Swale BOROUGH COUNCIL

AGENDA

LOCAL PLAN PANEL MEETING

Date: Thursday, 9 July 2020
Time: 7.00pm
Venue: Virtual Meeting Via Skype*

Membership:

Councillors Mike Baldock (Chairman), Monique Bonney (Vice-Chairman), Alastair Gould, James Hunt, Carole Jackson, Elliott Jayes, Benjamin Martin, Eddie Thomas and Ghlin Whelan.

Quorum = 3

Pages

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1.   Apologies for Absence and Confirmation of Substitutes

2.   Minutes

        To approve the Minutes of the Meeting held on 30 January 2020 (Minute Nos. 492 – 497) as a correct record and also the Minutes of the Extraordinary Meetings held on:

        25 February 2020 (Minute Nos. 543 - 547)
        7 May 2020 (Minute Nos. 659 – 667)
        11 June 2020 (Minute Nos. 691 – 696) as correct records.

3.   Declarations of Interest

        Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

        The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

        (a)   Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

        (b)   Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

        (c)   Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

        Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as

early as possible, and in advance of the Meeting.

Part A Reports for Recommendation to Cabinet

Issued on Tuesday, 30 June 2020

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of the Cabinet, please visit www.swale.gov.uk

**Chief Executive, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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Local Plan Panel Meeting	
Meeting Date	09th July 2020
Report Title	Faversham Town neighbourhood planning update
Cabinet Member	Cllr Mike Baldock, Cabinet Member for Planning
SMT Lead	James Freeman
Head of Service	James Freeman
Lead Officer	Aaron Wilkinson
Key Decision	No
Classification	Open
Recommendations	1. It is recommended that Members delegate the approval of Faversham Town Council's application to designate the Town of Faversham as a neighbourhood area to the Head of Planning in consultation with the Cabinet Member for Planning and considering any representations made.

1 Purpose of Report and Executive Summary

1.1 Members will recall that it was agreed by this Panel in May 2020 that Officers conduct a consultation on the application made by Faversham Town Council to designate the whole Town as a neighbourhood area for the purpose of the creation of a neighbourhood development plan (neighbourhood plan). The designation, if approved, would replace that currently covering Faversham Creek only. If a new neighbourhood plan were eventually made part of the Development Plan, it would also replace the existing Faversham Creek Neighbourhood Plan. This report is to update you on that consultation and the next steps.

2 Background

2.1 The consultation commenced on Friday 12th June 2020 and will run to Monday 27th July 2020. At the time of writing, no representations have been received but a verbal update will be given at the meeting.

2.2 According to the Regulations, a decision on the application must be made within 8 weeks of publicising it. This means that there is only 2 weeks between the consultation ending and the Council being required to make a decision by Friday 7th August 2020. Due to these short timescales, there is no time to wait until the consultation has finished before reporting back to this Panel. There will also be no time to send a recommended decision to the Cabinet.

2.3 Officers consider the proposed designation to be suitable and would likely have recommended approval had there been the time to report this in the normal way. However, it is again noted that any representations made to the contrary will need to be considered.

3　　Proposals

3.1　The proposal, therefore, is that Members delegate the approval of this application to the Head of Planning, in consultation with the Cabinet Member for Planning and considering any representation made.

4　　Alternative Options

4.1　Members could choose to wait for the consultation to finish, however the Council would miss the statutory deadline set out within the Regulations and the designation would be approved by default.

5　　Consultation Undertaken or Proposed

5.1　A consultation is being carried out as outlined in paragraph 2.1.

6　　Implications

Issue	Implications
Corporate Plan	Priority 1: Building the right homes in the right places and supporting quality jobs for all.
Financial, Resource and Property	None identified at this stage.
Legal, Statutory and Procurement	None identified at this stage.
Crime and Disorder	None identified at this stage.
Environment and Sustainability	In the long term, any neighbourhood plan would be subject to a Sustainability Appraisal.
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	None identified at this stage.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	None identified at this stage.

7　　Appendices

7.1　None.

8　　Background Papers

8.1　None.

Local Plan Panel Meeting	
Meeting Date	9 July 2020
Report Title	Local Housing Needs Assessment (standard method)
Cabinet Member	Cllr Mike Baldock, Cabinet Member for Planning
SMT Lead	James Freeman
Head of Service	James Freeman
Lead Officer	Jill Peet
Key Decision	No
Classification	Open
Recommendations	It is recommended that Members note the content of this report and the Local Housing Needs Assessment in appendix 1.

1 Purpose of Report and Executive Summary

1.1 Local plans are responsible for providing a framework for addressing housing needs and other economic, social and environmental priorities. In determining the expected minimum number of homes needed, local plan policies should be informed by a local housing needs assessment, conducted using the standard method in national planning guidance. This is a requirement set out in the National Planning Policy Framework (NPPF).

1.2 A local plan's housing number is not 'fixed' until submission and with the expected publication of household projections for 2018 this summer and the likelihood that the government will amend the standard method, this report looks at the potential housing numbers based on different scenarios. This approach identifies a range of housing figures that should be considered for plan making based on a 'worst case' and 'best case' scenario.

1.3 Members will recall the Local Housing Needs Assessment for Swale Borough, conducted using the standard method was presented to this Panel in February. Members were not satisfied that the report had adequately considered the 'exceptional circumstances' to justify a departure from using the standard method. It was also felt that the document was too technical in nature and could be clearer. The consultants were asked to take these comments on board and revisit their reports accordingly. Further comments/concerns were also provided and these have been addressed in a specific 'Q & A' paper.

1.4 The purpose of this report is to present the revised reports and to seek Member endorsement of the reports as part of the local plan review evidence base.

2 Background

2.1 In February 2017, the then government published the Housing White Paper; Fixing the Broken Housing Market that introduced a number of measures to deliver the government target of 300,000 additional dwellings per annum, nationally. One of the measures identified was the 'standard method' approach to calculating housing numbers in local plans as it was believed this would contribute to speeding up local plan delivery, in turn supporting a plan-led system and the timely delivery of new homes. This replaced the previous methodology requiring the establishment of an Objectively Assessed Need (OAN) which allowed for some debate/challenge to numbers derived.

2.2 The National Planning Policy Framework (NPPF) expects local planning authorities with the responsibility for preparing local plans to follow the standard method set out in the National Planning Practice Guidance. Essentially, the standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply.

2.3 How the standard method is applied is set out in national planning practice guidance https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments (and in the main report in appendix 1).It is a three-stage approach that uses ONS data on household growth projections to calculate the average annual household growth over a 10 year period adjusted based on the affordability of the area and capped at a maximum of 40% increase in the local plan figure, i.e. no higher than a 40% increase of 776, the current annual housing need figure for the adopted Local Plan (1,086).

2.4 Although this would appear to be a relatively straightforward exercise, there are a few caveats to note. First of all, there is the expectation that numbers should be kept under review and revised where appropriate (e.g. where new population or other statistical data is published). Local housing need calculated using the standard method may only be relied upon for a period of 2 years from the time a local plan is submitted to the Planning Inspectorate for examination.

2.5 Additionally, the government have indicated that they are likely to amend the standard method around the time of the release of the 2018 household growth projections due in the late summer/early autumn of this year. For this reason, the Local Housing Needs Assessment considers potential scenarios based on affordability trends and changes to the standard method. As housing figures are not 'fixed' until the plan is submitted for examination, it is prudent to identify a range in order to help prepare for submitting a sound plan. Without a range that looks at 'best case' to 'worse case' scenarios, the local plan policies will be vulnerable to shifts in the data feeding into the standard method and national policy. This approach helps to avoid delays in preparing the local plan review in that it avoids the potential need to revisit evidence prior to submission.

2.6 The table below is taken directly from the specialist consultant's report itself and provides figures calculated using the year-base projection. The lower number is

based on 32% affordability uplift and the higher number is based on the maximum affordability uplift of 40%. The 32% figure reflects the latest ratio of median house prices to median workplace-based earnings which is 9.14 (compared with 7.8 national average).

Scenario		Start year 2022
		Dwellings per year
Current baseline position	A: 2014-based projections	1,031
For use between May/Sept 2020 and Aug 2022 (Standard method using 2018-based household projections)	B: 2018-based projections	1,079 - 1,153
	B1: Worse affordability (0.4)	1,144 - 1,222
	B2: Worse affordability (trend)	1,199 - 1,239
	B3: Standard method changed	1,520 - 1,624
For use between May/Sept 2022 and Aug 2024 (Standard method using 2020-based household projection)	C: 2020-based projections	980 - 1,079
	C1: Worse affordability	1,039 - 1,144
	C2: worse affordability (trend)	1,066 - 1,101
	C3: Standard method changed	1,380 - 1,520

2.7   The NPPF states that the standard method should be used unless exceptional circumstances justify an alternative approach, but this must reflect current and future demographic trends and market signals. A supplementary report has been prepared to assess whether or not there are any exceptional circumstances for Swale. This is contained in appendix ii and concludes that this is not the case.

2.8   The concerns of the administration with regards to the standard method housing figures are noted and other work is underway to investigate the ability of the Borough to deliver the numbers broadly identified using this approach. These concerns relate to infrastructure capacity issues, environmental capacity issues and market absorption rates. The findings of this work will be reported to this Panel in due course and the debate surrounding the local plan review housing figures will be discussed in that context, although it is important to note that the government expects local planning authorities to have minimum housing numbers in their local plans that align with the standard method.

3   Proposals

3.1   Members are asked to note the content of the attached report, Future Housing Need in Swale and accept this report as the Local Housing Needs Assessment, part of the evidence base for the local plan review. This report has been prepared in accordance with national policy, using the standard method approach set out in national guidance.

3.2   The decision about what numbers to accept as the local plan housing need figure will be for later in this process once all the evidence is available. Endorsement of the report is not an acceptance of these figures for inclusion in the local plan review.

4   Alternative Options

4.1   Local Housing Needs Assessment is a fundamental part of the evidence base for informing the local plan review. It is a requirement of the NPPF (paragraph 60) and provides essential information that feeds into other evidence such as identifying infrastructure needs, affordable housing requirements and local standards. The method for preparing this information is standard across the country.

4.2   There would be no benefit for Members to disregard the content of the attached report and the use of the standard method approach given that it is a presentation of a fixed calculation required by Government that needs to act at the very least as a starting point from which to derive a housing supply number required to support a Local Plan.

4.3   Should the Council decide not to proceed with a Local Plan review as per the NPPF and national planning policy guidance this could place the Council at risk of intervention by the Ministry of Housing, Communities and Local Government and potentially increase the risk of adhoc unplanned development taking place.

5   Consultation Undertaken or Proposed

5.1   The Local Plan Review process is subject to public consultation. The technical evidence reported here will be used along with other technical work to draft the content of the local plan document that will include a housing need figure and will be brought to members of this Panel for endorsement in due course.

6   Implications

Issue	Implications
Corporate Plan	Priority 1: Building the right homes in the right places and supporting quality jobs for all.
Financial, Resource and Property	Work undertaken within existing Local Plan project budget.
Legal, Statutory and Procurement	None identified at this stage.
Crime and Disorder	None identified at this stage.

Environment and Sustainability	The Local Housing Needs Assessment is one element of the Local Plan Review evidence base. A Sustainability Appraisal / Habitats Regulation Assessment Framework has already been established for the Local Plan Review process. Future local plan consultations will be accompanied by a Sustainability Appraisal / HRA document and subsequent key stages of the process will also be subject to SA/HRA.
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	None identified at this stage.
Equality and Diversity	The Local Plan process will be subject to a Community Impact Assessments at appropriate points.
Privacy and Data Protection	None identified at this stage.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Future Housing Need in Swale
- Appendix II: Estimating Swale's Future Local Housing Need
- Appendix III: Q&A June 2020

8 Background Papers

8.1 None.

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Future Housing Need in Swale

1. Introduction

1.1.   Swale benefit from a relatively recent development plan with a sound housing target of 776 dwellings per annum (dpa). But Councils are required to review their local plans at least every 5 years and since the 'Bearing Fruits' Local Plan was adopted national planning policy has been subject to a significant change.

1.2.   Any new Local Plan now needs to use the 'Standard Method' for determining Local Housing Need. This is a 'simplification' of the old objectively assessed need (OAN) process whereby professional judgement has been removed and replaced by a formula which uses only household projections and local affordability data[1].

> i   The first step is to apply the current official household projections (2014 based at this time); taking the per annum average from the next 10 years (starting from the current year) to arrive at the demographic starting point
>
> ii   The second step is to increase this number for market signals using a formula based on the most recent affordability ratio. This is the ratio of median house price to median workplace-based earnings as published annually by ONS. An adjustment factor must be applied as follows:
>
> $$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ - 4}{4}\right) x\ 0.25 + 1$$
>
> iii   The third step is to cap the level of any increase where homes are more than four times local workplace earnings until capped at 40% above demographic need (or in some cases a recent housing target depending on its current status)

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[1] NPPG Paragraph: 002 Reference ID: 2a-002-20190220

Future Housing Need in Swale

1.3.   This technical assessment of the Standard Method does not address supply side, capacity issues or infrastructure constraints. It is understood that there are some concerns that Kent cannot absorb the level of growth identified by the Standard Method, but it is not the purpose of this strictly technical review to consider this. Councils are required to treat this as the starting point for their local housing need figure unless there are exceptional circumstances that justify an alternative approach. The 'bar' for exceptional circumstances is set very high and, has been considered in the independent work undertaken by demographer John Hollis in the report appended to this note. Having assessed historical data for births, deaths and migration flows it concludes that there are no errors in the data and no exceptional circumstances that would justify departing from the Standard Method formula.

1.4.   In order to inform the preparation of the Local Plan Review, it is necessary to consider what the local housing need is likely to be at the time it is submitted, which will probably be sometime during 2022. John Hollis has assessed the likely future demographic projections underpinning the method and considered the implications of using the 2018-based or 2020-based household projections.

1.5.   The approach and projections identified help identify a range of housing numbers that may arise through the standard method in the future. They do not purport to be the final and accurate number, but rather are used to develop a range of scenarios that can be tested through the Local Plan evidence base. The detailed findings are set out in the attached report and indicate that the Local Plan should consider testing a possible housing target of between 980 and 1,153 dwellings per year, based on the current Standard Method. This is within 10% of the current Standard Method figure of 1,050 dpa.

1.6.   The LHN does not become set in stone until the draft plan is formally submitted to the Secretary of State. This means that the Council will need to respond to any ONS data releases, and any changes to the Standard Method. The approach set out above, which provides a range, has been prepared to help the Council avoid being unprepared for any consequences if and when the standard method is revised.

1.7.   The later projections carry more uncertainty, because they include more assumptions about migration flows and there is some evidence to suggest that, at least in the last couple of years, estimated population growth has been lower than the level of housebuilding would suggest. As with any estimated population there is a risk that the ONS may revise these population estimates and so these 2020 based projections need treating with extra caution.

Future Housing Need in Swale

2. Alternative assumptions

2.1. Although the Standard Method is described as a simplification unfortunately there is a large amount of uncertainty around what the final number will be. This is because the number is only fixed at the time the Local Plan is formally submitted. Until that point the Council's evolving policies are vulnerable to shifts in the data feeding into the method, and possible changes to national policy. The Government has announced that they want to increase the national delivery of new homes up to at least 300,000 per annum but have not yet said how (or where) this will be achieved.

2.2. Therefore, it is sensible to test alternatives. Using these starting point projections it is useful to sensitivity-tests the potential implications for local housing need that would result from future changes to:

- the borough's affordability ratio;
- and what may happen if the Government seeks to align the method to its 300,000 homes per annum target.

2.3. The Standard Method affordability adjustment increases housing need by 32% above demographic need. This is because the latest 2018 ratio of median house price to median workplace-based earnings as published annually by ONS is 9.14. For comparative purposes the national average is 7.8.

2.4. It is possible that affordability may worsen over the next few years. At the moment the affordability uplift is capped at 40% above demographic need. Because there is a risk affordability will worsen over time we have sensitivity tested a 40% uplift on both the 2018 and 2020 based demographic projections. In addition, John Hollis has explored the changing trend in the affordability ratio and tested what this increase might mean for Swale using both a three and five year trend.

2.5. There is another (more complex) element to the cap which uses existing Local Plan targets. This is not relevant at this time. However, it would become relevant once the Local Plan is more than five years old in July 2022. This would set the cap at 40% above the current Local Plan target which would be 1,086 dpa.

Future Housing Need in Swale

2.6.   We expect changes to the Standard Method to align delivery to the 300,000 target within the next 12 months or so. At the moment the method provides for around 266,000 new homes. But this is based on the 2014-based projections and national demographic need is falling; so to reach 300,000 in the future the uplift on demographic need may need to be more aggressive. Applied to the (currently set aside) 2016 based projections a 41% uplift is needed to reach 300,000 nationally. Because we expect future rounds of national projections to be lower than the 2014-based projections and the demographic factors driving the lower 2016 based projections are unlikely to dissipate (including adjustments to older age mortality – which is no longer decreasing to the same extent as older projection rounds and lower migration) it is reasonable to sensitivity test the projections with a +41% option.

2.7.   It is not possible to predict how the national total would be distributed between local authority areas, so the scenario assumes a simple pro rata adjustment. In this simple approximation, all local authorities including Swale get the same adjustment.

2.8.   To test the impact of these assumptions, several scenarios, using the projections are developed to identify the local housing need produced by the Standard Method:

- Scenario A, derived from the ONS 2014-based household projections
- Scenario B, derived from the predicted 2018-based household projection
- Scenario C, derived from the predicted 2020-based household projection

2.9.   In line with the National Planning Policy Guidance (NPPG), the scenarios cover a 10-year period, starting in the year in which the new Local Plan may be submitted; 2022. Several variants are provided, relating to the affordability adjustment (B1, B2, C1 and C2) and relating to the increase in the national total of houses (B3, C3).

2.10.   For each of the alternatives the local housing need is expressed as a range, based on the two alternative approaches used to calculate the trend projections as explained in the report at the appendix. It should also be recognised that the forecasts are based upon a large number of assumptions and so are liable to considerable uncertainty.

2.11.   The results are shown in the table below:

Future Housing Need in Swale

Scenario		Start year 2022
		Dwellings per year
Current baseline position	A: 2014-based projections	1,031
For use between May/Sept 2020 and Aug 2022 (Standard method using 2018-based household projections)	B: 2018-based projections	1,079 - 1,153
	B1: Worse affordability (0.4)	1,144 - 1,222
	B2: Worse affordability (trend)	1,199 - 1,239
	B3: Standard method changed	1,520 - 1,624
For use between May/Sept 2022 and Aug 2024 (Standard method using 2020-based household projection)	C: 2020-based projections	980 - 1,079
	C1: Worse affordability	1,039 - 1,144
	C2: worse affordability (trend)	1,066 - 1,101
	C3: Standard Method changed	1,380 - 1,520

3. Summary

3.1.   If no changes are made to the Standard Method, and it continues to use the 2014-based projections the Council's new minimum target would be around 1,031 dpa. However, this is unlikely because we expect both policy changes and new demographic projections to render any 2014-based assessment out of date.

3.2.   The two other baseline scenarios (B and C) show that the changes are likely to be within 10% (above and below) the current Standard Method number (1,050 dpa). If the Local Plan is submitted after the 2018-based projections are released in late 2020 (assuming September 2020), but before the 2020 based projections are released in 2022 then the Council may be expected to provide for a minimum of around 1,079 dpa (Scenario B). However, in the worst case scenario and if the Government responds to the relatively low projections nationally by amending the standard formula, seeking to align the method to 300,000 homes national, a figure of up to 1,624 dpa (Scenario B3) is possible.

3.3.   If the Local Plan is submitted after the release of the 2020-based household projections then the need reduces to a minimum of 80 dpa, because these result in a Standard Method number similar to the current 2014-based projections, which are slightly lower than the 2018s. If the Standard Method is increased to align with 300,000 homes this could result in a need of 1,520 dpa (C3).

3.4.   It is unclear whether any revision to the Standard Method would retain a 'cap', however it is likely that it would need to be revised to provide for any national increase in housing delivery. However, were it to be retained in its current form, it would limit the housing requirement to either 1,086 dpa or 1,222 dpa (40% above the local housing need figures).

4. Conclusion

4.1.   The figures derived from the three different projections are largely in the same ballpark as the current Standard Method number of between 980 and 1,153 dpa, which is within 10% of the current local housing need figure if calculated today. This provides a useful corroboration and provides an element of stability for Local Plan making. But there is huge uncertainty in the data and it would be unwise to be overly specific when citing numbers. But in the round the analysis suggests the evidence base for the Local Plan ought to test:

- A low minimum target of around 1,000 dpa based on the current 2014-based projections and the forecast 2020-based projections, and assuming the method is not changed to meet the national total of 300,000 (i.e. around A, C, and C1).

- A middle target of around 1,250 dpa based on the 2018-based projections which is the most likely scenario if the Council submits prior to the publication of the 2020-based projections.

- A high target of 1,500 dpa based on the Local Plan being submitted after the publication of the 2020-based projections and with the Standard Method changed to reach the desired national total of 300,000 dpa.

Glossary

Affordability Ratio: These ratios are calculated by dividing house prices by gross annual earnings, based on the median and lower quartiles of both house prices and earnings. The earnings data are from the Annual Survey of Hours and Earnings which provides a snapshot of earnings at April in each year. The house price statistics come from the House Price Statistics for Small Areas, which report the median and lower quartile price paid for residential property and refer to a 12-month period with April in the middle (year ending September). Statistics are available at country, region, county and local authority district level in England and Wales and published annually at end March. The latest 2018 ratio of median house price to median gross workplace-based earnings is to be used in the standard method calculation.

Future Housing Need in Swale

Exceptional circumstances: If an alternative method for assessing housing need is use,d then this will be scrutinised closely at examination. The NPPG says at paragraph reference ID: 2a-003-20190220 that any other method will be used only in exceptional circumstances. This means there will need to be clear evidence to justify any departure. As part of demonstrating any exceptional circumstances the population and household projection data will need to be scrutinised to assess whether any of the components; births, death, migration, unattributable population change and household formation rates contain errors or anomalies that are sufficiently large to constitute exceptional circumstances for departing from the Standard Method.

Household projections: These figures produced by the Office for National Statistics start from the base year (2014, 2018, 2020) and project forward 25 years. They are an indication of the likely increase in households given the continuation of recent demographic trends.

Local housing need: The number of homes identified as being needed through the application of the Standard Method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 60 of the National Planning Policy Framework).

Local Plan: A plan for the future development of a local area, drawn up by Swale Borough Council in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. A local plan can consist of either strategic or non-strategic policies, or a combination of the two.

Mean: The mean of a set of numbers is the sum of the numbers in the set, divided by the number of numbers in the set. For example, in the data set (1,1,2,3,6,7,8), the sum of numbers is 28, the number of numbers is 7, and the mean is 28/7 = 4.

Median: The median of a set of numbers is the middle number in in the data set. For example, in the data set (1,1,2,3,6,7,8), the median is 3, because there are equal numbers of numbers greater than 3 and smaller than 3.

Objectively Assessed Need: This was the old process used to identify the housing target to be included in a Local Plan. It was a complex process open to interpretation and professional judgement but which was largely established by a Strategic Housing Market Assessment, which identified the housing market area, tested the robustness of official population and household projections, considered the necessity of uplifting the figure for market signals adjustments, ensured that it provides enough labour supply and possibly boost the supply of affordable homes.

Standard Method: This is the new method for calculating local housing need. It sets out a strict formula to be followed through a three-stage process and includes no judgement or discretion. This was introduced by the 2018 National Planning Policy Framework. The current version is set out in an update to the Planning Practice Guidance issued on 20 February 2019 at paragraph 004 Reference ID: 2a-004-20190220.

Estimating Swale's Future Local Housing Need

A Technical Report

Commissioned by Swale Borough Council from Peter Brett Associates

John Hollis

September 2019

(revised June 2020)

John Hollis is an independent demographic consultant specialising in population and household estimates and projections. He has an M.A. in Demography from the University of California, Berkeley and is a Fellow of the Royal Statistical Society (RSS). He was President of the British Society for Population Studies (BSPS) in 2005-07 and has also been Chair of the Local Authorities Research and Intelligence Association (LARIA). He was Demographic Consultant at the Greater London Authority until retiring in 2011. He prepared demographic projections for various incarnations of the *London Plan*. He was a member of the CLIP (Central and Local Government Information Partnership) Population Sub-group, which discussed methodology for population and household estimates and projections with ONS and DCLG. He has also been a member of the ONS Expert Panel advising on assumptions for National Population Projections and the DCLG Steering Group on Household Projections, focussing on the 2010 redevelopment of the modelling process. He was also on the ONS Collaborative Group on Household Projections in 2017/18. He led the local government side of the CLIP Census Advisory Group for both the 2001 and 2011 Censuses. In 2011-12 he was one of four external experts assisting ONS with quality assurance of the results of the 2011 Census and in 2013 he was part of the small team that wrote a methodological assessment of the ONS *Beyond 2011* project and also advised ONS on future requirements for small area data. Since 2012 he has prepared demographic analyses and projections for many local authorities as part of local plan development.

The analysis presented is accurate but even with maximum attention to detail errors can arise and, as users are fully aware from media reports, even official data sources are not infallible. Official demographic and housing data are often revised; in recent years ONS has revised its methods of estimating both UK and International migration and the transfer of household projections from DCLG to ONS also caused major methodological changes. Therefore absolute guarantees cannot be given and liability cannot be accepted. Statistics, official or otherwise, should not be used uncritically. If they appear at odds with other sources they should be thoroughly investigated before being used.

Minor revisions were made to the report in May 202, to add subtitles to some charts.

Estimating Swale's Future Local Housing Need

1. Introduction

1.1. This technical report explores:

- whether there are exceptional circumstances which might justify a departure from the Government's revised standard method for calculating Swale's Local Housing Need (LHN);

- how Swale's LHN may change in the future as a result of the projected increase in house building in the district; and,

- the projected impact on Swale's population of a building trajectory determined by LHN.

1.2 All charts and tables in the report relate to Swale Borough unless otherwise specified.

2. Are there exceptional circumstances which might justify departure from the standard method?

2.1. The 2018 National Planning Policy Framework (2018 NPPF) introduced a new standard method for calculating an authority's local housing need. The current version is set out in an update to the Planning Practice Guidance (PPG) issued on 20 February 2019[1] and stipulates that the MHCLG's 2014-based household projections are to be used as the basis of the calculation.

2.2. The PPG addresses the question of whether alternative methods can be used for assessing housing need in the following terms:

> ***Is the use of the standard method for strategic policy making purposes mandatory?***
> *No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances.*
>
> *Paragraph: 003 Reference ID: 2a-003-20190220*

2.3. There is as yet no precedent to indicate how high the threshold of 'exceptional circumstances' might be but, as the objective of introducing the new standard method was to simplify and speed up plan making, the bar is likely to be set fairly high. This is implies that there would need to be clear evidence that the standard method produces a result that is misleading to a substantial degree. In view of this this technical note reviews the 2014-based projections for Swale and considers whether they provide a reasonable indication of the likely level of household growth in the district.

2.4. There are two components to a household projection:

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[1] Paragraph 004 Reference ID: 2a-004-20190220

- a population projection; and,

- a projection of household formation rates which indicate how the population is expected to group itself into households.

2.5. These two stages are considered in turn.

The Population Projections

2.6. The 2014-based household projections are based on ONS's 2014-based population projections. These were constructed by first making trend-based projections for future births, deaths and migration flows. The population projection, calculated by gender at individual ages to 90+, is equal to the number of births, less the number of deaths, plus the net migration inflow (or less the net migration outflow). A review needs to consider the plausibility of each of these components of change.

Births

2.7. Figure 2.1 shows the historical data for births.

**Figure 2.1: Births 2001-02 to 2017-18**
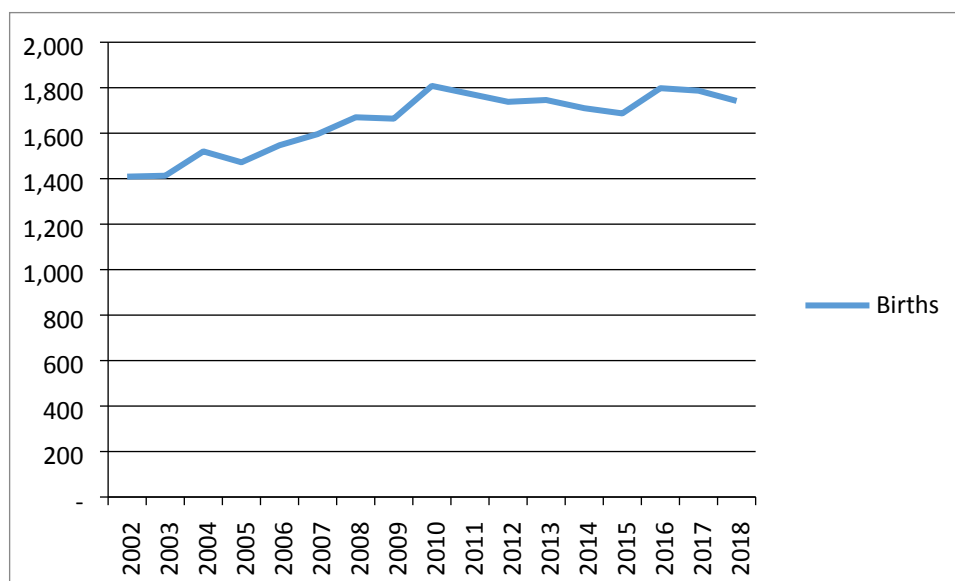
2.8. While there are undulations around the general trend of births increasing to about 2010 and flat lining thereafter the deviations are not such as to suggest a problem with the historical data. Therefore there is no reason to suspect that a projection of further births based on this data would be implausible.

Deaths

2.9. Figure 2.2 shows the historical data for deaths. There is a deviation from trend in 2014-15 but this is small and came after the 2014-based projections were prepared. There is therefore no basis for querying the projection of deaths.

Figure 2.2: Deaths 2001-02 to 2017-18
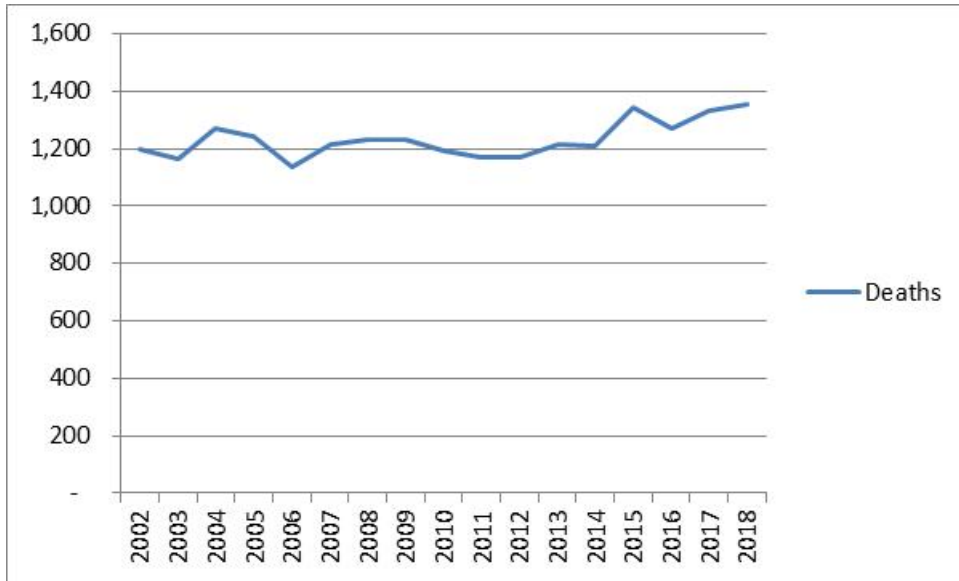
Migration Flows from the Rest of the UK

2.10. Figure 2.3 shows the historical data for flows from the rest of the UK up to those published with the 2018 mid-year estimates. For the 2017 mid-year estimates (2017 MYE) the ONS introduced a new method for estimating flows within the UK, the main change being a new 'Higher Education Leavers Methodology' designed to improve the estimation of when and where students moved to after completing their university courses – a well-known weakness in the earlier population estimates. This generally resulted in slightly higher flows being estimated

**Figure 2.3: Migration from the Rest of the UK 2001-02 to 2017-18**
Persons

Page 25
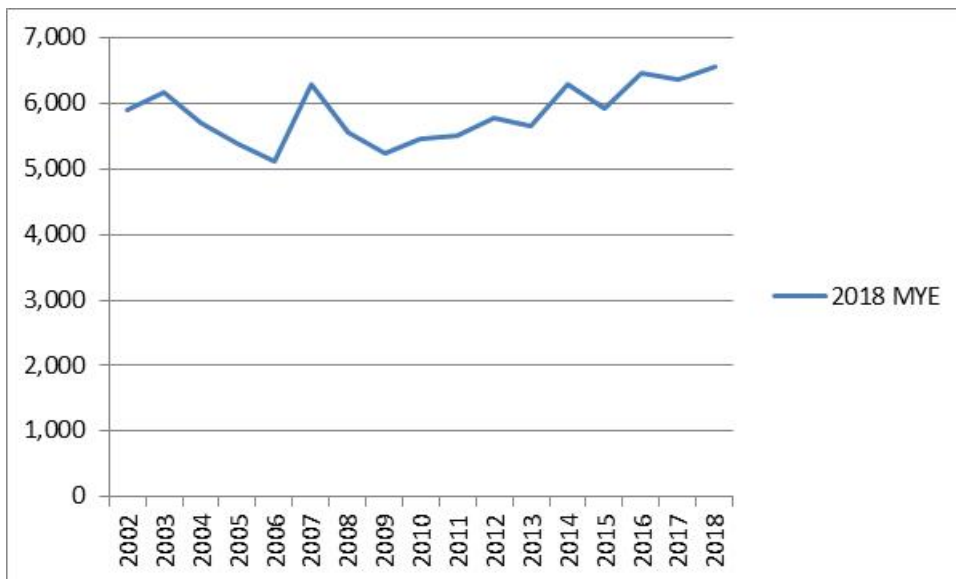
2.11. The new method post-dated both the 2014 and the 2016-based projections. It remains to be seen how it will be reflected in the 2018-based projections as the ONS have not corrected their estimates for years prior to 2016-17 to reflect the new method even though it is clear that it would have altered those figures. This is therefore a potentially significant uncertainty in estimating future household projections.

2.12. Aside from the question of the new method, there are no reasons for believing that the data in the trend period for the 2014-based projections (2009-10 to 2013-14) was significantly distorted.

Migration Flows to the Rest of the UK

2.13. The ONS new method for estimating migration flows has also affected the outflows to the rest of the UK. The difference is, however, small. Figure 2.4 shows the latest figures,

Figure 2.4: Migration to the Rest of the UK 2001-02 to 2017-18 Persons
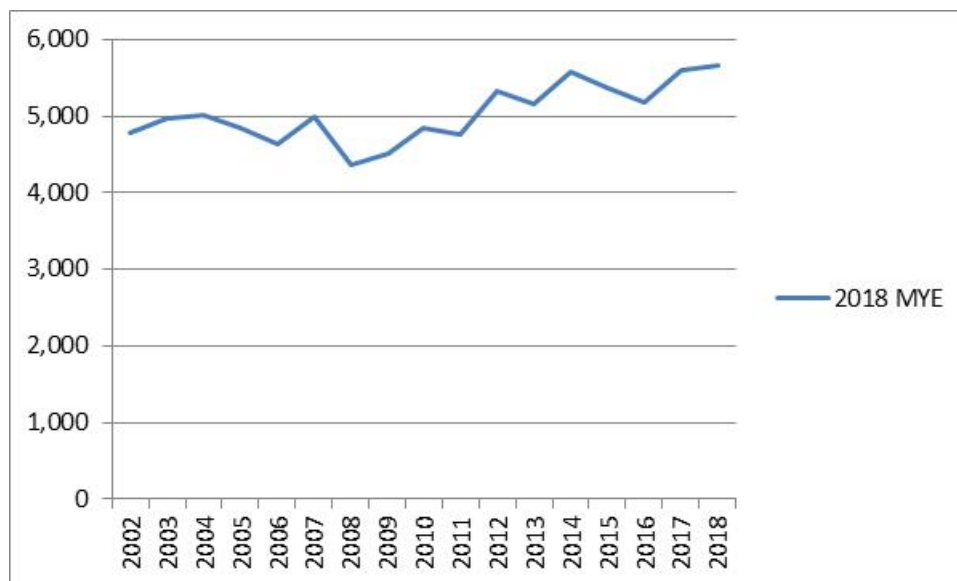
2.14. Again there is nothing in the historical data which might distort the projected outflow. Both the outflow and the inflow are on a rising trend since around 2008, but since 2001 the net flow has always been into Swale. The result is that the net flow from the rest of the UK has generally risen since 2011-12 – see Figure 2.5.

**Figure 2.5: Net Migration with the Rest of the UK 2001-02 to 2017-18 Persons**
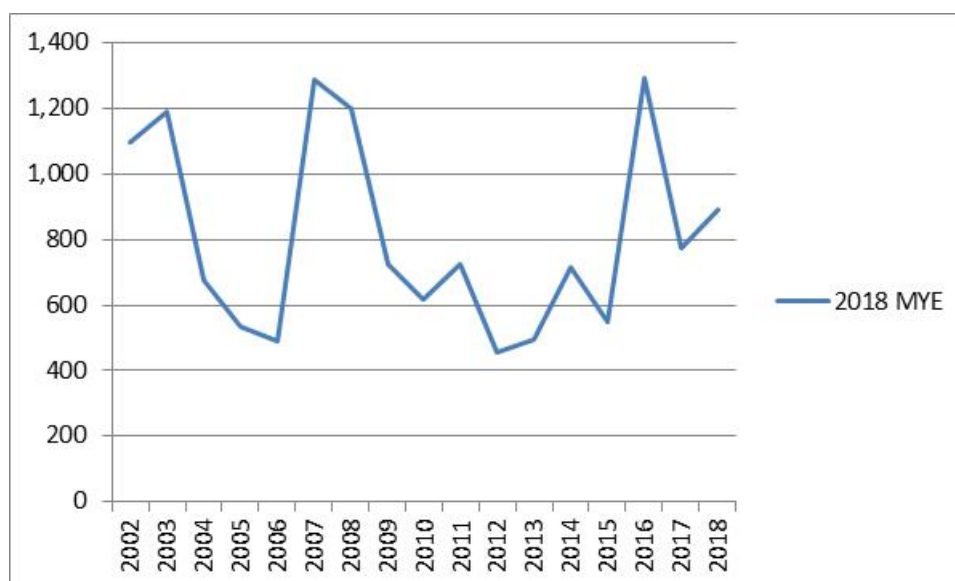
2.15. The net flow has varied widely since 2001; between less than 500 and nearly 1,300. In more recent years there is a detectable rising trend. There is relatively little difference in the trend periods for the 2014-based projection (2009-14: 602) and the 2016-based projection (2011-16: 702). Net flows are invariably a relatively small difference between two much larger gross flows with the result that small changes in the gross flows can produce relatively large percentage changes in the net flow.

2.16. However the net UK flow for the ONS 2018-based projections (based on 2013-18) is 846 meaning that the projection will almost certainly be higher than either the 2014-based or 2016-based projections.

International Migration Inflow

2.17. Figure 2.6 shows the historical data for flows in from overseas. These have also benefitted from methodological improvements by the ONS but in this case the ONS has adjusted the earlier year figures back to 2011-12. Note that these adjusted figures were taken into account in the 2016-based projections but post-date the 2014-based set.

**Figure 2.6: International Inflows 2001-02 to 2017-18
Persons**
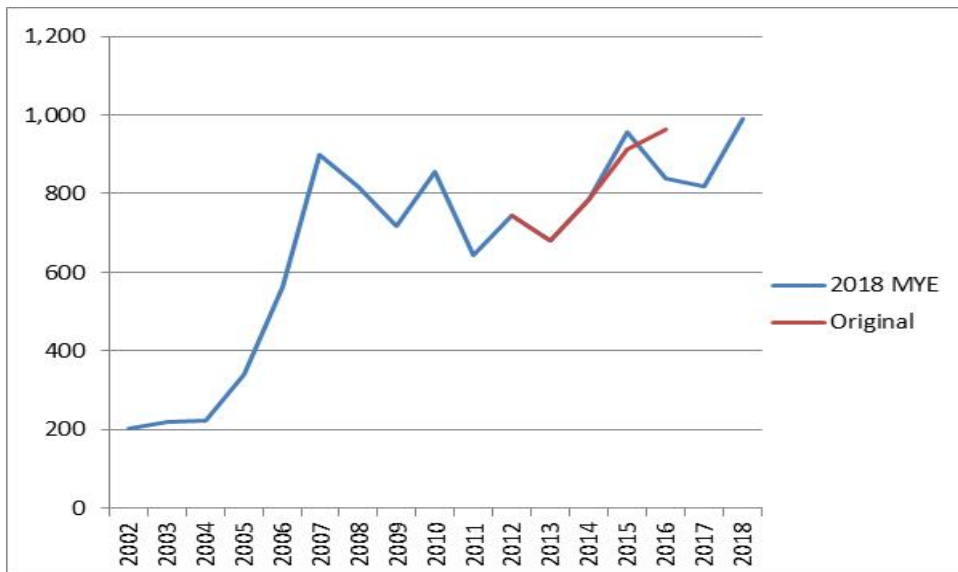
2.18. As the figure shows, there was a dramatic increase in the inflow up to 2007 but change has been more undulating subsequently, though still with a detectable upward trend since 2011. These changes do not indicate that there is a problem with the data. The ONS's revised methodology has made relatively little difference and gives support to the view that the earlier figures were sound.

International Migration Outflow

2.19. Figure 2.7 shows the data for international out-migration. These have been more affected by the ONS's new methodology, with the revised figures producing slightly higher outflows, though not in 2011-12, and so contributing to a lower population growth. There is nothing that is obviously problematic with these figures.

Figure 2.7: International Outflows 2001-02 to 2017-18
Persons
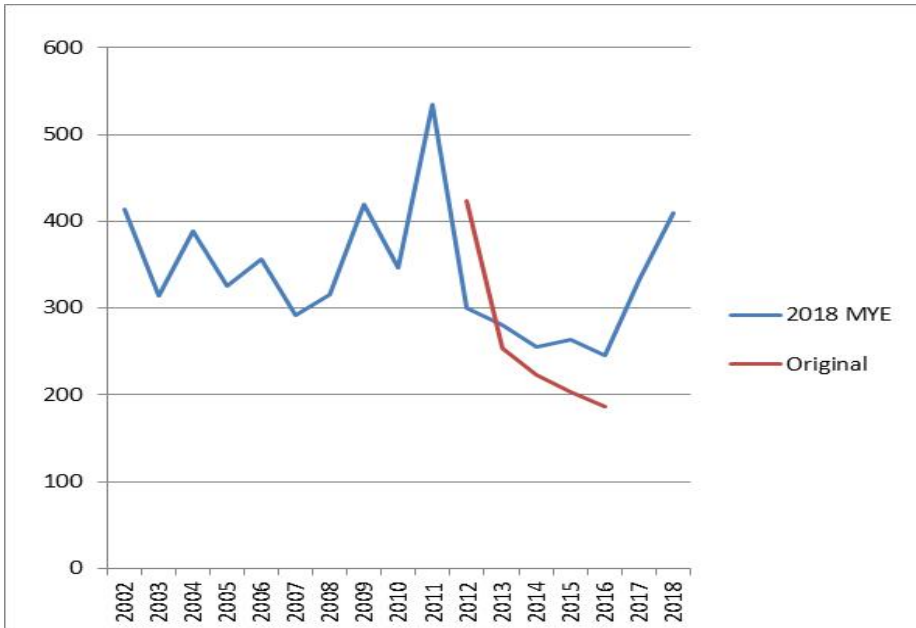
Net Migration

2.20. Figure 2.8 brings all of the migration flows together to show the overall net effect. It is noticeable that a number of small changes in the large individual flows combine to produce net flows that have varied considerably over the 17 year period. In general Swale has received net inflows that have increased, however the significant rise to 2007 fell back until 2011. Although there was a further peak in 2015-16 recent flows have followed the 2011-15 trends

Figure 2.8: Total Net Migration 2001-02 to 2017-18
Persons
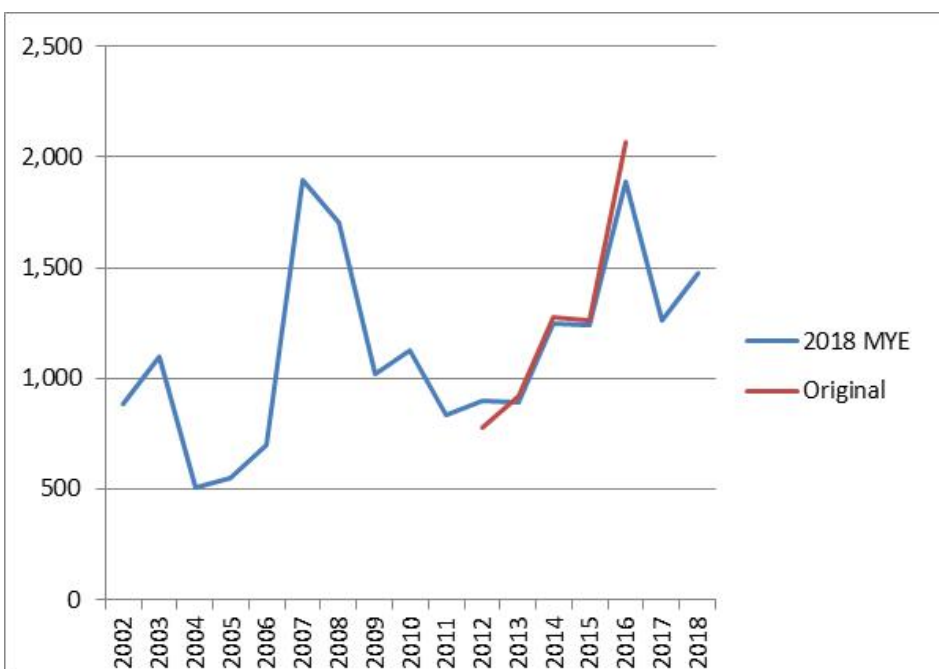
2.21. Swale has shown limited correlation between net housing completions and net migration since 2001. See Figure 2.9. In the early 2000s the ratio between net migration and net completions was around unity; in the more recent years that ratio has been around 2.5, broadly similar to average household size. Net completions peaked in 2005-06 at 854 and declined to only 291 in 2012-13. There has since been an increase to an average of 556 a year in 2013-18. Variation in net migration has been much greater than the stock change. However, the latest years show that both sets of data have been generally growing since 2012-13.

Figure 2.9: Net Housing Completions & Net Migration 2001-02 to 2017-18 Dwellings (completions), persons (net migration)
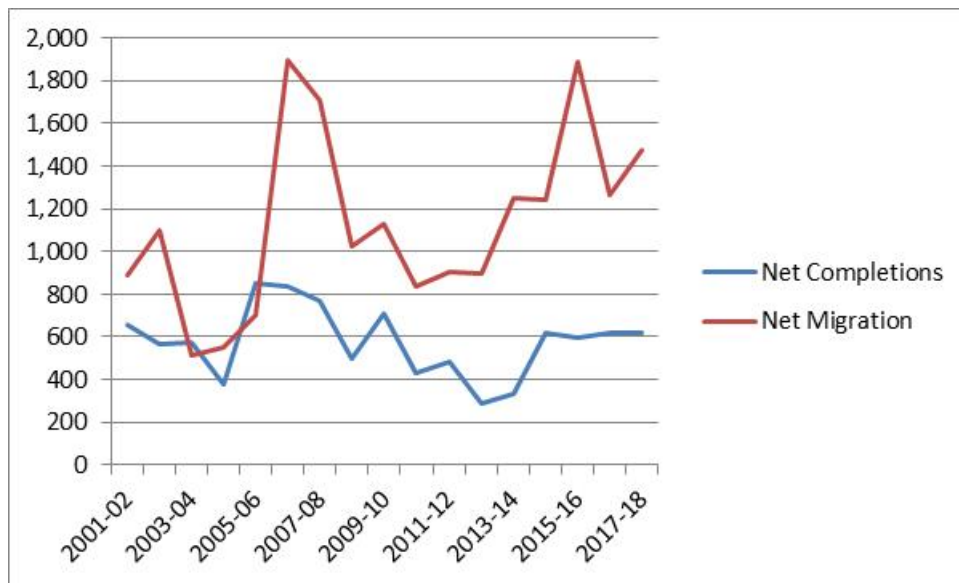
Source: Swale and ONS mid-year estimates change analyses

2.22. Theoretically net migration must be closely related to the net completions to the housing stock, although age structure effects including movers to non-private households may also be significant in the final analysis. In the base period for the ONS 2014 SNPP there was an average of 451 net completions per year, this rose slightly to 465 in the base period for the 2016 SNPP. The latest figure is 556 in 2013-18, the base for the ONS 2018 SNPP which is expected in mid-2020. Therefore it should be expected that the direction of change in the next round of official population and household projections will be upwards.

2.23. The fact that the annual net flow has varied significantly over time, with a general rising trend, means that using a different trend period can produce a significantly different projection. With rising net inflows the more recent five-year period shows the highest projection. This is shown in Figure 2.10.

Figure 2.10: Variant Total Population Projections
Persons
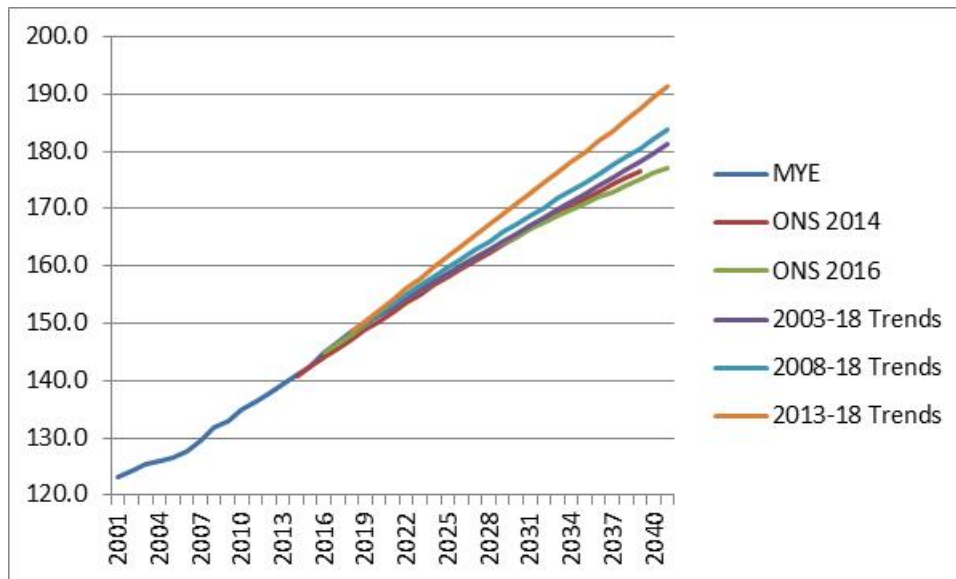
2.24. The variants are:

- **2018 SNPP/HP 5YR All Migration**: as 2016 SNPP in terms of fertility and mortality but with all migration based on the average flow rates over the period 2013-18. Household projection uses same assumptions as DCLG 2014 SNHP

- **2018 SNPP/HP 10YR All Migration**: as above but with all migration based on the average flow rates over the period 2008-18.

- **2018 SNPP/HP 15YR All Migration**: as above but with all migration based on the average flow rates over the period 2003-18.

2.25. Table 2.1 shows the impact that different trend periods have on the population and household growth over the period 2020-30. Applying DCLG 2014 assumptions and methodology to the ONS 2016 SNPP makes very little difference in the number of households. This tends to confirm that although the two household formation input data and models were different the results for Swale are robust and offer no indication of implausibility. The three Trends projections have somewhat different age structures to the ONS projections hence, although the projected growth is in all cases higher than in the 2016 SNPP, the numbers of households projected using the DCLG 2014 methods and assumptions do not increase in proportion.

Table 2.1: Population and Household Growth 2020-30 under ONS and variant population projections

	Population	Households
ONS2014 SNPP/DCLG 2014 SNHP	14,831	7,897
ONS 2016 SNPP/SNHP	13,882	7,543
ONS 2016 SNPP/DCLG 2014 SNHP	13,882	7,566
2003-18 Trends/DCLG 2014 SNHP	14,206	6,940
2008-18 Trends/DCLG 2024 SNHP	15,554	7,692
2013-18 Trends/DCLG 2014 SNHP	18,624	8,622

Unattributable Population Change (UPC)

2.26. In a statistically perfect world the population change calculated from the estimates of births, deaths and migration flows for the period between two censuses would equal the difference between the population estimates made from the censuses. In practice it never does exactly and the difference between 2001 and 2011 is known as 'unattributable population change' (UPC) as it is the change in population that the ONS was not able to attribute to births, deaths or net migration flows. For Swale UPC for the period 2001-11 was -1,313, the minus sign indicating that the combined effect of the ONS's estimates for births, deaths and migration flows over-estimated the population change suggested by the 2001 and 2011 censuses. That overestimate was 10% of the population change suggested by the censuses. As natural change is very accurate, being based on the registration system, most of the discrepancy would be with estimates of migration and any other special changes. Compared to this figure the UPC is a14% of estimated net migration and other changes. This 'error' is relatively small as there are 83 authorities for which the discrepancy is more than 50%.

2.27. UPC is only significant for males in their 20s, as shown in Table 2.2. This difference is explained by ONS as due to errors in estimated international migration flows. The methodology to estimate these flows at local level has been improved by ONS since the 2011 Census results were available. It does not suggest that UPC creates a serious ongoing problem in any age group as the largest discrepancy is less than 8%. The inclusion of UPC would only have a small impact on overall net migration in a projection with a base including years prior to 2011 – i.e. a 2008-18 based projection.

Table 2.2: UPC for males ages 15-34

	MYE Rolled Forward	MYE 2011 Census Based	Difference (UPC	UPC (%)
15-19	4,552	4,567	15	0.33
20-24	4,299	3,993	-306	-7.12
25-29	4,366	4,024	-342	-7.83
30-34	3,774	3,765	-9	-0.24

Comparison between the 2014 and 2016-based Population Projections and the subsequent ONS Mid-year Estimates

2.28. The ONS 2014 SNPP was based on the ONS 2014 Mid-Year Estimates. The 2014 MYE have subsequently been revised to reflect the ONS's new method for estimating international flows and there are now annual estimates to 2018. The ONS 2016 SNPP was based on the ONS 2016 MYE that have – so far – not been re-evaluated. The comparison between the projections and subsequent estimates gives some idea of the direction of change of updated projections

Figure 2.11: Comparison of ONS 2014 and 2016 SNPP with ONS MYE Thousands of persons
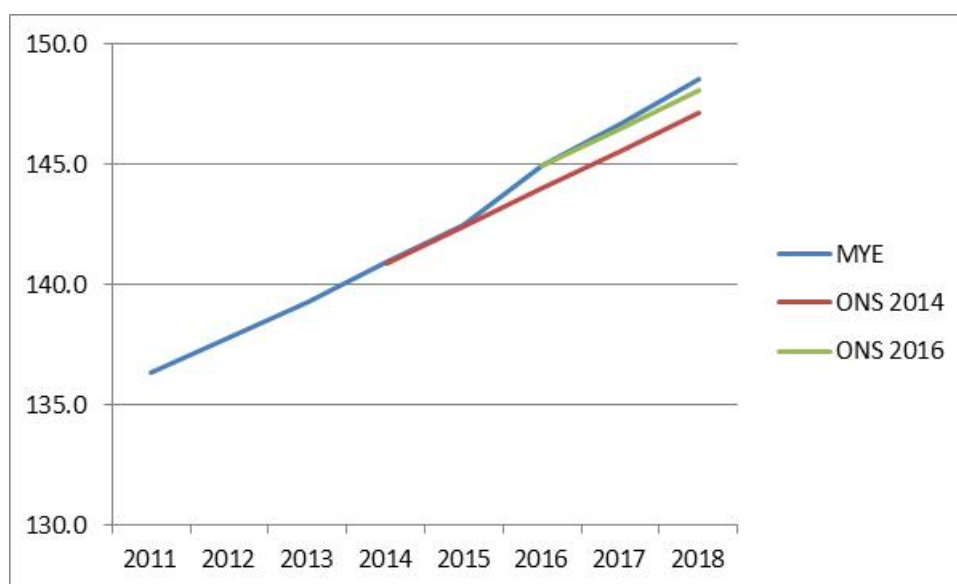
2.29. The latest ONS population estimates suggest that:

- 2014 SNPP: the population in the base year (2014) was little affected by revisions.

- The 2014 SNPP for 2018 was nearly 1,400 lower than the 2018 MYE, a difference of 0.9%.

- The 2014 SNPP showed an increase of 6,300 between 2014 and 2018 whereas the MYE increase was 7,600.

- 2016 SNPP: the base population is still the latest estimate for 2016.

- The 2016 SNPP for 2018 was over 400 lower than the 2018 MYE, a difference of 0.3%.

- The 2016 SNPP showed an increase of 3,200 between 2016 and 2018 whereas the MYE increase was 3,600.

2.30. Assuming what was estimated to have happened in the period 2014-18 as guidance of what is likely to happen in the future then this suggests that both the 2014 SNPP and 2016 SNPP underestimated the future population growth.

Household Formation

2.31. The household formation rates (HFR) in the 2014 and 2016-based household projections are very different. The 2014-based projected rates were the last produced by DCLG and were based on data drawn from 5 censuses between 1971 and 2011. The 2016-based set was the first produced by the ONS and used data from just two censuses: 2001 and 2011. The two projections also used different definitions of 'household', the 2014-based set using an earlier definition which necessitated the adjustment of the output from the 2001 and 2011 censuses to estimate what the figure would have been had those censuses used the earlier definition.

2.32. There were also substantial methodological differences. In particular, the 2014-based projection was built up using household formation rate projections for gender, 5-year age groups from 15-19 to 85+, and relationship status (single, in a couple, formerly in a couple) whereas the ONS's 2016-based set only used gender and age groups 16-19, 20-24 …85-89 and 90+. This could be significant as the household formation rates of single coupled and previously coupled people are very different in many age groups. As result the 2016-based projections may not accurately reflect likely changes in the household formation rates of some age/gender groups due to changes in the status of those groups. For example, as the life expectancy of men increases more couples are likely to survive longer into old age, reducing the overall household formation rate of older age groups.

2.33. Another key difference is that the ONS's 2016-based projections hold household formation rates constant after 2021 whilst the DCLG's 2014-based projections allow the rates to continue to change to 2039.

2.34. In seeking to assess the reasonableness of the household formation rates there are two aspects that should be considered:

- How well do the rates reflect what has happened since 2011?

- How plausible are the rates going forward?

How well do the HFRs reflect what has happened since 2011?

2.35. Unlike the population projections, there is for the household projections no equivalent of the ONS's mid-year population estimates with which to compare

a projected number of households with a separately estimated number. Although the household projections are described as "2014-based" or "2016-based" it is only the population element that has the stated date as its base year: The household formation rates in the base year are themselves projections from the census-based figures and, although the controlling change in England in the 2014 SNHP references the latest data from the Labour Force Survey, as such at local authority level could be significantly adrift from what is actually happening.

2.36. This issue was addressed by the ONS in an article entitled, "Household projections for England, comparisons with other sources: 2001 to 2018[2]" which was published alongside the 2016-based household projections in September 2018. This notes that household projections are not forecasts. They show the number of households there would be if a set of assumptions about the size and structure of the population and the patterns of household formation were realised in practice. They do not predict the impact of future public policy, changing economic circumstances or other factors which may influence household growth.

2.37. The paper reviews other sources of estimates of household numbers between 2001 and 2018, focussing in particular on the household estimates derived from the Labour Force Survey (LFS). It shows that after 2011 there is a significant divergence between the household numbers suggested by the LFS and all of the household projections produced since 2011, all of which suggest higher household numbers. The lower numbers suggested by the 2016-based projections are the closest to the LFS estimates but are still somewhat higher. This raises the possibility that all of the recent household projections may have taken as their starting point a set of household numbers in the base year that was too high – and potentially be projecting future household formation rates that are too high.

2.38. The Labour Force Survey is too small to provide accurate data at the local authority level. It is, however, possible to compare local authority level household numbers with dwelling stock figures and council tax valuation lists.

2.39. Figure 2.12 compares household estimates with the numbers of homes on the Council Tax valuation list. The household numbers shown in Figure 2.12 have been produced using the most recent ONS mid-year population estimates, converted to households using the DCLG 2014 relationships and methodology, and both the 2014 and 2016-based SNHPs

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[2] Household projections for England, comparisons with other sources: 2001 to 2018, ONS, 20 September 2018 at:
https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/articles/householdprojectionsforenglandcomparisonswithothersources/2001to2018

Figure 2.12: Comparison of 2014 and 2016 Household Projections and the Council Tax Valuation List

Thousands of dwellings
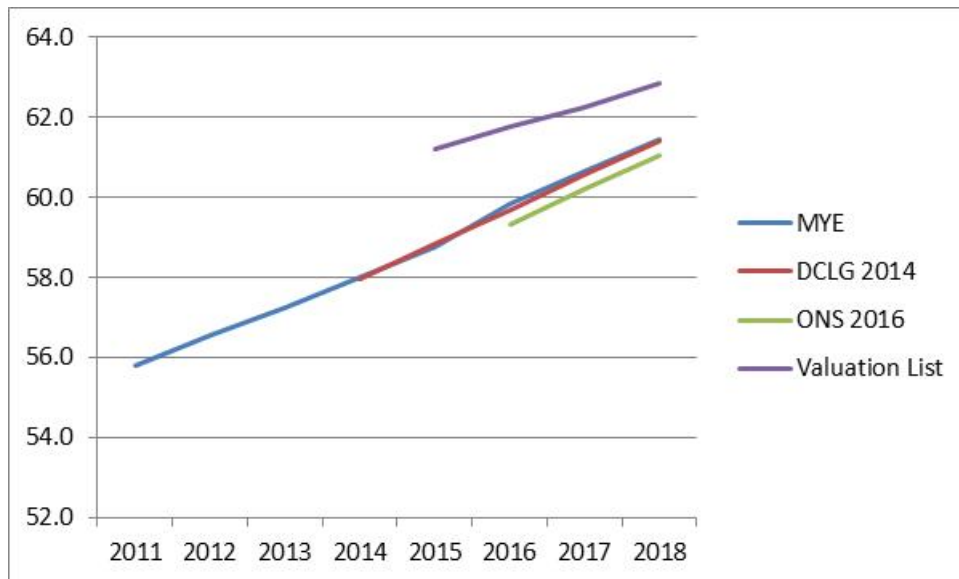
2.40. Comparing the Valuation List with the 2014 SNHP, allowing for empty and second homes, the discrepancy between the datasets has fallen from 2,300 in 2015 to 1,400, or about 2.3%, in 2018. The change comparing the 2016 SNHP is similar, though the differences are a little greater. In general the differences are small enough to be explained by a reduction in the numbers of empty and second homes, or some increase in sharing households

2.41. In recent years the increase in the number of homes on the valuation list has been less than the increase in the number of households according to both projections. This suggests that both the 2014 and the 2016-based SNHP for Swale may be overestimating the change in household numbers. This can be due to two factors, working separately or in combination, the projected population is too large or the household representative rates are too high. Given the latest population estimates exceed the two projections it is more likely that the HRRs are the main cause of concern. However, the over-estimation in the case of Swale is relatively small and is potentially explained by changes in the valuation list and is insufficient to argue that there are exceptional circumstances which justify departing from the published projections.

How plausible are the HFRs going forward?

2.42. Figure 2.13 compares the aggregate household formation rates (AHFR) in the 2014 and 2016 based projections. The aggregate is the total number of households divided by the number of people of all ages living in households. It is the inverse of average household size. In Swale the 2016-based AHFR is consistently lower than the 2014 AHFR but in later years the gap narrows.

Figure 2.13: Comparison of 2014 and 2016 Aggregate Household Formation Rates (AHFR)
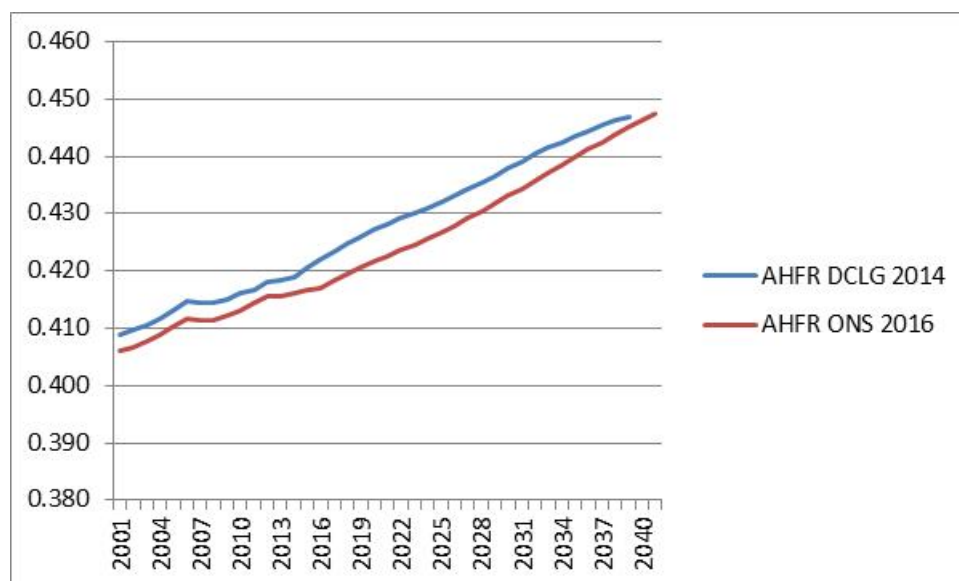
2.43. The reasons for this are complex and include the way in which the 2016-based projections hold HRRs constant after 2021, rather than continuing to project the 2001-11 rises and falls, and the way in which the 2014-based projections reflect likely changes in the relationship status of the population. This feature was based on a 2008-based projection that there are no plans to update and so was dropped by ONS from the 2016-based HFRs. However it may be particularly significant for some older age groups. Therefore, whilst the 2014-based HFRs for 2018 are seemingly too high, they may be less so for later years in the projection which are needed to get the ten years household change required by MHCLG for the standard way of calculating LHN.

2.44. The difference between the 2014 and 2016-based HFRs could be important, particularly over the ten year periods used for the standard method. For Swale, applying the 2014 HFRs to the 2016 SNPP instead of using the 2016 HFRs would change the average number of additional households over the period 2020-30 from 754 to 757, a trivial difference.

2.45. The projections are not forecasts. They only aim to demonstrate what would happen if past trends continue; they do not take any account of policy changes or possible future events. (Apart, perhaps, from the exception of the assumptions about international migration in the short term.) Of particular relevance here is the Government's intention to boost housing supply to 300,000 homes a year. That is well in excess of the number of homes needed to accommodate the projected increase in the number of households in the country and, if achieved, would almost certainly result in household formation rates rising faster than envisaged in the projections. The impact that this would have on individual authorities is, at present, very difficult to predict.

Conclusion on Exceptional Circumstances

2.46. There is nothing in the historical data for births, death and migration flows to suggest there are errors or anomalies in the statistics. However, the figures do partly reflect the change in house building in the district since the peak in 2005-06. The fall has recently been reversed and net migration inflows to Swale reflect this.

2.47. As a consequence, population and household projections for Swale are sensitive to the trend period used. This explains much of why the 2016-based projections suggest somewhat lower population and household growth than the 2014-based set.

2.48. An OAN based on the 2016 SNHP would have been criticised under the 2012 NPPF as being too low as it would have reflected the relatively low levels of house building in its trend period. It is also doubtful whether the 2014 SNHP could be considered as being too high as, whilst the first year of the trend period (2009-10) was a year of high house building, the number of homes built in the rest of the period fell sharply and only in 2004-05 were fewer homes built since 2001 than in any of the years 2010-14.

2.49. The population projections which underlie the 2014 SNHP are too low for the period 2014-18. This reflects the increased average house building rates in those years. Assuming a return to much higher house building rates will result in population projections that are substantially higher than the 2014 SNPP.

2.50. There are some indications that both the 2014- and 2016-based HFRs over-estimate household formation rates since 2011 but the discrepancy is not large.

2.51. The difference between the two sets of HFRs is not large. Even if it could be shown that the 2016-based set were clearly superior, the difference is not sufficient to constitute exceptional circumstances for departing form the 2014 SNHP in the standard method.

2.52. **The overall conclusion is that there are no exceptional circumstance that would justify departing from the standard method formula based on the 2014-based household projections.**

3. How Swale's LHN may change in the future

Estimating future household projections

3.1.   There are two key inputs to the LHN standard formula: the projected household growth over a ten year period; and the latest median affordability ratio. Whilst the affordability ratio may change over time, there is no way in which this can be projected. It is, however, possible to estimate how the projected household growth may change in future official projections.

3.2.   There are a large number of inputs and assumptions to any household projection and it is possible that the ONS may adjust its methodologies at any time. However the projected changes in the numbers of homes built in the district over the next 10 years is likely to have a bigger impact than all but the most radical of changes to other inputs and assumptions. A useful indication of the levels of household growth which may be envisaged in the 2018-based projections can therefore be gained by estimating the impact which the recent (2013-18) estimated migration flows will have on the population projection. It is possible that anticipated levels of house building between 2018 and 2020 will have a further impact on Swale's migration between 2018 and 2020. Any population projections based on these two premises must assume that nothing else changes; that is continue with the latest fertility and survival rate assumptions.

3.3.   There are two possible responses to a significant increase in house building: more people may move into the district to fill the additional homes (i.e. an increase in net migration); and those who were expected to be in the district may form more separate households than they otherwise would have (i.e. household formation rates may rise). The practical reality is that the actual response is likely to be a combination of the two. However, in a high demand South East local authority within London's commuter belt such as Swale the most likely effect is an increase in net migration. This effect may be ameliorated if there is a similarly large increase in house building in the rest of the region. It is the Government's intention to see house building nationally rise to 300,000 homes a year. This would undoubtedly result in a rise in average household formation rates nationally. The projections in this section assume that the response to increased house building would be increased net migration without any impact on household formation rates.

3.4.   Working on this assumption, the first step in estimating the 2018 and 2020-based projections is to estimate how net migration flows would need to change to fill the additional homes that are expected to be built. Having estimated revised migration flows; those can then be used to calculate revised migration flow rates for the trend periods of the 2018 and 2020-based projection, which in turn can be used to produce revised projections.

3.5.   Two methods have been used to calculate the impact which the projected higher house building rates will have on flow rates.

2018-based Projections

3.6.　The ONS mid-year estimates already show gross and net migration flows up to mid-2018. Therefore a projection using five-year average flows may be prepared with no reference to planned house building. The population projection would effectively update the ONS 2016-based population projection and use the same fertility and survival assumptions. Given that MHCLG has rejected the use of the ONS 2016 SNHP the population would be converted to households using the DCLG 2014 SNHP data and assumptions. The LHN could then be calculated.

3.7.　A variant 2018-based projection would continue to use DCLG 2014 SNHP data and estimate the migration required to fill the planned house building.

2020-based Projections

3.8.　To create a 2020-based projection it is first necessary to estimate the population forwards to 2020 from the 2018 MYE. This would be done by assuming the planned house building of 2018-20 and link this to population change via the 2014 SNHP data. This would set migration levels in 2018-20 and provide a basis for 2025-20 trend-based projections from 2020 and a projection based on planned house building after 2020.

Revised Population Projections

3.9.　Figure 3.1 shows the results of two projections starting with the 2018 MYE. They are compared to the two previous ONS 2014 and 2016 SNPP for Swale. The initial 2013-18 based trends projection is adjusted so that from 2018-19 to 2030-31 the Swale housing trajectory, as shown in the *Annual Monitoring Report 2016-17* is used as the guide for migration. Although the OAN for Swale as determined by the EiP and published by the Inspector in 2017 is 776 dwellings per year the trajectory has taken account of issues regarding starts and site availability. Additional dwellings rise from 387 in 2018-19 to 1,394 in 2020-21 before declining to 570 in 2030-31 – the last year of the current plan. Due to the uneven trajectory the population, while initially lower than the trends projection exceeds it in 2022 but returns to almost the same value by 2031.

3.10.　Figure 3.2 shows the results in terms of households. The picture is very similar to the population projection.

Figure 3.1: Comparison of ONS SNPP and 2018-based Population Projections

Thousands of persons
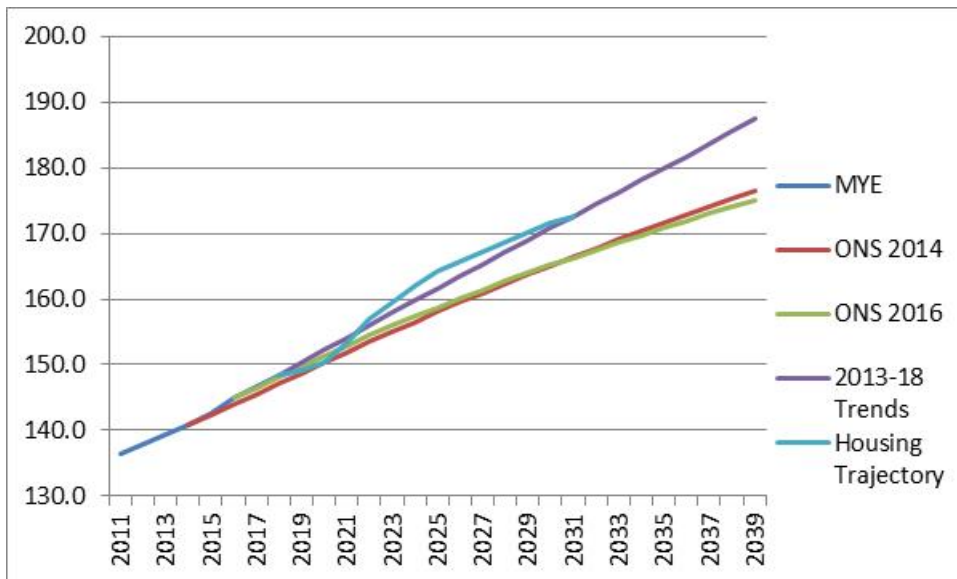
Figure 3.2: Comparison of DCLG and ONS SNHP and 2018-based Household Projections

Thousands of households
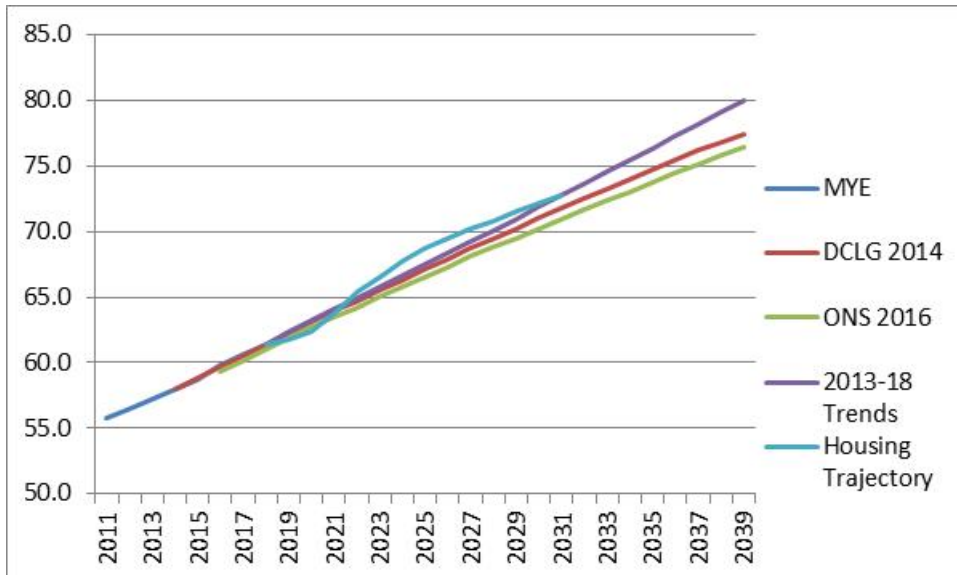
3.11. Figures 3.3 and 3.4 show the results for 2020-based population and household projections respectively. The outcomes are similar tom the 2018-based projections but as the Swale housing trajectory shows low annual totals in 2018-20 the results of the 2020-based projections are lower than the 2018-based projections.

Figure 3.3: Comparison of ONS SNPP and 2020-based Population Projections
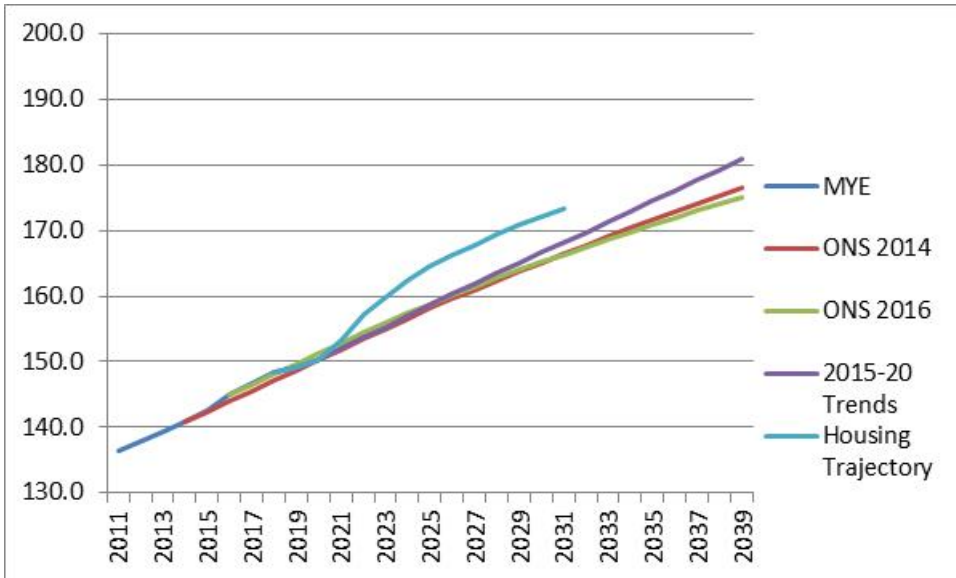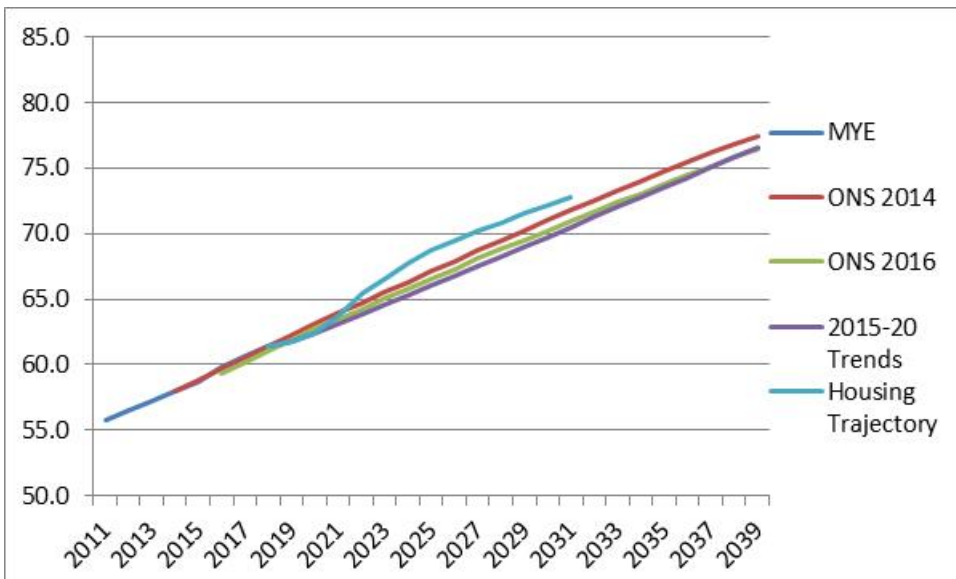
Thousands of persons

Figure 3.4: Comparison of DCLG and ONS SNHP and 2020-based Household Projections (thousands)

3.12. Table 3.1 summarises the results for the 10-year periods which would be used in the standard LHN methods for 2020 and 2022:

Table 3.1: Variant Household Projections

Change in number of households

		2020-30	2022-32	
	2014 SNHP	790	780	
	2016 SNHP	754	739	
2014 SNHP + 2013-18 Trends		862	873	
2014 SNHP + 2018-31 Trajectory		984	817	(1)
2014 SNHP + 2015-20 Trends		735	742	
2014 SNHP + 2020-31 Trajectory		984	817	(1)

(1)   2022-31 average

3.13. These results depend crucially on the assumptions made: different assumptions or alternative methods for updating the 2014 SNHP could produce significantly different but equally valid results.

3.14. Updating the 2014 SNHP to 2018 produces household growth figures that are higher than the 2016 SNHP. This is partly because levels of migration have increased since 2016 but also due to differences in the age profiles. Updated 2014 projections using 2015-20 estimated migration trends are quite similar to the 2016 SNHP due partly to relatively low build number in the housing trajectory for 2018-20 lowering the average annual net migration. Figures for 2022-32 based on the housing trajectory are the same for both projections and are based on the 9-year average 2022-31 as the trajectory linked to the current local plan ends at 2031.

Calculating the LHN

3.15. There are several steps in the current methods for calculating the LHN. Applying the standard methods to the above figures if the plan start date is 2020 the 2018-based projections are used and if it is 2022 then the 2020-based projections are used.

3.16. Step 1 takes the baseline 10-year household change from the 2014 SNHP. This is 790 and 780 from the above table for the respective start years.

3.17. Step 2 adjusts for the affordability adjustment. For Swale the latest (2018) median Workplace-based Affordability Ratio is 9.14. This leads to an Affordability Adjustment Factor of 1.32125. The results would be requirements of 1,043 and 1,031 respectively.

3.18. Step 3 involves applying a cap based upon the status of the local planning process. As Swale has a Local Plan adopted in 2017 (ie within the last five years) for which the Inspector specified an annual housing requirement of 776, this would be capped by a factor of an additional 40%.This would lead to a current baseline requirement of 1,086. As this is above either of the two Step 1 and Step 2 calculations using the 2014 SNHP it would not be applied.

3.19. If a plan was to start in 2020 and could use an updated 2018-based projection (i.e. 2014 SNHP plus 2013-18 migration trends as in Table 3.2) The Stage 2 calculation would be 1.139. The cap would again be 1.086 but this time it would be applied.

3.20. However, Swale's next plan is likely to be for 2022-38 therefore a separate approach may have to be taken for the capping process if the plan is deemed to break the 'five year' rule for reviewing the housing requirement. Although the current plan was adopted in 2017 it runs from 2014-31. In this case the cap is set at 40% above the higher of the most recent average annual housing requirement figure (776) or household growth projection (742, calculated for 2022-32 from the 2014 SNHP with 2015- 20 trend based projection – see Table 3.1). In this example the cap would still be 1,086 but as it is higher than the Stage 2 calculation of 980 it would not be applied.

3.21. However the timing of the work may be such that the latest household growth projection would have been the 2018 trends (ie in this case the 2014 SNHP adjusted by 2013-18 migration trends). The cap on this occasion would be 1,222 but would not be applied as it would be greater than the Stage 1 and 2 calculations based on the higher of 776 or 873 (2014 SNHP plus 2013-18 trends over the period 2022-32). The LHN would be 1,153.

Table 3.2: Current Method LHN
Dwellings

		Start Year		Start Year	
		2020	**Cap**	**2022**	**Cap**
2014 SNHP		1,043	1,086	1,031	1,086
2014 SNHP + 2013-18 Trends		1,139	1,086	1,153	1,222
2014 SNHP + 2015-20 Trends		na	na	980	1,086

3.22. There is currently uncertainty as to whether, and how, the standard method may change in the future. The DCLG 2014 SNHP uses a projection of relationship status that has not been updated and for which there is no prospect of being updated by ONS. It is also likely that the ONS SNHP methodology will be developed to project beyond 2021.

3.23. The projections of LHN shown in Table 3.2 are therefore speculative in the continuation of methodology as well as the accuracy of estimated migration data based on the level of assumed house building in Swale up to 2020. As Swale has a requirement set by the Inspector of the current plan that, at 776, gives rise to an LHN cap of 1,086. This is above recent performance and the current trajectory until 2020-21. Therefore it may not be used for a new local plan running from 2022. The LHN in this case would be 980. However, the alternative, higher, LHN of 1,153, may be necessary if the migration in a 2018-based population projection becomes the most recent available.

3.24. **Given a plan starting in 2022 it is likely that the LHN that needs to be planned for is between 980 and 1,153**.

4. Projections based on Swale's LHN

4.1 In order to prepare projections based on an LHN starting in 2022 it is necessary to consider an appropriate housing trajectory. The current trajectory peaks at 1,773 in 2021-22 but falls below the range of the potential future LHN in 2025-26. It is assumed that the current trajectory to 2024-25 will be maintained but that in years 2025-26 to 2037-38 the remainder of the requirement will be provided evenly at each year. The results are shown in Figure 4.1.

Figure 4.1: LHN Trajectories 2018-19 to 2037-38
Dwellings
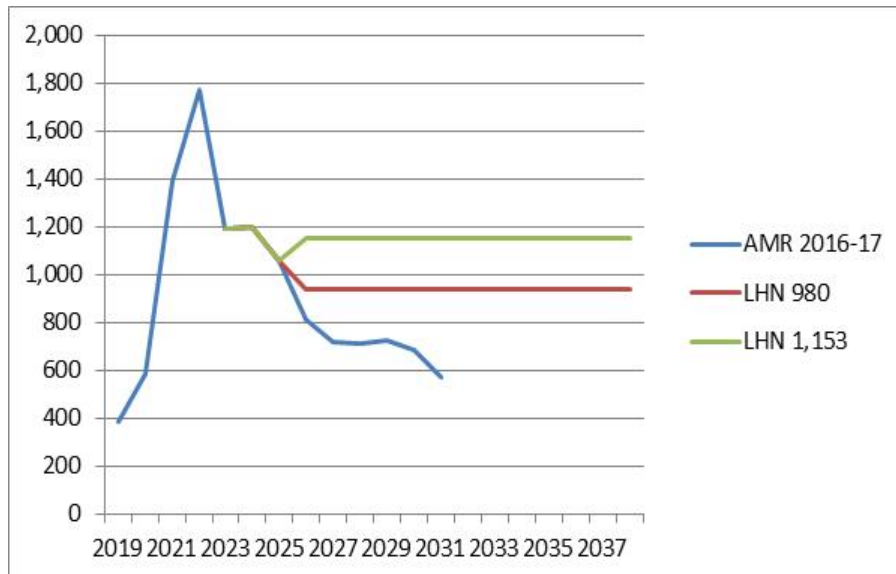
4.2 From 2025-26 the annual average completion rates are 940 and, remarkably, 1,153. Both figures imply significantly higher completion rates after 2025 than the present trajectory. Figure 4.2 shows the resulting population projections related to the LHN range.

Figure 4.2: Population Estimates and Projections: 2001 to 2038
Thousands of persons
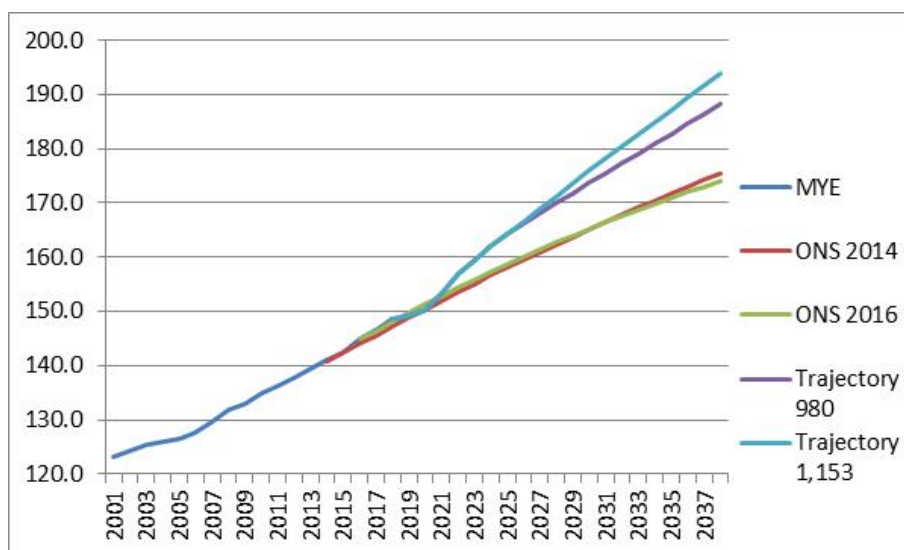
4.3   Both projections are significantly above both the ONS 2014 and 2016 SNPP, rising to 188.2 to 193.9 thousand persons in 2038. These are projected increases of 31.2 to 37.0 thousands over the proposed plan period.

4.4   Figure 4.3 shows the equivalent household projection. Growth in households is less than the LHN as the 2011 Census net vacancy rate of 4.25% is assumed to remain. With an LHN of 980 there is a projected growth of 15.0 thousand households, rising to 80.4 thousand in 2038. The higher LHN of 1,153 leads to a growth of 17.7 thousand to 83.1 thousand in 2038.

Figure 4.3: Household Estimates and Projections: 2001 to 2038
Thousands of households
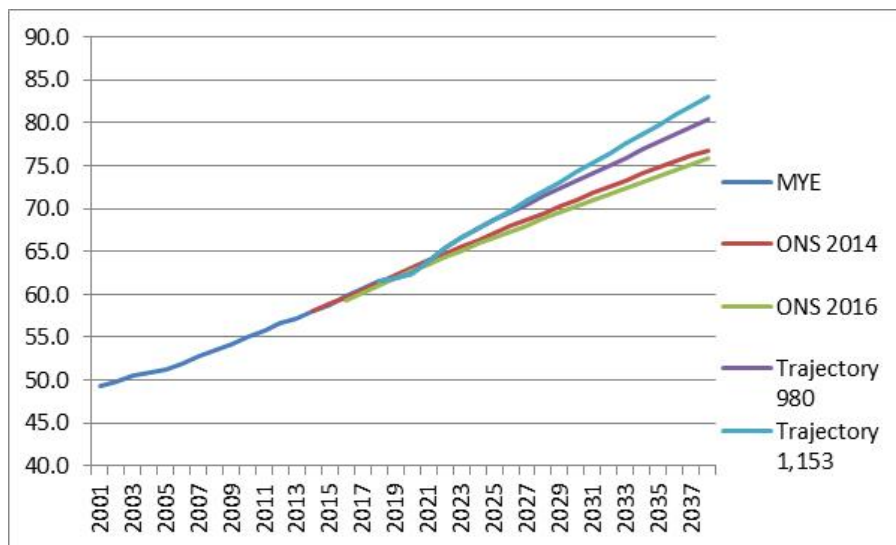
4.5   Over the plan period the population is expected to rise in almost all ages – the few exceptions are due to undulations in the age structure existing in the projections base – the 2018 MYE. Figure 4.4 shows the overall changes. The most significant increases are seen in the 40's and above age 65, particularly the very old. This is shown in Table 4.1 with numbers from the higher LHN.

Figure 4.4: Population Projections by Age: 2022 and 2038
Persons

Page 46
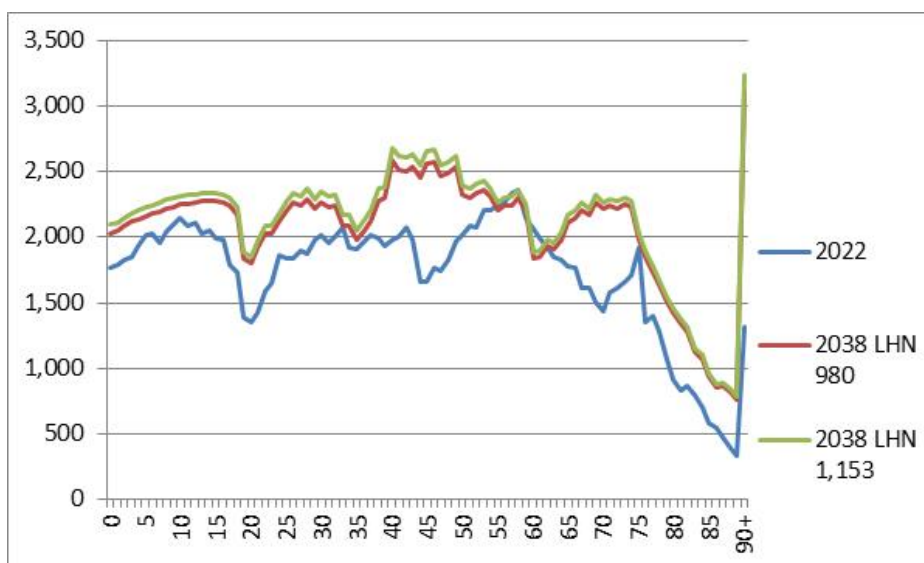
Table 4.1: Projected Population Change by Age
Persons

	2022	2022-38 Change	2022-38 %
0-3	7,229	1,321	18
4-10	14,216	1,627	11
11-15	10,277	1,375	13
16-19	6,902	1,828	26
20-29	17,281	4,488	26
30-39	19,791	2,711	14
40-49	18,657	7,496	40
50-59	21,959	1,520	7
60-69	17,942	2,986	17
70-79	15,004	5,332	36
80-89	6,417	4,352	68
90+	1,320	1,918	145
Total	156,996	36,954	24

4.6   In order to construct the two projections based on LHN a number of critical assumptions have been made:

- The affordability ratio was fixed at its 2018 value
- The household formation rates of the DLG 2014 projection held true
- The link between net migration and net completions after 2018 was maintained

While the projections rely on the link between population change and stock change there can be some debate about the affordability ration and the household formation rates.

4.7   Figure 4.5 shows the median affordability ratio from 2011 to2018 together with two trend-based forecasts.

Figure 4.5: Median Affordability Ratio 2011-18 plus Trends to 2021

Page 47
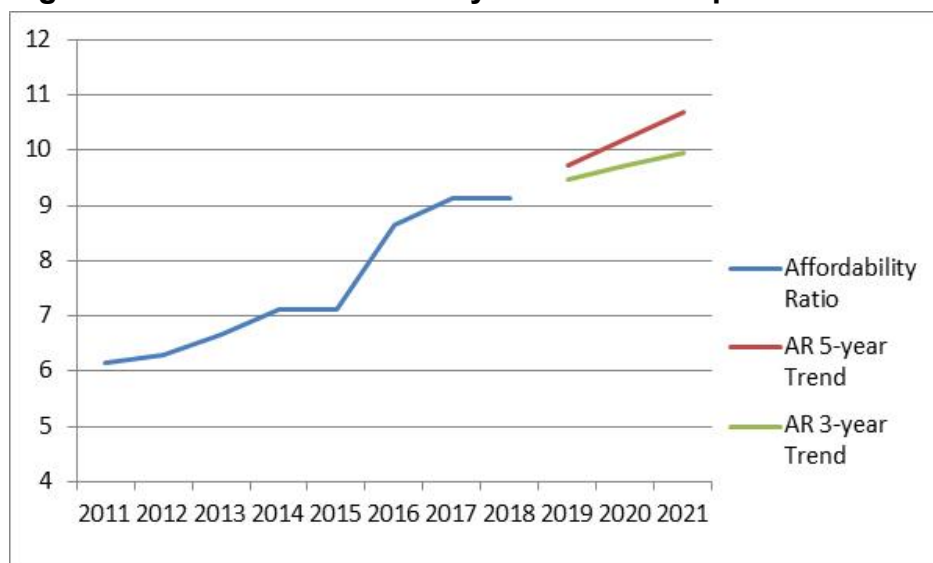
4.8　The affordability ratio has risen by about 50% between 2011 and 2018 but after an accelerated increase to 2017 has been more stable. The two projections to 2021 are straight line trends over the most recent 3 and 5 year periods. These show the ratio rising from 9.14 in 2018 to between 9.97 and 10.71 in 2021, the data that would be the most recent at the start of the plan period in 2022. Increases in the ratio would – under current MHCLG methodology – raise the affordability adjustment actor from 1.32125 for 2018 to between 1.37313 and 1.41914 in 2021; these are increases of between 3.9% and 7.4%.

4.9　How would these increases in the affordability adjustment factor impact the LHN values shown in Table 3.2? They would increase the requirement calculated at Step 2 of the MHCLG calculations. This is shown for a 2022 start year in Table 4.2. The LHN calculated using a 2018-based population projection would rise to 1,199 using the 3-year trend of affordability and to 1,239 using the 5-year trend. However the latter figure is higher than the cap hence the cap would be applied. The situation is similar for a 2020-based projection with the cap being applied to the 5-year trend affordability but not the increased LHN based on a 3-year trend. The possible revised range of the LHN would be as shown in the boxed figures in Table 4.2 – a range from 1,066 to 1,222.

Table 4.2: Sensitivity of LHN to Affordability Ratio Dwellings

	Population Projection:	
	2018-based	**2020-based**
Original LHN	1,153	980
Cap	1,222	1,086
3-year Trend LHN	1,199	1,066
5-year Trend LHN	1,239	1,101
LHN % Increase	5.98	8.78

4.10　The future projection of household formation rates is very hard to foresee   as the modelling is now done by ONS using simpler methodology than by DCLG. It is important to again note that the valuable intervening variable of relationship status is no longer a part of the ONS methodology owing to marital status no longer being projected by ONS. However as seen in Table 2.13 the changes in the aggregate household formation rates is extremely similar. More telling are the results of applying the DCLG 2014-based household formation methodology to the ONS 2016 SNPP. The result – referenced in paragraph 2.44 - was a trivial difference in the projected number of households compared to the ONS 2016 SNHP – 3 households out of 754 averaged over the projection period from 2016 to 2039. Therefore at this point it seems best not to speculate on future household formation.

5. . Conclusions

5.1 2018 and 2020-based population and household projections have been prepared based on the ONS 2018 MYE. These projections adopt the fertility and mortality assumptions of the ONS 2016 SNPP with migration after 2018 based upon (a) average 2013-18 trends or (b) the Swale housing trajectory for 2018-20 and the resulting migration trends for 2015-20. The conversion to households used the data, methods and assumptions of the DCLG 2014 SNHP.

5.2 Having established that there were no exceptional circumstances to question the base data for the population and household projections the two projections were used to calculate the LHN for 2020 and 2022 plan start dates using the current MHCLG guidance.

5.3 **For a 2022 start date the LHN was calculated to be 980 or 1,153 depending upon which of the two projections was used and how the LHN Cap was applied.**

5.4 Two further population and household projections were prepared that used the two LHN values in the period 2022-38. Housing completion trajectories were established by assuming that the current Swale trajectory would persist until 2024-25 after which a constant annual number of completions were assumed to match the LHN requirement.

5.5 These two projections showed population growth of between 31.2 and 37.0 thousand over the plan period. This is equivalent to 15.0 to 17.7 thousand additional households.

5.6 Over the plan period the population would increase particularly for persons in their 40s and those over 65, notably at the highest ages.

5.7 While it was concluded that future developments in the projection of household formation may have an impact on the above numbers the comparison between the use of the DCLG 2014 and the ONS 2016 SNHP household formation rates with the ONS 2016 SNPP was so small that no sensitivity tests were undertaken. However, as the median affordability ratio for Swale had steadily increased since 2011 it was decided to test the impact on the LHN of two variants of projecting the ratio to 2021. **This resulted in a new – higher - range of LHN of 1,066 to 1,222.** These new values are indicative only and were not the subjects of additional projections.

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Future Housing Needs in Swale
Questions and Answers

June 2020

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Project Reference 41410

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CONTENTS

1   INTRODUCTION

1.1   This paper follows from the Extraordinary Meeting of the Swale Borough Council Local Plan Panel, held on 25th February 2020. Documents tabled at the meeting included two papers commissioned from the Council from PBA (now known as Stantec) about future housing need in Swale. Members present at the meeting have raised a series of questions and comments about the two papers. We respond to those questions and comments below. Section 2 responds to questions recorded in the minutes of the meeting. Section 3 responds to handwritten notes from Councillor Monique Bonney.

1.2   To accompany this paper we also provide slightly revised versions of the papers considered by the Panel on 25th February. For greater clarity we have given the papers new titles: the first is a summary note and the second is a technical report by the demographer John Hollis. We have also expanded the glossary at the end of the summary note.

2   POINTS RAISED AT PANEL MEETING

Question / comment	Stantec response
1 It appeared from the report that the higher the affordability ratio, the higher the housing requirement? The Principal Planning Officer stated that that was correct however the % increase was capped at 40%.	This is correct
2a In the report it suggested using the Department for Communities and Local Government (DCLG) data rather than ONS data, was that correct?	The 2014-based household projections were produced by DCLG (now known as MHCLG), as were previous rounds of household projections. The task was then transferred to the Office for National Statistics (ONS). Hence the 2016-based projections were produced by ONS. Most of the other data used in the reports, including population estimates and projections, are from ONS.
2b The Head of Planning Services stated that the difference between the 2014 and 2016 household predication data was that mortality rates were higher in some parts of the country than had been predicted. However the figures were not significantly different from 2014 to 2016 for Swale.	This is correct.
3 The government had that day published new data, how would that be factored into the Local Housing Needs Assessment?	The standard method is very specific about the data that is to be used in the calculation. There is no data over and above that already used that would have an impact on the content of the report. New data releases of the household/population projections will be used to update the report prior to submission of the draft plan as required by government policy. The new

		data releases are expected in the summer.
4	Concerned that the data provided was vague with a lot of presumptions made and it did not provide enough detail on housing needs and its impacts on health etc.	The data provided is based on official government statistics. The purpose of this report is to provide the local housing need figure based on the Standard Method as per government policy. The impact of housing on health etc. is not for this report. The NHS are responsible for planning for the future health care needs of the population.
5	Too many acronyms were used, a glossary was needed.	Glossary has been expanded
6	[Figure] 4.1 on page 43 of the report, how much of the projected population change was assumed, based on the delivery of the housing which was assumed to be a need, surely they were circular?	Demographic projections are produced by rolling forward ('projecting') the past demographic behaviour of each age / sex group into the future. Demographic behaviour includes migration rates, which are projected forward from the previous five years. Therefore, if many homes are built in (say) 2016-2020, and people move into them, the projection will show a similarly high need from 2020 onwards. In short, other things being equal, the more homes an area builds now the greater will be its assessed need for more homes in the future. So yes, in a sense the needs assessment is circular. The assessment is based on the government's standard method – which is a fixed formula. National guidance says that the method must be followed unless there are exceptional local circumstances. In Swale we have found no such circumstances.
7	Query why some graphs for predicting populations used a 'mean' test, whilst other graphs used a 'median' test, surely there should be a standard?	The reports use different measures for different purposes. The median is used only for house prices and earnings. The median is the midpoint – such that half the houses cost less than the mean and half cost

more; and half the workers earn less and the other half earn more. We do this because it is what the government's standard method requires. The method is a fixed formula, which allows no discretion. The thinking behind it is that the mean is pulled upwards by very small numbers of very expensive homes, or very high-paid individuals. Medians are better indicators of the typical house price and earnings level.

For all other variables, we use the mean, or average. For example, the annual average completion rate of 940 homes at para 4.2 (page 43) is the total homes completed in the 13 years from 2025/26 to 2037/38, divided by 13 years. In this case the median would not tell us anything useful.

'Mean' and 'median' have been added to the glossary.

8	The glossary: affordability ratio on Page 10 of the report, were the house prices taken from the Land Registry? The Principal Planning Officer stated that the affordability ratios were published annually by the Local Government Association and only considered open market housing prices.	We use the affordability ratios published by ONS, as the standard method requires. As noted in the glossary, these take house prices from another ONS publication, House Price Statistics for Small Areas (HSSA), which reports prices paid in the 12 months ending in September each year. HSSA in turn is based on open data from the Land Registry, which cover all sales, whether 'open market' or not.
		The LGA publish the affordability ratios on their website but it is the same as the ONS data.
9	Swale had a significant population that lived in caravans, chalets, and seasonal workers how would they be recorded as they also used services. How could services such as the NHS plan if 'hidden' households were not recorded?	Population that lives in caravans and chalets: The data count all people for whom Swale is their usual place of residence, whether they live in a house, a caravan or 'any other type of site'.
		Seasonal workers: are not counted in the statistics if their usual place or residence is elsewhere.
		'Hidden' households: This is referred to as 'concealed families' by the

ONS. ONS defines a concealed family as 'one living in a multi-family household in addition to the primary family, such as a young couple living with parents'. ONS defined a household broadly as a group of people who live in one home, therefore it does not record concealed families as separate households. When (say) a young couple moves out of the parental home into their own home, then ONS records them as a household.

The NHS: The NHS are responsible for planning for the future health care needs of the population. They prepare their own future population plans and use other kinds of evidence, normally relating to population rather than households.

| 10 | Considered the report from Peter Brett Associates should be deferred to them for re-issue as there was a lot of clarification needed and it was not clear if local data was used. The report was not user friendly and a lot of the headings were not clear. Further explanations on some of the graphs was also needed. | Whilst it is appreciated that the report is not 'user friendly' it is a technical document that is required to deliver the technical information and detail to meet a specific government requirement. Additional text has been added to provide more contextual information and the glossary has been expanded to help.

The reports give sources for all the data used. All or most are local data in the sense that they are *about* Swale. Some are also *produced* locally in Swale, for example the Council's housing trajectory, but many others are not. For example, data on population and households are produced centrally by ONS, to cover all local authority areas. |
| 11 | Paragraph 2.38 on page 38 of the report, what was the issue with Swale's labour force? The Principal Planning Officer stated that it was looking at the various sources that could be | The issue is with the Labour Force Survey (LFS). LFS is a survey by ONS, repeated at regular intervals. It is a sample survey, which collects information on a small proportion of people – unlike the Census, which |

	used and the labour force survey information was not statistically significant that they could use it to compare data.	tries to cover everyone. For local areas the LFS results are generally not reliable, because the number of people covered in each area is too small.
12a	Concerned that consultants' report was relying on so many different statistics and dubious evidence.	We use a variety of statistical data and sources, as needed to answer the questions asked. The report is prepared in line with government policy using the data from the sources approved by the government for this purpose.
13a	There was not sufficient evidence given in the report and would have expected to see in the report a breakdown of Swale's demographics in comparison to neighbouring authorities and a breakdown of Swale's future projections in an age-related way.	Councils can no longer use comparisons with neighbours to inform their Standard Method housing figure - so was not included in this analysis. However, for those interested, such data can be found on the ONS website – including a population analysis tool: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/analysisofpopulationestimatestool The tool above also provides links to other ONS population datasets. The age structure of the Swale population, and its implication for housing need, is discussed in the updated affordable housing update paper – but as noted above, is not relevant to the Standard Method.
14	We had a significant ageing population and this has not been included.	The ageing of the population *has been* included, because the demographic projections used in the report take account of this. The population projections break down the population by age and sex. The household projections, which group that population into households, take account of this breakdown. For example, they know that older people are more likely to live in smaller households, so as the population ages more

homes are needed for the same population (other things being equal).

15	Had current predictions been compared against previous predictions and had an examination of how accurate and reliable they were been undertaken? A table detailing these would be useful.	Comparisons with past projections are not informative here because for various reasons Councils have not built homes in accordance with those projections. This includes Swale.
		However projections remain, in the Governments view, the best starting point for Councils to use when looking at future needs and are embedded in the Standard Method. The projections are considered 'official statistics' and regularly audited by the ONS/MHCLG with continuing efforts to improve their quality and address any errors that emerge over time.
16	How would the gypsy and traveller population be considered?	This topic is not covered by our brief. The Council is required to address this through a separate study, which has already been completed.
17	The report was not sufficiently worded for the Panel to agree	The points above hopefully address any perceived gaps in the analysis.

Page 63

3   POINTS RAISED IN COUNCILLOR BONNEY'S NOTES

3.1   We have transcribed Councillor Bonney's questions and comments from handwritten mark-ups made on a copy of the John Hollis report. Those transcribed questions / comments are in bold type.

<div style="writing-mode: vertical-rl">Page 65</div>

	Question / comment	Stantec response
18	**Very little info on affordability: need commentary and evidence.**	We discuss the affordability ratio provided by ONS. No further commentary or evidence on affordability would help answer the questions addressed in our reports. The purpose of this reports is purely to provide the local housing needs assessment using the government's Standard Method. Affordable housing need is a matter for a separate report, which should look specifically at the size, type and tenure of housing needed for different groups in the community as set out in para 61 of the NPPF.
19	**Doesn't look at characteristics of [the} area: deprivation or income profiles.**	These issues are irrelevant within the context of this report
20	**Doesn't provide any info on types of need – social rent / part buy / private 1 bed / 2 bed / 3 bed etc.**	This was not part of our brief, because the information is irrelevant within the context of the report. The brief only covers total housing need.
21	**Add in new data published on 28/2/20.**	Our reports are dated September 2019. If new data published on 28 February 2020 were liable to change the findings significantly, the Council should consider commissioning an update. We are not aware of any such data.

		We have checked the ONS data release schedule and there was no relevant data released on the 28th. https://www.ons.gov.uk/releasecalendar?:uri=releasecalendar&size=25). However quarterly migration data were released on the 27th and they inform the official population and household projections.
22	**Glossary required.**	There was a glossary at the end of the PBA summary note. We have expanded it to cover the Hollis technical report as well.
23	**Label all data / axes.**	We have added labels ('persons', 'households' etc) under the heading of each chart, except when it is already stated in the heading, as in 'births' and 'deaths'.
24	**Median v mean page 43**	We are not sure what the question is, but we may have answered it at point 7 in the previous section. We have also defined the mean and median in the glossary.
25	**Does [John Hollis] work for local authorities or developers as well? Did he confirm that he has no conflict of interest?**	John prepared the demographic evidence underpinning the adopted plan. He was also instrumental in responding to those objecting to that plan and arguing for a higher housing target. This made him an obvious choice to assist with this work. Hollis may have worked for developers in the past. He confirmed that he had no conflict of interest.
26	**Clarify all assumptions, why relevant / not relevant.**	Our reports state the assumptions made and show why they are relevant. If anything specific needs clarification we will be happy to provide it.
27	On John Hollis's CV on the back of the technical	The text referenced says nothing about possible criticisms of the work, or

	report cover page: **He's hardly going to criticise his own work or the validity of the stats! he seems to have written his own paycheque.**	the validity of the statistics, or Hollis's pay. It sets out Hollis's credentials, in order to help the reader assess the credibility of the work. This is common practice.
		His extensive experience acting as an independent advisor to the ONS and Census only adds credibility to his independence to advise the Council here. In previous examinations and inquiries, Inspectors put considerable weight on his experience, compared to, for example, a developer paid consultant objecting to the Councils evidence.
28	On the disclaimer on the same page: **Get out clause.**	This is a standard disclaimer. Official statistics, including demographic data from ONS, also contain disclaimers. Unfortunately, no one can produce perfect data or perfect analysis.
29	On the same page: 'Acknowledgement is due to Neil MacDonald's report on LHN for Basingstoke and Deane that has been taken as a model for this report']. **Why?**	Neil McDonald, in his study for Basingstoke and Deane, developed a useful analytical method. Hollis has used the same method in this study.. Hollis acknowledges his debt to McDonald, as is the usual practice. If he did not, readers might think Hollis had developed the method from scratch. This would deprive McDonald of the credit to which he is entitled.
30	Para 2.3: Which LAs have put forward exceptional circumstances and why?	Under the current national guidance (PPG, February 2019), to our knowledge no local authority has demonstrated exceptional circumstances in a Local Plan examination.
		Under the previous version of the PPG, we (with John Hollis's support) did depart from the official data in the Swale adopted plan (making a very small UPC adjustment). If we thought this was an option again, we would say so.
31	Figure 2.1 and others: **UK or Kent or Swale?**	All charts and tables in the report relate to Swale unless otherwise specified. We have added this to the Introduction.

32	Figure 2.4: **[One possible reason why people move out of Swale is that] it has] no higher education facilities**	We agree.
33	Para 2.17::'But since 2001 the net flow has always been into Swale' - **explain**	Every year since 2001, more people have moved into Swale than have moved out of Swale. Therefore the net migration flow into Swale, which is the difference between people moving in and people moving out, has always been positive.
34	Para 2.16: says the next household projections will almost certainly be higher than the two previous ones: **That is exceptional and warrants investigation**.	It *is* unusual. We cannot think of any investigation that would be helpful in advance of the next household projections being published.
35	Para 2.17: 'Note that these adjusted figures were taken into account in the 2016-based projections but post-date the 2014-based set: **What? Plain English.**	The 2016-based projections take account of the revised statistics on migration since 2011-12 (these statistics are relevant because projections carry forward past trends). The 2014-based projections do not take account of these revised statistics, because when the 2014-based projections were prepared the revised statistics had not yet been published.
	Figure 2.6: on peaks in international inflows**: is this large developments completed?**	We don't know. It could be one of the reasons.
36	Figure 2.7: international outflows: on the difference between the 2018 MYE and the original version: **Why?**	Because the ONS revised its figures, see para 2.19.
37	Figure 2.9: on net housing completions and net migration: **That is a strong correlation! Over 10**	It is. Also over the whole period shown.

	years!	
38	Para 2.22: **These are reasons why we shouldn't be tied to the 2014 data.**	Perhaps, but we are tied to the 2014 data, because this is what the government requires us to use in the Standard Method calculation.
39	Figure 2.10: variant population projections: **Clearly define [the Trends projections]**	Para 22.4 defines the Trends projections in terms of population. Para 2.25 shows how those populations are translated into households.
40	Para 2.25: **What mumbo jumbo. Plain English**.	The report uses the appropriate language for a technical document. For those who find it too technical, we have provided a simpler version in our summary note.
41	Para 25: **D and what conclusion for later data?**	The main conclusion is in the middle of the para: 'The results for Swale are robust and offer no indication of implausibility'. The sentences that follow are observations.
42	Table 2.1: **Are they the same data sets as used above?**	Yes.
43	Table 2.1: **presentation of data?**	See 23 above.
44	Para 2.26-2.27: discrepancy in ONS statistics (the UPC): **Why? Lack of FE provision? We need to understand why.**	We don't know why. The ONS doesn't know why, despite trying hard to understand. We do not think lack of FE provision comes into it.
45	Para 2.27: '*The inclusion of the UPC would only have small impact on overall net migration in a projection with a base including years prior to 2011*	Correct. The inclusion of the UPC would only have a small impact on overall net migration as stated.

	– i.e. a 2008-18 based projection': **not actual?**	
46	Table 2.2: UPC for males aged 15-33: - MYE data: what period? - MYE 2011 Census-based: why so old?	The UPC by definition is for the period between the last two censuses, 2001-2011. It is 'old' because there has not been a census since 2011.
47	Para 2.29: **relevance?**	Part of the evidence that leads to the conclusion at para 2.30.
48	Para 2.30: *'Assuming what was estimated to have happened in the period 2014-18 as guidance of what is likely to happen in the future then this suggests that both the 2014 SNPP and 2016 SNPP underestimated the future population growth'*: **Growth as a result of migration into area?**	Yes.
49	Para 2.37: **This is significant.**	It is, up to a point, but bear in mind the wider conclusion at para 2.41.
50	Para 2.41: HRRS: **What? Def?**	See Glossary in the summary note. HRR (household representative rate) is a synonym of HFR (household formation rate).
51	Para 2.41: *'… the over-estimation in the case of Swale is relatively small and is potentially explained by changes in the valuation list and is insufficient to argue that there are exceptional circumstances which justify departing from the published projection'*. **Add in other factors and it <u>is</u> significant**	This suggests that: - the over-estimation *is* sufficient to argue that there are exceptional circumstances which justify departing from the official projections in the case of Swale. - This is due to factors that we do not mention. We do not know what these other factors are. Unless there is new

		information, we do not see any reason to change our conclusion.
52	Para 2.52: '*The overall conclusion is that there are no exceptional circumstances that would justify departing from the standard method formula based on the 2014-based household projections*'. **This tells us nothing useful. Did we need 1 bed, 2 bed, 3 bed or 3 bed homes. Did the HFR move into larger / smaller properties. Did we have for example couples for London couples from London purchasing 4 & 5 bed houses just because they can rather than move into 1 bed flats. This report gives no useful background of what was delivered and the population at that time'.**	The purpose of this chapter of the report, as set by the Councils study brief, was to determine whether there were exceptional circumstances for Swale to depart from the standard method. The Council did not ask us to look at numbers of bedrooms, the motivations of couples from London etc. Note this would be part of the affordable housing update noted earlier.
53	Para 3.2: '*Any population projection… must assume that nothing else changes…*' **We must now look at this. Not CoVID-19!**	COVID-19 certainly is changing demographic trends, especially as regards migration. The Government is currently reviewing the standard method and we do not know how it will respond to the pandemic.
54	Para 3.3: **Really?**	Yes.
55	Para 3.9 '*Hey*' **They**	Typographical error. We have corrected it.
56	Para 3.9 '*the Swale housing trajectory, as shown in the Annual Monitoring Report 2016-17, is used as the guide for migration.*' **Surely a more recent one?**	The 2016-17 Annual Monitoring Report (AMR), published in January 2019, was the latest available when our reports were produced in September 2019. It is still the latest AMR posted on the Council's website.

57	Para 3.9 ' … *the trajectory has taken account of issues regarding starts and site availability. Additional dwellings rise from 387 in 2018-19 to 1,394 in 2020-21:* **We will never meet that. This is rubbish in rubbish out!!**	The AMR shows the Council's official position. We were instructed that this should be the basis of our calculations. Whether the AMR trajectory is realistic, is a matter for the Council.
58	Para 4.8 '*The affordability ratio has risen by about 50% between 2011 and 2018.'* How did he arrive at this? **Where is Land Registry data and wages data analysis?**	The ratio is provided by ONS here. It rose to 9.13 in 2018 from 6.16 in 2011 – an increase of 48%, which is close to 50%. As shown in the ONS document under 'Metadata', the underlying earnings are from the ONS Annual Survey of Hours and Earnings. The underlying house prices are from the Land Registry and reported in House Price Statistics for Small Areas, see point 8 above.
59	Para 5.7: Where are the hidden households 000s of caravans & sofa surfers? Transient population of travellers and foreign agricultural workers?	See point 9 above.

Local Plan Panel Meeting	
Meeting Date	09 July 2020
Report Title	Housing Market Assessment for Swale Borough
Cabinet Member	Cllr Mike Baldock, Cabinet Member for Planning
SMT Lead	James Freeman
Head of Service	James Freeman
Lead Officer	Jill Peet
Key Decision	No
Classification	Open
Recommendations	1. It is recommended that Members note the content of this report and endorse it as part of the evidence base for the local plan review

1   Purpose of Report and Executive Summary

1.1   Local planning authorities are required to identify what their local housing needs are using the government's standard method set out in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed so that it can then, in turn be reflected in planning policies. This technical assessment is carried out using specific models that comply with government policy and guidance.

1.2   The report sets out detailed information about the size profile and the tenure split for the period 2022 to 2038 for new dwellings. It also sets out the number of specialist dwellings for older persons needed and the need for new adapted housing to meet the needs of people with disabilities.

1.3   The purpose of this report is to present the headline findings of this key piece of evidence.

2   Background

2.1   The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. The Housing Market Assessment for Swale has been carried out by specialist consultants to provide this detailed information of the Borough's future housing needs for the local plan review.

2.2   The report itself is contained in appendix I of this report and the headline findings are as follows:
- The housing market profile for Swale has strong connections with Medway and Canterbury but is distinct from it and can clearly be viewed as its own housing market

- For the purposes of this technical assessment of housing need and following government policy and guidance using the standard method approach, the annualised local housing need for the period 2022 to 2038 is 1,038
- Market accommodation in Swale is cheaper than regional equivalents, local incomes are also notably lower and therefore affordability of market housing is an issue.
- There is a significant gap between the cost of social/affordable rent and market rents which could be filled by intermediate products
- There is a large gap between entry level market rents and entry level home ownership which could be addressed by Discount Home Ownership options
- The standard method local housing need calculation of 1,038 is disaggregated using the Long Term Balancing Housing Markets model (LTBHM) to identify the tenure and size of housing that should be sought over the plan period to best accommodate the future population
- The affordable housing model (AHM) is used to provide an unconstrained estimate of the amount of affordable housing required. The affordable housing need figure is calculated in isolation from the rest of the housing market to indicate whether or not the Standard Method figure should be increased as this would increase the amount of affordable housing provision.
- The total annual affordable housing need in Swale is 287, 27.7% of the annual Standard Method figure of 1,038
- Subject to viability, it is reasonable to presume the affordable housing need identified in the model will be addressed by the dwelling growth identified by the Standard Method and no adjustment is required to the Standard Method to increase affordable provision
- The LTBHM outputs determine the size and tenure of the new housing required as a guide, acknowledging that the Council may wish to divert away from this profile in particular instances.
    - In terms of size profile, the greatest demand in market housing is for 3 bed properties, then 2 bed properties, and 4+ bed properties, the lowest demand being for 1 bed properties.
    - For Help-to-Buy/Starter Homes, the demand is reasonably level with 3 bed properties, 2 bed properties, 1 bed and 4+ bed
    - For shared ownership, the demand is highest for 2 bed properties, 1 bed and 3 bed properties and then 4+ bed properties
    - Affordable rent demand is highest doe 3 bed properties, then 1 bed properties, 4+ bed properties and then 2 bed properties
    - The tenure split is:
        - 72.8% market housing
        - 18.0% affordable rent
        - 4.3% shared ownership
        - 4.9% help to buy/starter homes
    - Class C3 (specialist dwellings for older persons) need is for 516 additional units of sheltered housing required
    - An additional 305 Registered Care spaces (nursing and residential care) will be required (NB this additional accommodation is required to meet the future institutional population and therefore does not form part of the new housing to meet the Standard Method local housing need)

Page 74

- The need for new adapted housing M4(2) Category 2 is required for an additional 4,200 households, of which 500 should be M4(3) Category 3 homes – wheelchair user dwellings
- Report recommends that the most effective approach to ensuring the housing stock has the flexibility to meet the requirements of the future population would be for the Council to implement a policy of universal Category 2 standards in new build housing

3 Proposals

3.1 In due course, Members will need to consider all of the evidence before them and the options for policy development within this context. Member workshops are planned for later this month where some of the options will be discussed. Viability evidence will also need to be considered in terms of the steer from Members and again, workshops are planned for this over the coming months as the local plan progresses.

3.2 The technical report is contained in appendix 1. It is a key document for the local plan review and its production is a requirement under paragraph 61 of the National Planning Policy Framework (NPPF) in that it provides the evidence needed to feed into policies for housing. Members are asked to note the content of the report and the appendix.

4 Alternative Options

4.1 There would be no benefit for Members to disregard the content of the attached report. It has been prepared by specialist experts using a methodology that is in line with government policy, guidance and best practice. This information, along with other evidence, in particular viability evidence will help to shape the housing policies in the local plan review. Without this information, policies cannot be based on evidence and will not be found 'sound' when the local plan review is examined. Therefore, there are no realistic alternatives.

4.2 Should the Council decide not to proceed with a local plan review as per the NPPF and national planning policy guidance this could place the Council at risk of intervention by the Ministry of Housing, Communities and Local Government and potential increase the risk of adhoc, unplanned development taking place and dilute the ability of the Council to secure affordable housing in new developments.

5 Consultation Undertaken or Proposed

5.1 The local plan review process is subject to public consultation. The technical evidence reported here will be used along with other technical work to draft the content of the local plan review document that will be brought before this Panel for endorsement in due course.

6   Implications

Issue	Implications
Corporate Plan	Priority 1: Building the right homes in the right places and supporting quality jobs for all.
Financial, Resource and Property	Work undertaken within existing Local Plan project budget.
Legal, Statutory and Procurement	None identified at this stage.
Crime and Disorder	None identified at this stage.
Environment and Sustainability	The Housing Market Assessment is one element of the Local Plan Review evidence base. A Sustainability Appraisal / Habitats Regulation Assessment Framework has already been established for the Local Plan Review process. Future local plan consultations will be accompanied by a Sustainability Appraisal / HRA document and subsequent key stages of the process will also be subject to SA/HRA.
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	None identified at this stage.
Equality and Diversity	The Local Plan process will be subject to a Community Impact Assessments at appropriate points.
Privacy and Data Protection	None identified at this stage.

7   Appendices

7.1   Appendix 1: Housing Market Assessment for Swale

8   Background Papers

8.1   None.

Page 76

Housing Market Assessment

Final draft

June 2020

Planning & Development

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Tables of Contents

Executive Summary

Introduction

S.1   The Council's strategic local plan document, *'Bearing Fruits 2031: The Swale Borough Local Plan'* was adopted in 2017. The Government requires all councils to revisit their Local Plans every five years. The Council has therefore started work on the Local Plan Review, which they hope to submit by 2022. The Local Plan Review will also allow the Council to refresh its evidence base considering changes to both Government policy and guidance but also the changing demographic and housing market pressures. The purpose of this report is to provide the Council with a robust and up-to-date evidence base that enables an understanding of the Borough's current and future housing needs through to the end of the new Local Plan period (2038).

S.2   The information presented in this report complies with the current Government guidance on undertaking these studies as set out in the 2019 National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG).

Socio-economic context

S.3   The 2018-based population estimates indicate that the resident population in Swale in 2018 148,300 and that, since 2013, the population had increased by 6.4%, around 8,900 people. The population in the Borough contains more households with dependent children, and fewer single person households more households with dependent children, and fewer single person households.

S.4   The Annual Population Survey presents a 'Standard Occupation Classification' which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. This data source indicates that some 41.8% of employed residents in Swale work in Groups 1 to 3 (managerial jobs), lower than the figure for both the South East region and the England as a whole. The proportion of the working age population claiming Job Seekers Allowance in the Borough in March 2020 is notably higher than the regional and national equivalents (3.7% in Swale compared to 2.2% in the South East region and 3.1% across England)

S.5   CACI Paycheck estimates that the mean gross annual household income in Swale is £42,382, which is 6.3% below the equivalent for the County. Figure S.1 below shows household income at various points on the income distribution for the Borough alongside the County-wide equivalents. The data indicates that households in Swale are slightly less affluent than equivalent Kent-wide households at all points on the income distribution.

7

Figure S.1 Distribution of annual gross household income

Source: CACI Paycheck, 2020
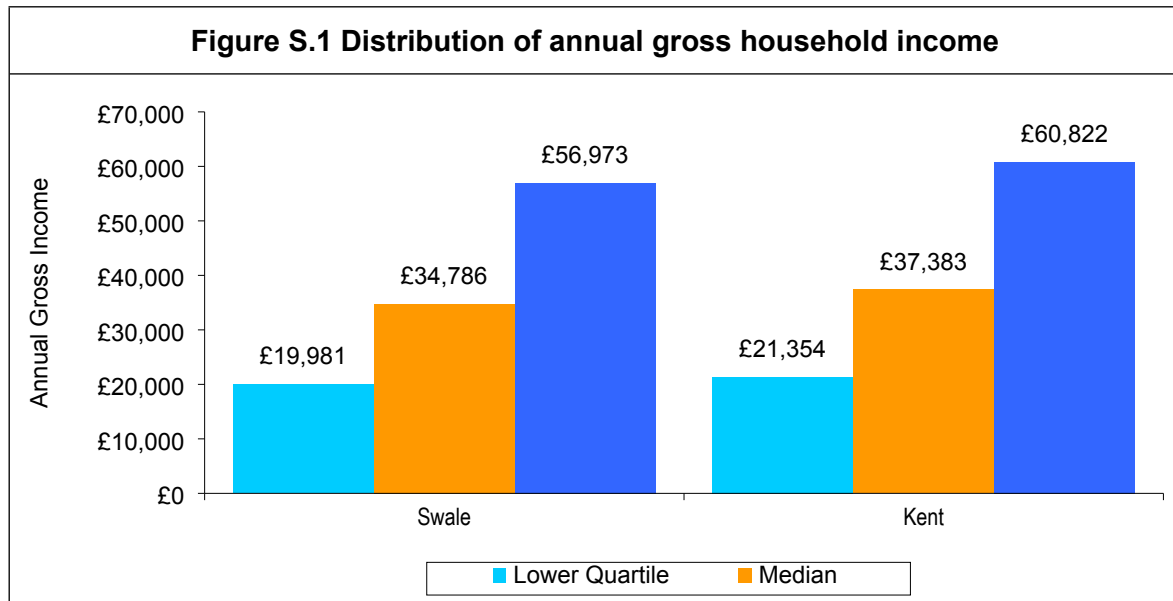
S.6 The Standard Method set out in the PPG has been used to determine the minimum annual local housing need figure. This accounts for the projected level of household growth in an area, adjusts for any affordability imbalance that might exist and is framed by the current level of deliverability required. The Housing Need in Swale, as assessed using the Standard Method is 1,038 per year.

The cost and affordability of housing

S.7 Data from the Land Registry indicates that the overall average property price in Swale in 2019 is 6.7% lower than the national figure and 27.0% below the figure for the South East. This data source also indicates that the average property price in the Borough has risen by 15.2% between 2014 and 2019 compared to an increase of 14.9% nationally and a growth of 25.7% across the region. Valuation Office Agency data indicates that the overall average rental price in Swale is 9.2% lower than the national figure and 20.5% lower than the figure for the South East. The average rents in the Borough have risen by 18.9% between 2013-14 and 2018-19 compared to an increase of 19.2% nationally and a growth of 13.4% across the region.

S.8 Entry-level and median property prices by number of bedrooms were obtained in the Borough via an online search of properties advertised for sale during July 2019. The results of this online price survey are presented in Figure S.2. In accordance with the PPG, entry-level prices are based on lower quartile prices. The figure indicates that entry-level prices in Swale range from £104,500 for a one bedroom home, up to £323,000 for a four bedroom property.

Figure S.2 Property prices by size in Swale
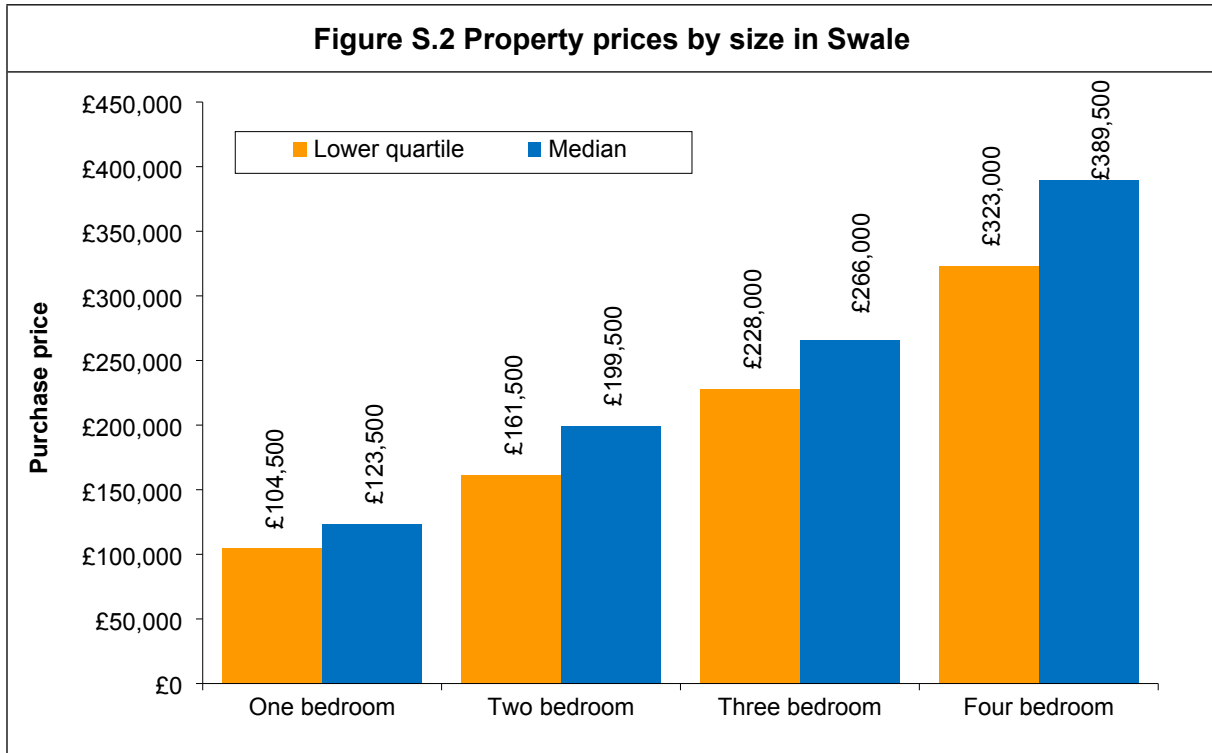
Source: Online estate agents survey April 2020

S.9   Entry-level and median private rents for Swale are presented in chapter 3. The results show that entry-level rents in the Borough range from £590 per month for a one bedroom home, up to £1,075 per month for a four bedroom property. The cost of social rented and Affordable Rented dwellings across the Borough is also examined. The cost of this tenure is significantly below market accommodation, particularly for larger homes, indicating a significant gap for intermediate products to potentially fill.

Type and tenure of future housing needed

S.10   The long-term balancing housing markets (LTBHM) model identifies the size and tenure of new accommodation required in the Borough over the plan period (see chapter 4 for more details). Table S.1 shows the tenure profile required by households resident in the Borough in 20 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 66.1% of new housing in Swale should be owner-occupied, 11.6% private rented, 4.3% should be Shared Ownership and 18.0% Social Rent/Affordable Rent.

Table S.1 Tenure of new accommodation required in Swale				
Tenure	*Base tenure profile (2022)*	*Tenure profile 2038*	*Change required*	*% of change required*
Owner-occupied	42,822	53,204	10,382	66.1%
Private rent	12,588	14,417	1,829	11.6%
Shared Ownership	666	1,344	678	4.3%
Social Rent/Affordable Rent	8,174	10,994	2,820	18.0%
Total	64,250	79,960	15,710	100.0%

S.11   Table S.2 presents the size of new accommodation required in the Borough between 2022 and 2038 for each tenure. The data indicates that across all tenures dwellings of all sizes are required.

Table S.2 Size of new accommodation required in the Borough between 2022 and 2038 by tenure				
Size of home	*Owner-occupied*	*Private rented*	*Shared ownership*	*Social Rent/Affordable Rent*
One bedroom	715	323	176	787
Two bedroom	3,597	343	210	564
Three bedroom	4,255	639	178	873
Four or more bedrooms	1,815	524	114	596
Total	10,382	1,829	678	2,820

S.12   The model also identifies that between 2022 and 2038 there could be a potential demand for 768 Discount market housing dwellings in Swale.

Affordable housing need

S.13   It is necessary to undertake a separate calculation of affordable housing need. The PPG details how affordable housing need should be calculated. Each stage of the model is calculated separately using locally available data for Swale. Table S.3 summarises the outputs of each stage of the model and the derivation of the total need for affordable housing of 287 per year in the Borough. Full details on how the figures were derived and the methodology used is set out in chapter 5.

Table S.3 Results of the affordable housing needs model	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total) (Table A2.3)	1,526
Stage 2: Newly arising affordable housing need (Annual) (Table A2.5)	660
Stage 3: Current affordable housing supply (Total) (Table A2.6)	1,581
Stage 4: Future housing supply (Annual) (Table A2.9)	370
Stage 5.1 Net current need (Stage 1 - Stage 3) (Total)	-55
Stage 5.2 Annualise net current need (Stage 5.1/18) (Annual)	-3
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	**287**
Total gross annual need (Stage 1/18 + Stage 2) (Annual)	745
Total gross annual supply (Stage 3/18 + Stage 4) (Annual)	458

Requirements of specific groups of the population

S.14   The following groups of the population are profiled in detail in chapter 6:

- Older persons

- People with disabilities

- Family households

- Private rented households

- People wishing to build their own homes

S.15   The disaggregated local housing need projections indicate that there will be an increase in the number of households headed by someone over 65 from 19,999 in 2022, to 28,205 in 2038, an increase of 41.0%. It is estimated that by 2038 there will be a requirement for 439 additional specialist units of Sheltered housing for older people and 77 additional Extracare units in Swale. In addition, it is estimated that an additional 305 Registered Care spaces will be required in the Borough over the next 16 years.

S.16   Modelling indicates that the number of people aged 65 or over with a limiting long-term illness that limits them a lot is expected to increase by 64.8% between 2022 and 2038 in the Borough with the number of people aged 65 or over with dementia expected to increase by 63.4% over the same period. Analysis of the housing requirements for people with disabilities has calculated that new adapted housing M4(2) Category 2 is required for an additional 4,200 households between 2022 and 2038 in the Borough, of which around 500 dwellings should be M4(3) Category 3 homes - wheelchair user dwellings.

S.17   The disaggregated local housing need projections indicate that the total population of families with children is going to rise from 24,387 in 2022 to 29,414 by 2038 and the proportion of lone parent families within this group will grow from 30.4% in 2022 to 32.3% in 2038.

S.18   Data considering how private rent levels have changed over the last five years suggests that the private rented sector is under notable pressure in Swale, as rent levels have risen at a greater rate than recorded nationally and regionally in the majority of instances. The LTBHM model indicates that the number of households in the private rented sector in Swale is projected to increase by 14.5% between 2022 and 2038, a rate of growth is faster than recorded for the other traditional tenures.

S.19   The Council launched a self-build register in 2015 where households could register an interest in finding a plot for self-build or custom build housing in the Borough. There are currently 70 individuals on this register and two further associations. After an initial surge in interest in the first two years, when almost 37 individuals joined the register, around 8 additional individuals have joined the register each year since 2017.

Conclusion

S.20   As detailed in chapter 7, it is clear that Planning Authorities should consider whether or not the housing target in the Local Plan should be increased to assist with meeting the need for affordable housing. The total annual affordable housing need in Swale of 287 per year represents 27.7% of the annual dwelling growth of 1,038 in the Borough as assessed using the Standard Method. Subject to viability, it is reasonable to presume the affordable housing need identified in the model will be addressed by the dwelling growth identified by the Standard Method and no adjustment is required to the Standard Method to increase affordable provision.

S.21   To determine the size and tenure of the new housing required within the Standard Method local housing need to accord with paragraph 017 of the PPG, the LTBHM model outputs are used. Figure S.3 sets out the size and tenure requirement for the 16,604 dwellings (1,038 per annum) required over the plan period (between 2022 and 2038).

Figure S.3 Requirement for all new housing in Swale over the plan period
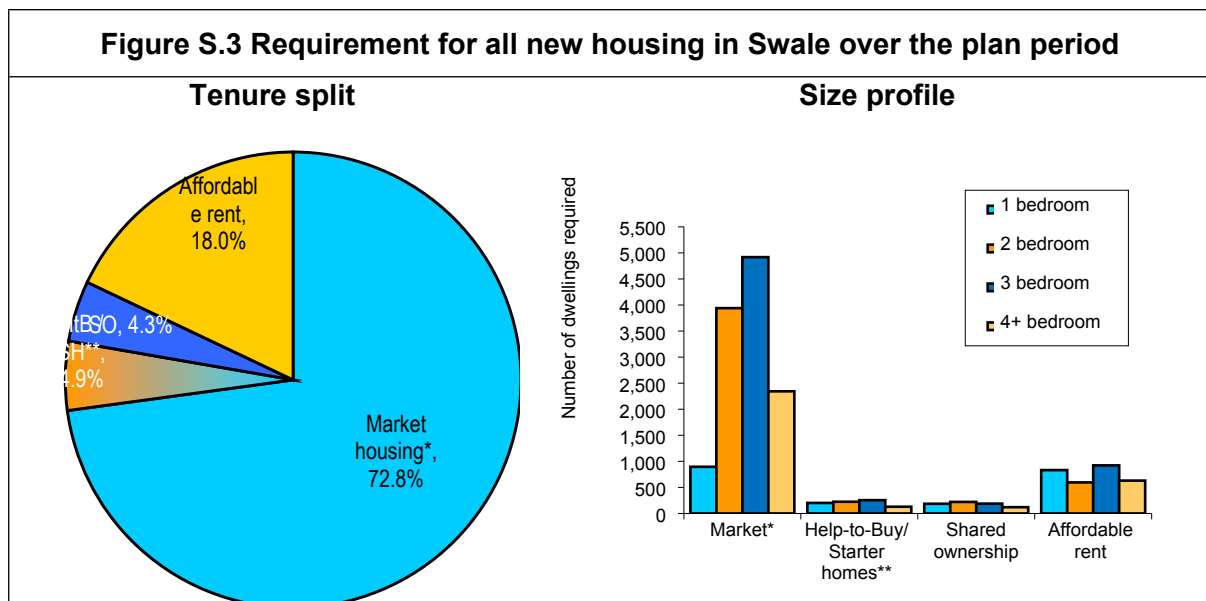
*Discount market housing/ Starter homes figures represent potential demand rather than a requirement

1. Introduction

Purpose

1.1   Swale Council is a Borough on the north coast of Kent, with excellent road and rail links to London and to the rest of the County. Sittingbourne is the largest settlement in the Borough with three other notable towns; Faversham, Sheerness and Queenborough in an authority with a large rural area. The Isle of Sheppey is in the north of the Borough and the south is part of the Kent Downs.

1.2   The Council's strategic local plan document, *'Bearing Fruits 2031: The Swale Borough Local Plan'[1]* was adopted in 2017. The Government requires all councils to revisit their Local Plans every five years. The Council has therefore started work on the Local Plan Review, which they hope to submit by 2022. The Local Plan Review will also allow the Council to refresh its evidence base considering changes to both Government policy and guidance but also the changing demographic and housing market pressures. The purpose of this report is to provide the Council with a robust and up-to-date evidence base that enables an understanding of the Borough's current and future housing needs through to the end of the new Local Plan period (2038).

1.3   This report is a Housing Market Assessment that addresses this requirement for the Council and provides evidence for the forthcoming Local Plan Review. The information presented in this report complies with the current Government guidance on undertaking these studies as set out in the 2019 National Planning Policy Framework (NPPF), and the Planning Practice Guidance (PPG)[2], as described below.

Government Guidance

1.4   The Council is commissioning this assessment after a period of considerable change in the planning system and in the wider development industry. The Government undertook several consultations in the Spring of 2018. To a large extent the outcome of these consultations became clearer with the publication of the 2019 NPPF and the updated PPG. There remain several areas where further announcements are expected, for example in relation to which household projections will be used in the future, but for now, the overall framework for plan-making has been settled.

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[1] http://services.swale.gov.uk/media/files/localplan/adoptedlocalplanfinalwebversion.pdf

[2] The latest iteration of the PPG before this report was finalised was the version as at 22nd July,2019. The report has been written so that is responds to the PPG as at this date.

1.5   In February 2019 the NPPF was further updated and the new PPG published[3]. Paragraph 35 (a) of the 2019 NPPF requires that plans are positively prepared. As a minimum, this requires strategic policies to provide for objectively assessed needs for housing. This carried forward the requirements under the 2012 NPPF and concerns the overall housing requirement. The overall housing requirement is as determined under the Standard Method.

> *59. To support the government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay*
>
> *60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*
>
> *61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).*
>
> *Paragraphs 59 to 61 – 2019 NPPF*

1.6   The requirement for housing is derived through the Standard Method and is then disaggregated into the different types of housing the future population will need. Following which, an assessment of the number of households in need of affordable housing must be undertaken. In essence, the first task required by the NPPF for a study of this type, is to disaggregate the new housing number as derived through the Standard Method. The second task is the assessment of Affordable Need, and the final task is the understanding of the needs of groups with specific housing requirements.

1.7   The NPPF outlines how a Housing Market Assessment fits into the wider housing policy framework and the PPG sets out how the various elements of a Housing Market Assessment should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need (Chapter 5). The affordable housing need figure is an unconstrained figure set in the current housing market situation. It is not a component of the overall housing need, but is entirely independent, calculated using a different approach and different data sources.

1.8   This Housing Market Assessment includes a Long-Term Balancing Housing Markets (LTBHM) model (Chapter 4) which breaks down the overall housing need into the component types (tenure and size) of housing required. Whilst both the Affordable Needs model (Chapter 5)

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[3] It should be noted that, during the drafting of this report, the PPG on housing needs assessments was divided into three different elements; 'housing and economic needs assessments', 'housing needs of different groups' and 'housing needs of older and disabled people'. This report contains the information that meets the requirements within each of these.

and the LTBHM model (Chapter 4) produce figures indicating an amount of affordable housing required, they are not directly comparable as they use different methods and have different purposes. The affordable housing need figure is calculated in isolation from the rest of the housing market and is used solely to indicate whether the Local Planning Authority should plan for more houses where it could help meet the need for affordable housing[4]. The figure produced by the LTBHM model is based on the population projections and occupation patterns of household groups (considering the trends in how these occupation patterns are changing). This is the mix of housing for which the authority should be planning. How these figures should be used in Swale is summarised at the conclusion of this report, in Chapter 7.

Coronavirus

1.9   This report has been produced during the UK lockdown that has been mandated by the Government in response to the coronavirus pandemic. The data sources utilised in this report have all been released prior to the lockdown or are based on data collated prior to the pandemic. This means that the results produced reflect the normal housing market in Swale (as it existed in early Spring 2020) and the recommendations will inform the suitable responses to the normal market.

1.10   The lockdown period has seen significant change to normal society (including travel restrictions, a much higher mortality rate, different working conditions, the loss of many jobs and different consumer behaviour). The impact of these changes on the housing market will not be understood for some time and it is difficult to predict what the long-term consequences will be, which could be far-reaching or relatively minimal. Until the Government indicates otherwise, the NPPF and PPG remain the documents that advise how housing market assessments should be undertaken, this report therefore follows these documents and produces the outputs that they indicate are required.

Local housing market boundaries

1.11   It is useful to consider the functional and geographic context in which the local housing market operates. This is done using secondary data on migration patterns and housing market linkages.

Commuting flows

1.12   The most recent detailed profile of commuting flows occurring at the local level is still the 2011 Census. The table below shows the 10 authorities to which residents in Swale most commonly travelled for work in 2011, alongside the 10 authorities from which people most commonly travelled to work in Swale. The data indicates that over half of employed residents in Swale

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[4] The following High Court Judgements are relevant. <u>Satnam Millennium v Warrington BC</u> [2015] EWHC 370 (Admin), <u>Oadby and Wigston v Bloor Homes</u> [2015] EWHC 1879 (Admin), <u>Borough Council of King's Lynn and West Norfolk v Elm Park Holdings Ltd</u> [2015] EWHC 2464 (Admin)**,** <u>Jelson Ltd v Hinckley and Bosworth Borough Council</u> [2016] EWHC 2979 (Admin).

remained in the Borough to work and that people leaving the Borough for work most commonly went to a neighbouring authority or into Central London. The table also shows that only 31.2% of people working in Swale commuted from outside the Borough and that these people commuting into Swale for work were most likely to live in a neighbouring authority or elsewhere in Kent.

Table 1.1 The ten authorities with which Swale has the largest travel to work flows					
Travel to work journeys made by people aged 16 and over resident in Swale			*Travel to work journeys made by people aged 16 and over working in Swale*		
Destination authority area	*Number of Swale residents that work there*	*Proportion of all residents in work that work there*	*Authority area of residence*	*Number of people working in Swale*	*Proportion of people working in Swale that live there*
Swale	27,833	54.9%	Swale	27,833	68.8%
Medway	4,751	9.4%	Medway	4,201	10.4%
Canterbury	3,390	6.7%	Canterbury	2,367	5.9%
Maidstone	3,190	6.3%	Maidstone	1,533	3.8%
Westminster, City of London	1,682	3.3%	Ashford	706	1.7%
Tonbridge and Malling	1,459	2.9%	Thanet	568	1.4%
Ashford	983	1.9%	Tonbridge and Malling	489	1.2%
Dartford	593	1.2%	Dover	465	1.1%
Tower Hamlets	458	0.9%	Gravesham	436	1.1%
Gravesham	423	0.8%	Shepway	254	0.6%

Source: 2011 Census

1.13 The Office of National Statistics (ONS) used the data on commuting flows collected in the 2011 Census to derive travel to work area boundaries published in 2015[5]. The figure below shows an exert of the national map produced in this process, which concentrates on the travel to work areas in the south east of England. This shows that the east of the Borough (Faversham and the surrounding villages) is part of the Canterbury travel to work area according to the criteria and thresholds used by the ONS, whilst the east and north of the Borough (including Sittingbourne and the whole of Sheppey) is part of the Medway travel to work area.

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[5] The criteria applied by the ONS was that the travel to work areas had to have a working population of at least 3,500 and that at least 75% of an area's resident workforce work within the area and at least 75% of the people who work in the area also live in the area. For areas with a working population in excess of 25,000, self-containment rates as low as 66.7% were accepted.

16

Figure 1.1 2011 Travel to work areas in south east England
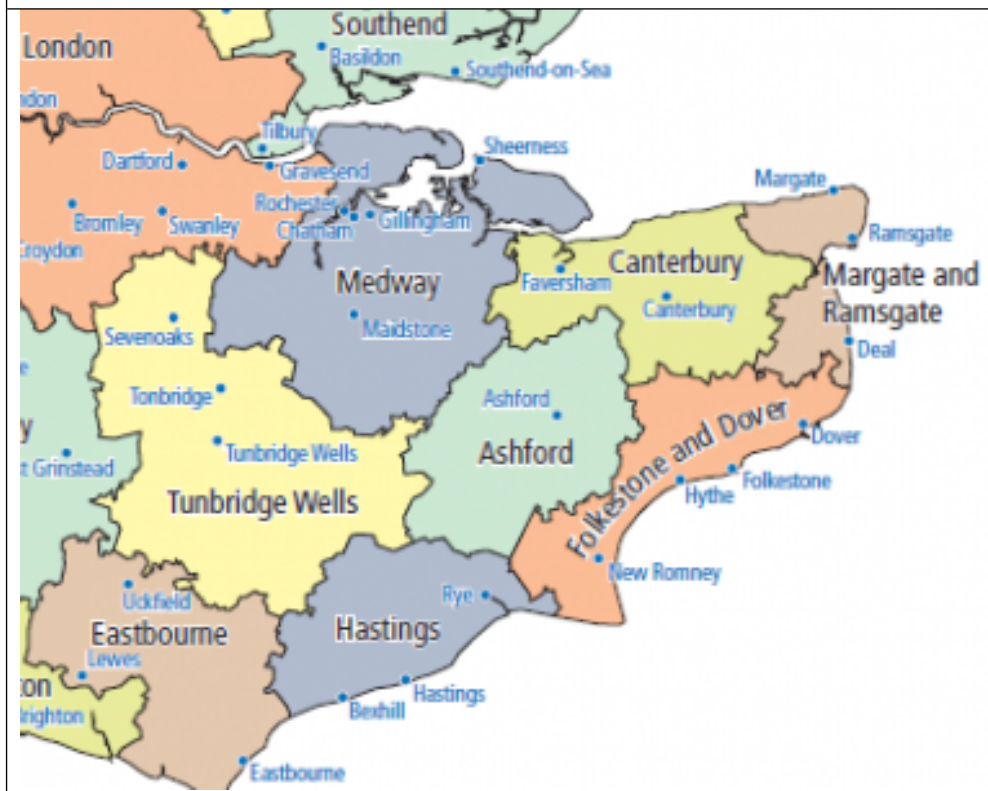
Source: Office of National Statistics, 2015

Migration trends

1.14   The 2018-based population estimates produced by the Office of National Statistics (ONS) model detail on the origin and destination of people that moved into and out of Swale in the previous year[6]. The table below shows the 10 authorities which residents in Swale most commonly moved to in the year up to June 2018. The table also contains a column that details the equivalent proportion of movers from Swale in the year prior to the 2011 Census that had the same destination - this enables a comparison of the changing relationship between these authorities and Swale[7].

1.15   The data indicates that Medway is the authority to which people from Swale most commonly moved to in the year up to June 2018, followed by Canterbury, Maidstone and Ashford. Flows to Medway have reduced in relative scale since the 2011 Census (from 13.6% of all out-migrants from Swale moving there in 2011, to 12.6% of out-migrants in 2018), whilst the

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[6]
https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/migrationwithintheuk/datasets/internalmigrationbyoriginanddestinationlocalauthoritiessexandsingleyearofagedetailedestimatesdataset

[7] It should be noted that internal flows within Swale are not included in this analysis as they are not documented in the population estimates, the analysis only concerns people moving into the Borough from elsewhere in the UK.

reverse is true for Canterbury (from 11.6% of out-migrants in Swale in 2011, to 12.6% in 2018). Dover and Tonbridge & Malling are both areas that have become increasingly common destinations for those leaving Swale recently (as a greater proportion of out-migrants from Swale moved to these areas in 2018 than was the case in 2011).

1.16   It is important to note that the 2018 figures for migration flows are not as accurate as those recorded in the 2011 Census and although the ONS does not provide detail of the margin of error of these estimates it does note that *'these estimates are based on several data sources and estimation processes, and are not exact counts.[8]'*

Table 1.2 The ten authorities with which Swale has the largest outward migration flows in 2018			
People that moved out of Swale in the preceding year			
	2018		*2011*
Destination authority area	*Number of Swale residents that moved there*	*Proportion of all residents leaving Swale that moved there*	*Proportion of all residents leaving Swale that moved there*
Medway	715	12.6%	13.6%
Canterbury	711	12.6%	11.6%
Maidstone	408	7.2%	8.0%
Ashford	230	4.1%	4.0%
Dover	200	3.5%	1.6%
Thanet	185	3.3%	3.3%
Tonbridge & Malling	147	2.6%	1.5%
Shepway	112	2.0%	1.7%
Gravesham	81	1.4%	1.9%
Greenwich	62	1.1%	1.2%

ONS Population estimates, 2018; 2011 Census

1.17   The table below shows the 10 authorities from which residents most commonly moved to Swale in the year up to June 2018. The table also contains a column that details the equivalent proportion of movers to Swale in the year prior to the 2011 Census that originated from the same location[9].

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[8] User information for Table IM2018-1a: Detailed estimates dataset – internal migration by origin and destination local authorities, sex and single year of age, year ending June 2018. (page 2 under Disclosure Control).

[9] As before internal flows within Swale are not included in this analysis.

1.18 The data indicates that Medway is the authority people that moved into Swale most commonly came from in the year up to June 2018, followed by Canterbury, Maidstone and Gravesham. Flows from Medway have increased in relative scale since the 2011 Census (from 19.4% of all in-migrants to Swale in 2011 to 22.3% of in-migrants in 2018). The second highest number of in-migrants are from Canterbury, however the number of people moving from Canterbury is less than half the number that come from Medway. The data indicates that whilst moves from Canterbury have reduced in number (a smaller proportion of in-migrants to Swale moved from these areas in 2018 than was the case in 2011), moves from Maidstone, Gravesham, Bexley, Dartford, Bromley and Greenwich have become more significant.

Table 1.3 The ten authorities with which Swale has the largest inward migration flows in 2018			
People that moved into Swale in the preceding year			
	2018		*2011*
Original authority area of residence	*Number of people that moved to Swale*	*Proportion of all people moving to Swale*	*Proportion of all people moving to Swale*
Medway	1,461	22.3%	19.4%
Canterbury	585	8.9%	9.8%
Maidstone	425	6.5%	6.0%
Gravesham	230	3.5%	2.7%
Bexley	210	3.2%	2.4%
Dartford	184	2.8%	2.3%
Bromley	163	2.5%	1.9%
Thanet	152	2.3%	3.1%
Greenwich	147	2.2%	1.0%
Tonbridge & Malling	146	2.2%	2.4%

ONS Population estimates, 2018; 2011 Census

Housing market indicators

1.19 It is useful to compare the price of housing in Swale with the authorities closest to it to see the similarities and differences between the housing markets in the areas. The table below presents the average property price for dwellings sold in Swale and the surrounding authorities in 2019. The table shows the overall average price of homes sold as well as the average for each dwelling type categorised by the Land Registry.

1.20 The table indicates that homes in Tonbridge & Malling are notably more expensive than in the other areas profiled, with Gravesham, Canterbury and Maidstone the next most expensive areas. Prices in Swale are closest to those in Thanet and Dover and these three areas are the cheapest of the featured authorities. Prices in Ashford and Medway are in the middle of

the range presented (the overall average price for Medway is skewed downwards by a smaller proportion of detached sales).

Table 1.4 Average property prices in 2019 in Swale and surrounding authorities					
Location	Detached	Semi-detached	Terraced	Flat	Overall average price
Swale	**£407,933**	**£278,091**	**£230,138**	**£167,329**	**£279,453**
Gravesham	£520,432	£336,088	£275,532	£171,741	£320,837
Medway	£433,940	£291,462	£232,608	£189,045	£270,801
Tonbridge & Malling	£570,448	£377,145	£318,590	£234,221	£391,220
Maidstone	£495,981	£328,842	£263,761	£175,558	£335,340
Ashford	£476,770	£296,029	£244,719	£180,448	£324,750
Canterbury	£472,826	£314,364	£291,563	£202,135	£345,570
Dover	£410,018	£266,375	£230,212	£165,668	£276,398
Thanet	£410,783	£277,773	£236,826	£167,860	£269,094

Source: Land Registry

1.21   The table below shows the distribution of sales by property type in each of these areas in 2019, which allows comparison of the profile of dwelling stock in each authority. The data indicates that, in Swale, sales of terraced houses are most common, and sales of flats are least frequent. The data implies that Canterbury is the authority with the accommodation profile most distinct to Swale, with Dover recording a profile of property sales that is most similar.

Table 1.5 Distribution of property sales in 2019					
Location	Detached	Semi-detached	Terraced	Flat	Total sales
Swale	**24.1%**	**27.4%**	**37.9%**	**10.6%**	**2,143**
Gravesham	17.0%	31.7%	36.3%	15.0%	1,135
Medway	13.6%	28.5%	44.1%	13.8%	3,809
Tonbridge & Malling	25.6%	33.6%	27.0%	13.8%	1,965
Maidstone	27.1%	32.3%	26.6%	14.0%	2,297
Ashford	31.0%	29.9%	28.0%	11.1%	1,922
Canterbury	33.8%	28.4%	22.4%	15.4%	2,192
Dover	24.2%	28.8%	35.0%	12.0%	1,832
Thanet	21.4%	27.1%	28.2%	23.2%	2,142

Source: Land Registry

1.22 The figure below shows the change in average overall property price in each council area over the last five years. The figure shows that prices have continued to rise steadily in all areas, however over the last five years prices have increased the most in Medway (by 40.9%) and the smallest increase has been recorded in Tonbridge & Malling (19.4%). Prices in Swale have risen by 37.8% between 2014 and 2019, which is most similar to the price rises in Canterbury (37.8%) and Gravesham (37.9%).

Figure 1.2 Change in overall average price since 2014
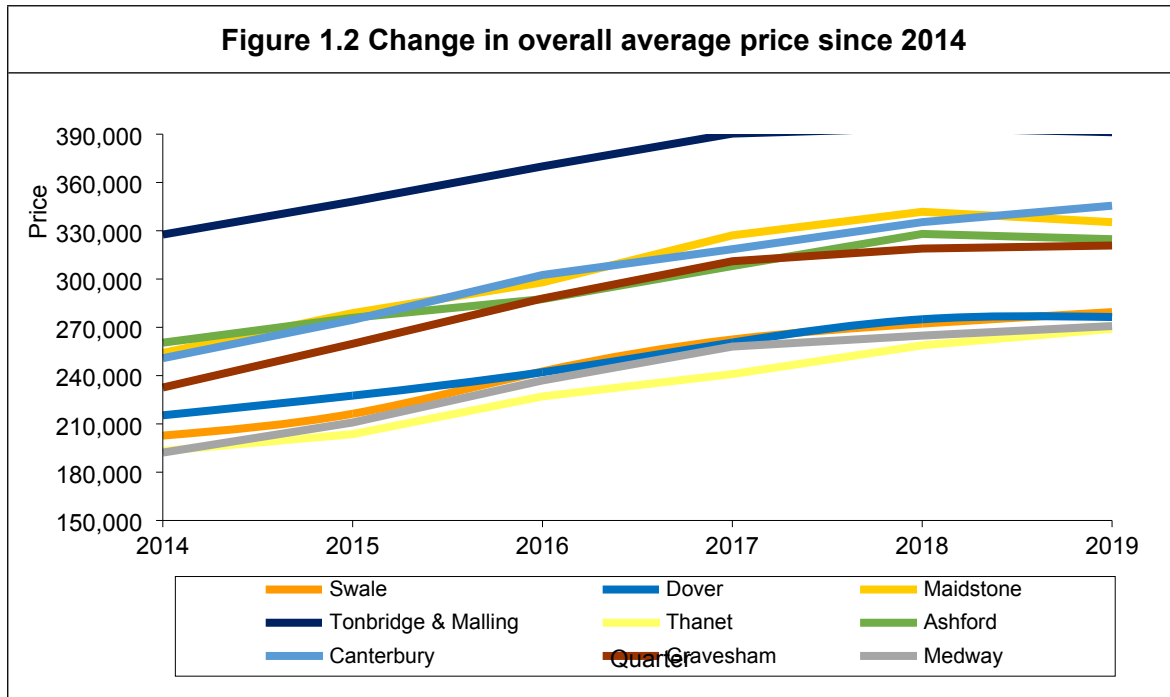
Source: Land Registry

1.23 The figure below shows the change in the number of property sales in each council area over the last five years. Canterbury has recorded the largest fall in sales (a 27.8% decrease), with Gravesham and Thanet recording the next largest fall (both 24.9%). Ashford has recorded the smallest fall in sales (a 13.1% decrease), followed by Medway (13.8%). Sales in Swale have reduced by 14.9% between 2014 and 2019, the third smallest decrease recorded.

Figure 1.3 Change in overall sales since 2014

Source: Land Registry
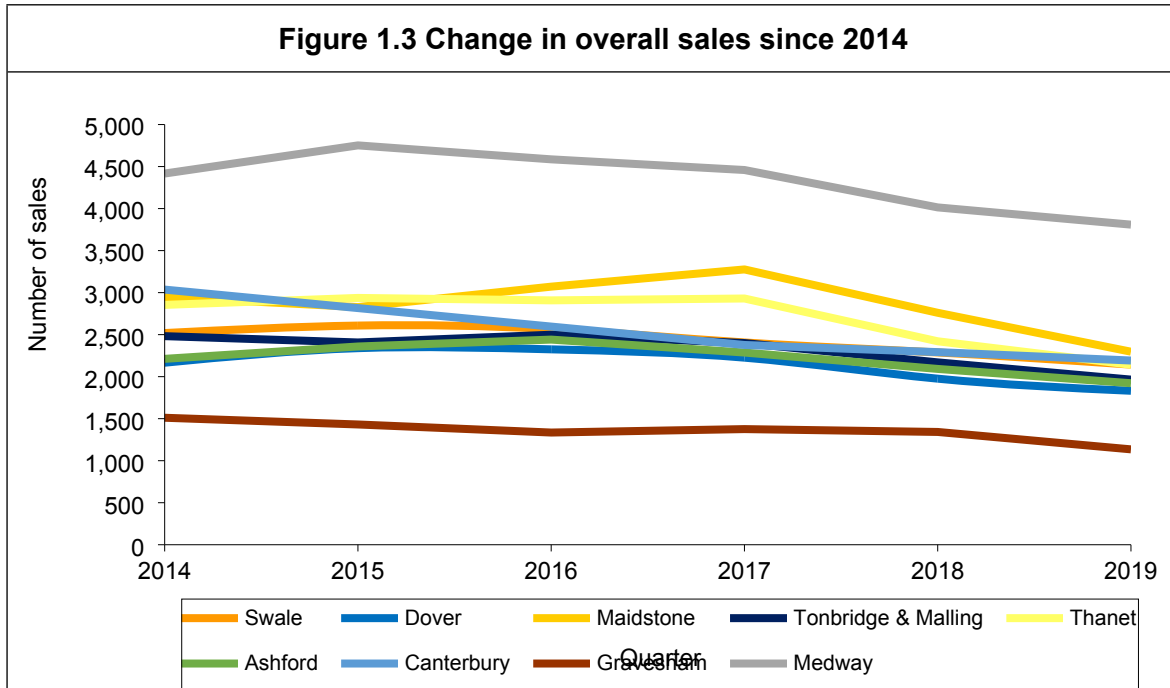
Conclusion

1.24   The analysis of Swale and its neighbouring authorities presented above suggests that the most established linkages are those with the neighbours immediately to the west and east of the Borough (Medway and Canterbury) reflecting the pattern of migration flows around London to move radially outwards. Whilst there are linkages to authorities further to the south and east, the great majority of migration and travel-to-work flows are relatively local. The housing market profile in Swale is quite different to these two authorities however, and it is clear that the Borough is quite distinct. It is therefore suitable to consider Swale as its own housing market, although one with close links to neighbouring authorities. This approach aligns with what is suggested in the PPG.

Report coverage

1.25   This report is focused on detailing the amount of new housing required over the plan period in Swale, the size and tenure of housing that would be most suitable for the future population, the housing requirements of specific groups of the population and the level of affordable housing need that exists in the Borough. The report contains the following:

Chapter 2   presents an examination of the latest data on the labour market and the resident population and a profile of the housing stock in Swale and the changes that have occurred within them. The PPG indicates that '*Strategic policy-making authorities will need to calculate their local housing need figure*

at the start of the plan-making process[10].' Chapter 2 also sets out the calculation of the local housing need figure in the Borough.

Chapter 3   contains a detailed analysis of the cost of property in Swale and the affordability of the different forms of housing for residents.

Chapter 4   disaggregates the local housing need to show the demographic profile of the future population in the Borough. The chapter uses this information to produce an analysis of the nature of future housing required within the long-term balancing housing markets model (LTBHM).

Chapter 5   sets out the calculation of outputs for the affordable housing needs model strictly in accordance with the PPG approach. The chapter identifies both the type of households in housing need and the tenure of affordable housing that would meet this housing need.

Chapter 6   contains an analysis of the specific housing situation of the particular sub-groups of the population identified within the NPPF.

Chapter 7   is a conclusion summarising the implications of these results.

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[10] PPG Paragraph: 008 (Reference ID: 2a-008-20190220)

2. Market drivers and the extent of housing need

Introduction

2.1   Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand, including household formation rates and households' investment in housing. The first part of this chapter uses the most recently available data to document the current socio-economic profile in Swale and how it has changed.

2.2   Analysis of the stock of housing allows an understanding of the current market balance and existing occupation patterns. A range of data sources, including the 2011 Census, are used to provide an overview of the housing stock in Swale and a comparison to the regional and national situation will be presented where the data is available.

2.3   This socio-economic situation is important context to be understood before the level of housing need is calculated. As stated in the Planning Practice Guidance (PPG)[11], *'housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for.'*

2.4   As the PPG[12] further indicates, *'the National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in this guidance for assessing local housing need.'* The second part of this chapter sets out the calculation of the housing need for Swale using the Standard Method.

Demography

2.5   The 2018-based population estimates produced by the ONS show the age profile of the population in Swale and how it has changed over the last 5 years. These population estimates indicate that the resident population in Swale in 2018 was 148,300 and that, since 2013, the population had increased by 6.4%, around 8,900 people. In comparison, the population of the South East region and England, as a whole, increased by 3.9% over the same period.

2.6   The figure below illustrates the age composition of the population in Swale in 2013 and 2018 according to the latest population estimates. The data shows that, since 2013, the number of people aged 60 or over has markedly increased in the Borough as has the number of people aged under 15. In contrast, the number of people aged between 15 and 44 has increased

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[11] Paragraph: 001 Reference ID: 2a-001-20190220

[12] Paragraph: 002 Reference ID: 2a-002-20190220

more slowly. The 2018-based population estimates indicate that the median age in Swale in 2018 was 41.3, whilst for the South East the figure was 41.6, and across England it was 39.9.

Figure 2.1 Population composition in Swale (2013 and 2018)

Legend	
0-14	15-29	30-44	45-59	60-74	75plus

2013: 26,000 | 25,000 | 26,000 | 28,900 | 22,900 | 10,600

2018: 28,200 | 25,500 | 26,700 | 30,900 | 25,000 | 12,000

Number of people
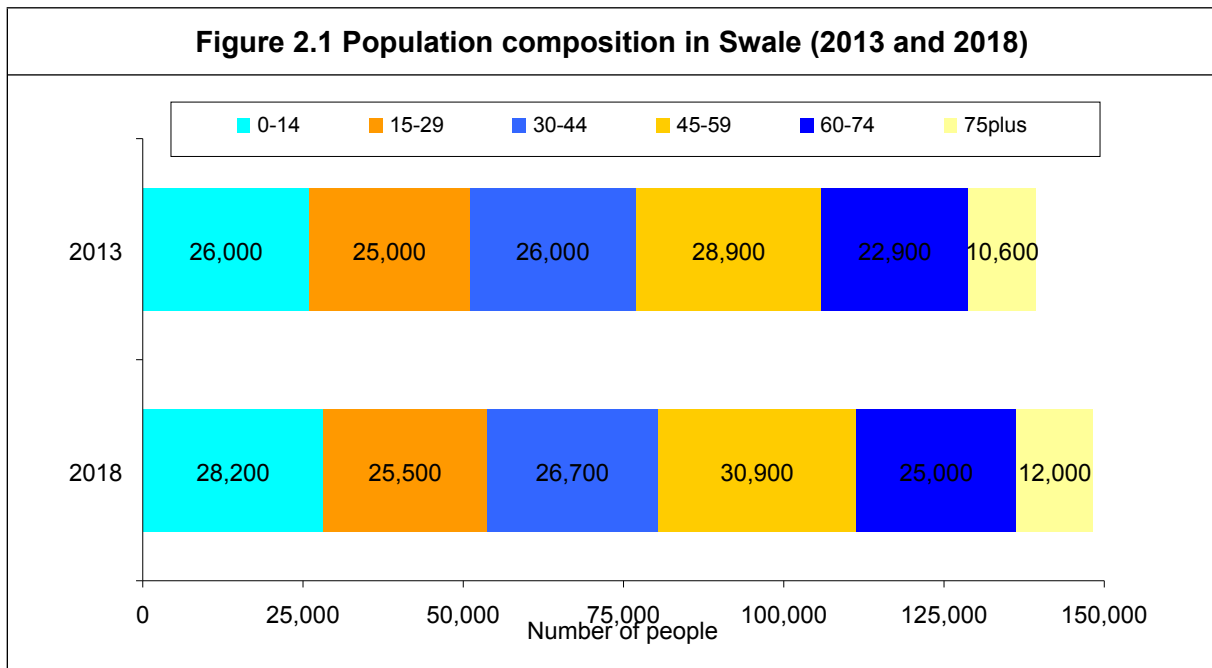
Source: ONS Population estimates, 2018

2.7   The population density in Swale in 2018 was 397 people per sq. km according to the 2018-based population estimates, lower than the figure for the region (479 people per sq. km) and England as a whole (430 people per sq. km).

Ethnicity

2.8   The 2011 Census suggests that the BAME population was 3.5% of the total population in the Swale, which was lower than the regional figure (9.3% in the South East), and the national figure (14.5% in England). The figure below presents the ethnicity of the population in Swale in 2011. The 'Mixed/Multiple Ethnic Groups' represent the largest BAME group in Swale area (comprising 1.2% of total population). It should be noted that the 'White' group in Swale includes 'White Irish' (0.6%) 'White Gypsy and Traveller (0.5%) and 'White Other' (2.6%) as well as 'White British' (92.6%).

Figure 2.2 Ethnicity of the Swale population, 2011
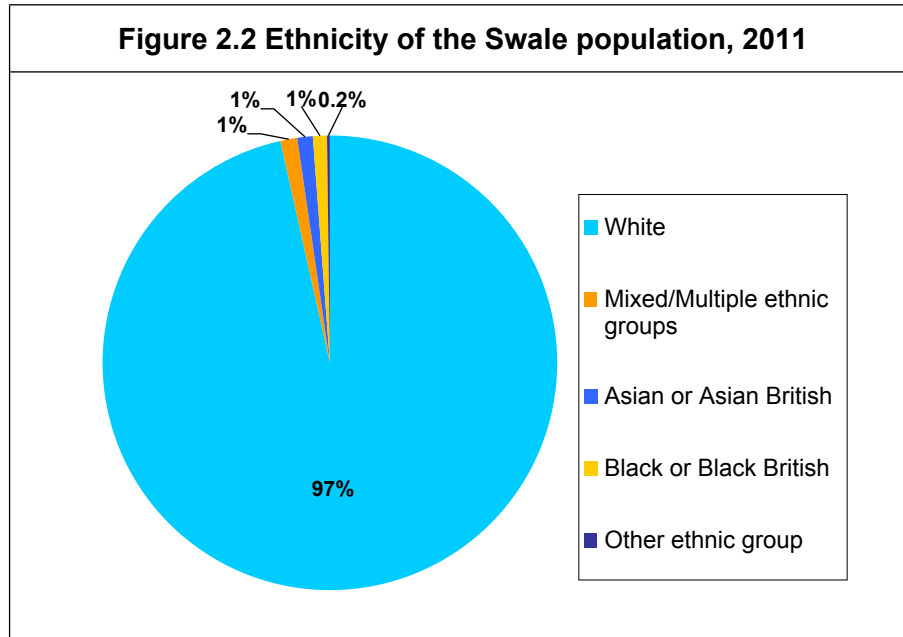
Source: 2011 Census

2.9   The 2018-based population estimates estimate that in 2018, just 0.7% of the population of Swale had been resident in the UK for less than a year, compared to 0.9% in the South East region and 0.9% across England.

Number of households

2.10   The 2016-based household projections indicated that the number of households in Swale has increased by 6.9% since 2011, reaching 59,327 households in 2016. This compares to the regional average of 4.5% and the national figure of 4.1%. In Swale the number of people in households has increased at a slower rate than the number of households between 2011 and 2016, resulting in a falling average household size, as is illustrated in the table below. However, at both a regional and a national level, the number of households has risen at the same rate as the population in households, and the average size of households has remained unchanged.

Table 2.1 Change in average household size between 2011 and 2016		
Location	*Average household size in 2011*	*Average household size in 2016*
Swale	2.41	2.40
South East	2.39	2.39
England	2.37	2.37

Source: 2016 mid-year population and household estimates

2.11   The figure below compares the household composition in Swale in 2016 with that recorded for the South East region and England. The data indicates that there are more households with dependent children, and fewer single person households in Swale than are recorded regionally and nationally.

Figure 2.3 Household composition in Swale, the South East and England, 2016

* Source: 2016-based household projections
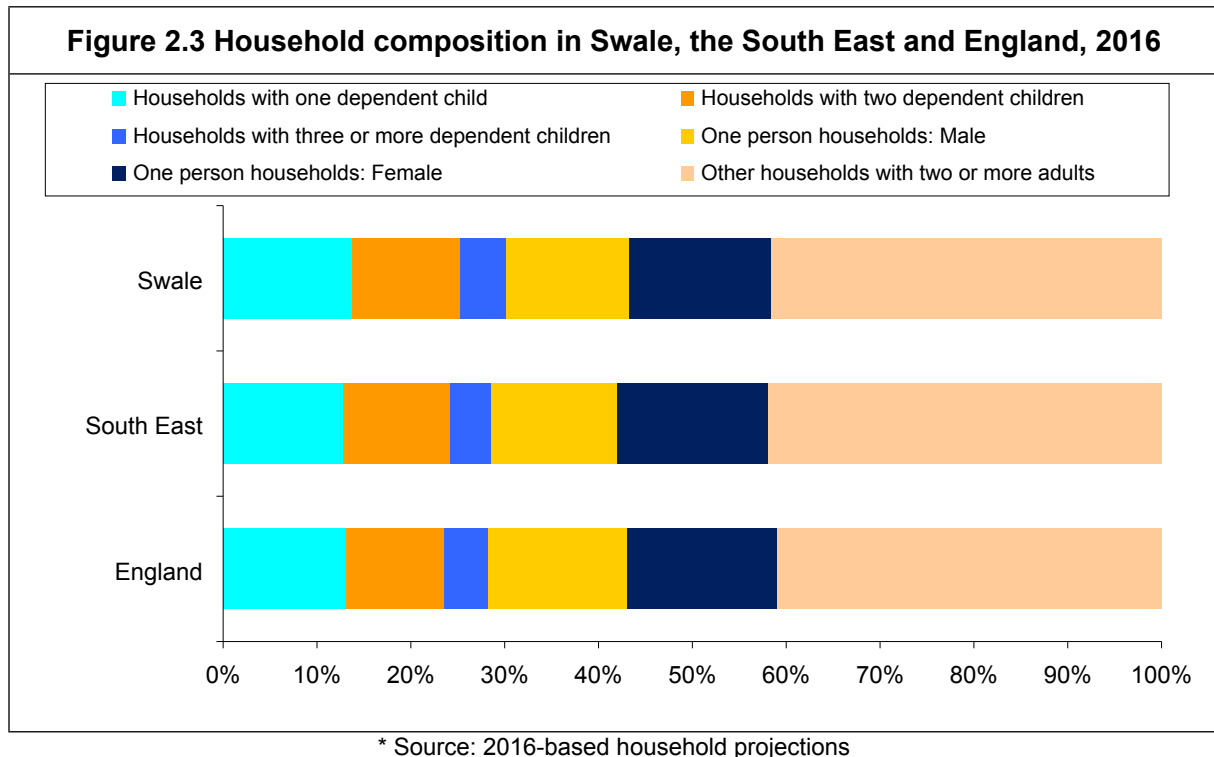
2.12   A comparison of the household composition in Swale in 2016 with that recorded in 2011 indicates that the proportion of single person households in the Borough has grown slightly over the five year period (28.2% of households were single person in 2016, compared to 27.6% in 2011), whilst the proportion of households with dependent children has decreased (from 30.8% to 30.2%).

Economy

2.13   Considerable data is available on the economic context in Swale, which enables a profile of the current local economy to be presented.

Employment in Swale

2.14   NOMIS[13] data on 'job density' (this is a measure of the number of individual jobs[14] per person of working age) for 2018 shows that there are 0.70 jobs per working age person in the Borough, compared to 0.88 jobs per working age person across the South East region and 0.87 for England as a whole. The level of job density in Swale has increased notably over the

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[13] NOMIS is a website provided by the Office for National Statistics that contains a range of labour market data at a local authority level. www.nomisweb.co.uk.

[14] Jobs includes employees (both full and part-time), self-employed, government-supported trainees and HM Forces.

last five years (it was 0.63 in 2013) matching the trend recorded across the region and England as whole (from 0.83 to 0.88 in the South East and from 0.80 to 0.87 nationally).

2.15   Measured by the ONS Business Register and Employment Survey there were 49,000 individual employee jobs[15] in Swale in 2018. This is the highest level recorded in the Borough since the collection of this data was begun in 2015 (the data source is only three years old). Overall, the number of employee jobs in Swale has increased by 2.1% between 2015 and 2018, compared to an increase of 1.9% for the region and an increase of 3.6% nationally over the same time period. It is worth noting that all the figures produced by this data source are rounded to the nearest thousand so fluctuations will appear larger where there is a lower base population.

2.16   Data is also available from the ONS about the number of businesses in the area and how this has changed. This can provide an indication of the state of the economy as an increase in businesses would suggest either new companies moving to the area or an increase in local entrepreneurship. The ONS indicates that in 2019 there were 4,955 enterprises in Swale. A very similar proportion of enterprises are micro (with 9 or fewer employees) across Swale (89.3%) compared with the South East (90.2%) and England (89.6%). In Swale the number of enterprises has increased by 20.3% between 2014 and 2019 (a rise of 835), similar to both the regional (17.6%) and national (21.1%) increases.

Employment profile of residents in Swale

2.17   Although the overall economic performance of the Borough provides important context, an understanding of the effect of the economic climate on the resident population is more pertinent to this study.

2.18   The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides a measure of the level of unemployment of residents in an area. The figure below shows the change in the proportion of the working age population claiming Job Seekers Allowance in Swale, the South East and England over the last five years. The figure indicates that the unemployment level in Swale, whilst fluctuating notably, has been higher than both the national and regional level. In March 2020, 3.7% of the working age population in Swale are unemployed, compared with 2.2% regionally and the national average of 3.1%. Over the last five years, unemployment has increased in Swale by 79.7%, compared to a rise of 82.5% in the South East and a growth of 58.1% nationally. It is important to note that these figures do not reflect any additional unemployment that may have been caused due to the Coronavirus pandemic and the behavioural changes that this resulted in.

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[15] Employee jobs excludes self-employed, government-supported trainees and HM Forces. Employee jobs can be both part-time and full-time. Data also excludes farm-based agriculture.

Figure 2.4 Level of unemployment (2015-2020)
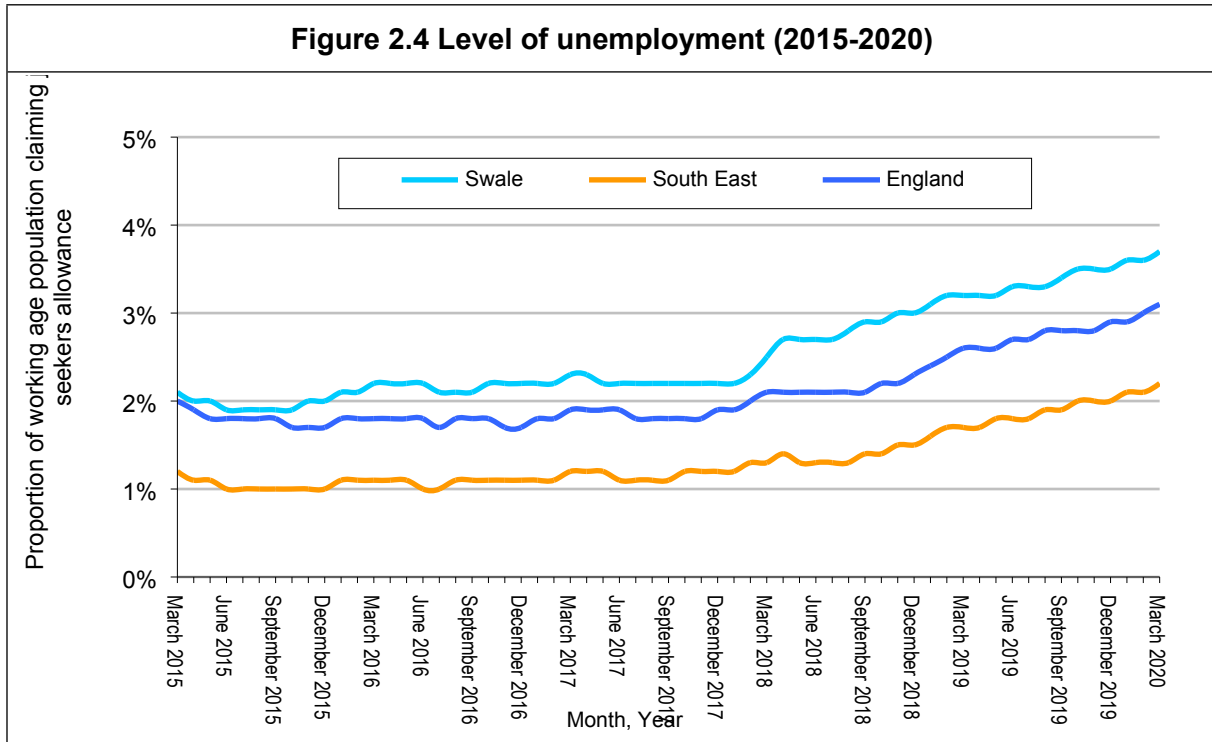
Source: ONS Claimant Count

2.19   The Annual Population Survey presents a 'Standard Occupation Classification' which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As the table below illustrates, some 41.8% of employed residents in Swale work in Groups 1 to 3, lower than the figure for both the South East region and the national one. Further analysis shows that, since 2014, there has been a considerable increase in the proportion of people resident in Swale employed within Groups 8 to 9 and a notable fall in the number of people employed within Groups 4 to 5 and Groups 6 to 7.

Table 2.2 Occupation structure (2019)				
Occupation Groups	*Swale*	*South East*	*England*	*Change in # of people employed in Swale since 2014*
Group 1-3: Senior, Professional or Technical	41.8%	52.3%	47.9%	-6.6%
Group 4-5: Administrative, skilled trades	18.4%	18.5%	19.5%	-27.0%
Group 6-7: Personal service, Customer service and Sales	17.4%	15.4%	15.9%	-22.1%
Group 8-9: Machine operatives, Elementary occupations	22.3%	13.3%	16.4%	44.0%
Total	100.0%	100.0%	100.0%	-

Source: Annual Population Survey, 2019

Qualifications

2.20 An important factor in the ability of any economy to grow is the level of skill of the workforce. The figure below shows the highest qualification level of the working-age residents of Swale, compared with the regional and national equivalents as recorded in the Annual Population Survey. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-Level) and Level 4 the highest (undergraduate degree or higher)[16]. The data indicates that 24.7% of working-age residents in Swale have Level 4 or higher qualifications, lower than the figures for the South East region (42.2%) and England (39.0%). Swale also has fewer residents with no qualifications than is found regionally and nationally.

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[16] These definitions come from the data source (at www.nomisweb.co.uk/) and may differ slightly from the banding used on the guide to qualification levels located on the www.gov.uk site.

Figure 2.5 Highest qualification level of residents (2019)
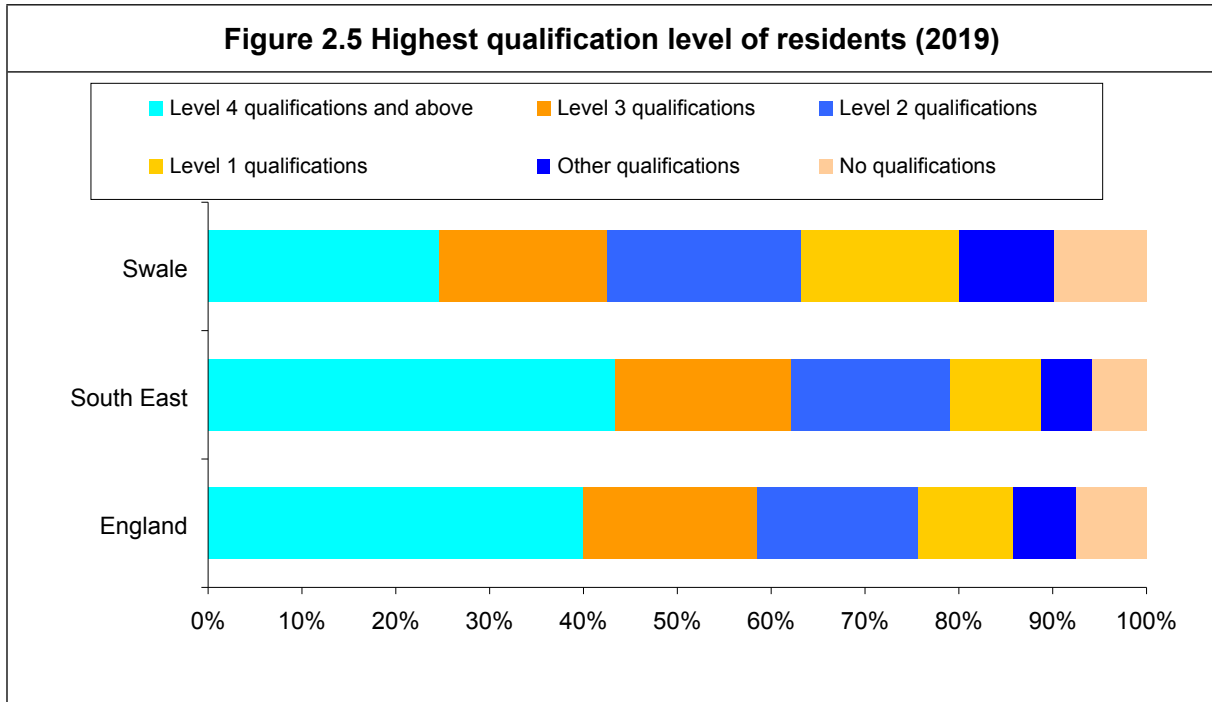
Source: Annual Population Survey, 2019

Income

2.21   Income has a core effect on the level of choice a household has when determining its future accommodation. The mean earned gross income for full-time employees resident in Swale in 2019 was £33,956, according to the ONS Annual Survey of Hours and Earnings. In comparison, the regional figure was £40,264 and the national average was £37,092. It is important to note that these figures assess individual incomes rather than household incomes. It should also be noted that the median figures (set out in the figure below) provide a more accurate average than the mean figures as they are less influenced by extreme values, however the mean figures are presented for context.

2.22   The figure below shows that at all points on the distribution, annual gross income in Swale is lower than the regional and national equivalents. In Swale there is a relatively small difference between higher earners and lower earners (in comparison to regionally and nationally).

Figure 2.6 Annual gross income of full-time employed residents 2019
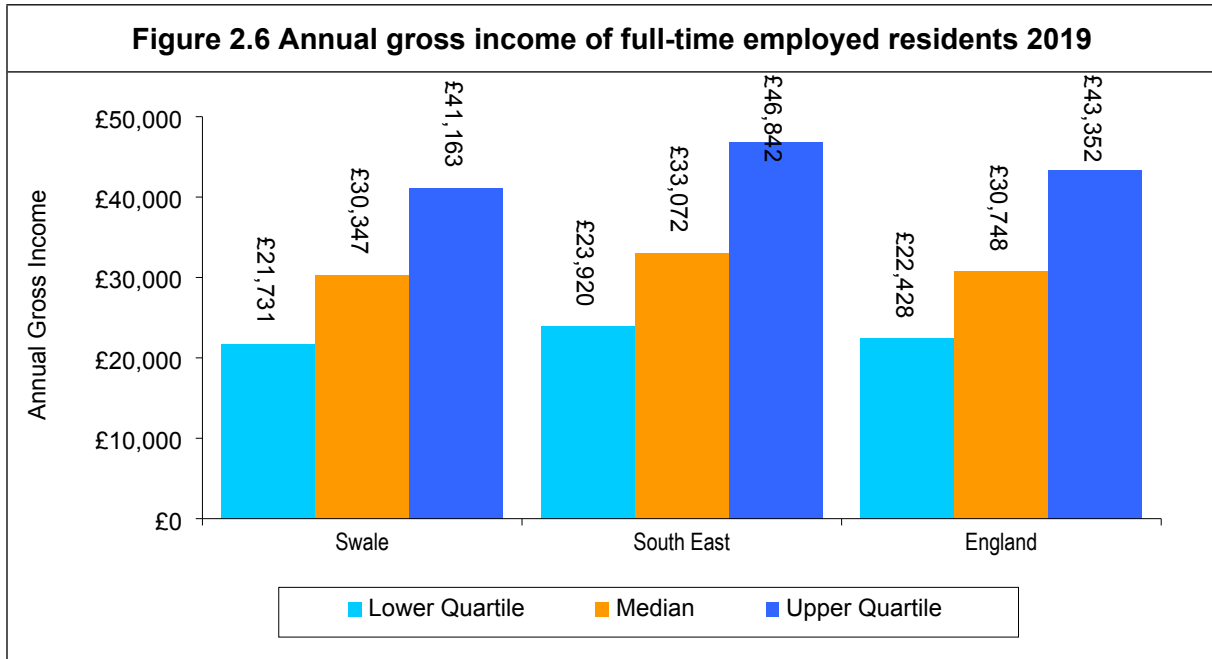
Source: ONS Annual Survey of Hours and Earnings (2019)

2.23 The figure below shows the change in the median income of full-time employees resident in Swale, the South East region and England since 2014. Swale has recorded the lowest increase since 2014 (at 8.4%) followed by the South East (12.1%), and England (12.9%).

Figure 2.7 Change in median annual income of full-time employed residents 2014-2019
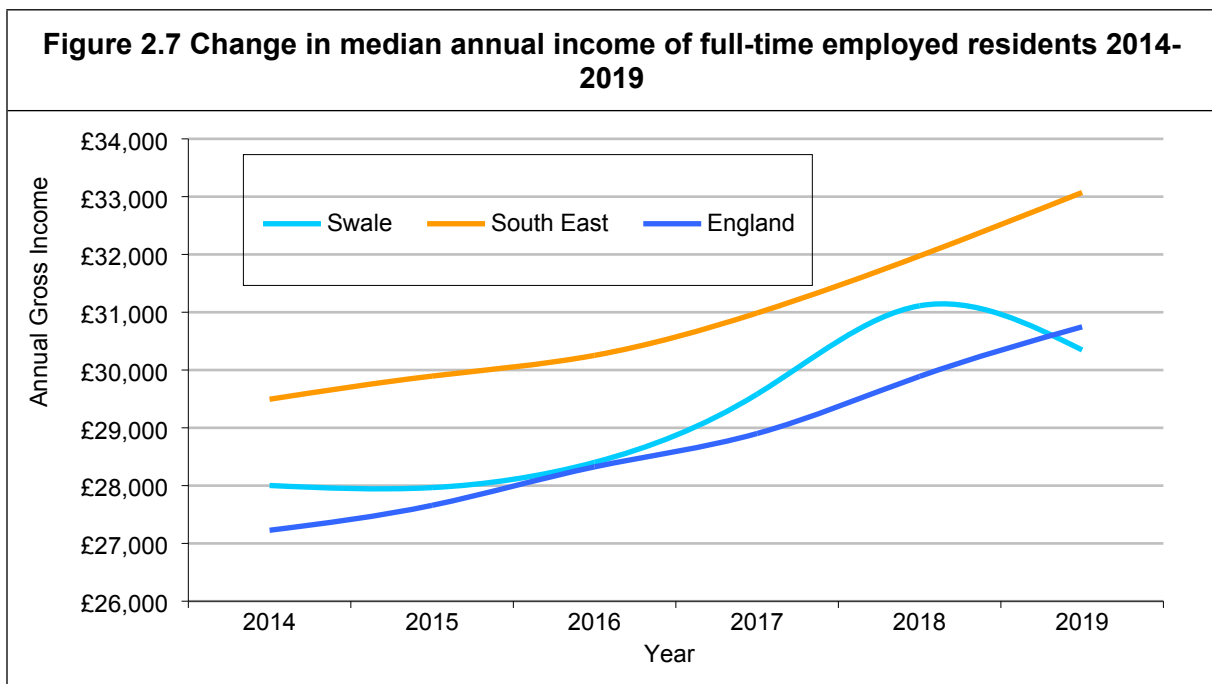
Source: ONS Annual Survey of Hours and Earnings (2014-2019)

Household income

2.24   CACI Paycheck[17] estimates that the mean gross annual household income in Swale is £42,382, which is 6.3% below the equivalent for the County (£45,214 for Kent). The figure below shows household income at various points on the income distribution for the Borough alongside the County-wide equivalents. The data indicates that households in Swale are slightly less affluent than equivalent Kent-wide households at all points on the income distribution.

Figure 2.8 Distribution of annual gross household income
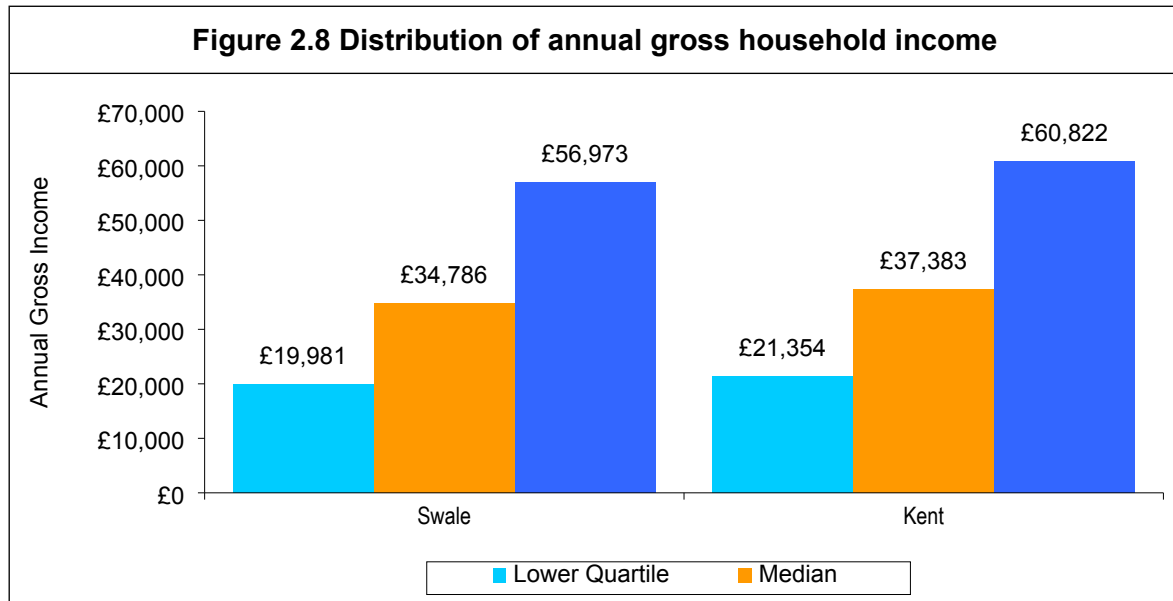
Source: CACI Paycheck, 2020

Dwelling stock

2.25   The latest Ministry of Housing, Communities and Local Government (MHCLG) live tables[18] indicates that there were 61,310 dwellings in Swale in 2018, and that, over the last five years, the number of dwellings had increased by 4.5%, over 2,600 properties. In comparison, the dwelling stock in the South East region increased by 4.3% between the 2013 and 2018, whilst the dwelling stock of England increased by 4.0%.

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[17] CACI is a commercial company that provides households income data.

[18] https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants

Accommodation profile

2.26   The figure below compares the type of accommodation in Swale in 2018 with that recorded for the South East region and England. Swale contains more semi-detached and terraced houses than the regional and national averages. The Borough contains notably fewer flats than is found across the region and nationally. The most common property type in Swale is terraced houses followed by semi-detached dwellings.

Figure 2.9 Dwelling type in Swale, the South East and England, 2018

Source: Survey of English Housing 2018, modelled 2011 Census data
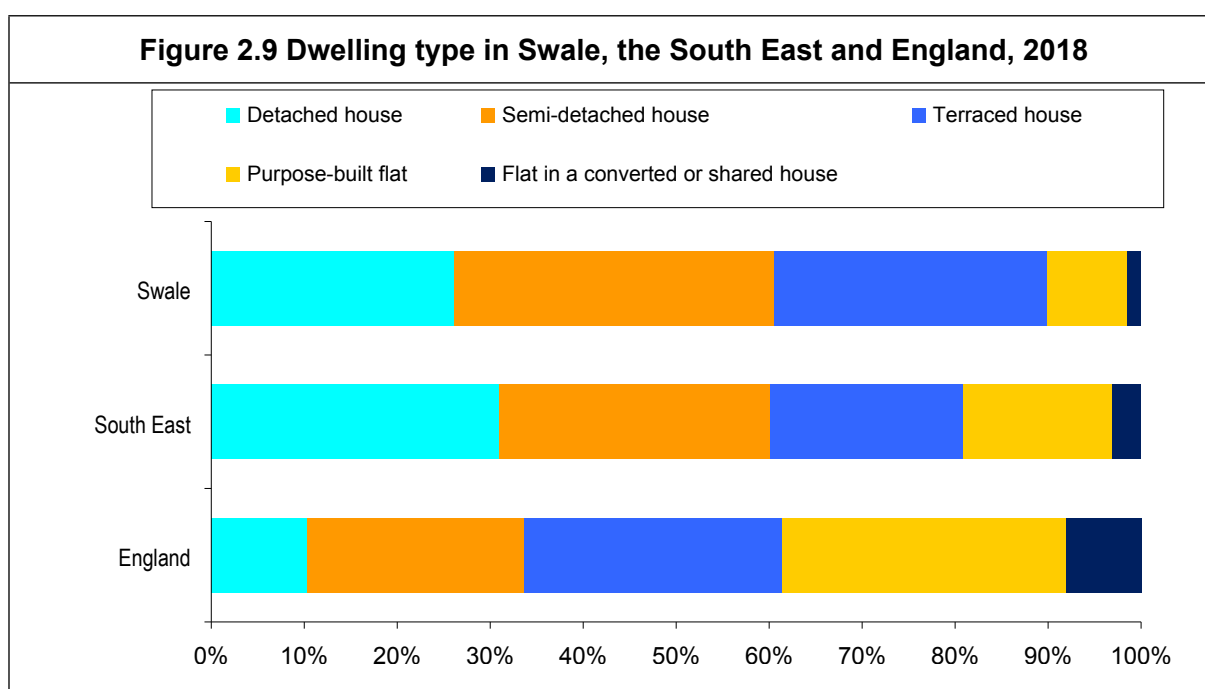
2.27   The table below compares the size of accommodation (in terms of rooms) in Swale with the South East region and England. The table indicates that Swale has fewer smaller dwellings (four or fewer rooms) than the South East region and England as a whole. Overall, exactly half of all dwellings in Swale have five or six rooms.

Table 2.3 Size of dwelling stock in the Swale, the South East and England, 2018			
Property size*	Swale	South East	England
2 or fewer rooms	1.9%	2.6%	0.7%
3 rooms	8.1%	10.0%	9.7%
4 rooms	15.9%	16.9%	21.3%
5 rooms	28.1%	21.2%	28.7%
6 rooms	21.9%	18.8%	20.2%
7 rooms	11.3%	12.3%	10.7%
8 or more rooms	12.7%	18.1%	8.8%
Total	100.0%	100.0%	100

*The number of rooms available excludes utility rooms but does include bathrooms and kitchens. Source: Survey of English Housing 2018, modelled 2011 Census data

Tenure

2.28   The figure below compares the tenure of households in Swale in 2018 with that recorded for the South East region and England. The data indicates that 33.9% of households in the Borough are owner-occupiers without a mortgage, compared to 35.1% in the region and 33.9% nationally. The proportion of owner-occupiers with a mortgage in Swale (34.1%) is however higher than both the regional (32.5%) and national average (29.6%). Some 13.0% of households in Swale are resident in the Social Rented sector, lower than the figure for the South East region (13.1%) and England (17.0%). Finally, some 19.0% of households in Swale live in private rented accommodation, compared to 19.3% in the South East region and 19.5% in England.

Figure 2.10 Tenure profile in the Swale, the South East and England, 2018

Source: Survey of English Housing 2018, modelled 2011 Census data
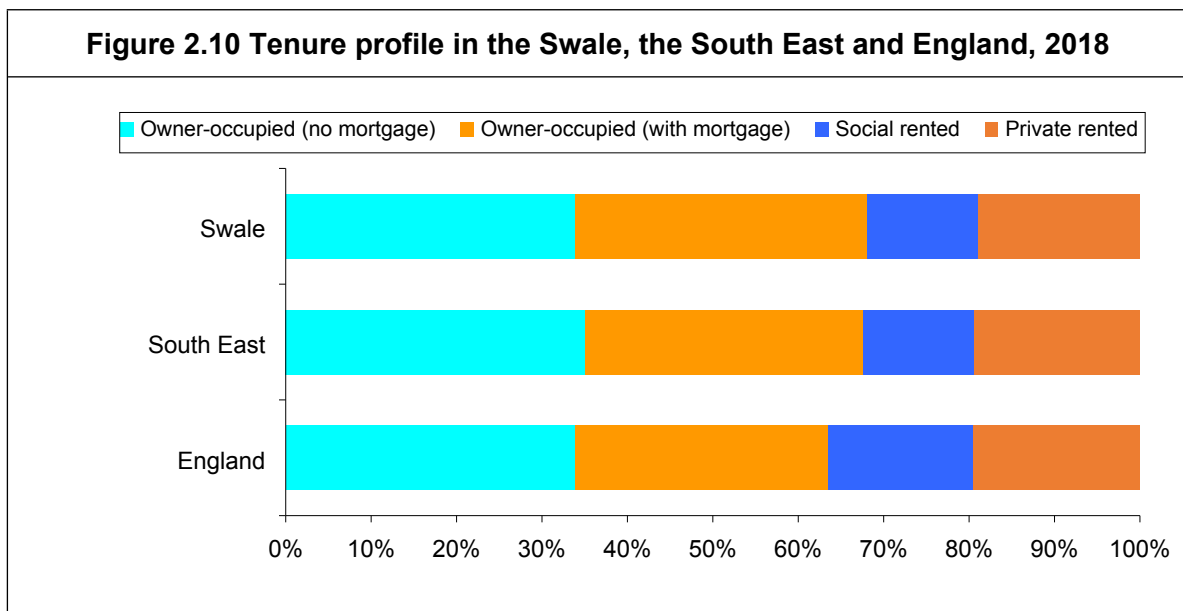
2.29   The figure below shows the change in the size of each tenure between 2013 and 2018. The figure shows that in all areas the private rented sector has increased dramatically and the number of owner-occupiers with no mortgage has also grown. In comparison, the number of owner-occupiers with a mortgage has decreased slightly. The Social Rented sector has recorded a modest growth.

Figure 2.11 Change in number of households in each tenure 2013 to 2018
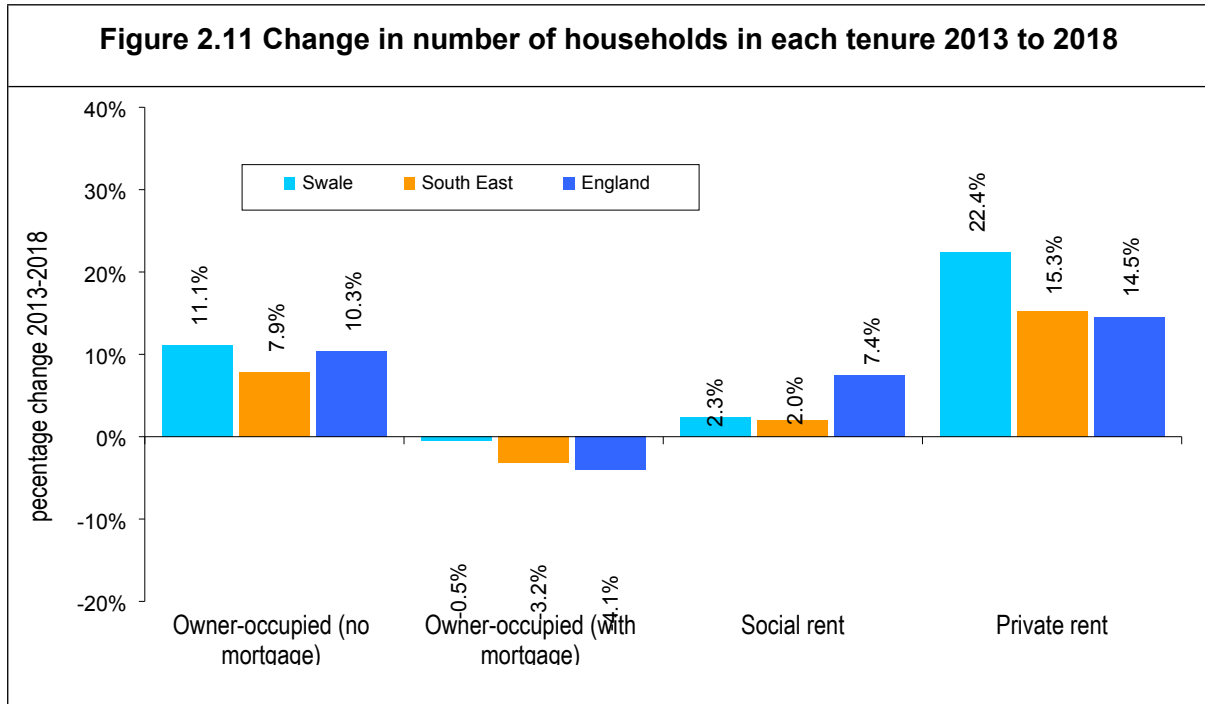
Source: Survey of English Housing 2018, modelled 2011 Census data

Tenure by bedroom

2.30   Finally, it is useful to understand the size of accommodation within each tenure as recorded in the LTBHM model (discussed further in Chapter 4). This is shown in the figure below. The data indicates that, in Swale, rented accommodation is smaller on average than owned dwellings. This pattern is common across the country and reflects of the profile of dwellings built in each sector alongside the size of homes lost from the affordable stock through Right-to-Buy, rather than the aspirations of those in the different tenures.

Figure 2.12 Dwelling size within each tenure in Swale, 2018
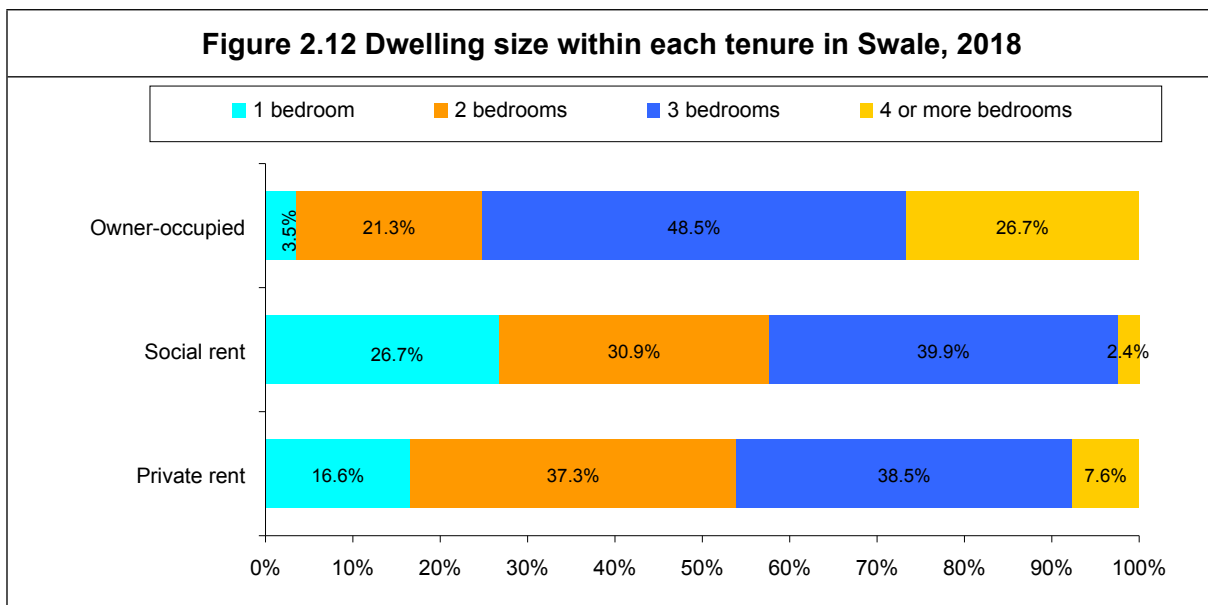
Housing Need – The Standard Method

2.31   As stated in the introduction to this chapter, it is expected that authorities follow the Standard Method set out in the PPG to determine the minimum annual local housing need figure. The PPG makes it clear that, whilst it is not mandatory, any deviation from the Standard Method should only be pursued in exceptional circumstances. This section will describe the steps involved in the Standard Method, following the approach described in the PPG[19], to calculate the figure for Swale.

Step 1 – Setting the baseline

2.32   The baseline is set using the 2014-based household projections in England[20]. The PPG indicates that '*Using these projections, calculate the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period)*.'

2.33   This source indicates that the number of households in Swale will grow from 63,117 in 2020 to 71,014 in 2030, which equates to 7,897 extra households over the decade or an average of 790 per year.

Step 2 – An adjustment to take account of affordability[21]

2.34   The average annual projected household growth figure produced in Step 1 should then be adjusted to reflect the affordability of the area using the most recent median workplace-based affordability ratios[22]. An adjustment is only required where the ratio is higher than 4 and '*for each 1% the ratio is above 4 (with a ratio of 8 representing a 100% increase), the average household growth should be increased by a quarter of a percent.*' The precise formula is detailed in the PPG:

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[19] All the steps are described in paragraph: 004 Reference ID: 2a-004-20190220

[20] https://www.gov.uk/government/collections/household-projections. Paragraph 005 of the PPG (Reference ID: 2a-005-20190220) states that the 2014-based projections are used (in preference to the more recently published 2016-based and 2018-based projections) as they are more suitable for meeting '*the Government's objective of significantly boosting the supply of homes.*'

[21] Paragraph 006 of the PPG (Reference ID: 2a-005-20190220) describes why an affordability ratio is applied – principally to account for any constrained household formation and to ensure that people aren't prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace. The affordability adjustment also accounts for past under-delivery as described in Paragraph 011 of the PPG (Reference ID: 2a-011-20190220).

[22]6https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebased earningslowerquartileandmedian

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ -4}{4}\right) x\ 0.25 + 1$$

2.35   The affordability ratio in Swale in 2019 is 9.03. The adjustment factor is therefore of 1.314375[23]. Applying this to the average annual projected household growth figure of 790, results in an annual local housing need figure of 1,038 per year.

Step 3 – Capping the level of any increase

2.36   As the PPG describes:

> *'A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.[24]' Alternatively 'where the relevant strategic policies for housing were adopted more than 5 years ago…, the local housing need figure is capped at 40% above whichever is the higher of:*
>
> *a. the projected household growth for the area over the 10-year period identified in step 1; or*
>
> *b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).'*

2.37   In Swale the most recent planning document is the Council's Local Plan 2014-2031[25], which was adopted in July 2017. This is under five years old, so the first of the two approaches described by the PPG is applied.

2.38   The potential cap is therefore based on a 40% increase to the annual housing requirement set out in the Local Plan 2014-2031. This document includes a requirement to deliver 776 dwellings per annum. The cap is therefore 1,086 in Swale (776x1.4). This cap represents the upper boundary for any increase, however the annual local housing need figure of 1,038 per year in Swale is within this cap and therefore does not need to be modified. **The Housing Need in Swale, as assessed using the Standard Method, is 1,038 per year**.

Overall level of housing need

2.39   The PPG[26] notes that whilst *'the standard method may change as the inputs are variable…, local housing need calculated using the standard method may be relied upon for a period of 2*

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[23] 9.03-4=5.03, 5.03/4=1.2575, 1.2575*0.25=0.314375, 0.314375+1= 1.314375

[24] *'This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and found to not require updating.'*

[25] https://www.swale.gov.uk/local-plan-for-swale/

[26] Paragraph 008 Reference ID: 2a-008-20190220

years from the time that a plan is submitted to the Planning Inspectorate for examination.' Whilst Paragraph 010 the PPG includes a number of conditions where it may be appropriate to pursue a higher housing need figure than is indicated by the Standard Method, this assessment is carried out on the basis that the standard method figure of 1,038 dwellings per annum will apply.

2.40   As noted in Paragraph 012 of the PPG[27], this approach provides an annual figure which can be applied to a whole plan period. The NPPF requires strategic plans to identify a supply of sites for 15 years, so a local need figure of 15,570 (1,038x15) is used as the basis for this assessment. It is important to note that the Local Plan for Swale will run from 2022 to 2038, so for the plan-period modelling presented in Chapter 4 of the report, a 16-year period is used.

2.41   As Paragraph 017[28] of the PPG notes, *'the standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore, the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.'* Chapter 4 of this report presents the disaggregation of this local housing need figure so that this requirement can be addressed.

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[27] Reference ID: 2a-012-20190220

[28] Reference ID: 2a-017-20190220

3. The cost and affordability of housing

Introduction

3.1   An effective housing needs assessment is founded on a thorough understanding of local housing – what it costs and how this varies. This chapter initially considers the cost of market housing in Swale in a regional and national context. Subsequently, it assesses the entry-level costs of housing across the Borough. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist. Finally, the chapter will report changes in affordability as well as the affordability of housing for different groups of the population currently.

Relative prices

3.2   The table below shows the average property price by dwelling type in 2019 in Swale, the South East region and England as a whole, as presented by the Land Registry[29]. The data indicates that the overall average property price in Swale is 6.7% lower than the national figure and 27.0% below the figure for the South East. The data also shows that all dwelling types in the Borough are cheaper than their national equivalents, other than semi-detached houses which are typically more expensive than both the South East and the national figure.

3.3   The dwelling profile is not the same across the three areas (with Swale having a greater proportion of sales of terraced houses and a notably smaller proportion of flat sales than nationally), so a mix adjusted average has therefore been derived to work out what the average price would be were the dwelling mix in Swale and the South East to be the same profile as is recorded across England. The mix adjusted average price indicates that equivalent properties in Swale are around 6.4% lower than those found nationally, and 26.7% lower than those across the South East as a whole.

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[29] http://landregistry.data.gov.uk/app/standard-reports/report-design?utf8=%E2%9C%93&report=avgPrice

Table 3.1 Average property prices 2018						
	Swale		South East		England	
Dwelling type	Average price	% of sales	Average price	% of sales	Average price	% of sales
Detached	£407,933	24.1%	£578,708	27.6%	£410,557	25.9%
Semi-detached	£278,091	27.4%	£365,232	27.3%	£257,470	29.9%
Terraced	£230,138	37.9%	£306,202	25.6%	£243,649	28.1%
Flats	£167,329	10.6%	£231,140	19.4%	£296,005	16.2%
Overall average price	£279,453	100.0%	£383,062	100.0%	£299,470	100.0%
Mixed adjusted overall average price	£280,348	-	£382,268	-	£299,470	-

Source: Land Registry, 2019

3.4 The average property price in Swale has risen by 15.2% between 2014 and 2019 compared to an increase of 14.9% nationally and a growth of 25.7% across the region. The number of sales in Swale over this period has fallen by 16.5% compared with a decrease of 20.3% in England and a fall of 23.4% in the South East.

3.5 The table below shows the average private rents by dwelling size in 2018-2019 in Swale, the South East region and England as recorded by the Valuation Office Agency. The data indicates that the overall average rental price in Swale is 9.2% lower than the national figure and 20.5% lower than the figure for the South East. The data also shows that all property sizes are cheaper on average to rent in Swale than across both the South East and England. The mix adjusted average rent indicates that equivalent properties in Swale are around 10.3% lower than those found nationally, and 21.7% cheaper than those in the South East.

Table 3.2 Average private rents in 2018-2019* (price per month)						
	Swale		South East		England	
Dwelling size	No. of sales	Average price	No. of sales	Average price	No. of sales	Average price
One bedroom	140	£582	17,540	£718	92,160	£731
Two bedroom	310	£753	31,910	£916	210,040	£800
Three bedroom	250	£883	16,980	£1,131	123,660	£916
Four bedroom	40	£1,239	7,630	£1,873	40,590	£1,611
Overall average rent**	770	£779	79,750	£980	504,970	£858
Mixed adjusted rent	-	£796	-	£1,017	-	£888

*Recorded between 1 April 2018 to 31 March 2019 **This figure includes the rents for room and studio accommodation which are not presented in this table. Source: Valuation Office Agency, 2019

3.6 The average rents in Swale have risen by 18.9% between 2013-14 and 2018-19 compared with an increase of 19.2% nationally, and a growth of 13.4% across the region. The number

of lettings in Swale over this period has fallen by 19.2% compared with a rise of 5.7% in England and a decrease of 3.9% for the South East.

The cost of housing

3.7   Ward-level Land Registry data has been used to consider the variations in property price across the Borough. This is presented in the figure below. The figure indicates that there is notable variation across the Borough, with prices generally cheapest in the Isle of Sheppey and most expensive on the mainland in the rural areas in the east of the Borough, around Faversham. Whilst the rural parts of the west of the Borough (on the mainland) are more expensive than the Borough-wide average, Sittingbourne is cheaper than average and closer in price to Sheppey than Faversham. The previous housing market assessment undertaken in Swale in 2015[30] identified three price markets in the Borough: Faversham and the east of the Borough, Sittingbourne and its surrounds, and the Isle of Sheppey. These price markets still appear to be in operation in Swale in 2020.

Figure 3.1 Variation in property prices across Swale – Median property prices by ward Jan 2018 to March 2020

Source: Land Registry, 2020

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[30] https://archive.swale.gov.uk/assets/Planning-General/Planning-Policy/Evidence-Base/Local-Plan-2014/Further-evidence-2015/Part-2-SHMA-Sep-15-SBCPS25g.pdf
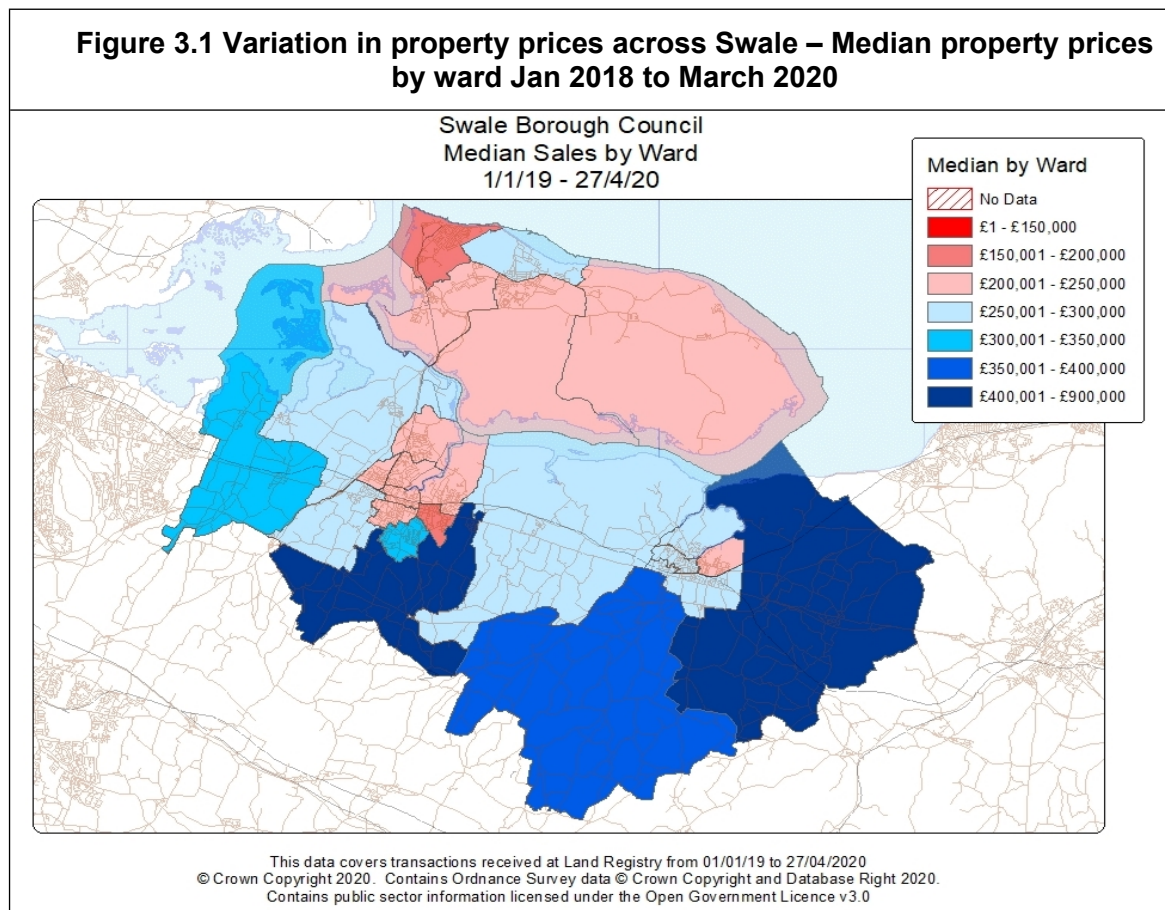
3.8   To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. No published secondary data contains this information at a Local Authority level. As part of this study we have therefore undertaken a price survey to assess the current cost of market (owner-occupied and private rented) and affordable housing in Swale. At the time of the price survey there were over 910 homes advertised for sale and over 180 properties available to rent in Swale providing a suitably large sample size for this process.

3.9   It should be noted that there are a number of mobile homes in the Borough, some of which are available for permanent occupation as a park home[31]. Park homes were evaluated distinctly within the wider housing market survey. The price of two bedroom park homes range in price considerably across the Borough from £40,000 to £200,000 and the price variation seems to relate more to the age of the home than the location. This is because newer homes are higher in specification particularly for things such as insulation, sustainability, room sizes and design. It seems clear that older park homes along with mobile homes such as caravans, should not be considered as suitable market homes as they would not be adequate to accommodate a household all year round. Whilst newer park homes could be considered as suitable, their price is not notably lower than second hand traditional homes reflective of the high build standards that they now adhere to. The price survey has therefore presumed that park homes can be considered suitable accommodation for residents provide they meet suitable design specifications (such as the BS3632 standard).

3.10   Median property prices by number of bedrooms were obtained in each of the three price markets in the Borough via an online search of properties advertised for sale during April 2020. The results of this online price survey are presented in Figure 3.2. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 5% lower across the Borough). The figure shows that in the Sittingbourne & surrounds and the Isle of Sheppey price markets, the difference between one and two bedroom homes is the smallest, whilst in the Faversham & the east price market, the difference between two and three bedroom homes is smallest.

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[31] The Council define a park home as a pre-fabricated dwelling constructed to a British Standard under controlled workshop conditions before being transported to a park/location and assembled on site. Only those designated as official permanent residences may be used for these purposes.

Figure 3.2 Median prices by size and price market
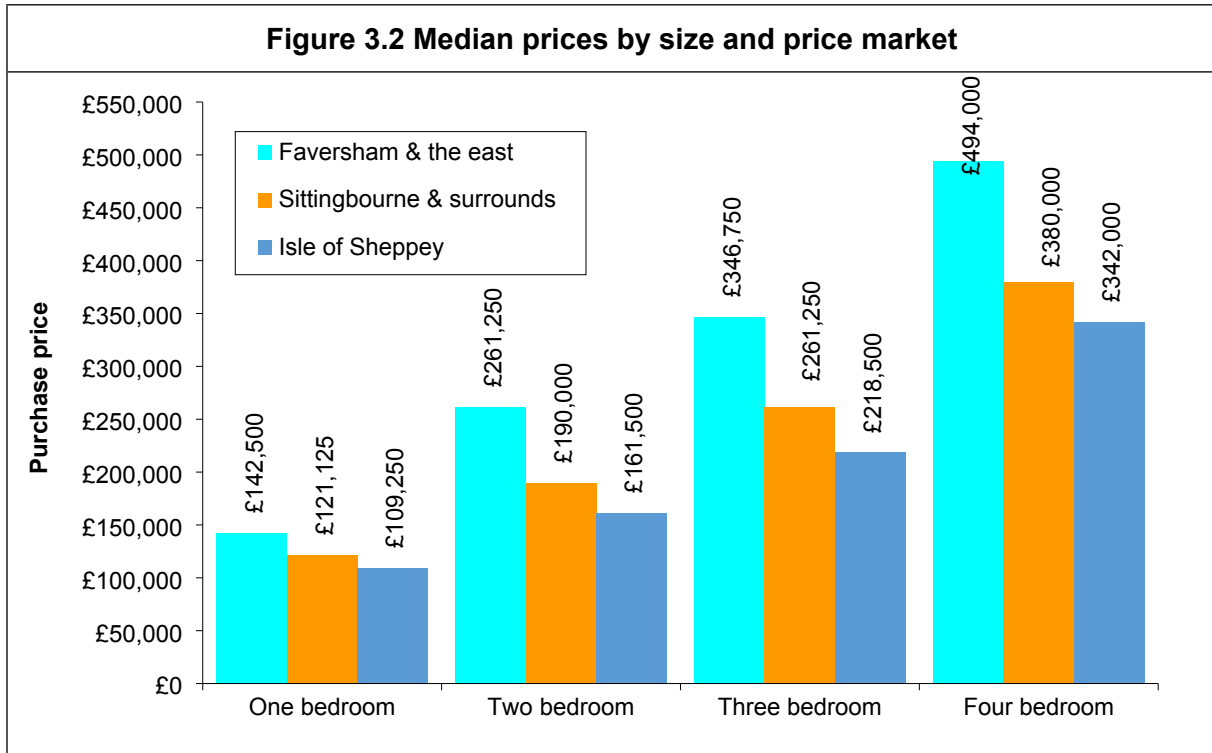
Source: Online estate agents survey April 2020

3.11 The online survey also collected information at different points of the price distribution. Entry-level property prices for each price market are presented in the figure below. In accordance with the PPG, entry-level prices are based on lower quartile prices (paragraph 021 Reference ID: 2a-021-20190220). This lower quartile price reflects the cost of a home in suitable condition for habitation, some of the properties available in the lowest quartile are sub-standard and will require modernisation and updating which will add further expense to the purchase price.

Figure 3.3 Lower quartile prices by size and price market
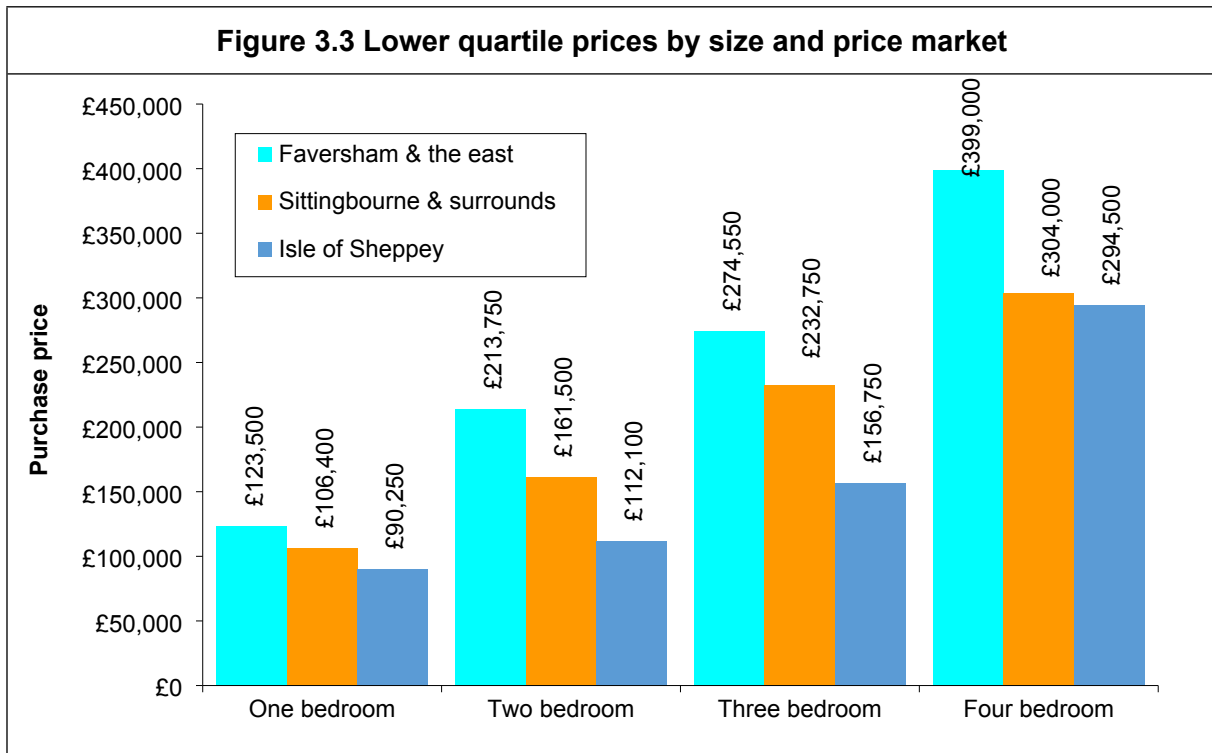
Source: Online estate agents survey April 2020

3.12 The analysis so far has considered price data by price market; however, it is useful to also present this information for the Borough as a whole. Figure 3.4 therefore shows median and entry-level property prices by number of bedrooms across Swale. The figure indicates that entry-level prices in the Borough range from £104,000 for a one bedroom home up to £323,000 for a four bedroom property. Median prices are generally around 15-25% higher than entry-level prices. In terms of market availability, the analysis showed that three bedroom properties are most commonly available to purchase in Swale, with four bedroom homes the next most widely available. The smallest supply is of one bedroom homes.

Figure 3.4 Property prices by size in Swale
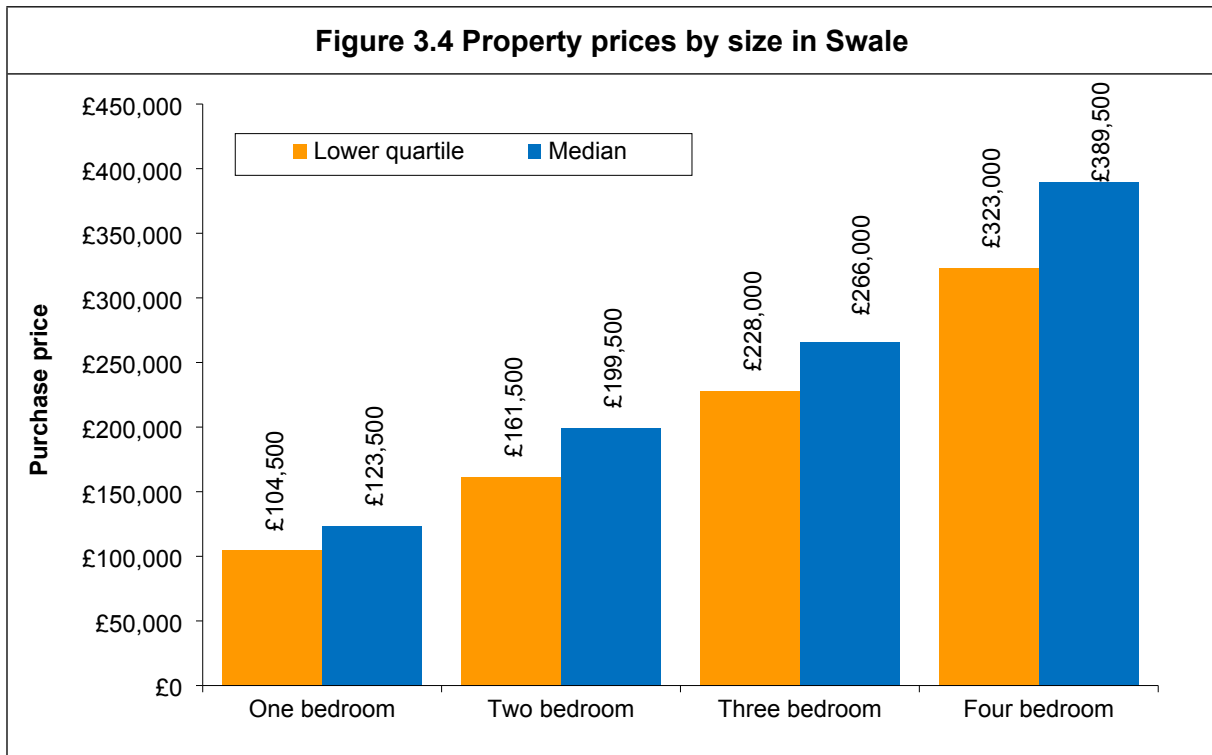
Source: Online estate agents survey April 2020

Private rents

3.13   Whilst private rent levels vary across the Borough, the distinction between the areas is less marked than with owner-occupation, reflecting that location is not as important a determinant in rent levels as the condition and quality of the property. The median price for private rented accommodation by property size in each price market is presented in the figure below. The costs recorded are the agreed letting cost rather than the advertised cost, although generally there is little distinction between the two, especially for smaller properties where the demand is high relative to supply. The figure also includes the cost of a shared room within the private rented sector[32].

3.14   The figure shows that the smallest difference is between the cost of a two and three bedroom dwelling in the Faversham & the east price market, whilst the difference between one and two bedroom homes is smallest in the Sittingbourne & surrounds and Isle of Sheppey price markets.

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[32] The Local Housing Allowance regulations, which indicates that single people 35 or under are only entitled to the shared accommodation rate rather than the rate for a one bedroom home, imply that these individuals are deemed suitable to meet their housing needs within the market in this way. The cost of a room within shared accommodation is therefore included as it represents appropriate accommodation for single person households of 35 or under and this group of households will be tested against its ability to afford this in the affordable housing needs model set out in Chapter 5.

Figure 3.5 Median private rents by size and price market
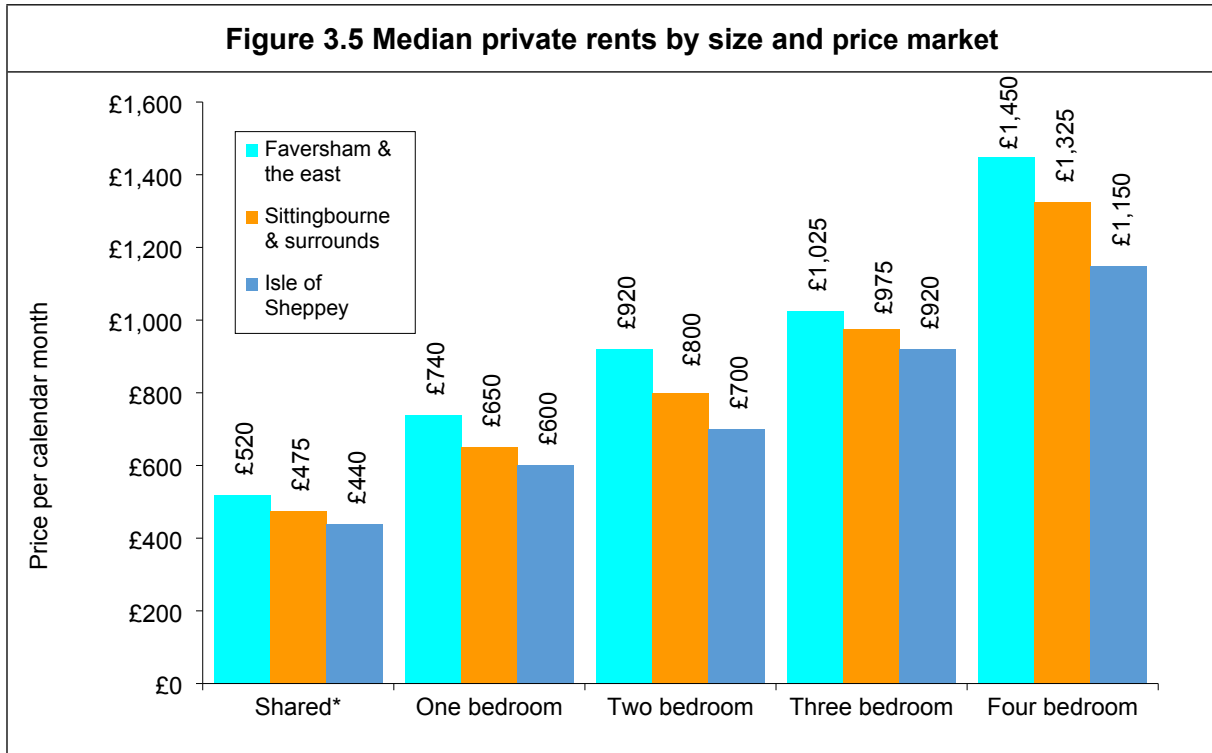
* Shared room is a room in a shared dwelling. Source: Online estate agents survey April 2020

3.15 Entry-level private rents for each price market are presented in the figure below. Private rents are highest in the Faversham & the east price market, followed by the Sittingbourne & surrounds price market, with the Isle of Sheppey price market cheapest. This pattern is consistent across all dwelling sizes.
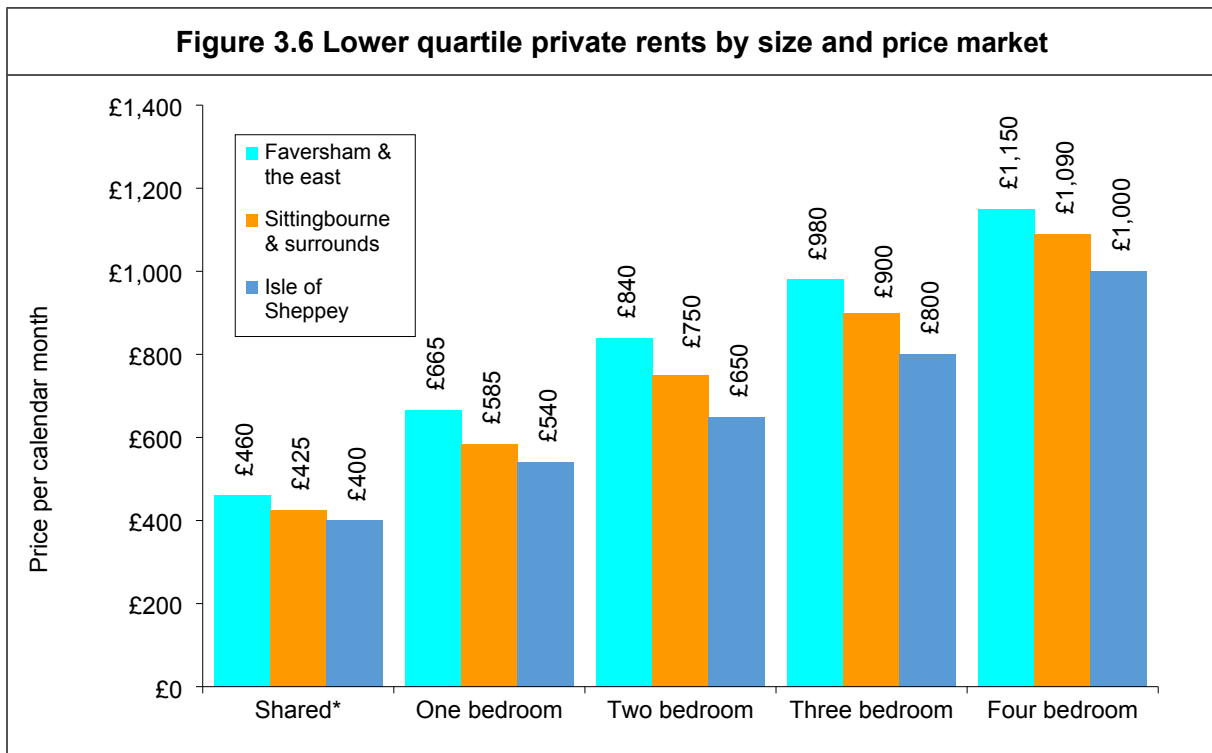
Figure 3.6 Lower quartile private rents by size and price market

* Shared room is a room in a shared dwelling. Source: Online estate agents survey April 2020

48

3.16 The entry-level and median price for private rented accommodation by property size across the whole of Swale is presented in the figure below. The figure indicates that entry-level rents range from £590 per month for a one bedroom home, up to £1,075 per month for a four bedroom property. The profile of properties available is somewhat different to that for purchase, with a greater proportion of one and two bedroom homes available to rent in the Borough.

Figure 3.7 Private rents by size in Swale
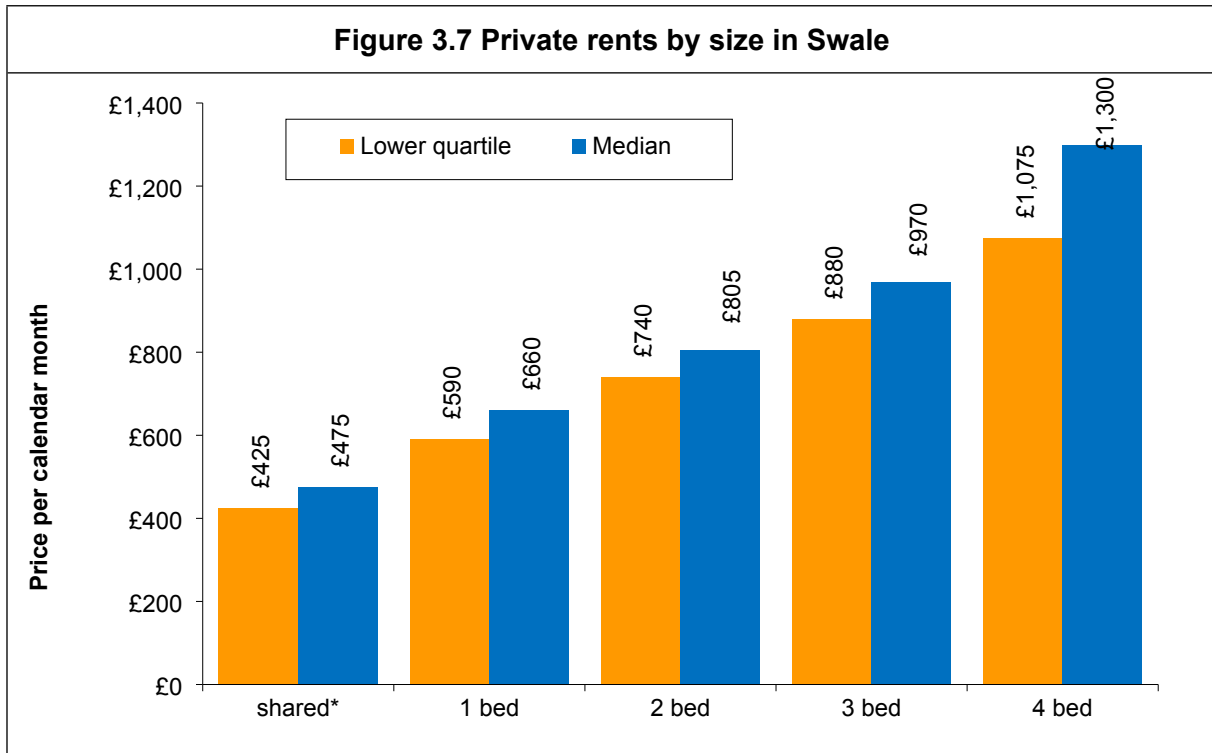
* Shared room is a room in a shared dwelling. Source: Online estate agents survey April 2020

Social Rents

3.17 The cost of Social Rented accommodation by dwelling size in Swale can be obtained from the Regulator of Social Housing's[33] Statistical Data Return dataset. The table below illustrates the cost of Social Rented dwellings in Swale. The costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant gap between the Social Rented and market sectors.

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[33] https://www.gov.uk/government/statistics/statistical-data-return-2018-to-2019

Table 3.3 Average Social Rented costs (per month)	
Bedrooms	*Average cost*
One bedroom	£357
Two bedrooms	£411
Three bedrooms	£459
Four bedrooms	£517

Source: HCA's Statistical Data Return 2019

Affordable Rent

3.18   Affordable Rent is a relatively new product that has been introduced to reduce the requirement for capital subsidy for affordable accommodation. It is within the definition of affordable housing in the NPPF and is intended to house households on the Housing Register. It is not an intermediate product, but affordable housing for rent that coexists with the existing Social Rent tenure. Whilst there remain long-standing tenancies on Social Rent, the majority of new rented affordable accommodation in Swale is Affordable Rent; both re-lets from the existing stock and new Affordable Rented accommodation added to the stock. Due to its different cost level, detail will be presented on its relative affordability in comparison with Social Rent where this is possible (in Chapter 5).

3.19   Affordable Rents can be set at up to 80% of open market rents, implying there is flexibility as to what they may cost. The table below details the Affordable Rent levels charged in Swale. A comparison with median market rents indicates that Affordable Rent levels are around 60% to 65% of median market rents.

Table 3.4 Average Affordable Rented costs (per month)	
Bedrooms	*Average cost*
One bedroom	£418
Two bedrooms	£536
Three bedrooms	£610
Four bedrooms	£782

Source: HCA's Statistical Data Return 2019

Analysis of housing market 'gaps'

3.20   Housing market gaps analysis has been developed to allow comparison of the costs of different tenures. The figure below shows the housing ladder that exists for different sizes of property. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them. To do this, we have divided the entry-level property

price (set out in Figure 3.3) by 3.5[34] to get an annual income figure (to reflect the likely minimum income required to be granted a mortgage on the property) and multiplied the annual rent by 2.857 to produce a comparable figure. This latter step was carried out for both Affordable Rents (set out in Table 3.4) and market rents (set out in Figure 3.7). These approaches assume a household spends no more than 35% (1/35 = 2.857) of gross household income on rent – this assumption is used to enable a comparison of the different housing costs.

3.21   The figure shows a comparison of the indicative income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures - the smaller the gaps, the easier it is for a household to ascend the ladder.

Figure 3.8 Household income required to access housing in Swale, by number of bedrooms

Source: Online survey of property prices April 2020; HCA's Statistical Data Return 2019

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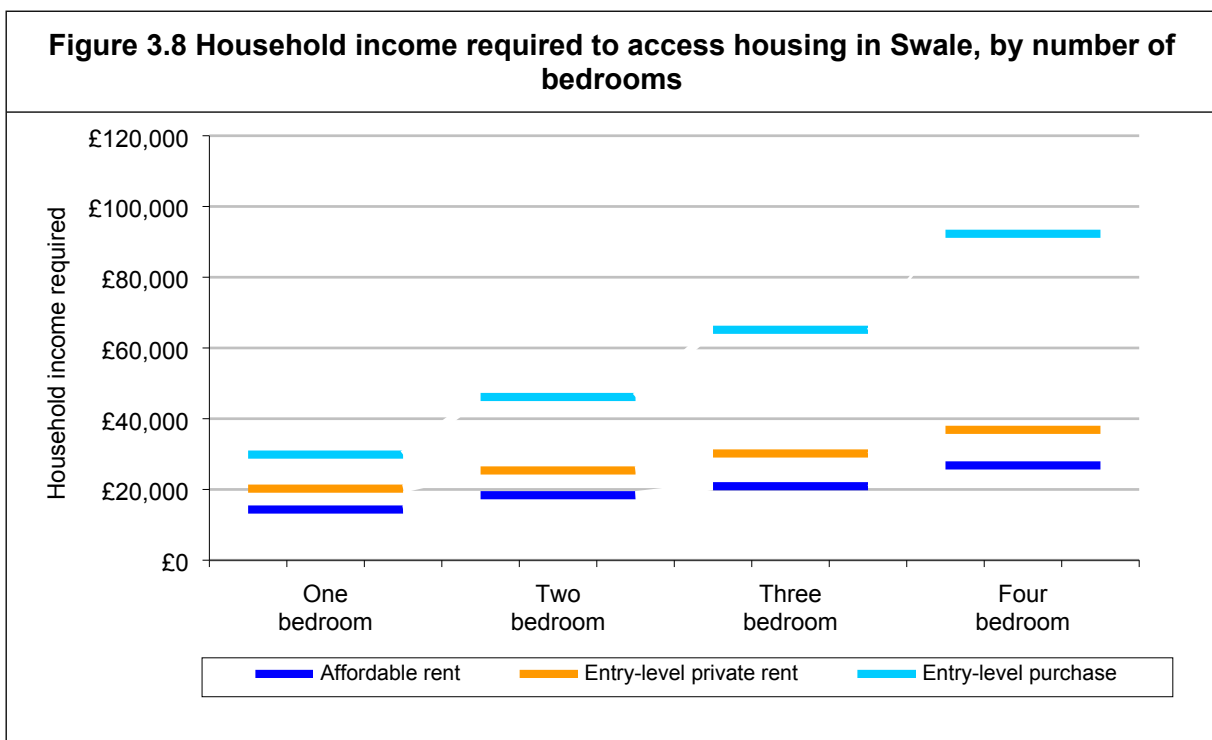
[34] The multiple of 3.5 for owner-occupation was established in the Strategic Housing Market Assessments Practice Guidance https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance (page 42). The most recent data available from the Bank of England suggests that this multiple still applies. (https://www.bankofengland.co.uk/-/media/boe/files/statistics/mortgage-lenders-and-administrators/mlar-longrun-detailed.xlsx?la=en&hash=C19A1AC6C462416B0DA71926A744233793B8049B (table 1.31)). This data indicates that of all residential loans to individuals (both regulated and non-regulated) given in England in 2018 to both joint and single applicants, 3.5 is the median income multiple used (49.2% of loans had used a multiple greater than 3.5 and 50.8% used a multiple lower than 3.5. The mortgages recorded as having an 'other' multiple have been excluded from this calculation) For modelling purposes, it is presumed there is no requirement for a deposit as there is no local level data available on household savings and capital levels to enable this analysis.

3.22   The figures above indicate that for all dwelling sizes in the Council area, the gap between Affordable Rent and market rent is smaller than the gap between market rent and entry-level home ownership. The gaps for four bedroom accommodation are large; in Swale an additional £10,000 per year is required to access a four bedroom private rented home over the cost of a four bedroom Affordable Rented property, with a further £55,500 in household income required to move to an owner-occupied home.

3.23   The table below shows the size of the gaps for each dwelling size in Swale. The table indicates, for example, that three bedroom entry-level private rents in the Borough are 44.2% higher (in terms of income required) than the cost of Affordable Rented. The notable gap recorded between Affordable Rents and market entry rents for most dwelling sizes indicates that intermediate housing could potentially be useful for many households. The very large gap between market entry rents and market entry purchase in all cases indicates notable potential demand for part-ownership products for households in this gap.

Table 3.5 Scale of key housing market gaps		
Property size	*Affordable Rent<entry-level rent*	*Entry-level rent<entry-level purchase*
One bedroom	41.2%	47.6%
Two bedrooms	38.1%	81.9%
Three bedrooms	44.2%	115.9%
Four bedrooms	37.5%	150.4%

Source: Online survey of property prices April 2020; HCA's Statistical Data Return 2019

Intermediate products

3.24   A range of intermediate options are potentially available for households in Swale, the costs of these are profiled below.

Intermediate Rent/Rent-to-Buy

3.25   Rent-to-Buy is a route to home ownership where homes are let to working households at an Intermediate Rent (i.e. less than the full market rent) to give them the opportunity to save for a deposit to buy their first home. It is planned that by landlords providing a discounted rent for tenants for a minimum of 5 years, they will have sufficient time to acquire a deposit so that they may purchase the home[35]. It is set out that the Intermediate Rent must not exceed 80%

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[35] It should be noted that officers in Swale Council are concerned that households in the Borough on low incomes would not be able to save enough, even with the discounted rent, to be afford to purchase the home after the five year period and that may result in them becoming homeless if they are unable to achieve the conditions of the discounted housing opportunity.

of the current market rent (inclusive of service charge), however the product is distinct from Affordable Rent which is available to tenants on the same basis as Social Rent.

3.26   Although the availability of Rent-to-Buy in the area is currently extremely limited, its potential suitability for households can be tested by modelling its theoretical cost. The table below sets out the costs of intermediate rent in Swale, presuming that the rent is set as 80% of median market rents. The table shows that, in all instances, Intermediate Rent is cheaper than market entry rent and can be considered an affordable product. In all cases, it is also more expensive than the Affordable Rent currently charged within Swale. As in all instances Intermediate Rent is more expensive than Affordable Rent (and is therefore serving a separate portion of the housing market), it will be considered for its suitability for meeting those in housing need in Chapter 5.

Table 3.6 Estimated cost of Intermediate Rent within Swale (monthly cost)			
Bedrooms	*Intermediate Rent*	*Entry-level private rent*	*Affordable Rent*
One bedroom	£528	£590	£418
Two bedrooms	£644	£740	£536
Three bedrooms	£776	£880	£610
Four bedrooms	£1,040	£1,075	£782

Source: Online survey of property prices April 2020; HCA's Statistical Data Return 2019

Shared Ownership

3.27   The table below presents the estimated costs of Shared Ownership housing in Swale as obtained from the online estate agent survey. The open market values are based on newbuild prices at the time of the survey. The monthly costs of purchasing the property with a 40% equity share and with a 25% equity share are both presented as these are the most commonly available options. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 3.79%[36] paid on the equity share owned and a rent payable at 2.75% on the remaining equity (i.e. the part of the house not purchased).

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[36] This interest rate is available as a five-year fixed product to potential homeowners with a high loan to value ratio currently. It is also a rate with no additional product fee associated with it. Whilst there are lower interest rates available for those with lower loan to value ratios, we are principally assessing households looking to purchase a home for the first time who are likely to have higher loan to value ratios. Lower interest rates are available for those choosing a shorter fixed term period, however we feel that the use of a five-year period provides a known cost for households becoming owners for a good amount of time.

3.28 The table shows that a 25% equity share Shared Ownership is cheaper than market entry rent for one, two and three bedroom homes, but is more expensive than entry-level private rents for four bedroom accommodation. A 40% equity share Shared Ownership is cheaper than market entry for one and two bedroom accommodation for both rent and home ownership, whereas for three and four bedroom homes it is more expensive than entry-level market rent although it is cheaper than entry-level home ownership.

Shared equity

3.29 Shared equity is a product similar to Shared Ownership that is typically offered by the private sector rather than Registered Providers. With shared equity a mortgage is offered on the equity owned but with no rent due on the remaining equity. Shared equity is not confined to newbuild housing (whilst shared ownership is) and, whilst it can be used to access second-hand housing, in Swale it is only available on new dwellings. The typical proportion of the equity sold for a shared equity product is 75%. The monthly costs of purchasing a shared equity property with a 75% equity share are set out in the table below. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 3.79% paid on the equity share owned.

3.30 Other than for one and two bedroom homes, shared equity accommodation with a 75% equity share is more expensive than entry-level market rent accommodation. It is also more expensive than Shared Ownership accommodation. It is however cheaper than entry-level home ownership in Swale for all property sizes.

Starter Homes/ Discount Home Ownership

3.31 Discounted Home Ownership is based on selling a home for a proportion of the market value with no residual rent to pay. However, the equity level owned is capped and any future re-sale will be at the same proportion of the agreed price. In Swale the typical proportion of market value sold is 80%. In 2016 the Government introduced its Starter Homes Initiative whereby the Government is offering concessions for housebuilders who construct new homes specifically to be sold as discount market houses (with a discount of at least 20%) for first-time buyers under 40 years old. Starter Homes are within the definition of affordable homes in the NPPF (pg 64). The discounted price of these homes should be no more than £250,000 outside London. Eligible first-time buyers will also be required to have a mortgage in order to ensure cash buyers aren't able to speculatively acquire this product. There will also be a minimum 15-year repayment period for a Starter Home.

3.32 As it is not possible to separate the potential market for this product from just those aged under 40 and to identify households suitable specifically for a Starter Home rather than a broader Discount Home Ownership home, Discounted Home Ownership and Starter Homes equate to the same product for the purposes of this report.

3.33 The table below presents the estimated costs of Starter Homes in Swale. These are based on the same open market values as were used for Shared Ownership. The monthly costs are based on a 30-year repayment mortgage with an interest rate of 3.79% paid on the equity share owned.

3.34 Starter Homes with an 80% share are more expensive than Shared Ownership accommodation and entry-level market accommodation for one and two bedroom homes. It is however cheaper than entry-level home ownership for three and four bedroom homes. It is also worth noting that the price at which Discounted Home Ownership properties would be for sale (at 80% of the value of newbuild home ownership) would be under the cap of £250,000 for one, two and three bedroom homes, but four bedroom properties at this level of discount would be over the cap.

Table 3.7 Estimated cost of intermediate housing in Swale (monthly cost)							
Bedrooms	*Open market value*	*Shared Ownership – 40% equity*	*Shared Ownership – 25% equity*	*Help to Buy/ Starter Homes*	*Shared equity*	*Entry-level private rent*	*Entry-level owner-occupation**
One bedroom	£135,000	£437	£389	£503	£471	£590	£486
Two bedrooms	£205,000	£664	£591	£763	£716	£740	£752
Three bedrooms	£280,000	£906	£807	£1,043	£978	£880	£1,061
Four bedrooms	£400,000	£1,295	£1,153	£1,490	£1,397	£1,075	£1,504

*The monthly cost of entry-level owner-occupation presuming a 30-year repayment mortgage with an interest rate of 3.79%. Source: Online estate agents survey, April 2020

Help to Buy: Equity Loan

3.35 The Help to Buy: Equity Loan is available to help potential homeowners acquire a new home through a lower than usual deposit. In this scheme the Government lends up to 20% of the cost of a newly built home. The potential homeowner needs to provide a 5% cash deposit and a 75% mortgage to make up the rest (a deposit of at least 10% would typically be required on newbuild homes without a Help to Buy: Equity Loan from the Government). There is no residual rent to pay and loan fees on the 20% loan do not apply for the first five years after the home is bought. Equity loans are available to first time buyers as well as homeowners looking to move, although from 2021 it will be restricted only to first time buyers. The home must be newly built and cost no more than £600,000. It is not possible to sublet a home bought with a Help to Buy: Equity Loan or own another property when acquiring a home through this initiative. Help to Buy: Equity Loan is a form of financing rather than a specific intermediate housing product. As it is not a type of affordable housing, this product's suitability to address the future accommodation requirements in Swale will not be profiled in detail in this report. It is however helping to address the same market gap as discount market housing/ Starter Homes.

First Homes

3.36   In February 2020, during the research for this study, the Government announced a consultation of the First Homes policy, which is a potential new initiative to help deliver discounted homes to local people. First Homes are intended to be newly built properties sold with a discount of at least 30% to local people that are unable to purchase a market home in the community where they live or work. First-time buyers, members of the armed forces and key workers will be prioritised for this product. It is anticipated that no interest will be paid on the remaining equity however when the home is sold on in the future it will be available at the same proportion of discount for which it was originally bought. The purpose of this product is to increase owner-occupation so the dwellings will not be able to be used as holiday homes or buy-to-lets.

3.37   As this policy is still at consultation stage it is premature to undertake detailed modelling of the potential demand, however the initial guidance suggests that whilst 30% will be the minimum discount applied, *'local areas will be able to set a larger discount to ensure the homes are affordable to local people'*[37]. It is useful therefore to understand whether a larger discount would be required in Swale currently. This is presented in the table below. The table suggest that a 30% discount will be sufficient to ensure newbuild properties are notably cheaper than entry-level owner-occupation and will therefore address a gap in the housing market locally.

Table 3.8 A comparison of the potential price of a First Home with entry-level owner-occupation			
Bedrooms	*Newbuild prices*	*Newbuild prices with a 30% discount*	*Entry-level owner-occupation*
One bedroom	£135,000	£94,500	£104,500
Two bedrooms	£205,000	£143,500	£161,500
Three bedrooms	£280,000	£196,000	£228,000
Four bedrooms	£400,000	£280,000	£323,000

Source: Online survey of property prices April 2020

Local Housing Allowance

3.38   Local Housing Allowance (LHA) is the mechanism for calculating Housing Benefit and the housing element of Universal Credit outside of the Social Rented sector. It is designed to assist people in their ability to pay for their housing, however there is a limit as to how much financial assistance will be provided dependent on the location and size of the property. The LHA cap sets out what this maximum limit for the Broad Rental Market Area (BRMA) in which

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[37]
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864267/Guide_to_First_Homes.pdf

the claim is made as determined by the Valuation Office Agency. If the rent charged is in excess of this cap, it is the responsibility of the household to pay the shortfall.

3.39 The table below sets out the monthly LHA caps that apply in Swale, which is covered by three BRMAs: The Medway/Swale BRMA applies in the Isle of Sheppey and Sittingbourne, including Bapchild and Teynham. The Canterbury BRMA covers the eastern part of the Borough starting from the Faversham side of Teynham. The Maidstone BRMA applies to the villages on the top of the North Downs below the M2 motorway as far east as Doddington. A comparison with the Affordable Rent levels in Swale (set out in Table 3.4) indicates that the local Affordable Rents are currently cheaper than the LHA caps for all dwelling sizes in all three BRMA areas. A comparison with the entry-level private rents in Swale (set out in Figure 3.7) suggests that the LHA caps in the BRMAs are 5-10% higher than entry-level private rent. This means that households in accommodation priced at the lower quartile level and in receipt of the full LHA applicable in the private rented sector are unlikely to need additional income sources to be able to pay for their rent.

Table 3.9 Local Housing Allowance Cap (per month)			
Bedrooms	*Canterbury BRMA*	*Maidstone BRMA*	*Medway & Swale BRMA*
Shared room	£341	£385	£316
One bedroom	£593	£648	£593
Two bedrooms	£793	£813	£748
Three bedrooms	£972	£972	£848
Four bedrooms	£1,247	£1,247	£1,197

Source: Valuation Office Agency 2020

Affordability of housing

3.40 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. As stated in Chapter 2, the affordability ratio is currently 9.03 in Swale (with an affordability ratio over 4 indicating a market adjustment is required, as discussed in paragraph 2.34). In comparison the affordability ratio in 2019 in the South East was 10.12, whilst the national figure was 7.83. The affordability ratio in Swale has risen by 27.0% over the last 5 years (it was 7.11 in 2014). In comparison, over the same time period, the affordability ratio has risen by 18.2% for the South East (from 8.56 in 2014) and by 10.4% nationally (a 2014 base of 7.09).

Affordability for specific household groups

3.41   The household income distribution referred to in Figure 2.8 differentiated by household type can be used to assess the ability of households in each authority to afford the size of home that they require (according to the bedroom standard[38]). The entry-level cost of housing by bedroom size is presented in Figures 3.4 and 3.7 and the test is based on the affordability criteria discussed above.

3.42   The figure below shows the current affordability of households in Swale by household type and number of bedrooms required. This is the theoretical affordability of households, as the analysis considers all households regardless of whether the household intends to move. It is used to just demonstrate the comparative affordability of different household groups for contextual purposes and does not represent information that the Council needs to plan against.

3.43   The data indicates that 44.0% of lone parent households in Swale would be unable to afford market housing (if they were to move home now). Single person households are also relatively unlikely to be able to afford, whilst couple households without children are most likely to be able to afford market housing in the Borough. Households requiring a four bedroom home are least likely to be able to afford this size of market housing in Swale.

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[38] This is the number of bedrooms that is required and is calculated depending on the age, sex and relationship status of the members to the household. A separate bedroom is allocated for each couple and any single person aged 21 or over. Any children aged 10-20 of the same sex is presumed to be able to share a bedroom as are each pair of children under 10 (regardless of gender). Any unpaired child aged 10-20 is paired, if possible, with a child under 10 of the same sex, or, if that is not possible, they are counted as requiring a separate bedroom, as is any unpaired child under 10.

Figure 3.9 Theoretical affordability of market housing*

Category	Percentage
Single pensioner	24.6%
Single other	24.5%
Couple with no children	8.6%
Couple with child/children	19.0%
Lone parent	44.0%
Other	19.1%
Households requiring 1 bedroom	16.4%
Households requiring 2 bedrooms	19.9%
Households requiring 3 bedrooms	27.2%
Households requiring 4+ bedrooms	39.4%

Households unable to afford
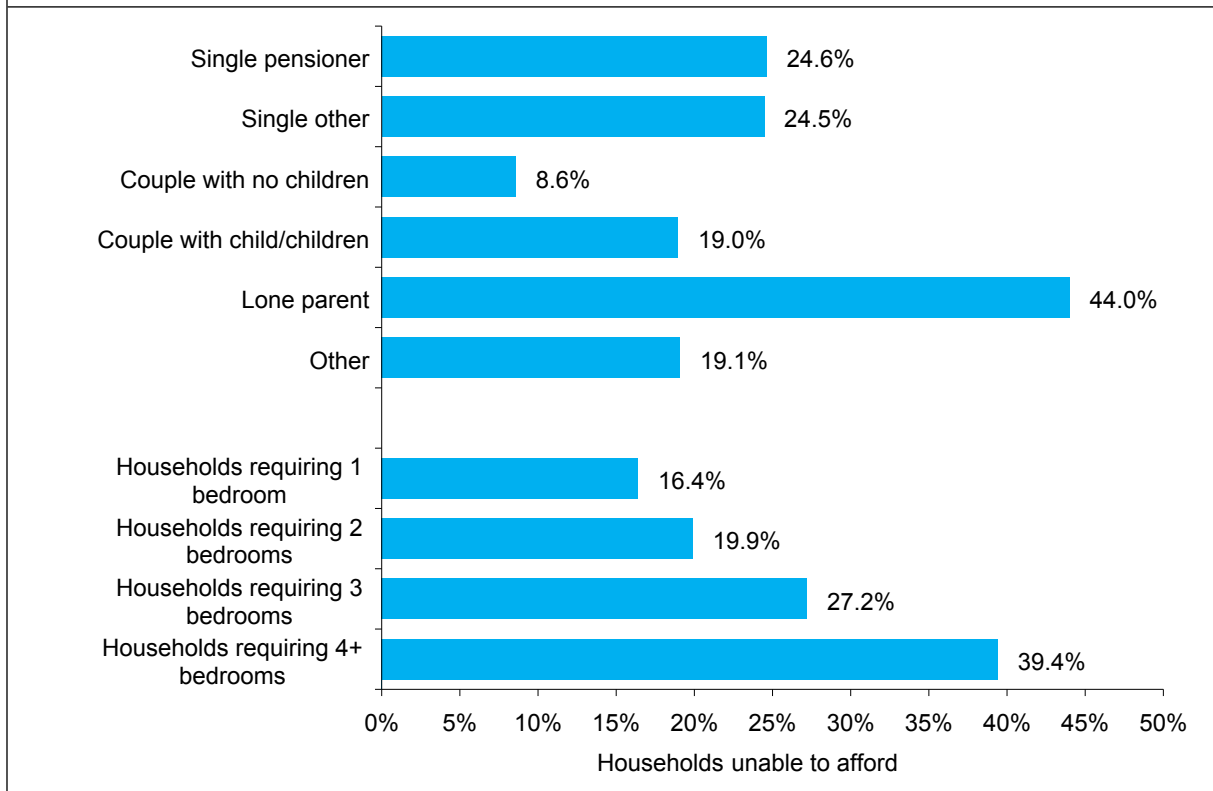
*Unable to afford both entry-level private rent and entry-level home ownership

4. Type and tenure of future housing needed

Introduction

4.1   The requirement within paragraph 61 of the NPPF to disaggregate the local housing need figure to '*assess the size, type and tenure of housing needed for different groups in the community*' is reiterated in Paragraph 17 of the PPG. This chapter describes the long-term balancing housing markets (LTBHM) model which determines the future demand for housing by size and tenure based on the profile of the population derived within the local housing need calculation (set out in Chapter 2).

4.2   There are two stages to this process, the first is to disaggregate the local housing need as derived through the Standard Method to produce a population profile for the Borough at the end of the plan period in 2038. The second process uses secondary data to model the future demand for housing arising from this future population and compare it to the current housing stock so that a profile of new accommodation required can be determined[39].

4.3   The demand modelling is described in more detail subsequently, however this chapter initially presents the process for disaggregating the local housing need. The change in the household composition indicated within these projections drives the size and tenure demand profiles generated by the model.

Disaggregating the local housing need

4.4   In Swale, the Standard Method local housing need of 1,038 will require the construction of significantly more homes than is implied by the official projections, as the affordability adjustment made in the standard method calculation lifts the housing need above the growth of 790 households per year identified in the 2014-based household projections (as described in paragraphs 2.30 to 2.39). If these 1,038 homes are built, the population is likely to be larger than projected. It is necessary to determine the profile of this additional population and disaggregate the total local housing need using the Neil McDonald Strategic Solutions (NMSS) model[40] so that appropriate accommodation can be provided for the whole population of Swale in 2038. The model takes as its starting point the 2018-based population projections[41]. These

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[39] This will include a figure for the amount of affordable accommodation required over the plan period, however this is derived using a different approach and has a different purpose to the equivalent figure in Chapter 5, as described in para 1.11, and the two should not be compared.

[40] The model is detailed in Appendix 1.

[41] The 2018-based population projections are used as a basis as these are the most recent and benefit from the ONS's latest methodology and their most recent data and assumptions on key factors such as fertility and mortality rates and migration flows. MHCLG have chosen to revert to the 2014-based projections for the Standard Method simply because they happen to produce a national housing need total that is closer to their objective of building 300,000 homes a year, not because they have doubts about the ONS's methodology in the latest projections. In accordance with the PPG we have used the 2014-based projections to determine the local housing need, we are using the 2018-based projections to disaggregate this figure in terms of age and gender profile.

projections are then adjusted to make them consistent with the local housing need figure using the following assumptions:

- The additional homes required by the LHN above and beyond those suggested by the latest household projections will be filled by additional people moving into the area from the rest of the UK.

- The age and gender profile of those additional migrants will be same as those who have moved into the area recently from the rest of the UK.

- Building additional homes above those suggested by the latest household projections will have no impact on household formation rates, and the number of additional migrants needed to fill those homes will be calculated using the 2016-based household formation rates.

- The in-migrating residents will be aged-on and have the same propensity to have children, move away from the area and die as other residents of the Borough of the same gender and age. In this way it will be possible to estimate how the additional population (above that suggested by the latest population projections) is likely to develop over time.

4.5   The table below sets out the age profile of the population in Swale in 2038 according to these population projections in comparison to the age profile of the Borough in 2022 (2022 is the starting point of the new local plan period and forms the base year of this model). The table suggests that those aged 75 or over are going to constitute a greater section of the population by the end of the plan period - those aged 75 or over will rise from 14,437 in 2022 to 20,742 in 2038, an increase of 43.7%. Whilst those aged 60 and over will account for over a quarter of all people in Swale in 2038, over a third of people in the Borough at the end of the plan period will be aged under 30.

Table 4.1 Age of projected population in Swale in 2038 compared to current age profile				
Age	*2022 Population*	*2022 Percentage*	*2038 Population*	*2038 Percentage*
0-14	31,253	20.1%	34,030	18.2%
15-29	23,822	15.3%	29,230	15.7%
30-44	29,308	18.9%	33,470	17.9%
45-59	30,942	19.9%	36,916	19.8%
60-75	25,526	16.4%	32,329	17.3%
75+	14,437	9.3%	20,742	11.1%
Total	155,287	100.0%	186,717	100.0%

4.6   This population projection is then converted into a household projection by:

- Removing from the population projection an estimate of those living in communal establishments such as old people's homes. This is done using the same assumptions as in the official projections. The resulting population is known as the household population.

- Household formation rates are then applied to the household population to produce a household projection. The household formation rates are taken from the official 2016-based household projections[42].

4.7   The table below sets out the number of households that will be resident in Swale in 2038 disaggregated by broad household type according to these projections. The 2022 household profile is also presented as a reference point, as 2022 is the base date for this model.

Table 4.2 Projected household population in Swale in 2038 by household type				
Household type	*2022 Number*	*2022 Percentage*	*2038 Number*	*2038 Percentage*
One person	18,341	28.5%	23,566	29.5%
Couple with no children	17,964	28.0%	22,047	27.6%
Couple with child/children	16,972	26.4%	19,903	24.9%
Lone parent	7,416	11.5%	9,511	11.9%
Other*	3,558	5.5%	4,932	6.2%
Total	64,250	100.0%	79,960	100.0%

*Other households include multi-generational households, student households, households of unrelated people sharing accommodation as well as other groups.

4.8   The figure below indicates the change in these household types that will occur between 2022 and 2038 in Swale. The figure indicates that the largest relative growth will be in 'other' households, which are projected to grow by 38.5% between 2022 and 2038 (from a relatively low base), with the number of single person and lone parent households also projected to grow notably. The absolute growth in households will be largest for one person households, followed by couple households with no children.

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[42] It should be noted that the 2018-based household projections associated with the 2018-based population projections have not yet been published at the time of writing.

Figure 4.1 Change in household structure in Swale, 2022 – 2038
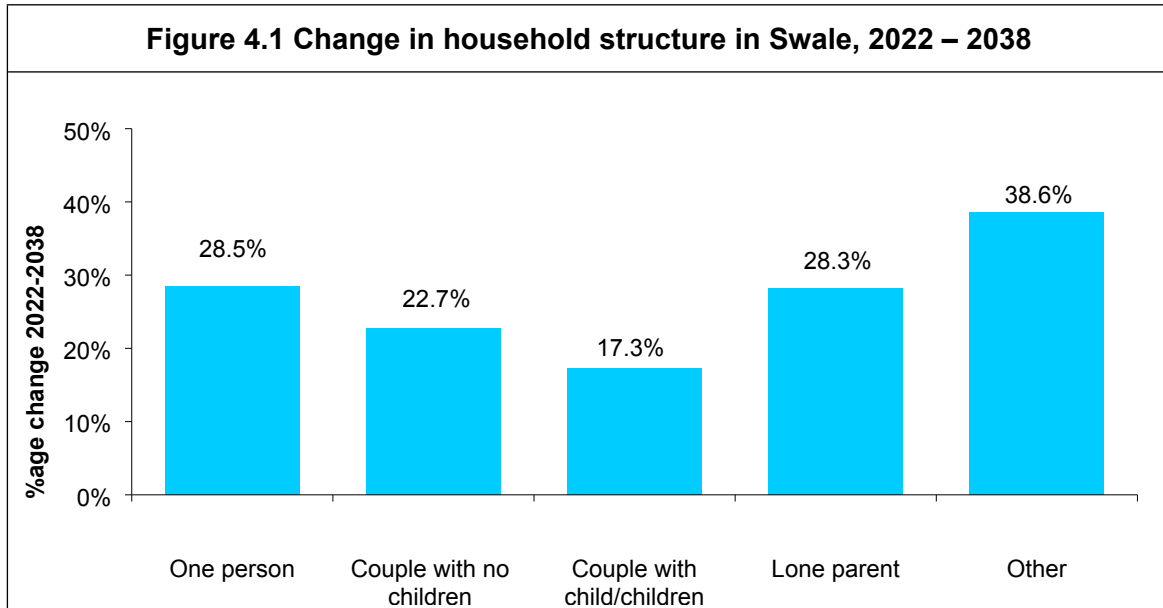
Methodology of the demand model

4.9   The demand model uses secondary data to determine the future demand for housing by size and tenure as derived from the profile of households resident in the area at the end of the plan-period. It is based on both a detailed understanding of the current stock of housing in the Borough, and also the occupation patterns of households in Swale and how they are changing. It is driven by the changes projected to the composition of the population over the next 16 years, as set out above.

4.10   The Census provides information on the size (in terms of bedrooms) and tenure of accommodation in Swale in 2011. This has been adjusted[43] to reflect the changes since 2011 to provide an accommodation profile in 2022.

4.11   The 2011 Census also provides detail on the occupational patterns of different household groups in Swale, which means that the profile of housing occupied by each household type can be determined. Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns (recorded by the change in the tenure profile of each household type between the 2001 and 2011 Census in Swale and adjusted to reflect any more recent behavioural trends recorded nationally in the English Housing Survey, with the changes in the size of accommodation occupied within each tenure also accounted for), and models their continuation through to 2038. This approach is in line with the PPG.

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[43] Using the latest data from the Regulator of Social Housing's Statistical Data Return and trends indicated within the English Housing Survey and by the Census.

4.12   A further adjustment is made to counter the existence of overcrowding, which the PPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model[44]. This means that the future housing stock will better reflect the requirements of the future population in the area.

4.13   This profile of suitable accommodation for each household type is applied to the size of the household group in 16 years' time. The accommodation profile required in 2038 is then compared to the current accommodation profile and the nature of additional housing required is derived. It should be noted that the model works by matching dwellings to households, so the figures are based on the change in number of households identified within the housing need calculations. However, the housing need calculations presume that the requirement for new dwellings is greater than the projected growth in households. Chapter 7 below, will therefore convert the household based results from this chapter into dwelling based equivalents[45]. The following section presents the outputs of this model.

Tenure of housing required

4.14   The tables below show the projected tenure profile in Swale at the end of the plan period. The profile in 2022 at the start of the plan period is also set out for context. The data shows that, in 2038, the housing stock across Swale should comprise 66.5% owner-occupied accommodation, 18.0% private rented homes, 1.7% Shared Ownership properties and 13.7% Social Rented/Affordable Rented housing.

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[44] Using the example of a lone parent household residing in a two bedroom property but requiring a three bedroom home, the modelled accommodation profile for this household group would assign this household a three bedroom property rather than a two bedroom dwelling. This means that it is anticipated that for equivalent households in the future, none would be expected to live in an overcrowded home.

[45] The number of homes required per year is converted to a household figure – these new homes are likely to be occupied at the same rate as the existing housing stock so it is necessary to account for the fact that some new homes will be vacant and some will become second homes. The proportion of dwellings currently unoccupied in Swale is 5.41%. This figure is calculated as the sum of the number of second homes and the number of vacant homes, as a proportion of all dwellings in the authority (as recorded in April 2019 in the Council tax base dataset https://www.gov.uk/government/collections/council-taxbase-statistics). It is assumed that some 5.41% of the 1,034 new homes required per year will be vacant. This means that each year 982 households will be housed in new homes in Swale over the plan period.

Table 4.3 Current tenure and tenure profile projected in Swale in 2038				
Tenure	*Base tenure (2022)*		*Projected tenure (2038)*	
	Number	*Percentage*	*Number*	*Percentage*
Owner-occupied	42,822	66.6%	53,204	66.5%
Private rented	12,588	19.6%	14,417	18.0%
Shared Ownership	666	1.0%	1,344	1.7%
Social Rent/Affordable Rent	8,174	12.7%	10,994	13.7%
Total	64,250	100.0%	79,960	100.0%

4.15   The table below shows the tenure profile required by households resident in Swale in 2038 time in comparison to the tenure profile recorded in the Borough at the start of the plan period. The difference between these two distributions is the change required to the housing stock over this period. The results show that 66.1% of new housing in Swale should be owner-occupied, 11.6% private rented, 4.3% should be Shared Ownership and 18.0% Social Rent/Affordable Rent[46].

Table 4.4 Tenure of new accommodation required in Swale over the 16 year plan period				
Tenure	*Base tenure profile (2022)*	*Tenure profile 2038*	*Change required*	*% of change required*
Owner-occupied	42,822	53,204	10,382	66.1%
Private rent	12,588	14,417	1,829	11.6%
Shared Ownership	666	1,344	678	4.3%
Social Rent/Affordable Rent	8,174	10,994	2,820	18.0%
Total	64,250	79,960	15,710	100.0%

4.16   The model is also able to provide detail on the size of new housing required within each tenure, as is set out in the section below.

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[46] This is tenure of new housing the Council should plan to deliver (as opposed to the affordable housing estimate in the following chapter), as discussed in Chapter 7.

Discount Home Ownership/Starter Homes

4.17   The analysis of the likely cost profile of Discount Home Ownership/Starter Homes in Swale, set out in Chapter 3, concludes that this product is most likely to be suitable for households that would otherwise reside in the private rented sector. It is a product that has only recently been introduced into the market and therefore cannot be modelled using the same trend data as is utilised for the rest of the LTBHM model. However, the potential demand for this new product over the plan period can be derived by making assumptions about the likelihood of different household groups within the private rented sector to try and acquire this form of housing, informed by an affordability analysis of the tenure[47].

4.18   This approach identifies that, between 2022 and 2038, there would be a potential demand for 768 Discount Home Ownership dwellings in Swale, which would represent 4.9% of all new housing over this period. These figures are therefore deducted from the total requirement for private rented accommodation (where the LTBHM model presumes they would otherwise be housed). The demand for 768 Discount Home Ownership dwellings in Swale, identified using this process, should be treated as an indicative figure rather than an absolute target.

Size of housing required within each tenure

4.19   The tables below present the size of owner-occupied accommodation required in Swale in 16 years' time in comparison to the size profile recorded in the sector at the base date. The implied change to the housing stock is also presented. The data shows that some 41.0% of new owner-occupied housing in Swale should be three bedroom homes, with 34.6% being two bedroom units, 17.5% should have four or more bedrooms and 6.9% one bedroom accommodation.

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[47] To try and establish the potential demand for this product over the plan period, the household income distribution differentiated by household type has been adjusted to reflect that nationally the income of private rented households is 90.8% of the figure for all households (according to the English Housing Survey). Applying this affordability profile to the flow of households moving to a private rented home each year allows the number of these households that could afford Discounted Home Ownership to be modelled.

Table 4.5 Size of new owner-occupied accommodation required in Swale over the 16 year plan period				
Size of home	*Base size profile (2022)*	*Size profile 2038*	*Change required*	*% of change required*
One bedroom	1,510	2,225	715	6.9%
Two bedroom	9,120	12,717	3,597	34.6%
Three bedroom	20,776	25,030	4,255	41.0%
Four or more bedrooms	11,416	13,232	1,815	17.5%
Total	42,822	53,204	10,382	100.0%

4.20   This analysis can be repeated for private rented housing and is presented in the table below. The data indicates that, of the 1,829 private rented homes required within Swale, 34.9% should be three bedroom properties and a further 28.7% should have four or more bedrooms. Some 18.7% should be two bedroom homes and 17.7% should be single bedroom accommodation.

Table 4.6 Size of new private rented accommodation required in Swale over the 16 year plan period				
Size of home	*Base size profile (2022)*	*Size profile 2038*	*Change required*	*% of change required*
One bedroom	2,089	2,412	323	17.7%
Two bedroom	4,694	5,037	343	18.7%
Three bedroom	4,843	5,482	639	34.9%
Four or more bedrooms	962	1,486	524	28.7%
Total	12,588	14,417	1,829	100.0%

4.21   The table below sets out the equivalent analysis for Shared Ownership housing. The data indicates that of the 678 Shared Ownership dwellings required within Swale, 30.9% should be two bedroom properties with a further 26.0% one bedroom accommodation. Some 26.3% should have three bedrooms and 16.8% should have four or more bedrooms.

Table 4.7 Size of new Shared Ownership accommodation required in Swale over the 16 year plan period

Size of home	Base size profile (2022)	Size profile 2038	Change required	% of change required
One bedroom	152	328	176	26.0%
Two bedroom	227	437	210	30.9%
Three bedroom	203	381	178	26.3%
Four or more bedrooms	84	198	114	16.8%
Total	666	1,344	678	100.0%

4.22 The table below shows the size of accommodation required in the Affordable Rented/Social Rented sector. The table shows that of the 2,820 additional Affordable Rented units required within Swale over the 16 year plan period, 31.0% should have three bedrooms, 27.9% one bedroom, 21.1% four bedrooms and 20.0% two bedrooms.

Table 4.8 Size of new Social Rent/Affordable Rent required in Swale over the 16 year plan period

Size of home	Base size profile (2022)	Size profile 2038	Change required	% of change required
One bedroom	2,186	2,973	787	27.9%
Two bedroom	2,526	3,090	564	20.0%
Three bedroom	3,263	4,136	873	31.0%
Four or more bedrooms	199	795	596	21.1%
Total	8,174	10,994	2,820	100.0%

4.23 The table below shows the size of Discount Home Ownership / Starter Homes that would potentially be required should this product become available to house some households that would otherwise reside in the private rented sector. The residual private rented requirement, once the potential demand from households for this alternative product has been deducted, is also set out in the table. The model indicates that in Swale, 31.5% of the Discount Home Ownership units should have three bedrooms, 27.7% two bedrooms, 24.9% one bedroom and 16.0% four bedrooms.

Size of home	Discount Home Ownership / Starter Homes		Residual private rented homes	
	Number required	Proportion required	Number required	Proportion required
One bedroom	191	24.9%	132	12.4%
Two bedroom	213	27.7%	130	12.3%
Three bedroom	241	31.5%	398	37.5%
Four or more bedrooms	122	16.0%	402	37.9%
Total	768	100.0%	1,062	100.0%

Table 4.9 Potential demand for Discount Home Ownership / Starter Homes in Swale over the 16 year plan period by size

5. Affordable housing need

Introduction

5.1   It is necessary to undertake a separate calculation of affordable housing need (the previous model has a limited capacity to assess resident households' ability to afford appropriate local housing). Paragraph 18 (Reference ID: 2a-018-20190220) to Paragraph 24 (Reference ID: 2a-024-20190220) of the PPG details how affordable housing need should be calculated. The affordable housing need figure is calculated in isolation from the rest of the housing market, and is used solely to indicate whether the Local Planning Authority should plan for more dwellings where it could help meet the need for affordable housing.

5.2   The model outlined in the PPG is an assessment of the housing market at a particular point of time (April 2020) and does not consider likely future changes to the housing market that may impact the results (such as future loss of affordable stock through Right to Buy), i.e. it is based on what is known at the time of the assessment. The PPG (Paragraph 19) defines affordable housing need as '*the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market*'.

5.3   Appendix 2 presents the results of the three broad stages of the model used to calculate affordable housing need. This chapter sets out the overall annual estimate of the affordable housing need in Swale[48] as a consequence of following the steps detailed in the appendix, and the tenure and size of accommodation most appropriate to meet this need is discussed.

Estimate of net annual affordable housing need

5.4   Once all of the steps of the calculation of the affordable housing needs model (detailed in Appendix 2) have been completed, it is necessary to bring this evidence together to determine the overall net annual affordable housing need. This is set out below.

5.5   The PPG states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing (Paragraph: 024 Reference ID: 2a-024-20190220). The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).

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[48] This will imply a figure for the amount of affordable accommodation required over the plan period, however this is derived using a different approach and has a different purpose to the equivalent figure in Chapter 4, as described in para 1.7, and the two should not be compared.

5.6 The second step is to convert this total net current need figure into an annual flow. The PPG indicates that annual flows should be based on the plan period. For the purposes of this study the period of 18 years will be used to fit in with the remaining timeframe of the Local Plan (through to 2038). The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). The table below sets out this process. It leads to a total need for affordable housing of 287 per year in Swale. In accordance with paragraph 024 of the PPG, this figure should be compared with the local housing need identified following the Standard Method to determine whether an uplift to the local housing need is required. This is discussed in Chapter 7.

Table 5.1 Results of the affordable housing needs model in Swale	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total) (Table A2.3)	1,526
Stage 2: Newly arising affordable housing need (Annual) (Table A2.5)	660
Stage 3: Current affordable housing supply (Total) (Table A2.6)	1,581
Stage 4: Future housing supply (Annual) (Table A2.9)	370
Stage 5.1 Net current need (Stage 1 - Stage 3) (Total)	-55
Stage 5.2 Annualise net current need (Stage 5.1/18) (Annual)	-3
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	**287**
Total gross annual need (Stage 1/18 + Stage 2) (Annual)	745
Total gross annual supply (Stage 3/18 + Stage 4) (Annual)	458

Overall households in affordable housing need by type (gross)

5.7 The table below gives a breakdown of the gross annual households in need, by household type in Swale. The table shows that some 4.1% of lone parent households are in housing need compared to 0.5% of one person and couple households with no children. Overall, lone parent households comprise over a third of all households in need.

Table 5.2 Annual need requirement by household type in Swale					
	Need requirement				
Household type	*No. of h'holds in need (gross)*	*Not in need*	*Total Number of h'holds*	*% of h'hold type in need*	*As a % of those in need*
One person	98	17,740	17,837	0.5%	13.1%
Couple with no children	81	17,433	17,514	0.5%	10.9%
Couple with child/children	177	16,454	16,631	1.1%	23.8%
Lone parent	297	6,970	7,267	4.1%	39.9%
Other	92	3,359	3,451	2.7%	12.3%
Total	745	61,955	62,700	1.2%	100.0%

Size of accommodation required

5.8   The table below shows the size of accommodation required by households in housing need in Swale. The supply distribution for affordable homes is derived from the average profile of re-lets of affordable accommodation over the last three years. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that property size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

5.9   The table suggests that there is a net need for all sizes of affordable accommodation in Swale and the largest net need is for two bedroom homes, followed by four and three bedroom accommodation. The final column shows that the need relative to supply is the greatest for four bedroom homes. Households in need requiring one bedroom accommodation are most likely to have their need met from the current supply. The Council notes that there is a high gross need for one bedroom homes and they have difficulty securing suitable and affordable one bedroom accommodation within the private rented sector level when the supply forthcoming within the affordable sector is insufficient.

Table 5.3 Size of additional units required to meet affordable housing need in Swale					
	Need requirement				
Size of home	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	179	154	25	8.7%	86.0%
Two bedrooms	304	194	110	38.2%	63.8%
Three bedrooms	178	103	76	26.3%	57.6%
Four or more bedrooms	84	8	77	26.7%	9.2%
Total	745	458	287	100.0%	61.5%

Type of affordable home required

5.10   As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in Swale. This section will consider the suitability of these different products for meeting affordable housing need.

Gross requirement

5.11   As the relative cost of each product is not always the same (for example, in some instances, Shared Ownership housing with a 25% equity share is more expensive than Intermediate Rent, but in other cases the reverse is true), each product is tested individually. The table below illustrates how many households in affordable housing need in Swale are able to afford the different affordable products. Several intermediate options are affordable to some households, so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

5.12   The table shows that of the 993 households in gross need each year in Swale, 7.1% could afford a First Home, 2.4% a shared equity dwelling, 7.9% could afford Shared Ownership with a 40% share, 18.1% could afford Shared Ownership with a 25% share, 10.2% could afford Intermediate Rent and 30.7% could afford Affordable Rent. Some 68.1% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in Chapter 3.

5.13   It should be noted that this profile corresponds with the experience of the Council, with the households that present as homeless or threatened with homelessness being most commonly suitable for social rented accommodation followed by Affordable Rent.

Product	One bed	Two bed	Three bed	Four bed	Total	Total (%)
Table 5.4 Size and type of affordable home required by those in need (per annum) in Swale						
First Home	20	33	-	-	53	7.1%
Shared equity	7	11	-	-	18	2.4%
Shared Ownership – 40% equity share	22	37	-	-	59	7.9%
Shared Ownership – 25% equity share	43	74	18	-	135	18.1%
Intermediate Rent	-	47	26	3	76	10.2%
Affordable Rent	34	101	66	28	229	30.7%
Social Rent/requires assistance	136	203	112	56	507	68.1%
All households	179	304	178	84	745	100.0%

Sensitivity analysis - affordability threshold

5.14   The results presented in this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable in Swale. The impact of adjusting this affordability threshold is considered in the tables below, which details the results of the PPG affordable housing need model across Swale where the cost of housing could constitute no more than 25% of gross household income and 30% of gross household income as well as 35% of gross household income. In paragraph 020 of the PPG, it is noted that households should be considered against their ability to afford owner-occupation, where that is their aspiration. Unfortunately, the data sources do not collect information on the tenure that the households in need aspire to. To gauge the impact of presuming all households aspire to owner occupation, the final column in the table shows the results of the affordable housing need model if households were tested for their ability to afford market entry owner-occupation rather than market rents.

5.15   The first table indicates that the net requirement would increase from 287 to 397 affordable homes per year in Swale if 30% of gross household income could be spent on housing costs. This would increase further to 493 affordable homes per year if 25% of income could be spent on housing costs. If it was presumed that home ownership was the market access point, then there would be a need for 802 affordable homes per year.

Table 5.5 Impact of different affordability assumptions on affordable housing requirement in Swale				
	Rent payable constitutes no more than:			*Market entry is based on owner-occupation*
	Affordability threshold: 35% of gross household income	*30% of gross household income*	*25% of gross household income*	
Stage 1: Current gross need	1,526	1,740	1,923	2,161
Stage 2: Newly arising need	660	759	845	1,145
Stage 3: Current supply	1,581	1,604	1,616	1,690
Stage 4: Future supply	370	370	370	370
Stage 5.1 Net current need	-55	135	306	471
Stage 5.2 Annual net current need	-3	8	18	28
Stage 5.3 Total annual need	287	397	493	802

6. Requirements of specific groups of the population

Introduction

6.1   Paragraph 59 of the NPPF seeks that *'... that the needs of groups with specific housing requirements are addressed ...',* and then paragraph 61 requires:

> *... the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).*

6.2   This chapter considers the specific profiles of the specific groups of the population. For each group the analysis will present the relative prevalence of the population, the current accommodation situation and information on their future requirements. As stated in Paragraph: 001 (Reference I D: 67-001-20190722) of the PPG, *'Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area.'* Whilst the LTBHM model (set out in Chapter 4 above) considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. It should be noted that, in the PPG, housing needs assessments are divided into three different elements; 'housing and economic needs assessments', 'housing needs of different groups' and 'housing needs of older and disabled people'. This chapter will contain information that meets the requirements within each of these.

6.3   The chapter looks at the following groups of the population which all have an appreciable impact on the housing market in Swale:

- Older persons

- People with disabilities

- Family households

6.4   This chapter will also examine the private rented sector in more detail and comment on the level of demand from people wishing to build their own homes. Student housing and the service families are not profiled in detail in this report as Swale contains no higher education establishments nor Ministry of Defence bases.

**Housing Needs of Older People**

6.5   Paragraph: 001 (Reference ID: 63-001-20190626) of the PPG recognises that *'the need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing…. Offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel*

more connected to their communities and help reduce costs to the social care and health systems.' Page 69 of the NPPF provides the following definition of older people: *'People over or approaching retirement age, including the active, newly retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.'* The analysis of older people presented here will be focused on people aged 65 and over.

Current situation

6.6 The Census provides detail on the housing situation of older persons at a local level. It is worth noting that in 2011 according to the Census 21.4% of households in Swale were 'older person only' households (households where all members are 65 or over), compared to 21.9% regionally and 20.7% nationally. Of these 'older person only' households in Swale in 2011, 57.2% contained only one person, a figure lower than that recorded in the South East region (57.7%) and England (59.6%). The figure below shows the tenure profile of 'older person only' households in Swale in 2011 compared to the remainder of the household population. The figures also set out the occupancy level of these groups. The results show that both older person groups record a higher level of owner-occupation with no mortgage than other households, but that single older people are more likely than average to reside in social rented accommodation. Older person households were also more likely than average to have multiple spare bedrooms in their home.
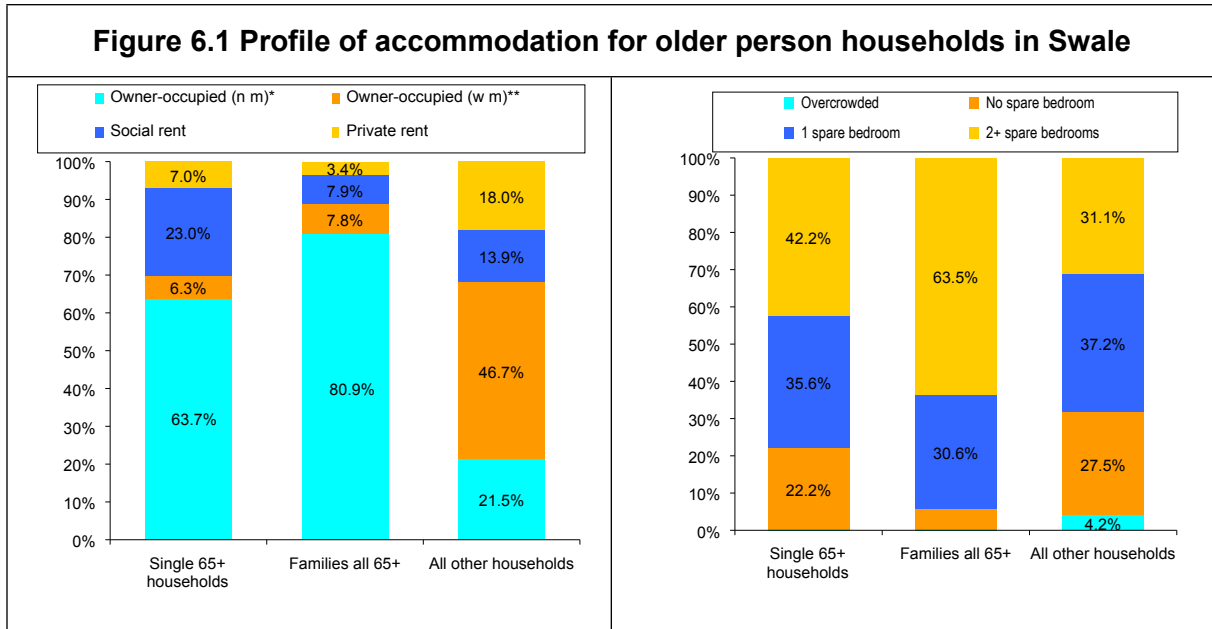
Figure 6.1 Profile of accommodation for older person households in Swale

Source: 2011 Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes Shared Ownership.

Future requirement

6.7　The disaggregated local housing need projections (set out in Chapter 4) indicate that the population aged 65 or over is going to increase dramatically in Swale over the plan period; from 30,436 in 2022, to 41,812 in 2038, a rise of 37.4%. The projections also suggest that there will be an increase in the number of households headed by someone over 65 from 19,999 in 2022, to 28,205 in 2038, an increase of 41.0%. The projections indicate that the proportion of older persons living alone in Swale will increase from 43.1% in 2020, to 43.6% in 2038.

6.8　The results of the LTBHM model can be disaggregated into different household groups within the whole population. The tables below show the projected accommodation profile for older person households in Swale in 2038 arising from that model.

Table 6.1 Type of accommodation projected for 'older person only' households in Swale in 2038					
Size of home	*Owner-occupation*	*Private rented*	*Shared Ownership*	*Social Rent/ Affordable Rented*	*Total*
One bedroom	2,106	552	71	2,782	5,511
Two bedrooms	8,979	1,076	25	1,235	11,315
Three bedrooms	8,780	577	5	372	9,735
Four or more bedrooms	1,541	67	0	37	1,645
Total	21,407	2,272	101	4,425	28,205

6.9　In line with the updated PPG that says '*offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems*' it will be necessary for the Council to consider how the requirements of these groups could be accommodated in the future. It is anticipated that that the majority of older person households will reside in the general housing stock in Swale in 2038 (as they do now) so it is important that new housing is suitable for the widest range of groups. There are a range of tools for achieving this, such as following the HAPPI[49] design principles so it may be suitable for older people (although these design features will appeal more widely across the population), adoption of the Building For Life[50] Standards (these are broad design principles), and adopting

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[49] https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/

[50] https://www.designcouncil.org.uk/sites/default/files/asset/document/Building%20for%20Life%2012_0.pdf

the Accessible and Adaptable Standards[51] of construction, as set out in the Building Regulations. The Council will need to determine which approach is most suitable for their requirements and this may vary for different sites in the Borough.

Specialist accommodation

6.10   Given the dramatic growth in the older population, and the higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options. To do this we have used the approach advocated by the Housing Learning and Improvement Network's (Housing LIN) Strategic Housing for Older People (SHOP) tool, which is the model recommended by the PPG (Paragraph: 004 Reference ID: 63-004-20190626). It should be noted that this tool is only driven by demographic changes and does not consider people's choices or aspirations as to what form of accommodation they would prefer.

6.11   According to our modelled data there are 577 units of Sheltered Housing for older people in the Borough currently, alongside 58 Extracare units. The current prevalence of Sheltered Housing for older people is 40 per thousand head of population aged 75 or over in Swale, with the prevalence rate for Extracare units 4 per thousand head of population aged 75 or over. The SHOP model presumes that, given the significant projected growth in the future population of those aged 75 or over, it is appropriate for authorities to plan to deliver this type of accommodation. For the purposes of this study it is presumed that the current prevalence rate will continue over the plan period, as this mirrors the expectations of local residents.

6.12   To establish the potential demand for these accommodation types in Swale in 2038, this prevalence rate is applied to the total of people aged 75 or over in 2038 in the Borough according to the disaggregated local housing need projections. The demand that is derived is then compared to the current stock. This process is summarised in the table below. To meet local occupation rates in 2038, the model identifies a requirement for 439 additional specialist units of Sheltered housing for older people and 77 additional Extracare units in Swale over the plan period. These are Class C3 dwellings.

Table 6.2 Projected requirement for specialist accommodation in Swale over the plan period			
Type of specialist accommodation	*Base profile (2022)*	*Profile 2038*	*Additional units required*
Sheltered Housing for older people	577	1,016	439
Extracare Housing	58	135	77
Total	635	1,151	516

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[51] See paragraph 63-009-20190626 of the PPG and https://www.gov.uk/guidance/housing-optional-technical-standards.

6.13   The requirement for 516 additional specialist units for older people represents 3.3% of the total household growth for the period 2022 to 2038. The actual numbers and type of specialist accommodation needed may depend on changes in patterns of demand and expectations. It is therefore appropriate to consider this level of need with the acknowledgement that the form of accommodation delivered should not be too prescriptive. It should be noted that this requirement for 516 specialist units forms part of the overall local housing need required over the plan-period in Swale – any housing released by households moving to new specialist accommodation would become occupied by other households, reducing the need for new non-specialist accommodation. It is important to note that the Council are currently working with Kent County Council to establish further detail on the new delivery options for older persons/extracare housing in the Borough and that this work may produce more detailed outputs that supersede this analysis.

6.14   As well as the need for specialist housing for older people, there will also be an additional requirement for Registered Care (nursing and residential care homes). According to the POPPI[52] modelling, there are around 699 spaces in nursing and residential care homes in Swale currently. The disaggregated local housing need projections indicate that there will be a requirement for Registered Care from 1,004 people in Swale in 2038, suggesting an additional 305 spaces will be required over the plan period.

6.15   This additional accommodation is required to meet the future institutional population and therefore does not form part of the new housing to meet the local housing need. (On a practical point, it would not be appropriate to increase the housing requirement to meet this need (as it is not housing) – although it may be appropriate to plan for the provision of this need separately).

6.16   The majority of older person households in Swale are likely to remain in general housing, as the Paragraph 012 (ID: 63-012-20190626) of the PPG notes *'Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs.'* The next section looks at the role of adaptations to help households remain in their home.

6.17   It should be noted that the general housing that older people aspire to reside in includes age-restricted general market housing. This is non-specialist housing located on sites that are exclusively used by older people, typically those aged 55 or over. Whilst this form of accommodation has traditionally been flatted developments with a communal garden, increasingly there is provision of these sites in which all the accommodation is high quality park homes. It is hard to gauge the future demand for this accommodation as there is limited evidence of the current supply in the Borough, however it is envisaged that this will increase

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[52] https://www.poppi.org.uk/

as the population ages over the plan period and the Council should monitor whether the existing provision is able to meet demand.

People with disabilities

6.18 Paragraph: 002 (Reference ID: 63-002-20190626) of the PPG notes that '*The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in ensuring that they live safe and independent lives…. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives.*' Page 70 of the NPPF provides the following definition of disabled people: '*People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.*' Due to a dearth of accurate data on the individual groups within this population, the analysis in this section will consider all those with a specific need unless otherwise stated.

Current situation

6.19 As is noted in paragraph 005 (Reference ID: 63-005-20190626) of the PPG, '*Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness.*' The figures on the incidence of limiting long-term illness recorded by the Census are therefore used as a starting point. The Census shows that, in 2011, some 18.6% of the resident population in Swale had a long-term health problem or disability, compared to 15.8% in the South East and 17.9% nationally. Further analysis shows some 46.2% of all residents with a long-term health problem or disability in Swale had a condition that limited day-to-day activities a lot, with 53.8% having a condition that limited activities a little. In the South East, 43.8% of all residents with a long-term health problem or disability had a condition that limited day-to-day activities a lot and 56.2% had a condition that limited activities a little, with the equivalent figures nationally 47.1% and 52.9% respectively.

6.20 The figure below shows the tenure profile of people with a long-term health problem or disability in Swale in 2011, compared with the remainder of the population. The figure also sets out the prevalence of a long-term health problem or disability in the different age groups of the population. The results show that, in Swale, whilst people with a long-term health problem or disability are more likely than average to be owner-occupiers with no mortgage, they are also more likely than average to reside in the Social Rented sector. The analysis also reveals a strong correlation between age and a long-term health problem or disability.

Figure 6.2 Tenure and age profile of people with a long-term problem or disability in Swale
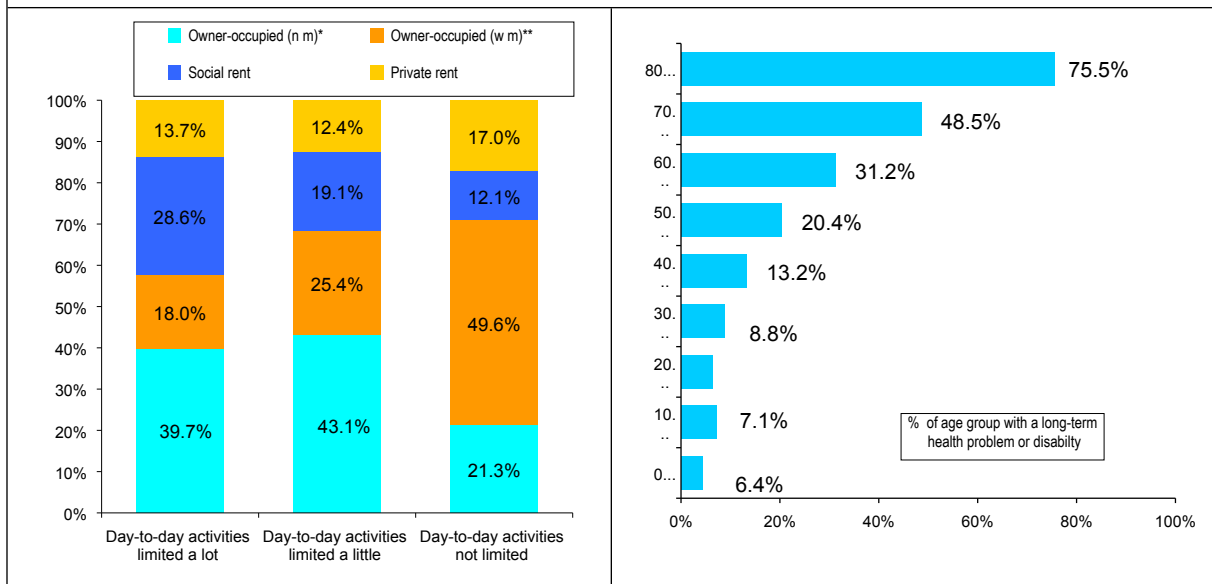
Source: 2011 Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes Shared Ownership.

Number of people in receipt of relevant benefits

6.21   The PPG indicates that a more up-to-date estimate of the number of people with a disability can be acquired by looking at the number of people in an area who are in receipt of Personal Independence Payment[53] or Attendance Allowance. Personal Independence Payment (PIP) helps with some of the extra costs caused by long-term disability, ill-health or terminal ill-health. Data from the Department of Work & Pensions indicates that, as at October 2019, there were 4,668 people in Swale in receipt of PIP, which equated to 3.1% of the population in the Borough. In comparison, some 2.1% of the population across the South East, and 2.9% of the population of England were in receipt of PIP.

6.22   Attendance Allowance is a benefit for people over the age of 65 who are so severely disabled, physically or mentally, that they need a great deal of help with personal care or supervision. The Department of Work & Pensions data shows that, as at May 2019, there were 3,525 people in Swale in receipt of Attendance Allowance, which equated to 2.4% of the population in the Borough. In comparison, some 2.2% of the population in the South East and 2.4% of the population nationally were in receipt of Attendance Allowance.

6.23   The PPG notes that *'whilst these data sources can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.'*

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[53] This has replaced Disability Living Allowance.

Projected health of the future population

6.24   The Projecting Older People Information System (POPPI) website[54] and the parallel Projecting Adult Needs and Service Information (PANSI) website[55] model the current and likely future incidence of a range of health issues for each authority in England. The table below sets out the number of people estimated to have one of four health conditions currently as determined by these data sources. The table also indicates the number of people projected to have these conditions in 2038, derived by applying the future prevalence rates used by the POPPI and PANSI modelling to the disaggregated future population for Swale in 2038, as identified within the local housing need calculation. The table then goes on to report the current and future population in Swale that require assistance with activities. These figures are derived using the same approach as described for the health condition modelling. The data from PANSI and POPPI is based on current and recent prevalence rates and, whilst these may vary in the future, the figures provide a useful baseline estimate.

6.25   The table shows that the number of those aged 65 or over with a limiting long-term illness that limits them a lot, is expected to increase by 64.8% between 2020 and 2038 in Swale. This compares to an increase of 78.7% in the number of people aged 18-64 in Swale with impaired mobility, a rise of 20.9% in the number of people aged 18-64 in Swale with a common mental health disorder, an increase of 63.4% in the number of people aged 65 or over with dementia[56], and an increase of 32.4% in the number of people in Swale with a moderate or severe learning disability.

6.26   The table also shows that the number of those aged 65 or over that are unable to manage at least one mobility activity on their own, is expected to increase by 51.2% between 2020 and 2038, compared to an increase of 47.7% in the number of people aged 65 and over who need help with at least one domestic task, an increase of 46.8% in the number of people aged 65 and over who need help with at least one self-care activity and an increase of 18.4% in the number of people aged 18-64 with a serious personal care disability. It should be noted that these changes better reflect the projected change in the demographics of the population (an ageing population) rather than a notable change in the overall health of people.

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[54] https://www.poppi.org.uk/

[55] https://www.pansi.org.uk/

[56] Paragraph 019 (Reference ID: 63-019-20190626) of the PPG notes that *'Evidence has shown that good quality housing and sensitively planned environments can have a substantial impact on the quality of life of someone living with dementia. People with dementia need to have access to care and support to enable them to live independently and homes need to be designed with their needs in mind.'*

Table 6.3 Number of people with particular health issues projected over the Local Plan period in Swale				
Condition	2020	2038	Total change	% change
Health condition				
People aged 65 and over with an illness*	6,926	11,416	4,490	64.8%
People aged 18-64 with impaired mobility	5,027	8,982	3,955	78.7%
People aged 18-64 with a common mental health problem	16,552	20,009	3,457	20.9%
People aged 65 and over with dementia	1,956	3,196	1,240	63.4%
People all ages with a learning disability	2,747	3,638	891	32.4%
People requiring assistance with activities				
People aged 65 and over that are unable to manage at least one mobility activity on their own**	5,288	7,994	2,706	51.2%
People aged 65 and over who need help with at least one domestic task***	8,387	12,389	4,002	47.7%
People aged 65 and over who need help with at least one self-care activity****	8,355	12,266	3,911	46.8%
People aged 18-64 with a serious personal care disability*****	789	934	145	18.4%
All people	155,287	186,717	31,430	20.2%

*A limiting long-term illness that limits them a lot. **Activities include going out of doors and walking down the road; getting up and down stairs; getting around the house on the level; getting to the toilet; getting in and out of bed. ***These are activities which, while not fundamental to functioning, are important aspects of living independently such as doing routine housework or laundry, shopping for food, doing paperwork or paying bills. ****These are activities relating to personal care and mobility about the home that are basic to daily living. *****Their physical disability means that they require someone else to help from getting in and out of bed, or getting in and out of a chair, dressing, washing, feeding, and use of the toilet. Source: The Projecting Older People Information System and Projecting Adult Needs and Service Information, 2020, disaggregated local housing need figures, 2020.

Accessible and adaptable housing

6.27   The Nationally Described Space Standards (which set out national minimum space standards) published by the Department for Communities and Local Government in 2015[57] detail the minimum gross internal floor areas required in new dwellings and also the size of storage area required. The Nationally Described Space Standards also provide detail on the requirements

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard_____Final_Web_version.pdf

of dwellings to meet the Accessible and Adaptable dwellings M4(2) and Wheelchair user dwellings M4 (3) standards[58].

6.28   Paragraph 008 (Reference ID: 63-008-20190626) of the PPG sets out that *'Accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future.'* The same paragraph then goes onto clarify that *'accessible and adaptable housing will provide safe and convenient approach routes into and out of the home and outside areas, suitable circulation space and suitable bathroom and kitchens within the home. Wheelchair user dwellings include additional features to meet the needs of occupants who use wheelchairs, or allow for adaptations to meet such needs.'*

6.29   The PPG (Reference ID: 56-007-20150327) also details the data sources that can be used to provide evidence of the need in local planning authorities for dwellings that meet higher accessibility, adaptability and wheelchair housing standards. All of these have been researched, and some have been used to provide the contextual information presented above. To model the future requirement for adaptable and accessible housing we have principally utilised the CORE LA Area Lettings Reports for the last three years (2016/17 to 2018/19) which provide details about those that have moved into affordable accommodation – both general needs and specialist homes. This source records whether households that moved into affordable housing in Swale over the last three years require fully wheelchair accessible housing, whether they require level access housing, or whether they have other disability related requirements. Conversely, the data also indicates households where there were no disability related housing design or adaptation requirements.

6.30   The data source indicates that where this information was collected[59], some 21.4% of moving households required a home with an adaptation to meet their mobility requirement currently. However, it is also necessary to account for the changing profile of the population in the Borough over the plan period. As described in paragraph 6.7, the population of older people in Swale is projected to grow markedly between 2022 and 2038. Figure 6.2 illustrates that older people are more likely to record a long-term health problem or disability and therefore the relative demand for accessible and adaptable accommodation is likely to grow as the population ages.

6.31   The disaggregated future population for Swale in 2038, as identified within the local housing need calculation, indicates that the population aged 65 or over will grow 18.4% quicker during the plan period than the population aged under 65. It is presumed that the rate of requirement for a home with an adaptation to meet mobility requirement also increases by this amount meaning that by 2038 some 25.3% of moving household will require an adapted home. If it is presumed that this rate was reflective of general demand across the Borough, and applied to

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[58]
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/540330/BR_PDF_AD_M1_2015_with_2016_amendments_V3.pdf

[59] There were a small number of respondents where this detail is unknown.

the new dwelling requirement of 16,680 over the plan period, this means that 4,215 of these new homes should be built to accessible and adaptable standard.
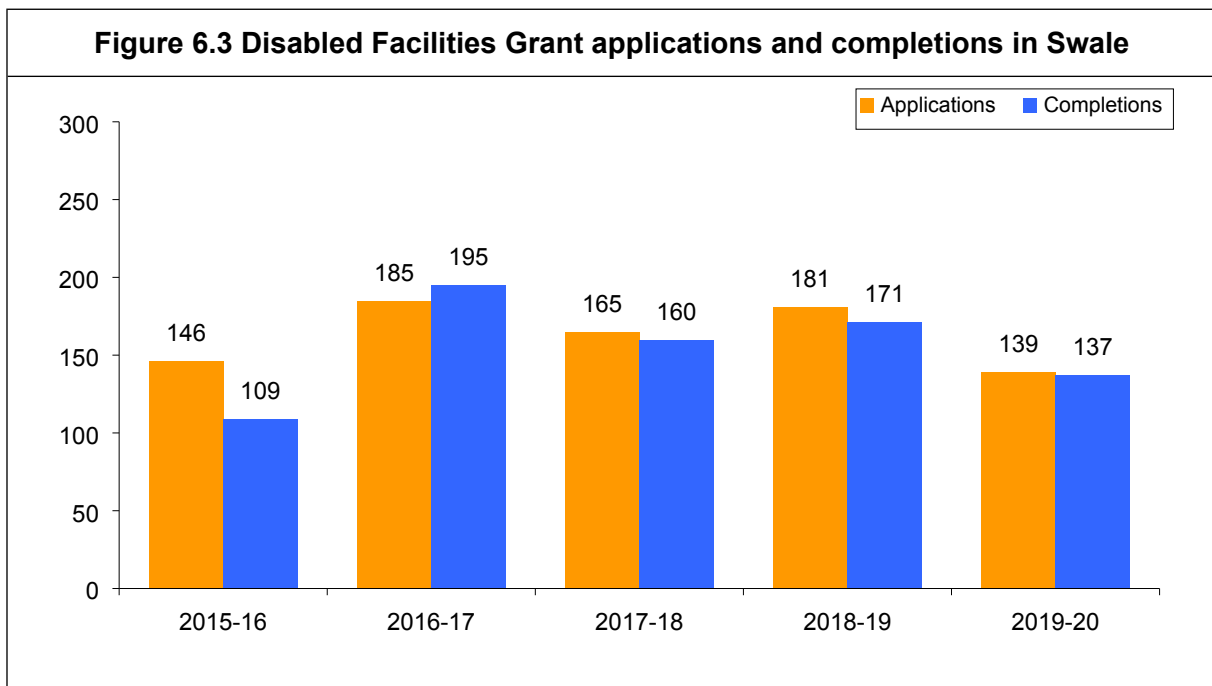
6.32   This implies that a notable uplift will be required to the number of homes that meet this standard currently, and that by the end of the plan period around 4,200 homes (about 5.0% of the total stock at the end of the plan period) should be available that meet this criteria. This is an estimated requirement for M4(2) Category 2 accessible and adaptable homes. Figure 6.2 indicates that just over half of those with a long-term health problem or disability in Swale in 2011 were owner-occupiers and just under half were in rented accommodation (either private or affordable). If it is presumed that this tenure distribution for the group was to remain consistent across the plan period and that households in rented accommodation would need to access an accessible or adapted home within an affordable tenure, whilst those in owner-occupied home could afford a market equivalent, it would be recommended that 2,100 of these accessible and adaptable homes should be within an affordable tenure and 2,100 as market accommodation.

6.33   There is also be a requirement for M4(3) Category 3 homes - wheelchair user dwellings. Using the same data source but focusing specifically on those that require fully wheelchair accessible housing, suggests that some 2.6% of moving households require a wheelchair accessible home currently. If it is presumed that this rate is uplifted to reflect the increasing prevalence of older people in the population over the plan period, it is estimated that 3.0% of moving households will require a wheelchair accessible home in 2038. This suggests that by the end of the plan period around 500 homes should be available that meet this criteria. The PPG (Reference ID: 56-007-20150327) makes it clear that requirements for *'wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling'*. It is therefore presumed that this requirement will be met entirely within the affordable sector.

6.34   It is important to note that the PPG (Reference IDs: 56-003-20150327 & 56-008-20160519) is clear that the suitability of these requirements should be assessed to determine whether they are viable and also that the authority should not impose any further requirements to the building regulations beyond what is set out in the building regulations for M4(2) and M4(3) dwellings.

Adaptations and support

6.35   In addition to specialist accommodation, the Council helps people to remain in their current home by providing support and assistance. Any adaptions to dwellings provided through this mechanism could reduce the requirement for new homes meeting the M4(2) standard, depending on the nature of the adaptation work completed, however the provision of homes meeting the M4(2) standard would reduce the requirement for these adaptations.

6.36   The figure below shows the number of applications for Disabled Facilities Grants for home adaptations that have been received by the Council since 2015-16 alongside the number of adaptations that have been completed within this programme. The figure shows that the applications for these services have remained broadly consistent in the last five years

(although a slight fall was recorded in 2019-20), with the level of completions also showing little variation across the time period considered.

6.37   In this context, paragraph 005 (Reference ID: 63-005-20190626) of the PPG notes that *'Applications for Disabled Facilities Grant (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation, but would not have applied to the DFG.'* The provision of M4(2) homes would reduce the need for these adaptations to be applied to existing dwellings reactively and make the housing stock more responsive to the evolving needs of the local population.

Figure 6.3 Disabled Facilities Grant applications and completions in Swale

	Applications	Completions
2015-16	146	109
2016-17	185	195
2017-18	165	160
2018-19	181	171
2019-20	139	137

Source: Swale Borough Council, 2020

Families with children

Current situation

6.38   The Census provides detail on the housing situation of households with children at a local level. It is worth noting that in 2011 according to the Census 38.7% of households in Swale were families with children, a figure higher than the regional figure (36.2%) and the national average (36.0%). The figure below shows the tenure profile of the two main types of family with children households in Swale in 2011 compared to the remainder of the household population. The figures also set out the occupancy level of these groups. The data shows that, whilst there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst other households in Swale, the proportion of this group in the social and private rented sector is lower than recorded for other households. Lone parents however are notably more likely than other households to be in both Social Rented and private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied in Swale.
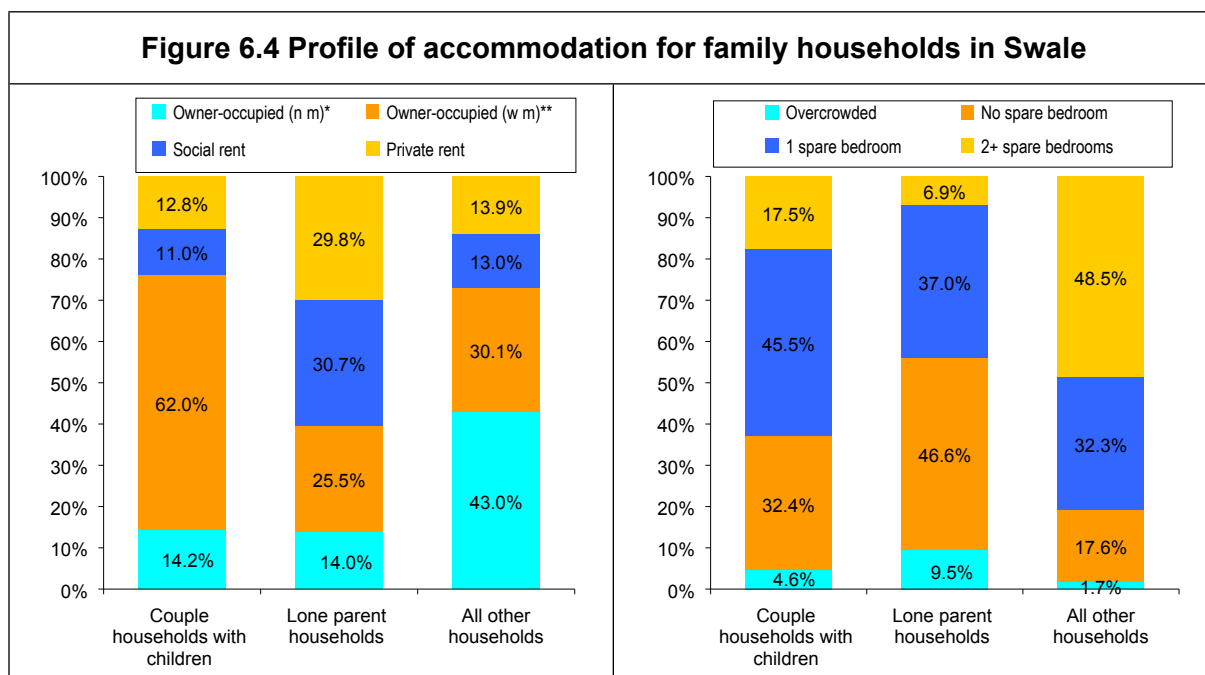
Figure 6.4 Profile of accommodation for family households in Swale

*Owner–occupied no mortgage ** Owner-occupied with mortgage, includes Shared Ownership. Source: 2011 Census

Future requirement

6.39   The disaggregated local housing need projections indicate that the total population of families with children is going to rise from 24,387 in 2022 to 29,414 by 2038 (as set out in Table 4.2), and the proportion of lone parent families within this group will grow from 30.4% in 2022 to 32.3% in 2038. The tables below show the projected accommodation profile for family households in Swale in 2038 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation.

Table 6.4 Type of accommodation projected for households with dependent children in 2038 in Swale					
Size of home	Owner-occupation	Private rented	Shared Ownership	Social Rent/ Affordable Rented	Total
One bedroom	0	0	0	0	0
Two bedrooms	2,521	398	327	1,728	4,973
Three bedrooms	11,341	966	327	3,360	15,994
Four or more bedrooms	7,397	469	163	586	8,615
Total	21,259	1,833	817	5,505	29,414

The private rented sector (PRS)

Growth

6.40   The current tenure profile in the Borough was modelled as part of the LTBHM model. This estimated that there are 11,570 private rented households in Swale in 2018, which represents 19.0% of households in the Borough. The private rented sector (PRS) is becoming increasingly important in Swale; as shown in Figure 2.11, the data indicates that it increased by 22.4% in Swale between 2013 and 2018 – at a greater rate than was recorded regionally and nationally.

6.41   The figure below compares the household composition of the private rented sector in Swale in 2011, with the profile of households resident in this tenure in Swale in 2018. The data shows that, not only has the private rented sector expanded, but the households in it have diversified.

Source: 2011 Census and LTBHM modelling
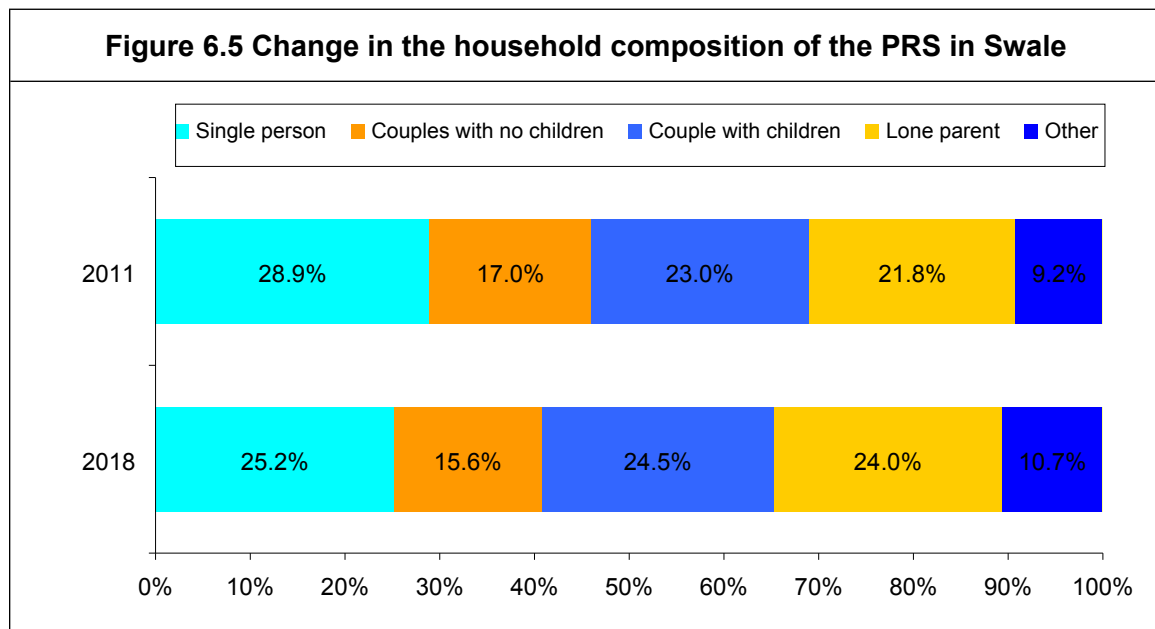
Those resident in the tenure

6.42   The figure below shows that whilst the private rented sector has diversified, it is still notably more likely to be occupied by younger households, with over a third of household reference persons aged 34 or under compared to less than a fifth of household reference persons in all other tenures.

Figure 6.6 Age of household reference person within each tenure in Swale, 2018

Legend: 16 to 34 | 35 to 49 | 50 to 64 | 65+

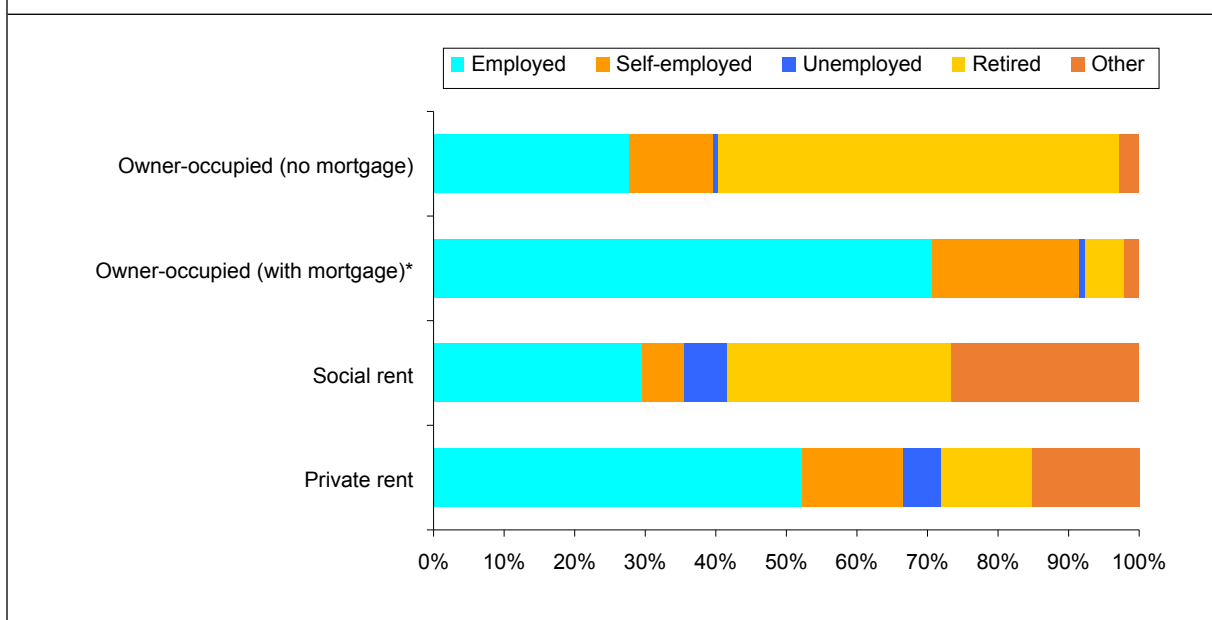| Tenure	16 to 34	35 to 49	50 to 64	65+
Owner-occupied (no mortgage)	1.3%	6.1%	31.3%	61.3%
Owner-occupied (with mortgage)*	16.2%	41.8%	34.1%	7.9%
Social rent	17.0%	25.1%	25.5%	32.4%
Private rent	35.3%	27.6%	21.0%	16.0%
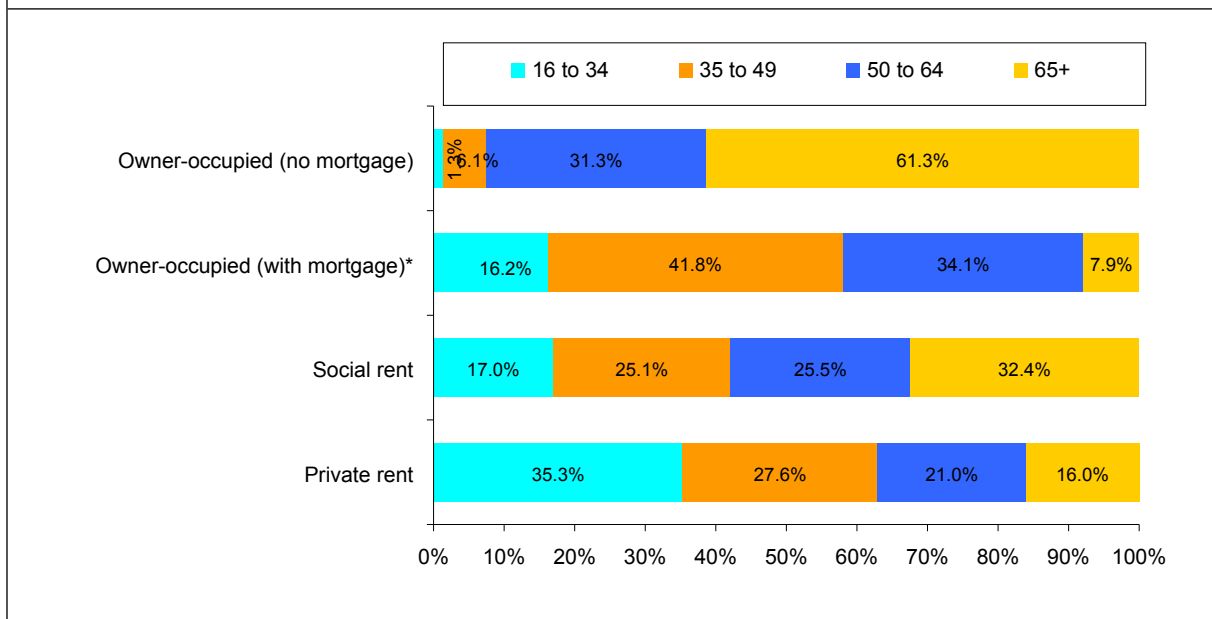
*Includes Shared Ownership Source: LTBHM modelling

6.43 The figure below shows that, whilst the majority of household heads in the private rented in Swale are in work, there are a number where the household head is unemployed or retired.

Figure 6.7 Economic activity of household reference person within each tenure in Swale, 2018

Legend: Employed | Self-employed | Unemployed | Retired | Other

(bar chart showing Owner-occupied (no mortgage), Owner-occupied (with mortgage)*, Social rent, Private rent)

Source: LTBHM modelling

6.44 The LTBHM model set out in Chapter 4 has been used to model the future housing market. This indicates that the private rented sector is likely to grow further in Swale over the plan period with the number of homes in the tenure projected to increase by 1,829 households between 2022 and 2038, a growth of 14.5%.

Current trends

6.45   The PPG suggests that *'market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents.'* Therefore, to assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. The table below shows the change in private rents over the last five years, at both the median and lower quartile level. This data is disaggregated by accommodation size and location. The table shows, for example, that between 2013/14 and 2018/19, two bedroom lower quartile rents increased by 20.2% in Swale.

6.46   Overall, the data suggests that the private rented sector is under notable pressure in Swale, as rent levels have risen at a greater rate than recorded nationally in all instances other than for the lower quartile and median rents of one bedroom homes. The increase in rent levels are also greater than that recorded regionally for properties larger than one bedroom, other than for the median rent for three bedroom dwellings. This implies that affordability in the Borough may be a particular issue for those trying to access this accommodation in Swale. The data does suggest that four bedroom rents are the most pressurized in Swale, as the change in rent levels recorded is notably higher than for the other bedroom sizes at both price points. These findings reflect the experience of the Council, which has noted that the private rented sector in the Borough has become increasingly unaffordable for many lower income working households, especially those resident in the Faversham & the east price market area.

Table 6.5 Change in private rents charged in Swale, the South East and England between 2013/14 and 2018/19				
Lower quartile prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Swale	10.5%	20.2%	22.3%	28.1%
South East	14.3%	18.5%	16.1%	12.5%
England	14.5%	13.7%	11.8%	15.6%
Median prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Swale	15.0%	19.0%	21.4%	31.4%
South East	16.7%	16.7%	22.3%	10.0%
England	23.0%	17.4%	16.9%	20.0%

Source: Valuation Office Agency, 2013-14, 2018-19

The benefit-supported private rented sector

6.47   Data available from the Department of Work & Pensions[60] indicates that there were 4,233 households in the private rented sector in Swale who were either in receipt of Housing Benefit or were receiving the Housing Element of Universal Credit in August 2018. This represents 36.6% of all households in the tenure, and is higher than the equivalent proportion of households in the sector both regionally and nationally (some 24.2% of private rented households in the South East were in receipt of one of these benefits, as were 28.3% of private rented households across England). Further analysis shows that the number of private rented tenants in receipt of assistance with their housing costs in Swale, has decreased by 13.8% between 2013 and 2018, in comparison to a regional reduction of 17.0% and a national fall of 13.7% over the same period.

6.48   It is important to recognise the role that the benefit-supported private rented sector plays in alleviating the pressure on the affordable housing stock, by housing some households that would otherwise be resident within the sector; however, it is not an official form of affordable housing as defined by the NPPF. In addition, a comparison of the entry-level private rents with the LHA caps, as set out in Chapter 3, showed there is a notable gap between the two in the BRMAs that apply in Swale, and the housing costs of households in need would not be fully met if they were to reside in this sector as noted in Chapter 3.

People wishing to build their own homes

6.49   It should be noted that the NPPF specifically refers to people *wishing to build or commission their own homes* within the examples cited in paragraph 61. Swale launched a self-build register in 2015 where households could register an interest in finding a plot for self-build or custom build housing in the Borough. There are currently 70 individuals on this register and two further associations. After an initial surge in interest in the first two years, when almost 37 individuals joined the register, around 8 additional individuals have joined the register each year since 2017. All but 5 of these individuals are resident in Kent at the moment, with over four-fifths of them already living in Swale.

6.50   The majority of individuals on the register intend to undertake the construction in a rural part of the Borough. Although not all applicants stated a preference for a specific location, of those that did (51 individuals), 58.8% indicated a preference for a location in the Sittingbourne & surrounds price market, 37.3% for the Faversham & the east price market, and just 3.9% for the Isle of Sheppey price market. People interested in self-build generally aspire towards a larger home. 52.4% of those on the register (that indicated their aspiration) intend to build a property with four or more bedrooms, with 85.7% of respondents hoping to construct a home with at least three bedrooms. A number of individuals cited a desire to build an eco-friendly

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[60] https://stat-xplore.dwp.gov.uk

home; this was mentioned by 15.7% of individuals as well as by an association that hopes to build 25 eco-friendly dwellings.

6.51   The PPG suggests that data from the Council's self-build register can be supplemented by information collated on the Self Build Portal[61]. The Self Build Portal presents a limited amount of self-build data at a Local Authority level (it contains more information on the national situation). This source assesses the relative level of self-build demand in each authority in England. Swale is assessed as having a demand for 38 self-build plots per 100,000 people in 2018. This figure is in the middle of the range amongst the neighbouring authorities – Canterbury has a demand of 91 self-build properties per 100,000 people and in Maidstone the figure is 181, however in Medway it is 25, and in Ashford it is 15. The Self Build Portal also indicates that there was an increase in the number of people on the self-build register by 15 between 2017 and 2018, a figure that is typical amongst neighbouring authorities; 14 people were added to the Medway register between 2017 and 2018, whilst in Canterbury the figure was 30.

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[61] https://nacsba.org.uk/

7. Conclusions

7.1 Chapter 1 considered the geographic context in which the local housing market operates using the latest data on migration patterns and housing market linkages. This analysis concluded that Swale's most established linkages are those with the neighbours immediately to the west and east of the Borough (Medway and Canterbury) reflecting the pattern of migration flows around London to move radially outwards. However, it is clear that the housing market profile in Swale is distinct to these two authorities and the Borough can clearly be viewed as its own housing market.

7.2 Chapter 2 documented the derivation of the housing need in Swale following the Standard Method described in the PPG. This indicated that there is a local housing need of 1,038 each year in Swale over the plan period.

7.3 Chapter 3 examined the cost of housing in the Borough. Whilst market accommodation in Swale is cheaper than regional equivalents, local incomes are also notably lower meaning the affordability of the market housing is an issue in the Borough and there are a significant number of households that are unable to afford market housing in Swale. The analysis of the local housing market indicated that there is a notable gap between the cost of Affordable Rent and market rent which could potentially be filled by intermediate products. There is also a large gap between entry-level market rent and entry-level home ownership which could be addressed by Discount Home Ownership options. It is important to note that the suitability of these intermediate and sub-market products to meet housing need to the extent identified in the report is contingent on them being priced at the levels set out in Chapter 3.

7.4 The report has presented two main models, the Long Term Balancing Housing Markets (LTBHM) model (Chapter 4), which disaggregates the Standard Method local housing need calculations to identify the tenure and size of housing that should be sought over the plan period to best accommodate the future population, and the Affordable Housing Need model (Chapter 5), an unconstrained estimate of the amount of affordable housing required. The affordable housing need figure is calculated in isolation from the rest of the housing market and is only used to indicate whether the Standard Method local housing need figure should be increased. On completion of the calculation of the need for affordable housing paragraph 024 (Reference ID: 2a-024-20190220) of the PPG says:

The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.

7.5 Planning Authorities should consider whether the housing target in the Local Plans should be increased to assist with meeting the need for affordable housing. Once this has been established the future mix of all housing required over the plan period should be identified. In accordance with paragraph 017 of the PPG this is derived using a separate approach.

7.6   The total annual affordable housing need in Swale of 287 per year (as set out in Chapter 5) represents 27.7% of the annual dwelling growth of 1,038 in the Borough as assessed using the Standard Method. It would be reasonable to expect this proportion of new housing as affordable to be delivered on a large housing site in Swale, where a figure of 30% would be plausible (subject to viability). The Council can therefore be confident that the affordable housing need identified in the model will be addressed by the dwelling growth identified by the Standard Method and no adjustment is required to this figure.

7.7   To determine the size and tenure of the new housing required within the Standard Method local housing need to accord with paragraph 017 of the PPG, the LTBHM model outputs are used (the change required between 2022 and 2038). This model provides the profile of housing appropriate to meet the population over the plan period and is directly derived from the calculations used to determine the Standard Method local housing need. In comparison, it is not appropriate to base the recommended housing mix on the results of the affordable housing need model as this is an unconstrained figure with the sole purpose of determining whether an uplift to the Standard Method local housing need is required – it does not form a component of the Standard Method local housing need calculations. This also means that the proportion of new affordable housing required is determined from the LTBHM model, the figure derived from the affordable housing needs model (set out in paragraph 7.6 above), is produced solely to inform the consideration of uplifting the Standard Method local housing need.

7.8   Before the suggested housing mix is presented, it is necessary to convert the household totals presented in Chapter 4 to dwelling figures by applying the vacancy[62] rate of 5.41% (the difference between the household growth total of 982 per year between 2020 and 2040 and the total Standard Method local housing need for Swale over the plan period of 1,038 per year).

7.9   Figure 7.1 sets out the size and tenure requirement for the 16,604 dwellings (1,038 per annum) required over the plan period (between 2022 and 2038). The Housing White Paper, published in February 2017 proposes that Local Authorities should *'deliver starter homes as part of a mixed package of affordable housing that can respond to local needs and local markets'.* There is no mandatory requirement for a proportion of all new dwellings to be Help-to-Buy or Starter Homes, however paragraph 64 of the NPPF sets out a clear policy expectation that housing sites deliver a minimum of 10% affordable home ownership units, but this can include Shared Ownership homes and discounted market sales products as well as Help-to-Buy/ Starter Homes and potentially First Homes when they are finalised in policy.

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[62] See footnote 46 for the derivation of this figure.

7.10   The White Paper is also clear that there will be an expectation for local authorities to also provide Affordable Rented accommodation where this meets the identified needs. We have therefore provided a further distinction within the proposed housing mix to include the potential demand for Help-to-Buy/ Starter Homes (which reduces the requirement for private rented accommodation as they are providing an affordable home ownership opportunity for those that would otherwise reside in this tenure rather than meeting the same housing need that is addressed through Shared Ownership and Affordable Rented products).

7.11   The overall requirement for 18.0% of housing to be Affordable Rented and 9.2% affordable home ownership (of which 4.2% could be Shared Ownership[63] and 4.9% Help-to-Buy/ Starter Homes[64]) reflects the mix of housing that would best address the needs of the local population. It does not take into account the funding that will be available to help provide subsidised housing and it is acknowledged that current funding stream priorities mean that it will be easier to deliver intermediate housing rather than Affordable Rent.

7.12   The profile set out is a guide to the overall mix of accommodation required in the Borough although it is acknowledged that the Council may wish to divert away from this profile in particular instances. It should also be noted that the potential demand for Help-to-Buy/ Starter Homes is less robustly evidenced than for the other tenures and should therefore be treated with caution.

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[63] Shared Ownership refers to the version with a 25% equity share as this has been evidenced to cost less than market entry housing in Chapter 3.

[64] The Help-to-Buy/ Starter homes figure represents a potential demand rather than a requirement and is derived from table 4.12.

Figure 7.1 Requirement for all new housing in Swale over the plan period
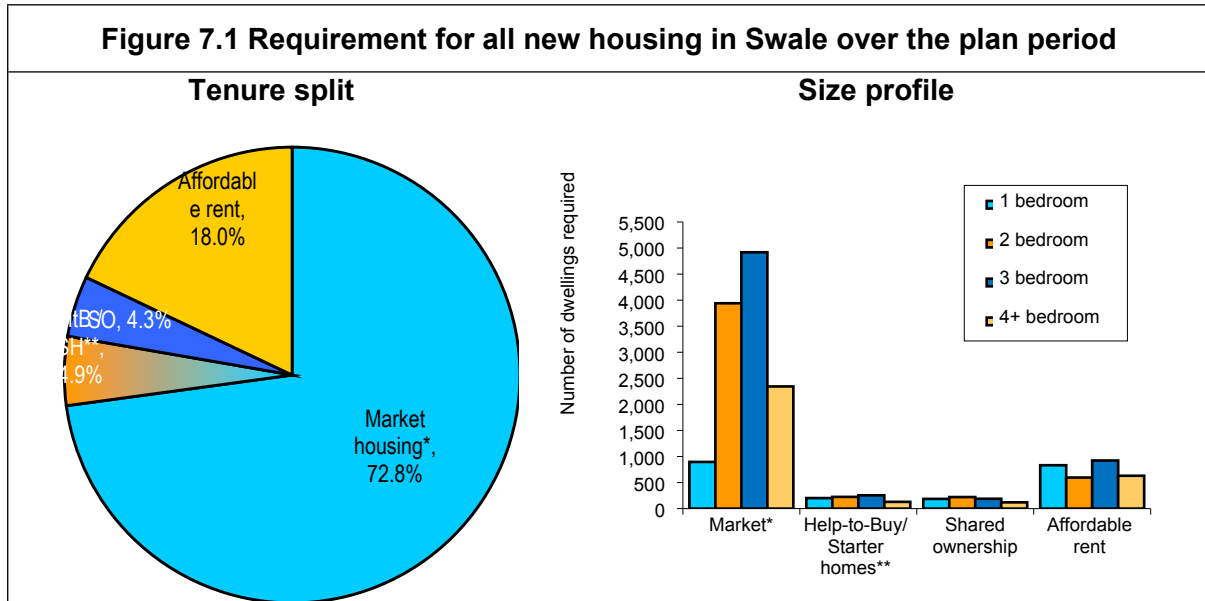
*Market housing includes both owner-occupied and private rented **Help-to-Buy/ Starter homes figures represent potential demand rather than a requirement. These figures represent the distribution of housing that should be delivered.

7.13 Chapter 6 considered the housing requirement of particular groups of the population. Paragraph 006 (Reference ID: 63-006-20190626) notes that '*Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people....They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period.'*

7.14 In terms of specialist dwellings for older persons (Class C3), it is evidenced that in Swale an additional 516 additional units of sheltered housing for older people should be provided over the plan period within the housing target. Chapter 6 also identifies that an additional 305 Registered Care spaces (nursing and residential care homes) will be required over the next 16 years in Swale (Class C2). This additional accommodation is required to meet the future institutional population and therefore does not form part of the new housing to meet the Standard Method local housing need.

7.15 In addition, it is calculated that new adapted housing M4(2) Category 2 is required for an additional 4,200 households between 2022 and 2038 in the Borough, of which around 500 dwellings should be M4(3) Category 3 homes - wheelchair user dwellings. The most effective approach to ensuring the housing stock has the flexibility to meet the requirements of the future population would be for the Council to implement a policy of universal Category 2 standards in newbuild housing.

Glossary

Affordability

A measure of whether households can access and sustain the cost of private sector housing. There are two main types of affordability measure: mortgage and rental. Mortgage affordability assesses whether households would be eligible for a mortgage; rental affordability measures whether a household can afford private rental. Mortgage affordability is based on standard lending multipliers (3.5 times income). Rental affordability is defined as the rent being less than a proportion of a household's gross income (35% of gross income is used as the baseline).

Affordable housing

NPFF defines affordable housing as *'housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers).'* It also must comply to the conditions associated with the type of affordable housing it is.

Affordable housing for rent

The NPFF provides the following definition: *'Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).'*

Affordable housing need

The PPG defines affordable housing need as *'the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market'*.

Annual affordable housing need

The combination of the net future affordable housing need plus an allowance to deal progressively with part of the net current affordable housing need over the plan period.

Average

The term 'average' when used in this report is taken to be a mean value, unless otherwise stated.

Bedroom standard

The bedroom standard is calculated as follows: a separate bedroom is allocated to each co-habiting couple, any other person aged 21 or over, each pair of young persons aged 10-20 of the same sex, and each pair of children under 10 (regardless of sex). Unpaired young persons aged 10-20 are paired with a child under 10 of the same sex or, if possible, allocated a separate bedroom. Any remaining unpaired children under 10 are also allocated a separate bedroom. The calculated standard for the household is then compared with the actual number of bedrooms available for its sole use, to indicate deficiencies or excesses. Bedrooms include bed-sitters, box rooms and bedrooms which are identified as such by respondents, even though they may not be in use as such.

Broad Rental Market Area

A Broad Rental Market Area is where a person could reasonably be expected to live taking into account access to facilities and services. This geography is used to calulate the Local Housing Allowance (LHA) rates available.

Concealed household

A household that currently lives within another household but has a preference to live independently and is unable to afford appropriate market housing.

Current need

Households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others. It is used as a term within the affordable housing need model.

Discounted market sales housing

This is defined in the NPPF as housing that *'is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.'*

Household

One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room.

Household formation

The process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households which form over a period of time. This is equal to the number of households existing at the time period which did not exist as separate households at the beginning of the period (not counting 'successor' households, when the former head of household dies or departs).

Households sharing

Are households (including single people) who live in non-self-contained accommodation but do not share meals or a living room (e.g. 5 adults sharing a house like this, constitute 5 one-person households).

Housing market area

The geographical area in most of those changing home without changing employment choose to stay and in which the character of the housing market is distinct from neighbouring areas.

Housing need

The PPG defines housing need as an 'unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for.'

Housing Register

A database of all individuals or households who have applied to a local authority or RSL for a social tenancy or access to some other form of affordable housing. Housing registers, often called waiting lists, may include not only people with general needs, but people with support needs or requiring access because of special circumstances, including homelessness.

Housing size

Measured in terms of the number of bedrooms, habitable rooms, or floor space. This report uses the number of bedrooms.

Income

Income means gross household income unless otherwise qualified.

Long-term balancing housing markets (LTBHM) model

The long-term balancing housing markets model which breaks down the overall housing need into the component types (tenure and size) of housing required. It is based on the population projections and occupation patterns of household groups (considering the trends in how these occupation patterns are changing).

Lower quartile

The value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one quarter of the way up the ranking from the cheapest to the most expensive.

Mean

The mean is the most common form of average used. It is calculated by dividing the sum of a distribution by the number of incidents in the distribution.

Median

The median is an alternative way of calculating the average. It is the middle value of the distribution when the distribution is sorted in ascending or descending order.

Migration

The movement of people between geographical areas, primarily defined in this context as the local authority area.

Other affordable routes to home ownership:

The NPPF defines this as a type of affordable housing that *'is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.'*

Net affordable need

The difference between the annual affordable need and the expected annual supply of available affordable housing units.

Neil McDonald Strategic Solutions (NMSS) model

The Neil McDonald Strategic Solutions model is an Excel spreadsheet model which seeks to replicate as closely as is reasonably practicable the methods used by MHCLG and ONS in producing the official population and household projections. It was developed by Neil McDonald to support local authorities and others in estimating objectively assessed housing needs.

Newly arising need

New households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency). It is used as a term within the affordable housing need model.

Overcrowding

An overcrowded dwelling is one which is below the bedroom standard (see 'Bedroom Standard' above).

Projection

A calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Re-lets

Social rented and Affordable Rented housing units which are vacated during a period and become potentially available for letting to new tenants.

Secondary data

Existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Specialised housing

Refers to housing that has been specially designed for a particular client group to meet their particular needs (such as accommodation that is accessible to people with a physical disability, extracare housing where care services are provided on site, hostels, refuges or group homes) or housing specifically designated for particular groups (such as older people, people with physical disabilities, learning difficulties or mental health issues). This is characterised as housing that includes special design features and/or access to support to assist people to live independently for as long as possible in their own home.

Standard Method

The Standard Method is the approach set out in the PPG to determine the minimum annual local housing need figure in a local authority area. All the steps used in the Standard Method are described in PPG paragraph: 004 (Reference ID: 2a-004-20190220)

Under-occupation

An under-occupied dwelling is one which exceeds the bedroom standard by two or more bedrooms.

Unsuitably housed households

All circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition or cost. Households can have more than one reason for being in unsuitable housing, and so care should be taken in looking at the figures: a total figure is presented for households with one or more unsuitability reason, and also totals for the numbers with each reason.

Appendix 1. Details of the NMSS model

Overview

The Neil McDonald Strategic Solutions (NMSS) model is an Excel spreadsheet model which seeks to replicate as closely as is reasonably practicable the methods used by MHCLG and ONS in producing the official population and household projections. It was developed by Neil McDonald to support local authorities and others in estimating objectively assessed housing needs. It has been widely used in Local Plan preparations; Local Plan examinations; and S78 planning appeals, and inspectors have relied on its conclusions.

The model takes as its starting point a set of official projections – currently either the 2018 or 2016-based projections. It is a 'stepping model' which means it takes one year's population figures and estimates of births, deaths and migration flows in the ensuing 12-month period to produce an estimate of the following year's population. That process is then repeated year by year until the end of the projection period is reached.

The estimates of births, deaths and migration flows are based on flow rates derived from official projections and these can be adjusted to produce variant projections. The flow rates are applied to the previous year's population which means that if the model is being used to explore, say, the consequences of assuming higher outflows of students than envisaged in the official projections, the impact this will have on births, deaths and migration flows is automatically taken into account.

Appendix 2. Detail of the calculation of the affordable housing need in Swale

This appendix sets out the results of the three broad stages of the model used to calculate affordable housing need. Within each of the three stages there are a number of detailed calculations many of which themselves have a number of components. This appendix presents details of how each of these stages is calculated using locally available data for Swale.

Stage 1: Current unmet gross need for affordable housing

The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing and are therefore in current need.

The PPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in the table below for Swale, which also indicates the number of households in each category and the source of the data. The final column represents the revised total for each of these categories once any double counting between them has been taken into account. Households can be unsuitably housed for more than one reason, so it is important that they are only counted once.

The first table shows that there are 3,178 households currently in unsuitable housing or lacking their own housing in Swale and the most common reason for unsuitability is overcrowding. This figure of 3,178 represents 5.1% of all households in the Borough.

Table A2.1 Current households who lack their own housing or live in unsuitable housing in Swale			
Element	*Source*	*Number of households*	*Revised number of households*
Homeless households	Swale Council's housing register as of March 2020.	186	177[65]
Households in temporary accommodation	Swale Council's housing register as of March 2020.	199	27[66]
Overcrowded households	2011 Census modelled to Spring 2020. This was done by calculating the annual change in the number of overcrowded households (in terms of rooms not bedrooms as bedrooms were not included in the 2001 Census) recorded in Swale between the 2001 and 2011 Census. The nine-year change for each tenure recorded from this source was averaged against the latest nine-year change for each tenure recorded nationally by the English Housing Survey. This average was applied to the 2011 Census figures for overcrowding in each tenure to derive an estimate for 2020.	2,149	2,149
Concealed households	2011 Census modelled to Spring 2020. This was done by calculating the annual change in the number of concealed households recorded in Swale between the 2001 and 2011 Census and applying this the number of concealed households identified in the 2011 Census.	821	305[67]
Other groups	The Council's housing register as of March 2020. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above).	520	520
Total		**3,875**	**3,178**

Source: 2011 Census data modelled to 2020, the Council's Housing Register.

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[65] The housing register indicated that 9 of the homeless households were also in an additional housing need category.

[66] The housing register indicated that 172 of the households in temporary accommodation were also in an additional housing need category.

[67] The 2011 Census indicated that 62.9% of concealed households were also overcrowded in Swale.

Affordability

Some of these households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector without requiring subsidy. The ability of these households to afford the cost of entry-level market housing (whichever is the cheaper of entry-level private rent and entry-level owner-occupation) of the appropriate size (set out in Figures 3.4 and 3.7) is therefore tested. The housing register details the size of accommodation required by homeless households, households in temporary accommodation and households unsuitably housed for other reasons. For overcrowded households and concealed households, the household composition recorded for these households in the Census is used to determine the size requirement profile. To test overcrowded households the income distribution for each dwelling size requirement, identified using the CACI income profile for the Borough, is adjusted to reflect that nationally the income of overcrowded households is 96.8% of the figure for all households (according to the English Housing Survey). Similarly, for homeless, temporarily accommodated, concealed and 'other' unsuitably housed households the income distribution is adjusted to reflect that nationally the income of Social Rented households is 53.7% of the figure for all households (according to the English Housing Survey).

These households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in their authority using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable in Swale[68]. The impact of using other thresholds is examined in the analysis in Chapter 5. The table below shows the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households able to afford the market-entry point (either to rent or to buy, whichever is cheaper). The number of households that are therefore in current need is shown in the final column.

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[68] This affordability test is used as this is the most appropriate figures when the affordability of local housing is considered based on practice in the market. As this study is seeking to make a 'policy off' assessment of the housing market, an assumption that reflects the workings of the market should be used. Appendix 3 of this report sets out the evidence that this is the correct current situation in the Borough.

Table A2.2 Affordability of households in unsuitable housing in Swale			
Number of bedrooms required	*Unsuitable housed households*	*Percentage unable to afford both entry-level private rent and entry-level owner-occupation*	*Households in current need*
One bedroom	493	52.5%	258
Two bedroom	1,179	45.8%	540
Three bedroom	864	45.6%	394
Four or more bedrooms	643	51.9%	333
Total	3,178	48.0%	1,526

Overall 48.0% (1,526 households) of unsuitably housed households or households lacking their own housing in Swale are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that would make the property available when they move (this includes occupiers of Social Rented and Shared Ownership accommodation that are not living with another household currently), and other households. It is estimated that some 793 households in need in Swale currently live in affordable housing that would become available for reuse[69].

Total current need

The table below summarises the first stage of the assessment of affordable housing need as set out by PPG. The data shows that there are an estimated 1,526 households in current need in Swale.

Table A2.3 Stage 1: Current unmet gross need in Swale	
Component	
Homeless households and those in temporary accommodation	202
Overcrowded and concealed households	951
Other groups	373
Total current housing need (gross)	1,526

[69] For those households who lack their own housing or live in unsuitable housing it was necessary to not only establish the number of housheolds in each category, but also their current tenure (alongside the household type and the size of home they required). This was obtained from the original data sources detailed in Table A3.1.

Stage 2: Newly arising affordable housing need

In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This calculation, as per paragraph 021 of the PPG (Reference ID: 2a-021-20190220), is based on two elements:

- Number of newly forming households each year ($\times$ proportion unable to afford market housing)

- Plus existing households falling into need per year

Need from newly forming households

One of the outputs produced within the process of disaggregating the total housing need into a future population and household typology (as described in Chapter 4) is the calculation of the number of households that will form over the plan period in Swale. This figure is then averaged to provide an annual estimate for the number of newly forming households. Using this methodology, it is estimated that 1,318 new households will form per year in the Swale area. This represents a household formation rate of 2.1%, markedly higher than the figure of 1.4% recorded nationally by the English Housing Survey[70].

To assess the ability of these households to afford entry-level market housing (whichever is the cheaper of entry-level private rent and entry-level owner-occupation) of the appropriate size, the household composition for these new households identified within the disaggregation process are used to determine the appropriate size requirement profile. To test newly forming households' ability to afford market housing, the income distribution for each dwelling size requirement is adjusted to reflect that nationally the income of newly forming households is 70.2% of the figure for all households (according to the English Housing Survey). The table below details the derivation of newly arising need from newly forming households. It shows that 29.5% of newly forming households will be unable to afford market housing in Swale (both private rent and owner-occupation), which means that there will be an annual affordable housing requirement from 388 newly forming households.

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[70] It is also worth noting that whilst the figure of 2.1% may appear high, the household formation rate nationally was above 2% between 1995/16 and 2000/01 (and also in 2004/05) and it is only more recently that it has dropped below 1.8% for a sustained period (it was most recently 1.8% four years ago in 2012/13). In addition the 2016-based household projections suggest that nationally the household formation rate will begin to increase again from 2021 onwards.

Table A2.4 Newly arising need from new household formation (per annum) in Swale	
Component	
Number of newly forming households	1,318
Proportion unable to afford entry-level market housing (both entry-level private rent and entry-level owner-occupation)	29.5%
Number of newly forming households requiring affordable accommodation	388

Existing households falling into need

The current PPG does not provide detail on how this step should be calculated, however the previous version (of the PPG) recommended that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the lettings of affordable accommodation within Swale over the last three years (January 2016 to December 2019) indicates that there were 816 households that fell into need over the last three years in Swale, excluding those that were newly forming households (which have featured in the previous step). Annualised this is 272 (816/3) households per year in affordable housing need.

Total newly arising need

The table below summarises the second stage of the assessment of affordable housing need as set out by the PPG. The table indicates that 660 (388+272) households will be in newly arising need per annum in Swale.

Table A2.5 Stage 2 Newly arising need (per annum) in Swale	
Component	
New household formation (gross per year)	1,318
Proportion of new households unable to buy or rent in the market	29.5% (388)
Existing households falling into need	272
Total newly arising housing need (gross per year)	660

Stage 3: Current affordable housing supply

Paragraph 022 (Reference ID: 2a-022-20190220) of the PPG indicates that the current supply of stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and the committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Current occupiers of affordable housing in need

It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As established when calculating current need (paragraph 7 of this appendix), there are 793 households currently in need already living in affordable housing in Swale.

Surplus stock

A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. Swale records a vacancy rate in the affordable sector of 0.7%. As the vacancy rate is lower than the 3% benchmark[71], no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing in Swale.

Committed supply of new affordable units

The PPG indicates that '*the committed supply of new net affordable homes at the point of the assessment (number and size)'* be taken into account within the model. The Council has provided their affordable housing forecast which details affordable housing approved planning permissions (as at September 2019). In total, there are 788 new affordable homes committed across Swale currently.

Planned units to be taken out of management

The PPG states that the *'units to be taken out of management'* should be quantified. The Council has indicated that there are no affordable housing replacement schemes that will lead to a net loss of affordable accommodation and so a figure of 0 is used for this stage.

Total current affordable housing supply

Having been through the four components in order to assess the current affordable housing supply, the stage of the model is summarised in the tables below. The data shows that there will be an estimated 1,581 affordable homes available in Swale.

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[71]
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/11812/Strategic_Housing_Market_Assessments-_Practice_Guidance.pdf (page 47)

Table A2.6 Stage 3 Affordable housing supply in Swale	
Component	
Affordable dwellings occupied by households in need	793
Surplus stock	0
Committed supply of affordable housing	788
Units to be taken out of management	0
Total affordable housing stock available	1,581

Stage 4: Future housing supply of social re-lets and intermediate affordable housing

The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need[72]. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector[73].

The future supply of Social/Affordable Rented housing

This is an estimate of likely future re-lets from the existing RSL rented stock (both social rent and Affordable Rent). Data on the affordable accommodation lettings within Swale over the last three years as recorded in the CORE LA Area Lettings tables[74] is used for this figure. The table below sets out the number of RSL rented lettings that have occurred in the last three years, excluding lets made within a brand new properties (the figures only include re-lets). The average number of re-lets across the Social and Affordable Rented sector over the three-year period was 342 per annum in Swale.

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[72] Whilst this is not a step that is detailed in the current PPG, it is logically required to reflect that there is a flow of housing becoming available to meet need as well as a flow of households requiring affordable housing (Stage 2 of the model). This stage has also been included in all previous iterations of this model that have been published in government guidance.

[73] The intermediate sector includes all affordable tenures other than social rented and Affordable Rented.

[74] CORE (COntinuous REcording) is a national information source funded by the Department for Communities and local Government that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent and buy.

https://www.gov.uk/government/collections/rents-lettings-and-tenancies

Table A2.7 Past RSL rented supply (re-lets only)	
Year	*Number of re-lets*
2016/17	392
2017/18	325
2018/19	310
Average	342

Source: Social Housing Lettings in England - Local Authority Level Tables 2016/17, 2017/18 and 2018/19

It should be noted that the affordable housing need model is an assessment of the housing market at a particular point of time (March 2020) and does not consider likely future changes to the housing market that may impact the results – such as future loss of affordable stock through Right-to-Buy or gain in affordable dwellings from future newbuild programmes[75].

Supply of intermediate housing

In most local authorities, the amount of intermediate housing (mostly Shared Ownership) available in the stock is fairly limited (as is the case in Swale). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore, we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the Social Rented sector[76] (4.2% in Swale) to the estimated stock of intermediate housing. This is set out in the table below. It is estimated that around 28 units of intermediate housing will become available to meet housing needs from the existing stock each year in the Swale.

Table A2.8 Estimated intermediate supply in Swale		
Intermediate tenure	*Stock*	*Annual re-lets*
Shared Ownership	571	28

Source: HCA's Statistical Data Return 2019

Annual future supply of affordable housing

The total future supply of affordable housing is the sum of the Social Rented supply and the intermediate supply as set out in the tables below.

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[75] The loss of homes through Right-to-Buy would mean that the number of dwellings in the total stock is reduced so the re-let rate applies to a smaller total stock each year and will therefore produce a smaller supply of affordable housing. The reverse is true if future affordable housing delivery means that the total stock increase in size.

[76] This is calculated by dividing the average number of relets (342 as set out in the previous step) by the total stock of social and affordable housing as set out in the HCA's Statistical Data Return, 2019.

Table A2.9 Stage 4 Future supply of all affordable housing (per annum) in Swale	
Component	
Annual supply of Social/Affordable Rented re-lets	342
Annual supply of intermediate housing available for re-let or resale at sub-market levels	28
Annual supply of all affordable housing	370

Appendix 3. Evidence to support the affordability threshold used in report

The affordability threshold

As part of the process of identifying future needs for affordable housing, the Planning Practice Guidance (Paragraph: 021 Reference ID: 2a-021-20190220) states that planning authorities should *'identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages)'*. Current cost can be identified as the percentage of household income spent on housing in the local market at the time of the assessment. As this study is seeking to make a 'policy off' assessment of the housing market, an assumption that reflects the workings of the market should be used.

To gather local evidence of what is current practice in Swale, the median private rent across the Borough ascertained from the housing market price survey (set out in Figure 3.7) is compared with the median household income in the private rented sector in the Borough (using the CACI income profiles summarised in Figure 2.8). This shows that on average households in the tenure in Swale spend 35.2% of the household income on rent. When lower quartile household incomes in the private rented sector are compared to lower quartile rents, households at this level in Swale typically spend 40.7% of their income on rent. This suggests that 35% is the typical level of household income spent on private rent by households in the tenure in Swale currently.

It should be noted that whilst the previous study used a figure of 30%, the market has altered notably since then with private rents in the Borough having risen much faster than incomes: Figure 2.7 shows that the median earnings of full-time employees in Swale have increased by 8.4% over the last five years, whilst Table 6.5 shows that private rents have risen by around 20% on average over the same period.