



OTTERPOOL PARK

COUNTRYSIDE • CONNECTED • CREATIVE

APPLICATION DOCUMENT | 3.4
HOUSING STRATEGY (INCLUDING AFFORDABLE
HOUSING STRATEGY)

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OTTERPOOL PARK

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APPLICATION DOCUMENT

OTTERPOOL PARK HOUSING STRATEGY

FEBRUARY 2019



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Executive Summary

Otterpool Park is a proposed garden town in East Kent comprising a town centre, local centres, education facilities, other community infrastructure, and 10,000 new homes. This document is in support of an outline planning application for the development of a new garden settlement accommodating up to 8,500 homes (use class C2 and C3) and use class D1, D2, A1, A2, A3, A4, B1a, B1b, B2, C1 development with related highways, green and blue infrastructure (access, appearance, landscaping, layout and scale matters to be reserved).

The new homes will provide for a population of around 25,000 people. Our vision is:

***A place in the countryside; a place where people and businesses will want to be;
a creative space, connected to wherever you need to be***

The strong focus on people and choice in the vision is clearly fundamental to this Housing Strategy. In building a wider understanding of the unique opportunities this new Garden Town can bring, communication and marketing are a major focus both with those choosing to live or visit Otterpool Park compared to other locations and of course key development partners who will work with the master developer to use their expertise to develop a full range of building and tenure types to meet those varying and indeed changing life stage choices.

Our message is that everything is possible from this unique location.

You can live and work in the Garden of England countryside, enjoy walks and bikes rides from your doorstep and be inspired by the heritage and natural beauty of the area. You can be at the coast within minutes, catch the train to London in under an hour and access mainland Europe quickly and easily. Otterpool Park has Garden Town status, which means you will find large amounts of green space, thoughtfully-designed neighbourhoods and affordable homes, imaginative employment spaces and flexible working opportunities.

Whilst this paper focuses on our housing strategy there is an important focus too on supporting sustainability in housing through employment; flexible work space and service business which can also benefit from the excellent connectivity locally, regionally, nationally and indeed internationally that Otterpool Park can offer.

The evidence base for the deliverability of this vision comes from both ongoing consultation and dialogue with existing residents and potential commercial development partners as well as quantitative research.

Data shows there is significant demand for homes in Kent. In the Folkestone & Hythe District, the population is forecast to grow by 17% to 2037¹. The emerging local policy is for a total requirement of 12,845 new homes between 2018/19 and 2036/37, of which delivery of 5,520 dwellings has been identified within existing allocations and permissions². Delivery of new homes at Otterpool Park will help to meet this demand. Delivery of high-quality homes is vital to support good health and wellbeing, and the strategy sets out how this can be achieved by looking at setting high standards for design, minimum standards for the size of homes, and minimum standards for sustainability, ensuring that homes are fit for the future, and can be flexible to adapt to future needs of residents.

Otterpool Park will be home to a broad range of people, of different ages and with different lifestyles. In order to meet the needs of a range of people a range of homes and tenures will be provided, from apartments and starter homes, to large family homes with private gardens. The proposed mix of homes, with parameters, is summarised below:

¹ *Otterpool Park Market Analysis* prepared by Montagu Evans LLP, November 2017 (Appendix A)

² *Submission Draft (Regulation 19) Core Strategy Review* prepared by Folkestone & Hythe District Council, January 2019

Housing Type	Number of Homes
Market for Sale	5,259
Build to Rent	860
Affordable (22% of all units less extra care)	1,725
Extra Care	657
Total	8,500

Housing Size	Proportion of Homes	Range of Provision
1 bed	8%	5 to 15%
2-3 bed	65%	50 to 80%
4-5 bed	27%	15 to 40%

A strong and sustainable community needs to accommodate all its members, including those who are older or vulnerable. Meeting the needs of older and vulnerable people can be achieved in a variety of settings, and a holistic approach to provision and service delivery will need to be taken.

Delivery of homes on the scale of Otterpool Park has the scope to enable a range of types of delivery, including self-build and custom-build. It also provides the opportunity to build pockets of homes which are delivered to an exemplar level of sustainability. Otterpool Park does not end with the completion of homes. Support will be provided in the form of a community management organisation to assist in fostering community cohesion through engagement in ongoing management of parts of the garden town in the long term.

1 Housing: The Need for a Strategic Approach

The overall aim for the Otterpool Park is to be a sustainable and thriving new garden town where residents can lead happy, healthy lives. The provision of the right type of housing is vital to support this. The Housing Strategy for Otterpool Park is designed to provide strategic clarity to the delivery of housing, with the aim of setting out how the delivery of housing can facilitate a mixed, balanced and sustainable community. A variety of types and tenures of accommodation will be required in order to meet the needs of residents, and this will include specialist types of accommodation. The strategy also places housing delivery within the broader context of project delivery, including that of national, regional and local need, national and local policy and viability constraints.

National need for housing

The UK-wide need for new homes is well-documented with the Government targeting the delivery of 300,000 new homes annually. Research published by the National Housing Federation in May 2018 concluded that the annual need was higher than the Government target and that 340,000 new homes are required annually to 2031 to meet the backlog and provide for future demand.

National Planning Policy Framework ³	Detail
Paragraph 59	<p><i>“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.”</i></p>
Paragraph 64	<p><i>“Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:</i></p> <ul style="list-style-type: none"> <i>a) provides solely for Build to Rent homes;</i> <i>b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);</i> <i>c) is proposed to be developed by people who wish to build or commission their own homes; or</i> <i>d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.”</i>
Paragraph 72	<p><i>“The supply of larger numbers of new homes can often be best achieved through planning for larger scale development, such as new settlements or significant extensions to existing villages and towns, provided they are well located and designed, and supported by the necessary infrastructure and facilities. Working with the support of their communities, and with other authorities if appropriate, strategic policy-making authorities should identify suitable locations for such development where this can help to meet identified needs in a sustainable way. In doing so, they should:</i></p>

³ National Planning Policy Framework, Ministry of Housing, Communities and Local Government, February 2019

National Planning Policy Framework ³	Detail
	<p>a) consider the opportunities presented by existing or planned investment in infrastructure, the area's economic potential and the scope for net environmental gains;</p> <p>b) ensure that their size and location will support a sustainable community, with sufficient access to services and employment opportunities within the development itself (without expecting an unrealistic level of self-containment), or in larger towns to which there is good access;</p> <p>c) set clear expectations for the quality of the development and how this can be maintained (such as by following Garden City principles), and ensure that a variety of homes to meet the needs of different groups in the community will be provided;</p> <p>d) make a realistic assessment of likely rates of delivery, given the lead-in times for large scale sites, and identify opportunities for supporting rapid implementation (such as through joint ventures or locally-led development corporations)³⁵; and</p> <p>e) consider whether it is appropriate to establish Green Belt around or adjoining new developments of significant size."</p> <p>Footnote 35 states "The delivery of large scale developments may need to extend beyond an individual plan period, and the associated infrastructure requirements may not be capable of being identified fully at the outset. Anticipated rates of delivery and infrastructure requirements should, therefore, be kept under review and reflected as policies are updated."</p>

The National Infrastructure Delivery Plan 2016-2021 reiterates the importance of a well-functioning housing market to the wider health of the economy. It states that the under supply of housing over the past decades has had serious implications:

"The economic and social consequences of a failure to supply enough houses has affected millions through lower growth and fewer jobs, families living in cramped conditions and young people with little hope of ever owning their own home. Therefore it is vital to take steps to increase the housing supply."

Local strategy and emerging policy requirements

The Folkestone & Hythe District Council Core Strategy Review⁴ contains a number of policies relating to housing and specifically the development of a proposed garden town to deal strategically with the significant identified housing need, including:

Emerging Policy	Details
SS2 – Housing and the Economy Growth Strategy	<p><i>“The core long-term requirement is to deliver 676 dwellings (Class C3) a year on average from 2018/19 to 2036/37, a total requirement of 12,845 new homes over the plan period. This will be achieved by major strategic growth in the district including delivery of a new garden town...”</i></p>
SS6 – New Garden Settlement – Development Requirements	<p>“1. New homes</p> <p><i>a. The settlement shall provide for a minimum of 6,375 new homes in a phased manner within this plan period (to 2036/37) with potential for future growth to provide a total of 8,000-10,000 homes...;</i></p> <p><i>b. The mix of tenure and sizes of new homes shall be in accordance with Policies CSD1 and CSD2 and evidence in the Strategic Market Housing Assessment ... and shall include build for rent provision to meet identified need. A minimum of 22% of all dwellings should be provided as affordable homes, subject to viability;</i></p> <p><i>c. All homes shall meet the adopted Nationally Described Space Standards...;</i></p> <p><i>d. Within the early phases, development shall provide homes in neighbourhoods located in and around the town centre... Close to the town centre there shall be a higher proportion of smaller residential units serving all age groups;</i></p> <p><i>e. The town centre shall be supported by a lower density neighbourhood in the early phases...;</i></p> <p><i>f. ...All neighbourhoods will be expected to provide a mix of home typologies, with plots provided for custom-build and self-build development...;</i></p> <p><i>g. A minimum of 10 per cent of homes in each substantial phase shall be built to meet the needs of the elderly, from active retired people to those requiring intensive nursing care, including specialist C2 provision. All such homes shall be built to meet M4(3) Category 3: Wheelchair User Dwellings standards as set out in Building Regulations; and</i></p> <p><i>h. The remaining 90% homes shall be built to meet M4(2) Category 2: Accessible and Adaptable Dwellings as set out in Building Regulations. Homes shall be designed to be flexible to respond to the changing needs of families.</i></p> <p>2. Self-build and custom-build homes</p> <p><i>a. A proportion of proposed dwellings shall be provided as self-build or custom-build plots... with each substantial phase contributing a proportion of self-build and custom-build housing;</i></p> <p><i>b. Innovative self-build and custom-build designs will be encouraged that are flexible and incorporate new technologies, particularly those that achieve carbon and water neutrality; and</i></p> <p><i>c. Self-build and custom-build housing will not be required to be uniform in scale, plot width or materials. Design requirements will be established by:</i></p> <p><i>i. Planning policy and a design code approach setting out principles of place-making and sustainability;</i></p>

⁴ Submission Draft (Regulation 19) Core Strategy Review prepared by Folkestone & Hythe District Council, January 2019

Emerging Policy	Details
	<p>ii. A 'plot passport' scheme introduced alongside a Local Development Order (should a substantial self-build phase be pursued) or alternative approval mechanism, allowing plot purchasers to submit an application to the council for assessment against the code; and</p> <p>iii. Where plots have been made available and marketed appropriately for at least 12 months and have not sold, the plot(s) may either remain on the open market as self-build or be built out by the developer."</p>
<p>SS7 – New Garden Settlement – Place Shaping Principles</p>	<p>"2. A vibrant town centre</p> <p>a. A town centre shall be created, of higher density housing ... The town centre shall be planned so that it is within easy walking distance of the station and located within an area of higher density housing to increase its vitality and viability. Higher density mixed-use development with several storeys of residential use above commercial premises will be appropriate in the town centre."</p>
<p>SS8 – Sustainability and Healthy New Town Principles</p>	<p>"1. A sustainable new town</p> <p>a. Development shall be guided by an energy strategy. The strategy shall demonstrate how best practice in energy conservation will be achieved at both the micro- and macro-level in homes and commercial buildings...'</p> <p>b. All new build homes shall be built to water efficiency standards that exceed the current building regulations so as to achieve a maximum use of 90 litres per person per day of potable water...</p> <p>2. A healthy new town</p> <p>c. In lower density areas generous gardens should be provided as part of an appropriate mix of housing, alongside high quality communal spaces. In higher density areas where larger gardens are not feasible, new homes should have access to an allotment or community orchard within 800m (10 minutes' walk)."</p>
<p>SS9 – New Garden Settlement – Infrastructure, Delivery and Management</p>	<p>"2. A smart town</p> <p>a. All residential ... shall be enabled for ultra-fast fibre-optic broadband provided to premises...;</p> <p>b. New dwellings shall provide adaptable space suitable for home working...;</p> <p>c. Data analysis and smart monitoring of water and energy use and waste generation shall be available to all new homes... Aggregated and comparative data shall be accessible to allow households to compare usage against the average for the development."</p>
<p>CSD1 – Balanced Neighbourhoods</p>	<p>"Development resulting in new housing (class C3) will be allowed in line with policy SS3 (optimising distinctiveness, appeal, sustainability and accessibility of places) where it contributes to the creation of balanced neighbourhoods through high-quality design proposals which address identified affordable housing needs.</p> <p>All housing development should include a broad range of tenures incorporating market housing for sale and affordable housing (affordable housing for rent, starter homes, discounted market sales housing and other affordable routes to home ownership), wherever practicable and subject to viability, as follows:</p> <ul style="list-style-type: none"> • Development proposing 15 or more dwellings (or land of 0.5ha or more in size) (net gain) at any location within the district should provide a minimum of 22 per cent affordable dwellings on-site <p>For development proposing 15 or more dwellings, as a starting point approximately 30 per cent of the affordable housing provision shall be shared equity and 70 per cent affordable rent/social rent..."</p>

Emerging Policy	Details												
CSD2 – District Residential Needs	<p><i>“Residential development and new accommodation should be designed and located in line with the spatial strategy’s approach to managing demographic and labour market changes and meeting the specific requirements of vulnerable or excluded groups.</i></p> <p><i>Within developments of 15 or more dwellings (net gain), where viable and practical:</i></p> <ul style="list-style-type: none"> • <i>A range of housing tenures should be provided including owner-occupied and private rented and affordable housing in accordance with CSD1. The council’s Strategic Housing Market Assessment (SHMA) will be used as a starting point for determining the mix of tenures; and</i> • <i>A range of sizes of new dwellings should be provided. As a starting point, this range should reflect the mix identified in the SHMA as follows:</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th style="text-align: left;">Tenure</th> <th style="text-align: center;">One bed (per cent)</th> <th style="text-align: center;">Two to three bed (per cent)</th> <th style="text-align: center;">Four bed + (per cent)</th> </tr> </thead> <tbody> <tr> <td><i>Owner-occupied / private rent</i></td> <td style="text-align: center;"><i>5-20</i></td> <td style="text-align: center;"><i>65-70</i></td> <td style="text-align: center;"><i>15-30</i></td> </tr> <tr> <td><i>Affordable tenures</i></td> <td style="text-align: center;"><i>20-25</i></td> <td style="text-align: center;"><i>50-60</i></td> <td style="text-align: center;"><i>20-25</i></td> </tr> </tbody> </table> <p><i>Specialist units for older people (Class C3(b)) will be delivered primarily through strategic allocations as part of a new garden settlement...”</i></p>	Tenure	One bed (per cent)	Two to three bed (per cent)	Four bed + (per cent)	<i>Owner-occupied / private rent</i>	<i>5-20</i>	<i>65-70</i>	<i>15-30</i>	<i>Affordable tenures</i>	<i>20-25</i>	<i>50-60</i>	<i>20-25</i>
Tenure	One bed (per cent)	Two to three bed (per cent)	Four bed + (per cent)										
<i>Owner-occupied / private rent</i>	<i>5-20</i>	<i>65-70</i>	<i>15-30</i>										
<i>Affordable tenures</i>	<i>20-25</i>	<i>50-60</i>	<i>20-25</i>										

The Healthier Housing Strategy 2018-2023 (draft) published by Folkestone & Hythe District Council sets out 4 key housing priorities:

- *Improve access to housing in the district and increase the supply of affordable homes for rent and low-cost home ownership*
- *Work to ensure that homes are well maintained, safer and healthier*
- *Enable people to live independently*
- *Make the best use of the existing housing stock*

The Strategy confirms that while owner-occupation is the dominant form of tenure, levels of home ownership are lower than the UK and Kent averages whereas the private rented sector is markedly larger as shown in the following table⁶:

Tenure	Proportion of F&HDC Stock	Proportion of Kent Stock	Proportion of UK Stock
Owner Occupation	67%	74%	75%
Private Rented	17%	11%	10%
Council Rented	7%	8%	12%
Housing Association Rented	3%	7%	3%

⁶ *Healthier Housing Strategy 2018-2023 (draft)*, Folkestone & Hythe District Council

2 Housing Delivery

In order to maintain a steady rate of delivery on site a range of methods of delivery will be considered. This will include a range of developers and house builders, including Housing Associations, delivering at the same time. There is an aspiration to ensure that small and medium developers and house builders are not disadvantaged through procurement processes so that they have opportunity to deliver homes, creating genuine choice for new residents and enriching the garden town with a range of homes. It is therefore envisaged that there will be a range of land parcels provided at Otterpool Park in order to facilitate a range of housing providers delivering on site.

The breadth and rate of delivery will be enabled by adopting the proposed Master Developer approach typically used on large complex developments such as Otterpool Park. In simple terms the Master Developer champions and protects the wider vision and takes responsibility for the delivery of critical shared strategic infrastructure, major place making delivery and major planning related section 106 issues. This ensures a coordinated approach to these key items and importantly allows specialist developers to then undertake vertical development of buildings focusing on their core skills of matching built product to the user wishes for all housing types and tenure.

The indicative housing mix for Otterpool Park with ranges is set out below:

Housing Type	Number of Homes
Market for Sale	5,259
Build to Rent	860
Affordable (22% of total units less extra care)	1,725
Extra Care	657
Total	8,500

Housing Size	Proportion of Homes	Range of Provision
1 bed	8%	5 to 15%
2-3 bed	65%	50 to 80%
4-5 bed	27%	15 to 40%

The pace of delivery will ultimately be informed by market demand, but it is anticipated that the rate of delivery will be within the following ranges:

Year	Annual Delivery Rate – Lower	Cumulative Total - Lower	Annual Delivery Rate - Upper	Cumulative Total - Upper
1-2 [2020-2021]	-	-	-	-
3-5 [2022-2024]	150	450	325	975
6-14 [2025-2033]	300	3,150	400	4575
15-22 [2034-2041]	300	5,550	450	8175
23 [2042]	300	5,850	325	8500
24-31 [2043-50]	300	8,250	-	-
32 [2051]	250	8,500	-	-

The Environmental Impact Assessment has been completed using the upper annual delivery rate such that the fastest pace of development (as it would have the greater immediate impact on the wider environment) has been tested for its deliverability.

The lower delivery rate is supported by Montagu Evans' Market Analysis Report from November 2017 which concluded that Otterpool Park could expect a delivery rate of around 200-300 units per annum. The delivery rates were tested with a range of national and local housebuilders and developers during 2018 who endorsed the range set out above, provided that a range of outlets for product and tenures are developed concurrently across the site. Commencing the development in two zones – Zone 1A to the north east and Zone 1B to the west – supports the higher delivery rate as this could allow multiple outlets in each zone.

In line with the findings of the report by Sir Oliver Letwin⁷, to achieve the highest rate of housing delivery, it is vital that a range of tenures are developed and this accords with our principles of seeking maximum choice in order to create a truly balanced and sustainable place. The approximate market absorption rate we are assuming for years 3-5 of the development by tenure is set out below:

⁷ *Independent Review of Build Out – Final Report*, Rt Hon Sir Oliver Letwin, October 2018

Housing Strategy

Description	Annual Home Delivery – Lower Range (approximate)	Annual Home Delivery – Upper Range (approximate)
Self-build	-	20
Build to Rent – Apartments	-	25
Build to Rent – Houses	-	20
3-4 Housebuilders – 50-60 units each	150	240
C2 Care Units	-	20
Total	150	325

3 Types of Housing

Otterpool Park will provide a wide range of homes to suit a range of affordability options. This mix is enabled through a masterplanned approach that creates a number of town and local centres across the Otterpool Park development. The range of locations allows lower density as well as higher and suburban density elements around for example the town centre, major transport hubs (the station) and local centres. The higher densities will support services and retail offers that in turn facilitates housing tenures that are more dependent on such provision e.g. C2 Care related. The strategy for each development zone is to include a mix of traditional housing types, including terraced, semi-detached, detached and mews houses, complemented by flats of varying size. There will be a range of homes with mix of private space including terraces or gardens, and homes with larger communal gardens. The development contains a mix of apartments and houses, with the higher density development focussed around the town centre.

Affordable Housing

Affordable Housing is defined in accordance with the National Planning Policy Framework, Annex 2: Glossary⁸ whereby the definitions are:

Term	Definition
Affordable housing	<i>“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); and which complies with one or more of the following definitions:”</i>
Affordable housing for rent	<i>“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).”</i>
Starter homes	<i>“is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.”</i>
Discounted market sales housing	<i>“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.”</i>
Other affordable routes to home ownership	<i>“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.”</i>

⁸ National Planning Policy Framework, Annex 2: Glossary, Ministry of Housing, Communities and Local Government, July 2018

An approach will be taken to the delivery of Affordable Housing in order to ensure that Otterpool Park develops as a sustainable community by distributing such housing throughout the development. A phasing plan for affordable provision overall and within the various affordable types will be developed with the overall strategic provision of 22% of homes provided within affordable tenures clearly established. Initial soft market testing indicated interest from Housing Associations in a range of products in this location and a collaborative approach will be taken, working with the Local Planning Authority and Registered Providers so that affordable provision at Otterpool Park meets local needs.

The Affordable Housing will be delivered 'tenure blind' so that the affordable homes within the Otterpool Park development are indistinguishable from the Market Housing in both design and location.

Given the significant infrastructure requirements of building a new garden town, viability will be a key consideration when planning each phase of development in detail. In this context, the mix of Affordable Housing products to be delivered will be evaluated carefully at each stage.

Build to Rent

Build to Rent is defined in accordance with the National Planning Policy Framework, Annex 2: Glossary⁹ whereby the definition is:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.”

The growing Build to Rent Sector plays an important role in delivery of delivery of new housing and helps to provide a flexible tenure choice. Renting (from responsible long term institutional style landlords) meets the needs of a number of segments of the market including young professionals, students and households in receipt of housing benefit. Consideration is being given to meeting the needs of this area of the market, including developing homes with the rental market specifically in mind. The focus for the Build to Rent Sector has predominantly been larger cities however the market is changing rapidly and, with the employment offer and station upgrades proposed, should make Otterpool Park a feasible location for this type of housing product, particularly once some of the early facilities are established. The higher density areas within the master plan are designed with this tenure in mind although flexibility will be required as to when this tenure type comes forward in timing terms alongside more traditional market for sale housing

Housing for older people

Older people are defined in accordance with the National Planning Policy Framework, Annex 2: Glossary¹⁰ whereby the definition is:

“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.”

A strong and sustainable community needs to include all its members, including those who are older or vulnerable. Vulnerable and older people require homes and opportunities that meet their particular needs, foster self-determination and support a good quality of life. The needs of older and vulnerable people can be met in a variety of settings, such as shared specialist supported housing, extra care housing, as well as

⁹ *National Planning Policy Framework, Annex 2: Glossary*, Ministry of Housing, Communities and Local Government, July 2018

¹⁰ *National Planning Policy Framework, Annex 2: Glossary*, Ministry of Housing, Communities and Local Government, July 2018

through support being provided to those living in general needs housing where standards relating to building for life will be delivered in line with policy requirements.

The Objectively Assessed Need projections indicate that the number of people aged 65+ years in the Folkestone & Hythe District is set to increase significantly from 24,257 in 2014 to 40,536 in 2027, a rise of 60.5%. This is anticipated to lead to an increased demand for retirement accommodation of circa 1,280 homes which represents 9.3% of total household growth in the district.

The development will provide a mix of options for older people to meet a range of care needs. The options comprise:

- Large flats to appeal to down sizers
- A retirement village in close proximity to the Town Centre, enabling easy access to facilities and facilitating an independent lifestyle
- Extra care with a range of levels of support from independent living to care packages
- Nursing home for those with higher care needs

The proposed development at Otterpool Park will include provision for such homes to be provided within the traditional residential use class (Use Class C3 – dwelling houses) and those that fall within residential institutions (Use Class C2). The precise location and nature of this accommodation (levels of care required, size and format) will be delivered to meet market demand.

Self-Build and Custom-Build Housing

Self-Build and Custom-Build Housing is defined in accordance with the National Planning Policy Framework, Annex 2: Glossary¹¹ whereby the definition is:

“Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing. A legal definition, for the purpose of applying the Self-build and Custom Housebuilding Act 2015 (as amended), is contained in section 1(A1) and (A2) of that Act.”

Enabling delivery of self-build and custom-build housing on a significant scale has the potential to meet what is increasingly seen as a growing demand for more engagement by ‘choosers’ in the end housing product. A well-focused approach to this form of housing will anyway promote a change in the market, by demonstrating how it can be made possible.

In due course, a separate strategy will need to be produced which will need to analyse the market demand for self-build homes and consider the impact on the site wide viability. The strategy will also need to include the role of the Local Planning Authority, including urban design and planning control. There are design guidelines within the Design and Access Statement in this planning application which will be followed by design codes, which will guide the quality of design for each area of Otterpool Park including self-build and custom-build.

Consideration will also be given to the various methods of completing self-build projects, and these could include:

- Organised by self-builder and constructed by main contractor
- Organised by self-builder who hires and manages sub-contractors
- Self-Build Community Projects
- Using a package contractor and prefabricated methods of construction i.e. Custom Build with real choices for customers on layouts and finishes

The Otterpool Park site with excellent connections by road and rail lends itself well to a ‘Modern Methods of Construction’ operation serving an onsite need for the garden town and indeed a wider region. This is one of

¹¹ *National Planning Policy Framework, Annex 2: Glossary*, Ministry of Housing, Communities and Local Government, July 2018

Housing Strategy

the commercial and employment opportunities being pursued. In this context, custom-build housing is likely to be the key element of this housing type.

Through this method of housing delivery, the opportunity to increase the housing offer, diversity of architecture, and creation of new communities is extensive, not least the ability to achieve higher housing delivery rates.

4 Quality, Sustainability and Design

Creativity is one of the key strands of the Otterpool Park vision. The garden town is being designed with culture and creativity at its core, reflecting its natural character and heritage. From the outset, Otterpool Park will feature the very best contemporary design, with inspiring homes, green spaces and workplaces for the creative industries and will welcome people of all kinds to join its vibrant new community.

Nothing will follow the norm – imagination and thoughtful consideration is developing a town which will delight and surprise now and in the future. Otterpool Park benefits from having the creative hub of Folkestone as its closest neighbour, with its thriving and energetic community, internationally recognised Folkestone Triennial and the regenerated Harbour Arm. Renowned artists have also chosen Folkestone as a canvas for their art, including film director Danny Boyle, and sculptor Antony Gormley. It is a vibrant location that champions all things creative with global connectivity.

This creative ambition aligns with the vision set out in the Folkestone & Hythe District Council Core Strategy Review 2019¹³ which states that:

“The new settlement will be a landscape-led garden town, which respects the setting of the Kent Downs Area of Outstanding Natural Beauty (AONB) by including strategic landscaping and lower density development in those parts of the town that are more visible from the North Downs ridge and the wider escarpment. It will deliver low-carbon homes and increased resource conservation, with development that is highly water efficient. It will provide opportunities to achieve health benefits through walkable neighbourhoods and the construction of homes to meet the changing needs of occupants. There will be a range of character areas and housing tenures, as well as self-build and custom-build homes. It will provide a range of employment opportunities, maximising the potential of the location, infrastructure and opportunities to deliver new forms of employment.”

“The settlement will be an attractive place that is aesthetically, culturally and environmentally rich and stimulating, centred around an attractive park forming an enhanced setting to Westenhanger Castle. It will have a range of multi-functional green and blue spaces (rivers, streams and water bodies) linked in a network (known as 'green infrastructure'). The green infrastructure network will enhance local biodiversity, avoiding the fragmentation of habitats. It will help to create a healthy environment, providing space for community orchards and allotments, and reduce the impact of flooding, through the storage and slow release of water during storm events. Green infrastructure will improve access to nature, linking to the wider network of routes and spaces within and beyond the North Downs area.”

The National Planning Policy Framework emphasises the importance of design quality and paragraph 124 states that:

“The creation of high quality buildings and places is fundamental to what the planning and development process should achieve. Good design is a key aspect of sustainable development, creates better places in which to live and work and helps make development acceptable to communities. Being clear about design expectations, and how these will be tested, is essential for achieving this. So too is effective engagement between applicants, communities, local planning authorities and other interests throughout the process.”

Design guidance will ensure that there will be a variety in the housing types in each phase provided to offer a range of choice to suit a variety of lifestyles. It is important that homes are built in a range of styles, sizes and architectural styles, to suit different requirements and preferences, and also in order to create quality of place. Homes will include apartments in the more accessible locations and close to services and facilities, town houses, terraced housing and family housing in forms which embrace the move towards more sustainable ways of living and will include a significant proportion of smaller homes. The Design and Access

¹³ Submission Draft (Regulation 19) Core Strategy Review prepared by Folkestone & Hythe District Council, January 2019

Statement includes design guidelines which define the principles to be adhered to throughout the development and which will be developed into design codes.

Density is vital for the creating a sustainable town centre which can support a range of uses including retail, leisure and employment opportunities, provide access to facilities and support sustainable transport links. Achieving high quality of design is particularly important for higher density housing; therefore, design codes will set out clear requirements for delivering high quality design for both flats and housing.

Build – Homes will be delivered to the same standards for all tenure types including minimum environmental space standards.

Close scrutiny of design, pursuant to the site-wide design principles, design codes and planning policy, will be undertaken at reserved matters stage.

Dwellings will meet and/or exceed the minimum space standards set by policy HB3 of the Places and Policies Local Plan for all homes with room sizes sufficient to fulfil our needs and include space to grow into.

There will be a minimum standard for **sustainability** with room to grow. The Sustainability Statement sets the following aim and objectives:

Sustainability Statement	Details
Aim	<i>To create a development that delivers homes and buildings that people want to live in and use; set within attractive spaces that respond to their environment and are adaptable to future use and climate change.</i>
Objectives	<i>Homes and places that people want to live in and feel safe. Homes that are integrated into their environment</i>
	<i>Homes and buildings that are adaptive to climate change; including flood risk, storms, and extreme temperatures. Buildings and places that are adaptable to future needs.</i>
	<i>Buildings that use less energy, provide carbon savings and are economic to run, with access to efficient public transport systems and are future ready.</i>

It is important to be mindful that there will be industry and policy changes within the development timeframe. it is also intended to allow flexibility for improving standards, and as such it is expected that future phases will be delivered to meet future best practice standards.

5 Housing Management and Community Development

A high quality and inclusive approach to housing management including the management of Affordable Housing, is essential, with a consistent service across the town.

A Governance Strategy has been submitted alongside the application which sets out the context in which this approach will be developed. In relation to housing this includes three main elements:

- The specification and management of the housing itself, particularly affordable and specialist products;
- The management of 'amenity space' and immediate spaces around homes;
- The ownership and stewardship of the wider town and the full range of infrastructure and assets, including community involvement in that process

In relation to housing there is an aspiration from Folkestone & Hythe District Council to explore opportunities to provide its own community housing with potential to deliver key worker housing and shared equity accommodation, as well as the other affordable components of the development. This could involve a bespoke housing/land delivery vehicle, or a Community Land Trust, which retained an interest in the land to cross subsidise housing delivery and other Governance arrangements. Such an approach will be reviewed as an option when detailed plans for affordable housing are being considered.

In relation to amenity space and spaces around homes – effectively the local neighbourhoods – the standard way of managing such space has been through arrangements put in place by the plot developer and a service charge. Local experience of such an approach has been mixed and there is an intention of the development partners to consider whether such provision might be more effectively and fairly managed through wider 'Trust' arrangements along with the extensive open space and community provision that will be provided in the development. Existing parish councils have also expressed an interest in managing some open space assets.

This wider approach to stewardship will be based on an 'asset management' approach which identifies every element of infrastructure in the development and provides for clear responsibilities for delivery, ownership and operation. This will require extensive engagement with public and private sector stakeholders, as well as a detailed identification of costs and income streams to support the approach. The Governance Strategy identifies the different infrastructure and categories it in three ways. First those items of infrastructure with clear public sector led management arrangements – such as roads and schools -, second those items which might be operated by a trust type body which are separately groups as health and community facilities, and open space, sports and recreation provision – and third items where innovative approaches could secure wider long-term revenue – utilities, housing and commercial property leases.

The approach to this requires further detailed planning which will inform the Section 106 agreement for the development and Business Planning for each of the assets. The approach will develop over time with a Shadow Board structure during the development phase, which becomes a permanent body/bodies in the legacy phase. Local residents will be represented on the structure to ensure they can influence the Governance arrangements – and their role will build as the development progresses.

The Strategy will identify the resources required to operate this structure and the allocation of these costs which will be secured through the Section 106 agreement. This will also include the responsibilities of plot developers and other housing providers.

APPENDIX A

Market Analysis Report: Residential

OTTERPOOL PARK, FOLKESTONE

MARKET ANALYSIS



FOR SHEPWAY DISTRICT COUNCIL & COZUMEL
ESTATES: FINAL

PREPARED BY
MONTAGU EVANS LLP



NOVEMBER 2017

2. PROPERTY MARKET RESEARCH

This section examines property demand and supply characteristics in order to inform the future development potential and uses that could be accommodated at the Otterpool Park site. The research focusses on a range of uses expected to create an attractive and vibrant major new town, including residential, retail, industrial, offices and leisure uses. The work is also set in the context that Otterpool does not yet exist: in essence the new settlement would need to be 'market making'.

The report makes use of Montagu Evans' in-house development knowledge, information drawn from a wide range of property data resources including Annual Monitoring Reports, the BBP Employment Land Study, Shepway's Core Strategy and Strategic Housing Market Assessment, Land Registry, EGi and CoStar. The analysis has been strengthened further with discussions with local agents.

Inevitably, while property market cycles will occur and present redevelopment challenges, this study is intended to take a longer term view, especially given the likely delivery timescales associated with Otterpool. A considerable emphasis is however placed on the shorter term prognosis, given the importance the earlier phases will have to kick starting a successful new town.

CONTEXT

Otterpool lies c. 5km west of Folkestone's urban edge. The site is predominantly agricultural in nature – and mainly pastureland. The land is generally level though some undulation is apparent. Running along the norther edge of the site are two key pieces of infrastructure – the M20 and the rail lines of both HS1 and local services. Access to the site from the M20 can be gained off Junction 11 at north eastern end of site. This connects to the A20 which threads its way through the area. A network of other roads are also present. The area is served by a small station – Westenhanger. The station provides regular services to Folkestone Central, with journey times of just over 10 minutes. Ashford International to the west can be reached within around the same time. Both these stations offer fast, direct HS1 services to London (Ashford: 38 minutes, Folkestone Central 54 minutes), but there is no HS1 stopping service at Westenhanger itself albeit it passes through the station – and station facilities (particularly good access and parking) are very limited. The marshalling area to the Channel tunnel lies roughly 2km to the north east of Otterpool. Some small clusters of homes are present – but generally the area is sparsely populated.

A high level overview of the areas demographic profile provides further context. In 2015, Shepway District had a total population of 108,324. Projections suggest Shepway's population will increase to 126,500 by 2037 (by about 17%). Between 2004 and 2015, the number of people aged 15-29 years and 45+ years has significantly increased, whilst the number of people aged 30 and 44 years has decreased (Shepway Strategic Housing Market Assessment SHMA, 2016). There has been a significant increase in young adults aged 15-25 years in Folkestone specifically in recent years (Promis, 2017).

In 2012 (latest data available), 66% of Shepway's population were economically active. This is considerably lower than the average across Great Britain, where 77.8% of the population are economically active.

In 2014, 26.7% Shepway residents with qualifications at NVQ Level 4 and above (which includes university degrees) was 25.7%. This falls below the target set out in Shepway's Core Strategy and Great Britain's average of 37.1%. Albeit, there has been a recovery since 2011 when only 20.5% of residents had these qualifications (AMR, 2015).

RESIDENTIAL

At a macro-economic level, the UK economy has performed well in recent years. Despite this, the referendum decision for the UK to leave the European Union has led many commentators to point toward the prospect of a period of greater political and economic uncertainty. However, according to the ONS there has been little hard statistical evidence of a negative impact of the Brexit vote on the UK economy to date. Recent key economic indicators include:

- Economic growth of 0.7% in Q4 and 0.2% in Q1 2017. The Bank of England (BoE) has recently upgraded its growth forecast for 2017 and is now projected to be 2.0% for the UK (BoE).
- As at January 2017, the jobless rate was around 4.7%: the lowest since 1975.
- The annual rate of inflation (CPI) has risen recently (to 2.3% in April 2017) largely due to rising prices of imported food and fuel.
- Interest rates are historically – and sustained – low rates, with the BoE base rate at 0.25%

While inevitably there are some concerns regarding the longer term impact of leaving the European Union on the economy (potentially inflationary), presently the economic and property market signals remain strong for the UK. Balanced against that statement is that given the long term delivery horizons for Otterpool it will inevitably pass through a number of property cycles with resultant higher and lower levels of activity.

House Prices

The annualised rate of house price growth in the UK has remained fairly stable at the start of 2017 at 4.3% (source: Nationwide, 2017). Over the mid-term, the pace of house price growth has remained within the range of 3% - 6%: a rate that has prevailed since early 2015, and is substantially above the rate of inflation. Although there are now some signs of slowing house price increases, overall this continued house price growth bodes well for sustaining housing market activity. Generally too, the shortage of homes coming on to the market will also provide underlying support for higher prices.



Average UK house prices: Source ONS, 2017

At a more local level, Land Registry data identifies that average property prices in in Shepway District Council were £235,957 in March 2017 (latest available data): 8.77% higher than the previous year.

In Folkestone specifically, the average price paid in May 2017 was £235,409 and current average values were £250,712. This represents a 6.43% increase since May 2016. The average price per sqft for houses in Folkestone equates to £250 per sqft and £235 per sqft for flats. We have detailed the average property values for each property type in the table below (Source: Zoopla).

Property Type	Average Current Value	£psf	Average Price Paid
Detached	£407,131	£277	£368,752
Semi-detached	£268,233	£251	£260,790
Terraced	£207,998	£223	£196,357
Flats	£166,950	£234	£159,208

Although some caution needs to be placed with this high level review, the data points toward detached and semi-detached homes commanding better values per sqm / sqft than flats or terraced homes. This may in part simply be a reflection of the quality of the stock available, but perhaps more fundamentally indicate the types of property that are in most demand in the Folkestone area. Last year, terraced houses were the most commonly sold property in Folkestone. According to Rightmove, house prices in Folkestone were cheaper than Cheriton, Sandgate, Hawkinge and Hythe. Folkestone is a more affordable location than many of the surrounding settlements.

Kent's coastal towns have experienced a sharp rise in house prices, partly encouraged by improved accessibility. Despite a slowdown in the market since the EU Referendum, activity is expected to resume as buyers and developers adjust to the uncertainty and strong demand in the housing market is expected to persist.

The table below details the average new build sale values achieved in 2016 across Kent (Source: Otterpool Park Feasibility Study, 2016). Our independent new build residential research points towards new build dwellings at Otterpool Park being likely to achieve values in the order of £250-£325 per sqft.

Location	Average new build sold value achieved for houses and flats 2016 (£psf)
Ashford	£250-£350
Canterbury	£275-£450
Dartford	£300-£425
Dover	£200-£300
Gravesham	£275-£350
Maidstone	£275-£350
Medway	£225-£350
Sevenoaks	£380-£625
Shepway	£225-£325
Swale	£225-£350
Thanet	£225-£290
Tonbridge and Malling	£325-£450
Tunbridge Wells	£400-£575

This high level price data shows that typical new build houses in Shepway command similar outturn values to much of Kent. Those areas which appear to perform better are areas which are closer to London: for example Tunbridge Wells and Sevenoaks. Part of the reason for this may

relate to accessibility – and particularly journey times to London. Thus, improving accessibility to Otterpool would be expected to make the location more attractive and therefore more valuable.

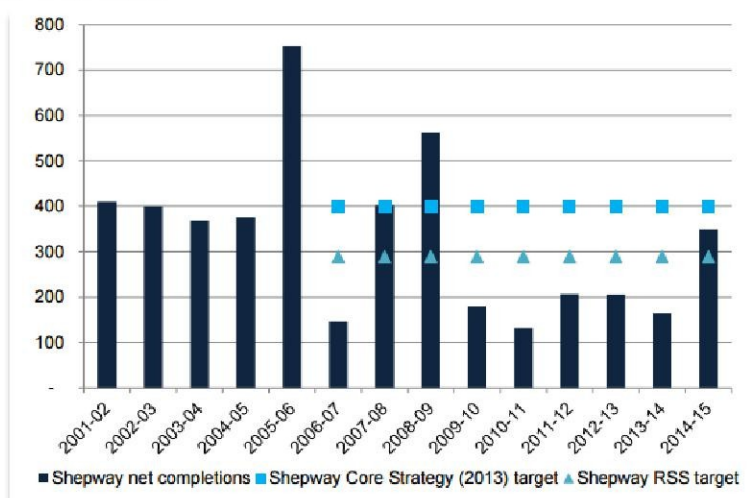
Housing Supply

Past Delivery

The table below outlines Shepway's housing delivery rates between 2006 and 2016. 2,348 dwellings were delivered in Shepway between March 2006 and March 2015, which equates to a cumulative under delivery of 786 dwellings based on the 2015/16 estimates (Shepway District Annual Monitoring Report (AMR): 2015).

Year	Completions	Core Strategy Target	Over/Under Delivery	Cumulative Over/Under Delivery
2006/7	146	350	-204	-204
2007/8	402	350	52	-152
2008/9	562	350	212	60
2009/10	180	350	-170	-110
2010/11	132	350	-218	-328
2011/12	207	350	-143	-471
2012/13	206	350	-144	-615
2013/14	165	350	-185	-800
2014/15	348	350	-2	-802
2015/16 (est)	366	350	16	-786
Total	2714	3500		

The graph below shows the net housing completions between 2001 and 2015 in Shepway. In total, net completions in the district during this time averaged 333 dwellings per annum (but is lower in last 10 years, at 271 units per annum). Overall rates of housing delivery are fairly modest. Shepway though outperformed comparator areas in the mid-2000s, before completions started to fall after the 2008 recession. However, in 2014-2015, net completions in Shepway increased at a faster rate than Kent and England (Shepway SHMA 2017), and in 2014-16 completion rates have risen above 300 units again.



Future Delivery

The Shepway housing trajectory indicated that dwelling delivery rates were anticipated to increase between 2013/14 - 2017/18, up to approximately 2,500 dwellings (500 dwellings per annum). Policy SS2 of the adopted Core Strategy sets a long-term target to provide approximately 8,000 dwellings by the end of 2025/26 (400 dwellings per annum) and at least 65% of dwellings should be provided on brownfield land.

The preferred options draft of the Places and Polices Local Plan (PPLP) had identified the number of units proposed to be allocated across Shepway. This shows that the main focuses for housing growth in Shepway are Folkestone (and Hawkinge), Hythe and New Romney (Shepway SHMA, 2017). Folkestone and Hythe Urban Areas have the greatest number of units proposed.

Character Area	Settlement	No. of units proposed to be allocated in Preferred Option Document
Folkestone and Hythe Urban Area	Folkestone	648
	Hythe	505
	Sandgate	77
		Total: 1,230
North Downs	Hawkinge	184
	Sellindge	54
	Lyminge	30
	Densole	25
	Lympne	125
	Etchinghill	41
	Elham	5
	Stelling Minnis	11
	Stanford	5
	Westenhanger	11
	Total: 491	
Romney Marsh	New Romney	579
	Lydd	65
	St Mary's Bay	85
	Greatstone	21
	Brookland	40
	Brenzett	20
	Total: 810	

**This preferred option does not include Otterpool Park as part of the allocation*

In very simple terms, if the target of 8,000 dwellings by 2025/2026 is to be met there would seem to be a need to allocate additional sites, given that the above only identifies around 2,500 units – and earlier undersupply has occurred.

Development Pipeline

A brief analysis of the development pipeline in Shepway District is provided below. Further, more detailed information is included in Section 3, together with schemes in the wider housing market area.

Folkestone

Until fairly recent years, large scale housing development has been quite limited in the town. A number of new developments are now coming forward, including:

- Shorncliffe Garrison (1,200 units) – under construction
- Eversley College (42 units) – under construction
- Scholars Village (122 units) – under construction
- Folkestone Seafront development (up to 1,000 units) - due to commence in 2017.

The schemes which are under construction in Folkestone focus very strongly on the delivery of houses, not flats. The exception to this is the proposed Folkestone seafront development, which is understood will have more emphasis on apartments as part of the scheme mix.

Hythe

Housing delivery is largely constrained by hills and sea, however large-scale growth to the west of the town at Nickolls Quarry (1,050 units - also known as Martello Lakes - has now commenced. The first development phases comprises family housing, especially 3 and 4 bedroom properties.

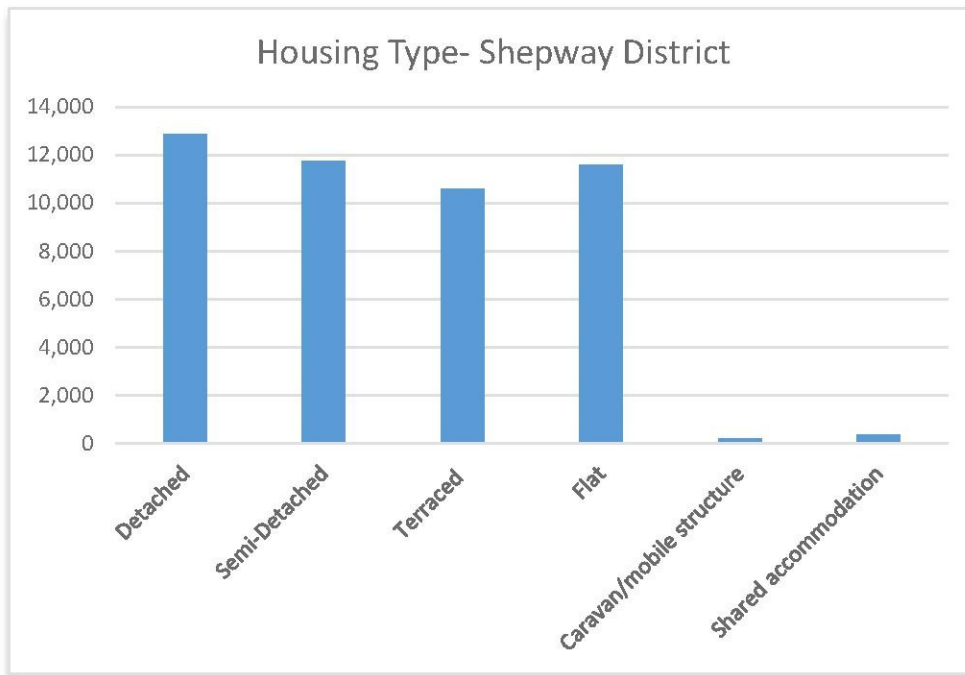
New Romney

Recent housing development has been focussed towards the south of the town, where 60 units are under construction at a former potato company site on Cockreed Lane. A further 226 units to the north of the town have resolution to grant permission.

Overall, it is encouraging that there is substantial active development in the Folkestone area. Smaller sites such as Eversley College and Scholars Village are likely to be completed before Otterpool Park commences. Larger schemes such as Shorncliffe Garrison and Nickolls Quarry may though be competition to Otterpool, though perhaps less so Folkestone Seafront, given the differing more urban location and likely form of development. On the face of it however, there does not appear to be concerns of oversupply.

Housing Types

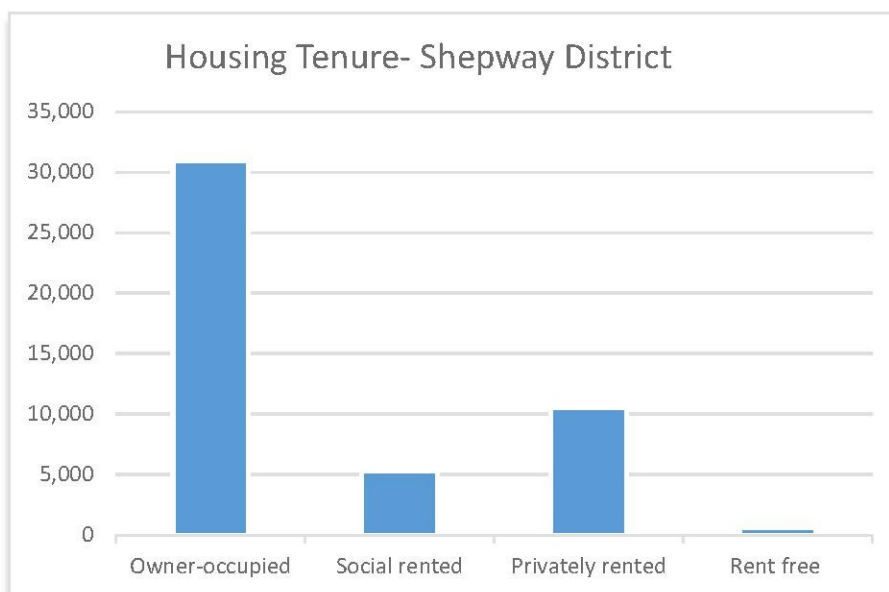
ONS 2012 data indicates that Shepway's housing market is dominated by houses, rather than flats. 74% of total residential properties are houses, whilst only 24% are flats- reflecting high demand for houses in Shepway. Other housing types include mobile structures (e.g. caravans) and shared accommodation, which make up 0.5% and 0.75% of the total residential market in Shepway respectively.



Housing Tenure

Current tenure

In terms of tenure, 65% of properties in Shepway District are owner occupied (including shared ownership), 22% are privately rented, 11% are social rented and 1% are rent-free (ONS, 2012). Data indicates that 35.3% of the households in Shepway are owner-occupiers without a mortgage, compared to 32.5% regionally and 30.6% nationally (Shepway SHMA, 2016).



Future Tenure

By 2037, the housing stock across Shepway is forecast to comprise 61.3% owner-occupied dwellings, 25.3% private rented homes, 1.8% shared ownership properties and 11.6% social rented/ affordable rented homes. Changes in the proportion of rented properties – especially private rented – is predicted to be the most significant shift in future tenure mix.

Tenure	Number	Percentage by 2037
Owner-occupied	38,425	61.3%
Private rented	15,890	25.3%
Shared Ownership	1,132	1.8%
Social Rent/ Affordable Rent	7,277	11.6%
Total	62,723	100%

Housing Size

Current Stock Size

Shepway has a lower proportion of 3 bedroom and larger homes (4+ bedrooms) and small homes (1 bedroom only) compared to the South-East region. 35.7% of homes in Shepway are 3-bedroom properties - below the Kent's target threshold of 50% for three bedroom properties (Shepway SHMA, 2016).

Property Size	Shepway	South East	England
No bedrooms	0.3%	0.2%	0.2%
1 bedroom	12.9%	11.6%	11.8%
2 bedrooms	31.9%	26.2%	27.9%
3 bedrooms	35.7%	38.9%	41.2%
4 bedrooms	14.5%	17.0%	14.4%
5+ bedrooms	4.7%	6.0%	4.6%
Total	100%	100%	100%

Future Stock Size

The size of housing units required is also expected to change between 2016 and 2037, as shown in the table below. According to the Shepway SHMA (2016), 39.1% of new owner-occupied dwellings should ideally be 3-bedroom dwellings, 28.5% should be 2-bedroom dwellings, 27.5% should be 4+bedroom dwellings and 4.8% should be 1-bedroom dwellings.

These figures provide clear and strong direction as to regards to where potential demand for housing may exist – 5.6% of new properties should ideally be 3+ bedrooms. This accounts for over 5,000 homes. It is also far more units that the major sites currently under construction in Folkestone will deliver. The size of homes required (i.e. 3+ bedrooms) is arguably more pointed toward homes for families – and families typically prefer houses, with access to private garden space.

Dwelling Size	Current Size Profile (2014)	Size Profile 2037	Change Required	% of change required
1 bedroom	1,387	1,757	370	4.8%
2 bedrooms	8,157	10,335	2,178	28.5%
3 bedrooms	12,702	15,689	2,987	39.1%
4+ bedrooms	8,544	10,644	2,100	27.5%
Total	30,791	38,425	7,634	100%

These figures provide clear and strong direction as to regards to where potential demand for housing may exist – 5.6% of new properties should ideally be 3+ bedrooms. This accounts for over 5,000 homes. It is also far more units that the major sites currently under construction in Shepway have the capacity to deliver. The size of homes required (i.e. 3+ bedrooms) is arguably more pointed toward homes for families – and families typically prefer houses, with access to private garden space.

The table below describes the size of private-rented housing units required in Shepway to 2037. 32.2% of new private rented dwellings should be 2-bedroom dwellings, 31.0% should be 3-bedroom dwellings, 20.2% should be 1-bedroom dwellings and 16.6% should be 4+-bedroom dwellings (Shepway SHMA, 2016).

Dwelling Size	Current Size Profile (2014)	Size Profile 2037	Change Required	% of change required
1 bedroom	3,569	4,216	647	20.2%
2 bedrooms	5,133	6,163	1,031	32.2%
3 bedrooms	3,015	4,007	993	31.0%
4+ bedrooms	971	1,503	532	16.6%
Total	12,687	15,890	3,203	100%

The overview for private rented is one where the demand for new units is more focussed on 2 and 3 bedroom properties. Subject to viability (see later commentary), it is possible that this form of accommodation could contribute to Otterpool's mix.

AFFORDABLE HOUSING

Policy HO4 in the Shepway Local Plan sets out a target to provide 30% affordable housing on all developments with over 15 units. 40% of this should be for intermediate housing and 60% for affordable rented housing. The Shepway SMHA 2017 considers the need for shared ownership and affordable rent / social housing separately.

The table below outlines the unit size of the 907 shared ownership dwellings required in Shepway. 29.1% of new shared ownership dwellings should be 2-bedroom, 28.4% should be 3-bedroom, 21.9% should be 1-bedroom and 20.5% should be 4+-bedroom dwellings (Shepway SHMA, 2016). The estimated size requirements for shared ownership properties is broadly spread evenly across each of the unit size categories, though with a greater need for 2 and 3 bed properties.

Dwelling Size	Current Size Profile (2014)	Size Profile 2037	Change Required	% of change required
1 bedroom	50	249	199	21.9%
2 bedrooms	85	349	264	29.1%
3 bedrooms	71	329	258	28.4%
4+ bedrooms	19	205	186	20.5%
Total	225	1,132	907	100%

The profile for affordable / social rented requirements is quite varied. The majority of the projected need though is concentrated on 3+ bedroom dwellings. In total 2,080 affordable/ social rented dwellings are required in Shepway to 2037 (Shepway SHMA, 2016).

Dwelling Size	Current Size Profile (2014)	Size Profile 2037	Change Required	% of change required
1 bedroom	1,571	2,063	492	23.7%
2 bedrooms	2,305	2,632	327	15.7%
3 bedrooms	1,215	1,966	751	36.1%
4+ bedrooms	106	616	510	24.5%
Total	5,197	7,277	2,080	100%

In addition to future need, and again according to the Shepway SHMA (2016), there are currently 3,091 households in unsuitable housing or unable to afford their own housing in Shepway. This represents 6.2% of all households in Shepway. Of this, 1,759 households (56.9%) are in current need of affordable housing.

Overall, the greatest focus of need for affordable housing is concentrated on 3 bedroom units. While there is clearly a need for affordable homes, the challenge is that their delivery can impact on overall scheme viability. Typically shared ownership is valued between 40 – 60% of private sales values: affordable rent is normally 40 – 50% of market value. The delivery of affordable home is therefore cross funded by private dwellings – and the greater the proportion of affordable homes, the greater need for cross funding by a smaller number of private homes. The sale of land / units for affordable homes can bring in early receipts to the overall scheme cashflow.

PRIVATE RENTED SECTOR (PRS)

The private rental sector has grown considerably in the last 10 years, with 4.9 million households now calling PRS home. This figure has more than doubled since 2001. In certain circumstances, the PRS product can offer an alternative and viable housing solution. There is a growing interest in this maturing market: new investors (including many pension funds) have entered this market as a way of meeting longer term pension liabilities. There is too a growing sector of specialist PRS development and landlord companies.

Healthy yields and likely increases in rents can make PRS a potentially viable option. In London for example, high house prices have created an affordability barrier for many. As a result the owner-occupier market is 5% less than what it was in 2001. The affordability barrier has reduced the flow of possible new purchasers entering the private sales market and consequently, the demand for rented properties has increased. This phenomenon is not just exclusive to the UK's major cities. Private rented properties are also being perceived as being essential in providing mobility in the market.

Asking Rents in Shepway (Zoopla, 2017)

Property Type	1 Bed	2 Bed	3 Bed	4 Bed
Houses	£566 pcm	£825 pcm	£951 pcm	£1,466 pcm
Flats	£609 pcm	£744 pcm	-	-
All	£602 pcm	£787 pcm	£951 pcm	£1,466 pcm

Recent discussions with premium PRS providers have however indicated that values in excess of £400 psf on new builds are generally required for them to show interest. While PRS schemes are generally viable on schemes capable of achieving in excess of £400 per sqft, they struggle to compete with traditional house builders where values above £700 per sqft can be achieved. Generally in higher density urban areas, PRS investors search for sites capable of accommodating 100+ units, with a mix of studios, 1-bed and 2-bed apartments. The very best, prime PRS schemes are now achieving yields in the region of 3.5 - 4%. The Royal Institution of Chartered Surveyors has also predicted that residential rents will increase by just over 25% in the coming years, while property values are set to grow by less than 20%. These are very positive financial parameters for this residential sub market.

This optimal price range for PRS schemes means that outside of this spectrum traditional housebuilders can typically outbid PRS operators for sites. The reasons for this are that PRS developments tend to have slightly higher gross to net ratios (assuming flats), incur management costs and also generally have higher build costs. PRS developments also need to provide a degree of scale in order to generate more efficient schemes for management purposes – and in part to satisfy potential institutional purchasers who are seeking certain lot / value size thresholds.

Another challenge in securing large scale PRS development at Otterpool relates to investor's perception of risk. Interest in PRS from developers and investors was initially solely concentrated in London. In recent years it has however spread out to major regional UK cities. This represents a move up the risk curve. There are now even some examples of PRS schemes now taking place in smaller centres – Wellesley, Aldershot for example or in Ashford where U+I and Quinn Estate have submitted plans for a total of 660 new homes, of which 400 will be delivered by Neighbour; who will deliver high quality PRS homes.

Whether though a developer / investor would be willing to consider a new settlement such as Otterpool at this point time is much, much less certain. As new build houses at Otterpool Park are expected to achieve prices in the region of £300 per sqft, our in-house investment team have advised that these values are not sufficiently high enough to cover build costs and deliver a viable scheme. However, the market is rapidly changing and it is quite possible that Otterpool could become of interest to large scale PRS providers in the longer term. An HS1 stopping service at Westenhanger Station might for example increase interest from the development market for this type of product at Otterpool. If a PRS scheme were to be part of the Otterpool development, then there would need to be sufficient scale for reasons of efficiency and management – probably at least 100 units (though acceptable lot sizes are decreasing a little). This does not preclude the likelihood of smaller independent investors taking up units in the new town.

Also, while interest is unlikely to arise from institutional investors at present, it might be possible for the public sector (say Shepway Council) to be play a direct and active role in delivering PRS. This could be served by the Council taking a longer term view on achieving capital returns and instead benefit from reasonably secure income streams with development funded by lower borrowing costs to facilitate development. This approach would though require more detailed financial testing.

RETIREMENT HOMES

In recent years, there has been considerable activity in the retirement home sector across the UK, driven by the UK's ageing population. The Objectively Assessed Need projections indicate that the number of people aged 65+ years in Shepway is set to increase significantly over the plan period from 24,257 in 2014 to 40,536 in 2027, representing a rise of 60.5%. In the simple terms, an increasing population in the 65+ age category would be expected to drive increased demand for retirement homes. If occupation patterns continue at current levels, it has been forecast that there will be demand for 1,279 additional specialist units, of which 1,197 should be sheltered housing and 82 extra care housing. This represents 9.3% of total household growth for the period 2014 to 2037 (Shepway SHMA, 2016).

Generally, retirement developments tend to comprise around 40-60 units. From discussions with a leading UK retirement housebuilder, we understand that they generally search in high quality, affluent locations with good demographics and within no more than c. 1km radius of shops and amenities. Main road locations are also preferable, albeit not essential.

The requirements for the number of units, unit size (and car parking) vary for different retirement products. The table below for example details these requirements for McCarthy & Stone.

Unit Type	Average Size (sqft)	Typical Scheme
Retirement Living- 1 bed	600	40 units with a 50/50 mix of 1 & 2 bedroom apartments.
Retirement Living- 2 bed	800	
Retirement Living Plus - 1 bed	670	60 units with a 50/50 mix of 1 & 2 bedroom apartments.
Retirement Living Plus - 2 bed	840	
Ortus-2 bed only product	1,000	30 2 bedroom units

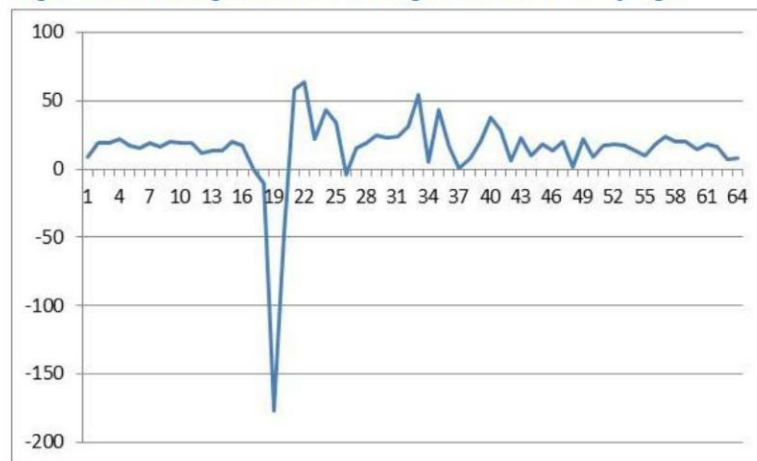
Given the embryonic nature of Otterpool, it is difficult to see how the scheme could meet current retirement home development criteria, with no existing amenities being available and close at hand. Otterpool Park would only likely be a suitable site for retirement homes if a range of local amenities were provided at the site. Thus, in initial phases, it is doubtful that retirement homes would be a feature at Otterpool. Presently, it is anticipated that more centrally located opportunities in Folkestone, within closer proximity to transport connections and a greater range of amenities, is likely to be more attractive to retirement home developers. As the Otterpool scheme develops and matures though, the chances of such a use coming forward will increase – especially once core town centre amenities become available and Otterpool's population itself begins to mature.

STUDENT HOUSING

The student housing market has matured considerably over the last two decades, becoming much more of a mainstream investor product. Some £3.1 billion was invested in the UK purpose built student accommodation market in 2016, more than double the levels seen in 2013 and 2014. 68,000 beds traded last year. In 2017 forecasters expect this to rise to 75,000 beds, a rise of 17% year on year. Development prospects for student accommodation vary from location to location, driven by growth in student numbers and of course available supply.

According to the Shepway SHMA (2016), net migration figures indicate a net gain of children but a very significant net loss of students and young workers. Whilst Shepway has continued to attract a working age population and their families, it has failed to retain its student aged population. The graph below clearly underlines the high net outflow of students aged 18-20 years.

Figure 4.8 Average annual net migration 2001-11 by age



Source: ONS © Crown Copyright

This pattern is a result of the lack of any large universities in the District. The closest is the University of Kent, where c.19,000 students study. The campus is located in Canterbury, approximately 18 miles (28km) north-east of the Otterpool Park site. The main further education establishment in Folkestone is East Kent College (formerly K College until financial difficulties required it to be restructured). East Kent College is spread across several campuses – Broadstairs, Dover and Folkestone. Generally, investors will look for sites large sites, capable of providing a minimum of 300 bedrooms, within close proximity to transport connections. However, our in-house investment team have advised that Otterpool Park is not close enough to transport links or the University of Kent itself to attract students to the area. We are of the opinion that even if the range and volume of local amenities increased around Otterpool Park, investors will continue to be attracted to locations with a significantly higher student density, such as Canterbury. Likewise, students often tend to be attracted to town centre locations, which Otterpool Park does not offer as yet.

The only realistic prospect for student housing to be included at Otterpool would be for a major new further education establishment to commit to taking space in the new town. Although, we are not aware of any such further education demand at present, this could be a longer term aspiration for the new town as it looks to develop a diverse education and employment base.

SELF-BUILD AND CUSTOM BUILD MARKET

The Self-build and Custom Housebuilding Act 2015 requires Local Planning Authorities to maintain a register of individuals or associations who have expressed interest in acquiring land for self-build or custom build purposes. The Housing Bill 2015 further requires Local Planning Authorities to grant planning permission on serviced plots of land in order to meet the identified need for self-build and custom build. Provision will be made for the development of new properties in this sector of the market.

The self-build market in the UK is not as mature as in other countries. Although it is becoming popular, there are relatively few opportunities. Graven Hill, near Bicester, is one of the largest self-build schemes in the UK and could provide 1,900 homes. It is being brought forward by Cherwell District Council who inform us that profit is not the motive for self-builders, rather it is the desire to build a semi-bespoke home for their needs. Without the profit motivation, it is common that larger houses are built compared to what tends to be delivered by the private sector house builders. Providing self-build plots as part of an early phase, could help to provide a diversified offer at Otterpool.

A custom build home is generally built on a site that has been divided into individual serviced plots by an enabling developer. These plots come fully serviced – road access, foul and surface water drainage and utilities including water, gas, electricity and telecommunications – ready to build on with outline planning permission in place. Custom build enables you to choose a particular plot and the design of your home to be built on it – and your level of involvement. There may also be the opportunity to develop custom build too as part of the scheme.

The gap in the market for these types of products have tended to be filled by smaller developers, the public sector or specialist organisations. However, through a considered site disposal strategy this could enable this type of development to come forward as part of a wider package which delivers private sales units too.

Even allowing for these types of products, it probably needs to be acknowledged that demand would likely be modest overall. However, the market is largely under searched or properly understood – for example at Graven Hill, 7 of the 10 available initial self-build plots were reserved within 6 weeks.

HEALTH CARE FACILITIES

Health care can include hospitals, clinics, outpatient care centres and other specialised care centres, such as psychiatric care. In terms of accommodation, there are three types of institutional care:

- Residential care homes
- Nursing homes
- Long-stay hospital provision

Changing demographics are and will continue to have a significant impact on the long term care market in the UK. The residential health care market is expected to reach £46.5 billion in 2040 with the private setting contributing to 90% of revenues (Technology Strategy Board, 2014).

According to new NHS research, data suggests there will be a 25% increase in those who need care between 2015 and 2025. Within eight years, there will be 2.8 million people over 65 needing nursing and social care, with dementia rising by 40% among people aged 65 to 84 years. Shepway's over 65 population is forecast to grow by 49% between 2008 and 2026; equivalent to 12,000 more residents. Therefore it is likely that specialist housing for older people will be in high demand within the District.

If occupation patterns continue at current levels, it has been forecast that there will be demand for 1,279 additional specialist units, of which 1,197 should be sheltered housing and 82 extra care housing. This represents 9.3% of total household growth for the period 2014 to 2037 (Shepway SHMA, 2016).

There is already a considerable number of nursing homes in Folkestone. These include the Grange Care Home, Brampton Lodge and Wells House. They are mostly located around the edge of Folkestone town centre – and often in adapted period buildings.

There is also development activity in the area. Westbrooke House is a new care home development within the town. Typically nursing homes are of 100+ beds, as they look to achieve economies of scale. Annual income per room varies enormously. In Kent for example, we are aware of room incomes ranging from c.£3,000 - £12,000 per annum. A typical room income in the Folkestone area would, in our view, be around £8,000 per annum. Yields for strong covenanted operators (say such as BUPA) are around 5-6%.

Given the backdrop of a strongly growing aging population and health care market, there is likely to be demand for such uses in the Folkestone area. The challenge for Otterpool to capture such demand. The context too for Otterpool new town will be one where, to begin, the population may be generally younger as this cohort is often attracted to new settlements. As a result, immediate local demand for specialist health care facilities may be less strong than other nearby, established locations. Nevertheless, as Otterpool's population ages, then the need for this type of local facility will increase. This does not though entirely preclude the opportunity for a residential health care facility to come forward earlier in the development phasing – albeit that there is no confirmed demand at this stage.

RESIDENTIAL MARKET SUMMARY: KEY MESSAGES

- Shepway's population is forecast to increase by 17% to 2037. This would be expected to increase demand for new housing.
- At a macroeconomic level, the UK economy is performing well.
- The recent Shepway SHMAs identifies that there is considerable future need for homes in the area across all key sectors – private sales, affordable, private rented and care.
- The vast majority of the assessed future demand for dwellings is for 3 and 4+ bedroom homes
- Following a relatively quiet period, there is presently considerable development activity in Folkestone's residential market. The current schemes coming forward are principally developing out 3 and 4 bedroom properties.
- Although demand is likely to be focussed on 3 and 4 bed units, there is also demand for smaller units too. A town the scale of Otterpool would be expected to offer a wide range of unit sizes and appeal as widely as possible to buyers.
- The market signals are that there is higher demand for houses than flats, noting too that average sales values are higher for houses than flats. This product might also be more suited to Otterpool's rural location, and vision of a garden town - especially in the early phases.
- New build houses in the Folkestone area are typically achieving values between £250-£300 per sqft.
- Otterpool Park is unlikely to appeal to PRS investors at present. The residential values would not enable a viable PRS scheme unless, perhaps, it were delivered by the public sector where a longer term view on income streams could be taken.
- The UK student market has been performing well in 2015/2016. Given however that there are no major universities in the town, and the considerable distance to any such facilities, Otterpool Park is not viewed as a potential location for student accommodation. Only if a major education provider were attracted to Otterpool might this change.
- There is strong interest in the retirement home sector from developers at present. This is largely driven by an ageing population. The current lack of amenities at Otterpool, and the somewhat isolated nature of the site may not suit this type of product. As the town's population matures, and infrastructure and offer develops then retirement homes would become a more realistic prospect.
- Similarly, for health care facilities, while market and demographic indicators point towards strong growing demand, their development at Otterpool may be a longer term prospect more likely to be realisable as the town's population ages.
- It is expected that there will be some modest demand from the self-build and custom build market. This product could be delivered in early phases.

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