

### **Question 1**

Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?

### **Response**

We believe that the correct methodology for determining housing numbers should use ONS data on projected future population levels with predicted household formation rates attached to these. Specifically the most up to date. Discretion needs to be built into the system so that local communities and local planning authorities have the flexibility, at their discretion, to consider whether they wish to increase levels of provision to reflect such factors as future local strategy.

The 0.5% of housing stock figure simply means that areas that have seen substantial growth in the past will see high levels of growth in the future. There is no logic or strategy behind this algorithm driven approach which fundamentally locates growth where growth has previously occurred.

This is a document which does not reflect urban and rural housing needs. Rural areas would be disproportionately affected, with some of them seeing a 59 per cent increase in homes under the updated algorithm, compared with a 20 per cent increase in urban areas. It is fundamentally flawed.

### **Question 2**

In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why.

### **Response**

Leaving aside the underlying concern of central government imposing housing numbers on local areas and communities the underlying fact is that the 0.5% figure is not justified or evidence based. If the Government are going to establish a percentage figure it should be informed by sound logic rather than being an arbitrary number.

### **Question 3**

Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method's baseline is appropriate? If not, please explain why.

### **Response**

We answer this question by discussing the flaws of the proposed approach under two headings:

1. Is the simplistic: build more houses equals greater affordability logic appropriate?

2. Does the algorithm pass the sanity check i.e. does it produce sensible and sustainable answers when realistic numbers are fed into it?

### **1. The logic: will further increases in house building make them more affordable?**

East Devon is an attractive place for retirement so house prices are influenced by the relative affluence of potential retirees who can outbid the relatively low paid local house purchaser. In East Devon the 65+ population has reached 30%, and locally (e.g. in Sidmouth and Seaton) 40%. The figure for England is around 17%. We already have a significant proportion of second home owners hollowing out communities. The 2018 ONS comparison of median weekly earnings of those in full time employment shows employees in East Devon on £476, where the national average is £569. HMRC data, however, may reflect more accurately the impact of seasonal work: the average employee in East Devon took home £19,100 before tax in FY 2016/17. The median income across the UK is 24% more at £23,600. Our fear is that the service based economy in East Devon will be badly hit in the post Covid 19 economic conditions and comparative wages will fall further.

An extensive study conducted by CPRE Devon in 2018 provides us with the ratio of lower quartile house prices to lower quartile earnings (the commonly used measure of affordability). The Devon average is 8.4 (England 7.2) and the East Devon average has been consistently over 10 for the last decade, despite the fact, explained below, that we have a local plan built on an assumption of job growth that hasn't materialised

The Devon CPRE study also shows that 35% more houses are planned over the next 10 years than are required for anticipated population growth and inward migration. Most of these will be built on high quality agricultural green field sites. New-build homes, on average, cost more than existing homes. The average priced new build is 18%, and a lower quartile new build is 27% more expensive than an existing home.

There is no "planning blight" in Devon, especially not in East Devon. The evidence points to the fact that the private sector has not been able or willing to build the affordable homes needed. Subsequent viability assessments have often led to the loss of the affordables promised at the time of planning approval.

For example, at the start of the East Devon local planning process in 2011, the Budleigh Salterton Town Council agreed to re-designate a site outside the Built-Up Area Boundary, but within the protected AONB, the primary objective of the scheme to provide affordable housing for local people, but with some open market houses needed to keep the cost of the affordable houses down. 62 houses with 42 of these to be affordable was approved by the council with assurances from the developer that funding was available. These 42 affordables were reduced to 24 in 2016 and then to just 5 in 2018. This is not an isolated case.

Low earnings are the major factor in affordability. We are building plenty of houses but not the right sort in the right places. We believe that developers control the through build out rate

Much more attention should be given to Government actions and interventions that could be relevant in establishing a more equitable housing market. Building more houses is likely to have a negligible impact on houses prices compared to other interventions the Government could undertake. The comparative cost of renting should also be taken into account in determining appropriate levels of house building.

We quote from Sir Oliver Letwin, March 2018:

*“The fundamental driver of build out rates once detailed planning permission is granted for large sites appears to be the ‘absorption rate’ – the rate at which newly constructed homes can be sold into (or are believed by the house-builder to be able to be sold successfully into) the local market without materially disturbing the market price. The absorption rate of homes sold on the site appears, in turn, to be largely determined at present by the type of home being constructed (when ‘type’ includes size, design, context and tenure) and the pricing of the new homes built. The principal reason why house-builders are in a position to exercise control over these key drivers of sales rates appears to be that there are limited opportunities for rivals to enter large sites and compete for customers by offering different types of homes at different price-points and with different tenures.”*

## **2. Does the algorithm pass the sanity check?**

East Devon’s local plan 2013 to 2031 was adopted in 2016. Housing needs are based on an aggressive jobs led growth scenario. This assumes the creation of 950 jobs/year compared to 200-234 jobs/year estimated from demographic trends, inward migration etc. Data published by EDDC in 2019 indicate average full-time equivalent job growth of only 260 jobs/year. These jobs haven’t materialised so planning permissions are running well ahead of those needed for job growth. This is unsustainable. It will lead to a slowing of the buildout rate; increased commuting for those looking for work; and/or an increase in second home ownership and retirement migration.

Two thirds of East Devon are covered by AONB protected landscape designation meaning that land for the majority of all new housing has to be found from the remaining one third much of which is either in the local river flood plains or is agricultural land.

Just over ten years ago the people of East Devon were persuaded that to build a new town (Cranbrook) on GRADE 1 AGRICULTURAL LAND on the north western edge of the District, that would account for population growth for the foreseeable future in the district. It started at aiming for a population of 2,900 in 2012 and is now projected to reach 22,000 eventually, swallowing up nearby rural villages in the process. By growth the historic towns

of along the eastern bank of the river Exe have now merged into a solid commuter belt stretching from the sea at Exmouth to Exeter.

According to Litchfields the algorithm will impose a 70% increase in this already over inflated housing target at a time of post Covid-19 economic recession. Sadly, Covid-19 will have had a catastrophic impact on our local economy 86% of which is based on service industries such as tourism and hospitality.

This level of increase is simply not a credible prediction and much less so a credible policy response when it comes to planning for housing provision. A notable point as the Government does not have a plan for England and less so one that is open to scrutiny or challenge through plan making mechanisms. Should the Government seriously consider that these kinds of increases are sensible they should set them out in a plan under a mechanism that is open to testing and challenge.

#### **Question 4**

Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

#### **Response**

In answering Question 3 we provide information, illustrated by case studies, on the issues of suitability and the formulas used to adjust housing numbers overall to arrive at appropriate numbers. In summary, the formulas used by Government in generating housing requirements lead to some absurd and unsustainable conclusions, this indicates that the approach is clearly flawed.

#### **Question 5**

Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.

#### **Response**

See question 4 answer

#### **Question 6**

Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?

#### **Response**

Further transitional arrangements will have to be made in relation to the application of the housing delivery test so that those authorities that have seen an increase in their standard method imposed on them are not penalised at least in the short term for not meeting a need figure that they had no prior knowledge and no ability to plan for.

**Question 7**

Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?

**Response**

See answer to question 6

**Question 8**

The Government is proposing policy compliant planning applications will deliver a minimum of 25% of onsite affordable housing as First Homes, and a minimum of 25% of offsite contributions towards First Homes where appropriate. Which do you think is the most appropriate option for the remaining 75% of affordable housing secured through developer contributions? Please provide reasons and / or evidence for your views (if possible):

- i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.
- ii) Negotiation between a local authority and developer.
- iii) Other (please specify)

**Response**

We know from local Neighbourhood Plans that the primary need for affordable housing in East Devon is for social or affordable rented accommodation as required by our adopted policies and so option 1 is most likely to achieve affordable housing that would best meet the identified needs while also providing certainty to the development industry as we would be continuing to follow established policy requirements. It makes no sense to leave this open to negotiation when established up to date policies can be relied on to direct affordable housing to the tenures required in the locality.

We fear that First Homes will reduce money available for social housing and will reduce the homes which are needed particularly in the villages in our area.

**Question 9**

Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to this First Homes requirement?

**Response**

For consistency it would make sense to maintain these exemptions for First Homes.

**Question 10**

Are any existing exemptions not required? If not, please set out which exemptions and why.

**Response**

See Q9

**Question 11**

Are any other exemptions needed? If so, please provide reasons and /or evidence for your views.

**Response**

See Q9

**Question 12**

Do you agree with the proposed approach to transitional arrangements set out above?

**Response**

The proposed transitional arrangements appear to make sense.

**Question 13**

Do you agree with the proposed approach to different levels of discount?

**Response**

Yes – It is essential that local authorities will have flexibility over the level of discount since a 30% discount in an area such as East Devon is unlikely to make the homes affordable to those in need given the significantly greater disparity between house prices and average earnings. It is however unfortunate that varying the level can only be done through a local plan as this means that in the interim a large number of affordable homes will be available at only a 30% discount and will not meet the identified housing needs of the district and will in effect make home ownership cheaper for those who are able to achieve this by their own means anyway.

**Question 14**

Do you agree with the approach of allowing a small proportion of market housing on First Homes exception sites, in order to ensure site viability?

**Response**

It seems unlikely that First Homes exception sites will be viable and deliverable unless a small proportion of market housing is included in order to make them sufficiently attractive for land owners to release their land for development.

**Question 15:**

Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework?

**Response**

No - We consider that the 1 hectare size threshold should remain and should only be exceeded where there is an identified local need for First Homes that can only be met through a larger site.

**Question 16:**

Do you agree that the First Homes exception sites policy should not apply in designated rural areas?

**Response**

Yes – It is assumed that the reference to designated rural areas relates to those designated as such for right to buy purposes. If so then it is important to ensure that exception sites in such rural locations are specifically tailored to meet identified local housing needs and that the type and tenure of affordable housing matches the identified need. Otherwise effectively general market housing would be provided in unsustainable rural locations and would not constitute a sustainable form of development contrary to the aims of the NPPF.

**Question 17:**

Do you agree with the proposed approach to raise the small sites threshold for a timelimited period? (see question 18 for comments on level of threshold)

**Response**

There is a real need for affordable housing and any raising of thresholds could clearly adversely impact on its delivery to justify raising the threshold for affordable housing contributions a more rigorous assessment of development viability should be undertaken. There is a danger that the national housebuilders could create separate small companies to develop small sites and benefit from this scheme. Measures should be put in place to prevent this by ensuring that only genuine small and medium size builders benefit from these proposals.

**Question 18:**

What is the appropriate level of small sites threshold?

- i) Up to 40 homes
- ii) Up to 50 homes
- iii) Other (please specify)

**Response**

The decision reached should be based on more detailed evidence to justify any threshold, as drafted there is no apparent logic for either the 40 or 50 choice and actually it is questionable whether there would be any significant difference in going for one rather than the other. Choice of one rather than the other would only be credible if there was a marked difference in the nature of developers building out sites at one size level or another, or there were marked changes in viability at or around one or other of these numbers.

**Question 19:**

Do you agree with the proposed approach to the site size threshold?

**Response**

As set out in other answers any threshold should be far more fully justified by robust evidence.

**Question 20:**

Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?

**Response**

Any amendments should be strictly and explicitly time limited.

**Question 21:**

Do you agree with the proposed approach to minimising threshold effects?

**Response**

It is vital that large sites cannot be subdivided so as to benefit from these changes to the thresholds. To introduce these changes without putting clear and robust measures in place would undermine the intention behind the policy by supporting large scale major house builders rather than SME's and would undermine the provision of affordable housing which is badly needed.

**Question 22:**

Do you agree with the Government's proposed approach to setting thresholds in rural areas?

**Response**

Yes. Rural areas have very different characteristics and needs to the urban areas so the proposed approach makes sense.

**Question 23:**

Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?

**Response**

Our understanding is that one of the main challenges facing SME builders is access to land with any suitable land of any size likely to be optioned up by major housebuilders preventing access for SME builders. This and the inflated values that major housebuilders are willing and able to pay for land (often at the expense of the funding of infrastructure once viability arguments are made) are what has restricted activity of SME builders. Unfortunately none of the proposals put forward by the government in this consultation or the white paper seem to tackle the fundamental problems with how land for housing is bought and sold in this country.

**Question 24**

Do you agree that the new Permission in Principle should remove the restriction on major development?

**Response**

The OVA reviews most major planning applications in their area and increasing these have used the outline planning permission route and never of permission in principle. Our experience is that developers gain the system by seeking approval of outline schemes promising a significant number of affordable housing and infrastructure. Having obtained permission the developer pleads poverty and revises downwards eg. King Alfreds Way,

Newton Poppleford a promised medical centre has gone for housing and the affordable housing numbers been reduced.

**Question 25**

Should the new Permission in Principle for major development set any limit on the amount of commercial development (providing housing still occupies the majority of the floorspace of the overall scheme)? Please provide any comments in support of your views.

**Response**

If expanding to include major developments then it would be counterproductive to prevent the inclusion of commercial development. Major developments should not just be about building housing but be about building communities. Communities should consist of a mixture of uses with homes being supported by jobs and retail, leisure and community spaces and so these must be included. Flexibility is needed to ensure that sustainable forms of development come forward and so setting a strict limit does not make sense but there should be clear guidance to ensure that the majority is housing.

**Question 26**

Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?

**Response**

The information requirements for permission in principle for major housing developments are woefully inadequate and would not allow for a sound and informed decision on any proposals to be made. See q 24

**Question 27**

Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.

**Response**

Yes – This is one of many additional parameters for which information should be sought.

**Question 28**

Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments? If so, should local planning authorities be:

- i) required to publish a notice in a local newspaper?
- ii) subject to a general requirement to publicise the application or
- iii) both?
- iv) disagree

If you disagree, please state your reasons.

**Response**

Democracy and localism requires publicity requirements that reflect the scale of development proposed and so they should clearly be extended for any major developments seeking consent and this includes permission in principle. In order to engage with all groups

in society the greater use of web-sites and social media should be encouraged and the use of newspaper ads phased out particularly as most local newspapers would include a story about any major development themselves negating the need for a formal press advert at the expense of the local authority.

Our experience is that controversial application are submitted in holiday periods. Although views are not sought on the proposed timescales it is considered that a 5 week period for determination and a 14 day consultation would be wholly insufficient to enable the issues to be fully considered by either the community, other stakeholders or indeed the local planning authority.

**Question 29**

Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?

**Response**

Not appropriate for OVA to respond

**Question 30**

What level of flat fee do you consider appropriate, and why?

**Response**

Not appropriate for OVA to respond

**Question 31**

Do you agree that any brownfield site that is granted Permission in Principle through the application process should be included in Part 2 of the Brownfield Land Register? If you disagree, please state why.

**Response**

Yes – Agree

**Question Q32**

What guidance would help support applicants and local planning authorities to make decisions about Permission in Principle? Where possible, please set out any areas of guidance you consider are currently lacking and would assist stakeholders.

**Response**

The permission in principle by application route is pointless and simply adds to the layers of legislation and guidance that cause confusion and misunderstandings about the planning system. If the government is serious about simplifying and streamlining the planning system then it should abandon permission in principle by application and simply update the outline planning permission route to serve this purpose. The outline planning permission and reserved matters route is long established and well understood and it is not a surprise that land owners and developers see little benefit in gaining permission in principle instead.

**Question Q33**

What costs and benefits do you envisage the proposed scheme would cause? Where you have identified drawbacks, how might these be overcome?

**Response**

This adds nothing that cannot be achieved by outline planning permission and suffers the same drawbacks.

**Question Q34**

To what extent do you consider landowners and developers are likely to use the proposed measure? Please provide evidence where possible.

**Response**

The OVA has never seen one.

**Question 35**

In light of the proposals set out in this consultation, are there any direct or indirect impacts in terms of eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations on people who share characteristics protected under the Public Sector Equality Duty? If so, please specify the proposal and explain the impact. If there is an impact – are there any actions which the department could take to mitigate that impact?

**Response**

None