



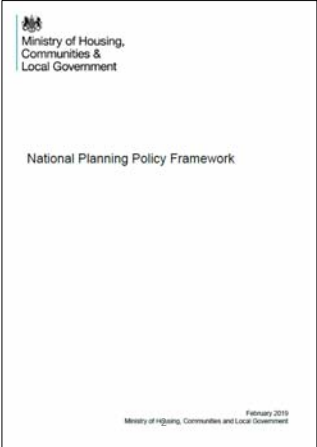
Housing Market Assessment  
**Presentation – Purpose, Outputs, Implications**

9<sup>th</sup> July 2020



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## A Specified Methodology



Ministry of Housing,  
Communities &  
Local Government

National Planning Policy Framework


February 2019  
Ministry of Housing, Communities and Local Government



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## 4 Key Elements


- Overall Housing Need
- Overall Housing Need by tenure and size
- Affordable Need
- Need of specific groups
  
- Lead to policy recommendations
  - We provide evidence – you make policy



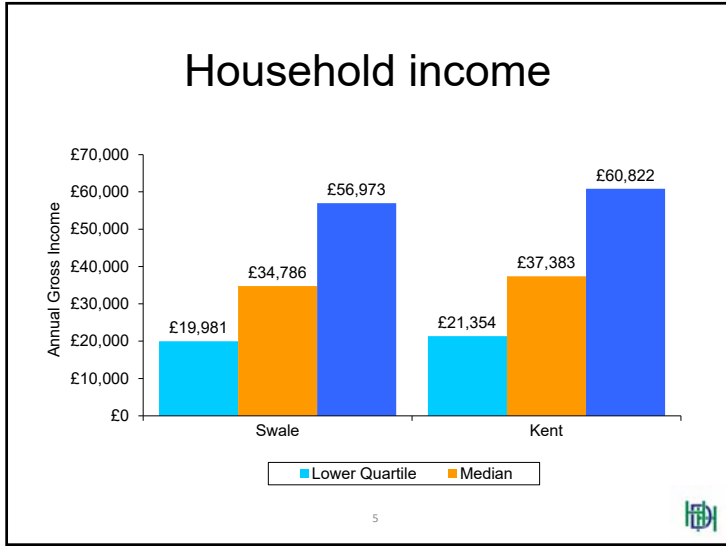
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## Brief context

- the socio-economic situation
- household incomes
- cost of local housing across tenures
- gaps in housing market and what intermediate products are suitable
- affordability of housing



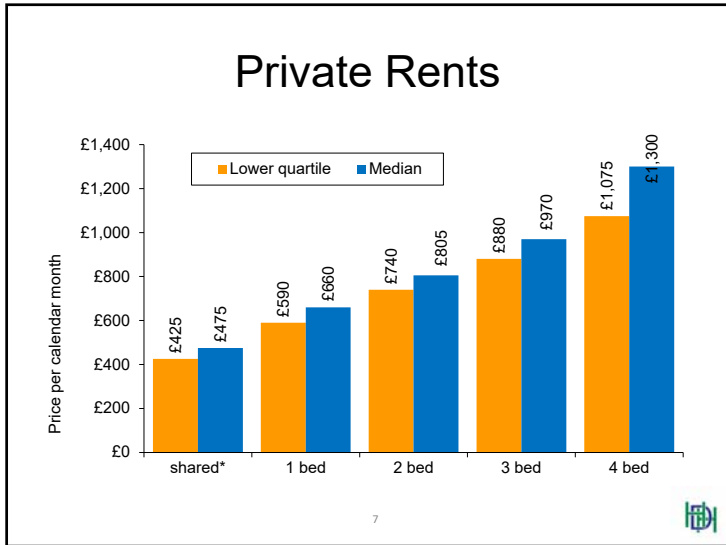
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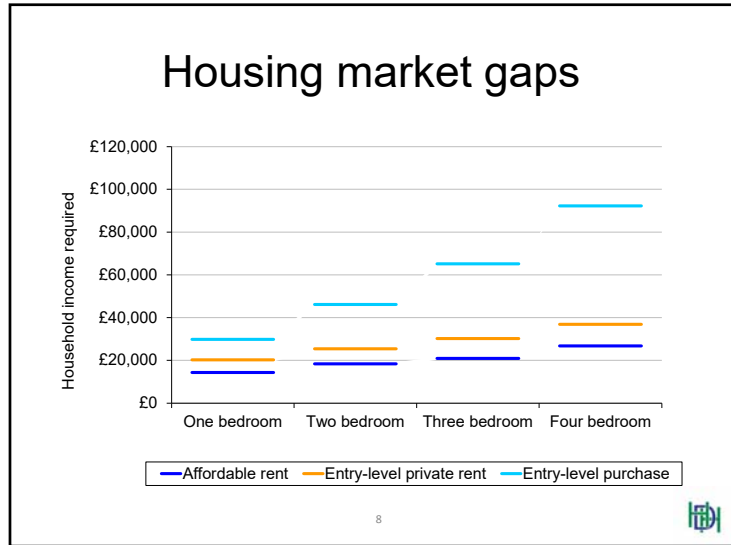
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## Overall Housing Need

- Standard Method
- 2014 Household Projections
- Uplift for affordability (or not)
  - ‘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.’
  - ‘the National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in this guidance for assessing local housing need.’
- Subject to cap?

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## Step 1 – Setting the Baseline

- Households 2020  
63,117
- Households 2030  
71,014
- Change  
7,897
- 10 Year Average  
**790 per year**

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## Step 2 – Adjustment for affordability?

- median workplace-based affordability ratios

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

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## Affordability

- The affordability ratio  
9.03
- The adjustment factor  
9.03-4=5.03, 5.03/4=1.2575, 1.2575\*0.25=0.314375, 0.314375+1= 1.314375  
1.314375
- Applying to average projected growth  
790
- Adjusted annual local Housing Need  
**1,038 per year**

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## Step 3 – Capping the Increase?

..., 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).'

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## Caps?

- Cap (a) - 40% of Step 1. (790pa x 1.4)  
1,106
- Cap (b) - 40% increase on Local Plan 2014-2031 adopted in 2017. (776pa x 1.4)  
1,086

**The Housing Need in Swale, as assessed using the Standard Method is 1,038 per year.**

(PBA range for a possible future number was 980 to 1,153)

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## By tenure and size

'assess the size, type and tenure of housing needed for different groups in the community'

- Use the NMSS model to model age profile of future population
- Use HDH LTBHM model to produce future housing profile

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## Assume

- Population profile based on 2018 based projections
  - (2014, 2016 or 2018? Used most up to date)
- Assume affordability uplift follows past in migration with increase in household formation
- Model out overcrowding
- Assume other occupancy patterns continue.

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## Population

**Table 4.1 Age of projected population in Swale in 2038 compared to current age profile**

Age	2022 Population	2022 Percentage	2038 Population	2038 Percentage
0-14	31,253	20.1%	34,030	18.2%
15-29	23,822	15.3%	29,230	15.7%
30-44	29,308	18.9%	33,470	17.9%
45-59	30,942	19.9%	36,916	19.8%
60-75	25,526	16.4%	32,329	17.3%
75+	14,437	9.3%	20,742	11.1%
<b>Total</b>	<b>155,287</b>	<b>100.0%</b>	<b>186,717</b>	<b>100.0%</b>

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## Tenure

**Table 4.3 Current tenure and tenure profile projected in Swale in 2038**

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

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## Size of Housing Required

**Size of new accommodation required in Swale over the 16 year plan period**

Size of home	Owner-occupied	Private rented	Shared ownership	Affordable Rent
One bedroom	715	323	176	787
Two bedroom	3,597	343	210	564
Three bedroom	4,255	639	178	873
Four or more bedrooms	1,815	524	114	596
<b>Total</b>	<b>10,382</b>	<b>1,829</b>	<b>678</b>	<b>2,820</b>

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## Plus low cost market housing?

- A potential demand for 768 Discount Home Ownership dwellings in Swale
- which would represent 4.9% of all new housing over the plan period
- First Homes could create a larger demand

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## What is Affordable Need?

*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.*

*Paragraph: 024 Reference ID: 2a-024-20190220*

**AFFORDABLE NEED IS NOT A TARGET**

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## A prescribed formula

- Current need
- Newley arising need
  
- Current supply
- Committed supply

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## Annual affordable need

<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 5.1/16) (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 1/16 + Stage 2) (Annual)	745
Total gross annual supply (Stage 3/16 + Stage 4) (Annual)	458

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## Older People's Housing

- Population Change
  - 2022 30,436
  - 2038 41,812
  - Plus 37.4%
  
- Household Change (headed by 65+)
  - 2022 19,999
  - 2038 28,205
  - Plus 41.0%

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## Specialist Housing

**Table 6.2 Projected requirement for specialist accommodation in Swale over the plan period**

Type of specialist accommodation	Base profile (2022)	Profile 2038	Additional units required
Sheltered Housing for older people (Class C3)	577	1,016	439
Extracare Housing (Class C3)	58	135	77
Nursing and residential care homes (Class C2)	669	1,004	305

- The majority of older person households in Swale are likely to remain in general housing

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## Accessible and adaptable homes

- By 2038 around 4,200 homes (about 5% of the total stock) should meet M4(2) Category 2 accessible and adaptable homes
- By 2038 around 0.6% of the stock should meet Category 3 homes - wheelchair user dwellings.

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## Other Groups

- Families with children** – will grow from 24,387 in 2022 to 29,414 by 2038. Require a mix of housing.
- Private Rented Sector** – households in the tenure are diversifying and it is under particular pressure in Swale
- Self and Custom Build** – 70 individuals on this register and two further associations. After an initial surge in interest, around 8 additional individuals have joined the register each year since 2017.

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## Conclusions

- Annual affordable housing need of 287 per year represents 27.7% of the annual dwelling growth of 1,038 - no adjustment is required to the standard method figure
- Future tenure split: 72.8% market, 18.0% of housing to be Affordable Rented and 9.1% affordable home ownership (of which 4.2% could be Shared Ownership and 4.9% Help-to-Buy/ Starter Homes).
- 516 additional units of sheltered housing for older people and 305 Registered Care spaces over plan period

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