

Part 2: Headline Interim Findings on Housing Supply**Sue Turner MRTPI**

An Inspector appointed by the Secretary of State for Communities and Local Government

Matter 1: Duty to Co-operate (for OAN, housing market area and meeting housing need)

1. A Duty to Co-operate (DTC) statement was submitted with the Plan and was updated in October 2015 in a DTC addendum. The DTC statement summarises co-operation that has taken place on strategic issues during preparation of the Plan. The DTC addendum records continuing dialogue with neighbouring authorities on the evidence update, particularly the Council's further work on OAN in Swale's 2015 SHMA - Part 1: Objectively Assessed Housing Need (2015 SHMA) (SBC/PS/025a).
2. In preparing the Plan the Council has worked effectively with Kent County Council, the neighbouring authorities of Ashford Borough Council, Canterbury City Council, Medway Council and Maidstone Borough Council as well as with the prescribed bodies. With regard to housing needs and development targets in particular, the Council sought to establish its housing market area in the context of the SHMAs for North Kent, East Kent and Mid Kent. The DTC statement concludes that there was only limited overlap with Canterbury in the east of the Borough and with Medway in the west. However when the Plan was submitted Swale had not been asked to accommodate the unmet need from any other districts and no other district had the capacity to meet Swale's unmet need.
3. As part of the evidence update the 2015 SHMA seeks to address the complex HMA situation and tests the rationale behind a self-contained Swale HMA. It examines cross boundary migration, cross boundary commuting and travel to work areas, house price data and contextual evidence such as retail and school catchment areas. It concludes that despite links to Medway and Canterbury there is enough evidence to show that a Swale centred HMA is a pragmatic response to the characteristics of this area. It is highlighted, however, that strong links to the west with Medway and to the east with Canterbury need to be reflected in DTC discussions.
4. Discussions with Canterbury City Council and Medway Council have continued during the evidence update and both agree with the approach Swale is taking in seeking to meet its own OAN. The Council has also continued dialogue with the other neighbouring authorities, based on work set out in the 2015 SHMA and the conclusion that Swale intends to meet its own housing need within its own area. The DTC addendum confirms that all of the neighbouring authorities are seeking to meet their own OAN within their administrative boundaries.

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5. Neither the DTC statement nor the DTC addendum provide any detail regarding engagement with the GLA and this raises the question of whether the OAN takes account of London's unmet housing need. However the 2015 SHMA looks in detail at the relationship between London and Swale with regard to migration. In addition, the Council has submitted its Note re London & the Swale OAN (SBC/PS/093) dated 11 November 2015. This provides further information about the way in which the 2015 SHMA addresses the issues of London's housing need.

On the basis of the above I am satisfied that preparation of the Plan and additional work which will inform proposed draft main modifications has been based on co-operation and effective collaboration with the relevant organisations and that the DTC has been met.

Matter 2: Early Local Plan review

6. Policy ST2 and Chapter 8 provide for an early review of the Plan within 3 years of its adoption or sooner. A commitment to an early Local Plan review has been used in some cases to address shortcomings in plans and allowed them to proceed to adoption. However advice by the Planning Advisory Service in 'Early Reviews' and Local Plans suggests that they cannot be used to resolve matters critical to the Plan's strategy and that they are not a panacea for addressing the difficult issues.
7. In this case the justification for making the Plan short term in nature, as set out in paragraph 4.2.32, is neither logical nor appropriate. The Local Plan review is shown on the Local Development Scheme as commencing in September 2015. By this time the Council had commenced its evidence update, the results of which has fed into proposed main modifications and has informed these Interim Findings. The timing in the LDS suggests that preparatory work should already have started on the review but it is hard to see what will have changed in such a short time that would enable a review to overcome the failure of the Plan to meet OAN. Furthermore even if the review date were delayed it would be based on the same updated evidence and work that is informing this examination. For example the 2015 SHMA addresses the balance between employment development and housing and further work on infrastructure planning has been undertaken to support delivery of the Plan. Subject to the main modifications required by these Interim Findings the Plan will have addressed the difficult issue of housing delivery and there will be no need for an early review.

To conclude, there is no justification to rely on an early Local Plan review and the Plan should plan positively for the full Plan period.

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Matter 3: Objectively Assessed Need and revised base date for the Plan

8. The submitted Plan is informed by the 2013 SHMA and identifies an OAN of 14,000 dwellings for the Plan period 2011-31. The 2015 SHMA uses the ONS 2014 mid-year population estimates and updated economic data to consider housing need over the period 2014 – 2031. The 2015 SHMA takes account of under delivery up to 2014/15 and provides up to date evidence to support re- basing the Plan period to start in 2014. It concludes that the full objectively assessed need for this period is 776 dwellings per annum.
9. Various aspects of the methodology used in the 2015 SHMA have been questioned during the examination. Most significantly criticism has been levelled at the use of the ONS 2014 mid-year population estimates, rather than the ONS 2012 sub-national population projections (SNPP) and the CLG 2012 Household Projections, as well as the use of a longer trend period (2004-2014), compared to the five year trend used in the SNPP.
10. The 2012 SNPP and the CLG Household Projections represent the official indication of baseline demographic needs for Swale. It is this data, published by the DCLG, that Planning Practice Guidance (PPG) on Housing and Economic Needs Development Assessment recommends to provide the starting point estimate of overall housing need. However the PPG accepts that there is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need. It advises that councils should explain why their particular local circumstances have led them to adopt a different approach where this is the case.
11. The Swale 2015 SHMA sets out the results of testing of the ONS 2012 SNPP and the CLG 2012 Household Projections, which lead to a requirement for 861 net new homes per annum for the period 2014 – 31. However it highlights concerns that the five year trend period may not correctly reflect long term migration into Swale and that the SNPP based figure may be too high due to the failure to adjust for unattributable population change (UPC). It explores a number of alternative projections, using both 5 and 10 year trend periods and 2014 based projections and identifies the 2004-14 trends projection as the preferred scenario. This scenario mirrors the GLA's demographic modelling and reflects the level and age profile of inward migration to Swale. The 2015 SHMA proceeds to test this scenario against market signals and future job growth to conclude that the OAN remains at 776 dwellings per annum for the period 2014-2031.
12. Part 2 of the SHMA identifies a net need of 288 affordable dwellings pa, which when refined to meet the local housing market becomes 190 affordable dwellings pa, which is approximately 25% of the OAN. It

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concludes that this number can be met through the OAN. However it advises that when setting the affordable housing target the Council will need to consider the full range of evidence, including viability assessment.

13. The Council's Position Statement (SBC/PS/031) (PS) explores viability, particularly in the context of differences across the Borough and the proposed variable policy for affordable housing provision. I endorse the Council's conclusions on this matter and agree that an increase in the housing target to improve the rate of affordable housing delivery is unnecessary and in any event would undermine the settlement strategy by requiring an increase above OAN in Faversham and the rural areas.
14. I have carefully considered arguments that the 2015 SHMA has methodological failings, that it proposes a scenario based on inappropriate data and that there is inadequate justification for lowering OAN from the 2012 SNPP figure of 861. I have also taken account of criticism of the inclusion of a UPC adjustment, the allowance for the younger age profile of inward migration and arguments that insufficient weight has been given to supporting employment growth and boosting affordable housing. Detailed information has been submitted both for and against the approach taken in the 2015 SHMA and I have carefully considered all of this evidence, but I am satisfied that the report follows a methodical and logical process which is consistent with the PPG and that its conclusions are robust.

In these circumstances I support the Council's proposal that the Plan should be based on the revised Plan period 2014 – 2031 with an OAN of 13,192 or 776 dwellings per annum.

Matter 4 - Housing Target

The target in the submitted Plan

15. The submitted Plan proposes delivery of 10,800 dwellings with an indicative split of 9,350 in the Swale Thames gateway area and 1,450 in Faversham and the rest of Swale. This split reflects the concept of two planning areas which underpins the Plan's settlement strategy. However the overall target clearly falls short of the OAN in the Plan which is 14,800 (740 dwellings pa) for the 20 years of the Plan period and is significantly below the updated OAN of 13,000 (776 dwellings pa) for the proposed re-based Plan period.
16. The reasons given in the Plan to justify not planning to deliver the OAN of 14,800 dwellings fall into three broad areas. First, environmental concerns, including impact on best and most versatile agricultural land (BMV); second,

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infrastructure concerns, including impact on the strategic road network; and third the issue of viability and deliverability, including past performance and the need to maximise housing delivery whilst maintaining the focus for growth on the Thames Gateway where viability is poorest.

Review of constraints as part of the evidence update

17. The Council has revisited these constraints as part of the evidence update and summarises its approach to the environmental and infrastructure constraints in its PS. This concludes that subject to confirmation by SA and HRA work and based on the Plan's settlement strategy, no barriers to delivering the revised OAN delivery of 776 dwellings per annum appear to be presented by international, national or local environmental designations, flood risk or heritage assets.
18. The PS notes that the impact of any further site allocations should be considered individually against these considerations. Additionally the individual and cumulative impact of any new allocations on important local countryside gaps and locally sensitive landscapes should be assessed, whilst any loss of the best and most versatile (BMV) agricultural land will need to be taken into account as proposed by the Council in paragraph 42 of the PS. On this basis I endorse the conclusion in the PS that in principle environmental capacity does not prevent the Plan meeting the OAN.
19. Transport infrastructure is cited in the Plan as a constraint to delivering more than 740 dwellings pa. During the examination the Council has continued dialogue with Kent County Council and Highways England and has prepared statements of common ground (SCG) with both organisations (**SBC/PS/028** and **SBC/PS/011**). These confirm that whilst transport capacity does not present a barrier to delivering up to 740 dwellings per annum, a higher level may require further work on the Swale Borough Council/ Kent County Council Transport Model, possibly requiring a new model.
20. Other infrastructure is addressed in the Kent and Medway Growth and Infrastructure Framework 2015, which provides a starting point for assessing the level and cost of infrastructure to support growth in Swale to 2031. Whilst this is based on delivery of 11,300 dwellings, KCC has expressed its willingness to work with SBC to test an increased quantum of development and further site allocations in order to identify infrastructure requirements. The work that the Council has undertaken during the examination demonstrates that, subject to further testing, infrastructure provision presents no barrier to delivering the full OAN of 776 dwellings per annum for the revised plan period.

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21. The inability of the submitted Plan to meet OAN is partially justified by a weak housing market and poor viability. It is common ground that Swale is one of the weaker housing markets in Kent with particularly poor viability in the Thames Gateway area, where the settlement strategy seeks to direct housing growth. As the Council states in paragraph 44 of its PS, short term viability issues should not lead to a viability-led strategy which could undermine the growth in the Thames Gateway. However poor housing delivery in the past does not justify taking a pessimistic approach to the future and indeed this would be inconsistent with paragraph 47 of the NPPF, which seeks to boost significantly the supply of housing. Setting a target that is too low could be self-fulfilling and act as a constraint to development.
22. With its new base date of 2014 and removal of the early review requirement the Plan is for a period of 17 years rather than the three years proposed in the submitted Plan. In this context short term viability concerns do not justify deliberately suppressing growth for the whole of the Plan period.

Site allocations

23. The Plan's housing site allocations have been considered through the examination process and the Council has embarked upon a process of monitoring progress and updating the number of units that each will deliver. The proposed draft main modifications include amended details and numbers on some of the allocations and address some concerns raised by participants during the examination. Subject to these modifications the housing site allocations are soundly based and consistent with the settlement strategy.
24. The Council has responded positively to criticism of the Plan's failure to meet the OAN for housing. As part of the evidence update it has produced three documents which use different methodologies to assess non allocated sites. These are:
 - The Provisional 2014/15 SHLAA (SBC/PS/037). This is based on the original 2013-14 SHLAA (submitted with the Plan), but overcomes a number of shortcomings in the earlier SHLAA and provides a clear and transparent analysis of all land and sites put forward during consultation on the submitted Plan. There has been no new call for sites therefore the Council will need to decide whether this is necessary or whether it is satisfied that assessment of sites brought to its attention through the examination process, together with the updated SHLAA are adequate to ensure that all potential sites have been considered. However the provisional SHLAA includes assessment of the omission sites (non-allocated sites promoted by developers or

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landowners) and takes all potential sites through various stages or “sweeps” to assess their suitability for development.

- The Ranked Assessment of non-allocated site options (SBC/PS/039) places sites in tiers and rankings using a methodology that reflects their environmental constraints and landscape impacts. The seven tiers reflect international, national and local environmental designations, Flood Zone 3A as well as non-designated environments and constraints and matters affecting the transport network.
- The Post submission interim SA report Part II (Site Options) (SBC/PS/033a) is, as its title suggests, an interim assessment of the non-allocated sites which has been carried out by the Council.

25. These three documents together represent a robust and methodical analysis of non-allocated sites. They provide a sound basis for the Council to allocate additional sites to deliver the OAN.

26. However the assessment documents are clearly a technical survey of the sites and they do not take a strategic approach or refine the ranking in relation to the settlement strategy or cumulative impact on infrastructure or the environment. The Council will need to take account of these factors when allocating additional sites. However the ranked assessment in particular, whilst noting the presence of locally defined Important Countryside Gaps, makes it clear that this definition does not necessarily preclude the allocation of sites within the gaps. This is consistent with the wording of DM Policy 25, which recognises that allocated sites may lie within the defined Countryside Gaps.

27. Concerns have been raised that additional site allocations could undermine the settlement strategy or harm the rural character of some villages and rural lanes. However the evidence demonstrates that there is a range potential additional sites across the Plan area. This provides the Council with sufficient flexibility to plan for a carefully managed uplift in allocations across the two planning areas without undermining the settlement strategy or harming its objectives.

28. The work that the Council has done places it in an informed position to sensitively nudge the housing target upwards across the Borough so that growth continues to be focused on the Thames Gateway area, but with a proportional boost to allocations in Faversham and the rural areas. This is consistent with the approach suggested by the Council in paragraph 38 of its

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PS and the evidence is now available to enable those difficult decisions to be made in a logical and consistent way.

The Council's work to update the evidence base demonstrates that there are sufficient sites available to enable it to deliver the full OAN for the plan period whilst maintaining the settlement strategy of two planning areas. The Council should therefore proceed to allocate sites to meet a revised target of 776 dwellings pa.