

Report to: **Audit and Governance Committee**
Date of Meeting: 26 June 2014
Public Document: Yes
Exemption: None



Agenda item: To be completed by Democratic Services.

Subject: **Five Year Land Supply Update Report**

Purpose of report: To advise members of the current five year housing land supply situation, to note ongoing local plan work and the importance of robust evidence and to highlight potential future initiatives to help understand land supply considerations and blocks to housing delivery.

Recommendation: **To note the current position on Five Year Land Supply and Importance of Ongoing Initiatives.**

Reason for recommendation: To keep Audit and Governance Committee informed of ongoing work and current circumstances.

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Financial implications: This is an update report and there are no financial implications.

Legal implications: As the report is advisory only there are no legal implications arising.

Equalities impact: Low Impact
Low impact direct equalities impact considerations are identified.

Risk: High Risk
There remains a concern, which may be resolved following receipt of more information on housing needs, around issues of decision making in the absence of a robustly demonstrable five year land supply.

Links to background information:

- No linked documents listed.

Link to Council Plan: Click here to enter which of the Council's priorities this report covers – Living in/Working in/ Enjoying/Funding this Outstanding Place.

1 Overview of Five Year Land Supply Assessment

- 1.1 The current Government, along with previous Governments and many experts, are very concerned that there are not and have not been enough new homes built in the Country. One of the blocks on more houses being built is identified as lack of suitable and available land for development.
- 1.2 Given concerns over lack of land for house building the Government are seeking to ensure that Councils have sufficient land that is readily available for development and that can realistically meet housing needs over five year looking forward periods.

Housing Needs in East Devon

- 1.3 In understanding housing needs the first task is to establish how many houses should be built. This requires looking at future requirements and also considering if there is a past undersupply that should be accounted for in future development. In simple terms if the number of houses that could realistically be built, on available sites, in the next five years exceeds the number that are calculated as required then there is a five years or greater land supply. But there are additional matters that need to be factored in to the equation:
- a) **An Additional Buffer** – The calculations require that not only are assessed needs addressed but also that a 5% additional element should be added to the needs figure. But if there has been past persistent under-supply this percentage should be increased to 20%.
 - b) **Addressing Past Undersupply** - Where a plan sets out a figure for house building that has not been met in the past, i.e. where there has been a past under-supply, then this may need to be added to future requirements. In the past, there have been two basic approaches to calculating how this past undersupply is factored into future needs:
 - i. **Liverpool Approach** – the past undersupply is spread out evenly across future years (typically future years of a local plan) ;
 - ii. **Sedgefield Approach** – the past undersupply is accounted for in the next five years only.
- 1.4 In East Devon, against the now defunct Regional Spatial Strategy (RSS) requirements, past supply has consistently not met policy targets so we have added a 20% buffer to our requirement. We have also sought to argue the logic of applying the Liverpool approach in East Devon but have found little favour with Planning Inspectors and recent Government guidance points towards the Sedgefield approach being appropriate. Taking the 20% buffer into account and applying the Sedgefield approach results in five year looking forward housing need figures being very high. Depending on exactly how various factors are included into the arithmetic the five year future need could be up to (or may be even more than) 7,558 dwellings against a 15,000 dwelling need figure for the 2006 to 2026 period. If the now defunct 17,100 RSS figure is used the overall need figure would increase significantly.

Projected Housing Supply in East Devon

- 1.5 To calculate how many houses can be expected to be built (or at least could reasonably be built – the available land exists) in the next five years you look at planning permissions granted, but not built out, to give a realistic picture of projected future opportunities for development . You can also factor in other expected development that is likely to occur; sites that do not yet have a planning permission but which you can be confident will get permission and be built. But at planning appeals Inspectors have questioned the inclusion of allocations in emerging plans as a source of supply. Though once plans are adopted, and unless constraints to delivery are identified, it is seen as reasonable to include confirmed allocations in supply side equations.
- 1.6 The table below sets out the projected housing completions in East Devon over the coming years. This table is based on assessment of sites that are available for development (including allocated sites in the emerging local plan, but not unknown future windfalls) and that are not constrained in any fundamental or significant manner. Estimates of development on sites are regarded as being set at realistic levels at which the development industry could build. But it is stressed that for reasons falling beyond the planning system, and the powers of this Council, schemes might not come forward. Whether schemes come forward will to a great extent be a product of market forces and the choices of landowners and developers. We can encourage and seek to facilitate development but cannot require it.

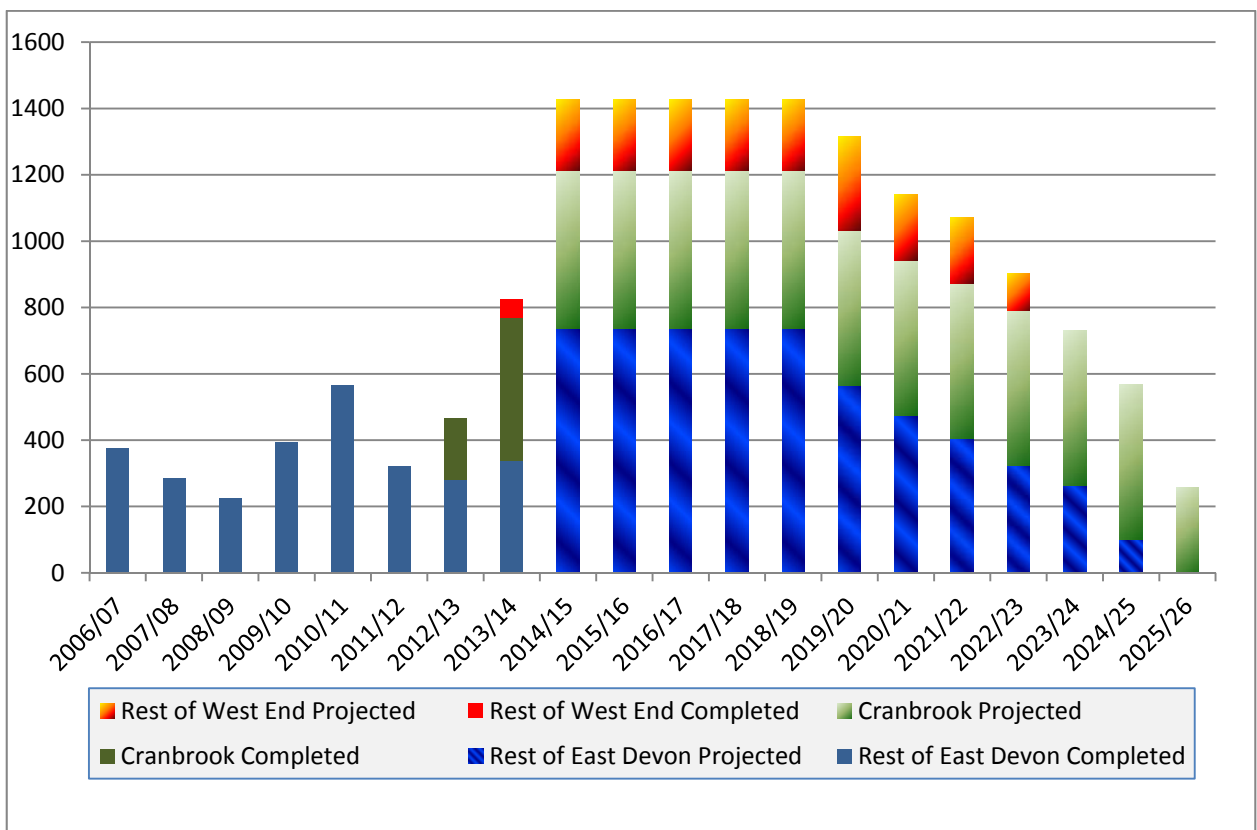
	Completions	Of which affordable	Projections (excluding windfalls)	Of which affordable
2006/07	374	62		
2007/08	284	60		
2008/09	224	34		
2009/10	393	9		
2010/11	565	14		
2011/12	321	108		
2012/13	467	148		
2013/14	824	119		
2014/15			1,101	261
2015/16			1,770	454
2016/17			1,561	571
2017/18			1,454	482
2018/19			1,245	373
2019/20			1,315	407
2020/21			1,142	308
2021/22			1,073	284
2022/23			904	250
2023/24			730	200
2024/25			569	150
2025/26			257	64
Total	3,452	554	13,121	3,804

1.7 The table above shows land availability is such that that house building in past years could be greatly exceeded by development projected for the years ahead. In the years from 2006/07 to 2012/13 there was an annual average completion of 375 new homes per year. In 2013/14 the completion figure jumped to 824 new homes. Over the five years looking forward from 2014/15 to 2018/19 average annual completions are projected at 1,426 new homes per year (a five year total of 7,131). Whilst this figure cannot be guaranteed to be built, bearing in mind that to a large extent it is down to house builders to determine if they develop, it does represent a 3.8 times increase in annual average housing delivery compared to 2006/7 to 2012/13 data. The projected increase in housing delivery is a product of development having now started at Cranbrook and very high building rates being achieved, it also reflects a substantial number of large scale sites having recently gained permission and many of which are now being developed.

1.8 The graph below shows completed and projected development in:

- the Rest of East Devon (blue bars);
- Cranbrook (green bars); and
- Rest of West End (red bars)

The vertical axis shows dwellings pre year and horizontal axis past and future years. In respect of projected completions over the five years from 2014/15 to 2019/20 the graph has been levelled out to show average annual completions.



1.9 In respect of both housing need and supply a challenge in East Devon has been Cranbrook. The planning for this new town increased the number of houses we needed to provide. Structure Plan and RSS policy specifically sought to accommodate Exeter related growth explicitly in East Devon and as Cranbrook development did not start as soon as was envisaged a backlog of under-development occurred. Delayed start of

Cranbrook, more than anything else, has caused issues around five year land supply in East Devon. If development at Cranbrook had started in 2006 and annual average completions had run at 300 a years to give 6,000 over the 20 years of 2006/07 to 2025/26 then for the 7 year 2006/07 to 2012/13 period we would have expected 2,100 Cranbrook homes to have been built. In reality just 187 were built in this period. We have, therefore, been seeking to catch up against a 1,913 Cranbrook shortfall.

- 1.10 If the annual average of 300 homes a year at Cranbrook had been built this, added to completions for the Rest of East Devon, would have seen actual supply very close to, but just below the average target, in order to secure 15,000 District completions over the 2006 to 2026 period. It needs to be recognised of course that in recent years, as the economy declined, house building across the country slowed down significantly so it is not surprising the house building rates in East Devon also declined.

Current Housing Need in East Devon and the Strategic Housing Market Assessment (SHMA)

- 1.11 Defining how many houses need to be built is clearly a fundamental input into calculating five year land supply. At past planning appeals Inspectors have looked to the now defunct South West RSS to determine need. But at the Local Plan examination hearing sessions the Inspector examining the emerging Local Plan advised that this past regional plan, and its housing targets, are of no current policy relevance. Instead we should be looking at a new objective assessment of housing needs; such an assessment, for the Exeter Housing Market Area, is underway through a joint commission by East Devon, Exeter, Mid Devon and Teignbridge Councils. We expect an initial draft report in late June/early July.
- 1.12 The outputs of this study could result in the need for consultation with neighbouring authorities across the Exeter Housing Market Area in respect of establishing the most appropriate locations for meeting the needs of this wider area. Any work of this nature will need to consider not just housing need identified but also the policy provision that is included in neighbouring authority's Local Plans. If the needs work indicates housing numbers that are out of alignment with provision in plans then this could require consultations and discussions with partner authorities and may result in delays to completion of the East Devon plan.

2 Five Year Land Supply Calculations for 1 April 2014

- 2.1 To provide an assessment of five year land supply, at this current point in time, the best we can do is estimate a need figure and evaluate projected supply against this. The following figures are based on an assumed requirement of 15,000 homes over the 2006-2026 period as proposed in the emerging Local Plan. They do not include homes on sites that are proposed as allocations in the emerging Local Plan and which do not have a planning permission or resolution to grant permission. The assessment show the five year land supply for 31 March 2014 (excluding allocations not yet with permission/resolution and using the Sedgefield approach) to be in the range of 3.51 years to 3.83 years. The range is provided because there are differing methodologies in respect how calculations are undertaken and specifically how a 20% buffer should be

added. Experience from appeals also shows that there are differing views on how the supply side of the equation should be calculated. For example at past appeals some have argued that we have over-estimated projected future house building at Cranbrook. However it should be noted that since the 31st March 2014 there have been a further 587 dwellings at Cranbrook, 300 dwellings at West of Hayne Lane and 350 dwellings at Plumb Park have been granted permission or gained a resolution to grant permission. These can be expected to add to overall supply.

- 2.2 Using the same methodology as above and if the local plan were adopted as currently drafted, and therefore proposed allocations are taken into account in the supply side equation, the five year land supply would fall in the range 4.54 to 4.95 against a 5 year requirement.
- 2.3 **Prior to the local plan making further progress and until we have the SHMA findings and have determined how to apply them it would be prudent to apply the five year land supply assessment that falls in the 3.51 years to 3.83 years range.**
- 2.4 Previously for the 30 Sept 2013 five year land supply update - see <http://www.eastdevon.gov.uk/5yhls30sept2013.pdf>) we used the Liverpool method and we excluded allocations and assumed the extra 20% was taken account of by a need for a 6 year supply requirement. Therefore it is not possible to do a like for like comparison with the above data. However in past calculations we concluded that we had a supply figure of 5.19 years and upon adoption of the plan would have 6.43 years. Using that same methodology now we would have 6.02 years supply and upon adoption would have 7.77 years supply. This shows that through responding to the lack of past supply, by granting permissions, the land supply total in East Devon has gone up.

3 Balancing House Building Needs Against Wider Policy Objectives

- 3.1 We work within the context of a national focus on building more homes and also our own recognition that there is a need to provide houses, including affordable houses, for and in East Devon. But we should not forget that there are always a range of factors, be they environmental, social or economic that feed into the determination of planning applications. In recent decisions at Seaton, Feniton, Tipton St John and Newton Popleford, all cases where Inspectors dismissed appeals, the decisions taken balanced a concern around supply of land for house building alongside wider sustainable development considerations. It would be wrong to conclude that there is a free for all in favour of development; planning requires weighing up what can sometime be competing and contradictory factors.
- 3.2 At the recent Feniton 'super appeal' (Refs: APP/U1105/A/13/2191905, APP/U1105/A/13/2197001, APP/U1105/A/13/2197002 and APP/U1105/A/13/2200204) the Inspector concluded:

"140. I have considered, in some detail, the impacts of each individual development proposal. The conclusion that emerges from that consideration is that the Feniton Park Ltd scheme ought to be permitted because, far from the

adverse impacts significantly and demonstrably outweighing the benefits, the benefits would clearly outweigh the harm. As to the two SLP proposals and the Wainhomes scheme, I have found that the adverse impacts of each would significantly and demonstrably outweigh the benefits, which leads to the conclusion that planning permission for these three proposals should be refused.

141. Had I found that more than one of the proposed schemes should be permitted, it would have been necessary then to go on to consider their combined impacts, in order to assess whether any ensuing shifts in weight altered the balance of benefits and adverse impacts. However, it is clear that while the Feniton Park Ltd scheme should be permitted in any event, each of the other three proposals should be refused on the balance of their own merits. The effect of permitting any of these other proposals in addition to the Feniton Park Limited scheme would be to increase the weight on the “adverse impact” side of the balance, principally due to the additional harm that would be caused to the existing community through increasing the overall proportion of additional dwellings. That being the case, there is no merit in assessing cumulative impacts further.”

3.3 At the Harepath Road, Seaton appeal the inspector advised:

“There is an evident shortage in the housing land supply which, having regard to paragraph 49 of The Framework, argues strongly for allowing new development. However, this has to be balanced against the view in The Framework that decisions should be made in the context of a genuinely plan led procedure. A decision to permit the appeal scheme would significantly affect or undermine the effectiveness or purpose of the Green Wedge policy. On balance I consider that the housing land supply situation locally is not so acute that it represents a compelling justification to set aside the well established Green Wedge policy. A change of this kind should only be taken once the policy has been formally reviewed through examination.”

3.3 The Inspectors were very clearly balancing five year land supply considerations against other factors and concluded (other than for the smaller Feniton Park Ltd Scheme) that despite the lack of a five year land supply the adverse impacts from development outweighed positive benefits.

4 Promoting Appropriate Sites for Development

4.1 One of the roles of the Council is to encourage good developments schemes to come forward and to this end there is a future proposed element of work in understanding why some sites are being developed, some very quickly, and others are stalling. When future planning decisions are taken and allocations of land are proposed understanding such factors can feed into the decision making process. Also through undertaking such work on currently permitted sites the Council has scope to look at potential measures to encourage such sites to come forward more quickly and to the potential to help resolve problems that may be inhibiting site development.

- 4.2 It is the intent of officers to contact developers/land owners of sites with permission and capacity to take ten dwellings or more to gather information about future projected build rates and see if there are factors constraining or holding back development that we can assist in overcoming or addressing.

Delivery of Housing: Example - Cranbrook Phase 2

- 4.3 The Cranbrook new community is due to expand up to and potentially beyond 6,000 homes. Phase 1, comprising 1,100 homes began construction in June 2011, with the first households moving in during July 2012. The rate of development has been rapid with a start being made on over 900 of the units between May 2012 and May 2014. Over 700 homes are now occupied.
- 4.4 There was a risk that the development would stall due to the opening up costs associated with Phase 2. Officers worked closely with the Department for Communities and Local Government and the Homes and Communities Agency to secure a £20m loan to bring forward the extension of the main access road and the construction of the education campus comprising the second primary school and first secondary school. This was announced by the Housing Minister when he visited in December 2012, the first such investment in the country.
- 4.5 Planning permission has now been issued for the education campus and there is a resolution to approve a further 587 homes in phase 2. Work to extend the main access road and to build the education campus began in January 2014. It is expected that the first homes in Phase 2 will be complete and occupied by the end of August this year. This will allow the rate of delivery of new homes at Cranbrook to be maintained at 500 per year, a major component of the overall housing delivery strategy in the District.

5 Future Local Plan Work

- 5.1 Detailed assessment of five year land supply will be undertaken to support the Local Plan and considered through the resumed examination process. If the new housing needs assessment, the SHMA, indicates that we are currently providing for around about the right number of houses then we would not envisage that significant changes to the Local Plan are required before submission of additional paperwork to the Inspector. Under this scenario we would, however, want to be in a position to advise the Inspector that not only are we planning for the correct level of housing in the longer term but that we are also doing so within the context of being able to show that we have an appropriate five year land supply.
- 5.2 If we do not need to make significant changes to the Local Plan then we would envisage that we should be in a position to resume Local Plan oral hearing sessions in October, following on from further public consultation, though delays in receiving housing evidence may well push this back to later in the year.
- 5.3 If the SHMA finds that more homes are needed than the 15,000 proposed in the Draft Local Plan then this will have a knock on effect to the Local Plan process which could involve delay and further evidence gathering. The issue of providing housing is

complicated by the legal requirements of the Duty to Cooperate. We need to work with neighbouring authorities and depending on housing assessment in Devon (and Dorset) we may have to go through a period of negotiation with neighbouring authorities in respect of understanding and planning for collective housing needs.

- 5.4 If the housing needs evidence suggest we should be increasing housing numbers it is possible that we face a period of a year or maybe more without an adopted Local Plan. During this time it is important to actively encourage development of approved sites, promote good additional developments and resist inappropriate ones. There could also be other possible delays to local plan production, including, for example, if the gypsy and traveller accommodations needs work highlights the need to allocate specific sites or indicates that need is higher now than past assessments concluded.