

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.