

Planning and Transportation Policy Working Group	
Meeting Date	13th November 2024
Report Title	Local Plan Review – Housing Targets Exceptional Circumstances Study
EMT Lead	Emma Wiggins, Director of Regeneration and Neighbourhoods
Head of Service	Joanne Johnson, Head of Place
Lead Officers	Stuart Watson, Project Manager (Policy)
Classification	Open
Recommendations	1. That members are asked to note the findings and recommendations of the Housing Targets Exceptional Circumstances Study.

1. Introduction

- 1.1 To inform the Local Plan Review, consultants AECOM were commissioned in May of this year to determine whether there may be an exceptional circumstance for a lower housing target for plan making than that set through the government’s imposed Standard Method of calculation. This followed changes to the National Planning Policy Framework (NPPF) in December 2023 which stated nationally-set housing targets were advisory, rather than mandatory and could be departed from where ‘exceptional circumstances’ could be evidenced.
- 1.2 The Housing Targets Exceptional Circumstances Study (Appendix 1) addresses two distinct elements to help inform whether there is a case for a lower housing figure for plan making in Swale. The elements are:
- **Housing need¹** – whether exceptional circumstances exist to justify calculating need using a methodology other than the standard method, in accordance with National Planning Policy Framework (NPPF) paragraph 61.
 - **Housing requirement²** – whether wider factors (essentially constraints / opportunities, unmet need issues and supply options) exist to justify adopting a housing requirement below need, in accordance with NPPF paragraphs 11, 60, 61 and 67.

¹ **Local housing need** - The number of homes identified as being needed through the application of the standard method set out in national planning guidance,

²**Housing requirement** - a figure for a whole local authority area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.

1.3 The study also incorporates the implications of the proposed changes to the NPPF as set out in the government's July 2024 consultation. The consultation proposes to reverse the housing target changes set out in the December 2023 NPPF and the Standard Method for calculating a housing need. At time of writing this report those changes have not been adopted into national policy. The main changes proposed to the NPPF are:

- Revision to NPPF paragraph 62 that removes 'exceptional circumstances' from the approach to calculating housing need and as such, the use of alternative methods for calculating need on the basis of exceptional circumstance.
- Two important data changes are proposed to the Standard Method of calculation: Firstly, instead of the use of household projections, the new method proposes 0.8% of existing housing stock in each local planning authority as the baseline starting point. Secondly a change to adjustment for affordability using a similar approach to the existing calculation but increases the multiplier to 0.6% compared to the current 0.25%.

2. Findings of the Study

Housing Need

2.1 The findings of whether there is an exceptional circumstance for an alternative to the government imposed Standard Method of calculation to determine the Local Housing Need are:

- The demographic inputs into standard method are reasonable for Swale. There are no errors or anomalies in Swale's demographic data.
- The Census 2021 reveals a discrepancy with the 2014 based projections but this is common across the country and also reflects household suppression and under delivery of new homes in the past.
- The standard method affordability uplift for Swale appears to be reasonable – there are no obvious errors or anomalies in either the house price or earnings data that would affect the ratio and therefore the uplift.
- The affordability uplift produces a 35% uplift on household growth in Swale...The uplift is essentially a mechanism for addressing historic undersupply nationally.
- The Standard Method's demographic projections are dated and the affordability uplift appears somewhat arbitrary, but the calculation is no more or less appropriate to Swale as it is to any other LPA in England.
- The main alternative approach to assessing the need for housing is to consider the number of homes needed to support anticipated job growth. This approach is generally only used when LPAs need or want to deliver more housing than the Standard Method implies.

- On the basis of the evidence reviewed there are no clear exceptional circumstances that would justify the use of an alternative method to the Standard Method to calculate local housing need in Swale.
- Whilst the proposed NPPF text out for consultation would remove ‘exceptional circumstances’ in the calculation of housing need, there appear to be some data discrepancies relating to Swale’s dwelling stock data which would merit further examination.

Housing requirement

2.2 The findings of the study on whether wider factors and constraints exist that may justify adopting a housing requirement below the Local Housing Need (LHN) are:

- Based on a review of the critical growth strategies locally, there is not a strong argument for setting a housing requirement below the LHN on this basis.
- The land availability position in Swale (in and around) the established settlements suggest that there is not a strong argument for planning below LHN.
- There could be a case for setting a housing requirement below LHN on the basis of the transport issues, principally highways capacity, acting as a break on growth in the Borough if satisfactory reinforcements cannot be delivered in a timely fashion.
- Based upon the viability and deliverability evidence reviewed, there is not a strong argument for exceptional circumstances. Most Local Planning Authorities experience different viability and deliverability challenges. However, it is the role of the viability evidence and subsequent plan making and policy contained with the Local Plan that must react to these challenges.
- Based on a high-level review of land capacity and the location of possible future supply of housing there does not appear to be a case to justify a housing requirement below LHN.

3.0 Recommendations of the study

3.1 The recommendations of the study are:

- Local Plan-making should be undertaken with a focus on setting the housing requirement according to the Standard Method of Local Housing Need, but the Council can/should remain open to setting the housing requirement at a lower/higher figure.
- Options will need to be refined, and a final decision ultimately made, in light of detailed evidence of strategy and supply options, including being informed by the appraisal of “reasonable alternatives” through the Sustainability Appraisal (SA) process.

- Ongoing consideration should be given to the possibility of an upward stepped housing requirement, given the number of strategic growth options locally, i.e. site options that would deliver late in the plan period.

4.0 Discrepancies - net additions and the Census 2021 housing stock

4.1 The study at paragraph 4.2.12 identified a significant discrepancy between the net additional homes recorded by the Council's monitoring process between 2011 and 2021 and the dwelling stock growth according to the Census 2021. The discrepancy is in the region of an additional 3,000 dwellings to the borough housing stock across the 10 years period than that monitored by the Council. These additional 3,000 dwellings when applied to the proposed government Standard Method for setting a Local Housing Need, over a 16 year Plan period would increase the Council's housing target by between 500 to 600 dwellings.

4.2 Since the study has been completed independent research carried out by Richard Fitzgerald (Appendix 2) working with Kent Housing Group has taken a close look at the housing stock discrepancies and especially Swale's due to its large size. The paper identified that 2,697 dwellings of the Swale discrepancy comes from the addition of Caravan or other mobile or temporary structures that had been omitted from previous Census data. Effectively this means the discrepancy is not against the current Census but an adjustment to previous Census data that had omitted those types of dwellings.

4.3 The Fitzgerald paper goes on to set out that 2,605 dwellings of the 2,697 dwellings discrepancy are from unoccupied Caravan or other mobile or temporary structures that may not be subject to Council tax and subsequently not meet definition of a dwelling for the purpose of the Census count.

4.4 It is for the Government to set out its position on the discrepancy issue as part of its response to the NPPF July 2024 consultation. Based on the outcomes of the response the Council could choose to investigate the discrepancy further. This would involve verifying the removal of the 2,605 unoccupied dwellings by ascertaining whether the counts are correct and those dwellings that are subject to council tax or not and therefore from part of dwelling stock.

5.0 Conclusion

5.1 The study has concluded that there is not an exceptional circumstance to deviate from or use an alternative to the government's imposed Standard Method for calculating a lower housing need figure (LHN).

5.2 However, the study does acknowledge that there could be a case for setting a housing requirement below the LHN or the use of a stepped trajectory, mainly on the basis of the transport issues, principally highways capacity and strategic growth options. Either of these approaches would need to be tested through the

evidence base and consultation stages of the Local Plan, i.e. a lower LHN would not be justified pre-Regulation 18, or prior to.

- 5.3 There appears to be a discrepancy in the Swale housing stock position as set out in the Census 2021. It will be for the government in its response to the NPPF July 2024 consultation to set out its position on the discrepancy. Based on the outcomes of the government's response the Council could choose to investigate whether the 2,605 vacant caravans or other mobile or temporary structures were subject to Council Tax or not and reduce down the Council's housing stock position accordingly.

6. Proposals

- 6.1 Members of the PTPWG are asked to note the findings and recommendations of the Housing Targets Exceptional Circumstances Study.

7.0 Alternative Options Considered and Rejected

- 7.1 There are no alternative options as the Housing Targets Exceptional Circumstances Study is an evidence base report for members' information.

8.0 Consultation Undertaken or Proposed

- 8.1 The Housing Targets Exceptional Circumstances Study has been discussed informally with members during stages of its drafting, but as a fact-based piece of work, has not been consulted upon.

9.0. Implications

Issue	Implications
Corporate Plan	The LPR is responsible for delivering the spatial elements of the Corporate Plan.
Financial, Resource and Property	None identified at this stage.
Legal, Statutory and Procurement	Preparation of a Local Plan is carried out under a national legislative and regulatory framework. This piece of work responded to a change to national planning legislation, whereby housing targets would have become 'advisory' rather than 'mandatory'. This change is proposed for reversal under the new government.
Crime and Disorder	None identified at this stage.

<p>Environment and Climate/Ecological Emergency</p>	<p>None specific to this piece of work. The Local Plan will be supported by its own Sustainability Appraisal and Habitats Regulation Assessment at each key stage in decision making.</p> <p>The sustainability appraisal process appraises the social, environmental and economic effects of a plan from the outset. In doing so it helps ensure that Plan making decisions are made that contribute to achieving sustainable development.</p> <p>Habitats regulations assessments test if a Plan and the site allocations and policies within it could significantly harm the designated features of a site or sites protected by the Conservation of Habitats and Species Regulations 2017.</p> <p>Drafting of the Plan and its Policies will also take in to account the Council's Climate and Ecological Emergency Action Plan.</p>
<p>Health and Wellbeing</p>	<p>None identified at this stage</p>
<p>Safeguarding of Children, Young People and Vulnerable Adults</p>	<p>None identified at this stage.</p>
<p>Risk Management and Health and Safety</p>	<p>None identified at this stage.</p>
<p>Equality and Diversity</p>	<p>None identified at this stage.</p>
<p>Privacy and Data Protection</p>	<p>None identified at this stage.</p>

10. Appendices

10.1 Appendix I Housing Targets Exceptional Circumstances Study

10.2 Appendix II Richard Fitzgerald paper Inclusion of Caravans in Dwelling Stock