

Report to: Strategic Planning Committee



Date of Meeting 7 October 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## East Devon Local Housing Needs Assessment 2022 – report by the consultants ORS

### Report summary:

This report advises of the East Devon Local Housing Needs Assessment September 2022 report by the consultants ORS into future housing needs in the district.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

1. That Strategic Planning Committee recommend endorsement of the East Devon Local Housing Needs Assessment September 2022 report for use as evidence for the purposes of the new Local Plan and other spatial plan making, for development management, and in support of achieving East Devon District Council's corporate objectives; and
2. That Strategic Planning Committee recommend that the East Devon Local Housing Needs Assessment 2022 report be published on the council's website as part of the new Local Plan evidence base.

### Reason for recommendation:

To advise members of receipt of the consultants' work, to allow them to review the full report content, and to enable timely availability and use of the report as evidence.

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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 High Impact

**Risk:** Low Risk;

### Links to background information

**Link to;** [East Devon, Exeter, Mid Devon and Teignbridge Local Needs Assessment: Report of findings for East Devon Item 9 Housing needs in East Devon consultants rpt.pdf](#) ; [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
  - A greener East Devon
  - A resilient economy
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## Report in full

### 1. Background

- 1.1 At their meeting on 20 October 2020, members considered the previous 2020 Local Housing Need Assessment (LHNA) dated 4 August 2020 produced by ORS, when they agreed for it to form part of the evidence base for the production of the new Local Plan.
- 1.2 In 2021 this council, working collaboratively with Exeter City, Mid Devon District and Teignbridge District Councils, produced a consultants' brief for undertaking a new assessment into future housing needs for each of the four districts. The consultancy firm Opinion Research Services (ORS) were appointed to undertake this work.
- 1.3 Joint commissioning has been an efficient way to procure evidence, and ensure evidential consistency across the four districts in the Exeter Housing Market Area (HMA). Collaborative working also demonstrated a positive approach towards the Duty to Cooperate. Although commissioned jointly by the four councils, it should be noted that each council has its own separate district LHNA report. This council therefore only considers endorsing the East Devon district report as evidence, not all four reports.
- 1.4 In the case of this district, if endorsed as evidence, the East Devon Local Housing Needs Assessment (LHNA) September 2022 would replace the previous LHNA 2020.
- 1.5 Preparation of the LHNA 2022 included two virtual workshops, one of which was for members from the four councils. This afforded members the opportunity to be briefed on the LHNA methodology and results, and to ask questions and raise issues before the report was finalised.
- 1.6 The East Devon LHNA 2022 report enables the council to ensure that there is evidence on housing need that is up to date in accordance with the latest Government planning policy and practice guidance, and has been informed by available information.

### 2. Key report findings in the consultants' report

- 2.1 The consultant's report opens with an executive summary that can be read to provide a relatively quick overview of key conclusions from the work, though for a more complete picture the report should be read in its entirety.
- 2.2 The focus of the LHNA 2022 report is on quantifying and justifying the Local Housing Need (LHN) for East Devon, and identifying and quantifying the types of housing need, including the Affordable Housing Need (AHN). It also justifies the extent of the Exeter Housing Market Area (HMA) within which East Devon lies. This is in line with the National Planning Policy Framework and the Planning Practice Guidance.
- 2.3 In summary, the key conclusions which are particularly relevant to the emerging Local Plan are listed below:

- a) The current LHNA 2022 evidence justifies identifying the extent of the Exeter Housing Market Area as comprising the administrative areas of East Devon District, Exeter City, Mid Devon and Teignbridge District Councils.
- b) Using the Government's Standard Method, the assessed Local Housing Need for East Devon district was 918 dwellings per year (ie 18,360 dwellings over the 20 year period 2020 to 2040). The Standard Method formula uses affordability ratio statistics published annually by the Office for National Statistics (ONS). The diagram below shows that as well as meeting projected growth and enabling more households to form from the pent up housing demand, 4,735 dwellings would enable more net inward migration. This is a direct consequence of the Standard Method which relies on 2014 subnational household projections. The LHN uses the ONS 2019 affordability ratio (published March 2021).



- c) Appendix A of the LHNA 2022 report reviews the Standard Method for calculating Local Housing Need. There is no technical evidence in the report that shows there are exceptional circumstances to justify an alternative approach that would produce a lower LHN figure for East Devon.
- d) The Affordable Housing Need in East Devon is forecast to be 8,011 households for the 20 year period 2020 to 2040. This equates to 401 households per year. This AHN figure covers both those who cannot afford market rents (2,760 households) and those who currently can afford to rent without the support of housing benefit but would like to buy (5,251 households). The 8,011 figure is based on the Government's definition of affordable housing which has an emphasis on affordable home ownership but takes no account of whether the households could afford affordable homeownership products.
- e) The report concludes that of those 8,011 households, only 3,530 households are in Affordable Housing Need because either they are unable to afford to rent or own market housing or they are households who aspire to home ownership but who cannot afford to buy but where there is a realistic prospect of them being able to access an affordable homeownership product. This equates to 177 households per year. Translated into dwellings, this equates to 3,615 total affordable dwellings over the 20 year period. 3,615 affordable dwellings equates to 19.7% of the 18,360 total local housing need. As stated in the consultants' report, in line with NPPF, *"not every site in East Devon will necessarily deliver affordable housing at 19.7% so a higher level of affordable housing may need to be delivered on those sites capable of doing so, in order to meet the overall identified need. This higher level should be set such that it is sufficient to offset those smaller/brownfield developments on which less affordable housing is sought."*
- f) On this basis, the remainder of the 18,360 LHN is a need for 14,745 market dwellings.
- g) The consultants' report provides a suite of forecasts. These breakdown forecast need by affordable housing product types. The initial forecast in Tables 52 and 53 is as follows:

No. of affordable dwellings; and as a percentage of the total affordable housing need:

- Social rent 2,312 (64%)
  - Affordable rent 472 (13%)
  - First Homes (at 30% discount) 566 (16%)
  - Other affordable homeownership products\* 265 (7%)
- (\*eg Shared Ownership; Rent to Buy)

- h) The Affordable Housing Need assessment takes account of the Government's introduction of First Homes in May 2021 as a type of affordable homeownership. However, it does not build in Government policy for First Homes to be 25% of affordable housing delivered through planning obligations. At a 30% discount the 566 dwellings in Table 52 would equate to 15.7% of total affordable housing. This is well below the government policy requirement of 25%.
- i) The consultants' report also contains 5 sensitivity tests. These explore alternative options for affordable housing mix. They vary the assumptions made about the First Homes discount and the amount of affordable housing product types, in order to achieve government policy requirements regarding:
- i. 25% of affordable homes delivered through planning obligations to be First Homes; and
  - ii. The fifth sensitivity test adds in the government policy requirement for 10% of the total number of homes delivered on a site to be affordable home ownership, subject to prescribed exemptions.
- j) Sensitivity Test 5 (Table 59 as supported by paragraph 6.47) is hypothetical. It is not a concrete expression of need as it has had to make assumptions that do not include supply side evidence. Based on those assumptions it shows the potential impact of Government policy requirements for 25% of affordable homes to be First Homes and for at least 10% of the total number of homes on any site to be available for affordable home ownership, if the LHN stays at 18,360. Hypothetically, this would increase the amount of total affordable housing to 4,620 (25% of the LHN) but would reduce the amount of total market housing to 13,740 dwellings. Affordable home ownership would rise to 40% of the total AHN (1,836 dwellings), but not change the number of social rent and affordable rent compared to the forecast in Table 52.
- k) The LHNA 2022 is not a viability study so the viability implications of housing mix will need to be tested in the context of a future overall local plan viability assessment.
- 2.4 Dedicated older person housing schemes will be an important part of the overall housing mix. The report identifies a wide range of between 1,630 and 6,224 dwellings of housing need for specialist older person additional dwellings in East Devon over the 20 year period. The upper figure is the modelled figure of need and is based on idealised outcomes. The report concludes that this is unlikely to be achievable as it is about one-third of the LHN. The lower figure reflects current provision rates, equating to 9% of the LHN.
- 2.5 The report identifies a wide range in the need for adapted housing, from a minimum of 5,119 to a maximum of 12,959 over the 20 year period. It states that evidence suggests planning for a minimum of 30% of the LHN to be both M4(2) *Category 2 Accessible and Adaptable Dwellings* or M4(3) *Category 3 Wheelchair User Dwellings*. The report also highlights the Government's intention to mandate the M4(2) requirement in Building Regulations as a minimum for all new homes (where M4(1) *Category 1 Visitable Dwellings* will apply by exception only where M4(2) is impractical and unachievable.) There is much overlap between the need for adapted housing and the need for older persons housing.
- 2.6 The need for accessible and adapted housing is broken down into affordable housing (with a range of 1,047 and 2,513 dwellings) and market housing (with a range of 4,072 to 10,445).
- 2.7 The need for wheelchair adapted housing is forecast to be 1,010 dwellings over the 20 year period comprising 720 market housing and 300 affordable housing. About 80% of this is for households aged over 75 and 20% is for households aged under 75.

### **3. Making use of the consultants' report**

- 3.1 NPPF and planning practice guidance requires the production of a relevant, up to date, robust and proportionate Local Housing Need Assessment evidence and this evidence

should be used to justify relevant policies in the local plan. It is therefore essential that the council's plan-making is underpinned by such evidence.

- 3.2 The purpose of commissioning the consultants' LHNA 2022 report is to provide the essential evidence to help inform the preparation of the new East Devon local plan, particularly relevant policies. It would also provide an evidence base to inform development management as well as wider council work and activities related to provision and management of housing.
- 3.3 The East Devon LHNA 2022 is not a policy document. It is a jointly commissioned technical report, produced by consultants. Officers have worked with the consultants, and provided detailed comments on the methodology and report drafts throughout the project. Members had the opportunity at the workshop to raise issues about the methodology and about key findings in the consultants' report before the report was finalised. EDDC officers advise that the East Devon LHNA 2022 consultants' report now meets the project brief, and is consistent with NPPF and PPG regarding Local Plan evidence. The report can therefore be technically signed off.
- 3.4 The council has options relating to the use of the LHNA 2022 report for plan making purposes, not the content of the report. The available options are:
  1. Endorse the use of the LHNA 2022 report as evidence for plan making
  2. Not endorse the use of the LHNA 2022 report and not commission new evidence
  3. Not endorse the use of the LHNA 2022 report but agree to commission a new LHNA to provide evidence to inform plan-making.
- 3.5 The work of the consultants to prepare the report was supported by critical and timely input by the project steering group including officers from the four councils. The consultants' LHNA report concludes that the study adheres to the requirements of the most recent National Planning Policy Framework (NPPF) published in July 2021 and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment (HENA).
- 3.6 Officers of this Council agree that the evidence is relevant, up to date, adequate and proportionate. Consequently, the report is recommended to Committee for use as evidence for plan-making because it is consistent with the NPPF policy on HENA and on the preparation of evidence for justifying policies in plans.
- 3.7 Therefore, this option is recommended to Committee, i.e. to endorse the use of this LHNA 2022 evidence for plan making purposes, notably to justify the preparation of relevant draft policies in the emerging East Devon Local Plan at this time. This includes using justifying policies about the following matters:
  - Meeting housing need
  - The total housing requirement and affordable housing requirement
  - Affordable housing (including exceptions sites)
  - Older person housing
  - Accessible and adaptable housing.
  - Self-build and custom build housing.
- 3.8 The LHNA 2022 report does not cover the needs of Gypsies, Travellers and Travelling Showpeople. Their needs are being assessed by separate evidence in the forthcoming Gypsy and Traveller Accommodation Assessment.
- 3.9 Inevitably, new information emerged and Government policy and guidance changed as the LHNA work progressed. It was incorporated into the LHNA where it did not cause significant delay and/or require re-doing statistical work that had already been undertaken. The LHNA report does refer to initial 2021 Census results (published June 2022) and the ONS 2020

affordability ratio statistics (published March 2022) but these were published too late to be used to shape the technical LHNA work which had reached an advanced stage.

- 3.10 This Committee has previously been advised that the latest ONS affordability ratio statistics (published March 2022) increased the Local Housing Need to 946 dwellings per year. This matter will be covered within a future report to members on the emerging Local Plan.
- 3.11 This does not undermine the robustness of the East Devon LHNA 2022 report as evidence for the purposes of preparing the plan at this time. Evidence work has to finish if it is to inform and not delay the plan-making process.
- 3.12 It should be noted that PPG requires that if the Standard Method is applied then the LHN calculation should use the latest published affordability ratio statistics available when the plan is submitted for examination. The next ONS affordability ratio statistics are due to be published in March 2023, before Local Plan submission. The outcome is currently unknown. If necessary, there would be time to commission additional LHNA work to ensure the evidence is up to date. Ideally the plan would be submitted before publication of the March 2024 affordability ratio statistics. Otherwise further LHN evidence may be required, which would delay submission. The ORS report reminds the reader that *“at some point, a local planning authority has to climb off the carousel of ever updated demographic data and publish a plan.”* This is a view that Inspectors have expressed sympathy with at Examination.

#### **4. Next steps**

- 4.1 Subject to Committee recommending endorsing the use of the LHNA 2022 report for plan-making evidence, Committee are also requested to recommend that the report will then be published as part of the new Local Plan's evidence base.
- 4.2 The consultants' report will also shape plan making. It provides evidence relevant to the Local Plan on: Local Housing Need; Affordable Housing Need; and the needs for other specific types of housing. The report makes clear that the work undertaken to produce the LHNA report adheres to the requirements of the most recent NPPF and associated PPG. The evidence is robust, proportionate and up to date, to support plan-making. The report indicates options that the Council could consider when preparing the Local Plan and reasons why some options may be preferable, but the consultants do not prescribe which options the Council should choose.
- 4.3 Use of evidence is integral to the decisions which the council makes when shaping Local Plan policy content. To support this process, work has been undertaken in-house to understand the implications of the consultants' report, and to inform the recommended use of this evidence for plan making. In particular, the evidence will shape policy options and help to justify which options to recommend be included or not included in the plan.
- 4.4 Policy options resulting from use of the LHNA 2022 evidence will be set out in a future report to this Committee on the new Local Plan. Any recommendations for draft policies will be subject to Committee recommending endorsement of the use of the LHNA 2022 evidence for plan-making. This would include policies on meeting housing need; the total housing requirement and affordable housing requirement; affordable housing; older persons housing; accessible and adaptable housing.

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#### **Financial implications:**

No specific financial implications other than those mentioned in the body of the report.

**Legal implications:**

There are no legal comments other than as set out in the report.