

Matter 3 – The housing requirement

Issue

Whether the Core Strategy Review has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the housing requirement.

Relevant policy – SS2

Question 2: Is the base date of 2019/20 appropriate having regard to the use of the 2018 affordability ratio? Should the base date be 2018/19 or, alternatively, should the 2019 affordability ratio be used? If so, what effect would this have on the housing requirement?

As the plan is for the period 2019/2020 to 2036/37 there should be consistency in data used to provide a guide to the amount of housing required subject to consideration of other factors – see question 3 below. For this reason, the 2019 affordability ratio should be used.

Question 3: Are there circumstances which justify an alternative approach to the calculation of the housing requirement and the use of a different method? If so, what are they and what would be the resulting housing requirement?

The National Audit Office Report on Planning for new homes, February 2019, at paragraph 11 states:

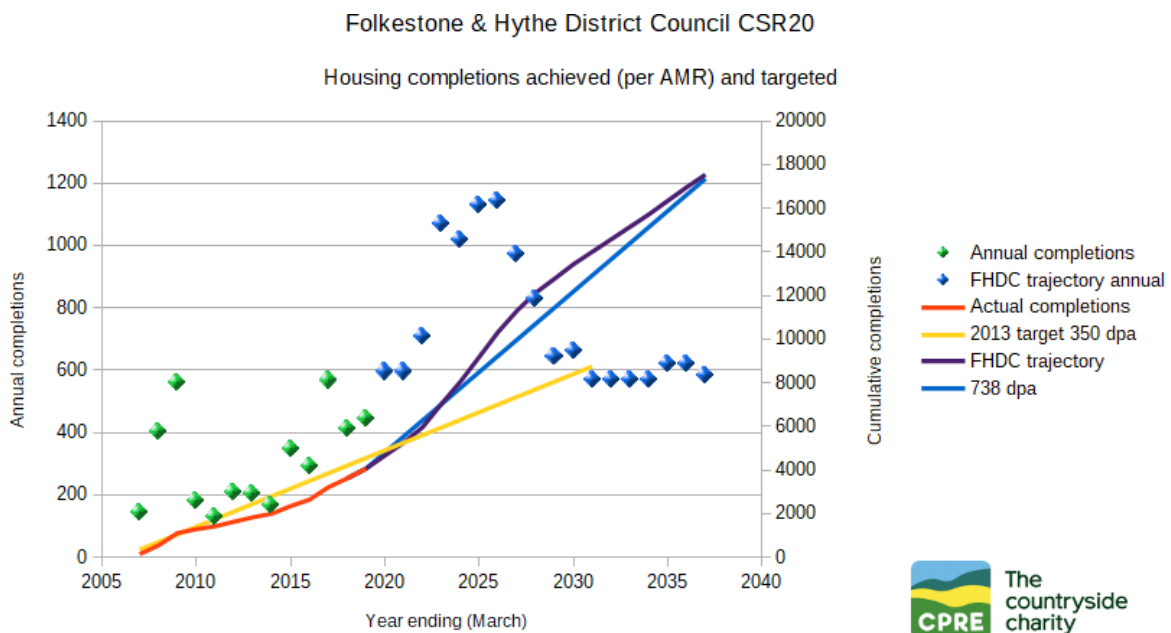
“The Department holds local authorities to account for providing new homes, but this is not fully within local authorities’ control Local authorities can influence home-building by, for example, identifying land in their areas on which developers can build, facilitating the provision of infrastructure and considering planning applications. However, as local authorities are not major house-builders they cannot increase the numbers of new homes directly through their own efforts.....”

CPRE Kent has already expressed its concern that housebuilding in the District in the past 10 years has not achieved the level required by the draft plan’s housing target:

- Folkestone and Hythe Annual Monitoring Report 2017 Table 1 Residential delivery 2001 to March 2017 and EB 03.10 Table 3.1 Housing Information Audit Summary data for 2017/18 and 2018/19 indicate that the average annual completions for the past 10 years were 294 and whilst it has risen to 409 for the past 5 years this is still well below (55%) the plan’s annual average requirement of 738 dwellings per annum. The chart below (p.3) compares the 2013 Core Strategy requirement for the 13-year period 2006/07 to 2018/19 with annual completions. This shows that cumulative completions have not met the cumulative requirement
- Given the annual average housing delivery rate has been below the plan’s annual average requirement it is difficult to comprehend how this annual housing delivery can be turned around to deliver a 250% increase to just under 1,100 by 2022/23, and

continue at high rates of over 1,000 from 23/24 to 25/26 as set out in EX004 Appendix 1 (which has superseded Appendix 3 of the submitted Plan). The chart below (p.3) shows the significant increase in annual housing delivery over the 2013 Core Strategy requirement and how delivery is heavily skewed to the early years.

- EX004 Appendix 1 Housing Trajectory revises the plan's housing trajectory. The Appendix 1 Table sets out the indicative annual completions for: Windfalls; Planning Permission and Sites Under Construction (31 March 2019); Core Strategy (without planning permission); Places and Policies Local Plan (without planning permission); and New Garden Settlement. We have not been able to find evidence to explain / support the figures set out in year-by-year figures beyond the 5-year period, which is shown in EB.03.10 which provides limited evidence:
 - Appendix 2: Five Year Housing Land Supply Tables 1 and 2 do not appear to be supported by evidence. There doesn't appear to be any evidence for sites beyond the five-year period.
 - Appendix 3: Extant Planning Permissions provides some information for the 5 year-land supply. Tables 3 and 4 provide a column 'Information based on' which is either 'Agent correspondence' or 'Officer knowledge'; and 'Notes' which either say that the site is 'under construction' or no note is provided. There is therefore no way of understanding the basis for the inclusion of sites that do not benefit from any note. There doesn't appear to be any evidence for sites beyond the five-year period or any explanation of how the trajectory figures were estimated for the medium term.
- There does not appear to be any evidence that the market could support such a sustained increase in the level of housebuilding in the early years. CPRE Kent remains concerned that competition from locations served by HS1, such as Ebbsfleet and Ashford with established rail services and closer proximity to London, will dampen demand in the district for the early part of the plan period.
- Housebuilding has been on lockdown since late March 2020 and major house builders only started returning to work in June 2020. This is likely to have an impact on completions for the period 2020/21. The impact of the lockdown on the economy will also affect demand for new dwellings. [This statement was written during the Coronavirus lockdown]



Question 4: Is the use of a consistent annual average housing figure justified and appropriate, particularly having regard to the delivery of the proposed New Garden Settlement? Would a staggered requirement be justified and if so, what should that be?

There is a significant difference between the annual average housing delivery as set out in Policy SS2 and the Core Strategy Review Housing Trajectory year-by-year figures set out in EX004 Appendix 1. Policy SS2 sets out an annual average delivery of 738 dwellings whilst the Housing Trajectory has annual completions ranging from 571 to 1145. Six years of the plans’ 18-year period are over 738 (with four significantly over) and the rest under.

It is noted from EX004 paragraph 3.2 that “Given the current situation with the Coronavirus pandemic the council is contacting developers and agents to get updated information on housing completions and see if the anticipated delivery rates can still be relied on.” This work is welcomed. It may result in changes to the housing trajectory. We look forward to seeing it and having an opportunity to comment.

At Regulation 19 CPRE Kent expressed concerns about the indicative housing trajectory and in particular the early provision of housing at the New Garden Settlement. The submitted plan assumed that homes will be provided from 2021/22 and EX004 Appendix 1 in significant numbers from 2022/23. EX004 Appendix 1 updates the indicative housing trajectory putting back the start period by a year to 2022/23.

The Otterpool Park Application Document 3.3 Planning and Delivery Statement (February 2019) sets out at paragraph 9.20 that: “The pace of delivery will be informed by market demand but it is anticipated that the rate of delivery will be within the following ranges:

Table 9.1 Housing Delivery Rate (Otterpool Park Housing Strategy, January 2019)

<i>Year</i>	<i>Annual Delivery Rate – Lower</i>	<i>Cumulative Total - Lower</i>	<i>Annual Delivery Rate – Upper</i>	<i>Cumulative Total – Upper</i>
1-2 (2020-2021)	-	-	-	-
3-5 (2022-2024)	150	450	325	975
6-14 (2025-2033)	300	3150	400	4575
15-22 (2034-2041)	300	5550	450	8175
23 (2042)	300	5850	325	8500
24-31 (2043-2050)	300	8250	-	-

[<https://www.folkestone-hythe.gov.uk/downloads/file/3391/planning-and-delivery-statement>]

This implies that between 4350 and 6175 homes could be delivered between 2022 and 2037. The Local Plan housing figure for a minimum of 5925 new homes within the plan period 2019/20 to 2036/37 (Policy SS6). The assumed annual completions for the new garden settlement set out in EX004 Appendix 1 are the same as those set out in Table 9.1 above, thus requiring development rates at the upper level throughout the whole of the plan period.

CPRE Kent remains concerned that the plan still assumes an unrealistic delivery programme at the New Garden Settlement:

- The Council has opted for the ‘Upper’ annual delivery rate of the range set out in the Planning and Delivery Statement.
- That high housing completion rates will be delivered from the start.
- The most recent Planning Performance Agreement anticipates that the outline planning permission will be issued in Winter 2020/21 subject to this EiP Inspectors’ report anticipated Winter 2020/21. EX004 assumes that 325 dwellings will be completed by March 2023. This is a tight timetable that will be complicated by the Coronavirus lockdown. It is noted at EX004 paragraph 3.1 that “... the promoter is reassessing the housing delivery rates for the new garden settlement.” And that “A number of different scenarios are currently being tested, to demonstrate how the scheme can meet the draft Core Strategy Review policy requirements.” We look forward to seeing them when published and having an opportunity to comment.
- As set out in our Regulation 19 representation, at the Ebbsfleet Garden City it took three years from the earliest completions before house builders were building 300 dwellings per annum. It needs to be remembered that the Ebbsfleet Garden City benefited from an operational railway station at Ebbsfleet providing international services from November 2007 and domestic HS1 services from June 2009, as well as outline planning permissions for much of the development.

The New Garden Settlement could be competing with the Ebbsfleet Garden City and Ashford both of which are under construction. At Ebbsfleet Garden City just under 2,000 of the potential 15,000 homes have been built which suggests that development of the Garden City will continue for the next decade or more. This continued capacity for development may delay the rate of development of the New Garden Settlement at Otterpool. Significant housing is also proposed in Thanet, Swale, Canterbury and (is likely to be proposed at) Dover Districts.

The Otterpool Park Feasibility and Capacity Study, 2015 Arcadis Section 3 considers the Kent residential development market and at paragraph 3.13 states: *“To meet some of this projected household deficit, there are a number of large-scale schemes underway or in the pipeline, in town centre regeneration schemes, brownfield sites and major new settlements. All the major house builders are active in the county with the upturn in values also attracting developers from other areas.”*

Paragraphs 3.14 to 3.20 set out residential developments in the County. Paragraph 3.21 concludes: *“It is expected that activity will resume as buyers and developers adjust to uncertainty. Longer term implications will depend on the form of Brexit agreements, but given post referendum business lettings activity across the county, strong demand in the housing market looks set to persist.”*

There appears to have been no assessment of the impact of these major developments on the rate at which housing at the New Garden Settlement could be brought forward.

The nearest would appear to be in paragraph 3.25 with regard to the UK construction market which states: ***“The ability of the construction market to deliver the volume of development anticipated for Otterpool Park presents a key risk to the delivery programme and viability. The construction industry in the UK faces significant challenges, not least because of the shortage of available skilled labour. However, Otterpool Park presents the opportunity of providing certainty to the Kent market and its supply chain with the long-term delivery programme a scheme of this scale will require.”*** [CPRE Kent emphasis]
[\[https://www.otterpoolpark.org/app/uploads/2019/03/Otterpool-Park-Stage-1-Report-FINALa.pdf\]](https://www.otterpoolpark.org/app/uploads/2019/03/Otterpool-Park-Stage-1-Report-FINALa.pdf)

The country, including housebuilders, has been in lockdown since the end of March 2020 and major house builders only started returning to work in June 2020. This will have an impact on completions for the period 2020/21. The impact of the lockdown on the economy may also affect demand for new dwellings.

In our Regulation 19 response for paragraph 4.43 we suggested a possible revised trajectory for the New Garden Settlement. Recent events suggest that even that may prove over-optimistic.

Given our concerns it would be appropriate to provide a staggered requirement with lower numbers in the earlier periods. This would not only allow for the market to grow at a more

realistic rate but also allow the effect of housebuilding at Ebbsfleet and Ashford, as well as Thanet and Dover to be more fully understood.

Using EB.03.10 Table 3.2 and the trajectory for the New Garden Settlement set out in our Regulation 19 response would imply an annual completion rate of 546 for the 5-year period 2019/20 to 2023/24. This may be on the high side given the effect of Coronavirus and Brexit on the economy.

Question 5: Is the inclusion of housing falling within Class C2 of the Use Classes Order as part of the housing requirement justified?

Yes. The ONS 2014-based and 2018-based population projections for the District indicate that the increase in the over 65 population accounts for the majority of population growth 2019 to 2037 as shown in Table 1 below. The scale of growth is similar for both projections. The 2014-based projection indicates that there would be a 69% increase in the 75 and over age group for the period 2019 to 2037. Whilst the 2018-based figures indicate a lower growth it is still significant at 61%.

Table 1: 2014-based and 2018-based population projections by age group

Age	2019			2037			2019-2037		
	2014 based	2018 based	Change	2014 based	2018 based	Change	2014 based	2018 based	Change
All Ages	112,700	113,407	707	126,500	126,259	-241	13,800	12,852	-948
Age 0 - 4	5,700	5,410	-290	5,700	5,203	-497	0	-207	-207
Aged 5-9	6,100	6,402	302	6,000	5,505	-495	-100	-897	-797
Aged 10-14	6,000	6,199	199	6,200	5,688	-512	200	-511	-711
Aged 15-19	5,500	5,400	-100	6,100	5,578	-522	600	178	-422
Aged 20-24	5,500	5,250	-250	5,500	5,186	-314	0	-64	-64
Aged 25-29	6,300	6,145	-155	6,200	5,847	-353	-100	-298	-198
Aged 30-34	6,000	6,251	251	5,800	5,667	-133	-200	-584	-384
Aged 35-39	6,100	6,340	240	6,000	6,161	161	-100	-179	-79
Aged 40-44	5,900	6,092	192	6,800	7,349	549	900	1,257	357
Aged 45-49	7,300	7,555	255	7,400	8,243	843	100	688	588
Aged 50-54	8,400	8,568	168	7,200	8,199	999	-1,200	-369	831
Aged 55-59	8,100	8,338	238	7,600	8,601	1,001	-500	263	763
Aged 60-64	7,400	7,383	-17	7,900	8,492	592	500	1,109	609
Aged 65-69	7,300	7,406	106	9,500	10,017	517	2,200	2,611	411
Aged 70-74	7,900	8,042	142	9,700	10,077	377	1,800	2,035	235
Aged 75-79	5,300	5,198	-102	8,000	8,033	33	2,700	2,835	135
Aged 80-84	3,800	3,628	-172	6,000	5,671	-329	2,200	2,043	-157
Aged 85-89	2,400	2,195	-205	4,700	3,990	-710	2,300	1,795	-505
Aged 90+	1,700	1,602	-98	4,000	2,751	-1,249	2,300	1,149	-1,151

Note that the figures may not sum because of rounding

Sources:

ONS 2014-based sub regional population projection

ONS 2018-based sub regional population projection [from Nomis on 4 June 2020]

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The 2014-based household projections provide guidance on the number of households in the 65-74, 75-84 and 85 and over age groups at the years 2014 and 2039, see Table 2 below. Whilst these are not the same years as the plan, the figures indicate the 75 and over age group will account for around two-thirds of the new housing need.

Table 2: 2014-based household projections by age band 2014 and 2049

Age	2014	2039	Change	Annual average 2014 - 2039	18-year total
All ages	48901	62225	13324	533	9593
Aged 65-74	8896	11525	2629	105	1893
Aged 75-84	5647	10616	4969	199	3578
Aged 85+	2610	6649	4039	162	2908
Total aged 65+	17153	28790	11637	465	8379
% aged 65+	35	46	87	87	87
Total aged 75+	8257	17265	9008	360	6486
% aged 75+	17	28	68	68	68

Source: 2014-based household projections Table 414 Household projections by age & district, England, 2014- 2039
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The provision of Class C2 housing and appropriately designed conventional homes of smaller size will potentially release under-used family housing. Not including C2 housing could result in a mis-match of household units and available units and could well result in overprovision. C2 housing should be included in the housing requirement.