



## **EXECUTIVE**

Date: Tuesday 5 November 2024

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

- 10 **Appendix 1: Building Homes in Exeter - the Final Report of the Devon Housing Commission** (Pages 3 - 14)

This page is intentionally left blank

## Building Homes in Exeter

Exeter City Council's response to the Devon Housing Commission's Call for Evidence

January 2024

### Executive Summary

Providing the quantity, type and quality of homes that Exeter needs, in the right locations is a strategic objective and, in the future, will be achieved by building on brownfield land within the city.

The City Council is working collaboratively with partners to create a positive planning framework, identify sites, curate visions, and assist in assembling land.

The key to unlocking brownfield sites is securing investment in infrastructure, enabling homes to be built more quickly and creating great places. Building more homes in Exeter will also benefit Devon by boosting economic growth.

This paper summarises the City Council's preferred 'brownfield first' development strategy, as set out in the emerging local plan - The Exeter Plan. The paper describes how the City Council intends to implement this strategy through Liveable Exeter and its Council House building programme, using a range of tools to unlock brownfield sites, at scale and pace.

The paper also summarises the City Council's housing retrofit, extra care and housing need and homelessness strategies. Student housing is consistently identified as one of the key housing issues facing the city, and this is explored in detail.

## **Introduction - The Regional 'Architecture' of Housing in Devon**

Strategic conversations about housing delivery across Devon have been taking place through the Devon Housing Task Force. This is a member-led, cross-party group, representing Devon's 11 local authorities, looking at housing supply and demand challenges across the County. The Chair of the Task Force is Councillor Mandy Ewings, Leader of West Devon Borough Council. Councillor Barbara Denning is Exeter City Council's representative.

The Task Force first met in May 2022 and produced a Housing Topic Paper, which looked at the factors contributing to the lack of affordable housing across all Devon housing markets, and how this is suppressing economic growth and prosperity. The paper focussed on demographics, in-migration and pressure resulting from second homes and holiday lets – problems which are experienced primarily in rural/coastal areas.

In September 2023, the Task Force set up the independent Devon Housing Commission, in partnership with the University of Exeter. Lord Richard Best chairs the Commission.

The Commission's purpose is to conduct an in-depth analysis of the various local housing markets and related socio-economic profiles, and model demographic change, to make the case for a step change in social and housing policy and pragmatic solutions to be delivered locally moving into the next decade.

Beginning with a 'Call for Evidence,' the Commission is engaging local authorities, Homes England, the development industry, and other key stakeholders. On Friday 12<sup>th</sup> January 2024, Commissioners met with officers from Exeter City Council, Devon County Council, Exeter University, Homes England, and Live West. Commissioners received presentations on a range of issues and visited some housing developments in Exeter, including Edward's Court, the City Council's award winning extra-care building.

The Commission will complete its work with a report and recommendations in July 2024.

## **Exeter's Development Strategy**

Since 2011, Exeter's population has grown at a much faster rate than the majority of Devon, growing from almost 118,000 in 2011 to 131,000 in 2021 – an increase of 11%. This has led to an increasing demand for housing, especially affordable housing.

During this same period, Exeter has been working in partnership with volume housebuilders to deliver large scale housing on green field sites on the edges of the city. Complimented by strategic housing delivery in the neighbouring Districts of East Devon, Mid Devon and Teignbridge, this strategy has successfully delivered the homes which Exeter needs and the infrastructure to support the new communities which have been created.

However, the large greenfield sites are gradually being build out and most of the land that remains unallocated within Exeter has high amenity value and should be protected. In 2023, Exeter, East Devon, Mid Devon, and Teignbridge Councils, with support from Devon County Council, adopted a new non-statutory Joint Strategy called "Our Shared Coordinates." The Joint Strategy sets out key functional linkages across the Greater Exeter

housing market area, shows how the development strategies in Local Plans fit together and identifies key infrastructure themes which would support growth. Each Council is committed to locating homes in well-connected, sustainable locations where they can support net zero transition, deliver key infrastructure, help to protect, and enhance the most valuable environments and support healthy, thriving local communities. This ambitious spatial strategy concentrates large scale new development within strategic growth areas. It combines significant brownfield development with providing large scale new communities that together can drive transformative benefits for the whole area.

Exeter has adopted a 'brownfield first' approach as the most sustainable way to address its future housing needs and is key to achieving the City Council priorities set out in its Corporate Plan 2022 –25 for: *'Housing and building great neighbourhoods and communities; a Thriving local economy; a Healthy and active city; Net Zero and a city of Culture'*.

This strategy will enable the Council to:

- Accommodate the housing requirements of Exeter without relying on other Councils.
- Protect the hills, the landscape setting of Exeter, the River Exe and estuary.
- Make efficient use of brownfield sites.
- Support the ongoing vitality of the city centre.
- Minimise the need to travel.
- Enhance the city's historic environment.
- Deliver high quality development to support regeneration.

With the right level of investment and support for infrastructure, housing-led, mixed-use development on brownfield land, can be transformative and is advocated by Homes England - the government's national housing and regeneration agency.

This is also the way to boost Devon's economy and attract better paid jobs to the County. Exeter is the regional capital and acts as the engine for growth across dynamic and diverse urban and rural areas. As Exeter becomes more successful, the potential to extend this success to settlements in its travel to work area is considerable.

## **Exeter's Housing Requirement**

The City Council must plan for 642 new homes to be built in Exeter each year and is addressing this housing need through the preparation of a new local plan – the Exeter Plan and covering the period up to 2040. A public consultation on a full draft of the Exeter Plan was held between October 2023 and January 2024.

Based on the annual housing requirement, the draft Exeter Plan sets out a 20 year need for 12,840 homes. Considering the need to plan for a 10% headroom, the total planned requirement is 14,124.

This headroom will allow for choice and competition in the housing market and means that the Exeter Plan will be resilient to uncertainties such as a delay in developing a particular site or changes to housing needs or Government policy.

The housing supply will come from four sources:

- Completions since 2020, with just over 2,600 homes already built in Exeter.
- Planning permissions are in place for a further 5,300 homes.
- Windfall sites, with about 950 homes built during the plan period, and
- New housing sites allocated in the plan.

The City Council proposes to allocate sites for around 5,270 new homes in the Exeter Plan. Around 90% of these new homes are proposed on brownfield sites, with the vast majority set to be provided on large, strategic brownfield sites close to the city centre, employment areas or transport nodes. As well as housing, the larger sites will provide employment and various other uses and infrastructure to provide high quality new neighbourhoods. The balance of the housing will be provided on smaller brownfield sites, some promoted by the City Council on its own land (as discussed in later sections), some by third parties, and a small number of greenfield sites.

Affordability is a key consideration in Exeter. In 2022 (latest data), Exeter's affordable housing ratio was approximately 9.0. In other words, the average price of a house in Exeter is nine times higher than the average wage. The Exeter Plan will address the shortage of affordable homes in the city and consider how best to provide the good quality accommodation for all housing needs through the planning process. The greatest level of need is for social rented homes. Currently, there are 2,300 households on the Council waiting list. Affordable housing will be provided in accordance with the City Council's emerging Housing Strategy, backed up by the Exeter Local Housing Needs Assessment (LHNA). Existing and emerging planning policies require 35% of all new housing to be affordable, with half of these available for social rent.

## **Liveable Exeter**

The City Council is championing the brownfield first approach through 'Liveable Exeter' - an ambitious city making initiative to transform previously developed land, build new homes in the city as part of high-quality developments, strengthen existing communities and create healthy and vibrant new neighbourhoods. Liveable Exeter will curate sustainable development using seven principles to guide the largest developments and ensuring they are built to high quality designs. These principles are embedded in the emerging Exeter Plan.

Brownfield development is complex and challenging due to significant abnormal costs, viability, land assembly and infrastructure delivery requirements and potential impact on local communities due to higher housing densities. The City Council is working collaboratively with landowners, developers and statutory bodies to enable development. To harness collaboration, the City Council has brought together Exeter's anchor institutions, strategic partners and government agencies, to form the Liveable Exeter Place

Board. The Place Board acts as a critical friend, challenging partners to achieve the principles which underpin Liveable Exeter.

The City Council published the original Liveable Exeter vision in 2019, depicting transformational housing delivery concepts in eight strategic locations across the city. In the following four years significant progress has been made to bring forward new developments.

Liveable Exeter aims to:

- Transform previously developed land and build more homes.
- Curate visions for sustainable neighbourhoods.
- Deploy a range of tools to unlock sites including design codes.
- Tackle viability and infrastructure requirements.
- Be sensitive to the needs of local communities.
- Work closely with landowners/developers and statutory bodies.
- Encourage government intervention to address market failure and increase the pace and quality of delivery.

Water Lane is a flagship Liveable Exeter mixed use development opportunity for at least 1,500 homes in a waterside location near the city centre. Using modest government funding from Homes England's Garden Communities Programme, the City Council is curating a vision for a vibrant, high density, low car/low carbon and well-connected new neighbourhood next to the historic Exeter Ship Canal and Quay. In late 2023, the City Council consulted on a Development Framework and Design Code for Water Lane, to be adopted as a Supplementary Planning Document in 2024.

Other strategic Liveable Exeter sites where detailed work is progressing are Marsh Barton, Red Cow (Exeter St David's), Southgate, and Eastgate/City Point.

## **Exeter City Council Housing Strategy 2023 – 2027**

The City Council is proud to be a stock-owning authority that looks after its tenants and leaseholders and provides an excellent level of service, within the Housing Revenue Account (HRA).

There are many issues facing the City Council including significant new legislation and guidance that must be addressed in providing the best service to tenants. The City Council has recently consulted with tenants and key stakeholders on an updated Housing Strategy. The new Council Housing Strategy 2023-2027 is due to be adopted in February 2024 and will provide a high-level overview of the City Council's vision, priorities and plans for its Council Housing Service over the next 5 years.

These are addressed under the following five key objectives set out in the strategy:

- Enhancing Resident Experience
- Providing the Right Homes in the Right Places
- Providing Value for Money Services

- Supporting our residents
- Ensuring the Safety of our Homes and Residents

'Providing the right homes in the right places' is key, and how the City Council is meeting this objective is summarised in the following section. However, the whole strategy is relevant in understanding the complete picture of housing in Exeter, and the Commission is encouraged to consider all elements of the strategy.

## **Exeter City Council Housing Revenue Account**

### **Council Owned Build Programme**

Exeter City Council owns 4,800 homes, representing approximately 10% of the city's housing stock. With an acute shortage of affordable housing in the city, these homes are vitally important. However, this number reduces by about 40 homes per year, as stock is sold through the right to buy.

Historically there was a modest new build programme only completing 67 new build homes in the decade to 2019. Following the lifting of the HRA borrowing cap in October 2018, the City Council now has an ambitious new homes programme, with a target to build 500 new council homes by 2030. To date a further 75 new homes have been completed, with 112 currently on site and circa 350 potential new homes in the pipeline.

In June 2018, the City Council established Exeter City Living (ECL) as a wholly owned housing delivery vehicle to provide much needed housing in the city to help tackle the housing crisis. The idea was that the company would also generate an income stream for the City Council at the same time as unlocking sites that other developers were unable to.

The five years since the incorporation of ECL have been the most unstable housing market conditions since the 1940s with a series of national and global events creating enormous uncertainty in the market and exceptional cost inflation.

Despite this challenging backdrop, ECL has successfully completed three sites providing 22 homes and has two developments under construction which will provide 56 homes by the Spring of 2025. All developed in partnership with the HRA.

However, the failure to secure a contract for the redevelopment of the Clifton Hill site and the continued uncertainty around development given the difficult current economic climate, has highlighted issues relating to the financial position of ECL and its continued ability to repay its loans to the Council. As a result, in early 2023 the City Council commissioned an independent review of ECL by Local Partnerships and subsequently in October 2023, decided to scale down the activities of ECL.

Despite these challenges, the City Council through the HRA is continuing new build activity on brownfield sites, including garage sites, parking areas, and underutilised/ low density/poor performing housing sites. It has also achieved the highest quality designs on new housing schemes - to Passivhaus standard to ensure the energy efficiency of the new homes and help lift tenants out of fuel poverty.



The Gardens, Whipton project along Vaughan Road is a prime example. This is a development of 91 apartments and a communal room, across 6 blocks and when completed will include a high quality landscaped communal garden area. The first phase of 35 apartments is on site and will be completed in early 2025. However, the whole development is expected to cost in the region of £33m and with further borrowing not currently an option, at this time, there is a high risk of development being stalled. The City Council is therefore exploring grant funding from Homes England and alternative delivery options.

Rather than looking at development sites in isolation, the City Council wants to develop and regenerate areas to improve places for people. For example, next door to the Vaughan Road site is Rennes House, the only high-rise block in City Council ownership and is of large panel system construction from the 1960's that is not fit for purpose for the future. The City Council is facilitating the move of remaining tenants and once emptied, Rennes House will be demolished and will then form the fourth phase of the Vaughan Road development.

Clifford Close is further along Vaughan Road and is made up of a very low-density scheme of 33 non-traditional Dorran type bungalows, which are amongst the worst performing properties in the HRA portfolio and is another major redevelopment opportunity.

The aim of undertaking these three developments as one linked project means that the HRA can deal with over 90 non-traditional, poor performing properties from the housing portfolio and replace them with over 200 new high performance, low energy properties that will be fit for the future.

Looking forwards, high interest rates are causing increased build and financing costs. Interest rates a particular issue for affordable housing delivery. Viability issues caused by the current economic issues together with tender prices still being high present specific challenges which need to be overcome if council house building is to continue.

### **Council Housing Retrofit Programme**

Building to the highest standards, the City Council is also ensuring that existing council houses are carbon retrofitted to future-proof tenants against rising heating costs and can contribute to Net Zero transformation.

Since 2020, the Housing Service has been delivering a retrofit programme of energy efficiency work to the existing housing stock and help meet the City Council's corporate objective to achieve net zero by 2030. In designing the retrofit programme, the following delivery objectives were agreed:

- Engage tenants to promote an understanding of carbon impact.
- Support city's wider carbon net zero vision.
- Contribute to our future asset investment strategy.
- Incorporate retrofit works as a business-as-usual activity.
- Develop retrofit specifications.
- Integrate low carbon and renewable technologies where practicable.
- Reduce fuel use for tenants and mitigate the impact of fuel costs.
- Protect assets and monitor and measure outcomes.

As above, the initial focus was to alleviate fuel costs for tenants living in the worst energy performing homes. Alongside the City Council's capital commitment, £4.1m of government funding has been secured over a 3-year period, initially via the Green Homes Grant and more recently via the Social Housing Decarbonisation Fund. So far approximately 700 properties have been refurbished. The average energy rating of properties after retrofit is 90 (Very High Band B) - prior to being retrofitted the average energy rating was 55 (Low Band D). Additionally, prior to the retrofit process, the average carbon emission for regulated energy was 4.01 tonnes per property, after the retrofit the average carbon emission was 0.52 tonnes per property.

Tenants are at the heart of this work. A group of Energy Champions provide feedback on completed retrofit works. This helps to gauge the success of the installations and provide energy data to enable the City Council to track savings achieved/cost increases mitigated.

## **Housing Needs and Homelessness**

As a welcoming, inclusive, and growing city Exeter provides for a wide range of housing needs, including specialist accommodation for people with different support needs and emergency temporary accommodation. This includes but is not limited to housing for children in care, young people with care experience, older people who require an element of care, people with disabilities who require additional support or for whom independent living is not possible, victims of domestic abuse, rough sleepers and people leaving hostels and refuges.

There is a shortage of specialist accommodation in Exeter, in quantity, range and affordability and the need for such housing will increase over time.

### **Extra Care**

The current Extra Care Housing Strategy and Needs Assessment predicts the demand in Exeter by 2033 to be 252. Exeter currently has one affordable Extra Care scheme known as Edwards Court. This provides 53 apartments with independent living and well-being care provided on site.

Edwards Court is owned and managed by the City Council. Devon County Council has commissioned the care and well-being service to a third party. The scheme has proved extremely popular with a waiting list of applicants applying for an apartment. There is a 30-year nomination agreement in place which also unlocked some land for the City Council to develop more affordable housing at Vaughan Road (see earlier section).

Tenants who reside at Edwards Court not only enjoy independent living with 24-hour support on site, but they also have activity events, a treatment room and a catering facility that provides a 2-course hot meal every day and a high quality Passivhaus standard building.

## **Housing for care leavers**

Over a quarter of Devon's care leavers reside in Exeter with significant numbers living in temporary accommodation such as supported housing or emergency homeless accommodation. This type of accommodation is lacking any security of tenure within which to establish a home with stability and opportunity to engage in education, training and employment. Many of these forms of housing are often in shared settings such as hostels or HMOs. Other forms of temporary housing such as emergency hotel and bed and breakfast rooms provided by the City Council homelessness service are far from optimal in meeting specialist and complex needs.

Whilst Exeter has some limited housing dedicated for care-experienced people there is a clear need to develop capacity of both temporary supported and more long term settled housing. With an average of two care leavers per week<sup>1</sup> making emergency homeless applications to Exeter City Council a clear priority is the need to develop specialist supported housing to help those care leavers with highest and / or multiple needs. An increase in the availability of 1-bed self-contained accommodation that can be prioritised for care leavers is also likely to be a vital part of such development need.

Exeter City Council is working with Devon County Council as part of a Countywide refreshed corporate parenting responsibility co-designing for current and future housing needs for care-leavers. The principal priority is development of additional supported housing options currently in scope under a sufficiency agenda. Measures to increase tenancy stability underpinned by trauma-informed support are also being explored within existing service provision. Eligibility and priority criteria for improved access to social housing is a further example of the revised collaborative approach between Childrens Services and Housing.

## **Homelessness and rough sleeping**

As per the national picture homelessness in Exeter has increased significantly over the last few years. In the last 12 months the City Council has seen an 20% increase in formal homelessness applications; meaning an average of 33 households per week applying to the City Council as homeless. The ever-present housing crisis exacerbated by recent cost of living and renting affordability issues has resulted in demand for local authority temporary homelessness accommodation doubling<sup>2</sup> in Exeter over the last 3 years. In addition to these pressures is the need to provide resettlement housing for families fleeing from Syria, Afghanistan, Ukraine and more recently Gaza. To date Exeter has supported over 200 households to find homes in the city and continues to commit to helping those most in need of asylum and refugee resettlement.

Whilst Exeter has over 350 bedspaces within its single homelessness supported housing pathways for adults and young persons, a minimum of 95 additional units of supported accommodation to meet existing need is required.

---

<sup>1</sup> Data from January to July 2023

<sup>2</sup> From 75 units in 2020 to 150 at end 2023.

Much of this need is driven by the regular flow of people ending up rough sleeping on the city's streets following breakdown or loss of insecure or temporary housing or institutional discharge from prison and in some cases hospitals and other health-settings. Verified incidences of rough sleeping record a rise of 6% over the last 12 months to November 2023. Local specialist agencies however estimate rough sleeping numbers to be higher at an average of 20 people sleeping rough in the city on any given night (representing a 25% increase to 2022).

Exeter City Council has been working tirelessly to prevent homelessness including rough sleeping and in 2023 launched the latest 5-year homelessness prevention strategy<sup>3</sup>. Whilst targeting the long-term sustainment of newly added key housing and support services in the city, the strategy continues to prioritise prevention of homelessness through early intervention with vulnerable families at greatest risk. Given the varied and often multiple causes of homelessness the City Council undertakes a multi-disciplinary partnership approach to prevention work. Housing advice and homelessness prevention services are deployed in the community alongside Health, Social care and Welfare partners and co-located where possible to maximise opportunity for early intervention focused on holistic support and crisis prevention.

## **Student Housing, HMOs, and Co-living**

Exeter is recognised as a leading University city, with the University of Exeter ranked 15<sup>th</sup> in the UK. The University is greatly important to the city. It is a world class place of learning, research, development and innovation, a catalyst for skills and social mobility and as an anchor institution supports local communities and the cultural life of Exeter. Its contribution to the economy of Exeter is also significant – to jobs, growth and prosperity. The University generates £509.4 million GVA for the Exeter, equivalent to 9% of its GDP, and supports 9,750 jobs, making it the second largest employer in the city.

The number of students studying in Exeter has more than doubled over the past decade, from about 11,000 in 2006/07 to over 27,000 in 2021/22. This significant growth has an inevitable impact on the city in terms of the need for accommodation. Traditionally, first year students have been housed on campus in university owned accommodation before finding private rental accommodation for the later years of study. To accommodate the growth in student numbers, manage the impact of this growth on the availability of housing for the wider population and to provide high quality accommodation, the City Council's strategy, supported by the University, is to encourage Purpose Built Student Accommodation (PBSA). This is the best way of providing good quality and well managed housing whilst easing the pressure on existing housing. In addition, because most PBSA is located on or close to the University's campuses within the city centre, students' day to day needs can be met without using a car, contributing towards Exeter's transition to becoming Net Zero. Since 2006, the University and the City Council have shared a target for at least 75% of additional students to be housed in PBSA. Progress is being made in achieving this target, with 64% of new students being housed in PBSA by 2022.

---

<sup>3</sup> [Exeter Homelessness & Rough Sleeping Prevention Strategy](#)

This support for PBSA in appropriate locations goes hand in hand with the City Council's approach to managing the demand for Houses in Multiple Occupation (HMOs). HMOs can make a valuable contribution to housing but given the majority in the city are occupied by students, this has led to an overconcentration in some areas close to the University's campuses, in some cases resulting in whole streets of former family homes converted. This can adversely impact on the character of an area and the amenities of existing residents. The City Council has introduced an Article 4 Direction in these locations and has recently agreed to extend this further into neighbouring areas and streets. Coupled with clear planning policy and guidance through a newly adopted revised Supplementary Planning Document the City Council can mitigate impacts.

A study by Cushman and Wakefield in 2023 highlighted the changes in the higher education sector in recent years and considered the links between the growth of universities and the affordability or accommodation. The study identified that the University of Exeter is in the top ten in terms of the growth in student numbers in the UK. Alongside this, the study identified that the average student's largest monthly expense is rent, accounting for about 45% of monthly living expenses. This varies across the UK, however in Exeter, only 6.2% of PBSA bedspaces cost less than the average monthly student maintenance loan. Of the towns and cities studied (outside of London) Exeter is the fourth least affordable against this particular measure.

The study also suggests that in Exeter, only around 25% of new PBSA schemes were fully occupied during the 2023/24 academic year. This could be because of the significant numbers of schemes provided in recent years, the cost of the accommodation and the persistent desire of many students, particularly those from the UK, to live in shared houses. This potential issue of under-occupation needs to be monitored given the need to make efficient use of the city centre/edge of city centre sites for regular residential development to deliver on the city's wider housing need.

Moving on from PBSA, Co-living housing is a form of purpose built private rented sector accommodation, which is becoming increasingly promoted in Exeter. Co-living provides high quality new homes within professionally managed schemes that provide generous communal facilities and foster a sense of community. They are more secure (from a lease perspective) and dependable than privately rented homes, with longer tenancy options, and are institutionally owned and managed for the long term. Geared towards professionals, including key workers and graduates, Co-living housing could help to address the increasing lack of housing for young people, helping to attract and retain talent in the city and accommodating key workers, whilst potentially offsetting the demand for HMOs.

The first Co-living scheme in Exeter opened in 2023. Known as "The Gorge", it is located close to the city centre. There are several other developments in the pipeline in the city, including a recently permitted scheme at Haven Banks near the Quay which will provide 188 Co-living units alongside 246 build to rent flats. This pattern suggests that Co-living may play a key role in meeting housing needs on brownfield sites going forward.

This page is intentionally left blank