

Report to: Strategic Planning Committee



Date of Meeting: 22 February 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Housing Monitoring Update to year ending 31 March 2021

Report summary:

This report provides a summary of house building monitoring information to the year ending 31 March 2021. The report confirms that, looking forward, we have a greater than Five Year Land Supply in East Devon.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That Strategic Planning Committee:

- 1). Note the residential dwellings completion data and future projections for the district including the comments on future supply risks detailed in section 5 of the report;
- 2). Note the confirmation of a Five Year Land Supply.
- 3). Note that the Housing Monitoring Update will be published on the Council's website.

Reason for recommendation:

To keep members informed of housing completions and forward projections.

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Portfolio(s) (check which apply):

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

Equalities impact: Low Impact;

Climate change: Low Impact;

Risk: Low Risk;

Links to background information <https://eastdevon.gov.uk/planning/planning-policy/monitoring>

Link to [Statement of Intent](#)

Priorities (check which apply)

- Better Homes and Communities for all
 - Greener East Devon
 - A resilient Economy
 - Services that matter
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1. Introduction

1.1 Through the Planning Policy team the Council produces an annual Housing Monitoring Update (HMU), the latest version of which is attached. This report to Committee forms the monitoring report for the year ending 31 March 2021. The report for this period has been delayed as a result of work on the new Local Plan being prioritised and time taken seeking clarity from developers on future delivery intentions.

2. Housing Need and Supply in East Devon

- 2.1 The East Devon Local Plan, specifically in respect of housing supply and monitoring purposes, covers the 18 years from 01 April 2013 to 31 March 2031 (however it is relevant to note that the new plan, currently in draft form, will supersede the current plan long before this end date). For this 18 year period the plan establishes an objectively assessed need for 17,100 new homes to be created in East Devon. This averages out at 950 homes per year. However, as the current plan was now adopted more than five years ago, we now need to use the latest Government guidance to calculate our baseline figure, which is 918 homes per year.
- 2.2 The table below shows the net number of homes that have been recorded as built in the five years running from 2016 to 2021.

Table of housing completions for 2016/17 to 2020/21

Year	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	Five year total	Annual Average
Totals	724	866	929	1,065	872	4,456	891.2

- 2.3 The impact of the COVID-19 pandemic has no doubt impacted on the number of completions with the net total of 872 recorded during the 2020/21 monitoring period being the lowest since 2017/18. The average level of completions over the last five years is now 891.2, which falls below annual average projected needs.
- 2.4 The total of 872 net completions was less than the projected figure of 1,308, however – COVID-19 implications aside – numbers are still anticipated to rise in 2021/22 and again in 2022/23. The table below shows site availability to support projected building levels from 2020/21 through to 2030/31.

Table of projected housing completions for 2020/21 to 2030/31

Year	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027	2027 to 2028	2028 to 2029	2029 to 2030	2030 to 2031
Totals	1,389	1,154	1,051	981	714	638	629	654	659	604
	5,289 ←					Projected five year housing delivery for 2021/22 to 2025/26				

- 2.5 The future rise in projected completions, as illustrated in the table above, is partly a product of new sites, especially large scale strategic sites (including the Cranbrook expansion zones from 2024/25), starting to deliver significant housing numbers, but it also reflects, more generally, site availability.
- 2.6 It should be noted that future projected housing completion figures are primarily based on the potential expectation of sites to deliver housing in accordance with the methodology set out in the Housing and Employment Land Availability Assessment (HELAA). Though also, for a number of sites, projected levels of building reflect more detailed local assessment and understanding of predicted future housing delivery.
- 2.7 The HELAA process, which forms an assessment undertaken in conjunction with the development industry, includes a methodology for defining the levels of development that might be expected on sites, on a year-by-year basis, dependent on the size of the site and also:
- whether a site has extant permissions;
 - is already seeing development occurring; or
 - whether it is otherwise identified or allocated for development.
- 2.8 Projected build-out rates for large sites (10+ dwellings in total) have been calculated by consulting with the relevant developer responsible for each site under construction or with an extant permission.
- 2.9 The National Planning Policy Framework (NPPF) defines a “deliverable” site as follows:
- To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:*
- a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans);*
- b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.*
- 2.10 This means, unlike in some previous Housing Monitoring Updates, some allocated sites and sites with acknowledged development potential have not been included in projections for the Council’s updated Five Year Land Supply. Accordingly, Cranbrook Expansion Zones projections have been pushed back to a starting point of 2024/25 and Axminster Masterplan projections have been completely removed from the remaining Local Plan period (2021 - 2031).
- 2.11 Projections are based on the status of sites and extant planning permissions at 01 April 2021.

3. Five Year Land Supply Assessment

- 3.1 A key reason for keeping a careful record of housing completions and the ability to deliver houses in the future is to ensure that the ability exists to maintain future land supply to match needs and expectations for housing delivery. The Council is required to examine its five year housing land supply; this is an assessment of whether the projected levels of future house building, taking into account what has been built in the past, is sufficient to meet the levels of housing required by the local plan for the next five years.
- 3.2 The equations below, with associated explanation, establish the calculated housing land supply in East Devon at a base position of 1 April 2021.

Table of Housing Five Year Land Supply Assessment

Ref	Stage of Work	Numbers	Commentary (with formulas used in calculation)
A	Annual Requirement	918	This is the annual number of dwellings Government indicates should be built in East Devon
B	Five Year Requirement	4,590	This is the number of houses that should be built over every five year period (Number = B x 5)
C	Requirement to have been delivered by 31 March 2021	7,344	This is the number of houses that should have been built in the seven years from 1 April 2013 (local plan start date) to 31 March 2021 (Number = B x 8)
D	Completions 1 April 2013 - 31 March 2020	7,342	This is the actual number of dwellings recorded as being built from 1 April 2013 (local plan start date) to 31 March 2021
E	Shortfall	2	This is the level of shortfall between what should have been built and what actually was built (Number = C - D)
F	5 Year Requirement (excluding buffer)	4,592	This is a forward looking assessment that takes into account a standard five year requirement (i.e. it provides for the five years looking forward) and adds to it the shortfall figure (Number = B + E)
G	5 Year Target (including 5% buffer)	4,822	Government guidance requires that the Council not only provide a calculated need figure but that they also add a 5% buffer to this number (whilst it is not applicable to East Devon, the 5% buffer increases to 10% where the local planning authority wishes to demonstrate a five year supply through an annual position statement / recently adopted plan, and 20% in cases of persistent under delivery) (Number = F + 5% of F)
H	Annual Target	964	The 5 year target is divided by 5 to create an annual average target (Number = G / 5)
I	Total Deliverable Supply from 1 April 2021 to 31 March 2026	5,289	To understand if we are projected to meet the five year need we look to the projected supply of housing over the period from 1 April 2021 to 31 March 2026 (see table earlier in this report for this number)
J	Surplus Supply	467	By knowing the projected supply and comparing this against the five year requirement we can calculate if there is a shortfall or a surplus (Number = I - G)

Ref	Stage of Work	Numbers	Commentary (with formulas used in calculation)
K	Years of Land Supply With a 5% Buffer	5.49	The final calculation records the supply of housing in terms of meeting/exceeding five year needs (Number = I / H)

3.3 The above assessment shows that we retain, in East Devon, a five year housing land supply.

4. Housing Delivery Test

4.1 Since November 2018, Councils have also had to pass the new Housing Delivery Test (HDT). Rather than simply looking at what *can* be achieved over the following five years, the HDT checks what *has* been achieved over the previous three.

4.2 The HDT compares the delivery of housing over the past three years against the required amount, with delivery of the full amount resulting in a score of 100%.

$$\text{Housing Delivery Test (\%)} = \frac{\text{Total net homes delivered over three year period}}{\text{Total number of homes required over three year period}}$$

4.3 The number of net homes delivered is the national statistic for net additional dwellings over a rolling three year period, with adjustments for net student / other communal accommodation.

Net homes delivered in a year

= Net Additional Dwellings National Statistic

PLUS

net increase in bedrooms in student communal accommodation in local authority
average number of students in student only households in England

PLUS

net increase in bedrooms in other communal accommodation in local authority
average number of adults in households in England

4.4 The HDT comprises three elements:

- i) If delivery has been less than 95%, the Council should prepare an Action Plan to address the reason for the shortfall;
- ii) If delivery has been less than 85%, the Council should also include a 20% buffer in calculating its Five Year Land Supply (rather than 5% or 10%);
- iii) If delivery has been less than 75%, the presumption in favour of sustainable development would then apply.

- 4.5 The results of the fourth HDT (covering 2018/19 to 2020/21) were released in January 2022. East Devon District Council passed the test with a score of 123%, meaning no action is required.
- 4.6 Previous results were:
Third HDT (2017/18 to 2019/20) – 122%;
Second HDT (2016/17 to 2018/19) – 121%;
First HDT (2015/16 to 2017/18) – 149%.

5. Future Risks

- 5.1 Members are advised that despite being able to demonstrate a 5 year housing land supply position for the 2020/21 monitoring period the position does not look so positive when we look ahead beyond the next 5 years. The projected delivery for 2025-26 onwards falls significantly below the current baseline requirement of 918. This is particularly concerning as this figure is subject to change and a 5% buffer is also applied. The delivery projections are at further risk due to their reliance on the timely delivery of the Cranbrook expansion areas albeit it is anticipated that the Cranbrook Plan can soon be adopted and these can move forward quickly. The removal of the Axminster Urban Extension from the supply projections has also hurt the position. There is a need to unlock the urban extension or find alternative sites that can deliver homes quickly to bolster the housing land supply position if the current position is to be maintained in future years.
- 5.2 Work is progressing on a new Local Plan which will allocate further sites but it is unlikely to be adopted before 2024 at the earliest and so we are still a few years away from these being able to count towards our housing land supply position. In any event many of these sites may not deliver early in the plan period. This leaves a gap in supply which will need to be filled. Fundamentally this can only be achieved by granting residential consents for sites that can deliver homes in the short to medium term. In order to bolster supply beyond those sites that may ordinarily come forward Members may wish to consider whether sites that do not fit with the currently adopted strategy for growth but where no substantial harm would arise and the development is sustainable should be viewed favourably even where it does not accord with the Local Plan. Officers will advise Planning Committee where it is considered that such an approach should be adopted so that the implications of potentially finely balanced decisions on housing land supply can be fully understood and considered.
- 5.3 The planning implications of not maintaining a 5 year housing land supply are that the presumption in favour of sustainable development would apply and policies in the local plan relevant to applications for housing would be considered out of date. This position would similarly apply where the Housing Delivery Test indicated that supply was less than 75% of the requirement over the preceding 3 years. There are also less significant implications where delivery falls short of that required under the housing delivery test as detailed at paragraph 4.4.
- 5.4 It should also be noted that the new Local Plan will need to demonstrate that we will have a 5 year housing land supply at the point of adoption of the plan if it is to be found sound at examination. This makes it all the more important that we maintain the required housing supply over the next few years.

6. Jobs and Employment Land Monitoring

- 6.1 It should be noted that this monitoring report is specifically concerned with housing delivery monitoring. The Local Plan sets out monitoring requirements for a range of considerations

and these specifically include employment land development. A full Employment Land Review report to the year ending 31 March 2021 is still in production.

Financial implications:

In facilitating and encouraging housing and business 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 current New Homes Bonus scheme however is to demise and we await details of any replacement scheme.

Legal implications:

There is a legal requirement for the Council to monitor housing completions and demonstrate an ongoing 'Five Year Land Supply' of sites for future housing. This report ensures that the Council is complying with its duties and can demonstrate an adequate supply of housing. Other than those set out in the report here are no legal implications from this update report.