

Report to: Strategic Planning Committee



Date of Meeting: 4 October 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Housing Monitoring Update to year ending 31 March 2022

Report summary:

This report provides a summary of house building monitoring information to the year ending 31 March 2022. It had been noted in the previous Housing Monitoring Update that the housing land supply position was declining and that action was needed to address this position. In the meantime the annual requirement figure has gone up from 918 homes per year to 946 homes per year as a result of changes to the affordability ratio which is a key input into the government's standard method for calculating housing need. The increased need figure combined with a declining supply position means that a 5 year housing land supply can no longer be demonstrated. The report advises Members of the implications of this and what actions are and should be taken to address this position.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That Strategic Planning Committee:

1. Note the Housing Land Supply position and its implications;
2. Note the residential dwellings completions data and future projections for the district;
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.

Officer: Ed Freeman – Service Lead - Planning Strategy and Development Management (Tel: 01395 517519; e-mail: efreeman@eastdevon.gov.uk)

James Coles – Technical Support & Monitoring Officer - Planning Policy (Tel: 01395 571745; email: jcoles@eastdevon.gov.uk)

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

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 2022.

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 946 homes per year (up from the 918 for 2020/21).

2.2 The table below shows the net number of homes that have been recorded as built in the five years running from 2017/18 to 2021/22.

Table of net housing completions for 2017/18 to 2021/22

Year	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022	Five year total	Annual Average
Totals	866	929	1,065	867	1,039	4,766	953.2

2.3 The COVID-19 pandemic has made far less of an impact on completions in 2021/22 in comparison to the previous monitoring period, with net figures up from 867 to 1,039 (after the DLUHC's predicted adjustment for net loss in care home bedrooms). The average level of completions over the last five years is now 953.2, which is above annual average projected needs.

2.4 The table below shows site availability to support projected building levels from 2022/23 through to 2030/31.

Table of projected housing completions for 2022/23 to 2030/31

Year	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
Total	1,251	1,167	1,008	745	612	655	675	680	608
	←4,783					Projected five year housing delivery for 2022/23 to 2026/27			

- 2.5 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. The Cranbrook expansion zones are expected to contribute to completions from 2024/25.
- 2.6 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.
- 2.7 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.
- 2.8 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.*
- 2.9 Projections are based on the status of sites and extant planning permissions at 01 April 2022.

3. Five Year Housing 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 2022.

Table of Five Year Housing Land Supply Assessment

Ref	Stage of Work	Numbers	Commentary (with formulas used in calculation)
A	Annual Requirement	946	This is the annual number of dwellings Government indicates should be built in East Devon
B	Five Year Requirement	4,730	This is the number of houses that should be built over every five year period (Number = A x 5)
C	Requirement to have been delivered by 31 March 2022	8,514	This is the number of houses that should have been built in the nine years from 1 April 2013 (local plan start date) to 31 March 2022 (Number = A x 9)
D	Completions 1 April 2013 - 31 March 2022	8,376	This is the actual number of dwellings recorded as being built from 1 April 2013 (Local Plan start date) to 31 March 2022
E	Shortfall	138	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)	4,868	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)	5,111	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	1,022	The 5 year target is divided by 5 to create an annual average target (Number = G / 5)
I	Total Deliverable Supply from 1 April 2022 to 31 March 2027	4,783	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 2022 to 31 March 2027 (see table earlier in this report for this number)
J	Deficit	328	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)
K	Years of Land Supply With a 5% Buffer	4.68	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, in East Devon, no longer have 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. Impact of Loss of 5YHLS

5.1 Under government policy if an authority cannot demonstrate a 5 year housing land supply then the presumption in favour of sustainable development will apply as set out in paragraph 11d of the National Planning policy Framework. This states:

“(d) where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date 8 , granting permission unless:

- (i) the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or
- (ii) any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.”

In effect this means that development constraint policies such as built-up area boundaries can no longer carry significant and that applications that are outside of these areas and are not compliant with the Local Plan should be approved unless points (i) and (ii) above apply. In the case (i) the protected areas referred to includes AONB's, SSSI's, designated heritage assets and areas at risk of flooding among others. The majority of the district is therefore not vulnerable from the lack of a 5 year housing land supply and the presumption in favour of sustainable development. However the parts of the district outside of these protected areas could be vulnerable to planning applications for housing development that would not be in conformity with the Local Plan but may now be hard to resist. Notwithstanding this point (ii) above still provides protection from developments with adverse impacts that would significantly and demonstrably outweigh the benefits.

5.2 It is also important to note the role of neighbourhood plans with paragraph 14 of the National Planning Policy Framework stating that:

“In situations where the presumption (at paragraph 11(d)) applies to applications involving the provision of housing, the adverse impact of allowing development that conflicts with the neighbourhood plan is likely to significantly and demonstrably outweigh the benefits, provided all of the following apply:

- (a) the neighbourhood plan became part of the development plan 2 years or less before the date on which the decision is made;
- (b) the neighbourhood plan contains policies and allocations to meet its identified housing requirement;
- (c) the local planning authority has at least a 3 year supply of deliverable housing sites (against its 5 year housing supply requirement, including the appropriate buffer as set out in paragraph 74); and
- (d) the local planning authority's housing delivery was at least 45% of that required over the previous 3 years.”

This provides additional policy protection to areas with a neighbourhood plan that is no more than 2 years old given that points (b), (c) and (d) would be satisfied as things stand.

6. What are we doing to address the Housing Land Supply Issue?

6.1 Work is progressing on a new Local Plan which will allocate further housing 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.

6.2 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.

- 6.3 Members were advised at the time of the previous annual monitoring report that “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 current Local Plan”. In effect this was to pre-empt the presumption in favour of sustainable development that has now taken effect. It has however led to a number of the sites favoured for allocation by officers in the new Local Plan being promoted by developers ahead of the Local Plan. A number of such sites have been submitted through the pre-application process and applications are being prepared or in some case have been submitted.
- 6.4 These applications will need to come to Planning Committee if recommended for approval as they will still be departures from the Local Plan. Officer’s reports will set out the position and advise Members on how they should be considered against the NPPF and the relationship with Neighbourhood Plans and their status so that an informed decision can be made.
- 6.5 It should also be noted that the new Local Plan will need to demonstrate that we will have a Five 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 bolster the housing supply over the next few years.

7. Jobs and Employment Land Monitoring

- 7.1 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 2022 will begin production in the near future.

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 the impact on the ‘Five Year Land Supply’ of sites for future housing. This report advises Members of the implications of the fact that a ‘Five Year Land Supply’ can no longer be demonstrated and what actions are and should be taken to address this position. Other than those set out in the report, there are no legal implications requiring comment