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Exemption applied: None

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## Housing Monitoring Update to year ending 31 March 2020

### Report summary:

This report provides a summary of house building monitoring information to the year ending 31 March 2020. The report confirms that, looking forward, we have a greater than Five Year Land Supply in East Devon.

### Recommendation:

- 1). That the committee notes the residential dwellings completion data and future projections for the district;
- 2). That the committee notes the confirmation of a Five Year Land Supply but also that the 5YLS figure has dropped since the last report.

### Reason for recommendation:

To keep members informed of housing completions and forward projections.

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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 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 housing. This reports 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.

## **Equalities impact** Low Impact

## **Climate change** Low Impact

**Risk:** Low Risk;

**Links to background information** <https://eastdevon.gov.uk/planning/planning-policy/monitoring/>  
<https://eastdevon.gov.uk/media/3721230/housing-monitoring-update-to-year-end-31-march-2020.pdf>  
<https://eastdevon.gov.uk/media/3721229/housing-monitoring-update-to-year-end-31-march-2020-appendix.pdf>

### **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

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## **Report in full**

### **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 2020.

### **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 new plans will supersede it 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.
- 2.2 The table below shows the net number of homes that have been recorded as built in the five years running from 2015 to 2020.

**Table of housing completions for 2015/16 to 2019/20**

<b>Year</b>	<b>2015 to 2016</b>	<b>2016 to 2017</b>	<b>2017 to 2018</b>	<b>2018 to 2019</b>	<b>2019 to 2020</b>	<b>Five year total</b>	<b>Annual Average</b>
<b>Totals</b>	<b>1,027</b>	<b>724</b>	<b>866</b>	<b>929</b>	<b>1,065</b>	<b>4,611</b>	<b>922.2</b>

- 2.3 The table illustrates that the number of completions in 2019/20 is the highest during a 12 month period in the duration of the current Local Plan so far, with an increase of 136 on the 2018/19 monitoring period and 199 on 2017/18. But with an average level of completions of

922.2 over the last five years, the actual supply is currently falling below annual average projected needs.

- 2.4 The total of 1,065 completions was less than the projected figure of 1,207, however – COVID-19 implications aside – numbers are anticipated to rise in 2020/21. A decline is predicted in 2021/22 and 2022/23 before figures rise again in 2023/24. 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	2020 to 2021	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
<b>Total</b>	<b>1,308</b>	<b>1,101</b>	<b>968</b>	<b>1,255</b>	<b>1,298</b>	<b>1,104</b>	<b>1,082</b>	<b>1,068</b>	<b>1,049</b>	<b>904</b>	<b>808</b>
	<b>5,930</b>					<b>Projected five year housing delivery for 2020/21 to 2024/25</b>					

- 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 and Axminster Masterplan area), 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 for 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 It should also be noted that the latest edition of the National Planning Policy Framework (NPPF) includes a new definition of a “deliverable” site:
- 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 This means, unlike in some previous Housing Monitoring Update, some allocated sites and sites with acknowledged development potential have not been included in projections for the Council’s updated Five Year Land Supply.

2.10 Projections are based on the status of sites and extant planning permissions at 01 April 2020.

### 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 2020.

**Table of Housing Five Year Land Supply Assessment**

Ref	Stage of Work	Numbers	Commentary (with formulas used in calculation)
<b>A</b>	<b>Local Plan Requirement from 2013 to 2031</b>	<b>17,100</b>	This is the objectively assessed need for housing as set out in the local plan
<b>B</b>	Annual Requirement	950	This is the annual average number of houses that need to be built in order to meet local plan requirements <b>(Number = A / 18)</b>
<b>C</b>	Five Year Requirement	4,750	This is the number of houses that should be built over every five year period <b>(Number = B x 5)</b>
<b>D</b>	Requirement to have been delivered by 31 March 2020	6,650	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 2020 <b>(Number = B x 7)</b>
<b>E</b>	Completions 1 April 2013 - 31 March 2020	6,470	This is the actual dwellings recorded as being built from 1 April 2013 (local plan start date) to 31 March 2020
<b>F</b>	Shortfall	180	This is the level of shortfall between what should have been built and what actually was built <b>(Number = D - E)</b>
<b>G</b>	5 Year Requirement (excluding buffer)	<b>4,930</b>	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 <b>(Number = C + F)</b>
<b>H</b>	5 Year Target (including 5% buffer)	<b>5,177</b>	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) <b>(Number = G + 5% of G)</b>
<b>I</b>	Annual Target	<b>1,035</b>	The 5 year target is divided by 5 to create an annual average target <b>(Number = H / 5)</b>
<b>J</b>	Total Deliverable Supply from 1 April	<b>5,930</b>	To understand if we are projected to meet the five year need we look to the projected supply of housing

	2020 to 31 March 2025		over the period from 1 April 2020 to 31 March 2025 <b>(see table earlier in this report for this number)</b>
<b>K</b>	Surplus Supply	<b>753</b>	By knowing the projected supply and comparing this against the five year requirement we can calculate if there is a shortfall or a surplus <b>(Number = J - H)</b>
<b>L</b>	<b>Years of Land Supply With a 5% Buffer</b>	<b>5.73</b>	The final calculation records the supply of housing in terms of meeting/exceeding five year needs <b>(Number = J / I)</b>

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 (as a transitional provision, the threshold in the

third element was set at 25% for last year's test and will be 45% for this year's, the results of which are scheduled to be published in December).

- 4.5 The results of the second HDT (covering 2016/17 to 2018/19) were released in February 2020. East Devon District Council passed the test with a score of 121% (down from 149% in the first test).
- 4.6 Although unverified, in-house calculations suggest EDDC will pass the third HDT (covering 2017/18 to 2019/20) with a score of around 118%. These results should be released towards the end of 2020 / beginning of 2021.

## **5. Jobs and Employment Land Monitoring**

- 5.1 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 Monitoring Review report to the year ending 31 March 2020 has also been prepared and submitted to Committee.

## **6. COVID-19 Implications**

- 6.1 Although it is perhaps still too early to know the full implications COVID-19 will have on the housing market, if not the economy as a whole, rudimentary calculations tell us that if the pandemic / lockdown causes a three month delay in completions (25% of the annual projection) the council could demonstrate 5.41 years of land supply, whilst a six month delay (50%) would still give 5.10 years of land supply; only a nine month delay (75%) would give a figure of below a 5YLS – 4.79. To date lockdown restrictions have only led to sites being closed for a few weeks, however social distancing and other restrictions have meant that progress on sites has been slower than would usually be the case over the last 6 months.