this year on the Local Plan: Issues and Options, acknowledged that it has always been important to plan for future housing. The potential plan objectives include Objective 3 *To provide high quality new homes to meet people’s needs*. That consultation included Question 8 about “How many new homes should we plan for each year?” and consulted on 4 potential options (see Table 1 below).

Table 1

East Devon Local Plan 2021-to 2040

Issues and Options Consultation Jan-March 2021

Question 8 How many new homes should we plan for each year? - Options

Option 1	Plan for an average of at least 928 new homes per year
Option 2	Plan for a greater number of homes e.g. 1,200 per year
Option 3	Plan to build considerably more homes per year (referenced the government’s previous indicative LHNA figure of 1,614 per year)
Option 4	None of these options

3.4 The Council has receive a significant number of responses to Question 8. Responses were quite divided between the 4 options with option 1 slightly more popular than the other main options. The responses are summarised in the Issues and Options consultation feedback set out in a separate report to this Committee. To assist Members’ consideration of this report on Housing Policy Matter, the issues raised are broadly grouped as follows :

Housing Need

- Comments divide into those which
 - Don’t accept the standard methodology for assessing local need; which challenge the underlying assumptions and use of 2014 household projections; and ask about the use of emerging evidence e.g. new population estimates, projections and 2021 Census data
 - Only want to plan on the basis of affordable housing need relating to local residents

- Want need assessment to focus on needs of specific groups such as young people and older people
- Want local housing need to be based e.g. on local parish surveys of need
- Want housing need to reflect the minimum LHN figure based on the standard method
- Want the LHN figure to be above the standard method – with significant uplifts taking into account:
 - meeting all affordable housing need (including all aspirations for affordable home ownership)
 - Meeting unmet need e.g. from Exeter City, Lyme Regis; Torbay (and raise the issue about Duty to Cooperate)

Housing Supply

- Comments divide into
 - No new build but could make better use of existing homes (use empty homes. Subdivide dwellings), make better use of land (i.e. higher densities/build upwards), reuse land (redevelopment of brownfield land/convert buildings)
 - Can recent over supply (against the adopted Local Plan) be counted against the Local Housing Need?
 - More self-build/custom build
 - No option but to comply with the Government policy and guidance. Local Plan must meet tests of soundness, e.g. be consistent with NPPF on boosting housing supply
 - Evidence on housing supply (existing and forecast) needs to be consistent with NPPF and PPGs, if supply forecasts are to be realistic
 - Need for a degree of flexibility in supply, to ensure that housing requirement is met

Housing Requirement

- Comments divide into
 - Plan must set a net policy requirement for the plan period for market and affordable dwellings, expressed as a minimum, in line with government policy and reflecting the housing need assessment
 - Requirement figure must be justified by evidence, to demonstrate how the figure has been derived and is it realistic and achievable
 - Provision will need to ensure it addresses any unmet need from adjoining authorities such as Exeter
 - Local Plan should provide requirement figures for Neighbourhood plans; Neighbourhood plans should determine requirements
 - The higher the target the harder to achieve, not demonstrating 5 year supply could lead to speculative/inappropriate development
 - Housebuilding has over-delivered - can we reduce the new plan target because current supply exceeds existing housing policy requirement
 - Policy target should be expressed as a maximum
 - Council should not plan or commit to any specific figure for new houses (focus on redevelopment/conversions/brownfield land)
 - No more housing. Should not set policy targets, they are arbitrary and lead to significant housebuilding

- Should have a negative housing requirement if we want sustainability
- Need to evidence the impact of the requirement figure e.g. on environment, economy and communities

Spatial Strategy

- Comments divide into
 - East Devon is overdeveloped, challenge expansion, plan for little development
 - No more housing near Exeter
 - Plan for housing near employment
 - Restrict housing to cities/towns; but avoid urban sprawl
 - Impact of major scale development on delivering housing
 - Prioritise use of brownfield land for housing
 - More housing in and at villages
 - Wide dispersal of housing across the district

Affordable Housing

- Comments divide into
 - Prioritise local cost housing for local people
 - Impact of second homes/buy to let/holiday homes on house prices
 - Meet all affordable housing need
 - Define what is meant by affordable (many residents can't afford the price of affordable rent at 80% of market rate)
 - Want affordable housing to mean good quality, social rent
 - Need mixture of house sizes and tenures
 - Is affordable housing need calculated in the 2020 ORS report correct?
 - Impact of spatial strategy and balance between small sites and large sites in delivering sufficient affordable housing
 - Include total affordable housing requirement in plan policy
 - Increase percentage of housing in a development that is affordable; enforce this policy.
 - Housing Monitoring data needs to separate affordable housing supply achieved through development from other sources of supply

3.5 When considering housing development policies, Members should be mindful of Government planning policy set out in the current NPPF. A key policy is that:

“Strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.”

3.6 This housing requirement figure is established as Local Plan policy through the plan-making process. It is a strategic policy in the Local Plan, necessary to address the strategic priorities of the area and any relevant cross-boundary issues. The housing requirement policy, together with other strategic policies, will be central to delivering the Local Plan's vision and objectives.

3.7 The NPPF states that Local Plan policies must be clearly written and unambiguous, so it is evident how a decision maker should react to development proposals. The housing requirement policy will therefore need to clearly express:

- The total net number of dwellings provision (a single figure is clearer and less uncertain for decision making purposes than a range)
- The area to which that figure relates (i.e. the whole plan area)
- The time period to which that total relates (i.e. the plan period)
- Whether the total net number of dwellings is a minimum

3.8 The strategic policy could also include policy breakdown of the housing requirement total. Members may wish to explore this approach, such as:

- Policy sub-areas
- Housing tenure requirements (e.g. Market housing; affordable housing)
- Net targets by dwelling size (e.g. by number of bedrooms)

3.9 We expect that the testing of the housing requirement policy will focus on the Council's evidence and the use of that evidence about need and supply. Such evidence is inevitably substantial, technical and thorough. Feedback on the Issues and Options consultation already shows that the amount of future housing development is a lively topic. Responses range from wanting little or no more housing development to accelerating growth in the district.

3.10 To help communities engage with plan making on an informed basis, it's essential for LPA evidence on need and supply to be available in a timely way at future consultations. These matters are complex. Technical documents need to be accompanied by easy to understand summary explanations. Production of an audit trail document such as a Topic Paper is likely to be necessary. This signposts how the Council used up to date, robust evidence to produce and justify the housing requirement policy.

3.11 The LPA will need to show that it has used the evidence consistent with legislation, case law and Government policy when translating unconstrained 'policy-off' need into 'policy on' housing requirement.

3.12 An audit trail document needs to be efficient, anticipating the types of questions on housing need, supply and requirement that the Local Plan Inspector is likely to ask to help find the plan sound and ensure that legal tests are met.

3.13 At this stage it is not considered appropriate or necessary to reach conclusions about the housing requirement at this time. Updating relevant technical evidence and its analysis is still in progress. This Committee's consideration of these matters now is an early part in the journey to reach informed decisions about the housing requirement and related housing supply policies.

3.14 It will be essential for the LPA to consider and test a range of alternative housing provision policy requirement numbers whilst preparing the Local Plan. These would show different ways that housing need can be met, for example evidence about significant constraints on future supply and whether these can be overcome. The Sustainability Appraisal/SEA in the new LP evidence base tests all reasonable alternatives. It must also include explanations why some alternatives are not reasonable.

4 Housing Need

- 4.1 The Government expects meeting housing need to be central to a Local Plan. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. Members should be mindful of the tests of soundness, including consistency with NPPF. The NPPF no longer requires a Strategic Housing Market Assessment to identify housing need for plan making purposes. Instead, paragraph 60 states that

“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

- 4.2 This Committee is an early opportunity for Members to start to consider and explore options for housing need which can be used to inform and justify the Local Plan’s housing requirement policy.

Local Housing Need Option 1– Standard Method

- 4.3 The Local Housing Need Assessment (LHNA) is an unconstrained assessment of the number of homes needed in an area. PPG makes clear that the LHNA should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.
- 4.4 The LPA will need to take account of the latest national guidance on Housing and Employment Needs Assessments. This confirms that the NPPF expects strategic policy-making authorities to follow the “standard method” set out in planning practice guidance for assessing local housing need.
- 4.5 The first option for Members to consider is therefore the LHNA calculated using the standard method.
- 4.6 NPPG, last updated in December 2020, prescribes the current “Standard method”. It uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply. It identifies a minimum annual housing need figure but does not produce a housing requirement figure. The Government’s standard method:
- Starts by setting the baseline using the 2014 based National Household Projections. The Government has decided not to use the more recent 2016 or 2018 household projections. The 2014 Household Projections were informed by contemporaneous National Population Projections, which in turn reflect past migration trends. The method calculates the projected average annual household growth over a 10 year period.
 - It then adjusts that average to take account of affordability in the local area by applying a median workplace based affordability ratio. (*Ratio of the midpoint price paid for residential property to the midpoint workplace-based gross annual earnings for full-time workers. in East Devon*). The Government makes this affordability uplift so that the method responds to price signals and is consistent with government policy towards boosting supply. The level is capped depending on the current status of relevant strategic policies.

- Finally it applies a further 35% uplift to 20 named cities and urban centres (part of the Government's approach to 'levelling up'). This uplift is not applied to East Devon district.

- 4.7 The East Devon Local Housing Needs Assessment Final Report of findings ORS (October 2020) [201020bpitem9afinalhousingneedsineastdevonappendix 1orsaug2020.pdf](#) calculated the 2019 local housing need using the standard method applying at that time. That method produced an uncapped figure of 900 dwellings per year. This translated to an 18,000 total need across a 20 year period.
- 4.8 The Government's indicative Local Housing Need (published -December 2020 Revised Methodology) provides the latest standard method figure for East Devon district as a minimum of 928 dwellings per year. The Council has yet to decide the plan period for the Local Plan, although the Issues and Options report envisages an end date of 2040, and the title page refers to 2021 to 2040. This might be interpreted as with 19 or 20 years, so will need to be clarified. But if it were 20 complete years, then the total local housing need would be 18,560 dwellings.
- 4.9 Members are advised that this indicative 928 dwellings per year figure, as assessed by Government, is not definitive and may change again in the future before the emerging Local Plan is submitted for examination.
- 4.10 Updates to the Local Housing Needs Assessment may be needed before Local Plan submission as the inputs to the assessment are variable. ONS publish the annual median workplace based affordability ratio statistics annually. The latest were published on 25 March 2021. Further work will be needed in the future to ascertain whether updated statistics, as applied to the annual average projected household change would alter the local housing need figure for East Devon. PPG currently states that the local housing need calculated using the standard methodology may be relied on for a period of two years from the time that the plan is submitted for examination.
- 4.11 We will need to test the ability to accommodate this LHNA figure with evidence, for example, to demonstrate:
- Whether this level of housing, and the related household and population growth result in sufficient workers consistent with the level of employment growth forecast for East Devon, taking account of evidence on commuting, unemployment and economic activity rates
 - The environmental impact of this growth – e.g. tested through the Sustainability Appraisal/Strategic Environmental Assessment
 - The impact on and availability of infrastructure to support that level of growth.

Local Housing Need Option 2 – Alternative - Higher than the standard method

- 4.12 PPG makes clear that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. For example, PPG states that *"In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for"*.

4.13 Table 2 below lists some types of circumstances which could justify an increase in housing need which the Local Plan may need to address. This is assessed prior to and separate from, how much of the overall need can be accommodated and then translated into a strategic policy housing requirement number. Using an approach that is an alternative to the standard method will be tested at Examination, as set out in PPG.

Table 2 Type of circumstances where an increase in housing need, above the standard method, being addressed may be appropriate

Type of Circumstances	Examples of what may be applicable to East Devon
<p>a) Referred to in PPG: Circumstances where increases in housing need are likely to exceed past trends</p>	
<p>A growth strategy for the area that is likely to be deliverable e.g. where funding is in place to promote and facilitate additional growth</p>	<p>Exeter and East Devon Growth Point/ Enterprise Zone – aspiration for growth above baseline employment jobs growth forecasts.</p> <p>Need for evidence to assess whether this will increase local housing need in East Devon (i.e. a jobs growth led forecast with accompanying forecasts about workforce, economically active population, in and out commuting flows and unemployment)</p>
<p>Strategic infrastructure improvements that are likely to drive an increase in the homes needed locally</p>	<p>Highways England’s response to the Issues and Options consultation highlights the need for the plan to locate development at sustainable locations, and plan for adequate local highway infrastructure to provide for local movements, to maximise the ability of the Strategic Road Network to serve strategic movements, Strengthen sustainable travel networks and local highway connections before testing potential mitigation options for significant upgrades to SRN. If the cumulative impacts of the Plan’s development proposals can’t be safely accommodated then we may need to identify suitable appropriate phasing/mitigation measures on the SRN; signposted in the plan policies and the Infrastructure Delivery Plan.</p>
<p>An authority agreeing to take on unmet need from neighbouring authorities as set out in a statement of common ground</p>	<p>Issue and Options responses</p> <p>a) Dorset Council and Torbay Council have raised the issue of the East Devon Local Plan taking into account neighbouring needs, as part of the ongoing consideration of cross boundary matters.</p>

	<p>b) Some housebuilding/developers have asserted that there is unmet housing need from Exeter, although Exeter City Council has not raised this issue at this consultation stage.</p> <p>EDDC has not agreed to take on unmet need from other areas at this time</p>
<p>b) Other circumstances – not precluded by PPG</p>	
<p>Strategic objective for significant urban renewal e.g. with delivery supported by uplift in values achieved from additional new housing</p>	<p>This could apply to major urban areas, and not just the 20 cities which are now subject to the Standard Method's adjustment through cities and urban centres uplift.</p> <p>Redevelopment in East Devon e.g. in town centres is unlikely to be of sufficient scale to add to the standard method's uplift adjustment. It might be considered to be double counting.</p>
<p>Previous Assessments of housing need e.g. historic SHMA which is significantly greater than the standard method</p>	<p>The last SHMA figure for East Devon was the 950 dws per year (modified to 943 when the 2012 national projections were released). This is not significantly higher than the 900 per year rate in the 2020 ORS LHNA report, or the indicative 928 per year which MHCLG published in December 2020</p>
<p>Meeting affordable housing needs including those who aspire to home ownership as well</p>	<p>The standard method includes the affordability uplift. However, PPG requires the separate calculation of affordable housing need to consider all needs. Evidence in the 2020 ORS study identified an overall need for affordable housing of 9,220 households over the 20-year period 2020-2040. This includes those who aspire to home ownership and have sufficient income and savings such that purchasing an affordable homeownership product affordable ownership is a realistic prospect. But it also includes those who don't have sufficient income or savings</p> <p>See Paragraph 4.18 of this report.</p>

4.14 All the circumstances in Table 1 part a) could involve strategic cross boundary issues. If so, they would be subject to the legal test relating to the Duty to Cooperate. The Council is required to undertake and demonstrate effective and on-going joint working up to the point of plan submission for examination. The Local Plan Inspector(s) will scrutinise this matter closely. The LPA is required to prepare and maintain a statement of common ground, documenting the cross boundary matters being addressed and work together with other authorities to address these. PPG sets out the approach to produce this statement. Members

may wish to explore how this matter further when further information and evidence is available on these matters.

4.15 The District Council will need to consider the possible impacts of higher than standard method growth, for example:

- Possible impact of a jobs growth agenda in terms of potential inward migration of extra workers, such as
 - whether we might not have sufficient planned homes, or could need more (more than the indicative 928 per year) to accommodate elevated in-migration
 - the environmental impact of higher growth - tested through SA/SEA
 - the impact on and availability of infrastructure to support that level of growth e.g. the impact on commuting

- Possible impact of accommodating unmet housing need from other areas-
 - will there be sufficient jobs for the resident workforce,
 - will this result in out commuting back to the 'donor' areas
 - the environmental impact of higher growth (tested by SA/SEA)
 - The impact on and availability of infrastructure

Affordable Housing Need

4.16 The East Devon LHNA Final Report of findings October 2020 (Fig 3) forecasts 4,240 dwellings affordable housing need for 2020 to 2040, relating to the needs from:

- all households unable to afford to rent or own market housing; and
- households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to purchase an affordable homeownership product.

4.17 This scale of affordable housing need would justify the need for a robust affordable housing policy but in the context of the LHNA affordability uplift, the scale of need (around 25% of all dwelling need) would not appear to warrant any further uplift to the minimum housing need figure of 900 per year (18,000 total).

4.18 However, as PPG requires that we consider all affordable housing need, then the ORS report (Fig 2) forecasts the affordable housing need for 2020 to 2040 as 9,220 dwellings relating to the needs from:

- all households unable to afford to rent or own market housing; and
- households who aspire to homeownership – both those who can afford to purchase an affordable homeownership product, and those households without a realistic prospect of purchasing such products.

4.19 The need for affordable housing and affordable home ownership in particular is very high as forecast in Fig 2. It could equate to 50% of all dwelling need. It will be necessary to consider how this need can be addressed within the overall need established. The issue is whether meeting the needs of households who are in private rented housing with insufficient savings

or income but who aspire to home ownership is a circumstance justifying a further uplift to the Local Needs Housing figure above the Standard Method figure.

- 4.20 Consideration of how further uplift could be accommodated and whether all need would be met, or whether there would be unmet need is separate from the justification of the level of need.
- 4.21 The Local Plan will need to be clear about the role and purpose of housing supply in meeting the need for affordable housing. This will require evidence for example to justify an affordable housing requirement policy, if the plan is to include this as part of a strategic policy. We would need evidence about:
- The potential of housing supply to deliver affordable housing (net completions in the plan period)
 - What impact do differing housing requirement numbers have on the potential to meet affordable housing needs?; and
 - Impact of the affordable housing policies – tested e.g. in the SA/SEA and in the Plan Viability study.

Specific housing needs

- 4.22 PPG makes clear that the household projections that form the baseline of the standard method are inclusive of all households including travellers as defined with Planning Policy for Traveller Sites.
- 4.23 The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups.
- 4.24 Table 2 part b) in this report does not include circumstances relating to meeting specific housing need. PPG provides separate advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people. The calculation of the specific housing needs of individual groups is separate from the overall local housing need.
- 4.25 The needs of particular groups of people may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.
- 4.26 PPG makes clear that strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:
- the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);
 - the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and

- the anticipated deliverability of different forms of provision, having regard to viability.

4.27 Authorities must also consider the implications of their duties under the Equality Act 2010, including the Public Sector Equality Duty.

4.28 The East Devon LHNA 2020 considered the need to identify the size, type and tenure of housing needed for a range of different groups in the community, which is largely consistent with the scope for SHMAs that the original NPPF identified. This evidence will need to be signposted in the Audit Trail document as part of the overall consideration of housing need and supply.

Local Housing Need Option 3 – Alternative - Lower than the standard method

4.29 Some responses on the Issues and Options consultation have challenged the level of need which is produced by the standard method, and promote a level that is lower than the current indicative 928 dwellings per year. Need is assessed prior to and separate from, how much of the overall need can be accommodated and then translated into a strategic policy housing requirement number.

4.30 Government expects that the standard method will be used and that any other method will only be used in exceptional circumstances. PPG is clear. Use of the standard method for strategic policy making purposes is not mandatory if it is felt that an alternative approach is justified. The Council as the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.

4.31 Latest PPG continues to require that the standard method uses 2014-based household projections. This implies that lower numbers generated through the 2016- based or 2018 based Sub-National Population Projections [SNPP] do not qualify as an exceptional circumstance that justifies a departure from the standard methodology.

4.32 Officers are aware of circumstances elsewhere, that may result in lower than standard method figure. Coventry City is one place where the national demographic projections have been challenged. The UK Office for Statistics Regulation's reviewed the population projections produced by the Office for National Statistics (ONS). Those projections inform the household projections which are the basis of councils' housing need assessments. In their May 2021 report the OSR found that in Coventry and other "smaller cities with large student populations" the estimates appeared to be "inconsistent with, and potentially higher than, local evidence suggests. East Devon is not a city with a large student population so this finding by OSR would not provide a reason relating to exceptional circumstances,

4.33 Officers continue to investigate whether there are exceptional circumstances applying to East Devon. Members should be mindful that LPAs can expect an alternative approach which results in a need figure lower than the standard method to be scrutinised closely at examination. This sets the evidential bar at a much higher level. We would expect the Plan Inspector to be particularly forensic in testing the evidenced justification of a requirement policy based on the use of a lower than standard method minimum need number. At the present time there does not appear to be any robust arguments to support a lower need

figure that would stand up to scrutiny and so seeking to make such a case would potentially put the soundness of any plan prepared on this basis at significant risk of being found unsound.

‘Lower than standard method need’ is not the same as ‘unmet housing need’

- 4.34 We also need to distinguish clearly between justifying a figure of housing need lower than the standard method and concluding that a level of housing need cannot be accommodated in the District. The latter is ‘unmet housing need’. It takes account of constraints such as environmental considerations.
- 4.35 Unmet housing need is also a strategic cross boundary matter, involving the legal test relating to the Duty to Cooperate. The issue of whether some of East Devon’s housing need would be ‘unmet’ is explored in section 5 of this report under the matter of housing supply.

5 Housing Supply

- 5.1 The Government’s objective towards boosting housing supply, as expressed in the NPPF is relevant to plan making, mindful of the tests of soundness. Evidence on the amount of housing that can be delivered or is developable in the plan period is key to assessing the ability to meet the forecast housing need. Work to provide the evidence about housing supply continues to progress. Members noted the 2020 Residential Housing Monitoring report at the Meeting in October 2020.
- 5.2 Local Plan Inspectors focus forensically on housing supply evidence at Examination. They usually require the latest available information. Supply evidence will need to be updated to the end March 2021 monitoring point, and probably the end March 2022 monitoring point before the plan is submitted for Examination.
- 5.3 The audit trail document will need to be updated with the latest information, probably on more than one occasion, including potentially during the Examination, for example if there proposed Main Modifications relating to site allocations, housing requirement or if there is new evidence about housing need, household and population (e.g. when 2021 census results/new national projections are published).
- 5.4 Committee will be receiving further reports this year on related housing supply matters, including: the Housing Land Availability Assessment; and the Local Plan sites allocations selection.

How much will supply be delivered in the plan period?

- 5.5 Inspectors’ Reports and questions about other Local Plans demonstrate just how vital it is that East Devon DC has robust evidence on the following matters:
- a) The sources of housing supply counted towards meeting the housing requirement policy. NPPF/PPG compliant evidence on housing supply components relates to:
 - housing monitoring data since the start of the plan period to the current “monitoring point” e.g. dwelling completions (Housing Flows Reconciliation data), dwellings on existing commitments (with consent)

- forecast capacity of housing site allocations in the new local plan upon completion
 - forecast future windfalls (discounted to take account of lapse rates); and
 - potentially, a forecast of capacity on housing site allocations in made or emerging neighbourhood plans or a policy allowance for this category that might be delivered in the Local Plan's plan period. (There will be a separate report to Committee on the relationship between the Local Plan and Neighbourhood Plans.)
- b) It is important to avoid double counting supply. We anticipate that the supply evidence will need to show clearly that there are no overlaps between supply categories. This also includes expressing forecast supply as net figures, albeit supported by information on gross completions and gross losses.
- c) How much housing supply is forecast to occur in the plan period, which can be counted towards meeting the Local Plan housing requirement policy? The latest PPG on housing supply has raised the bar on evidence for demonstrating future housing delivery. It is prescriptive about the need for:
- A housing trajectory – This forecasts future completions on a year by year basis over the plan period. Historically trajectories are part of a Plan, Monitor, Manage approach. The focus is on
 - demonstrating actual supply delivery from the start of the plan period
 - demonstrating 'forecast deliverable' supply in the first 5 years after adoption
 - demonstrating forecast developable supply in years 6-10, and
 - ideally demonstrating forecast developable supply in years 11-15 (+)
 - The plan will need to include a trajectory illustrating the forecast (i.e. a graph) but the evidence base must include the detailed table(s) i.e. for all large sites, plus a trajectory for the delivery of housing from small sites, plus a trajectory for delivery from future windfalls
 - Demonstrating 'realistic prospects' of housing delivery in the first 5 years at the anticipated point of plan adoption. NPPF/PPG is now particularly onerous about evidence used to justify a forecast demonstrating a 5 year housing land supply. The Local Plan's evidence will need to be PPG compliant. For example, we might anticipate that the plan will need to be supported by an audit trail of evidence on how we:
 - consulted developers/ builders to seek views/info on a housing trajectory
 - appraised comments/information received
 - explained why we didn't accept information, and justified our trajectory
 - The application of a 'buffer'. A buffer does not add to the total housing requirement for the whole plan period but it is brought forward into the 5 year housing land supply calculation. Currently, the Government has determined that our latest Housing Delivery Test figure is 122%. HDT is an assessment of past supply delivery performance against a planned requirement or local housing need. The HDT figure of 122% means that we only have to add a 5% buffer to the housing requirement for the 5 year period when calculating the 5 year

housing land supply position. If that figure were to fall below 95% we would have to apply a 20% buffer.

- d) Other evidence can be used by the LPA to justify conclusions about supply and delivery for example:
- The Strategic Housing Land Availability Assessment provides some evidence about potential of sites to deliver. The Local Plan's evidence base also needs to include the LP's Plan Viability Assessment, providing additional evidence about the potential for site allocations to be viable and developable in the plan period.
 - The 2019 NPPF does not preclude the LP including or being accompanied by a Housing Implementation Strategy. This could reduce the risk of the HDT measurement falling below 95% (when the LPA would need to produce an Action Plan to assess the causes of under-delivery and identify actions to increase delivery in future years). Such a strategy can also be used through Governance arrangements to support delivery of the plan's vision and objectives during the life of the Local Plan
- e) The scale and nature of the flexibility and contingency in supply to meet the housing policy requirement. This is not the same as a 'buffer' for 5 year supply calculations. Flexibility and contingency are important because the future is uncertain. Local Plan Inspectors understand that it is unlikely that all forecast supply sources will deliver over a plan period. They can be forensic when testing this point. The risk of delays and under-delivery need to be managed. We expect that the Local Plan evidence will need to show an appropriate degree of flexibility in plan period supply, measured by the extent to which forecast housing supply exceeds the policy requirement, and from what source categories. The approach to contingency measures will need further investigation.

Any unmet East Devon Housing Need?

- 5.6 The Council will need to assess whether forecast supply delivery is sufficient to meet the housing need in the plan period. If it is not, then the Council will need to investigate whether there is potential for other areas to take some of our East Devon housing need. Unmet housing need is a strategic cross boundary issue and will trigger the Duty to Cooperate legal test. This would be challenging, and prospects of this being acceptable to other LPAs may be less than optimistic.
- 5.7 The Local Plan Inspector will be forensic if there is unmet housing need. Inspectors focus hard on what is the evidenced justification for unmet need. We would have to demonstrate how we had robustly explored and tested every potential supply avenue. We would also have to provide robust evidence about:
- Efforts made for constructive collaborating with other authorities
 - whether they have agreed to accommodate unmet East Devon need (when evidenced); and
 - what the process is for that cooperation to continue and be successfully resolved if the matter was not resolved by the time the local plan was submitted for examination

6 Key challenges and questions for committee

- 6.1 In this paper we have sought to explore and set out some of the key factors that we need to take into account when determining potential housing numbers in the local plan. It is not expected that this committee meeting will or should draw definitive conclusions but it would be desirable in terms of helping to inform plan preparation to get a strong steer on thinking and approaches to housing requirement, informed by evidence about housing need and supply, the implications, including what's most important and why, that we should be taking forward.
- 6.2 Consideration of the approach to the strategic housing requirement policy will need to be mindful of Members' ongoing consideration of the overall strategy. The strategic housing requirement policy should be led by the plan's vision, objectives and spatial strategy. Whilst meeting housing need is a key driver and housing requirement is at the core of plan making, this should not be the overriding factor.
- 6.3 To assist with discussions, focus thoughts and encourage possible conclusions to be reached we have set out a series of questions that we consider would be valuable for committee to debate, these are set out below.
 - a) Do Members wish to pursue an approach that challenges the government's standard method and the resultant housing need figure for the district or are they accepting that we will have to meet this figure as a minimum?
 - b) Are Members willing to accept a higher housing need figure if evidence suggests that this is necessary to address all needs for affordable (including social) housing?
 - c) Do Members accept that the direct relationship between housing numbers and jobs growth mean that any strategy that promotes jobs growth beyond normal levels will need to be reflected in an increasing housing need figure?
 - d) Would Members appreciate further training on technical aspects of housing numbers and delivery, mindful of the potential complexity and level of detail in housing evidence as well as jobs forecasts, SA-SEA, the Infrastructure Delivery Plan, and viability assessments?