



Planning Policy  
East Devon District Council  
Knowle  
Sidmouth  
EX10 8HL

SENT BY E-MAIL AND POST

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Dear Sir / Madam

## **EAST DEVON LOCAL PLAN – PROPOSED CHANGES CONSULTATION**

### **Introduction**

Thank you for consulting with the Home Builders Federation (HBF) on the above mentioned consultation. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing. We would like to submit the following comments and in due course attend the resumed Examination Hearing Sessions to discuss these matters in greater detail.

### **Questions & Answers**

**The National Planning Policy Framework (NPPF) advises that Local Plans should 'be drawn up over an appropriate time scale, preferably a 15-year time horizon'. It is proposed that the Plan period change from 2006-2026 to 2013-2031.**

**Q1a) Is the proposed change appropriate and is it supported by the new evidence produced by the Council?**

It is appropriate for the Plan date to be extended from 2026 to 2031 or even longer so that if the Local Plan is adopted in 2015/16 there will be at least fifteen years remaining as envisaged by paragraph 157 of the NPPF. However a plan end date of 2033 would have correlated with the time horizon of the Council's new evidence base. The Council has not provided any explanation or justification for its proposal of 2031 rather than 2033.

**Q1b) What are the implications, if any, of changing the start date from 2006 to 2013 on meeting any unmet need for housing?**

Whilst it may be appropriate for the Plan end date to be extended the re-adjustment of the start date from 2006 to 2013 is more controversial especially if the Council is effectively writing off any unmet housing needs caused by under delivery of housing between 2006 – 2013. The Council has acknowledged persistent under delivery of housing in the past by confirming that a 20% buffer is applicable for its housing land supply calculations (Housing Monitoring Update to September 2014 dated March 2015). Moreover Table 9–4 of the Exeter HMA SHMA Final Report 2014/15 identifies a shortfall of 1,221 houses in East Devon for the period between 2006 – 2014. In such circumstances further consideration should be given to whether or not the writing off of these unmet needs has been adequately taken into account in the calculation of future housing needs. The NPPG (ID 2a-019) under the paragraph titled Rate of Development states “*if historic rates of development show that actual supply falls below planned supply, future supply should be increased to reflect likelihood of under-delivery of the plan*”. The Council should clarify that unmet needs from 2006 – 2013 have been accommodated within its calculation of OAHN between 2013 – 2033.

**According to National Planning Practice Guidance (PPG), the starting point when assessing need should be the household projections published by the Department for Communities and Local Government. The latest projections (2012-2037) were published in February 2015. The authors of the 2014/15 Strategic Housing Market Assessment (SHMA) admit that the latest projections were not used as they came too late to inform the assessment and that the estimates of need in the SHMA may be higher than would be the case had the 2012 based rates been used.**

**Q2a) Do the SHMA, the Employment Projections Report and the East Devon Demographic Scenario 'Policy on' Report provide robust and reliable evidence to support the revised housing target of a minimum of 17,100 new homes between 2013 and 2031?**

It is questionable whether or not the Exeter HMA SHMA Final Report, Employment Projections Report and East Devon Demographic Scenario “Policy On” Report are robust and reliable evidence on which to base OAHN. The calculation of OAHN set out in these Reports can be summarised as involving the downward adjustment of demographic ONS / DCLG official statistics and thereafter providing no upward adjustment for market signals or affordable housing need but including a “Policy On” adjustment to support additional economic growth arising from the strategic growth point at West End in East Devon. In examining each constituent element in the calculation of OAHN as summarised above the following observations are submitted :-

Demographic projections

The NPPG confirms that the 2012 based household projections published on 27<sup>th</sup> February 2015 represent the most up to date estimate of future household growth (ID 2a-016-20150227) which is the starting point for the

calculation of OAHN. It is acknowledged that household projections are only projections of past trends and not forecasts as such these projections reflect past influences on household formation. Therefore housing shortages over the last two decades, and poor housing affordability, have restricted the ability of many young people to form independent households. As a consequence such projections under-estimate future requirements by building into future housing provision the adverse impacts on household formation of past undersupply and very weak economic and market conditions between 2008 and 2012.

However adjustments made by Devon County Council to these official projections further reduce this starting point as illustrated by the Table below which is an extract from Table 5 of the Exeter HMA SHMA Final Report (on page 181) :-

East Devon	DCLG 2008	DCC 2008	DCLG 2011	DCC 2011
Household growth 2014 – 21	5,600	3,920	4,077	3,607

The first question is whether or not there is a legitimate justification for making such downward adjustments to DCLG household projections as the starting point for the calculation of OAHN? If not the OAHN has been suppressed.

The second question is whether or not OAHN would have been higher or lower if the 2012 based household projections had been used? It is correct that on an initial cursory look the 2012 based household projections these appear lower. Unfortunately however such a quick direct comparison of figures is not possible because of the exclusion of Unattributable Population Change (UPC) from the latest official statistics which complicates matters. As highlighted by demographers Ludi Simpson and Neil McDonald “ONS has therefore not taken UPC into account in producing the 2012-based population projections. This may be a reasonable judgement for England as a whole since, as the ONS explains, the UPC for England is within the confidence interval for the international migration estimates and the sum of the confidence intervals for the 2001 and 2011 Censuses. However, that argument is less persuasive at the local authority level, where for many local authority areas UPC is large compared with both the population change recorded between the two Censuses and the confidence intervals on the Census numbers. There are 91 local authority areas for which UPC is more than 50% of the recorded population change between the two Censuses and 85 for which it is more than twice the confidence interval in the 2011 Census population counts. This makes discounting UPC at the local authority level difficult to justify in those areas. At very least, a sensitivity test should be carried out to determine how much difference adjusting for UPC might make” (extract from Town & Country Planning April 2015 article Making Sense of the New English Household Projections). In the case of the Exeter HMA UPC is not insignificant.

It is suggested that an updated addendum to the Exeter HMA SHMA is required in order to substantiate the Council’s assertion “that the estimates of

*need in the SHMA may be higher than would be the case had the 2012 based rates been used”.*

### Market signals

The SHMA is also dismissive of market signals and makes no upward adjustments stating that *“house prices / house building is no more tight than the rest of the County or Region”* and that there is *“no evidence sufficient to require adjustment to the housing requirement”* (paragraph 9.5.6 Exeter HMA SHMA). Such a statement does not accord with the NPPF to *“significantly boost housing supply”*. Moreover it is acknowledged that there is a national housing crisis as illustrated by the following facts :-

- 3.3 million 20-34 years old still live in the family home ;
- a fifth of women and a third of men aged 20-34 years old live with their parents and ;
- 77% young people believe it is harder for them to own a home than it was for their parents (YouGov for National Housing Federation, September 2014).

When the newly appointed Secretary of State for DCLG was Planning Minister in an interview with the FT in 2011, Mr Greg Clark declared that tackling the housing crisis had a ‘moral’ imperative. He said *“It is one of the great social injustices that we are failing to provide enough housing, particularly at an affordable level of rent”*. In another interview that same year with the Daily Mail, Mr Clark said that the cost of housing was *“destroying family life”*.

The Council’s dismissal of market signals is even more surprising as the SHMA Report identified that in the Exeter HMA :-

- the price to earnings ratio remains high creating an affordability problem for newly forming households (paragraph 9.5.4) and that ;
- housing in the SW is expensive and therefore affordability caused principally by lower incomes than found in similar priced regions remains an issue (paragraph 9.5.5).

With particular reference to affordability in East Devon the SHMA Report highlighted that :-

- average property prices increased from £114,793 in 2001 to £249,225 in 2013. A price change of 118% (paragraph 6.2.1) ;
- the highest average house price across all areas in HMA is in East Devon at £283,480 (paragraph 6.2.5) ;
- the average price of a flat in East Devon is £178,113 higher than all the surrounding authorities, the County and the SW region (paragraph 6.2.6) and ;
- the highest average price of a terraced house is in East Devon at £214,098 (paragraph 6.2.7).

So not surprisingly the National Housing Federation “*Home Truths 2013/14 The Housing Market in the South West Report*” also identifies that the ratio of house prices to incomes in East Devon is 12.9 compared to 11.3 in England and 11.5 in South West.

There is no justification for ignoring market signals especially affordability in East Devon and not making any upward adjustment to OAHN as recommended in the NPPG (ID 2a-019 & 2a-20).

### Economic growth

Unlike market signals the SHMA Report considers that an uplift to support economic growth is appropriate. The Table below sets out a range of demographic projections and job led scenarios based on different household formation rates (HFR) from 2008 and 2011 household projections respectively together with preferred mid-points (as extracted from Tables 1-1,1-2 & 1-3 of the Exeter HMA SHMA Report) :-

East Devon	Demographic	Experian job led	CE (LEFM) job led	Range	Mid-point
2008 HFR (Table1-1)	609	752	879	609 - 879	744
2011 HFR (Table1-2)	559	698	820	559 - 820	690
Average (Table 1-3)	584	725	850	584-850	717

It is assumed that the figures shown in Tables 1-1, 1-2 and 1-3 in the Exeter HMA SHMA Report represent numbers of houses rather than household growth. However it is not obvious if when converting household growth into houses the 7.6% applied includes a vacancy rate together with a second homes allowance. The Council should provide clarification on this matter.

The preference for a mid-point approach is also debatable. It is contended that if a range is identified then the top end of the range is more appropriate than a mid-point as concluded by the North Somerset Local Plan Inspector who found that “*the selection of the bottom end of the range was not in the spirit of positive planning and the national objective to boost significantly supply*” and the Brighton & Hove Local Plan Inspector who emphasised “*the Framework’s requirement that a LPA should assess their full housing needs ... my view is that the Plan should indicate that the full OAHN is at the higher end of the range*”.

In the Edge Analytics Report a “Policy On” scenario is modelled to take account of the strategic economic growth point at West End in East Devon (paragraph 5.7) in order to ensure that there are sufficient dwellings to house any projected new workers arising because of additional new jobs created (paragraph 5.5 of SHMA). As shown in the Table below Edge Analytics estimate 919 (2011 HFR) – 981 (2008 HFR) dwellings per annum with a mid-point of 950 (paragraph 5.9).

Scenario	2011 HFR (dwellings per year)	2008 HFR (dwellings per year)	Jobs per year
DCC	559	609	146
Experian	698	752	302
CE (LEFM)	820	879	437
Policy On	919	981	549

## Conclusion

The proposed modification to the Plan increases the previously submitted housing requirement from 15,000 dwellings (750 dwellings per annum) to 17,100 dwellings (950 dwellings per annum). So the critical question is whether or not an annualised housing requirement of 950 dwellings per annum is based on an OAHN calculation which is sound in both its methodology and input assumptions used. Therefore is the downward reduction of official demographic projections justified? And is the lack of upward adjustment for market signals and affordability valid?

In conclusion if the top end of any proposed range is preferred to the mid-point approach as it represents a more positive planning attitude to boosting housing supply and if the higher HFR based on 2011 household projections is favoured as a mechanism to combat affordability problems experienced by younger age groups then 879 dwellings per annum is the most appropriate figure before any "Policy On" adjustment to support economic growth. In which case is an upward adjustment of only 71 dwellings per annum for a "Policy On" jobs led scenario sufficient? If not the housing requirement should be greater than 950 dwellings per annum.

**Q2b) If, as the SHMA says, the 2012 projections may have led to a lower estimate of need does this matter given that the NPPF seeks to boost the supply of housing and provided the level of growth can be satisfactorily accommodated?**

As confirmed by the NPPG 2012 household projections are just the starting point for the calculation of OAHN. Thereafter as set out in the NPPG other factors such as market signals and supporting economic growth should be taken into account as discussed in the above answer to Question 2a.

**As submitted Strategy 1 directs about 50% of new homes to the West End, 40% to the seven main towns and 10% to smaller towns and villages. Those percentages are proposed to be deleted and according to the figures in the revised Strategy 2, the distribution would be as follows: West End 64%, Area centres 29% and 7% to villages and the rural area.**

**Q3) Does this distribution meet objectively assessed needs, particularly in the smaller towns, villages and the rural areas?**

It is unlikely that this proposed re-distribution will meet OAHN of the smaller towns, villages and rural areas as even more development (64%) rather than the originally envisaged 50% is directed to West End. Whilst the West End

may be an appropriate focus for development because of its close proximity to Exeter it should not be to the detriment of housing needs in the smaller towns, villages and rural areas.

One of the Core Planning Principles of Paragraph 17 of the NPPF is to *“take account of the different roles and character of different areas ... recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it”*. This principle is re-emphasised in Paragraph 55 of the NPPF which states *“to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities”*.

East Devon has a dispersed and largely rural population (paragraph 3.6.1 of Exeter HMA SHMA Final Report) therefore there is a concern that this proposed distribution will not be sufficient to meet housing needs outside West End as only 36% of development is proposed elsewhere in the District.

**As proposed to be changed Strategy 27 would no longer assign housing numbers to small towns and larger villages nor would sites be designated through a Villages Development Plan Document. The provision of new housing in settlements list in the revised Strategy 27 would be left to Neighbourhood Plans.**

**Q4a) If the plan does not assign numbers or allocate sites in these settlements (informed by The Small Towns and Villages Development Suitability Assessment 2014) how will the 1,123 dwellings identified for villages and rural areas in Strategy 2 be delivered?**

The Local Plan should provide strategic guidance by assigning numbers to the small towns and larger villages. Also refer to answer below to Question 4b.

**Q4b) Without strategic guidance with regard to numbers and distribution from the Local Plan, how will the Council ensure that new housing in small towns and villages meets objectively assessed needs?**

Without strategic guidance on numbers and distribution of housing in the Local Plan the Council is unable to demonstrate that housing will be delivered in the villages and rural areas to meet OAHN. The Local Plan should include a mechanism for redress if Neighbourhood Plans are not “made” in a timely fashion or fail to allocate housing development.

**Q5) Assuming the Plan is sound, would it, on adoption make provision for 5 years' worth of supply?**

East Devon District Council Housing Monitoring Update to 30/9/14 dated March 2015 calculates 5 YHLS on the basis of a 20% buffer and a Sedgefield approach to shortfalls. However in the calculation the buffer is not added to the shortfall which is considered to be incorrect.

If allocations and windfall sites are excluded from the calculation 5.09 years supply exists but if allocations and windfall sites are included housing land

supply increases to 5.45 years but both calculations are based on the proposed change to the plan period start date from 2006 to 2013 which erases 1,221 dwellings of under delivery of housing from the calculation (please cross reference to answer to Question 1b).

**As submitted the Local Plan sought to deliver around 15,000 new dwellings between 2006 and 2026 (20 years x 750 pa). That target is now proposed to be around 17,100 between 2013 and 2031 (18 years x 950 pa).**

**Q6) Assuming 17,100 is the right number; does the Plan make adequate provision for its delivery?**

The Plan provides for 18,303 homes providing a headroom of 1,203 (7%) against a proposed minimum housing requirement of 17,100 new homes between 2013 – 2031 (950 dwellings per annum). However if a lapse rate or implementation gap of 10% were applied the total housing supply over the plan period would fall below the proposed overall housing requirement. Therefore the Council should consider adding greater flexibility to its housing land supply.

Uncertainties were also expressed at the Extra Ordinary Council Meeting held on 26 March 2015 (pages 69 & 70 of Council Report) about the Area of Search for 1,550 dwellings at Cranbrook which is dependent on the production of a Development Planning Document in the next 12 months. The Council should provide further information on this matter to address these previously documented concerns.

### **Q15) Other comments**

The Affordable Housing Policy (Strategy 34) should specify the site thresholds to which affordable housing provision will apply. Where 6 – 10 unit thresholds are applicable such as in the AONB and elsewhere in the District defined as rural areas under Section 157 of the Housing Act 1985 (namely the whole District with the exception of the area of the former urban District of Exmouth and the parishes of Honiton, Seaton and Sidmouth) only financial contributions should be sought which are payable on deferred terms at completion of the development in accordance with the Written Ministerial Statement dated 28<sup>th</sup> November 2015.

The reference to Lifetime Homes or equivalent (Category 2 Accessible & Adaptable Dwellings) in Strategy 36 should be checked for compliance with the Written Ministerial Statement dated 25<sup>th</sup> March 2015. Similarly references to Sustainable Design and Construction in Strategy 38 and allowable solutions in Strategy 41 should also be updated.

### **Conclusions**

For the East Devon Local Plan to be found sound under the four tests of soundness as defined by Paragraph 182 of the NPPF, the Plan must be positively prepared, justified, effective and compliant with national policy.



Unfortunately despite the proposed changes to the submitted Local Plan there remain reservations about the soundness of the East Devon Local Plan in particular :-

- OAHN ;
- land supply and ;
- Policy requirements as set out in Strategies 34, 36, 38 and 41.

Therefore the Local Plan has not been positively prepared and properly justified meaning it will be ineffective and non-compliant with the NPPF.

We trust that our comments will be helpful in informing the next stages of the East Devon Local Plan. In the meantime if the Council requires any further assistance or information please contact the undersigned.

Yours faithfully  
for and on behalf of **HBF**



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