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# Housing Market Assessment

Final draft

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June 2020

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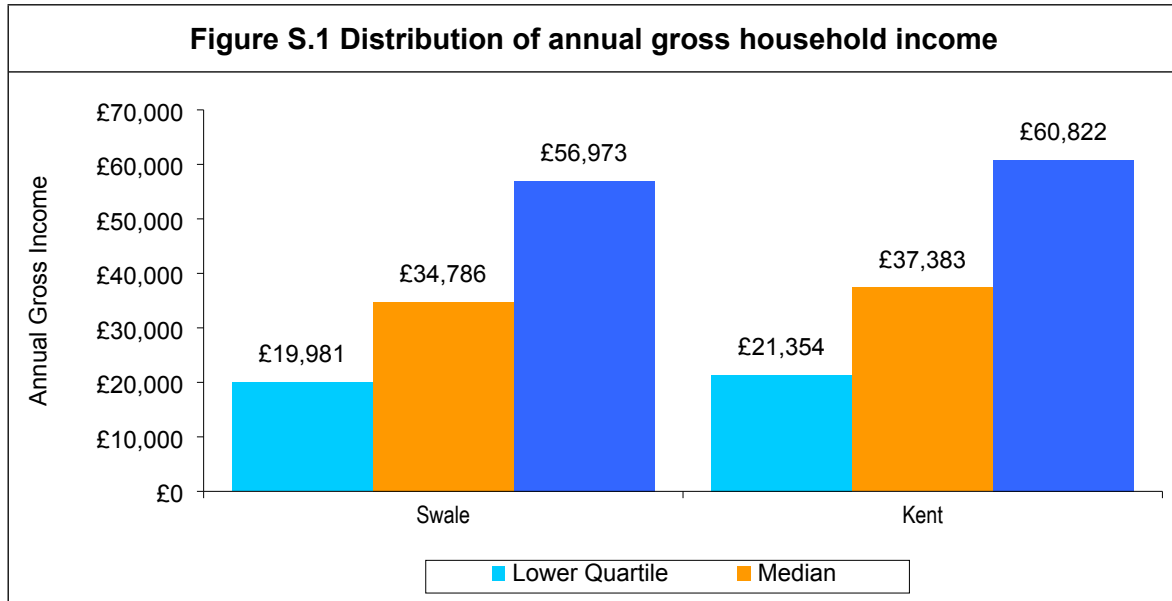
# Executive Summary

## 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.



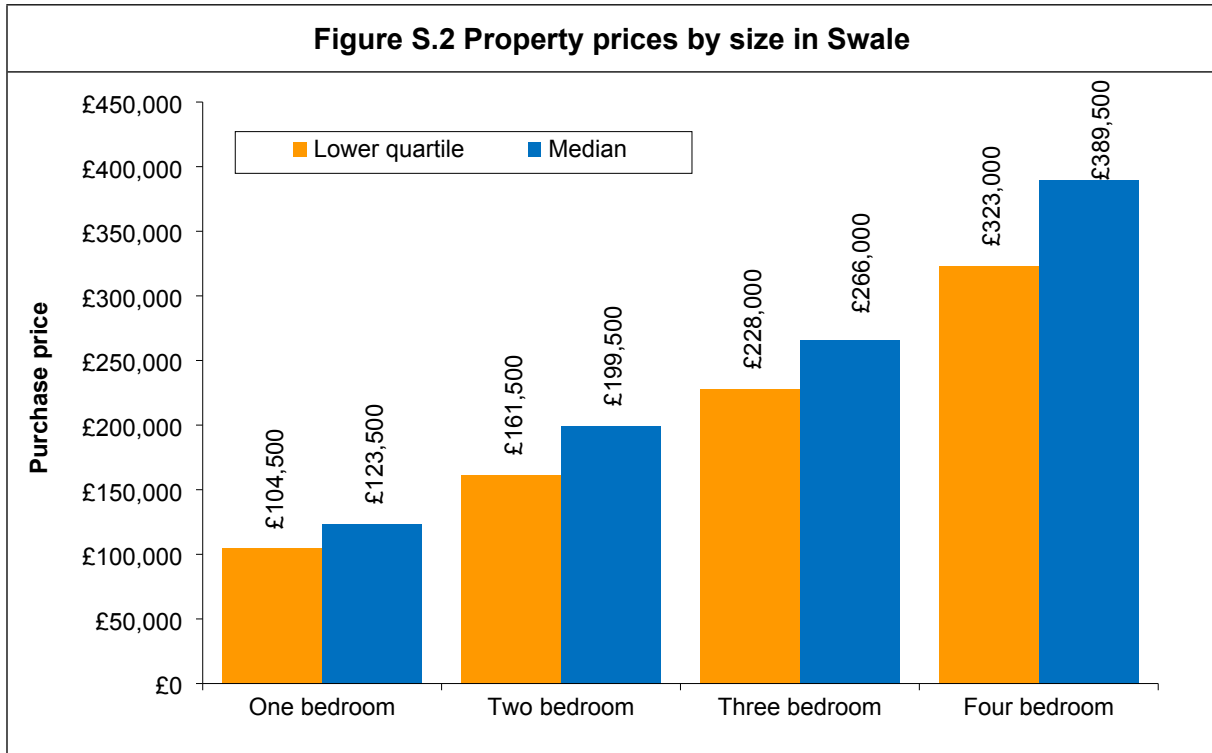
S.6 The Standard Method set out in the PPG has been used to determine the minimum annual local housing need figure. This accounts for the projected level of household growth in an area, adjusts for any affordability imbalance that might exist and is framed by the current level of deliverability required. 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.





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.

<b>Table S.1 Tenure of new accommodation required in Swale</b>				
<i>Tenure</i>	<i>Base tenure profile (2022)</i>	<i>Tenure profile 2038</i>	<i>Change required</i>	<i>% of change required</i>
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.

<b>Table S.2 Size of new accommodation required in the Borough between 2022 and 2038 by tenure</b>				
<i>Size of home</i>	<i>Owner-occupied</i>	<i>Private rented</i>	<i>Shared ownership</i>	<i>Social Rent/Affordable Rent</i>
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.

<b>Table S.3 Results of the affordable housing needs model</b>	
<i>Stage in calculation</i>	
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
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>287</b>
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.

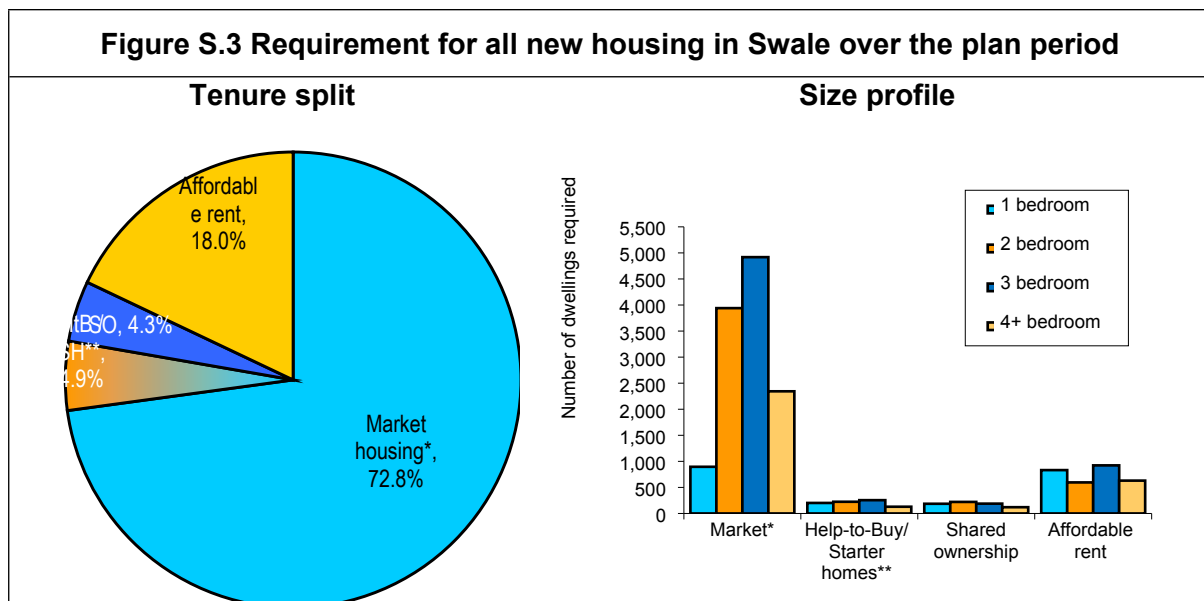
S.16 Modelling indicates that the number of people aged 65 or over with a limiting long-term illness that limits them a lot is expected to increase by 64.8% between 2022 and 2038 in the Borough with the number of people aged 65 or over with dementia expected to increase by 63.4% over the same period. 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).



\*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*'<sup>1</sup> 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)<sup>2</sup>, 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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<sup>1</sup> <http://services.swale.gov.uk/media/files/localplan/adoptedlocalplanfinalwebversion.pdf>

<sup>2</sup> The latest iteration of the PPG before this report was finalised was the version as at 22<sup>nd</sup> July, 2019. The report has been written so that it responds to the PPG as at this date.

- 1.5 In February 2019 the NPPF was further updated and the new PPG published<sup>3</sup>. 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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<sup>3</sup> 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<sup>4</sup>. 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
- 

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

<b>Table 1.1 The ten authorities with which Swale has the largest travel to work flows</b>					
<i>Travel to work journeys made by people aged 16 and over resident in Swale</i>			<i>Travel to work journeys made by people aged 16 and over working in Swale</i>		
<i>Destination authority area</i>	<i>Number of Swale residents that work there</i>	<i>Proportion of all residents in work that work there</i>	<i>Authority area of residence</i>	<i>Number of people working in Swale</i>	<i>Proportion of people working in Swale that live there</i>
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%

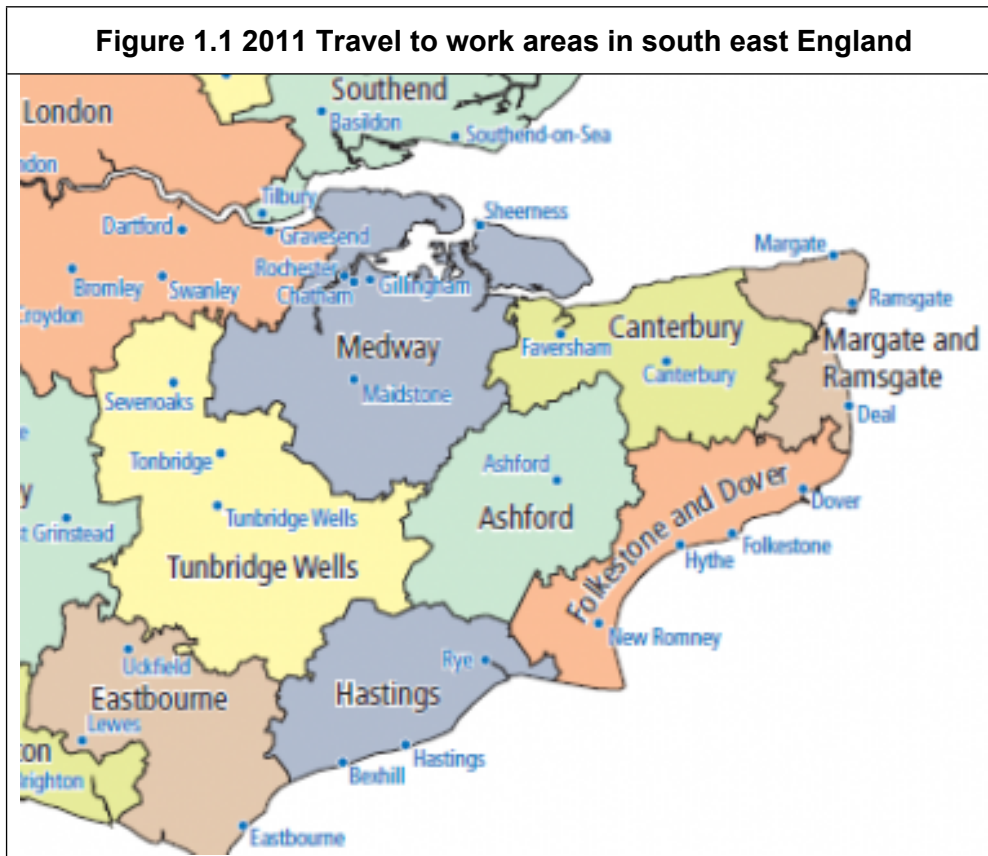
Source: 2011 Census

- 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<sup>5</sup>. The figure below shows an excerpt 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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<sup>5</sup> 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.





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<sup>6</sup>. 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<sup>7</sup>.
- 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

<sup>6</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/migrationwithintheuk/datasets/internalmigrationbyoriginanddestinationlocalauthoritiessexandsingleyearofagedetailedestimatesdataset>

<sup>7</sup> 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.'*<sup>8</sup>

<b>Table 1.2 The ten authorities with which Swale has the largest outward migration flows in 2018</b>			
<i>People that moved out of Swale in the preceding year</i>			
<i>2018</i>			<i>2011</i>
<i>Destination authority area</i>	<i>Number of Swale residents that moved there</i>	<i>Proportion of all residents leaving Swale that moved there</i>	<i>Proportion of all residents leaving Swale that moved there</i>
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<sup>9</sup>.

<sup>8</sup> 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).

<sup>9</sup> 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.

<b>Table 1.3 The ten authorities with which Swale has the largest inward migration flows in 2018</b>			
<i>People that moved into Swale in the preceding year</i>			
<i>2018</i>			<i>2011</i>
<i>Original authority area of residence</i>	<i>Number of people that moved to Swale</i>	<i>Proportion of all people moving to Swale</i>	<i>Proportion of all people moving to Swale</i>
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).

<b>Table 1.4 Average property prices in 2019 in Swale and surrounding authorities</b>					
Location	Detached	Semi-detached	Terraced	Flat	Overall average price
<b>Swale</b>	<b>£407,933</b>	<b>£278,091</b>	<b>£230,138</b>	<b>£167,329</b>	<b>£279,453</b>
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

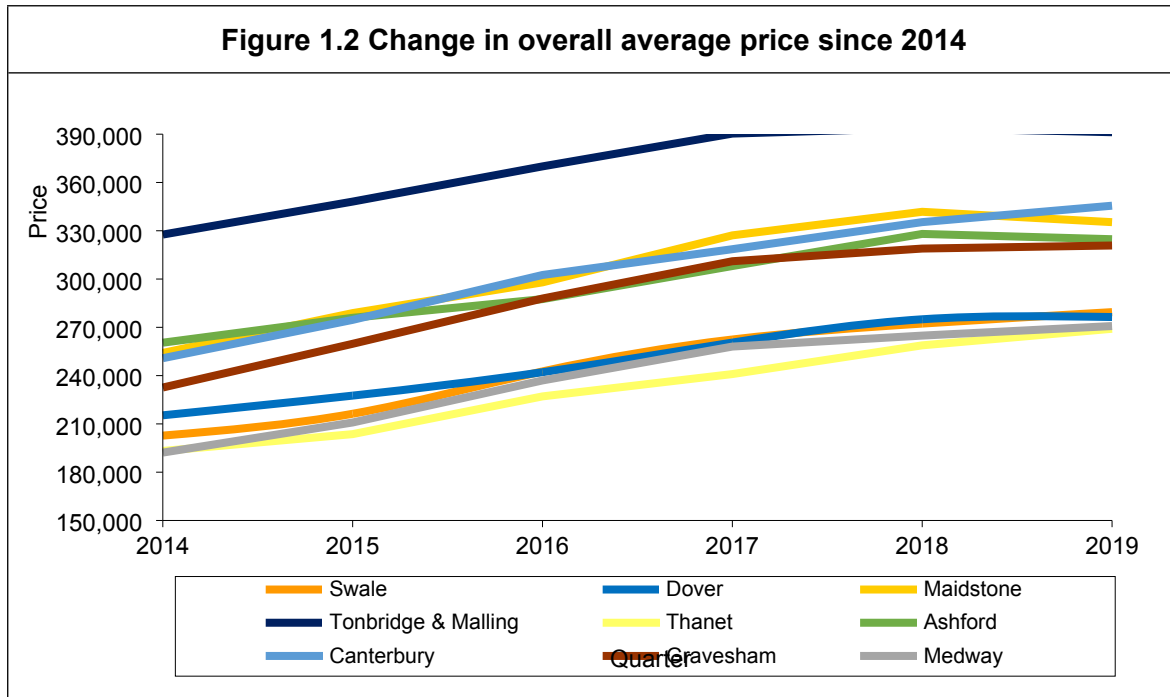
Source: Land Registry

- 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.

<b>Table 1.5 Distribution of property sales in 2019</b>					
Location	Detached	Semi-detached	Terraced	Flat	Total sales
<b>Swale</b>	<b>24.1%</b>	<b>27.4%</b>	<b>37.9%</b>	<b>10.6%</b>	<b>2,143</b>
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

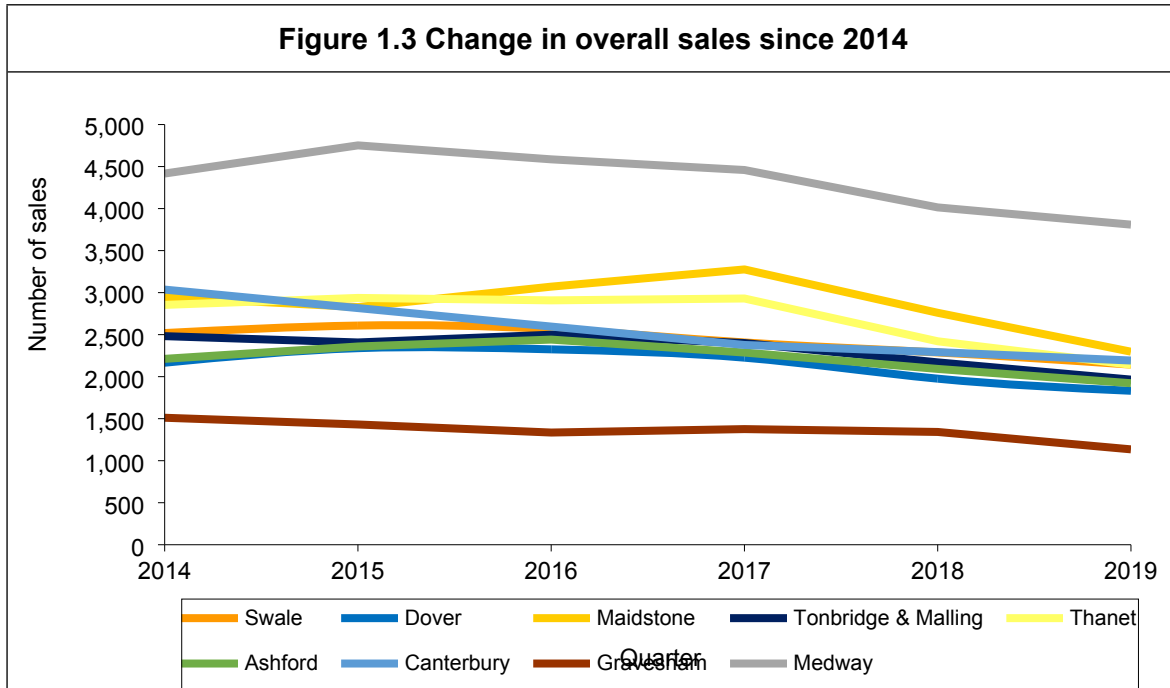
Source: Land Registry

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%).



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.



### 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<sup>10</sup>.* 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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<sup>10</sup> 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)<sup>11</sup>, *'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<sup>12</sup> 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

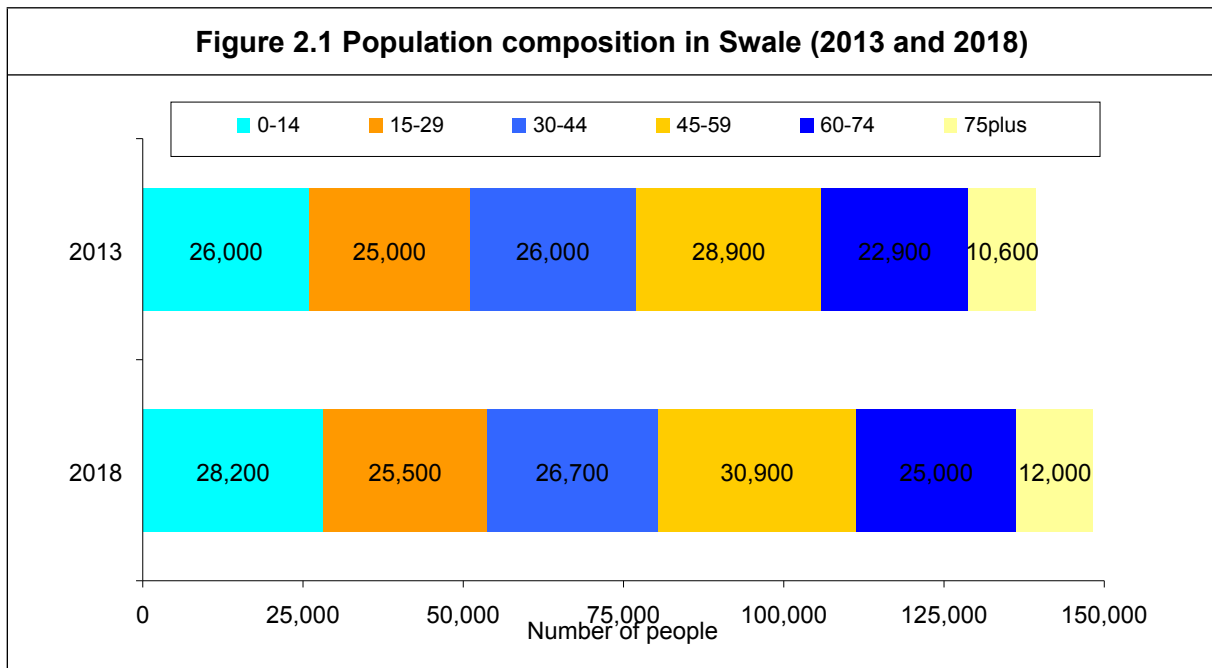
- 2.5 The 2018-based population estimates produced by the ONS show the age profile of the population in Swale and how it has changed over the last 5 years. These population estimates indicate that the resident population in Swale in 2018 was 148,300 and that, since 2013, the population had increased 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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<sup>11</sup> Paragraph: 001 Reference ID: 2a-001-20190220

<sup>12</sup> Paragraph: 002 Reference ID: 2a-002-20190220

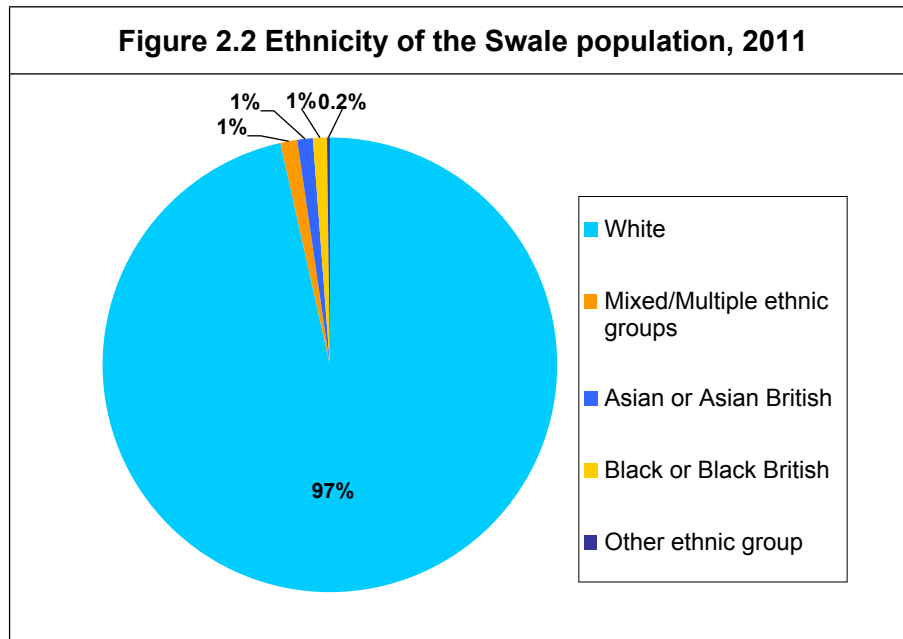
more slowly. The 2018-based population estimates indicate that the median age in Swale in 2018 was 41.3, whilst for the South East the figure was 41.6, and across England it was 39.9.



- 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%).



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.

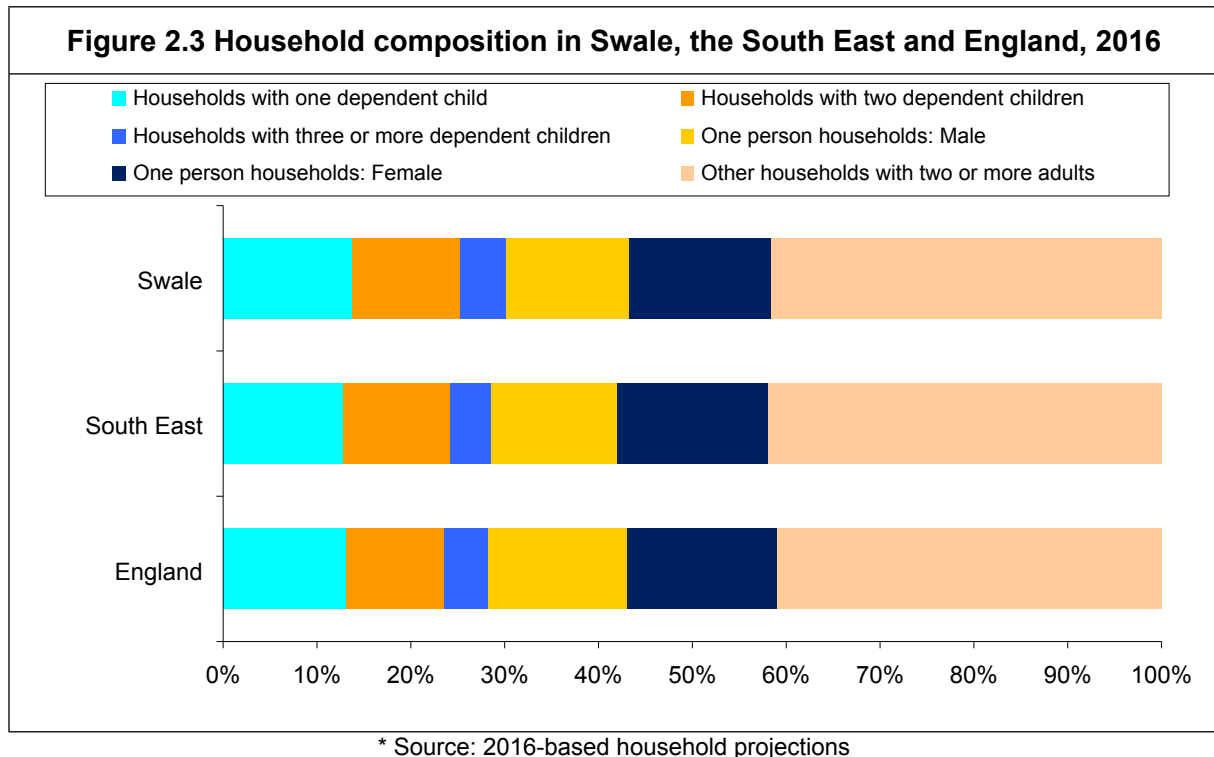
*Number of households*

- 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.

<b>Table 2.1 Change in average household size between 2011 and 2016</b>		
<i>Location</i>	<i>Average household size in 2011</i>	<i>Average household size in 2016</i>
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.



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<sup>13</sup> data on 'job density' (this is a measure of the number of individual jobs<sup>14</sup> 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

<sup>13</sup> 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](http://www.nomisweb.co.uk).

<sup>14</sup> 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).

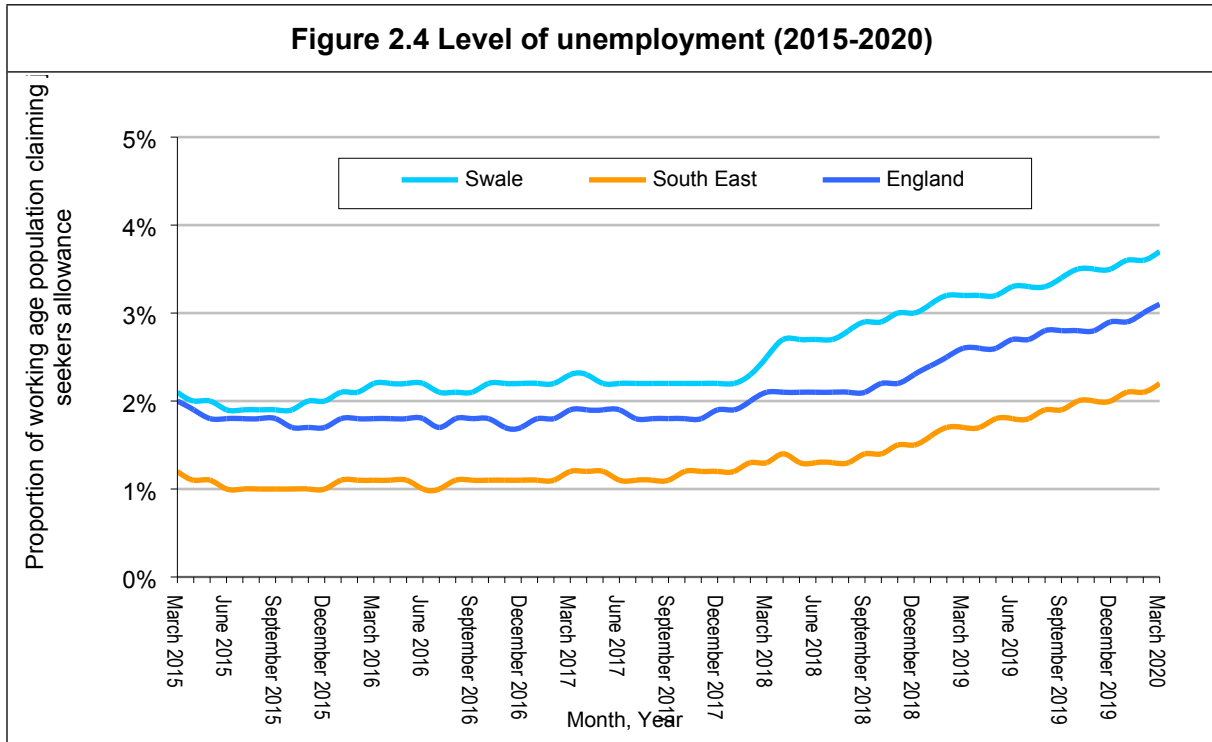
- 2.15 Measured by the ONS Business Register and Employment Survey there were 49,000 individual employee jobs<sup>15</sup> in Swale in 2018. This is the highest level recorded in the Borough since the collection of this data was begun in 2015 (the data source is only three years old). Overall, the number 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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<sup>15</sup> 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.



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.

<b>Table 2.2 Occupation structure (2019)</b>				
<i>Occupation Groups</i>	<i>Swale</i>	<i>South East</i>	<i>England</i>	<i>Change in # of people employed in Swale since 2014</i>
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%	-

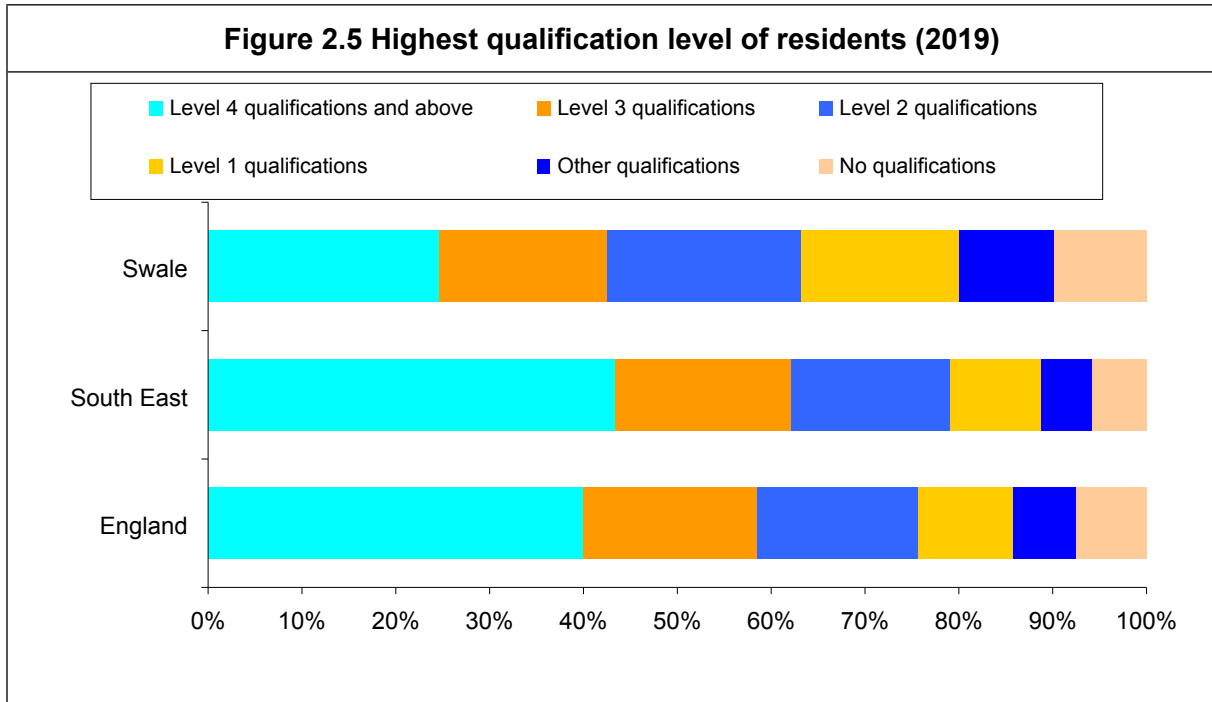
Source: Annual Population Survey, 2019

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

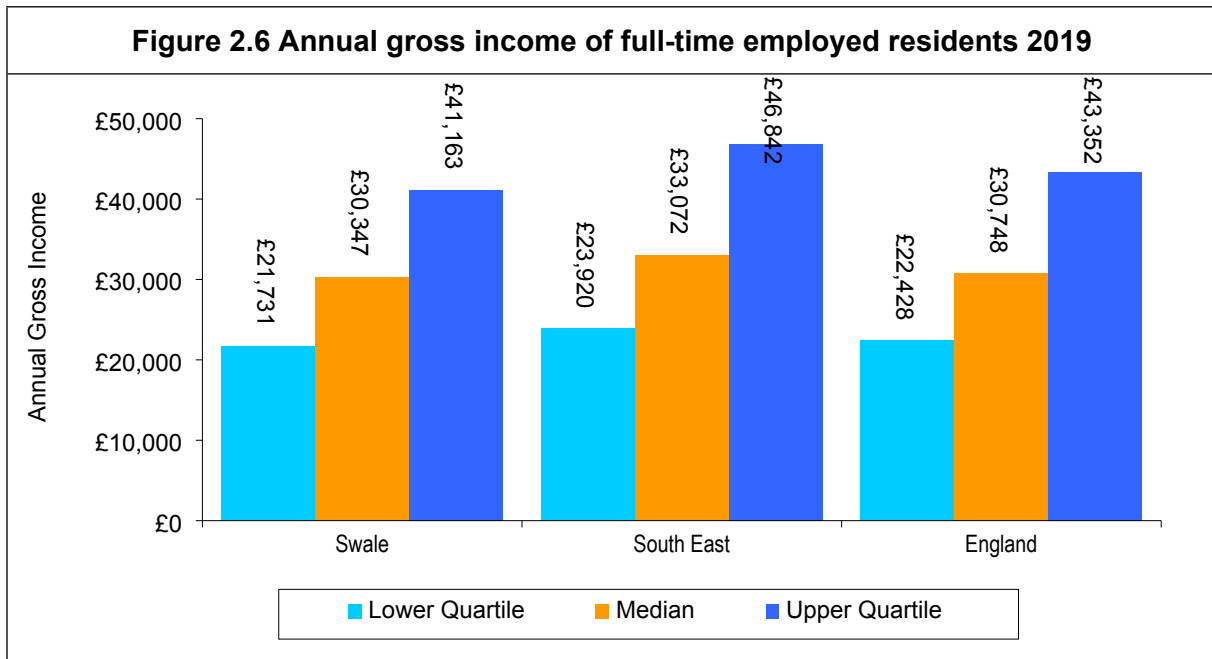


Source: Annual Population Survey, 2019

## Income

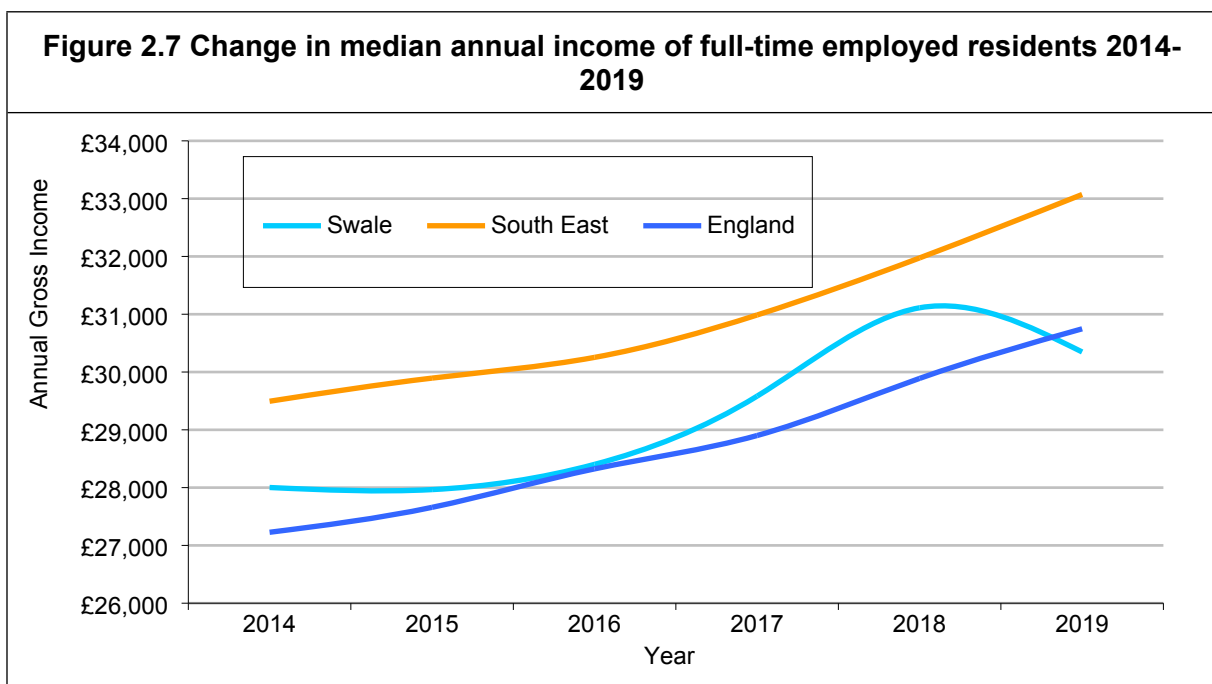
- 2.21 Income has a core effect on the level of choice a household has when determining its future accommodation. The mean earned gross income for full-time employees resident in Swale in 2019 was £33,956, according to the ONS Annual Survey of Hours and Earnings. In comparison, the regional figure was £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).





Source: ONS Annual Survey of Hours and Earnings (2019)

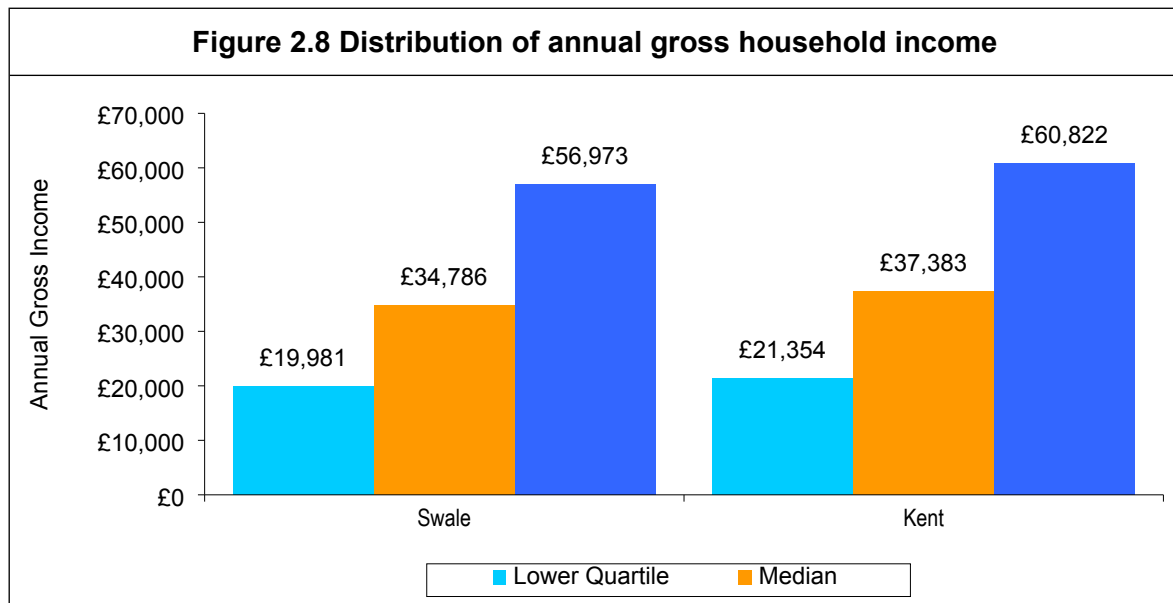
2.23 The figure below shows the change in the median income of full-time employees resident in Swale, the South East region and England since 2014. Swale has recorded the lowest increase since 2014 (at 8.4%) followed by the South East (12.1%), and England (12.9%).



Source: ONS Annual Survey of Hours and Earnings (2014-2019)

*Household income*

2.24 CACI Paycheck<sup>17</sup> 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.



Source: CACI Paycheck, 2020

**Dwelling stock**

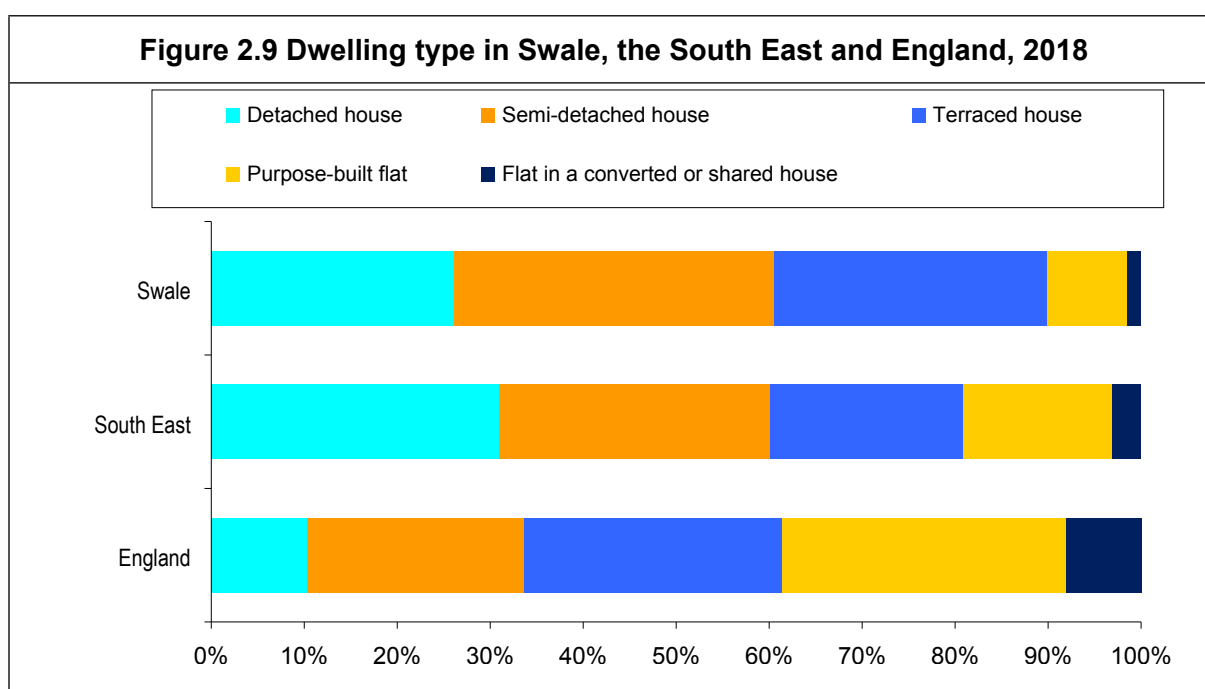
2.25 The latest Ministry of Housing, Communities and Local Government (MHCLG) live tables<sup>18</sup> indicates that there were 61,310 dwellings in Swale in 2018, and that, over the last five years, the number of dwellings had increased by 4.5%, over 2,600 properties. In comparison, the dwelling stock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

<sup>17</sup> CACI is a commercial company that provides households income data.

<sup>18</sup> <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.



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.

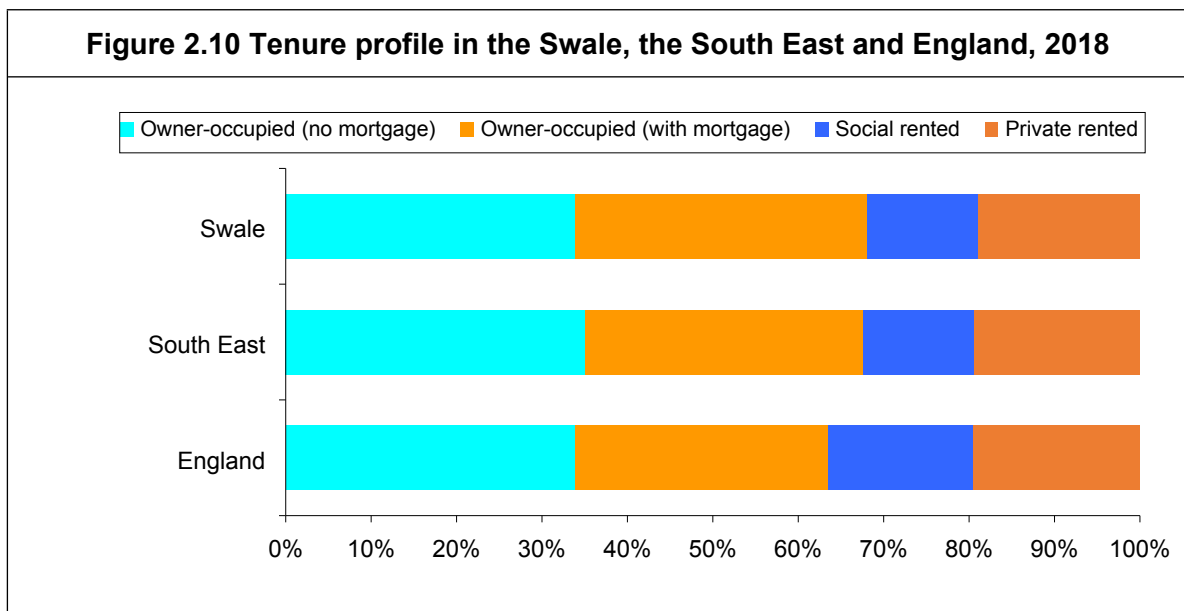
**Table 2.3 Size of dwelling stock in the Swale, the South East and England, 2018**

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

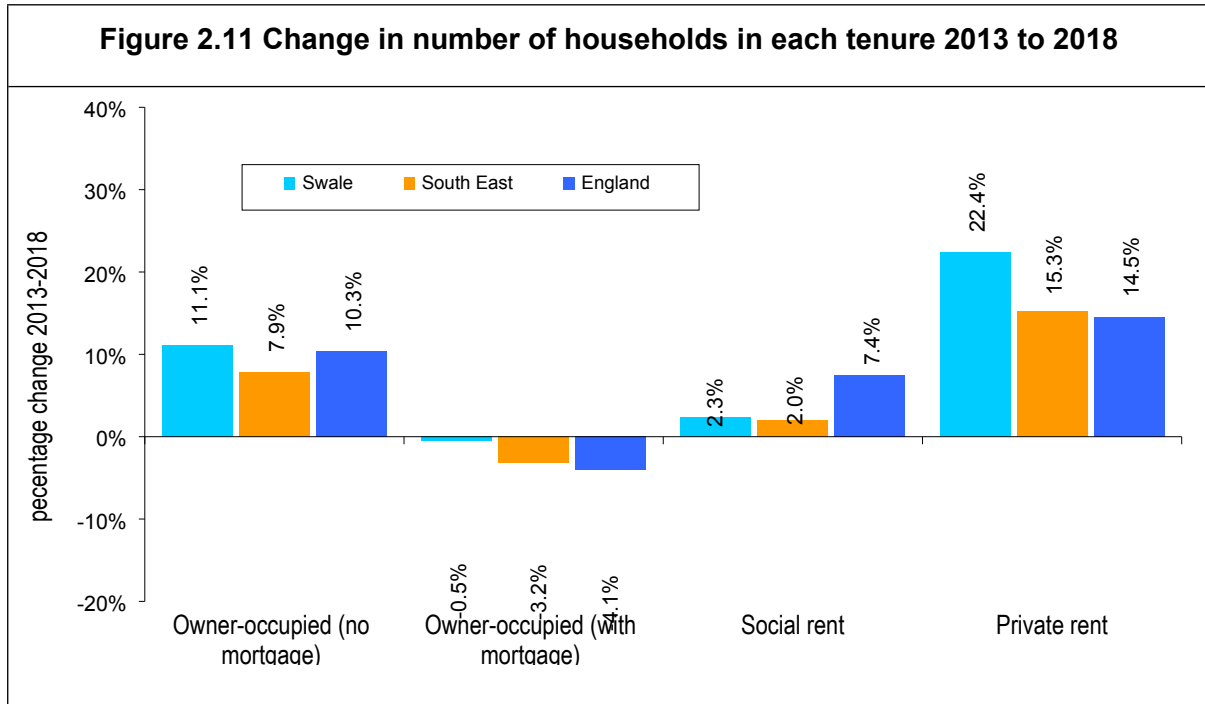
\*The number of rooms available excludes utility rooms but does include bathrooms and kitchens. Source: Survey of English Housing 2018, modelled 2011 Census data

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.



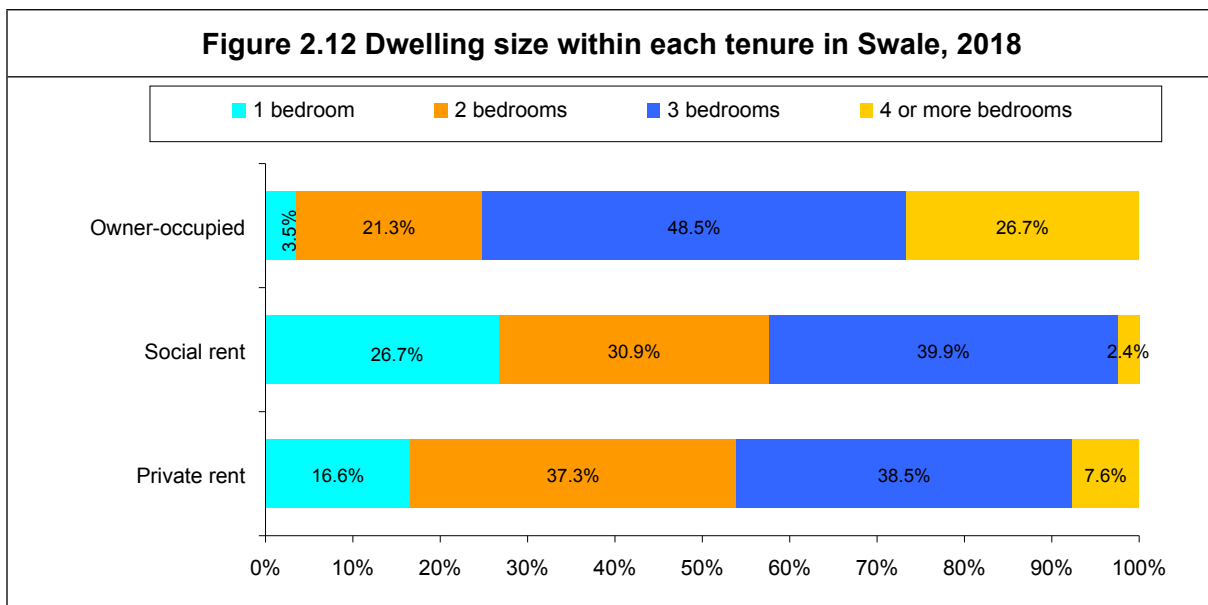
2.29 The figure below shows the change in the size of each tenure between 2013 and 2018. The figure shows that in all areas the private rented sector has increased dramatically and the number of owner-occupiers with no mortgage has also grown. In comparison, the number of owner-occupiers with a mortgage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



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.



## 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<sup>19</sup>, 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<sup>20</sup>. 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<sup>21</sup>*

- 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<sup>22</sup>. 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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<sup>19</sup> All the steps are described in paragraph: 004 Reference ID: 2a-004-20190220

<sup>20</sup> <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.'*

<sup>21</sup> 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).

<sup>22</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

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

- 2.35 The affordability ratio in Swale in 2019 is 9.03. The adjustment factor is therefore of 1.314375<sup>23</sup>. 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.<sup>24</sup> 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<sup>25</sup>, 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<sup>26</sup> 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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<sup>23</sup> 9.03-4=5.03, 5.03/4=1.2575, 1.2575\*0.25=0.314375, 0.314375+1= 1.314375

<sup>24</sup> *‘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.’*

<sup>25</sup> <https://www.swale.gov.uk/local-plan-for-swale/>

<sup>26</sup> 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<sup>27</sup>, 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<sup>28</sup> 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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<sup>27</sup> Reference ID: 2a-012-20190220

<sup>28</sup> 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<sup>29</sup>. 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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<sup>29</sup> <http://landregistry.data.gov.uk/app/standard-reports/report-design?utf8=%E2%9C%93&report=avgPrice>

Dwelling type	Swale		South East		England	
	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.

Dwelling size	Swale		South East		England	
	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

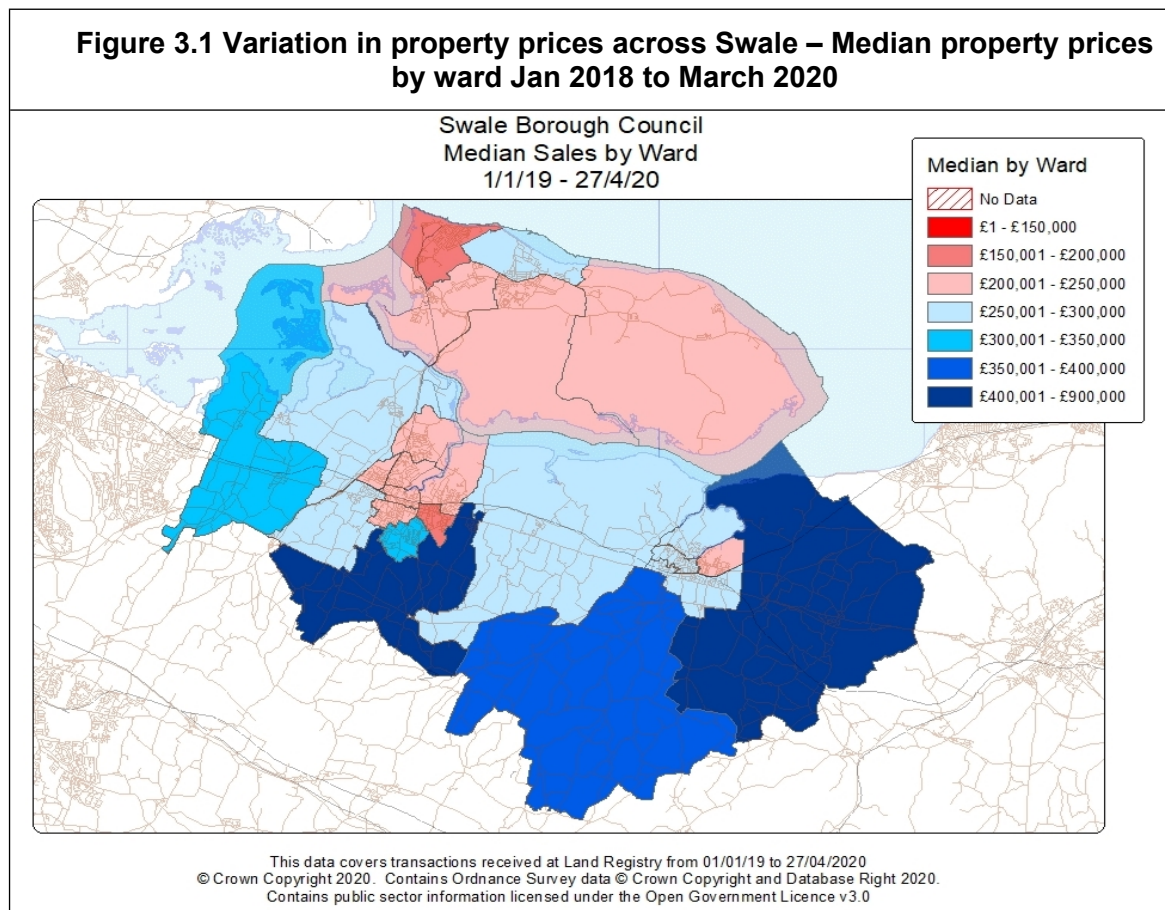
\*Recorded between 1 April 2018 to 31 March 2019 \*\*This figure includes the rents for room and studio accommodation which are not presented in this table. Source: Valuation Office Agency, 2019

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<sup>30</sup> 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.



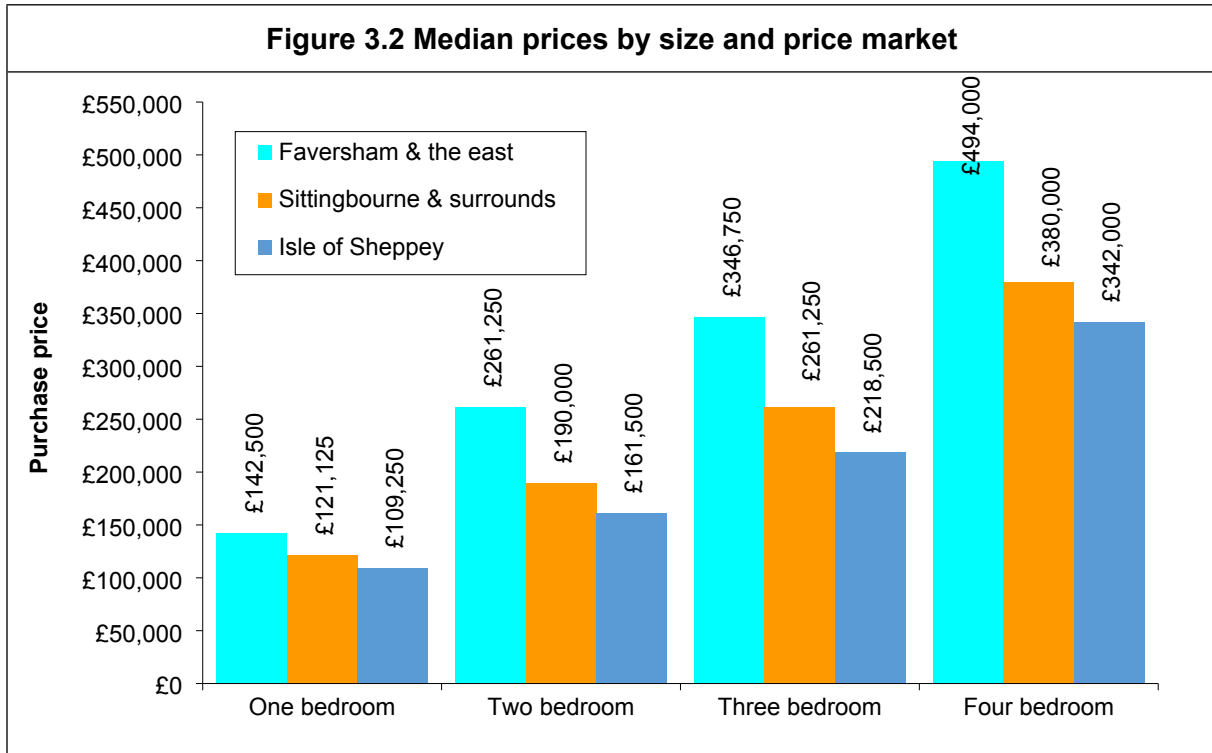
Source: Land Registry, 2020

<sup>30</sup> <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<sup>31</sup>. 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.

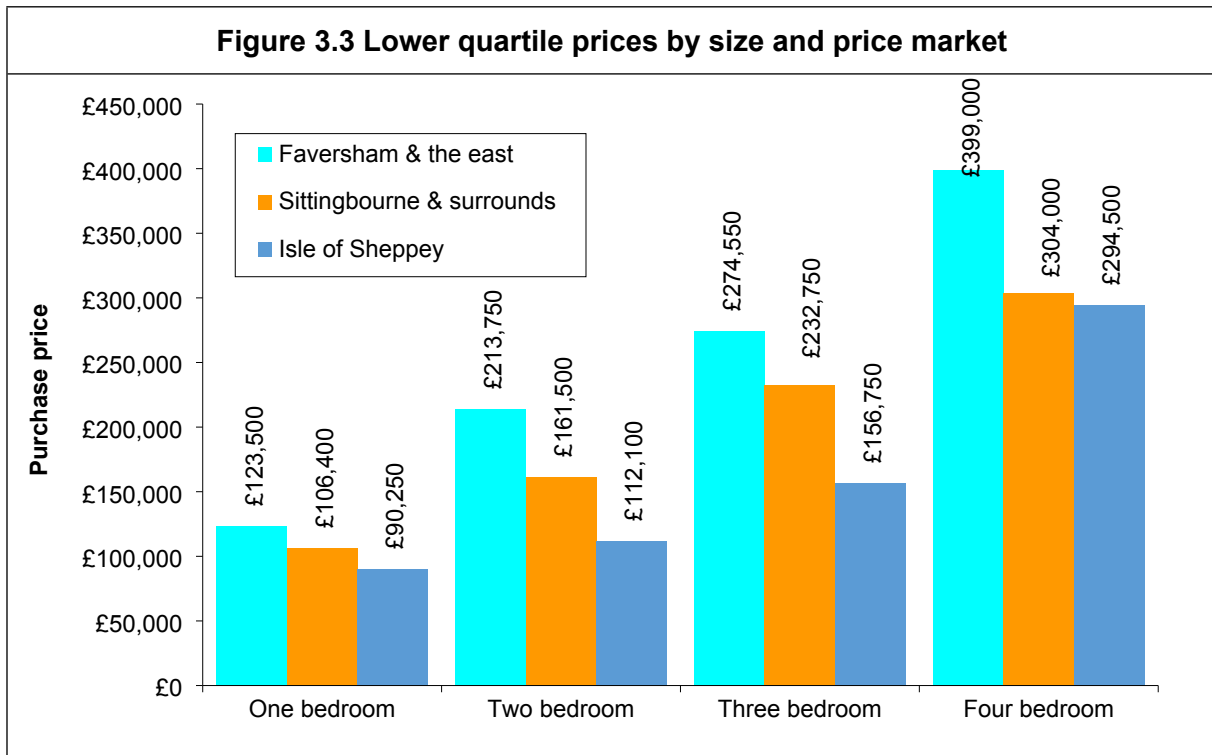
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<sup>31</sup> The Council define a park home as a pre-fabricated dwelling constructed to a British Standard under controlled workshop conditions before being transported to a park/location and assembled on site. Only those designated as official permanent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



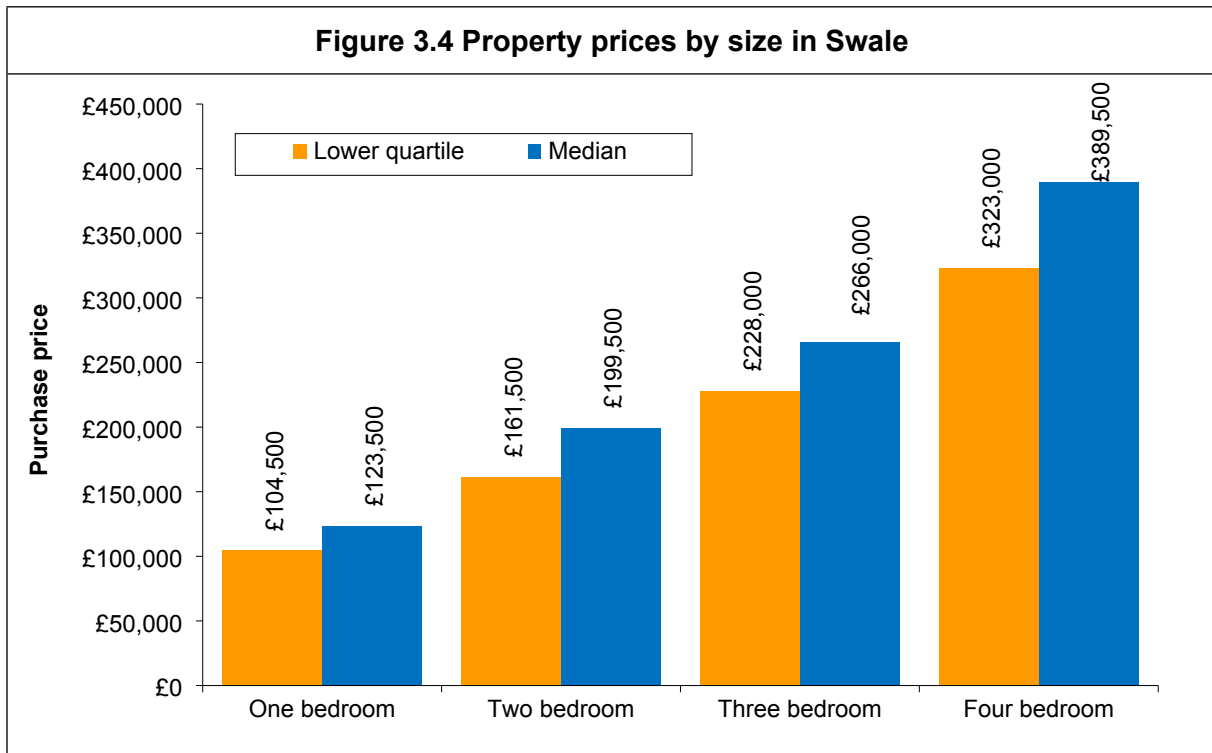
Source: Online estate agents survey April 2020

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.



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.

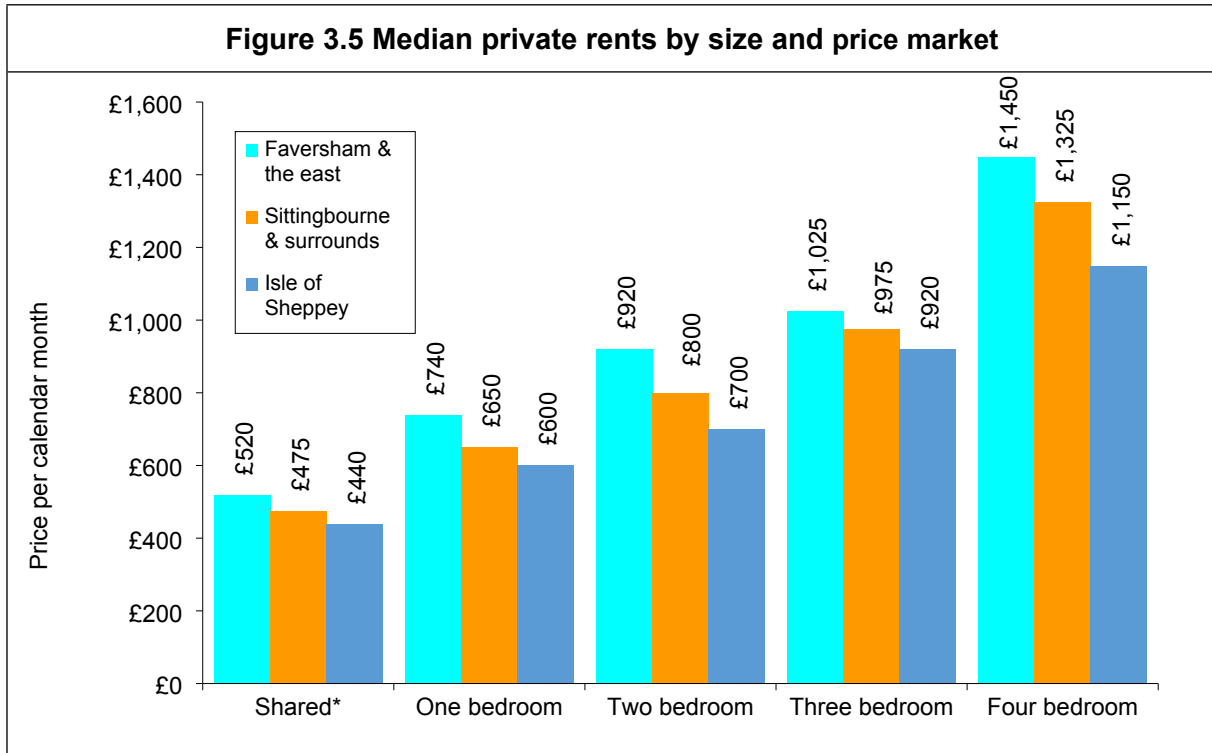


Source: Online estate agents survey April 2020

### Private rents

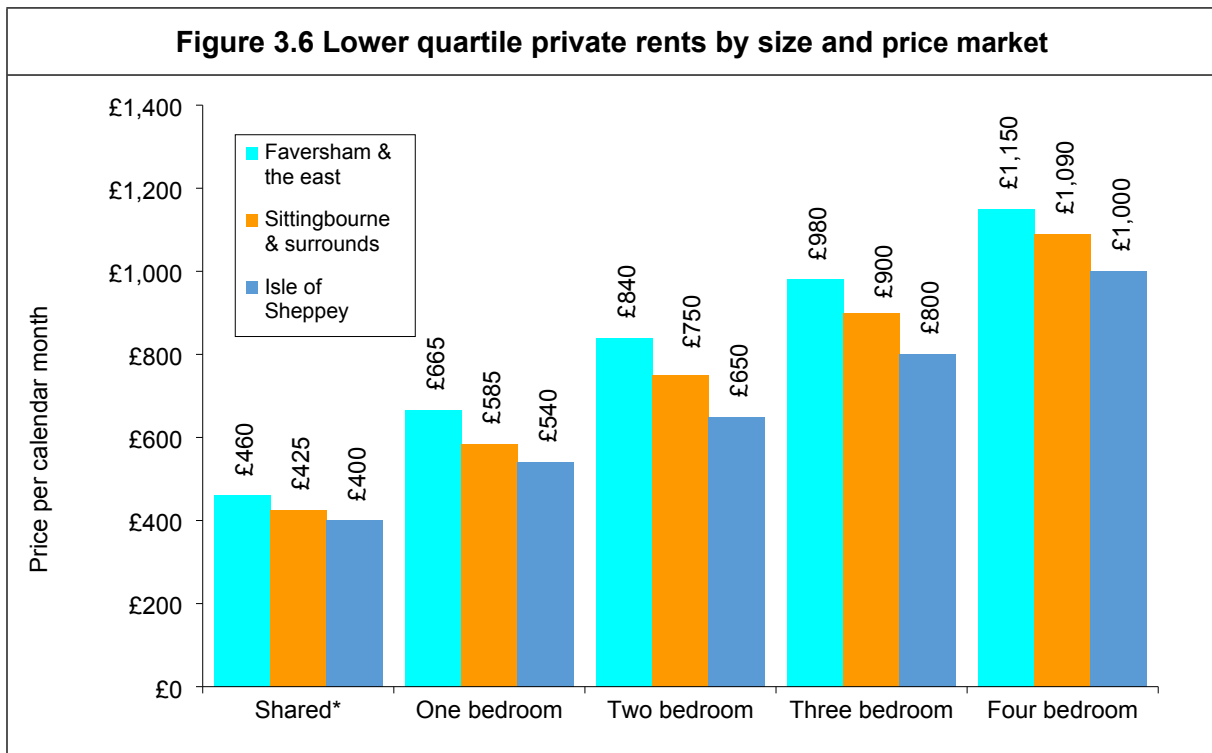
- 3.13 Whilst private rent levels vary across the Borough, the distinction between the areas is less marked than with owner-occupation, reflecting that location is not as important a determinant in rent levels as the condition and quality of the property. The median price for private rented accommodation 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<sup>32</sup>.
- 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.

<sup>32</sup> 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.



\* 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.

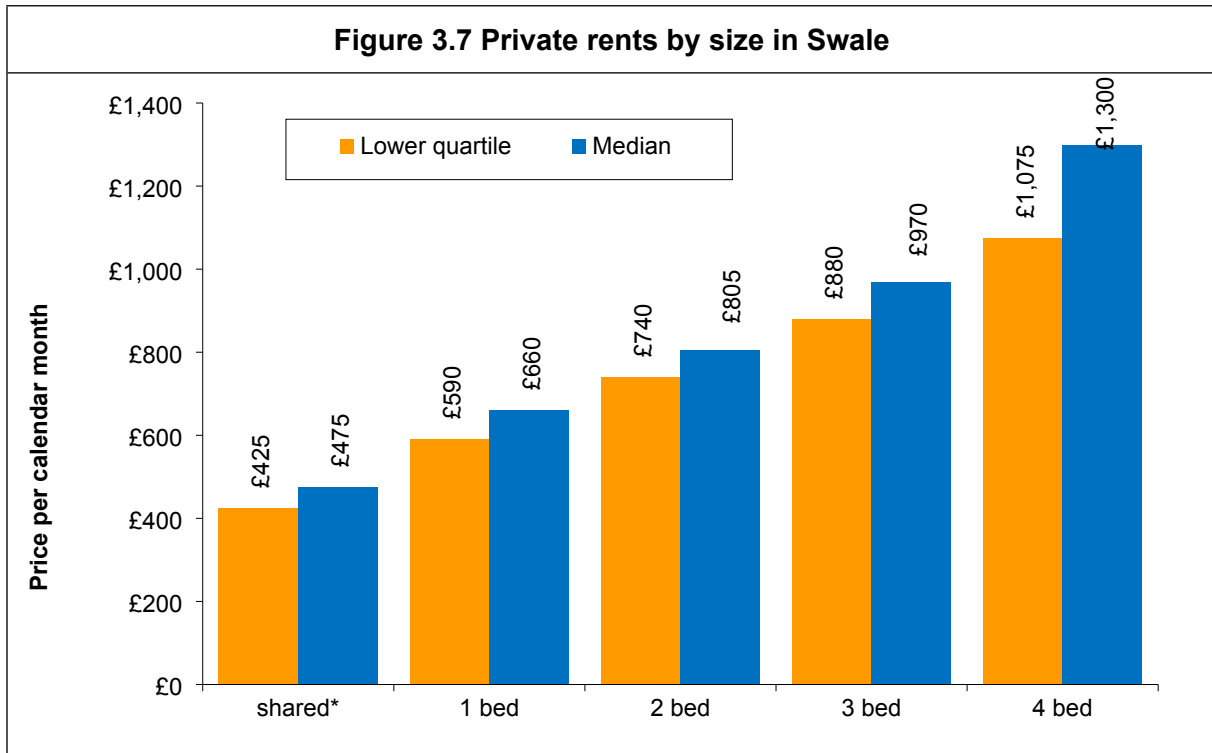


\* Shared room is a room in a shared dwelling. Source: Online estate agents survey April 2020





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.



\* 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<sup>33</sup> 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.

<sup>33</sup> <https://www.gov.uk/government/statistics/statistical-data-return-2018-to-2019>

<b>Table 3.3 Average Social Rented costs (per month)</b>	
<i>Bedrooms</i>	<i>Average cost</i>
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.

<b>Table 3.4 Average Affordable Rented costs (per month)</b>	
<i>Bedrooms</i>	<i>Average cost</i>
One bedroom	£418
Two bedrooms	£536
Three bedrooms	£610
Four bedrooms	£782

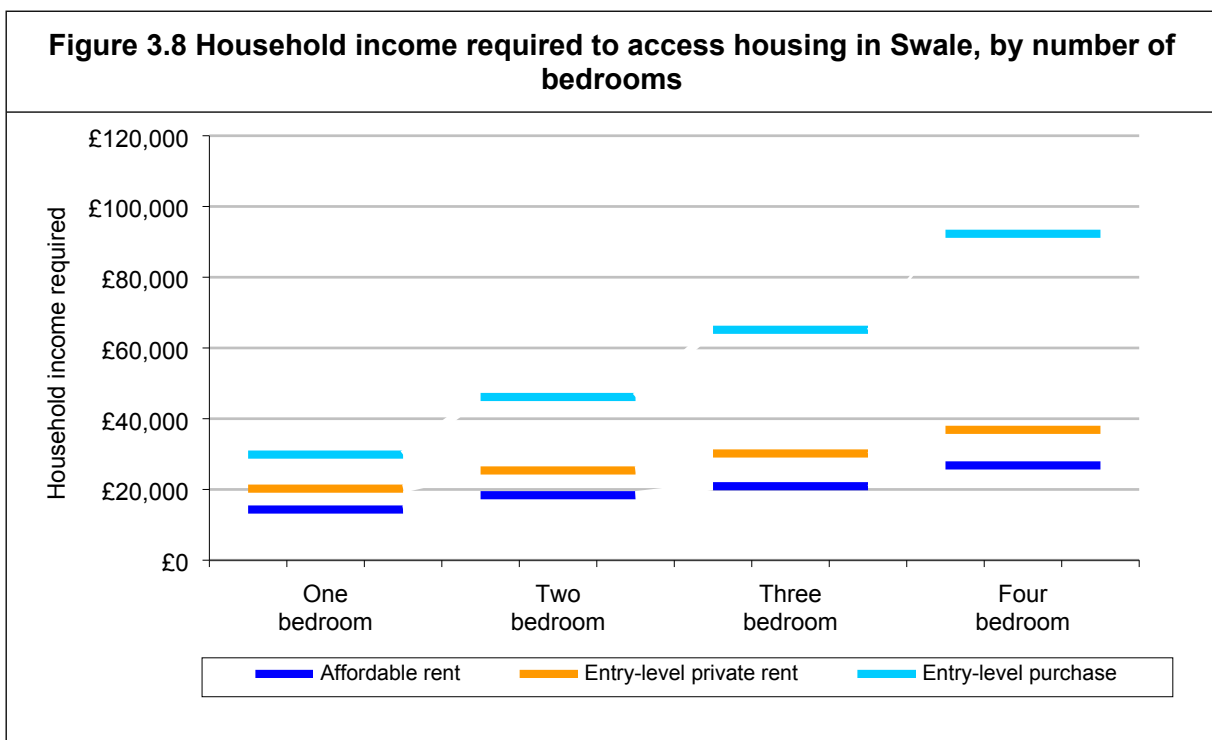
Source: HCA's Statistical Data Return 2019

### **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<sup>34</sup> 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.



<sup>34</sup> 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.

<b>Table 3.5 Scale of key housing market gaps</b>		
<i>Property size</i>	<i>Affordable Rent&lt;entry-level rent</i>	<i>Entry-level rent&lt;entry-level purchase</i>
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<sup>35</sup>. It is set out that the Intermediate Rent must not exceed 80%

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<sup>35</sup> 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.

<b>Table 3.6 Estimated cost of Intermediate Rent within Swale (monthly cost)</b>			
<i>Bedrooms</i>	<i>Intermediate Rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
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%<sup>36</sup> 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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<sup>36</sup> 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.

<b>Table 3.7 Estimated cost of intermediate housing in Swale (monthly cost)</b>							
<i>Bedrooms</i>	<i>Open market value</i>	<i>Shared Ownership – 40% equity</i>	<i>Shared Ownership – 25% equity</i>	<i>Help to Buy/ Starter Homes</i>	<i>Shared equity</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
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'*<sup>37</sup>. 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.

<b>Table 3.8 A comparison of the potential price of a First Home with entry-level owner-occupation</b>			
<i>Bedrooms</i>	<i>Newbuild prices</i>	<i>Newbuild prices with a 30% discount</i>	<i>Entry-level owner-occupation</i>
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

<sup>37</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/864267/Guide\\_to\\_First\\_Homes.pdf](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.

<b>Table 3.9 Local Housing Allowance Cap (per month)</b>			
<i>Bedrooms</i>	<i>Canterbury BRMA</i>	<i>Maidstone BRMA</i>	<i>Medway &amp; Swale BRMA</i>
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).

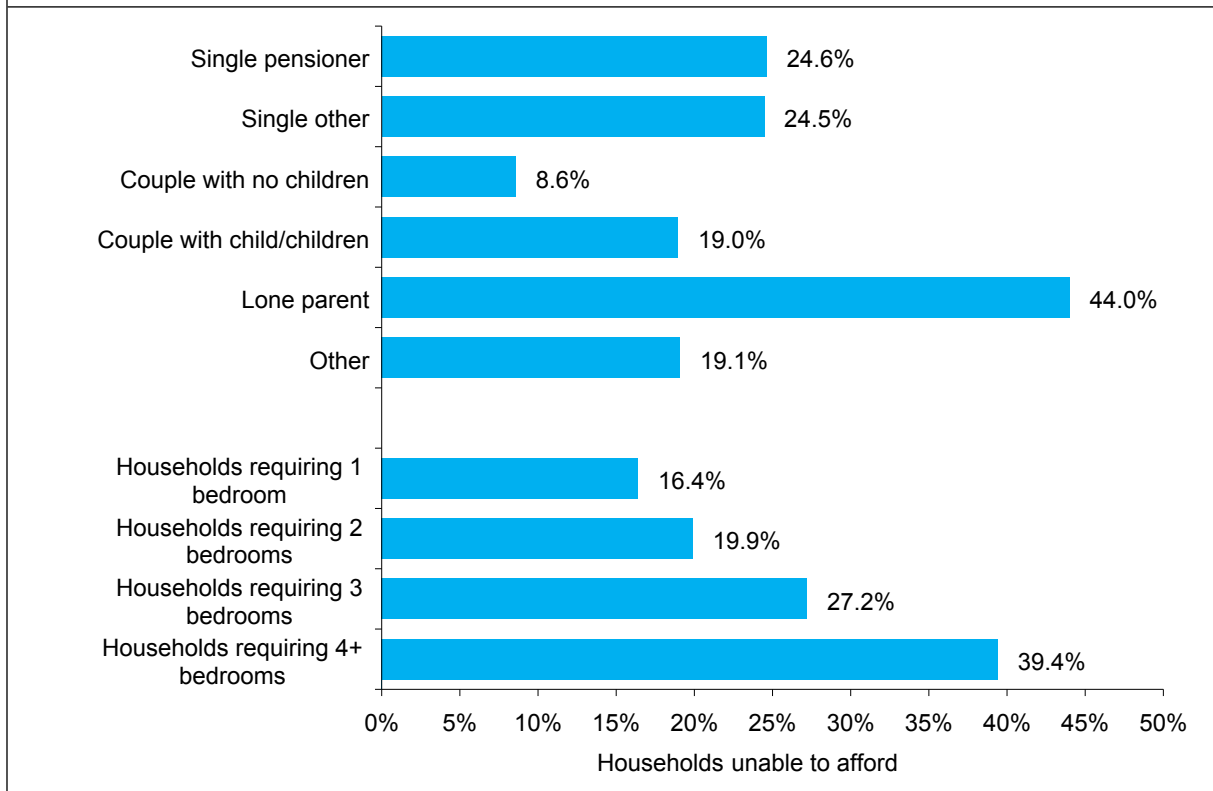
*Affordability for specific household groups*

- 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<sup>38</sup>). 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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<sup>38</sup> 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\***



\*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<sup>39</sup>.
- 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<sup>40</sup> 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<sup>41</sup>. These

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<sup>39</sup> 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.

<sup>40</sup> The model is detailed in Appendix 1.

<sup>41</sup> 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.

<b>Table 4.1 Age of projected population in Swale in 2038 compared to current age profile</b>				
<i>Age</i>	<i>2022 Population</i>	<i>2022 Percentage</i>	<i>2038 Population</i>	<i>2038 Percentage</i>
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%
<b>Total</b>	<b>155,287</b>	<b>100.0%</b>	<b>186,717</b>	<b>100.0%</b>

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<sup>42</sup>.

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.

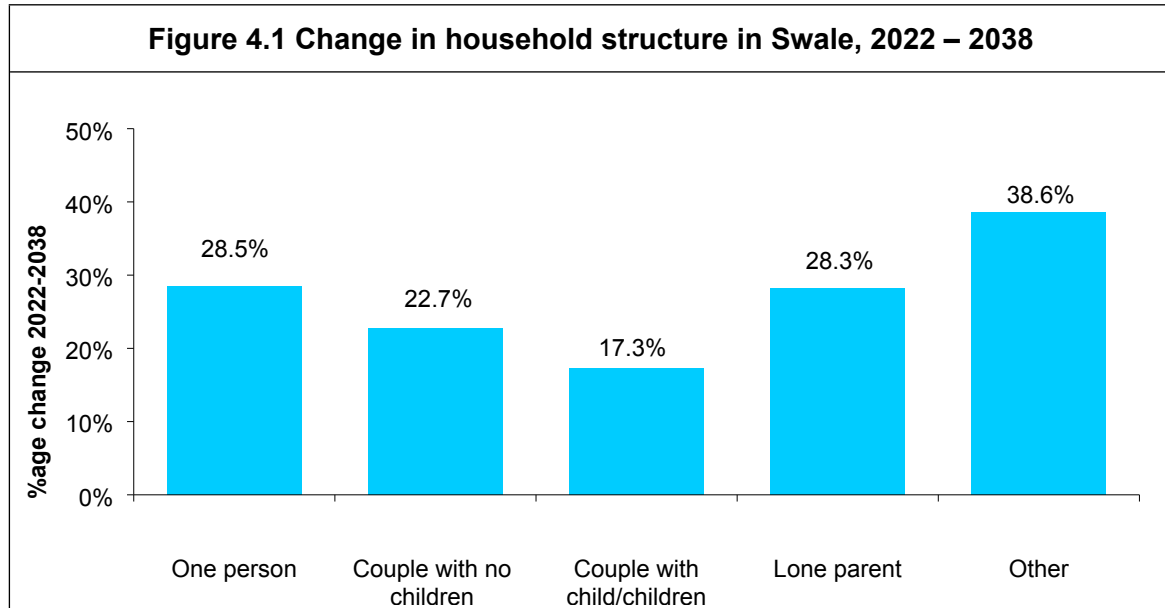
<b>Table 4.2 Projected household population in Swale in 2038 by household type</b>				
<i>Household type</i>	<i>2022 Number</i>	<i>2022 Percentage</i>	<i>2038 Number</i>	<i>2038 Percentage</i>
One person	18,341	28.5%	23,566	29.5%
Couple with no children	17,964	28.0%	22,047	27.6%
Couple with child/children	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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<sup>42</sup> 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.



### 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<sup>43</sup> 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.

<sup>43</sup> 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<sup>44</sup>. 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<sup>45</sup>. 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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<sup>44</sup> 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.

<sup>45</sup> 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.

<b>Table 4.3 Current tenure and tenure profile projected in Swale in 2038</b>				
<i>Tenure</i>	<i>Base tenure (2022)</i>		<i>Projected tenure (2038)</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
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<sup>46</sup>.

<b>Table 4.4 Tenure of new accommodation required in Swale over the 16 year plan period</b>				
<i>Tenure</i>	<i>Base tenure profile (2022)</i>	<i>Tenure profile 2038</i>	<i>Change required</i>	<i>% of change required</i>
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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<sup>46</sup> 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<sup>47</sup>.
- 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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<sup>47</sup> 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.

<b>Table 4.5 Size of new owner-occupied accommodation required in Swale over the 16 year plan period</b>				
<i>Size of home</i>	<i>Base size profile (2022)</i>	<i>Size profile 2038</i>	<i>Change required</i>	<i>% of change required</i>
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%
<b>Total</b>	<b>42,822</b>	<b>53,204</b>	<b>10,382</b>	<b>100.0%</b>

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.

<b>Table 4.6 Size of new private rented accommodation required in Swale over the 16 year plan period</b>				
<i>Size of home</i>	<i>Base size profile (2022)</i>	<i>Size profile 2038</i>	<i>Change required</i>	<i>% of change required</i>
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%
<b>Total</b>	<b>12,588</b>	<b>14,417</b>	<b>1,829</b>	<b>100.0%</b>

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.

<b>Table 4.7 Size of new Shared Ownership accommodation required in Swale over the 16 year plan period</b>				
<i>Size of home</i>	<i>Base size profile (2022)</i>	<i>Size profile 2038</i>	<i>Change required</i>	<i>% of change required</i>
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%
<b>Total</b>	<b>666</b>	<b>1,344</b>	<b>678</b>	<b>100.0%</b>

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.

<b>Table 4.8 Size of new Social Rent/Affordable Rent required in Swale over the 16 year plan period</b>				
<i>Size of home</i>	<i>Base size profile (2022)</i>	<i>Size profile 2038</i>	<i>Change required</i>	<i>% of change required</i>
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%
<b>Total</b>	<b>8,174</b>	<b>10,994</b>	<b>2,820</b>	<b>100.0%</b>

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.

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

<i>Size of home</i>	<i>Discount Home Ownership / Starter Homes</i>		<i>Residual private rented homes</i>	
	<i>Number required</i>	<i>Proportion required</i>	<i>Number required</i>	<i>Proportion required</i>
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%
<b>Total</b>	<b>768</b>	<b>100.0%</b>	<b>1,062</b>	<b>100.0%</b>

## 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<sup>48</sup> 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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<sup>48</sup> 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.

<b>Table 5.1 Results of the affordable housing needs model in Swale</b>	
<i>Stage in calculation</i>	
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
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>287</b>
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.



<b>Table 5.2 Annual need requirement by household type in Swale</b>					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
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%
<b>Total</b>	<b>745</b>	<b>61,955</b>	<b>62,700</b>	<b>1.2%</b>	<b>100.0%</b>

### **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.

<b>Table 5.3 Size of additional units required to meet affordable housing need in Swale</b>					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
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.

<b>Table 5.4 Size and type of affordable home required by those in need (per annum) in Swale</b>						
<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total</i>	<i>Total (%)</i>
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**

	<i>Rent payable constitutes no more than:</i>			<i>Market entry is based on owner-occupation</i>
	<i>Affordability threshold: 35% of gross household income</i>	<i>30% of gross household income</i>	<i>25% of gross household income</i>	
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.

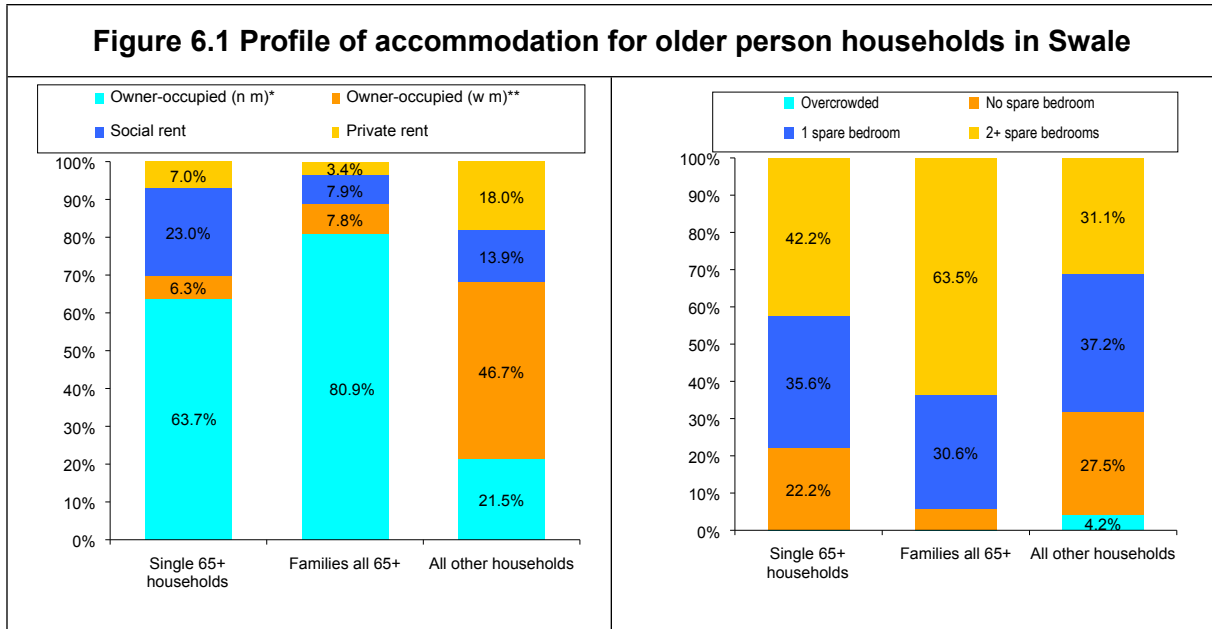
### Housing Needs of Older People

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.



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.

<b>Table 6.1 Type of accommodation projected for ‘older person only’ households in Swale in 2038</b>					
<i>Size of home</i>	<i>Owner-occupation</i>	<i>Private rented</i>	<i>Shared Ownership</i>	<i>Social Rent/ Affordable Rented</i>	<i>Total</i>
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
<b>Total</b>	<b>21,407</b>	<b>2,272</b>	<b>101</b>	<b>4,425</b>	<b>28,205</b>

- 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<sup>49</sup> 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<sup>50</sup> Standards (these are broad design principles), and adopting

<sup>49</sup> <https://www.housinglin.org.uk/Topics/browse/Design-building/HAPPI/>

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

the Accessible and Adaptable Standards<sup>51</sup> 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.

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

<sup>51</sup> 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<sup>52</sup> 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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<sup>52</sup> <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.

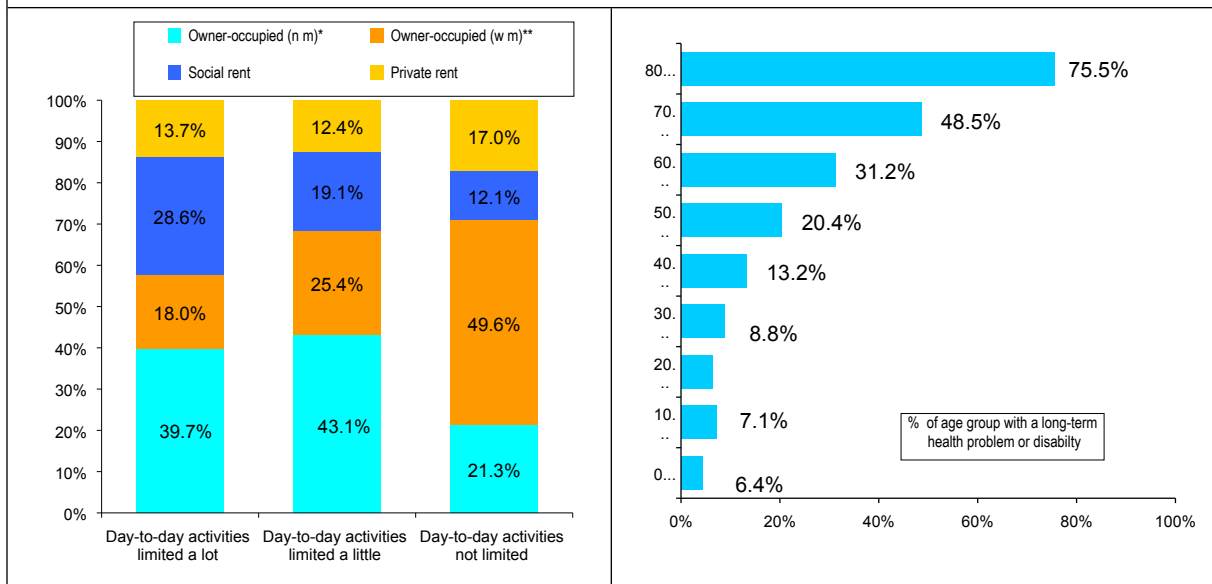
### People with disabilities

- 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<sup>53</sup> 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.'*

<sup>53</sup> This has replaced Disability Living Allowance.

*Projected health of the future population*

- 6.24 The Projecting Older People Information System (POPPI) website<sup>54</sup> and the parallel Projecting Adult Needs and Service Information (PANSI) website<sup>55</sup> 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<sup>56</sup>, 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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<sup>54</sup> <https://www.poppi.org.uk/>

<sup>55</sup> <https://www.pansi.org.uk/>

<sup>56</sup> 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.'*

<b>Table 6.3 Number of people with particular health issues projected over the Local Plan period in Swale</b>				
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<sup>57</sup> 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](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<sup>58</sup>.

- 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 on to 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<sup>59</sup>, 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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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/540330/BR\\_PDF\\_AD\\_M1\\_2015\\_with\\_2016\\_amendments\\_V3.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/540330/BR_PDF_AD_M1_2015_with_2016_amendments_V3.pdf)

<sup>59</sup> 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.

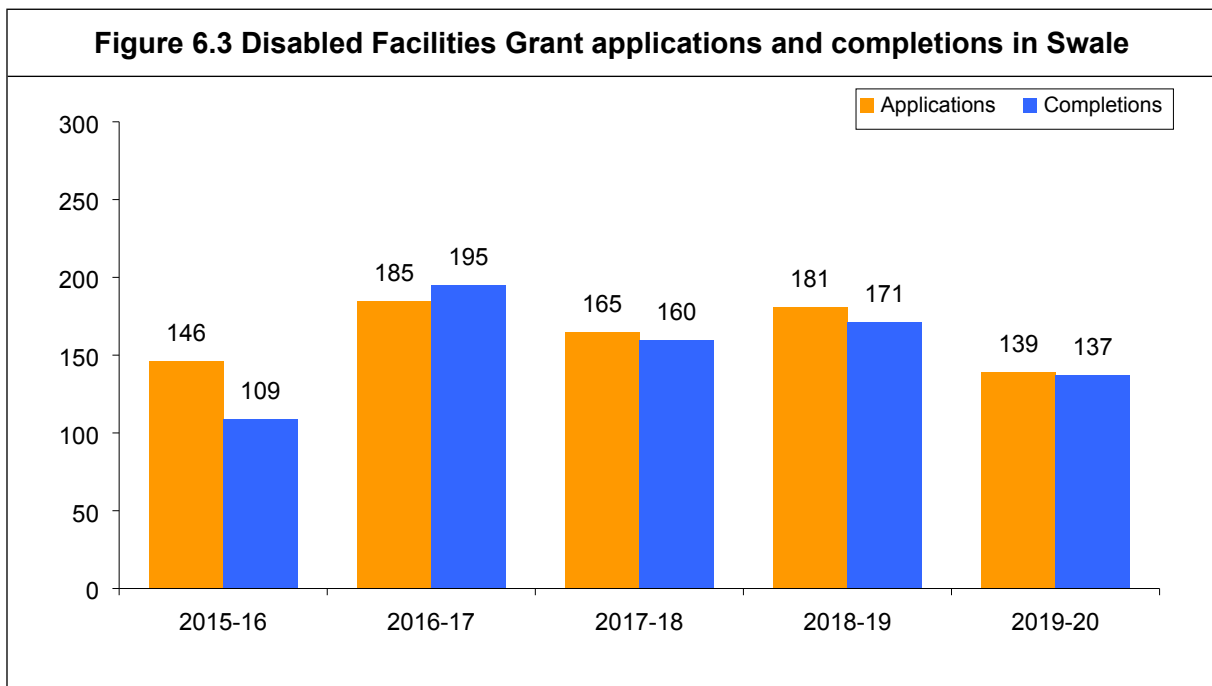
- 6.32 This implies that a notable uplift will be required to the number of homes that meet this standard currently, and that by the end of the plan period around 4,200 homes (about 5.0% of the total stock at the end of the plan period) should be available that meet this criteria. This is an estimated 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 adaptations 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.



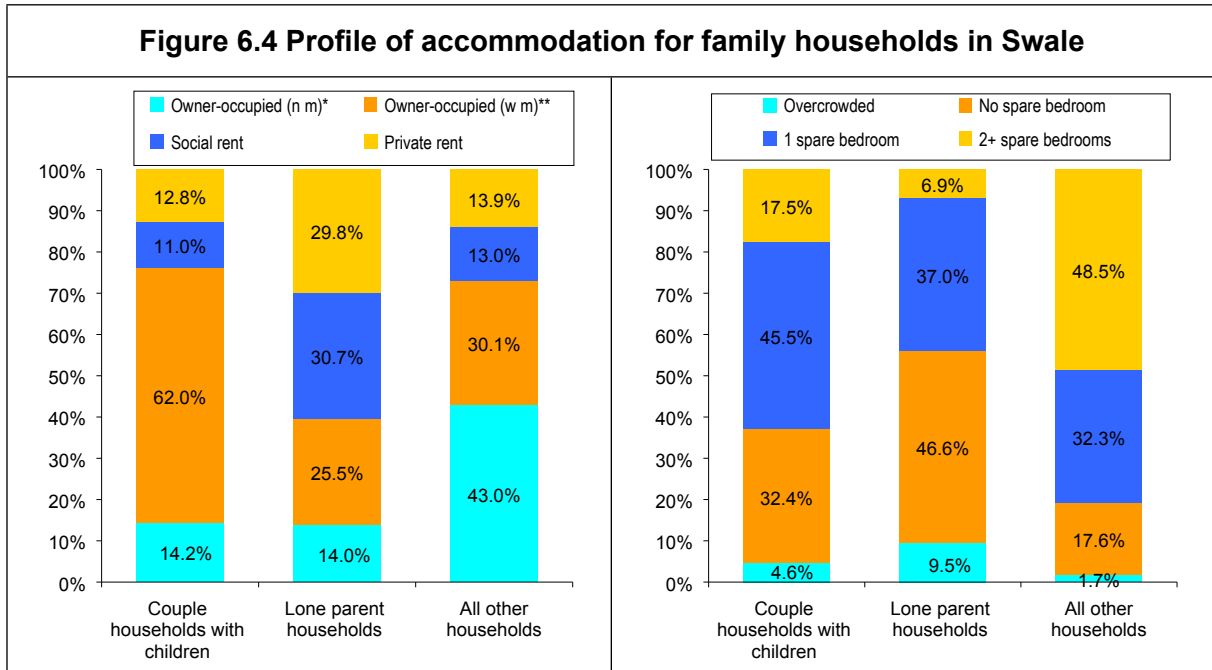
Source: Swale Borough Council, 2020

## 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.





\*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**

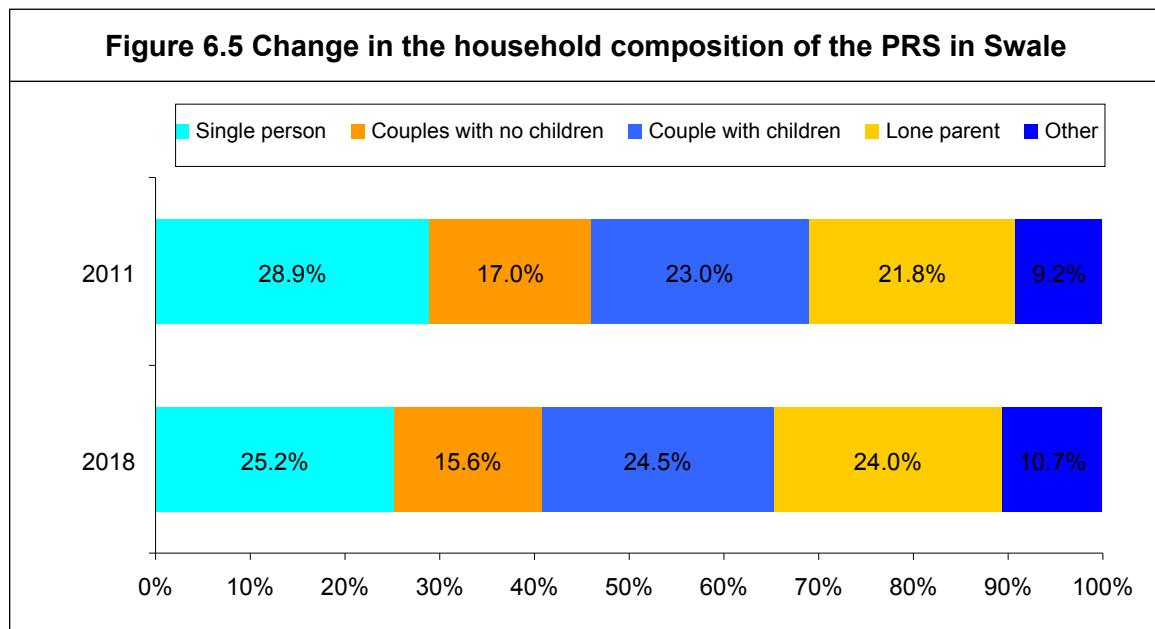
Size of home	Owner-occupation	Private rented	Shared Ownership	Social Rent/ Affordable Rented	Total
One bedroom	0	0	0	0	0
Two bedrooms	2,521	398	327	1,728	4,973
Three bedrooms	11,341	966	327	3,360	15,994
Four or more bedrooms	7,397	469	163	586	8,615
<b>Total</b>	<b>21,259</b>	<b>1,833</b>	<b>817</b>	<b>5,505</b>	<b>29,414</b>

## 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.

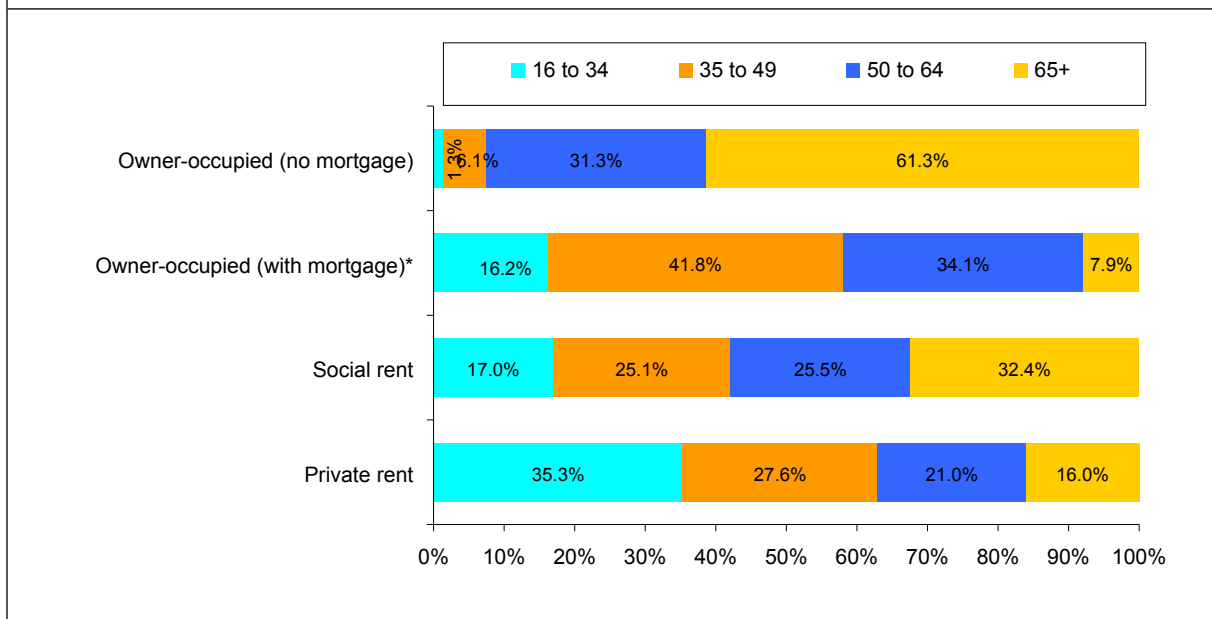
6.41 The figure below compares the household composition of the private rented sector in Swale in 2011, with the profile of households resident in this tenure in Swale in 2018. The data shows that, not only has the private rented sector expanded, but the households in it have diversified.



### 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.

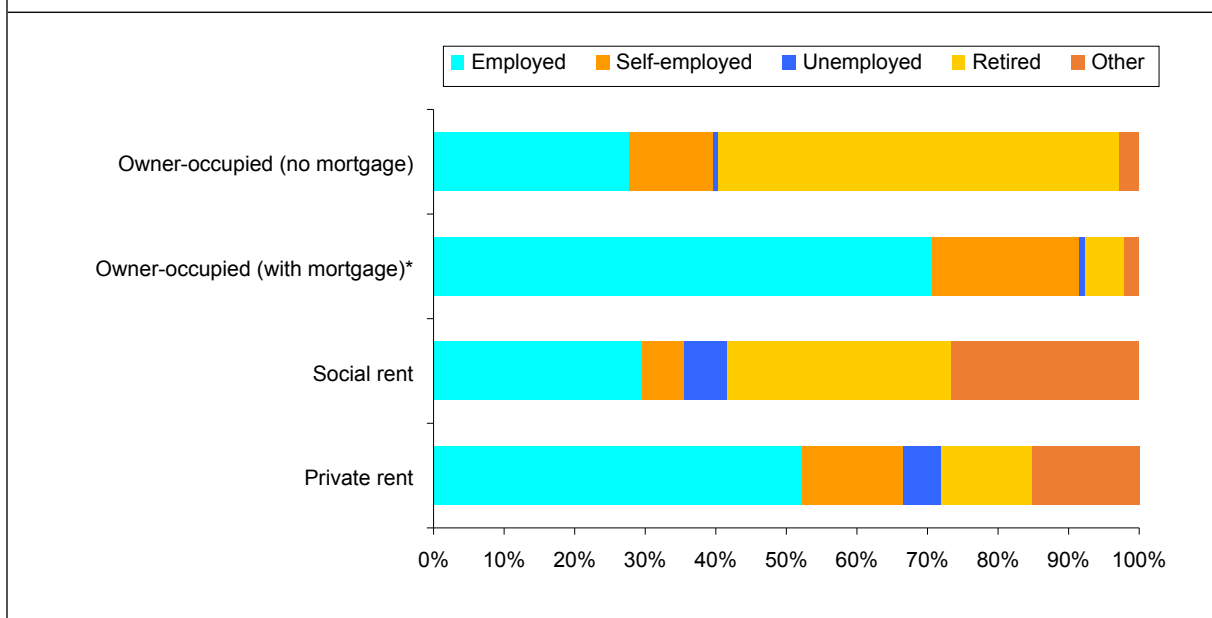
**Figure 6.6 Age of household reference person within each tenure in Swale, 2018**



\*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**



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.

<b>Table 6.5 Change in private rents charged in Swale, the South East and England between 2013/14 and 2018/19</b>				
<b>Lower quartile prices</b>				
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%
<b>Median prices</b>				
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<sup>60</sup> 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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<sup>60</sup> <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<sup>61</sup>. 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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<sup>61</sup> <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<sup>62</sup> 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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<sup>62</sup> See footnote 46 for the derivation of this figure.

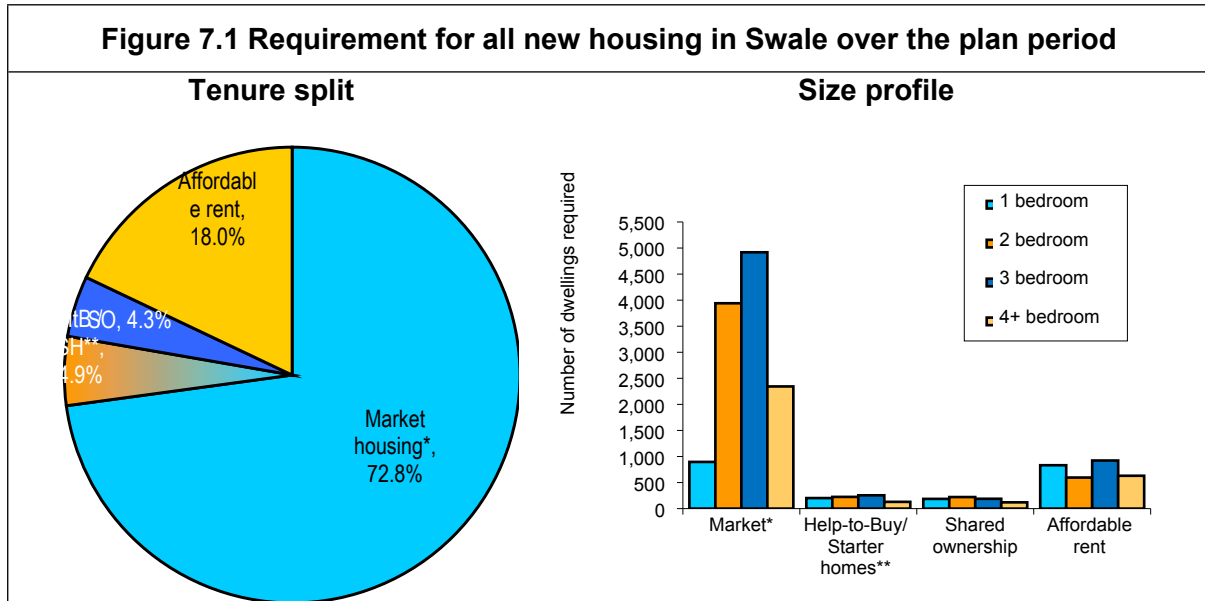


- 7.10 The White Paper is also clear that there will be an expectation for local authorities to also provide Affordable Rented accommodation where this meets the identified needs. We have therefore provided a further distinction within the proposed housing mix to include the potential demand for Help-to-Buy/ 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<sup>63</sup> and 4.9% Help-to-Buy/ Starter Homes<sup>64</sup>) 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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<sup>63</sup> 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.

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



\*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 calculate 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.

<b>Table A2.1 Current households who lack their own housing or live in unsuitable housing in Swale</b>			
<i>Element</i>	<i>Source</i>	<i>Number of households</i>	<i>Revised number of households</i>
Homeless households	Swale Council's housing register as of March 2020.	186	177 <sup>65</sup>
Households in temporary accommodation	Swale Council's housing register as of March 2020.	199	27 <sup>66</sup>
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 <sup>67</sup>
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
<b>Total</b>		<b>3,875</b>	<b>3,178</b>

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

<sup>65</sup> The housing register indicated that 9 of the homeless households were also in an additional housing need category.

<sup>66</sup> The housing register indicated that 172 of the households in temporary accommodation were also in an additional housing need category.

<sup>67</sup> 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<sup>68</sup>. 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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<sup>68</sup> 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.

<b>Table A2.2 Affordability of households in unsuitable housing in Swale</b>			
<i>Number of bedrooms required</i>	<i>Unsuitable housed households</i>	<i>Percentage unable to afford both entry-level private rent and entry-level owner-occupation</i>	<i>Households in current need</i>
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
<b>Total</b>	<b>3,178</b>	<b>48.0%</b>	<b>1,526</b>

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<sup>69</sup>.

*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.

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

<sup>69</sup> For those households who lack their own housing or live in unsuitable housing it was necessary to not only establish the number of households 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 (× 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<sup>70</sup>.

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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<sup>70</sup> 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.

<b>Table A2.4 Newly arising need from new household formation (per annum) in Swale</b>	
<i>Component</i>	
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.

<b>Table A2.5 Stage 2 Newly arising need (per annum) in Swale</b>	
<i>Component</i>	
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<sup>71</sup>, 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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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/11812/Strategic\\_Housing\\_Market\\_Assessments-Practice\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/11812/Strategic_Housing_Market_Assessments-Practice_Guidance.pdf) (page 47)

<b>Table A2.6 Stage 3 Affordable housing supply in Swale</b>	
<i>Component</i>	
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<sup>72</sup>. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector<sup>73</sup>.

##### *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<sup>74</sup> 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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<sup>72</sup> 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.

<sup>73</sup> The intermediate sector includes all affordable tenures other than social rented and Affordable Rented.

<sup>74</sup> 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>

<b>Table A2.7 Past RSL rented supply (re-lets only)</b>	
<i>Year</i>	<i>Number of re-lets</i>
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<sup>75</sup>.

#### *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<sup>76</sup> (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.

<b>Table A2.8 Estimated intermediate supply in Swale</b>		
<i>Intermediate tenure</i>	<i>Stock</i>	<i>Annual re-lets</i>
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.

<sup>75</sup> 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.

<sup>76</sup> 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**

<i>Component</i>	
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.

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