

**Strategic Housing Market Assessment for
the East Kent Sub-region**

Final Report

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Key findings and recommendations

A Local housing markets

The study has identified twenty-one local housing markets, some of which straddle district boundaries, and some of which cross into areas administered by other local authorities. The proximity of East Kent to Kent Thames Gateway (which includes part of Swale), Ashford, and the London housing markets all exert influence on the housing and employment markets in the sub-region. There are different degrees of isolation and interaction with, for example, the Thanet markets being self-contained, while others, such as local markets based within Swale and Canterbury, exhibiting broader horizons. All told, however, compared to the rest of Kent and the rest of the South East, East Kent is relatively isolated and self-contained.

B Population and demographics

The critical challenge for the sub-region is tackling the impact of an ageing population, especially one where the proportion of very elderly people is forecast to increase. The forecast loss of younger age groups and the resultant potential of working age population is cause for concern and must be a key challenge for policy makers. The role of improving the housing 'offer' for incoming younger households is essential, as well as meeting the needs of an ageing population.

C Household composition

A combination of an ageing population, with more single older people, further in-migration from smaller households, fewer married couples, and falling household sizes because of longer term demographic and social change means that single person households are expected to increase in number. This is in spite of the fact that younger age groups (16 – 24s) are continuing to leave the sub-region. This means that there is apparent pressure for increased provision in the housing stock for smaller units. However, relatively, there is greater supply of these units than of family homes and houses, and this demographic trend should not dictate development policy.

D The economy

The East Kent economy is relatively weak and uncompetitive when compared to other parts of Kent and the South East. Although there is a reasonably stable employment pattern, there are elements of a second tier, less robust economy, especially in coastal towns. However there are substantive and ambitious regeneration and economic development strategies in place, which

need to be carried through in order to revive the region. There are issues for both coastal towns and rural hinterlands, particularly relating to transport and the local environment, that need addressing. The housing role in turning round economic performance is both to provide appropriate and attractive housing products for higher earners and to ensure that local young families can stay in the sub-region.

E Future growth

Linked to regenerating the economy, there are ambitious plans for housing growth in the region, with an additional 44,400 homes projected to be developed by 2026. Clearly, achieving these ambitions is highly dependent on an improving economic outlook, a return of developer confidence, access to mortgages for individuals, and easier access to development finance for housing associations. If growth does take off in the period envisioned by this SHMA, it will be important to ensure that housing development prioritises an appropriate mix to support a young and expanding workforce, meeting both affordable and market housing needs.

F Earnings and wages

East Kent wage levels reflect the economic picture, generally being below the overall Kent average and lower than the South East average. This reflects continuing reliance on lower paid elements of the economy – a relatively fragile tourist industry, agriculture and less well-paid areas of service industries. However, relatively high incomes have been generated for some, through a combination of access to higher paid jobs both within the region and in London, and through savings.

G Improving skills

Improving the relatively low level of skills found in the East Kent workforce is essential if its ambition to rebuild an economy around more knowledge-based industries is to be realised. The housing role in this starts at the local level, where providing affordable homes for young families is an ingredient in boosting school rolls; it extends to university level, where support for market accommodation for academic staff, and appropriate provision for students is important.

H Transport and connectivity

Central to plans for economic revival is the exploitation of better transport links, particularly those provided by the High Speed One rail network. Faster journey times both into and from London, into and through the Growth Areas and potentially abroad give East Kent the opportunity to compete more strongly with other commuter towns in the South East. Inward

investment to ensure the transport links stimulate the local economy is important in preventing the proliferation of dormitory areas. This needs to be complemented by an improved housing offer, including a variety of housing types at different price levels, market, intermediate and affordable rented. Linking the housing offer to the natural environmental attractiveness of East Kent is an important marketing element.

J The rural dimension

Substantial parts of East Kent are primarily rural in nature, with the combination of benefits and disbenefits this brings. On the plus side are relatively high values of land and houses, an attractive physical environment that can be marketed to wealthier incomers, and increasingly developed transport networks that can link rural areas with commercial and retail areas. On the negative side lie the severe affordability problems that mean low-waged locally-employed residents struggle to access accommodation they can afford; the flight of younger residents (particularly in times of recession where employment is more likely to be found elsewhere); and resultantly, an increasingly unbalanced community, comprising older residents and wealthier residents. With this comes the disuse of village and small town facilities, the threat to school rolls, post offices and shops, the withering away of local transport routes, and the isolation of elderly residents. Housing policy has a strong role to play in supporting the rural community in East Kent, and this SHMA suggests measures to encourage appropriate affordable housing development in East Kent.

K The housing stock

The housing stock in the sub-region is characterised by a combination of dense provision, and in some areas (such as the Thanet coastal towns) relative overprovision of smaller flats and sub-divided former family homes, building especially in the seaside towns; and a shortage of larger homes, of three bedrooms and more. This varies across the sub-region with Swale, for example, having a relatively low level of flats, but a stronger supply of terraced houses. It is important that future development policy prioritises a rebalancing of stock, to incentivise the provision of family homes (linking in to ambitions to revive the economy) and control the expansion of flatting of larger homes. At the same time, the sub-region does need to recognise that there is solid demand for smaller homes from some important sectors of the community such as young single people, who need to be retained in the area, students, and increasing numbers of older single people. A balanced housing policy should acknowledge this diversity of drivers.

L Meeting housing needs

Stemming from the SHMA analysis, and influenced by in-depth consideration of the factors and issues above, we have a series of recommendations and proposals relating to the volume and mix of future housing development for the sub-region to consider.

Unlimited unmet need

It is clear from our analysis that the volume of housing need that is currently arising and will be arising into the future is such that it is inconceivable that it will be met. Over 7,000 households who cannot access market housing will be competing for around 2,000 affordable homes every year. Even if every one of the 44,400 new homes projected in the South East Plan to be built by 2026 were affordable, this would still leave many thousands in housing need. While we appreciate that in the past East Kent has been considered to have less capacity to resource affordable housing development, because of comparatively lower developer engagement than in other parts of Kent and the South East, we note the ambitious economic development and regeneration plans in place, and the relatively high prices that are still being asked. The South East Plan has suggested an overall 30% affordable housing target, to be delivered via all sources (including 100% affordable schemes such as rural exceptions) for the sub-region, 5% below the South East norm.

Recommendation one: Given the considerable evidence of the weight of housing need, we consider there is a good case for increasing the overall East Kent affordable housing target to 35% in the South East Plan, on a par with other parts of the South East. This would be made up from all sources. We recognise that in view of the late stage of development that the Plan has reached, this is unlikely to be achieved immediately. However, given that a review of the Plan is likely to commence after adoption, we propose that this recommendation be fed into future consultation. This recommendation is distinct from recommendation two, which gives guidance to local authorities on differential targets for different Local Housing Market Areas (LHMAs)

While the South East Plan sets the overall planning targets for affordable housing, it is up to individual local authorities to determine the percentage contribution of affordable housing that should guide negotiations on private sector or mixed developments. With the exception of Canterbury City Council (who seek a 35% contribution), the other East Kent authorities seek 30%, in line with the East Kent figure

Recommendation two: In a number of LHMAs we have identified that a series of factors (relative price, relative need, economic ambition) combine to make targets of higher than 30% for affordable housing appropriate. Where these factors are not present, we recommend the South East Plan 30% target. This does not mean that we are

recommending that all sites everywhere are expected to achieve their relevant LHMA target – each site needs to be subject to development viability assessment. The recommendation for each LHMA appears in section 12.8 and is summarised in table 12.10a, which should be read alongside this recommendation (12.8).

There is a reasonably substantial group of those falling into housing need, as well as key workers on mid-range wages, who could access intermediate market homes, securing their housing requirements, and taking pressure off social housing; and many of these are likely to have the skills and experience required for East Kent's economic revival. However, we are very conscious of the requirements of the greater numbers that could not afford to access intermediate housing, and also of the difficulty that is sometimes experienced in delivering and marketing intermediate market homes in the current economic climate

Recommendation three: *We would therefore recommend that as a planning and monitoring figure, of the LHMA-based affordable housing targets we have put forward, 30% of each target be focussed on intermediate housing, and 70% be used for affordable rented homes. The precise split for individual sites will depend on local circumstances and viability assessment. We have further recommendations on the property split for these homes (12.11.3 and 12.11.4).*

We recognise that the immensity of the task of tackling a backlog housing need of some 27,000 is formidable, and that East Kent has the option of planning for this over ten years, rather than five. However, the sub-region faces both the immediate imperative of reducing need, and the ambition to retain a young workforce to support economic development.

Recommendation four: *On balance we recommend that the sub-region adopt the five year approach as recommended in the CLG Guidance (12.8.1).*

However, given the enormity of the task of meeting all needs, we have modelled approaches that seek to meet 50% and 75%, enabling a degree of prioritisation in meeting the most acute needs first. Prioritising the development of larger affordable homes will complement this by meeting the needs of lower income local households.

Recommendation five: *We recommend this 'balancing housing markets' approach, and working towards the aspirations for the development of the different types of home in table 12.14; this is most realistically addressed by programmes to meet 50% of need on an annual basis (12.8.2 and 12.9.12).*

Linked to the above, the sub-region could consider extending policy (as some districts have already done) to disincentivise the creation of additional smaller units where there is no

identified need, and encourage larger units: for example, preventing conversions of family homes into flats, providing grants for extensions and loft conversions to enable people to stay in their own home and not become overcrowded, and converting flats back into family homes.

Recommendation six: *We recommend that the districts in the sub-region develop further policies to balance housing markets through intervening to maximise the potential of existing stock* (12.8.3).

We recognise the particular issues facing rural communities, and the importance of enabling younger and lower-paid residents or in-comers to live in these communities. We note that villages and hamlets are only likely to have smaller sites available for development, and that therefore the standard fifteen unit threshold that triggers an affordable housing requirement may reduce the opportunities for affordable housing development in these areas. There is a strong and pressing case based on housing need for reducing the threshold in rural areas. However, we are conscious of the current fragility of the market for development and do not want to disincentivise opportunities. Therefore, in parallel with opportunities to use 'exception site' policy to develop 100% affordable housing, our recommendation is as follows:

Recommendation seven: *We recommend that for the interim the threshold where the targets referred to in recommendation one comes into play remains at fifteen units unless current policy already accepts lower thresholds. But when additional sub-regional or more local economic viability studies are undertaken, options for reducing the thresholds for areas designated as rural in this SHMA are investigated; and if they prove viable, adopting the lowest viable threshold should become part of our recommendations for the relevant area or area. Where other initiatives are in place to encourage commuted payments or other resourcing of affordable housing on sites below threshold (be they rural or urban), these should be encouraged.* (12.8).

We understand that any targets proposed in this SHMA need to be tested in the context of sub-regional or local development economic viability assessments. Insofar as has been possible without exemplar case studies, this SHMA has taken economic viability into account in reaching its recommendations, through discussions with developers, housing associations and local authority planning staff, our analysis of housing markets and in particular analysis of the changes in prices that have been experienced since the beginning of the 'credit crunch'.

Recommendation eight: *We recommend that a full economic viability study be carried out to further support the targets in this SHMA, which have been produced following a thorough and robust review of local housing needs and housing market conditions. Pending the results of any viability studies, we would expect the recommendations for affordable housing contributions in this SHMA to be implemented.* (12.8)

As regards market housing, we cannot forecast the exact make up of the future population of East Kent who will require and be able to afford to access market housing. We note the ambitions of the sub-region to attract knowledge-based economies and, by implication, higher earners. Based on our information about existing market housing entrants and their needs and aspirations:

Recommendation nine: We recommend the guideline proportions of size-types (and the markets that may enter them), and a split between entry, medium and high end development (12.12. 5 and table 12.22).

At a district and Local Housing Market Area level we have a series of more nuanced recommendations around numbers of affordable homes and proportion of market housing that is both appropriate and required.

Recommendation ten: We recommend that district authorities take these numbers into account when promoting and considering development proposals at a local level, and work with each other to achieve them where LHMA cross district boundaries (table 15.1 and annex 4).

The impact of an ageing population will influence the type of stock and its make-up that will need to be developed in the future. In order to meet the needs of an ageing population, as well as to address the needs of younger households with members who have disabilities, we propose that an element of new private sector development (and all public sector development) be designed to Lifetime Homes standards. We note that government intentions are that all new developments be built to these standards by 2013, and consider this recommendation as a sensible step in this direction.

Recommendation eleven: We recommend that on all developments of 15 or more units, 100% of affordable housing units and at least 20% of market units be developed to Lifetime standards. The expectation would be that the majority of these units would be of two bedrooms or more (13.3.14).

1.0 Introduction

- 1.1.1 This document is the first Strategic Housing Market Assessment (SHMA) for the East Kent sub-region. It has been produced in accordance with Government guidance for the production of SHMAs¹.

1.2 Purpose of the Assessment

- 1.2.1 Primarily, this Assessment is a technical exercise to assist in determining the location and amount of affordable and market housing needed in East Kent; for whom it is required; and within what timescale it needs to be provided. The Assessment provides robust evidence on which local authorities and partner organisations can base planning and policy interventions that will help deliver better housing for those living in the East Kent area. The Assessment has been carried out in full accordance with the official Government Guidance on Housing Market Assessments¹. As envisaged by this guidance the SHMA will:

- Enable local authorities to think spatially about the nature and influence of the housing markets in respect of their local area;
- Enable regional bodies to develop long term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies;
- Provide evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing;
- Provide evidence to inform policies about the amount of affordable housing required, and the need for different sizes and types of affordable homes, including intermediate housing market products;
- Support authorities in developing a strategic approach to housing through consideration of the housing need and demand in all housing sectors – owner occupied, private rented and social – by assessing the key drivers and relationships within the housing market; and
- Draw together the bulk of the evidence required for local authorities to appraise strategic housing options and to ensure the most appropriate and cost-effective use of public funds.

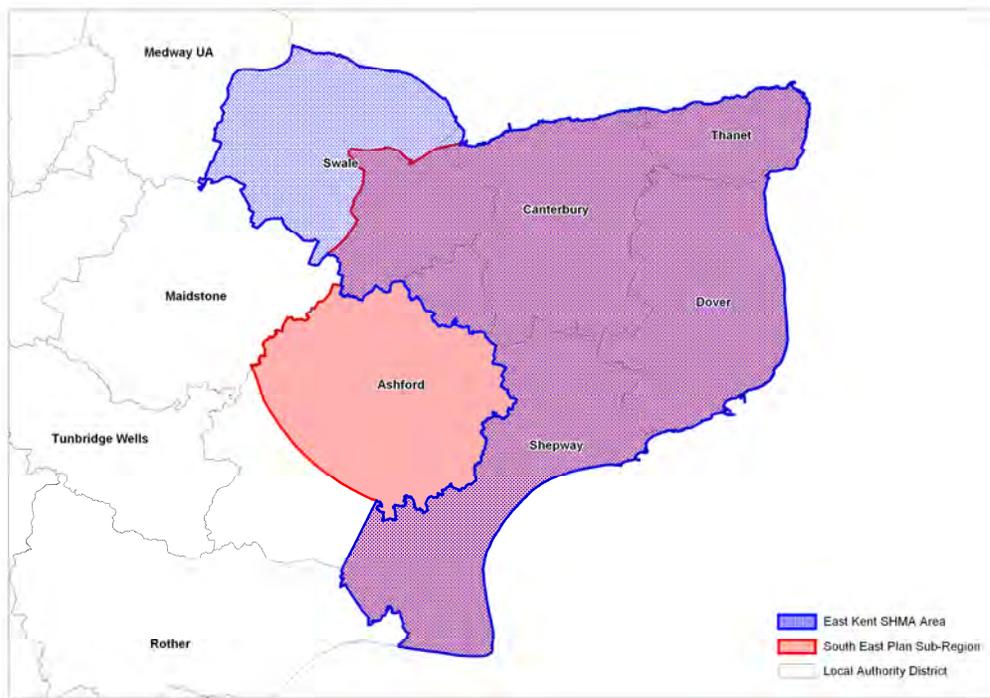
¹ CLG (2007) *Strategic Housing Market Assessments: Practice Guidance*

1.2.2 Carrying out an SHMA is a key requirement of Government’s planning for housing policy, set out in Planning Policy Statement 3 (2006). The Assessment forms an important part of the evidence base for Local Development Frameworks and policies responding to changing household requirements. A key difference between SHMAs and past housing needs studies is their sub-regional basis, reflecting the fact that housing market areas do not respect local authority boundaries.

1.3 The East Kent sub-region characteristics

1.3.1 For the purposes of this study the East Kent sub-region includes the five local authorities of Canterbury, Dover, Shepway, Swale and Thanet in their entirety. This differs from the administrative areas of the South East Plan, since some parts of the SHMA study area belong to the North Kent sub-region and other parts to Ashford. Map 1 below illustrates the differences between the administrative boundaries of the South East Plan and the SHMA.

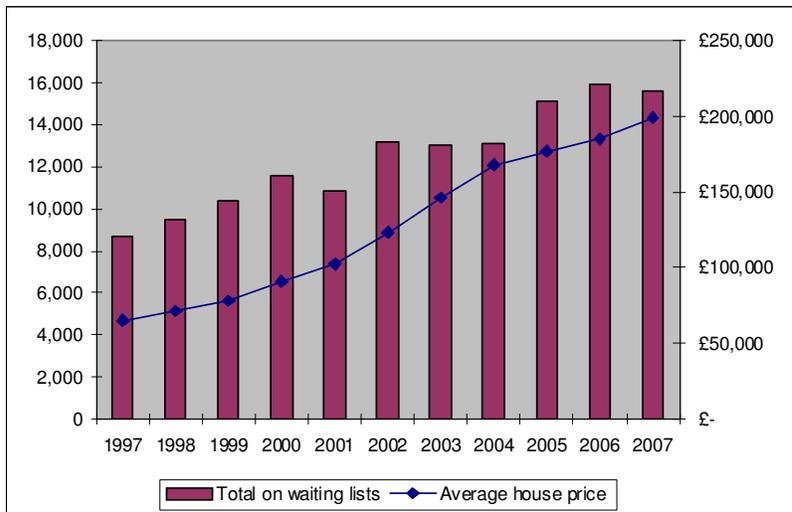
Map 1 Map illustrating the differences between the administrative boundaries and the SHMA boundaries



Housing

- 1.3.2 There are 274,000 properties in the East Kent sub-region. 87% are owned by the private sector and 12% are publicly owned or owned by housing associations. Overall semi-detached properties are the dominant tenure type, making up 31% of the stock.
- 1.3.3 House prices have increased by 93% in six years. This price increase has made the sub-region become increasingly unaffordable. The mean wage in the East Kent sub-region is £32,105, with the mean property costing £197,927. This indicates that it will take six times a person's wage to buy a property in the sub-region. As can be seen in figure 1.1, this increase in prices has been mirrored by the increasing size of local authority housing waiting lists, indicating a knock on effect as some of those on lower income levels can no longer access the private sector, and need to seek social housing

Figure 1.1 Total number of households on the five local authority waiting lists compared with average house prices in the sub-region from 1997 to 2007



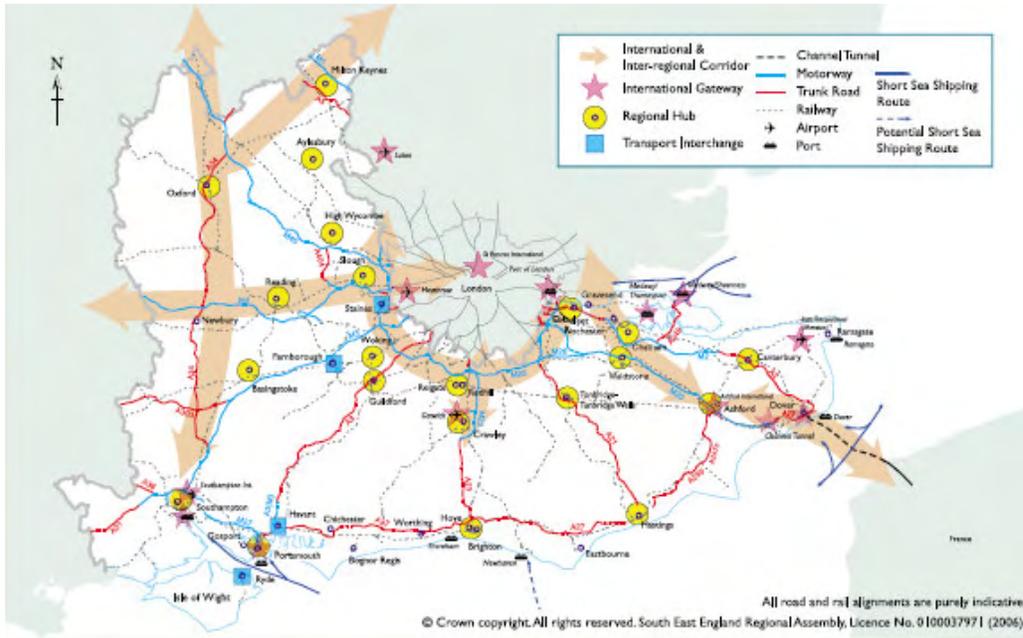
Source: Communities and Local Government live tables extracted November 2008

Transport

- 1.3.4 The transport links that the sub-region has, and is planned to gain, are key elements in assessing the nature and reach of future housing markets. Figure 1.2 illustrates the international and inter-regional transport networks within the South East including East Kent.

- 1.3.5 It highlights the peripheral location that East Kent occupies in the region, although it is central to European surface travel. The major road network is generally adequate, though in need of development, with two strategic routes, the M20/ A20 and M2/A2 both requiring upgrading to dual carriageway status. There are localised issues with single carriageway on parts of the A2. The region is serviced by mainline rail routes to London; however this service has been historically slow.
- 1.3.6 The slow train services and the under-developed road network has prevented significant amounts of investment, and discouraged commuters from relocating to the sub-region. This in turn has slowed down the development of the economy and housing market, making the sub-region less competitive than similar areas which have better transport links into London.

Figure 1.2 International and inter-regional corridors



Source: Draft South East Plan 2007

- 1.3.7 However, the Euro Tunnel rail link, the sub-region's ports (principally Dover and Ramsgate), the developing Kent International Airport, west of Ramsgate, and the new high speed rail link ('High Speed 1'), indicate that the transport networks in the region are improving. High Speed 1, opening for domestic passengers in 2009, will cut journey times by up to 40 minutes on journeys

between East Kent and St Pancras, making the sub-region more accessible to commuters, with Canterbury for example just one hour away from London.

- 1.3.8 Although High Speed 1 is primarily seen as beneficial to the area, there is also concern that if proposed regeneration activities fail to attract inward economic investment, this new high speed rail link into London will merely increase the number of people living in East Kent but working in the city, exacerbating pressure on the housing stock, and not producing the much needed economic investment.
- 1.3.9 High Speed 1 will have a major impact on the East Kent area, both on the economy and the requirement for housing. The areas of Canterbury, Dover, Folkestone and Ramsgate have existing domestic lines to enable commuters to 'link up' with this high speed link into London and to Europe via the Channel Tunnel. These transport links, together with the high quality of life experienced in East Kent, will inevitably make these areas attractive to investors, both business and housing.
- 1.3.10 In addition the East Kent Access project aims to improve the road network in the Sub-region. Phase one of the Access project seeks to improve access to the existing and future development at Pfizer, and to encourage development in the Sandwich Corridor between Sandwich and the old Richborough power station. It aims to support the development of Kent International Airport as a regional airport, and to improve safety and the quality of life for Cliffs End residents. Phase two involves the improvement of the A253 from Minster roundabout to Lord of the Manor; and the A256 from Lord of the Manor back to Ebbsfleet Lane where Phase 1 terminates. Plans for the Northern Relief Road in Sittingbourne – which will open up the Town Centre and Milton Creeks – are at an advanced stage, as is the Queenborough and Rushenden Relief Road in Sheppey, which has already seen the opening of the new Sheppey Crossing

The current economy

- 1.3.11 The economy of Kent is the twelfth² largest of the 53 British sub-regions. Kent's economy is termed 'mosaic' as the 'local economy is founded on diverse enterprises, urban and rural communities whose economic success is based on innovation in new and traditional sectors and a safeguarding of Kent's environment and quality of life'³.

² Kent economic report 2004: Kent County Council

³ Kent economic report 2004: Kent County Council

- 1.3.12 The knowledge based economy in Kent is increasingly important as a key driver of future prosperity. Other important industrial sectors are precision engineering, the deep-water port in Sheerness, manufacturing, financial services, tourism and retailing. It will be important that Kent examines how the knowledge economy concept can be applied to other parts of the county's economy including tourism and manufacturing, and to smaller businesses to ensure that their future is assured.
- 1.3.13 East Kent is home to some of the county's largest companies including Saga, Photo Film and Pfizer. The sub-region has a workforce of over 168,000, and each year has 8,000 graduates potentially joining the workforce from Canterbury's universities and colleges. Average workforce salaries are a third of London salaries⁴.
- 1.3.14 However East Kent is an area of relatively low productivity and competitiveness for the reasons discussed above. The economy includes substantial numbers of low skilled (and therefore low waged) individuals. , There is a still a shortage of high skill based industries, which undermines efforts to attract and retain highly-skilled employees, particularly students who have been educated in the sub-region.
- 1.3.15 Regeneration is a pressing priority in East Kent, and major regeneration initiatives include:
- The designation of Dover as a growth point;
 - Development of Dover's docks, including the opening of a second ferry terminal
 - £3 million investment in Kent International Airport;
 - The location of part of Swale, Isle of Sheppey and Sittingbourne in the Thames Gateway;
 - Regeneration of Sittingbourne Town Centre and Kent Science Park;
 - Culture –led regeneration of the coastal towns, including the regeneration of Margate town centre, through the development of Turner Contemporary (international visual arts centre); and the establishment of art-led regeneration initiatives in Folkestone, such as Folkestone Triennial
 - Queenborough and Rushenden regeneration.
- 1.3.16 A major factor influencing the sub-region's attempts to attract inward investment is the growth areas of Ashford and Thames Gateway, which lie on the border of the sub-region, and incorporate part of Swale. These pose both

⁴ 'Why East Kent' extracted on August 2008 http://www.east-kent.co.uk/2_WhyEastKent%3F.html

opportunity and threat to the wider East Kent economy. The extra resources that they are party to as a Growth Area, and their superior transport links, will mean that these areas could attract businesses away from the regeneration areas in the sub-region. This would in turn draw much needed investment, highly-skilled and affluent populations away from the East Kent sub-region. On the other hand, they are also at least in part responsible for the development of better transport links, which, as noted above, could be to the sub-region's advantage.

1.3.17 One option that seems particularly suited for further exploration in East Kent as a combined housing and economic 'offer' is the concept of 'live/work'. Around 2 million businesses in the UK are home-based, and approximately 12% of the workforce works from home. Substantial networks to support home-based businesses are developing, and the CLG and Housing Corporation / HCA have started have begun to show interest in the area. The live/work concept meets several agendas:

- It is highly 'green' in that by definition it reduces commuting
- It enables flexible and part-time working, a growing requirement of the future economy
- It is particularly suited to enabling older and less physically active people participate in the economy
- It is suited to rural environments, where access to transport may be limited, as well as urban 'clusters'.

1.3.18 In the East Kent context 'live/work' has several advantages. As traditional forms of large-scale 'place' based employment in manufacturing have declined, live/work schemes and clusters may well deliver more jobs than traditional employment uses. It is also particularly appropriate for the higher-technical and knowledge based jobs the sub-region aspires to, using enhanced IT connectivity. As suggested, this pattern is particularly appropriate for smaller, more isolated rural environments, and it is noteworthy that live/work has been especially successful in Cornwall.

1.3.19 There are several factors that have been identified that hinder live/work development. The most significant appears to be the planning framework and the difficulties sometimes encountered in securing permission for mixed-use buildings. A recent reports describes the 'policy vacuum' around such applications, where they either fall foul of policies designed to protect residential land, or policies to protect employment areas. There are also

⁵ Tomorrow's Property Today, Live/Work Network, 2008

design problems related to converting existing residential buildings into mixed use dwellings, issues around VAT and capital gains tax, and the need for additional networks to support homeworking and live/work schemes.

- 1.3.20 We would suggest that further investigation of the possibilities of encouraging live/work initiatives in East Kent be included in the district's further development of housing, employment and planning policy.

1.4 The Local Authorities of East Kent

Canterbury

- 1.4.1 The population of Canterbury district is 148,400 (CLG mid year estimate 2007). As well as Canterbury itself, the district includes the coastal towns of Herne Bay and Whitstable, and a large rural hinterland to the south. There are a number of sites of Special Scientific Interest in the district, most notable of these being Blean woods, Stodmarsh, North Downs, Seasalter marshes and Reculver Country Park. There are additionally two Special Areas for Conservation (Stodmarsh and the Blean Complex) and three Special Protection Areas (part of the Thanet Coast; Sandwich Bay; and The Swale and Stodmarsh) that impact on the area. One third of the District to the south of Canterbury is an Area of Outstanding Natural Beauty (AONB).
- 1.4.2 The economy of Canterbury benefits from significant commercial sites such as the Canterbury Enterprise Hub, Lakesview International Business Park and the Whitefriars retail development. In addition, tourism is worth an estimated £258 million, with Canterbury Cathedral attracting over 1 million visitors a year⁶.
- 1.4.3 The district's education sector has also grown significantly and now has three higher education institutions – the University of Kent, Canterbury Christ Church University, and the University College for the Creative Arts. It also has one further education institution, Canterbury College. All told, there are over 35,000 students on the roll making them a significant housing and economic sector (though not all necessarily live in Canterbury)..

Dover

- 1.4.4 Dover District has a population of 106,800⁷, Dover town being the administrative centre of the district, with a considerable rural hinterland. The district is situated at the eastern end of Kent, and borders Thanet to the north,

⁶ Proposals to the Casino Advisory Panel: Department for Culture Media and Sport

⁷ CLG Mid year estimate 2007

Canterbury to the west and Shepway district to the south. Much of the countryside is protected by numerous landscape and nature conservation designations, including Areas of Outstanding Natural Beauty and Heritage Coasts.

- 1.4.5 In Dover, a strong programme of urban regeneration and renewal is being planned by the District Council in its emerging Local Development Framework supported by a number of strategic allocations in the Core Strategy. These include the creation of a new ferry terminal at the Dover Western Docks and Dover Waterfront, redevelopment of the former Connaught Barracks, mixed use development of public sector uses in Dover Mid Town and the managed urban expansion of Whitfield, all of which have the ability to transform Dover. The scale of growth in Dover presents the opportunity for the town to create a more sustainable pattern of living and a step change in public transport. Improvements to town centre appearance and facilities and to transport systems will need to be accompanied by an uplift in housing, population and jobs growth. The aim is to encourage people to visit Dover because it offers easy public transport access to London and continental Europe, employment opportunities, distinctive, competitively priced housing, waterfront lifestyle, and a strong town centre in an unrivalled natural and historic setting.
- 1.4.6 The port in Dover provides much of the town's employment. In addition Pfizer is a major employer in the area employing more than 5,000⁸ people in its manufacturing and research facility in Sandwich.

Shepway

- 1.4.7 The population of Shepway is 100,400 (CLG mid year estimate 2007) and includes the centres of Hythe and Folkestone. The district is predominantly rural in nature (70% of the area is classified as such), although the majority of residents live in the district's towns of Folkestone, Hythe, New Romney and Lydd. Large parts of Dungeness and Romney Marsh are Sites of Special Scientific Interest.
- 1.4.8 The economy of Shepway is mainly agriculture and tourism; however there are several military establishments, along with Dungeness B nuclear power station and the SAGA group who are large and growing employers in the area.
- 1.4.9 The rurality of Shepway presents it with considerable housing challenges.

⁸ The County of Kent profile Document 2007 – Kent Resilience Forum

These include: the impact of proximity to the Kent Downs AONB and associated development restrictions (and upward price pressure); options for development of affordable housing where there are unlikely to be large sites where substantial S106 contributions could be expected; linked to this, issues about affordable housing thresholds and development viability for smaller sites; and the use of exception sites policy, and partnerships with landowners and developers.

- 1.4.10 In terms of existing urban areas, there are regeneration plans for Folkestone Harbour and the seafront area, and possible development to the west. Substantial growth has been seen in Hawkinge, as well as in Hythe.
- 1.4.11 In general, development and regeneration plans are geared towards helping ensure that future housing growth in Shepway is able to support the economic growth of the district and provide a range of housing to meet local need⁹. Plans are also developed in the context of adjacency to the Ashford Growth Area, and the opening of High Speed 1. The underpinning view (expressed in the Regional Spatial Strategy) is one of ensuring that employment growth in Ashford does not take place at the expense of regeneration areas and does not result in public or private investment being diverted from the coastal towns.

Swale

- 1.4.12 Partly located within the Thames Gateway growth area, Swale borough is situated on the North Kent Coast between Medway and Canterbury. It is in a prime location for access to and from London and the Channel ports and has good rail connections direct into London from Sittingbourne and Faversham.
- 1.4.13 It has a population of approximately 129,700 (CLG mid year estimate 2007). Its population is one of the fastest growing in Kent and is expected to grow further due in part to its location in the Thames Gateway. Swale contains the five main urban centres of Sheerness, Sittingbourne, Minster-on-Sea, Queenborough/ Rushenden and Faversham, and a significant rural hinterland. There are substantial conservation areas, including the Blean Woods complex and around one third of Swale is part of the Kent Downs Area of Outstanding Natural Beauty. The district contains internationally protected wetlands in the Elmley Nature Reserve.
- 1.4.14 Economic transition has been accompanied by the loss of traditional employment and skills, poor educational attainment, and pockets of severe deprivation. Manufacturing and logistics are strong sectors of the economy.

⁹ South East Plan – statement from Shepway District Council, 2006

The borough's regeneration partnership intends to shift the balance of employment by creating conditions where knowledge-based industries can grow. Increasing skill levels is a priority, given the need to attract higher value jobs. Kent Science Park, south of Sittingbourne, is an important element in developing the knowledge-based economy.

- 1.4.15 As noted, parts of Swale (Sittingbourne and the Isle of Sheppey) are within the Thames Gateway and associated programmes, and should expect to benefit from the housing and economic growth the programme will bring, especially through investment in infrastructure. There are strong links with the North Kent, Maidstone, Medway and Kent Thameside areas both in terms of opportunities available to Swale residents, and in terms of impacts on Swale's housing markets.
- 1.4.16 The fact that part of Swale is inside the Thames Gateway area and part of it is not has meant that the local authority has had to adopt a dual approach to planning policy – broadly, based on the Thames Gateway boundary. This means that there are some complexities in handling data for the district, as, for example, much of the South East Plan treats Swale as being outside the East Kent sub-region. Unless otherwise indicated, data and figures in this report referring to Swale apply to the whole of the District.

Thanet

- 1.4.17 Thanet is located in the very north-east corner of Kent. The population of Thanet is 129,200 (CLG mid year estimate 2007). The area is predominantly rural with the majority of its population contained in the urban coastal belt. Thanet is the only district in Kent to have Assisted Area Status. Like the other districts, virtually the entire coastline of Thanet is a Special Area of Conservation, a Site of Special Scientific Interest or a Special Protection Area.
- 1.4.18 The principal economic centres are the town centres of Margate, Ramsgate and Broadstairs. However the newer retail parks including Westwood Cross Shopping Centre have altered significantly the retail focus of Thanet. The main industrial estates are also generally in the wider Westwood area of Thanet.
- 1.4.19 The Thanet towns (Margate, Broadstairs and Ramsgate) were analysed as a unit in the CLG's benchmarking study, 'England's Seaside Towns'¹⁰. Of the thirty-seven settlements investigated, the Thanet towns were determined to have among the weakest of economies and were the most deprived and disadvantaged among the larger towns.

¹⁰ England's Seaside Towns – a benchmarking study (Sheffield Hallam University, 2008)

- 1.4.20 Margate Central and Cliftonville West within Thanet are housing market renewal areas. Renewal areas are neighbourhoods that have been identified as having poor housing conditions combined with social and environmental needs. To address these, partnerships are established with the Council and partner agencies to work with the local community, landlords and businesses to support them in improving and maintaining their properties as well as the local area.
- 1.4.21 The District Council has identified a series of factors of concern affecting Thanet. These include: high levels of social and economic deprivation; in-migration not being matched by economic growth; imbalanced community structure; a general pattern of low income, low skills, and low levels of economic activity; and a high proportion of limiting long term illness. A housing-led approach to delivering regeneration, that seeks to optimise the make-up of the stock to attract and maintain a less deprived, more mixed community, is seen as a key element underpinning urban renaissance in the area. Ensuring the right size of housing units is seen as especially important: there are concerns that continued development of blocks of flats, and flattening of family-sized houses, will undermine the attractiveness of the residential environment, for both current dwellers and in-migrants.
- 1.4.22 This is of particular concern in Westgate, Westbrook, Margate and Ramsgate, and policy is being considered to safeguard larger family homes from subdivision.

1.5 Flood risk

- 1.5.1 The profiles of the Local Authorities in East Kent highlight that much of the land within the sub-region is coastal, and therefore is highly likely to suffer flooding.
- 1.5.2 The South East Flood Risk Appraisal for the South East Plan found that there was a risk of considerable coastal erosion in Shepway and Thanet, and recommended that significant investment in flood defences may be needed. The South East Regional Assembly updated the Appraisal in November 2008 to reflect guidance on Planning Policy Statement 25 on Flood Risk¹¹. In a simple four- tier grading system to assess risk of flooding, Swale joined Shepway and Thanet in the category of highest risk, with Canterbury and Dover in the second highest category. The Update also sought to identify

¹¹ Letter to Government Office of the South East from Councillor Keith Mitchell - http://www.southeast-ra.gov.uk/documents/committees/planning_committees/2007/agenda_item_4_letter_to_gose.pdf

areas where significant growth is expected that were at risk of flooding. Kent Thames Gateway (impacting on Swale) and parts of the coastline north of Dover fell into these categories¹².

- 1.5.3 Flooding is one of the main environmental constraints affecting the sub-region, particularly for Shepway, where half of the district is currently constrained due to major flood risk, particularly Romney Marsh. All the local authorities within East Kent have or are currently completing Strategic Flood Risk Assessments.
- 1.5.4 Map 2 is taken from the Environment Agency website (June 2008) and illustrates the areas of East Kent which would be subject to flooding, modelled assuming there were no flood defences. The map highlights that a significant proportion of the land within the East Kent sub-region is subjected to flooding, particularly Romney Marsh; Isle of Sheppey, Margate, Sandwich and Deal

Map 2 Areas of East Kent subject to flooding from rivers and seas modelled assuming no flood defences



Source: Environment Agency Website extracted June 2008

¹² Regional Flood Risk Appraisal for South East England – Summary, SEERA / Halcrow November 2008

- 1.5.5 The Strategic Flood Risk Assessment (SFRA) for Dover (which is the only SFRA to have been completed, though other authorities have them underway) found that the main sources of flooding in the District are the sea and to a lesser extent the River Dour through Dover, and the River Stour through Sandwich. Low-lying parts of the Dover District coastline are particularly vulnerable to exceptional sea levels arising from a combination of high tides, storm surge, and action of exceptional wave heights and the joint impacts of fluvial and tidal levels.
- 1.5.6 The most severe flooding would be through either a breach in a coastal defence structure or through the defence structure overtopping. The area at greatest risk of flooding is between Deal and Sandwich, where the coastal defence structures are at greatest risk of breaching.

2.0 Context

- 2.1.1 This section sets out the national, regional, sub-regional and local contexts in which SHMAs in general and the East Kent SHMA specifically operate. It relates the role of the SHMA to the other principle policy initiatives in the housing supply, spatial planning and wider sustainable communities frameworks.

2.2 National policy framework

- 2.2.1 The Government's core objective for housing is '... to provide everyone with the opportunity of a decent, affordable home... from increasing the provision of affordable housing in areas of high demand, to addressing the problems of low demand and abandonment' (Office of the Deputy Prime Minister (ODPM), 2005). It is increasingly recognised that housing policies themselves are only one factor in shaping the wider housing systems.

2.3 Sustainable communities

- 2.3.1 In February 2003 the Government launched the Sustainable Communities Plan under the title 'Sustainable Communities: Building for the Future' (ODPM, 2003). It set out a long-term programme for action aimed at addressing regional imbalances in the housing market. The plan is focused on the creation of mixed and sustainable communities, where housing meets the economic, social and environmental needs of the community. It put forward plans to increase the supply of housing in high house price and shortage areas, and to tackle problems of low demand and abandoned housing in parts of the North and Midlands. This policy has been augmented by the policy documents 'Sustainable Communities: Homes For All' and 'Sustainable Communities: People, Places and Prosperity' (both January 2005), which set out action to revitalise neighbourhoods, strengthen local leadership, and increase regional prosperity to create places in which people want to live and work. Together, these documents form the next stage of a £38 billion long-term action programme to create 'sustainable communities – to deliver decent, affordable homes for all, in places where people want to live and work' (ODPM).

Housing supply

- 2.3.2 In 2004 the final report of the Barker Review of Housing Supply was released, setting out a range of policy recommendations for tackling housing affordability issues, increasing housing supply and improving the function of the housing market. It recommended that a greater number of empty public and private homes should be brought back into use; that increased access to existing social housing was required; and that there should be enhanced provision of new affordable housing for rent or low cost home ownership through better links between local authorities, private house builders and Registered Social Landlords. These conclusions and appropriate policy responses were considered by the Government in its 'Response to Kate Barker's review of Housing Supply' (ODPM, December 2005).
- 2.3.3 The Sustainable Communities Plan recognised the importance of increasing housing supply to keep pace with rising household numbers. To increase new build supply a number of major Growth Areas and smaller New Growth Points were announced under the policy. The sub-region is home to the New Growth Points of Maidstone, and Dover District and borders the Ashford Growth Area. The sub-region overlaps the Thames Gateway Growth Area, which includes part of Swale. . These are likely to have positive impacts on the East Kent sub-region. The sub-region needs to ensure that the growth points and area do not adversely affect other areas of the sub-region that are not growth points e.g. Thanet.
- 2.3.4 Since the launch of the Sustainable Communities Plan and the release of the Barker Review, affordability has deteriorated further due to steep year on year house price rises. As a consequence, expanding the supply of housing has been given a yet more prominent place within the overall government policy agenda. The Housing Green Paper released in July 2007 contained the target of building two million new homes in England by 2016 and three million by 2020. To achieve this, national housing completions will need to rise from the 2006 level of 163,000 to around 240,000, an increase of nearly 50%. In addition, the Green Paper contained proposals to provide more affordable homes to buy or rent, and to provide well-designed and greener homes, supported by the necessary infrastructure.
- 2.3.5 Clearly, the impact of the 'credit crunch' from late 2007 onwards has undermined the feasibility of these planning figures, but to date they remain government medium-term aims.
- 2.3.6 Following the release of the Housing Green Paper the Government issued an 'Eco-towns Prospectus' and welcomed bids for a limited number of

environmentally-friendly, carbon-neutral new-build settlements, each to be between 5,000 and 25,000 dwellings.

2.4 Affordable housing

2.4.1 The Housing Green Paper contains the commitment to deliver 70,000 additional affordable homes annually by 2010-11 of which 45,000 are to be social rented units. The Government also aims to provide at least 25,000 new HomeBuy and shared equity homes a year. These targets and the funding to support them underline the priority that is given to those unable to access housing suitable to their needs on the open market. To fund these ambitions the Government has announced significant increases to the Regional Housing Pot 2008-11 following the completion of the Comprehensive Spending Review (CSR07). In total £10.28 billion is being provided over the period to regions across England to fund affordable housing, local authority decent homes, private sector decent homes and regeneration.

2.5 Housing and Regeneration Act

- 2.5.1 The Housing and Regeneration Act came into force in July 2008. It will help to deliver the government's commitments set out in the Housing Green Paper to provide more and greener homes, in mixed and sustainable communities.
- 2.5.2 In addition it implements changes proposed in the Green Paper giving councils more freedom and incentives to build new homes.
- 2.5.3 Tenants will also be given choice and a voice over how their homes are managed, by reforming social housing regulation, giving tenants a stronger voice in stock transfer decisions, and giving tenants of local authorities greater powers over choices for future management and ownership of their homes.

2.6 Planning reform

2.6.1 The planning White Paper 'Planning for a Sustainable Future'¹³, published in May 2007, set out the Government's proposals for reform of the planning system, building on Kate Barker's recommendations for improving the speed, responsiveness and efficiency of land use planning, and taking forward Kate Barker's and Rod Eddington's proposals for reform of how the planning system deals with issues concerning major infrastructure. Following

¹³ *Planning for a Sustainable Future - Kate Barker and Rod Eddington May 2007*

consultation, a new Planning Bill was introduced into Parliament in November 2007. The Bill proposes a new system of development consents for infrastructure deemed to be of national significance, designed to simplify and speed up the process. It also includes proposals for a new Community Infrastructure Levy which it is hoped will help to harness the value of an increased range of planning permissions to generate additional infrastructure funding, and thereby unlock housing growth.

2.7 Homes and Community Agency

2.7.1 The Homes and Community Agency has been established through the Housing and Regeneration Act, bringing together the functions of English Partnerships, the Housing Corporation, and a range of work carried out by CLG, including delivery in the areas of decent homes, affordable housing, housing market renewal, housing growth and urban regeneration. It is considered that bringing together the major resourcing agencies and the relevant government arms will lead to better synchronicity of programme, and efficiency in delivery.

2.8 Regional policy and strategy

The South East Plan

- 2.8.1 The South East Plan, as the new Regional Spatial Strategy (RSS), is the statutory development plan for the South East, and will replace Regional Planning Guidance 9 when the plan is agreed. The plan covers the area from Oxfordshire through Hampshire to Kent, and covers new housing, transport, the economy and environment in the South East for the period up to 2026. The plan was submitted to Government in March 2006 and was followed by an Examination in Public which ran from November 2006 until March 2007.
- 2.8.2 A panel was appointed by the Secretary of State to carry out independent examination of the South East Plan. This examination ran from November 2006 to March 2007. One of its recommendations was to increase the housing provision made in the South East Plan. These alterations were submitted to the Secretary of State who then proposed additional changes to the Plan. Table 2.1 shows the recommended increase in housing provision made by the panel, the Government's response and associated amendments to the Panel's recommendations compared to those originally suggested in the South East Plan . The effect of both these sets of amendments was, generally, to increase the number of dwellings to be planned for.
- 2.8.3 The plan sets out a vision of the future for the South East region to 2026. The original plan outlined that in order to meet overall housing needs, provision of housing supply should be made for an additional 33,200 dwellings, up to 2026. This resulted in an average of 1,660 per annum across the South East region with a target of 35 per cent to be affordable. The Panel and Secretary of State proposals have increased the overall figure to, respectively, 39,200 and 44,400.
- 2.8.4 The South East Plan's main targets in relation to housing are:
- At least 60% of new housing on previously developed (brownfield) land;
 - Delivering a substantial increase in the supply of affordable housing, with an overall target of 35% new homes as affordable;
 - Increasing housing density to an average of 40 dwellings per hectare, but with a strong emphasis on high design standards;
 - Making more efficient use of the existing housing stock, through appropriate conversions and refurbishment;
 - Creating more small-scale affordable housing sites in rural areas.
- 2.8.5 While the first sections of the plan contain planning policies for the South East

as a whole, subsequent sections were added on housing numbers for each district local authority and 'sub-regional' strategies. The two sub-regions in the plan which will impact upon East Kent are East Kent and Ashford, and the Kent Thames Gateway, which incorporates part of Swale. The emphasis in the East Kent and Ashford sub-region is to give priority to regeneration-led development of coastal towns such as Dover, Folkestone and Ramsgate using the stimulus created by the Ashford Growth Area.

- 2.8.6 For the East Kent and Ashford sub-region the current plan (incorporating the Secretary of State's Proposals) sets a target of 56,700 new homes to be built between 2006 and 2026 (22,700 to be built in Ashford). The figures for Dover (10,100) recognise its status as a Growth Point¹⁴ The potential housing land supply in the sub-region could accommodate about 26,000 dwellings; therefore in order to meet the target of 56,700, new greenfield or additional brownfield land needs to be found for about 30,700 dwellings¹⁵. Alongside this, Kent Thames Gateway is expected to deliver 52,140 homes, of which 10,100 are planned for Swale¹⁶.
- 2.8.7 The East Kent sub-region has an indicative affordable housing target of 30% on all housing developments of above 15 units, as set out in policy EKA2, incorporating the Secretary of State's proposed changes. This affordable housing requirement is 5% less than the regional figure of 35%, reflecting the nature of East Kent's housing market which is perceived as less dynamic than other areas of the South East. The policy is current in all local authorities except Canterbury, which has chosen to retain the South East 35% target.. The Kent Thames Gateway target is also indicated as 30%¹⁷
- 2.8.8 Three options were considered for the distribution of the required new dwellings in the sub-region; the preferred option chosen was for a dispersed pattern of growth. This resulted in the figures in the following table 2.1, which summarises the number of new homes that need to be built by 2026 in East Kent as outlined in the draft South East Plan and the subsequent Panel and Secretary of State recommendations. The Swale figures include both the Kent Thames Gateway component and the East Kent and Ashford component

¹⁴ A Clear Vision for the South East – Update of the SE Plan – no 14, SEERA, August 2008

¹⁵ South East Plan: Secretary of State's Proposed Changes – summary prepared by SEERA, July 2008

¹⁶ Government Office for the South East – Proposed changes for Consultation, South East Plan – Secretary of State's Proposals – Policy KTG4

¹⁷ Government Office for the South East – Proposed changes for Consultation, South East Plan – Secretary of State's Proposals – Policy KTG4

(700).

- 2.8.9 Canterbury as been designated a Regional Hubs in the Plan, as it is 'one of the largest town centres in the South East, with an existing role as a population and service centre'. Dover has also been designated a Regional Hub (as well as a Growth Point) primarily in recognition of its international passenger and commercial linkages.
- 2.8.10 In order to tackle the backlog of unmet need for affordable housing, the plan specifies that housing provision should concentrate on this sector within the first 10-year period of the plan.

Table 2.1 South East Plan recommended housing provision compared with the South East Plan Panel report and the Government’s response

District	SE Plan Annual Average 2006-2026	SE Plan Total 2006-2026	Annual Average recommended housing provision from SE Plan Panel report	SE Plan Panel Report Total 2006-2026	Proposed Changes (Government response) annual average 2006-2026	Proposed Changes (Government response) Total 2006-2026	Total Number of affordable housing units (Government response) 2006-2026 (30%)
Canterbury	360	7,200	460	9,200	510	10,200	3,060
Dover	305	6,100	405	8,100	505	10,100	3,030
Shepway	255	5,100	255	5,100	290	5,800	1,740
Swale	415	8,300	465	9,300	540	10,800	3,240
Thanet	325	6,500	375	7,500	375	7,500	2,250
Total	1,660	33,200	1,960	39,200	2,220	44,400	13,320

Source: South East Plan Panel report 2007

Kent and Medway Structure Plan

- 2.8.11 The Kent and Medway Structure Plan sets out the strategic planning framework for the protection of the environment, major transport priorities and the scale of new development including provision for housing. Structure Plans will eventually be replaced by Regional Spatial Strategies (for Kent this is the South East Plan).
- 2.8.12 The purpose of the Structure Plan is to guide the preparation of Local Plans and Local Development Frameworks, to provide a framework within which decisions can be made.

- 2.8.13 The Structure plan sets out the need to increase the average rate of housing development between 2006 and 2016 to 6,480 homes per year, whereas the South East Plan's housing figures will cover a longer time horizon, up to 2026.
- 2.8.14 The following table outlines the number of new homes required in each local authority and also the estimated land supply unit capacity, as identified in the Annual Housing Monitoring Report 2007/08 produced by Kent County Council, as part of the monitoring of the Kent and Medway Structure Plan (adopted 2006).
- 2.8.15 The resulting figure is the total net land supply expressed in units. All districts except Dover have a positive land supply, while Dover has a higher target number of dwellings required than estimated residual land supply can meet.

Table 2.2 Total land supply (net) less adopted Kent and Medway Structure Plan requirement from Annual Housing Monitoring Reports 2007/08

	Adopted Structure Plan Residual requirement 2008-2016	Estimated residual land supply (units) from Structure Plan	Shortfall or surplus of land supply (units) 2008-2016 (net)
Canterbury	2,187	3,924	1,737
Dover	3,048	2,291	-757
Shepway	1,844	3,168	1,324
Swale	4,472	4,783	311
Thanet	2,820	5,735	2,915
Total	14,371	19,901	5,530

Source: Kent and Medway Structure Plan adopted 2006 and Annual Monitoring Report 2007/8

- 2.8.16 It is noted however that the draft housing provision figures presented in the draft South East Plan and the Government's proposed changes to the South East Plan differ from those in the Kent and Medway Structure Plan. Once the Draft South East Plan has been ratified these housing provision targets will override those in the Kent and Medway Structure Plan.

South East Regional Housing Strategy

- 2.8.17 The 2006 Regional Housing Strategy set out priorities and funding allocations for 2006-08 identifying key regional issues relating to housing need, supply and delivery. Spending priorities placed emphasis on increased investment in social rented homes and forecast the delivery of 14,348 new affordable homes, 8,909 for social rent and 5,439 for intermediate tenures. This was a 21% increase on the previous programme for 2004-2006.

- 2.8.18 The 2008-11 Regional Housing Strategy was published in April 2008 by the South East Regional Assembly, following the transfer of the Regional Housing Board from the Government Office for the South East to the Regional Assembly. The 2008 strategy follows the same priorities as the 2006 strategy, which are to:
- Build more affordable housing;
 - Bring decent housing within reach of people on lower incomes;
 - Improve the quality of new housing and of existing stock.
- 2.8.19 All of the local authorities except Canterbury within the East Kent sub-region are implementing Planning Policy Statement 3 requirements, and are seeking 30% affordable housing on sites of 15 or more units. Canterbury has a target of 35%, the same as the overall Kent target, reflecting a view that the city's housing market is at least comparable to the broad South East picture, and the fact that the market sector is the least affordable in the sub-region.
- 2.8.20 This percentage is then divided based on a regional level and the requirements of the South East Plan; approximately 70% social rented and 30% intermediate housing. This is equivalent to 7,222 social rented and 2,893 intermediate affordable homes a year within the South East. In order to meet the need for family sized units within the region, the strategy outlines plans to ensure that 25% of new social rented and 15% of intermediate homes funded through the 2008-2011 programme should have three or more bedrooms.
- 2.8.21 Other aims outlined in the strategy include increasing the number of affordable homes in rural settlements, encouraging higher environmental standards and ensuring that the 2010 decent homes target is met within the local authority and private rented sectors.

2.9 Existing sub-regional housing policy and strategy

East Kent needs studies

- 2.9.1 Each of the local authorities in the East Kent area has undertaken housing needs studies in the past five years. The following table identifies the main findings in relation to need and shortfall of affordable housing identified in each study. The figures in table 2.3 relate to a five year time period, apart from where the table specifically details that the figure is annually based.

Table 2.3 Summary of housing needs studies

A and Date publication	Backlog housing need	Newly arising need	Annual shortfall of affordable housing
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A and Date publication	Backlog housing need	Newly arising need	Annual shortfall of affordable housing
Canterbury (2004)	Overall backlog need of 622 affordable homes. Annual need to reduce backlog 124.	Newly arising need is estimated to be 1,095 households.	776 units
Dover (2003)	Total backlog need is 1,000 Annual need to reduce backlog 200.	Newly arising need is estimated to be 614 households.	322 units
Shepway (2003)	Total backlog need is 582. Annual need to reduce backlog is 116.	Newly arising need is 1,118 households.	905 units.
Swale (2005)	Total backlog need is 409 households Annual need to reduce backlog is 82	Newly arising need is 893 households	428 units.
Thanet (2002)	Overall backlog of housing need is estimated at 940 affordable homes. Annual need to reduce backlog is 188.	Newly arising need is 1,246 households.	902 units.

3.0 Stakeholder views

3.1 In May 2008 ECOTEC and the districts held two stakeholder events to collate views and gather local intelligence about key issues relating to the SHMA. Workshops were held covering a number of important issues relevant to the area.

3.1.1 The key points and findings from the workshops have been fed into the body of this report, particularly the sections regarding affordability, local housing market areas, economic factors and transport.

3.1.2 A full summary of the views collated appears as an annex to this report – here we list the subjects covered.

- Transport
- Economic issues
- Demographics
- Planning, land availability and development
- Regeneration
- Rural communities
- Housing need and demand
- Housing Market areas

3.1.3 The principle participants at the events came from a variety of backgrounds. As well as local authority housing and planning staff, there was attendance by elected members of most authorities, housing associations, developers, estate agents, private renting agents, voluntary and community sector groups, as well as representatives from the South East England Regional Assembly, the South East England Development Agency, Government Office for the South East, and the Housing Corporation. A list of those attending appears in annex 12.

4.0 The demographic profile

- 4.1.1 This chapter provides the current demographic profile of the East Kent area. Demography is a key driver underpinning the sub-regional housing market, and the statistics and analysis provided in this chapter will help in understanding what factors affect the housing market in East Kent.

4.2 The demographic profile

- 4.2.1 The population of the East Kent sub-region was approximately 609,300¹⁸ in 2006. Table 4.1 provides the population for each of the districts in East Kent. A note of caution should be used when examining this table, since in order to compare the sub-region with the national and regional stance two different data sources – the Office of National Statistics population estimates and the South East Plan Strategy forecasts – have been used to ensure that this document is in line with the region's other strategic planning documents. These figures therefore differ from those in Section 1, which are based solely on CLG mid year estimates for 2007.

Table 4.1 Mid-year population estimates 2006

	Canterbury	Dover	Shepway	Swale	Thanet	South East England	England
Total population	146,200	106,400	99,600	128,500	128,600	8,291,000	51,094,200

Source: South East Plan Strategy forecasts September 2007 Kent County Council and ONS Mid-year population estimates Crown Copyright Reserved 2007

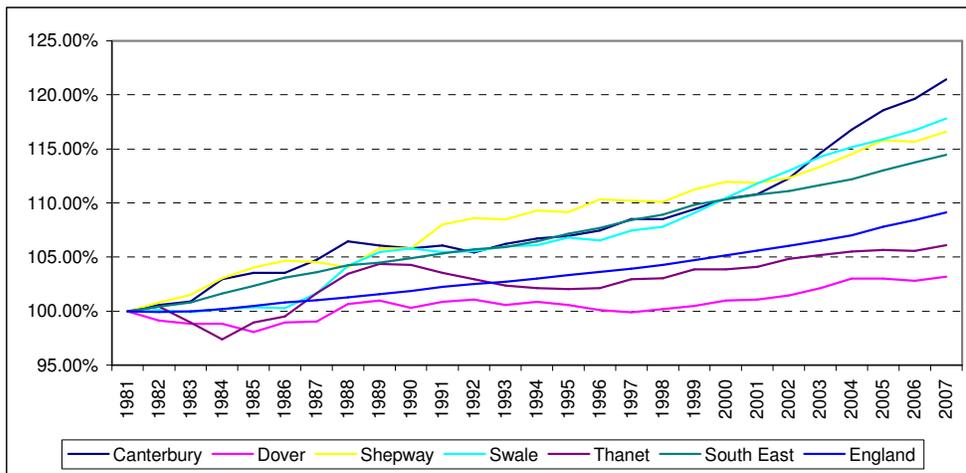
- 4.2.2 Figure 4.1 uses 2007 Office of National Statistics population projections to compare population increases across the sub-region, the region and national context. Utilising 1981 as the base line, the population in East Kent grew by 13%. Figure 4.1 illustrates that rather than this growth being constant, it fluctuated over the first ten years, with net reductions in population in 1983 (-0.24%), 1990 (-0.12%), and 1992 (-0.12%). This runs slightly against the trend for the South East as a whole, which has consistently shown year-on-year population increase. However, it should be noted that the early 2000s (2002-04) saw East Kent's population increasing at twice the rate of the wider South East. Overall, the trend in the sub-region since 1995 has mirrored that of the regional and national trend, apart from Swale whose population fluctuated until 2002 when it 'fell in line' with the overall trend of a steadily increasing

¹⁸ South East Plan Strategy forecasts September 2007 Kent County Council

population. In latter years, this may be linked to the effects of the Thames Gateway Growth Area percolating through.

- 4.2.3 Examining the local authorities of the sub-region in more detail, the populations of Canterbury, Shepway and Swale increased proportionally faster than the regional and national picture. Dover and Thanet's population, although increasing, did so at a slower rate than the other districts or the regional and national pictures. Care must be taken in the use of these figures, as ONS mid-year population estimates have consistently over-estimated population in some areas (Canterbury for example).
- 4.2.4 Canterbury City Council has considerable reservations about the mid-year estimates, especially in relation to migration and student data, and is working with Kent County Council on more robust projections. The City Council believes that there are around 25,000 students enrolled, of which 15,000 are full-time. About 5,900 are in bespoke student accommodation, and the remaining approximately 9,000 are in housing in the City within the wider housing market. Further discussion and analysis below, based on ONS data, should be read with the above caveat concerning Canterbury City in mind.

Figure 4.1 Population change as a percentage of the population in 1981



Source: Mid-year population estimate 2007; ONS Crown Copyright Reserved

- 4.2.5 Table 4.2 examines the components of the population increase in the East Kent region over the previous year. It illustrates that, overall, the sub-region had equal numbers of births and deaths resulting in a '0' rate of natural increase. When examining the local authorities themselves, Swale experienced the greatest increase from natural change, gaining 400 people, while Thanet had the highest rate of negative natural change, losing 200

people. Shepway and Dover also experienced negative natural change, losing 100 residents each.

Table 4.2 Components of population change between 2006 and 2007

	Mid-2006 population	Natural Change	Births	Deaths	All Migration Net	Internal Migration In	Internal Migration Out	International and Cross Border Migration In	International and Cross Border Migration Out	Mid 2007 Population
Canterbury	146,200.00	0	1,600	1,600	2,200	9,300	8,100	2,600	1,600	148,400
Dover	106,400.00	-100	1,100	1,200	500	4,400	3,800	600	600	106,800
Shepway	99,600.00	-100	1,100	1,200	900	4,800	4,000	700	700	100,400
Swale	128,500.00	400	1,600	1,200	800	5,500	4,500	300	500	129,700
Thanet	128,600.00	-200	1,500	1,700	800	5,200	4,400	800	700	129,200
South East	8,237,800.00	24,200	100,700	76,500	29,000	208,600	191,000	96,600	85,200	8,291,000
ENGLAND	50,762,900.00	177,800	652,300	474,600	153,200	0	0	637,700	484,400	51,094,200

Source: Mid-year population estimate: components of population change 2007; ONS Crown Copyright Reserved

- 4.2.6 Table 4.2 indicates that population growth was fundamentally due to internal and international migration. Net migration is also shown in the table 4.2. Net migration is defined by the Office of National Statistics to include changes in the population due to internal and international civilian migration and changes in the number of armed forces (both non-UK and UK) and their dependants resident in the UK. The table indicates that between 2006 and 2007 there was a positive net migration of 5,200 into the sub-region. Canterbury experienced the highest level of international and cross border migration, with 2,600 incomers; however the authority also experienced a high number of people migrating out (1,600).
- 4.2.7 Examining internal migration into the sub-region, Canterbury experienced the greatest increase in its population from this component than the other districts, with 1,200 additional people. Dover had the least internal migration experiencing a net increase of 600 people from this component.
- 4.2.8 Table 4.3 examines the age structure of the population in East Kent in 2006, together with the percentage that the age group forms of the population. The figures in table 4.3 from Kent County Council (South East Strategy forecast figures) cannot be compared with the region or national figures due to the differing age groups.

Table 4.3 : Age structure of the East Kent Local Authorities population in 2006

	Canterbury	%	Dover	%	Shepway	%	Swale	%	Thanet	%
Under 15 years	25,800	18%	20,500	19%	18,500	19%	26,400	21%	25,300	20%
16-24 years	22,100	15%	11,100	11%	9,400	9%	13,600	11%	13,400	10%
25-44 years	37,400	26%	25,200	24%	25,000	25%	35,200	27%	29,500	23%
45-64 years	34,100	23%	29,100	27%	26,300	26%	33,400	26%	33,200	26%
65+	26,900	18%	20,400	19%	20,300	21%	20,000	15%	27,200	21%
Total	146,300	100%	106,300	100%	99,500	100%	128,600	100%	128,600	100%

South East Plan Strategy forecasts September 2007 Kent County Council; figures may not add to 100% because of rounding

4.2.9 The table illustrates the following points:

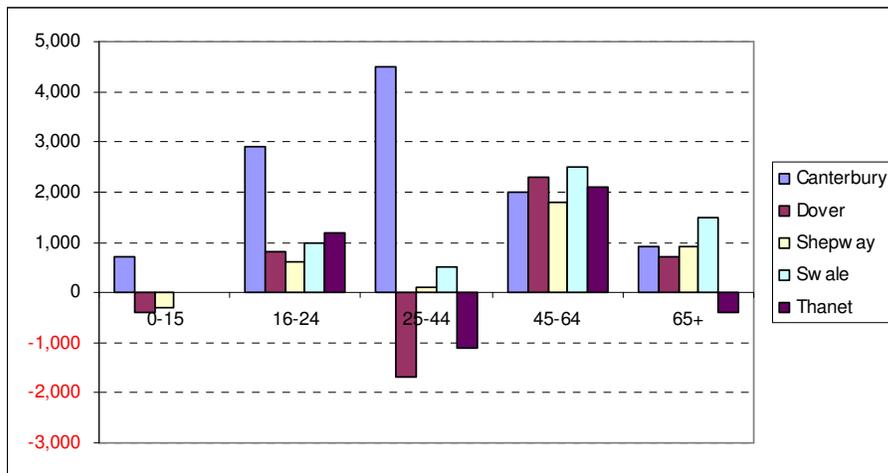
- Swale has the highest number and percentage of under 15s among the Local Authorities, with 21% (26,400), and the highest percentage of 25-44 year olds (27%);
- Canterbury has by far the greatest number and percentage of 16-24 year olds, perhaps reflecting Canterbury's student population;
- The local authorities of Shepway and Thanet have significantly higher proportions of over 65s, compared to regional figures;
- Dover has a higher proportion of 45-64 year olds than the other districts;
- Thanet has lower numbers of 25-44 year olds than the other local authorities.

4.2.10 In addition to examining the age composition of the sub-region it is also important to assess how this make-up has changed over time. Figure 4.2 illustrates the population change by age group between 2001 and 2006. As with table 4.3 the figures cannot be compared with the region or national population due to the differing categorisation of ages:

- Dover and Shepway experienced a reduction in the number of under 15s with a 2% decrease. Canterbury saw a slight increase of 3%, while Swale and Thanet experienced no change in this age group;
- The sub-region experienced an increase in its population in the 16-24 age group. As expected, Canterbury had the largest increase (15%), because of its expanding student population. However Thanet also experienced significant increases in this age category, with a 10% increase;
- In the 25-44 age category Canterbury again experienced the greatest increase (14%), while Dover experienced a loss in this age group of 6%;

- All districts saw numbers in the 45-64 age group rise, as well as in the 65+ age group, apart from Thanet which experienced a slight decrease between 2001 and 2006.

Figure 4.2 : Population change by age group between 2001 and 2006

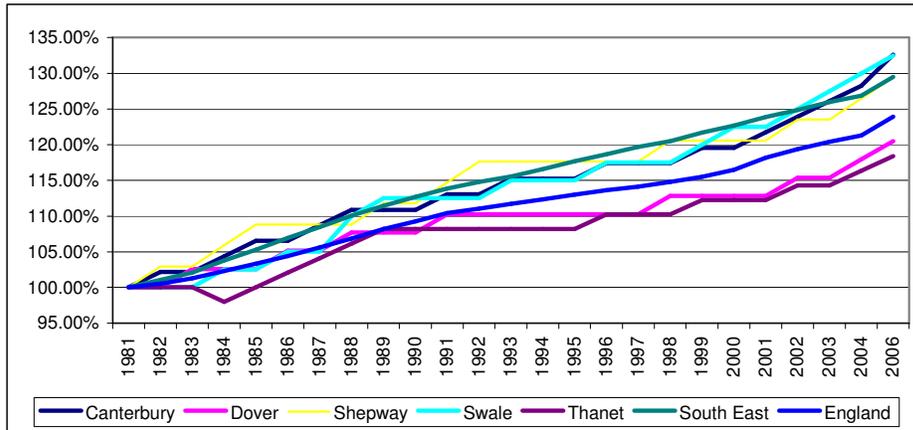


Source: South East Plan Strategy forecasts September 2007 Kent County Council

4.3 Household numbers

- 4.3.1 To assess the trend in household numbers the Office of National Statistics household estimates were utilised rather than Kent County Council data in order to compare the regional and national performance.
- 4.3.2 Between 1981 and 2004, the number of households across the East Kent sub-region rose from 208,000 to 257,000, which equates to a 24% increase. Figure 4.3 also illustrates that overall the trend is one of increasing household numbers, with the sub-region following the regional and national picture. On closer inspection of the local authorities, the number of households between 1981 and 2004 has fluctuated over the twenty-five years shown in figure 4.3; however the overall trend is one of increasing households.

Figure 4.3 Household change as a percentage of the number of households in 1981



Source: Household estimates 2006; ONS Crown Copyright Reserved

- 4.3.3 Examining the local authorities in more detail shows that Canterbury, Shepway and Swale experienced the number of households increasing at a faster rate than both the region and national rate. Thanet and Dover experienced a lower rate of increase than the region and national picture, although the number of households within these two districts has increased by 20% since 1980.
- 4.3.4 Table 4.4 provides the average household size for each of the Districts compared with Kent in 2001 and 2006. Caution is needed when analysing this table as, in order to compare the sub-region with the national and regional figures two different data sources were used, from Kent County Council and ONS household estimates.
- 4.3.5 All of the districts apart from Swale (2.37) had smaller average household sizes than the South East. When comparing 2001 and 2006, the average household size of all of the districts has declined over the five years examined. Swale experienced the greatest decline from 2.45 to 2.37. In 2006 Thanet had the smallest average household size across the five local authorities; Swale had the largest with 2.37.

Table 4.4 Average Household size: 2001 compared with 2006

	Average household size in 2001	Average household size in 2006
Canterbury	2.33	2.32
Dover	2.30	2.25
Shepway	2.29	2.24
Swale	2.45	2.37
Thanet	2.24	2.20
South East	2.43	2.39
England	2.41	2.35

Source: SE Plan Strategy forecasts September 2007 KCC; Households estimates 2006 ONS Crown Copyright Reserved

4.3.6 Table 4.5 examines the household composition of the sub-region, district by district, and compares the East Kent districts' profiles with the South East and national picture. These figures have a 'base' of 2006, and are periodically revised in the light of actual change. The figures in the table below are based on the most up to date available figures from Kent County Council, of November 2008. Because of incompatible categories used by ONS and Kent County Council, the South East and England figures have had to be based on 2001 Census data, and are there purely for reference.

Table 4.5 Household composition in 2006 (updated 2008)

	Married Couples	%	Co-habiting	%	Lone Parents	%	Single Person	%	Other Multiple person	%	Total
Canterbury	26,100	43%	6,400	11%	4,300	7%	18,800	31%	4,800	8%	60,400
Dover	21,100	46%	4,300	9%	3,600	8%	14,900	32%	2,400	5%	46,300
Shepway	19,600	45%	4,400	10%	3,300	8%	14,100	32%	2,300	5%	43,700
Swale	25,400	48%	6,400	12%	3,800	7%	15,000	28%	2,500	5%	53,100
Thanet	23,300	41%	5,500	10%	5,200	9%	20,400	35%	3,100	5%	57,500
South East	1,614,000	47%	361,000	10%	213,000	6%	1,044,000	30%	212,000	6%	3,443,000
England	9,415,000	44%	2,181,000	10%	1,656,000	8%	6,815,000	32%	1,451,000	6%	21,518,000

Source: South East Plan Strategy forecasts September 2008 Kent County Council

4.3.7 The following points can be made with regard to the household composition of the five Local Authorities of the East Kent sub-region:

- The household composition of the sub-region does not differ significantly from that of the County. Kent has slightly more married couples, but fewer single person households;
- Thanet has the highest percentage of single person households (35%) in East Kent, followed by Dover and Shepway with 32%;

- All of the districts have relatively similar numbers of married couples; Swale has the highest proportion with 48%, and Thanet has the lowest;
- The proportion of lone parents was highest in Thanet (9%).

4.3.8 Table 15.1 in annex 1, supplementary statistical information, illustrates how the household composition has changed between 2001 and 2006. Cohabiting couples had the greatest percentage increase of all the household composition types (24.1%). The local authority with the highest percentage change was Canterbury with a 35% increase.

4.3.9 It is also important to note the increase in lone parent households and one person households which both rose in the sub-region by 11%. When these figures are drilled down to local authority level, Canterbury, followed closely by Swale, experienced the highest percentage increase in lone parents with 17% and 15% respectively. In addition Swale experienced the highest increase in one person households over the period with a 15% change.

Ethnicity

4.3.10 Table 4.6 illustrates that the East Kent population is predominantly (98%) made up of those from a White British background. Canterbury has the largest BaME population of the five local authorities with 3.5% of its residents coming from BaME groups. Canterbury has a large and increasing number of foreign students and language schools which helps explain this statistic.

Table 4.6 Ethnicity of head of household in 2001

	Canterbury	Dover	Shepway	Swale	Thanet	South East	England
All People	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
White - British	92.6%	96.1%	94.6%	96.1%	95.1%	91.3%	87.0%
White - Irish	1.0%	0.6%	0.8%	0.7%	0.9%	1.0%	1.3%
White - Other	3.0%	1.8%	1.9%	1.3%	1.7%	2.8%	2.7%
Mixed - White and Black Caribbean	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.5%
Mixed - White and Black African	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Mixed - White and Asian	0.4%	0.2%	0.3%	0.2%	0.3%	0.4%	0.4%
Mixed - Other	0.3%	0.1%	0.2%	0.1%	0.2%	0.3%	0.3%
Asian or Asian British - Indian	0.4%	0.2%	0.2%	0.3%	0.3%	1.1%	2.1%
Asian or Asian British - Pakistani	0.1%	0.0%	0.0%	0.1%	0.1%	0.7%	1.4%
Asian or Asian British - Bangladeshi	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.6%
Asian or Asian British - Other	0.4%	0.1%	1.1%	0.1%	0.2%	0.3%	0.5%
Black or Black British - Black Caribbean	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	1.1%
Black or Black British - Black African	0.3%	0.1%	0.1%	0.1%	0.2%	0.3%	1.0%
Black or Black British - Other	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.2%
Chinese or other ethnic group - Chinese	0.5%	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%
Chinese or other ethnic group - Other ethnic group	0.5%	0.1%	0.1%	0.1%	0.2%	0.4%	0.4%

Source: Census 2001; ONS Crown Copyright

4.4 Summary of key points from the demographic profile of East Kent

- Utilising 1981 as the base line, the population in East Kent grew by 13%; however this was not constant and fluctuated over the twenty-five years examined. In terms of individual local authorities, Canterbury, Shepway and Swale's population increased faster than the other two local authorities and the national and regional population increase. Although Dover's and Thanet's population increased over the time period, it did so at a slower rate; in terms of housing markets, population change is relevant if it results in more or fewer households, and in the age structure of the population (perhaps necessitating different housing solutions)
- Population growth within the sub-region was primarily due to internal and international migration. In terms of natural change Swale experienced the highest population increase; this may be related to the Thames Gateway effect, with a higher birth rate reflecting incoming younger families.; in terms of housing needs, we examine the different pressures for family housing, as well as housing for increasing numbers of single people in sections 11, 12, 13, and 15
- East Kent's age structure does not vary significantly from that of the region; there are slight differences in the 25-44 and the 65+ age groups. Examining the local authorities Swale had the highest proportion of under 15s, and as expected (because of its student population) Canterbury has the highest proportion of the 15-24 group. Shepway and Thanet have the highest proportion of over 65s; the housing impact of both younger and older populations is considered in section 13 in particular
- Examining population change between 2001 and 2006 in the local authorities illustrates that Dover and Shepway's population reduced in the proportion of under 15s. All of the local authorities experienced an increase in the proportion of 15-24 year olds, particularly Canterbury and Thanet. Canterbury experienced an increase in 25-44s (again, at least partly due to the increased number of places at further and higher education institutions) , although Dover saw a decrease. All the local authorities had an increase in the 65+ age category. Whether future economic growth and inward migration will impact on the number of younger households (and hence children) is a moot point. But clearly there are implications for primary, secondary and tertiary education in different districts

- Between 1981 and 2004, the number of households across the sub-region rose from 208,000 to 257,000, which equates to a 24% increase. The number of households in Canterbury, Swale and Shepway increased at a faster rate than the region. Thanet and Dover, although experiencing an increase in the number of households, did so at a slower rate than the region and national picture; an increasing number of households clearly has implications around the supply of additional homes to meet these needs. Discussion of this is the central element in the housing needs projections and the make up and quantity of future market affordable provision, discussed at length in sections 12 and 15
- The average household size reduced between 2001 and 2007 from 2.32 to 2.27, a reduction of 2%; again there are policy implications relating to the size and type of additional housing required, especially when one takes on board aspirations of existing and potential new residents, who may require larger homes than the sizes that crude application of basic bedroom standards generate (see sections 12, 14 and 15 in particular).
- The household composition of the sub-region does not differ significantly from that of the County. Where it does differ is married couples and single person households; Kent has slightly more married couples, but fewer single person households. In terms of the local authorities, Swale has the highest proportion of married couples. Thanet has the highest percentage of single people.

5.0 Migration and commuting

5.1 The headline population figures for East Kent and individual Districts have been discussed in the preceding section, and are summarised in table 4.2. This section looks more specifically at some of the components of those figures, in particular migration, and also examines travel to work patterns, both drivers of housing markets.

5.2 Internal migration

5.2.1 Data from the 2001 census provides a starting point for gaining an insight into migration patterns, but needs to be used in combination with other data sources to gain a rounded picture, as it is relatively out of date. The table below shows information from the census on moves over the previous year.

Table 5.1: Headline migration figures 2000 to 2001

District	% self-containment (movement within local authority)	Net migration	Most common origin of those entering	Most common destination of those leaving
Canterbury	61.5	1,045	Swale	Thanet
Dover	63.7	395	Canterbury	Shepway
Shepway	63.3	635	Ashford	Ashford
Swale	62.7	1,311	Medway	Medway
Thanet	71.3	441	Canterbury	Canterbury
South East	78.2	5,618	London	London

Source: Census 2001 ONS Crown Copyright Reserved

5.2.2 The five local authorities of East Kent all experienced significant levels of positive net migration. As shown in the table above, there were strong migratory relationships between the five local authorities. Two-thirds of those that moved in the East Kent sub-region did so within their own district and one third moved across neighbouring local authority boundaries (including into / from Ashford and Medway). There are strong similarities between these 2000 to 2001 figures and those shown in table 4.2, which looks at changes between 2006 and 2007.

5.2.3 As the census information is relatively out of date, it was compared to ONS migration statistics for local authority areas in England.

5.2.4 The age structure of the net migrants between 2001 and 2006 to the East Kent sub-region is provided in table 5.2, using ONS migration statistics. This includes both migration from within the UK and also international migration.

Overall, the area has lost 1,800 people in the 16-24 age category. However it gained 8,200 people in the 45-64 age group.

Table 5.2 Migration to and from East Kent from 2001 to 2006

East Kent (thousands)	2001-02	2002-03	2003-04	2004-05	2005-06	Total
In migrants						
0-15	6.5	6.1	5.9	5.1	5.0	28.6
16-24	6.4	6.9	7.0	6.8	6.7	33.8
25-44	10.4	10.1	10.2	9.3	8.6	48.6
45-64	5.6	5.6	5.8	5.0	5.0	27.0
65+	2.9	2.5	2.7	2.4	2.3	12.8
Total	31.8	31.2	31.6	28.6	27.6	150.8
Out migrants						
0-15	4.8	4.5	4.8	4.3	4.3	22.7
16-24	6.9	7.0	7.2	7.3	7.4	35.8
25-44	8.9	8.5	8.8	8.6	8.4	43.2
45-64	3.7	3.8	4.0	3.7	3.6	18.8
65+	2.1	1.9	2.1	1.8	1.8	9.7
Total	26.4	25.7	26.9	25.7	25.5	130.2
Net Migrants						
0-15	1.7	1.6	1.3	0.8	0.6	6.0
16-24	-0.5	-0.1	-0.1	-0.4	-0.7	-1.8
25-44	1.5	1.5	1.4	0.7	0.4	5.5
45-64	2.0	1.9	1.9	1.2	1.2	8.2
65+	0.7	0.5	0.6	0.4	0.5	2.7
Total	5.4	5.4	5.1	2.7	2.0	20.6

Source: ONS Migration Statistics 2006

5.2.5 Table 15.2 in the statistical annex provides the same information as table 5.2 for each local authority within the East Kent sub-region. An overview of the main points from each local authority's migration tables are detailed below.

Canterbury

- Overall there was an increase in the population between 2001 and 2006 of 6,500 people, and each age group experienced a net increase;
- The age groups that experienced the greatest increases are the under 15s and the 16-24s which experienced a net increase of 2,200 people – again, much of this can be put down to increasing 'studentification', including foreign students;
- The 45-64 and the 65+ age categories saw the lowest increase with 1,600 and 500 respectively.
- Canterbury saw the lowest levels of internal migration within the sub-region, exhibiting greater propensity for cross-boundary migration than other authorities.

Dover

- Dover's population increased by 2,300 between 2001 and 2006. This was the lowest population increase of the five local authorities;
- The greatest increase was in the 45-64 age category of 1,300 people;
- Dover experienced a loss of 1,500 in the 16-24 age category;
- Specifically examining the age categories migrating into Dover, the majority (7,900) were aged between 25 and 44, the fewest (2,100) were aged over 65;
- The majority of people (6,900) who migrated out of Dover district were again in the 25-44 age category. The lowest number of people who migrated out were over 65.

Shepway

- The total increase in population between 2001 and 2006 was 3,600 people;
- The local authority lost 700 people in the 16-24 age category, and had an increase of 2,100 in the 45-64 age group;
- There were slight increases in the other age groups of 600 (under 15), 900 (25-44) and 700 (65+);
- Specifically examining those age groups who migrated into the local authority area, the majority (8,200) were in the 25-44 age category, the lowest number of people, 2,100, were in the 65+ age group;
- Examining those who migrated out of the local authority the majority, 8,200, were in the 25-44 age group, the lowest number, 2,600, were in the over 65 age category.

Swale

- Swale experienced a greater increase in its population between 2001 and 2006 than the other five local authorities with 8,800; again, this is likely to be because of the Thames Gateway effect;
- The majority, 3,600 were in the 25-44 category. The lowest increase in Swale's population was in the 16-24 age category with 500;
- Compared to the other local authorities, Swale had a relatively high increase in its population under 15 with 2,200, and relatively low increase in its population over 65, with only an increase of 700;
- Looking specifically at the age groups that are migrating into the area, the greatest number occurred in the 25-44 age category with 10,600.

The lowest number were in the over 65 category. These are the same age groups, greatest number 25-44 and lowest number 65+, that are migrating away from the area.

Thanet

- Thanet's population increased by 3,500 between 2001 and 2006;
- The greatest loss in the local authority's population was in the 16-24 age group which declined by 1,300, the biggest increase was in the 45-64 age group with an increase of 2,000 people;
- Specifically looking at inward migration, 8,700 people who were aged between 25 and 44 migrated into the area. This age group was also the largest number to migrate out with 7,400 people.

5.3 International migration

5.3.1 International migration is included in tables 4.2 and 5.2. This section looks in more detail at the origin of foreign workers coming in to the sub-region to take up employment. The key source of data for this is National Insurance Number Registration

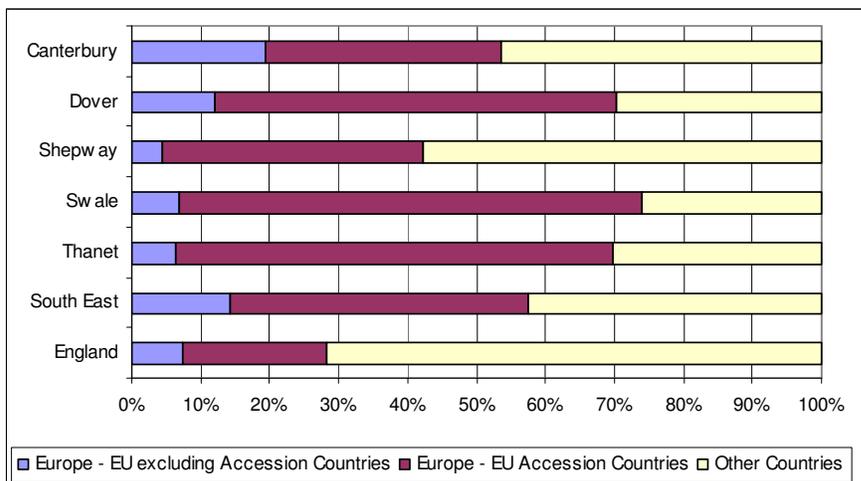
5.3.2 There were 4,400 foreign workers resident in East Kent in 2005/06, and this figure fell slightly in 2006/07. Over half (52%) of these foreign workers were from the A8 EU accession countries, with the majority originating from Poland. As shown in figure 5.1 Swale was the most popular destination for Polish workers in 2005/06, overtaken by Thanet in 2006/07. Both of these local authorities attract workers from Eastern Europe to seasonal and agricultural employment opportunities, and because of the relatively low cost of living. The principal caveat to these figures is that they clearly only relate to legitimate immigrants, who have applied for National Insurance numbers; illegal immigrants, or legitimate ones that have not registered, are excluded from the data.

5.3.3 More research is required to clarify the long-term implications of the new migration patterns. At this stage the following factors should be considered:

- Much immigration is likely to be of young single people whose ultimate aim is to return to their homelands; they are unlikely to settle in the UK, and in the long-term their impact on demographic change is likely to be minimal.

- Many of these will be foreign students, and their raw numbers, short-term presence and 'churn' will impact on the wider housing market. This is particularly an issue for Canterbury
- They are unlikely to place a burden on state income and housing support systems because of the tight regulatory framework they encounter in England.
- They are likely to be important contributors not only to seasonal agricultural and tourism economies but also to the longer term need for care and support staff to support an aging population.
- Their continued presence in East Kent and the UK will depend primarily on economic 'push' and 'pull' factors. If the economies of Central Europe improve at a faster rate than ours, and if the relative wage / price differential of their homelands improves at the expense of the UK's, then we are likely to see increasing numbers of A8 immigrants return home, or move elsewhere.

Figure 5.1 Origin of foreign workers in East Kent 2006/07



DWP: National Insurance Number Registrations 2006/07

As well as foreign workers, there are a large number of foreign students in the area, particularly in Canterbury. This has an impact on both local housing markets and economies.

5.4 Travel- to-work patterns

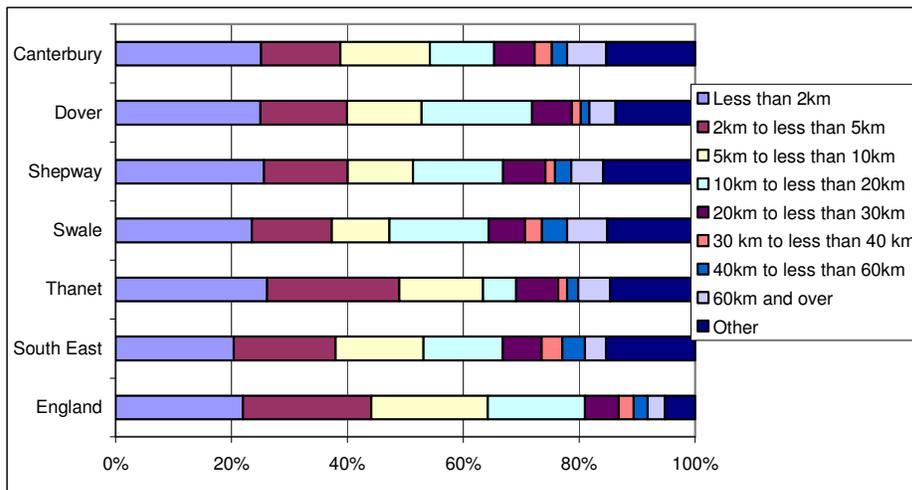
5.4.1 Travel-to-work movements are important determinants of housing market dynamics. The 2001 census indicated that between 65% and 75% of working

residents in the East Kent sub-region travelled to a place of work within their own local authority boundary, between 6% and 18% worked in another East Kent district and a further 10% travel to other parts of Kent. Only 5% of residents travelled to London from the East Kent sub-region, and a minimal number travelled to the wider South East or East of England. These patterns are explored further in tables 5.3, 5.4 and 5.5.

Distance travelled

- 5.4.2 Figure 5.2 presents the distance travelled to work for the East Kent sub-region, the County and the Region. Table 15.4 in the statistical annex provides this information for each of the local authorities.
- 5.4.3 Figure 5.2 illustrates that proportionally more residents in the sub-region travel less than 2km or further than 40km to work than those in the South East, and it is fair to assume that those residents who travel further than 40 km commute to London.
- 5.4.4 In total one quarter of people in the East Kent sub-region travel less than 2 km to work, and around 65% travel less than 20 km, around 12 miles. This is higher than the regional percentage.

Figure 5.2 Distance travelled to work in 2001



Source: Census 2001 ONS Crown Copyright Reserved

- 5.4.5 Examining table 15.4 in the statistical annex, the following points can be made in regard to each of the local authorities:
 - Out of all the local authorities Canterbury has the highest proportion, 23%, of residents who commute less than 2km;

- Swale has the highest number of people travelling between 10km and 20km with 28%; this is likely to relate to the magnet effect of the North Kent coastal economies and Kent Thames Gateway (which includes part of Swale), as well as the draw of Maidstone.
- Thanet has the highest percentage of people who travel between 2km and 5km with 28%;

5.4.6 More specifically:

- In Canterbury, although the majority of residents travelled less than 30km, 12% travelled over 30km to work;
- With regards to Dover, 78% travelled less than 30km, the highest out of all the local authorities; 7% travelled 30km or more;
- Like Canterbury and Dover, 74% of residents in Shepway travelled less than 30km to work, 10% travelled over 30km;
- In Swale, 14% travelled 60km and over, the most of all of the five local authorities;
- 76% of Thanet residents travelled less than 30km with 9% travelling over 30km.

Destinations of travel

5.4.7 The three tables below illustrate, respectively, the number of daily travel to work journeys that take place between the districts and other localities (table 5.3); the percentage of working residents that make those journeys (table 5.4); and the percentage of each local workforce made up of residents of different areas (table 5.5). To illustrate, 3,384 workers commute from Dover to Canterbury, and 2,491 commute from Canterbury to Dover (table 5.3). 4.4% of Canterbury's working residents commute to Dover, and 7.6% of Dover's working residents commute to Canterbury (table 5.4). And 6% of Canterbury's workforce is made up of Dover residents, while 5.6 % of Dover's workforce is made up of Canterbury residents.

Table 5.3 Daily travel-to-work journeys

From \ To	Canterbury	Dover	Shepway	Swale	Thanet	Rest of Kent	South East	London	East of England
Canterbury	41,574	2,491	863	2,120	1,794	4,293	531	2,659	299
Dover	3,384	32,551	3,521	356	1,415	1,959	333	789	203
Shepway	1,448	2,701	29,182	200	249	5,612	496	1,371	140
Swale	2,768	305	189	36,196	201	10,044	505	4,724	319
Thanet	3,673	4,218	435	449	36,812	1,388	332	1,293	197
Rest of Kent	2,467	1,032	2,403	5,926	357				
South East	210	412	423	202	69				

London	310	241	118	353	147
East of England	81	175	55	150	68

Source: Census 2001; ONS Crown Copyright Reserved

Table 5.4 Percentage residents commuting between locations

From \ To	Canterbury	Dover	Shepway	Swale	Thanet	Rest of Kent	South East	London	East of England
Canterbury	73.1	4.4	1.5	3.7	3.2	7.6	0.9	4.7	0.5
Dover	7.6	72.8	7.9	0.8	3.2	4.4	0.7	1.8	0.5
Shepway	3.5	6.5	70.1	0.5	0.6	13.5	1.2	3.3	0.3
Swale	5.0	0.5	0.3	65.2	0.4	18.1	0.9	8.5	0.6
Thanet	7.5	8.6	0.9	0.9	75.1	2.8	0.7	2.6	0.4
Rest of Kent	0.5	0.2	0.5	1.2	0.1				
South East	0.0	0.0	0.0	0.0	0.0				
London	0.0	0.0	0.0	0.0	0.0				
East of England	0.0	0.0	0.0	0.0	0.0				

Source: Census 2001; ONS Crown Copyright Reserved

Table 5.5 Percentage workforce made up of residents of different locations

From \ To	Canterbury	Dover	Shepway	Swale	Thanet	Rest of Kent	South East	London	East of England
Canterbury	74.0	5.6	2.3	4.6	4.3	1.0	0.0	0.1	0.0
Dover	6.0	72.9	9.4	0.8	3.4	0.5	0.0	0.0	0.0
Shepway	2.6	6.0	77.9	0.4	0.6	1.3	0.0	0.0	0.0
Swale	4.9	0.7	0.5	78.4	0.5	2.3	0.0	0.1	0.0
Thanet	6.5	9.4	1.2	1.0	89.2	0.3	0.0	0.0	0.0
Rest of Kent	4.4	2.3	6.4	12.8	0.9				
South East	0.4	0.9	1.1	0.4	0.2				
London	0.6	0.5	0.3	0.8	0.4				
East of England	0.1	0.4	0.1	0.3	0.2				

Source: Census 2001; ONS Crown Copyright Reserved

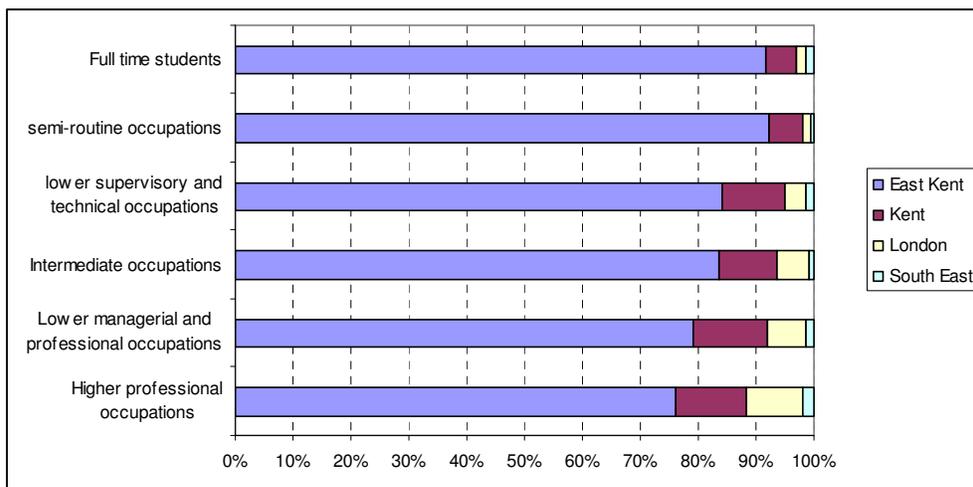
Collectively, the tables illustrate a degree of self-containment in employment patterns that that exists across the sub-region and within the Kent borders. Some of the significant features include:

- The weak attraction that the sub-region has for London-based workers – and therefore the importance of High Speed One rail project in making it easier to work in East Kent
- The very weak pull of other parts of the South East and East of England as either a destination for East Kent workers, or as a source of labour in the East Kent economy. – a further indication of the sub-region's self-containment
- The stronger relationship that Swale has with other parts of Kent and London as destinations for Swale workers; conversely, nearly 13% of the Swale workforce comes from other parts of Kent. The linkages with Kent Thames Gateway and the Medway Towns have been noted earlier.
- The draw of London as a destination for Canterbury workers, and the likelihood that this will be enhanced by improved rail links – with potential impact on housing markets and affordability
- Conversely, the difficulties that Dover-based residents have in accessing London – again, the latter will be eased by High Speed One
- The fact that Thanet is a substantial 'exporter' of labour, especially to Canterbury and Dover – nearly 10% of Dover's workforce comprises Thanet residents. On the other hand, the high degree of self-containment of Thanet's own workforce, with 89% of it made up of local residents. This has implications for encouraging higher skills and modern businesses into Thanet
- The relatively high proportion of Shepway residents (18%) that have found employment in the rest of Kent – presumably reflecting proximity and access to the Ashford Growth Area
- The linkages between Shepway and Dover, with Dover providing 9% of Shepway's workforce.

Commuting and type of employment

5.4.8 Figure 5.3 illustrates the occupation type and travel to work destination of households in 2001. The largest proportion of those working furthest away from home were from 'higher professional' occupations. This reflects the fact that people on higher incomes can afford to travel further, while people on lower incomes tend to work closer to home.

Figure 5.3 Occupation type by place of work: All East Kent residents in 2001



Source: Census 2001; ONS Crown Copyright Reserved

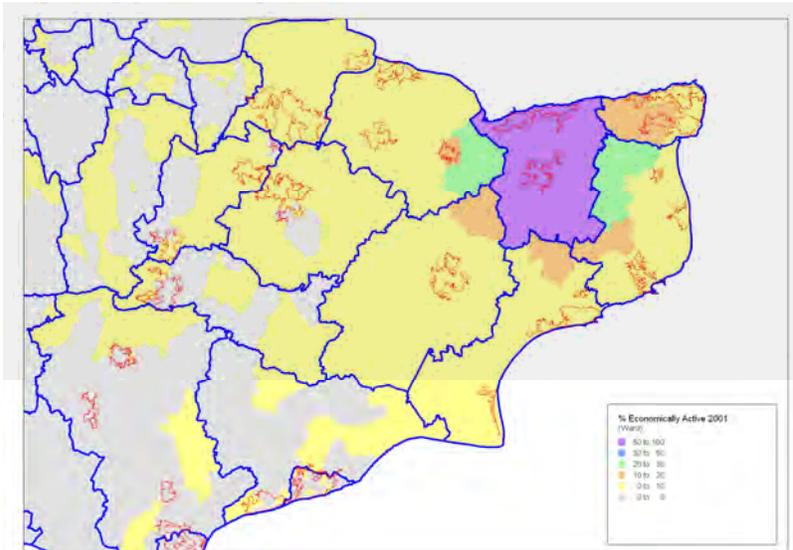
5.4.9 Tables 15.5 to 15.10 in the statistical annex provide figure 5.3 for each local authority and London. It must be emphasised that much of this data is derived from the ONS Travel to Work data, and is taken on face value. In general the graphs highlight that the higher skilled the individual the further they travel for work. However each local authority has its own individual traits which are discussed below:

- Examining Canterbury residents, around 25% of residents are employed in 'higher professional occupations' and 22% of 'large employers and higher managerial occupations' work in Dover (possibly the 'Pfizer effect');
- Looking at where residents of Dover travel to work, around 23% who work in 'intermediate occupations' work in Shepway, with around 23% who work for 'large employers and higher managerial occupations' work in Swale;
- Around 20% of Shepway residents who are employed by 'large employers and higher managerial occupations' work in Thanet;
- Examining Swale's residents, 30% who work in 'higher professional occupations' work in Dover, while 20% work in Thanet;
- Around 30% of Thanet residents who work in 'higher professional occupations' work in Dover;
- As noted above, few Londoners commute into East Kent to work. Of those that do who are in 'higher professional occupations', 30% commute in to Canterbury. with 60% working for 'large employers and

higher management occupations' commuting to Dover, Shepway and Swale (20% each).

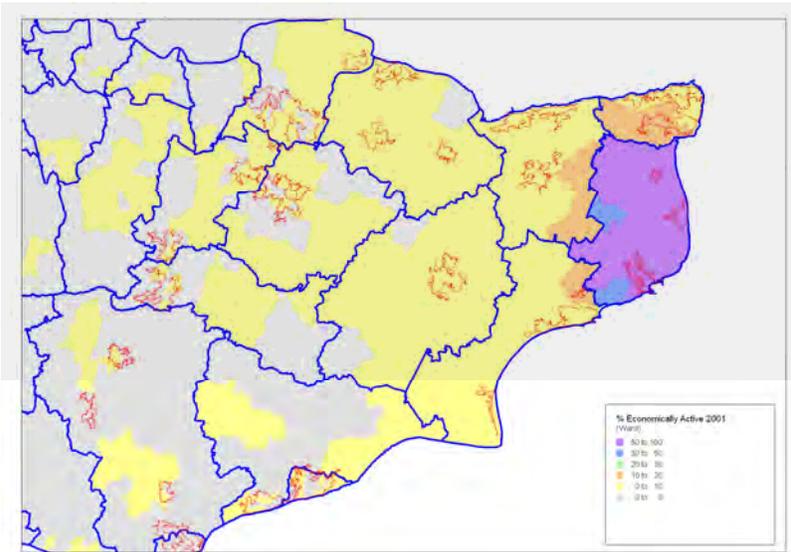
- 5.4.10 Travel to work maps for each of the districts can be found below. The maps illustrate the percentage of economically active population of each ward travelling into the named district for work, and are in effect a graphic representation of table 5.4 at a more detailed level.
- 5.4.11 They highlight both the self contained nature of the sub-region and the relatively small distances that people within the sub-region and the individual local authorities travel to work. Similar maps are also provided for Maidstone, Ashford and for the main Medway towns, which also exhibit the self-contained nature of the labour market within those areas with little evidence of commuting from the study area to these towns.

Map 3 Canterbury Destination



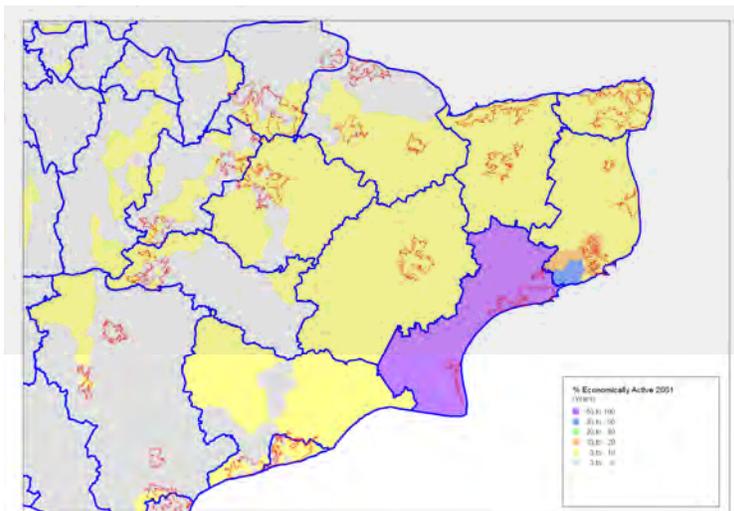
Source: Census 2001 Crown Copyright

Map 4 Dover Destination



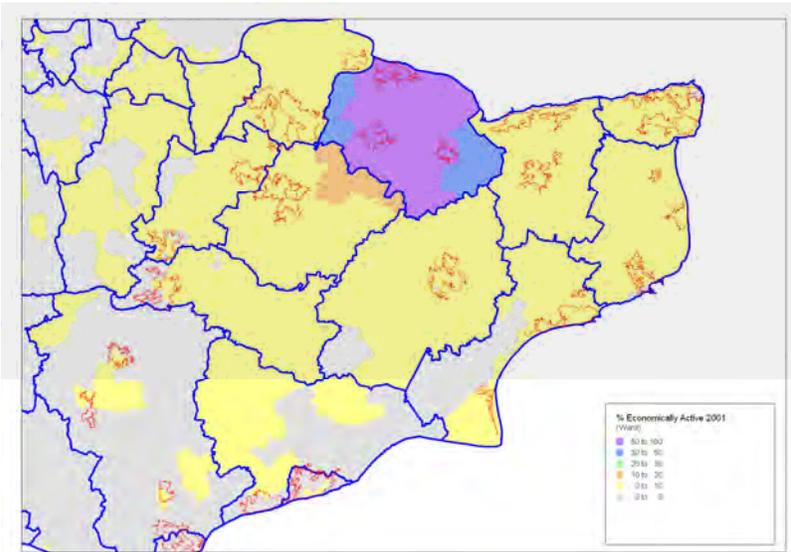
Source: Census 2001 Crown Copyright

Map 5 Shepway Destination



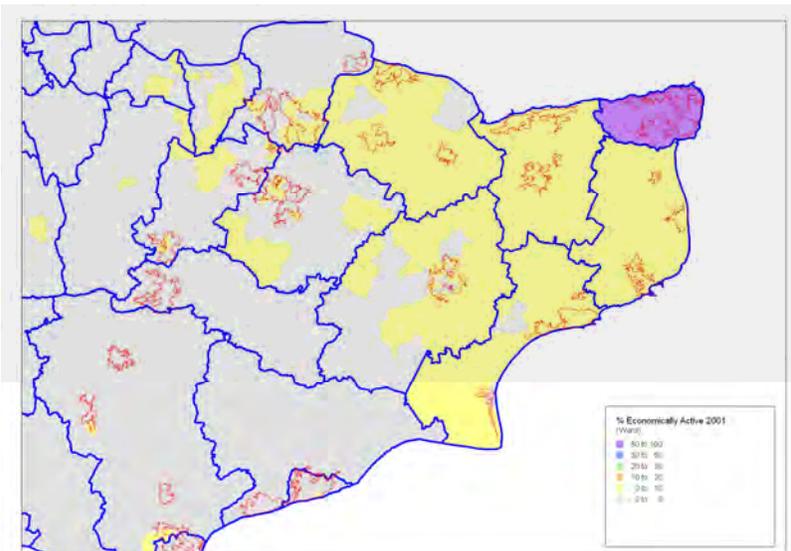
Source: Census 2001 Crown Copyright

Map 6 Swale Destination



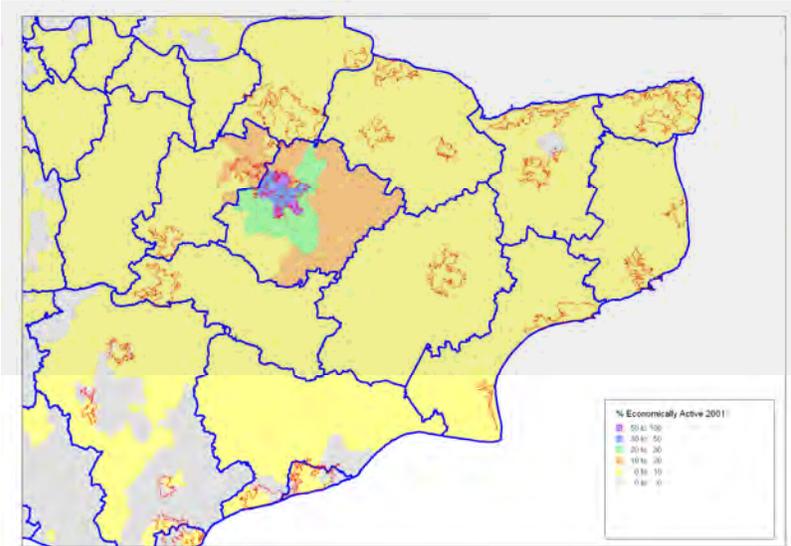
Source: Census 2001 Crown Copyright

Map 7 Thanet Destination



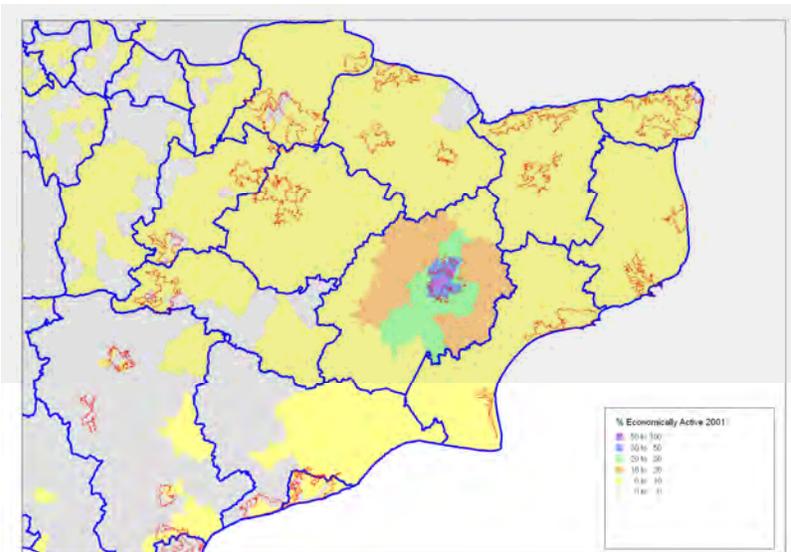
Source: Census 2001 Crown Copyright

Map 8 Maidstone Destination



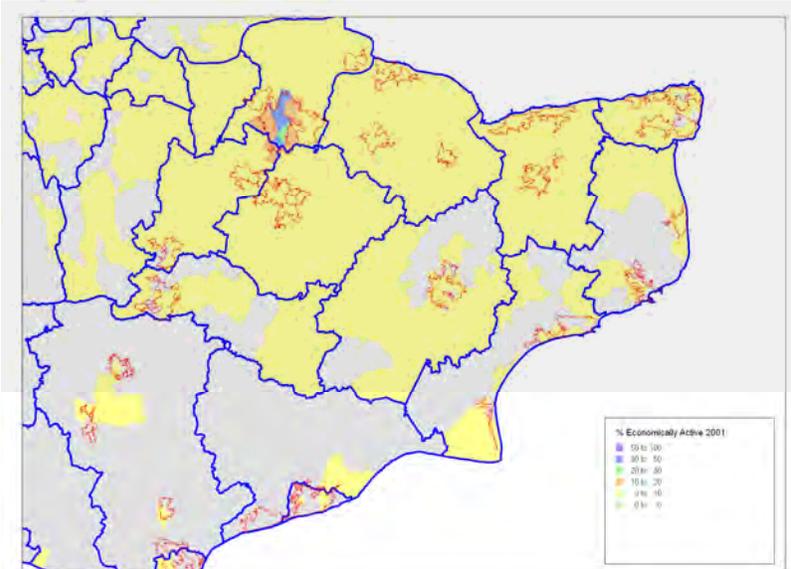
Source: Census 2001 Crown Copyright

Map 9 Ashford Destination



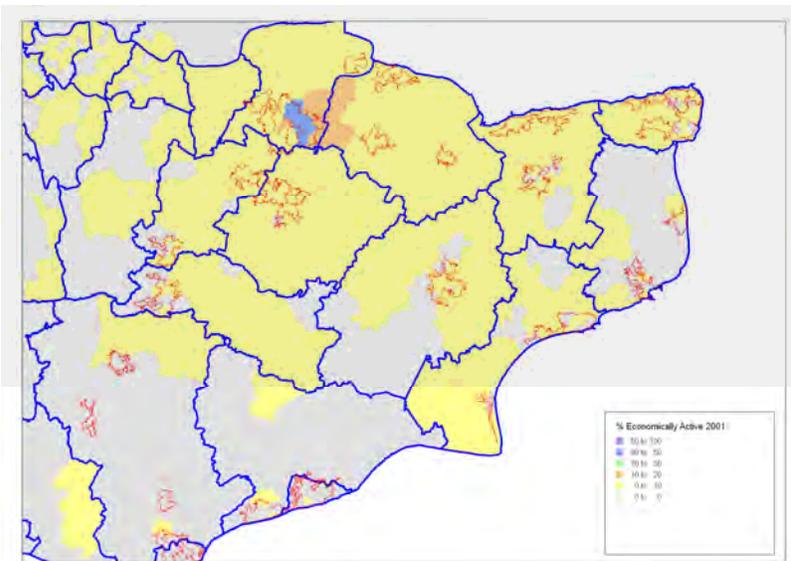
Source: Census 2001 Crown Copyright

Map 10 Chatham Destination



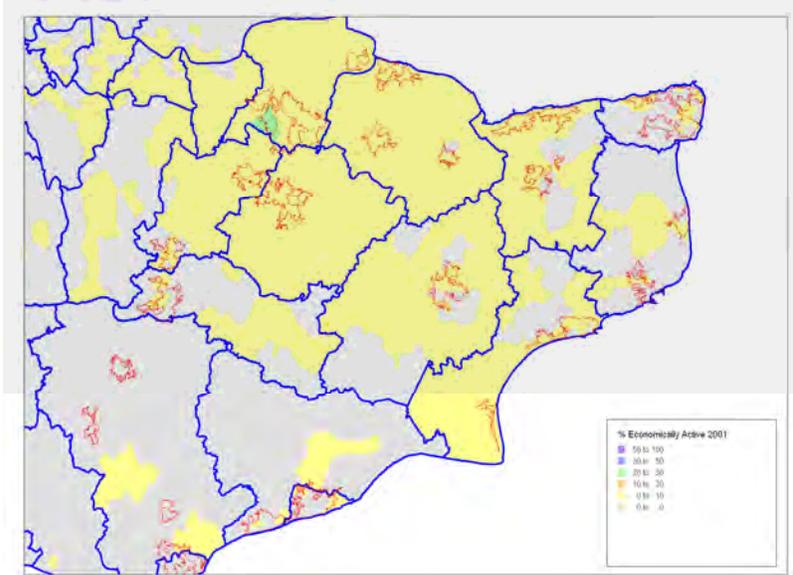
Source: Census 2001 Crown Copyright

Map11 Gillingham Destination



Source: Census 2001 Crown Copyright

Map 12 Rochester Destination



Source: Census 2001 Crown Copyright

5.5 Summary of key points from migration and commuting section

- The five local authorities of East Kent all experienced significant levels of positive net migration. Two-thirds of those that moved in the East Kent sub-region did so within their own district and one third moved across neighbouring local authority boundaries (including into / from Ashford and Medway); this indicates a substantial amount of 'self-containment' - positive in the sense that existing skills may be held within the sub-region, but negative in that it appears to be failing to attract those from further afield, who could bring in new skills. Attracting additional inward migration is a theme in discussion of future markets
- London operates as both a supplier of incomers and a destination of leavers; improving transport links will facilitate these tendencies, which are as relevant to economic development as they are to housing market policy
- Between 2001 and 2006 the East Kent sub-region attracted 20,600 additional people and 4,400 foreign workers, and this figure fell slightly in 2006/07; further work is needed to understand the economic and housing impact of foreign migration, especially in a post credit crunch environment, where UK residency may be becoming less attractive.
- Swale and Canterbury were the two local authorities who had the most net migration with 8,800 and 6,500. This probably reflects, for Swale, the impact of the Kent Thames Gateway initiative and access to the coastal towns; and for Swale, the expansion of the education sector. Dover had the least net inward migration with 2,300;
- Residents who are aged between 25-44 are the most mobile within the sub-region;
- The majority, 3,600 of Swale's net migration (8,800) were in the 25-44 age category; an expanding, youthful workforce is essential to the sub-region's regeneration, and this is a theme that re-occurs in this SHMA
- Canterbury gained most of its net population increase in the under 15s and 16-24 age group – this clearly reflects the expansion of the education sector
- In total one quarter of people in the East Kent sub-region travel less than 2 km to work, and around 65% travel less than 20 km, around 12 miles; this again reflects the relatively self-contained nature of housing and employment markets in much of the sub-region
- Overall in the sub-region people either commute short distances less than 5km or further than 40km. The latter is particularly true of

individuals who are employed in 'higher professional occupations' and 'large employers and higher managerial occupations'. However these residents in the main do not commute to London, but to a variety of local authorities within the sub-region including Dover, Thanet and Swale.

- The incorporation of parts of Swale in the Thames Gateway, coupled with the proximity of many of the Swale settlements to the North Kent ports, Maidstone and London, has an impact on travel to work patterns.

6.0 The economic context

- 6.1.1 The section presents the current economic context of the East Kent sub-region. The economy and associated statistics on employment, skills etc, provide an understanding of a region's economic health, affluence, and households' incomes. This in turn provides an understanding of what households can afford to pay for housing.

6.2 Employment

Economic activity

- 6.2.1 According to the most recent projections from Kent County Council, covering the period up to 2009 there were approximately 360, 679 people of working age residing in the East Kent area, nearly 76% of whom are 'economically active' – that is, in employment or actively seeking work. This information is presented together with the economic activity rates for the local authorities, the region and national figures in table 6.1. The regional and national figures are based on different data sources (NOMIS projections) and therefore may not be strictly comparable.

Table 6.1 Economic activity rates between 2007 and 2009

Area	2007		2008		2009	
	No. active	% working age	No. active	% working age	No. active	% working age
Canterbury	67,661	75.0	68,005	75.2	68,341	75.4
Dover	47,188	75.8	47,371	75.8	47,544	75.8
Shepway	44,342	77.2	44,138	77.3	43,926	77.4
Swale	60,447	77.0	60,440	77.2	60,423	77.3
Thanet	53,522	73.7	53,527	73.8	53,523	73.9
East Kent	273,160	75.7	273,482	75.8	273,757	75.9
South East	4,076,800	82.2	4,110,000	82.1	4,122,700	82.0
England	23,953,500	78.4	24,656,300	78.7	24,769,100	78.6

Source: Kent County Council analysis, NOMIS / Annual population survey; ONS Crown Copyright Reserved

- 6.2.2 East Kent's overall economic activity rate is 5% lower than the regional rate, and lower than the overall England rate by nearly 3%. The rate has remained steady over the last three years, showing a minor increase.
- 6.2.3 The economic activity rate is highest in Shepway with 77.4 % followed by Swale with 77.3%. However Canterbury has seen marginally the greatest increase in the proportion of economic activity. Only Dover has seen no increase. Thanet has the lowest economic activity rate though it has shared the slight increase that most other districts (bar Dover) have experienced.,

Longer term trends (until 2026) show a decline, by between 1000 and 4000, of both working age and economically active population, for all districts except Canterbury, which shows a slight increase (of 1000). Clearly, reversing these projections must be a key objective for both economic and housing policy.

Employment levels

- 6.2.4 In terms of employment rates (those actually in employment,) the percentage employed in East Kent was lower than the average for the South East as a whole (78.4%). The highest employment rate was found in Swale (76.1%), followed by Shepway (75.8%), Canterbury (72.8%), Dover (71.2%) and Thanet (68.7%). The latter three authorities' rates were also below the national average of 74.3%¹⁹.

Unemployment levels

- 6.2.5 With the exception of Canterbury (2%) all East Kent authorities show higher unemployment rates of local residents than the overall Kent average (2.4%), and the South East (2.1%). Thanet showed the highest unemployment rate (4.4%), followed by Shepway (3.3%), Dover (3%) and Swale (3%).²⁰

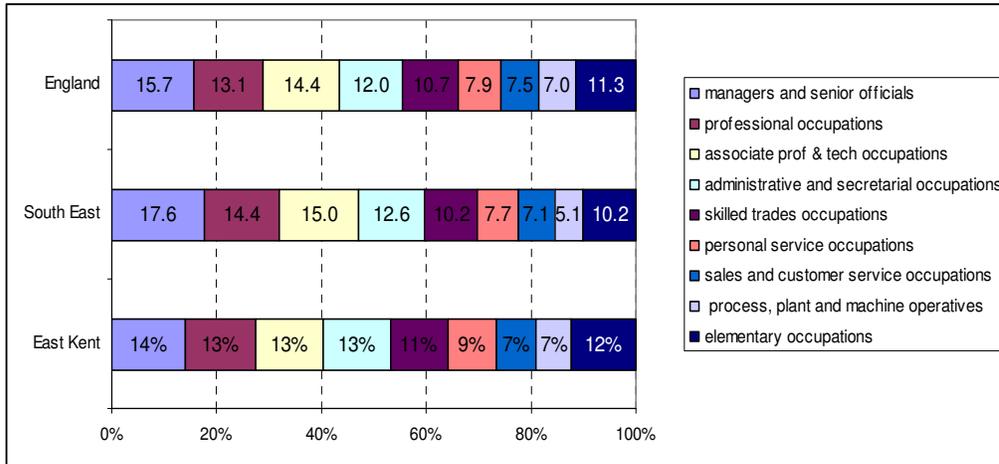
Occupation types

- 6.2.6 The chart below (figure 6.1) shows the percentage of the population in employment by occupation type. East Kent's working population is relatively equally spread across the occupation types, apart from 'sales and customer service' and 'process, plant and machine operatives occupations' which have slightly higher proportions of employees than the region and national figures.
- 6.2.7 Compared to the region as a whole East Kent has a lower proportion of its population employed as 'managers and senior officials', 'professional occupations' and 'associated professional and technical occupations'.
- 6.2.8 There is no single explanation of why there is a relatively high economic inactivity rate. In part it is because the industrial, business and commercial profile in the South East has changed and, as described in Section 1 and elsewhere, sectors of the East Kent population lack the skills to capitalise on the knowledge economy, or the transport connectivity to access more central employment opportunities. In part it can be put down to demographic change, with increasing proportions of both older and very much younger people, and decreasing numbers of active and experienced working-age residents.

¹⁹ Economic Profile 2008 series, November 2008, Kent County Council

²⁰ Quarterly Economic Bulletin, Winter 2008/2009, Kent County Council

Figure 6.1 Employment by occupation type: East Kent compared with the regional and national picture



Source: NOMIS / Annual population survey; ONS Crown Copyright Reserved, covers the period Apr 2006 – Mar 2007

- 6.2.9 Table 6.2 presents figure 6.1 for each of the constituent authorities of East Kent. Canterbury has the highest percentage of its population employed in professional occupations (reflecting the education sector), with 19%. Dover has the highest proportion employed in administrative and secretarial occupations with 16.6%. Shepway has the majority of its working age population employed in associate professional and technical occupations. Swale and Thanet are interesting in that they have the highest proportion of the population employed as managers and senior officials with 18.1% and 19.2%; however in addition they also have the highest proportion employed in elementary occupations with 13.4% and 13%.
- 6.2.10 This information needs to be considered alongside that in section 5.3, on migration and commuting patterns. The two key conclusions there were that the higher the skill level, the further the resident is likely to travel to work; but, as a whole, the sub-region is relatively self-contained in terms of the distance that residents are prepared to travel to work. The housing implications of this may be complex, but among others there must be awareness that higher income in-comers may put pressure on local markets, reducing the options for lower-income residents and their children; and that higher value locations have options to attract higher income residents, even if they have to travel further.

Table 6.2 Employment by occupation type January 2007 – December 2007

	Canterbury		Dover		Shepway		Swale		Thanet		South East		England	
	number	%	number	%	number	%	number	%	number	%	number	%	number	%
Managers and senior officials	10,500	14.5	3,000	6.2	7,500	16.1	10,500	17.6	8,900	18.3	725,900	17.5	3,845,300	15.7
Professional occupations	13,800	19.0	6,100	12.6	3,700	8.0	6,500	10.9	6,500	13.5	602,800	14.5	3,210,100	13.1
Associate prof & tech occupations	12,500	17.3	6,400	13.3	7,100	15.1	6,700	11.2	5,400	11.0	638,600	15.4	3,579,600	14.6
Administrative and secretarial occupations	9,200	12.7	7,000	14.5	5,900	12.5	6,700	11.3	4,900	10.1	501,900	12.1	2,889,400	11.8
Skilled trades occupations	6,000	8.2	3,600	7.4	7,000	15.0	7,000	11.8	7,300	15.2	428,700	10.3	2,622,300	10.7
Personal service occupations	5,800	8.0	5,800	12.1	3,600	7.6	4,100	6.9	3,900	8.0	316,500	7.6	1,915,100	7.8
Sales and customer service occupations	5,100	7.0	3,300	6.8	3,700	7.9	3,900	6.6	4,000	8.2	296,600	7.1	1,835,500	7.5
Process, plant and machine operatives	3,200	4.3	6,700	13.8	3,100	6.7	5,700	9.7	2,300	4.7	214,400	5.2	1,735,800	7.1
Elementary occupations	6,600	9.0	6,400	13.2	5,300	11.2	8,400	14.1	5,300	11.0	422,900	10.2	2,777,900	11.3

Source: NOMIS / Annual population survey; ONS Crown Copyright Reserved

6.3 Health of the economy

Table 6.3 Net gain or loss in of VAT registered enterprises by industry in 2006

Industry	Canterbury	Dover	Shepway	Swale	Thanet	South East	England
Agriculture; Forestry and fishing	0	0	0	0	-5	-35	-795
Mining and quarrying; Electricity, gas and water supply	0	0	0	0	0	0	-15
Manufacturing	0	0	0	-10	-5	-285	-1,530
Construction	40	10	15	10	15	1,090	6,165
Wholesale, retail and repairs	30	5	0	-20	20	820	4,725
Hotels and restaurants	15	10	10	15	15	845	4,425
Transport, storage and communication	5	0	15	85	-10	320	1,560
Financial intermediation	0	0	0	0	0	10	90
Real Estate, renting and business activities	45	25	15	55	10	3,030	17,935
Public administration; community, social and personal services	5	-5	-5	5	5	-5	825
Education; health and social work	5	0	10	0	0	220	1,270
Column Total	145	45	60	140	45	6,010	34,655

Source: NOMIS / VAT registrations by industry; ONS Crown Copyright Reserved

- 6.3.1 Table 6.3 provides information on VAT registrations and de-registrations. These are the best official guide to the pattern of business start-ups and closures. They are an indicator of the level of entrepreneurship and of the health of the business population.
- 6.3.2 The above table illustrates that like the regional performance, the number of VAT registered manufacturing industries has declined. The number of real estate, renting and business activities, and construction industries has increased, and it is plausible to suggest this was in some part because of the buoyant property market being enjoyed in 2006.
- 6.3.3 When examining the local authorities in detail, it is clear that Canterbury and Swale experienced higher net gains in VAT registered industries than the other Districts, 145 and 140 respectively.
- 6.3.4 In terms of industries, Canterbury and Dover experienced gains in real estate, renting and business activities, and particularly in Canterbury's case construction industries. Shepway also experienced an increase in construction and transport, storage and communication industries.
- 6.3.5 Swale and Thanet experienced losses and gains in a number VAT registered industries. Swale saw losses in manufacturing and wholesale, retail and repairs, whereas Thanet experienced losses in agriculture, forestry and fishing, manufacturing and transport, storage and communication. In terms of industry gains Swale experienced significant gains in transport, storage and communication, and in real estate, renting and business activities, whereas Thanet gained the most wholesale, retail and repairs industries.
- 6.3.6 Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom, and is used to estimate Gross Domestic Product.
- 6.3.7 Table 6.4 provides the GVA for the local authorities of East Kent together with that of England and the region. Thanet, Swale and Dover all proportionally increased their GVA at a faster rate than both the country and region. Perhaps surprisingly (in view of its expanding educational sector), Canterbury fell below the South East average. Shepway's low GVA is perhaps explicable by its low-value agricultural and tourism economic base and its relatively substantial older population.

Table 6.4 Gross Value Added²¹ per head of 2001 and 2006 and % change

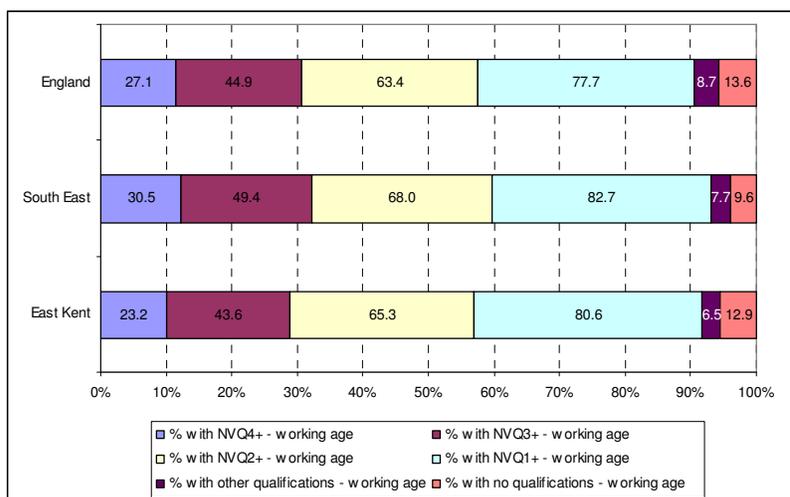
	2001	2006	% change
Canterbury	11,544	14,199	23%
Dover	9,775	13,051	34%
Shepway	9,857	12,016	22%
Swale	9,311	12,506	34%
Thanet	7,768	10,639	37%
South East	17,290	21,514	24%
England	15,060	19,082	27%

Source: ONS Regional Gross Value Added

6.4 Qualifications

6.4.1 Figure 6.2 below illustrates the percentage of the working age population with NVQ or other qualifications. It shows that East Kent has a lower proportion of working age population with NVQ level 4 or above than the South East and England with 23.2% compared to 30.5% and 27.1% respectively. In addition it illustrates that 80.6% of East Kent's working age population has level 1 or above NVQ, which is slightly above the national figure of 77.7%, but slightly below the South East regional figure of 82.7%. Overall nearly 13% of East Kent's working age population has no qualifications.

Figure 6.2 Percentage of the working age population with NVQ or other qualifications Jan – Dec 2006: East Kent compared with the regional and national picture



Source: NOMIS Annual population survey January to December 2006 extracted on the 9th June 2008. Qualifications data are only available for the periods Jan-Dec 2005 and Jan-Dec 2006.

²¹ Estimates of regional GVA in this table are on a residence basis, where the income of commuters is allocated to where they live rather than their place of work.

6.4.2 Table 6.5 illustrates the percentage of East Kent's working age population with an NVQ or other qualification, broken down by the five constituent local authorities. Canterbury has the highest proportion of its working age population with an NVQ level 4 or higher (31.4% of its working age population). Thanet has the highest proportion of working age population with no qualifications (16.4%). This proportion is higher than the national and regional figures.

Table 6.5 Percentage of the working age population with NVQ or other qualification January to December 2006

	% with NVQ4+ - working age		% with NVQ3+ - working age		% with NVQ2+ - working age		% with NVQ1+ - working age		% with other qualifications - working age		% with no qualifications - working age	
	number	%	Number	%	number	%	number	%	number	%	number	%
Canterbury	25,900	31.4	42,600	51.6	59,000	71.5	68,300	82.8	5,600	6.7	8,700	10.5
Dover	9,300	15.1	22,800	36.9	41,300	66.9	49,900	80.8	2,700	4.4	9,200	14.8
Shepway	14,500	25.2	28,300	49.2	39,300	68.3	48,500	84.3	4,500	7.8	4,600	7.9
Swale	14,900	19.8	31,500	41.7	46,400	61.5	60,700	80.4	4,100	5.5	10,700	14.1
Thanet	16,200	22.9	26,500	37.4	41,600	58.8	53,300	75.2	5,900	8.3	11,600	16.4
South East	1,521,800	30.5	2,467,200	49.4	3,395,600	68.0	4,130,200	82.7	382,800	7.7	480,700	9.6
England	8,319,500	27.1	13,765,000	44.9	19,435,700	63.4	23,824,400	77.7	2,669,800	8.7	4,174,000	13.6

Source: NOMIS Annual population survey January to December 2006 extracted on the 9th June 2008. Qualifications data are only available for the periods Jan-Dec 2005 and Jan-Dec 2006.

6.5 Average household incomes

6.5.1 Data on household incomes is of critical importance to any housing market study, and is available from several sources. As recommended in the CLG guidance, CACI PayCheck data has been used in this assessment, covering the year 2007. CACI is used by over 70% of local authorities, and is the most comprehensive source of household income data available. As well as including earnings it incorporates incomes of those not in work, such as Income Support and Job Seekers Allowance (which are excluded from the Annual Survey of Hours and Earnings – ASHE), as well as income from savings. It also includes incomes of self-employed people, also absent from ASHE. There is much discussion about the relative merits of ASHE versus CACI. It is a fact that the purely earnings-based approach used by ASHE generally generates lower levels of resources. However, we would suggest that as the CLG SHMA Practice Guidance specifies that SHMAs are required to take into account both income and earnings, and notes the deficiencies of

ASHE in this regard, using CACI PayCheck produces a more robust set of findings and inputs to the housing needs calculations than does ASHE²².

6.5.2 The table below shows the mean, median and lower quartile household incomes for the East Kent local authorities based on this source.

Table 6.6 Mean, median, lower and upper quartile household incomes (£s) in 2007

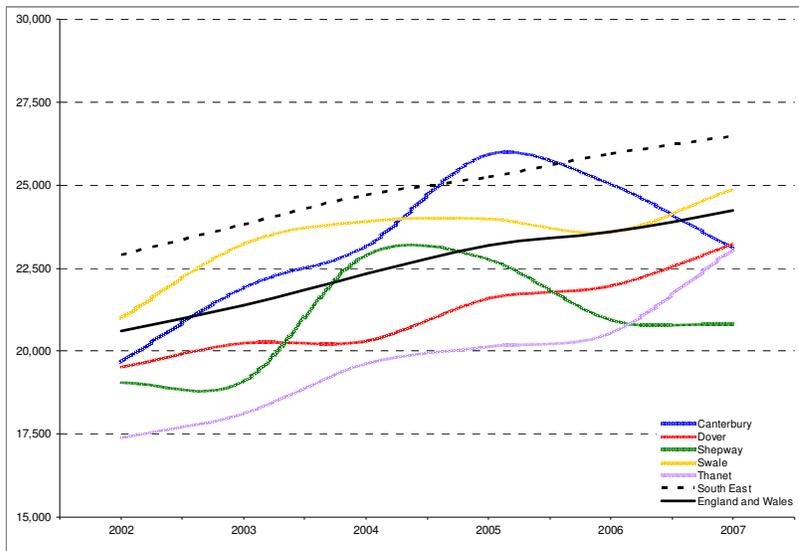
	Mean	Median	Lower Quartile	Upper Quartile
Canterbury	32,564	27,776	17,330	42,383
Dover	32,049	27,445	17,181	41,676
Shepway	32,380	27,694.	17,310	42,127
Swale	33,951	28,933	18,064	44,133
Thanet	29,584	25,270	15,905	38,446
Average	32,066	27,371	17,096	41,697

Source: CACI PayCheck, 2007

6.5.3 ASHE is useful in tracking earnings trends over time. As noted it is based on different data; the data in figure 6.3 below cannot be compared with that in table 6.6. Figure 6.3 illustrates a trend-based analysis of mean gross annual pay from 2002 to 2007. The figure illustrates that while incomes in the South East have risen steadily over the period, incomes in the East Kent local authorities have fluctuated, particularly in Canterbury and Shepway. There is no obvious explanation for this volatility, and it is possible that it is a side-effect of ASHE's sampling methodology, or of short-term economic factors in play in the two districts. Over time, however, it is apparent that the South East upward trajectory is being mirrored in East Kent, albeit at a slower rate in some districts.

²² Strategic Housing Market Assessments – Practice Guidance, version 2, CLG, 2007, p22

Figure 6.3 Mean gross annual earnings (£s): East Kent Districts, from 2002 to 2007 (residence based)

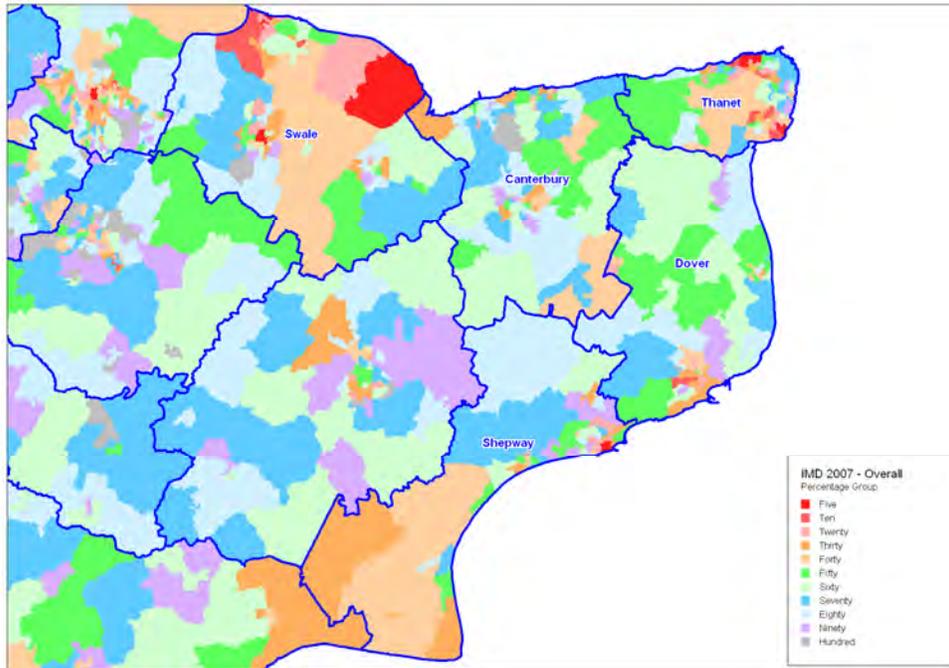


Source: ASHE, ONS Crown Copyright reserved 2007

6.6 Deprivation and homelessness

- 6.6.1 The English Indices of Deprivation 2007 (ID 2007) are the Government's official measure of multiple deprivation at small area level. ID 2007 brings together 37 different indicators which cover specific aspects or dimensions of deprivation: income, employment, health and disability, education, skills and training, barriers to housing and services, living environment and crime. These are weighted and combined to create the overall ID 2007. There are different ways of interpreting ID 2007, and we have restricted ourselves to looking at 'ranks' – where small areas sit in a list of the most to least deprived. The ID 2007 ranks can be used to identify the most deprived small areas by applying cut-off points such as within the 5% most deprived areas in England, 10%, 15%, etc. as in the map below.

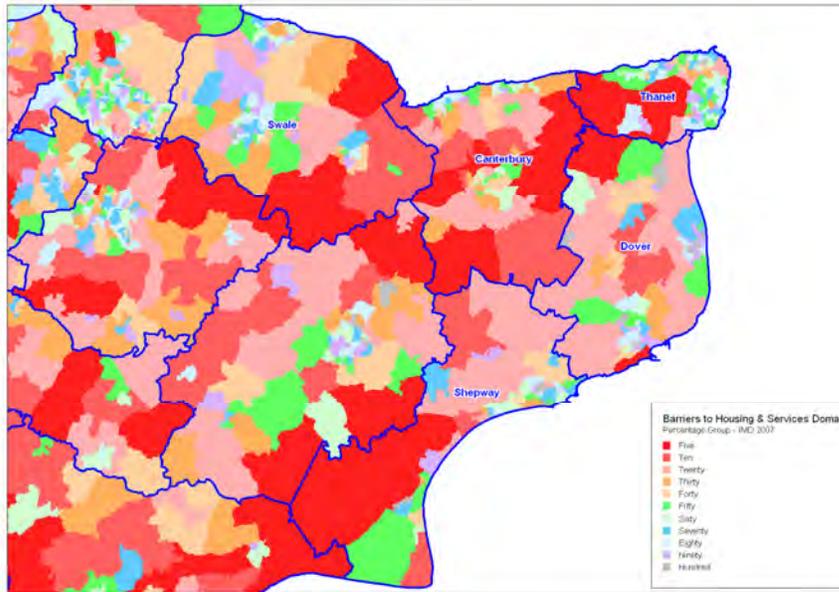
Map 13 Indices of multiple deprivation in the East Kent sub-region in 2007



Source: *Communities and Local Government 2007*

- 6.6.2 Between 2004 (the date of the previous ID) and 2007, the relative position for the county of Kent worsened marginally, moving from 106th to 104th of 149 county councils, 1 being the most deprived. Overall Thanet is the most deprived local authority in the East Kent sub-region, and indeed in Kent as a whole. Swale and Shepway are respectively second and third most deprived in Kent (Dover is fifth, and Canterbury seventh of the twelve Kent districts). More detail is shown by the map, which highlights the problems of the coastal towns in particular.
- 6.6.3 Looking at deprivation in more detail the specific Housing Deprivation Indicator is mapped and shown below:

Map 14 Sub domain to the index of multiple deprivation 2007: Barriers to housing and services



Source: *Communities and Local Government 2007*

6.6.4 The Barriers to Housing and Services sub-domain of the Index of Multiple Deprivation (IMD) measures barriers to housing and key local services. The indicators are:

- Household overcrowding (source census 2001);
- District level rate of acceptances under the homelessness provisions of the 1996 Housing Act (CLG 2005);
- Difficulty of access to owner-occupation (source modelled estimates produced by Heriot-Watt University 2005);
- Road distance to a GP surgery (source: national Health Service Information Authority);
- Road distance to a general store or supermarket (source MapInfo Ltd 2005);
- Road distance to a primary school (Source DfES 2004-05);
- Road distance to a post office or sub post office (source Post Office Ltd 2005).

6.6.5 The indicators within each of the sub-domains are standardised and combined using equal weights.

6.6.6 Map 9 illustrates that overall rural districts within East Kent are more deprived (indicated by the red and pink colours), than their urban counterparts. Although these areas are perceived to be affluent this indicator measures more 'hidden' deprivation themes, as indicated above. The map illustrates that rural affordability is an issue in all of the districts, as is access to services and overcrowding. The lack of investment in rural areas, noted from the rural stakeholder workshops, has compounded the issue, with people employed in more traditional industries (e.g. agricultural employment) struggling to afford housing and the closure of rural amenities (e.g. post offices) leading to people having to travel further to access basic amenities.

6.7 Households receiving benefits

6.7.1 In 2006 216,400 (62%) working age people were receiving non working benefits within the East Kent sub-region. This number has steadily risen over the first three years shown in table 3.12, from 209,370 in 2004 to 216,420 in 2006, a 3% increase. However in 2007 the total number of people claiming benefit fell slightly from 216,420 to 211,890 in East Kent with all districts seeing reductions.

Table 6.7a Snapshot of total number of benefit²³ claimants from 2004 to 2007

	Total 2004	Total 2005	Total 2006	Total 2007
Canterbury	38,900	39,240	39,590	38,440
Dover	36,840	37,240	37,760	36,120
Shepway	35,700	36,200	36,740	36,160
Swale	42,980	43,980	45,630	45,330
Thanet	54,950	56,190	56,700	55,840
South East	1,948,190	1,962,230	1,998,220	1,960,840
England	17,514,040	17,472,800	17,657,580	17,288,900

Source: DWP, extract from NOMIS June 2008

6.7.2 In terms of percentages of working age individuals receiving benefits, Thanet has consistently seen its population have greater reliance on benefits than the other districts, with Canterbury's residents claiming benefits the least, proportionately. As is clear, in common with other economic indicators, East

²³ Benefits include: Carers allowance, Disability Living Allowance, Incapacity Benefit, Income Support, Job Seekers allowance, severe disablement allowance, widows benefit.

Kent residents perform worse than the South East average and, with the exception of Canterbury, worse than national averages.

Table 6.7b Snapshot of percentage of benefit claimants from 2004 to 2007

	Total 2004	Total 2005	Total 2006	Total 2007
Canterbury	11.1%	11.0%	11.0%	10.5%
Dover	14.8%	14.9%	15.3%	14.6%
Shepway	15.7%	15.6%	15.9%	15.7%
Swale	13.9%	14.2%	14.5%	14.3%
Thanet	19.1%	19.4%	19.6%	19.3%
South East	9.8%	9.8%	9.9%	9.6%
England	14.1%	13.9%	13.9%	13.6%

6.8 Limiting long-term illness

6.8.1 Table 6.8 illustrates the number and proportion of the population within the sub-region with limiting long-term illnesses. Knowing the number of people in a population with a long-term health problem or disability is important for a number of reasons. Limiting illness rates serve as an indicator of the overall health of the population, particularly when analysed in relation to factors known to determine health such as housing.

Table 6.8 Number and proportion of the population with a limiting long term illness in 2001

	With a Limiting Long-Term Illness	Proportion of the population
Canterbury	25504	19%
Dover	21459	21%
Shepway	19726	20%
Swale	21623	18%
Thanet	29038	23%
South East	1237399	15%
England	8809194	18%

Source: Census 2001 ONS Crown Copyright reserved

6.8.2 This table illustrates that, apart from Swale, all the Districts have higher proportions of their population with limiting long term illnesses than the county, the region and national figures. Thanet has the highest proportion with 23%, which is 8% higher than the regional figure; in addition Dover and Shepway also have relatively high proportions of their populations with limiting long term illnesses.

6.9 Homelessness

- 6.9.1 In the financial year 2006/07 the number of people accepted as homeless and in priority need fell to 390. This is a reduction of 3% on the previous financial year, and of 59% on 2004/05.
- 6.9.2 Swale experienced the greatest proportional decrease of the five local authorities, with an 80% reduction in the numbers accepted as homeless and in priority need between 2004/05 and 2006/07. Prevention of homelessness has been a high policy priority for Swale.
- 6.9.3 In addition table 6.9 illustrates the number of homeless people in temporary accommodation (a 'snapshot' as of 31 March of the relevant year). These numbers have also significantly dropped over the same time period, from 856 in 2004/05 to 562 in 2006/07, a reduction of 294 or 34%. Again Swale experienced the most significant fall in numbers in temporary accommodation, seeing a 59% decrease in numbers.
- 6.9.4 The local authorities within the East Kent region have made significant progress in decreasing the numbers in temporary accommodation in line with CLG's target of a 50% reduction by 2010.

Table 6.3 Numbers homeless and in Temporary Accommodation (as of 31 March) from 2004/05 to 2006/07

	2004/05		2005/06		2006/07	
	Homeless	In TA	Homeless	In TA	Homeless	In TA
Canterbury	109	286	87	246	76	228
Dover	177	114	97	118	90	83
Shepway	192	158	108	144	68	107
Swale	227	182	112	147	45	75
Thanet	251	116	-	111	111	69
South East	12,420	12,440	9,330	11,160	6,660	8,440
England	120,860	101,070	93,980	96,370	73,360	87,120

Source: P1e returns 2007

6.10 Key points arising from the economic context of the sub-region

- According to the most recent annual population survey covering the financial year to March 2007 there were approximately 348,500 people of working age residing in the East Kent area, 79% of whom were 'economically active';
- At 73.8%, the percentage of those employed in East Kent was around 5% lower than the South East region as a whole (78.4%);

- At 6.6%, East Kent has a higher unemployment rate than the region and national percentages, 4.2%, and 5.4% respectively. Thanet had the highest unemployment rate with 8.3%, followed by Swale with 8%;
- Overall East Kent has a higher proportion of people employed in public administration education and health (40%), and distribution, hotels and restaurants (24%) compared to the county and region;
- Compared to the region, East Kent has a lower proportion of its population employed as managers and senior officials, professional occupations and associated professional and technical occupations;
- East Kent sub-region has a lower proportion of working age population with NVQ level 4 or above than the South East.

7.0 The existing housing stock

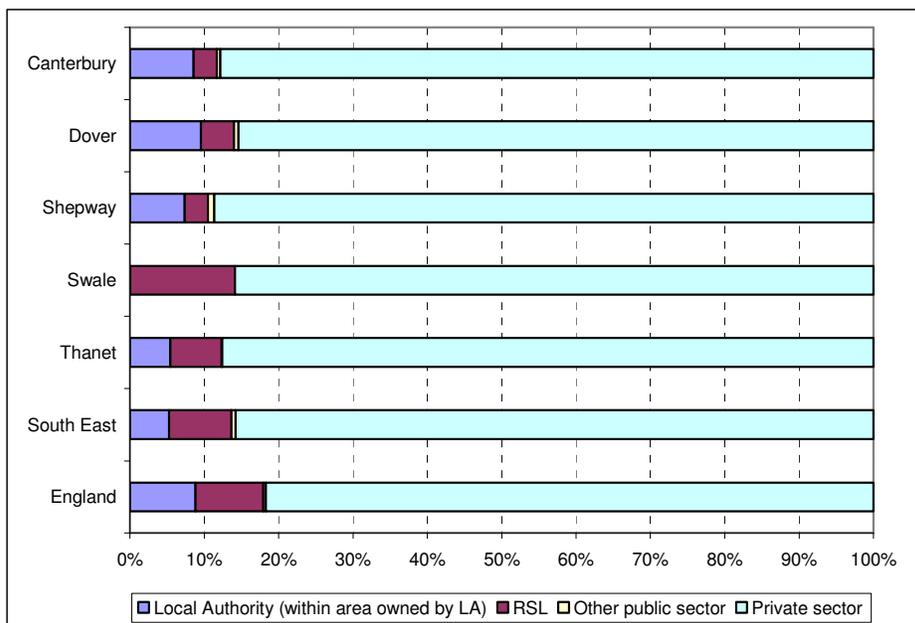
7.1.1 The existing housing stock is important in understanding the type of housing available to residents in an area. The mix of property types available will have a bearing on residents' choices in terms of accommodation and therefore affects supply and demand and ultimately the price of the dwelling.

7.2 Current dwelling numbers and tenure

7.2.1 The East Kent sub-region contained 273,265 dwellings at 1st April 2007, of which 87% are owned by the private sector, followed by RSL and local authority sectors with 6% each.

7.2.2 As shown below and in table 7.2 Dover had the highest proportion of local authority stock with 10%, with Swale having the highest proportion of RSL stock with 14% (Swale undertook a stock transfer exercise to transfer its stock to AmicusHorizon).

Figure 7.1 Housing stock by tenure 2006/07 (position as at 31st March 2007)



Source: HSSA 2006/07, position at 31st March 2007

7.2.3 Consistent, reliable up to date data concerning the size of the private rented sector in the East Kent area is currently unavailable. According to the 2001 census 11% of households were renting from a private landlord or letting agent. This proportion is higher than the regional and national percentage of 8%. Within the sub-region Thanet had the highest proportion of households privately renting, with 13% in that sector. Swale had the lowest proportion (8%). Table 7.1 below is based on 2007 HSSA returns, so is more up to date than the census, but not necessarily more reliable, in the absence of additional detailed surveys.

7.3 Tenure profile

Table 7.1 Tenure type profile of the Local Authorities in 2007

	Canterbury	%	Dover	%	Shepway	%	Swale	%	Thanet	%	South East %	England %
Owner Occupied	45131.	73%	37450.	76.4%	36033	76.7%	44703.	77.88%	43147	74.6%	77%	69%
Council	5298	8.5%	4698	9.6%	3479	7.4%	14	0.02%	3135	5.42%	5%	19%
RSL	1939	3%	2171	4.4%	1444	3.1%	8117	14.1%	4003	6.9%	8%	
Private rented	9294	15%	4411	9%	5640	12%	4594.	8%	7522.	13%	9%	10%
Other Public Sector	300	0.5%	289	0.6%	406	0.8%	0	0%	47	0.08%	1%	2%
Total	61962	100%	49019	100%	47002	100%	57428	100%	57854	100%	100%	100%

HSSA 2007

7.3.1 The table above illustrates that:

- The proportion of home owners is marginally higher in the South East (77.2%) than in the East Kent sub-region (75.7%); Swale alone among the East Kent districts has above the regional average of owner-occupiers
- Canterbury has the lowest proportion of owner-occupiers among the local authorities in the sub-region (73.%);
- The highest proportion of social renters are found in Dover (14%);

- Canterbury has the highest proportion of private renters with 15%, possibly because of its student population. Thanet also has a high proportion (13%) reflecting the prevalence of HMOs noted by the district.

7.4 Property type profile

Table 7.2 Property type profile of the Local Authorities in 2001

	Canterbury	%	Dover	%	Shepway	%	Swale	%	Thanet	%	East Kent	%	South East	%	England	%
All Occupied Household Spaces	55,586	100%	44,310	100%	41,153	100%	49,254	100%	55,232	100%	245,535	100%	3,287,489		20,451,427	100%
House or bungalow - Detached	17,807	32.2%	10,457	23.7%	11,842	28.9%	11,251	23.0%	12,022	21.9%	63,379	25.8%	968,051	29.4%	4,648,476	22.7%
House or bungalow - Semi detached	17,663	31.9%	13,656	31.0%	10,723	26.1%	16,753	34.2%	17,291	31.5%	76,086	31.0%	948,247	28.8%	6,562,542	32.1%
House or bungalow - Terraced (including end terrace)	10,720	19.4%	13,597	30.8%	9,618	23.4%	16,272	33.2%	13,517	24.6%	63,724	26.0%	762,426	23.2%	5,250,702	25.7%
Flat, maisonette or apartment	8,655	15.6%	6,265	14.2%	8,752	21.3%	4,500	9.2%	11,978	21.8%	40,150	16.4%	576,185	17.5%	3,843,340	18.8%
Caravan or other mobile or temporary structure	474	0.9%	134	0.3%	87	0.2%	246	0.5%	142	0.3%	1,083	0.4%	21,543	0.7%	80,369	0.4%

Source: Census 2001 ONS Crown Copyright reserved

7.4.1 The largest single property type in East Kent is the semi-detached home (31.1%), as it is the case for Kent as a whole; however in the South East as a whole, detached properties are most common (29.5%).

7.4.2 When looking at the individual local authority profiles:

- Canterbury and Shepway have the largest proportion of detached properties (32.2% and 28.9% respectively);
- Thanet has the highest proportion flats (just under 22%);
- Dover, Swale and Thanet have greater proportions of semi- detached properties with 31%, 34.2% and 31.5% respectively;

- Overall Swale has the lowest proportion of flats (only 9.2%), but has a relatively large supply of terraced houses (32%) making this form of accommodation the target of first time buyers.
- As well as Swale, Dover has a high proportion of terraced housing (nearly 31%). At the Local Housing Market level, this tends to be more concentrated in Deal (37%) and Sandwich (34.2%) than the town of Dover (21%) or the more rural hinterland (15%). In Swale the concentrations of terraced housing are found in East Sheppey (43%), Sheerness (31%), and Faversham (30%) rather than in Sittingbourne (13.5%)

7.4.3 It is difficult to assess the relative size of the housing stock. Information on size for social housing is provided in a number of data returns including the Regulatory Statistical Return (RSR) and Housing Strategy Statistical Appendix (HSSA). However there is little information about the size of private sector stock. Although the information presented in table 7.2 only provides the type of property, it does indicate that the majority of people in the East Kent sub-region reside in larger accommodation types, around 60% living in semi-detached or detached properties.

7.5 Conversions

Table 7.3 Completions for change of use / conversions by year

	Completions on previously developed land change of use/ conversions by year			Planning permissions change of use/ conversions by year		
	05/06	06/07	07/08	05/06	06/07	07/08
Canterbury	25	106	201	801	780	284
Dover	78	56	109	160	323	273
Shepway	128	55	103	303	326	398
Swale	51	22	46	121	170	180
Thanet	68	282	239	757	1,042	1,112
TOTAL	350	521	698	2,142	2,641	2,247

Source: Kent Housing Surveys, Kent County Council

7.5.1 Analysing the number of conversions and changes of use occurring is a useful tool to gauge changing balances in the make-up of stock. While we do not have detailed data on the type of conversions being sought, it is a reasonably safe assumption that they will be to convert family-size homes into flats, or already flatted dwellings even further.

7.5.2 It is clear that, across East Kent, the number of conversions / change of use doubled over the years 2005-08, with only Thanet seeing a reduction over the

last year. This is congruent with Thanet's strong policy objective to restrain this activity, in order to preserve the character and mix of its community, and attract families in. However, it must be of concern that the number of permissions in Thanet continues to increase – and they run at between three and nine times as many as other East Kent authorities. Only Canterbury has seen a significant reduction in the numbers of conversions. Swale and Shepway have also shown significant increases.

7.6 Vacant dwellings and stock quality

- 7.6.1 The 2007 HSSA indicates that there were 7,464 properties vacant, of which 3,296 properties were vacant for six months or more in the East Kent sub-region, representing just over 1% of the total stock as longer-term voids. The vast majority of these – over 99% – were from the private sector.
- 7.6.2 In addition the HSSA provides limited data on the number of unfit dwellings. At 1st April 2006 there were 20,192 unfit dwellings which represents 7% of the total stock. Significantly the private sector had the highest number of unfit dwellings with 20,156, where the combined total for RSL and local authorities was only 36. Unfortunately, the introduction of the new Housing Health and Safety Rating System means that there is a data gap for 2006/7 and 2008 in the HSSA.
- 7.6.3 Across the South East, the average level of private sector unfitness is running at 3.7% of the stock for 2006 (the last date for which comparable data is available. As table 7.4 shows, all East Kent authorities with the exception of Canterbury had significantly higher levels of private sector unfitness than average with Dover and Shepway being particularly affected. Clearly, these figures will have implications for private sector renewal and regeneration strategy for those authorities.

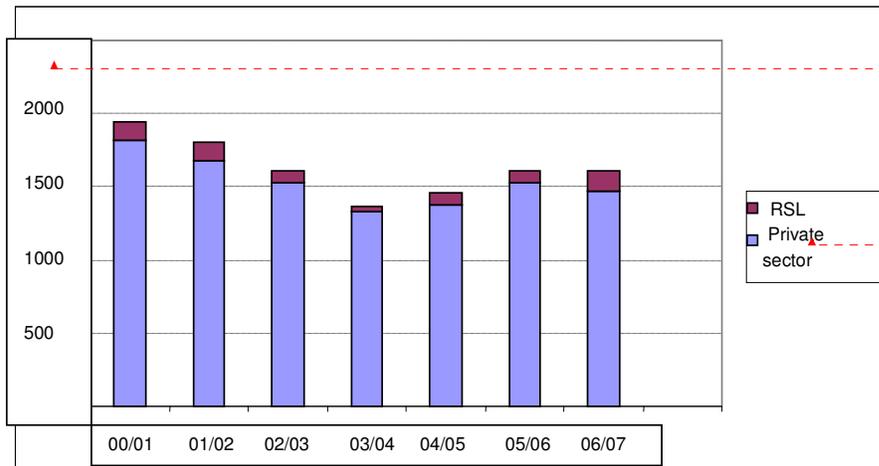
Table 7.4 Unfit and vacant dwellings

Local authority	Total unfit dwellings				Total empty dwellings		
	2004/5	2005/6	2006/7	2006 % private sector	2004/5	2005/6	2006/7
Canterbury	1,869	1,869	N/A	3.6	1,444	1,342	1,395
Dover	5,520	5,260	N/A	12.6	3,901	894	1,835
Shepway	4,644	4,644	N/A	11.2	1,705	1,700	1,557
Swale	3,500	3,500	N/A	7.3	703	350	1,365
Thanet	4,674	4,639	N/A	8.7	3,147	1,862	1,312
South East	115,694	N/A	N/A	3.7	83,534	81,088*	78,634

7.7 Changes in stock numbers

7.7.1 Figure 7.2 illustrates the number of new build completions within the sub-region. The graph illustrates that there was a decline in new completions since the turn of the century to an annual low of 1,363 in 2003/04. However the number of completions has continued to increase year on year to 1,598 as of financial year 2006/07.

Figure 7.2 New build completions 2000/01 – 2006/07



Source: CLG live tables extracted June 2008

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7.7.2 An alternative source of data is the Housing Information Audit carried out for 2007-08 by SEERA from local authority returns. These show a substantially higher level of completions, totalling 3,399. All the figures in table 7.5 below are net – they take into account demolitions and conversions. As the level of grant available reduced in 2007/8, it seems clear that the local authorities have had greater success in enforcing S106 agreements, and / or in achieving better value for money and cost efficiencies in affordable housing development programmes, plus seeing an expansion of private sector activity (particularly in Canterbury) had occurred.

Table 7.5 New build completions for the 2007/08 financial year by district

	Dwellings completed			
	Private enterprise	Registered social landlords	Local authority	All
Canterbury	1213	69	NA	1282
Dover	333	9	NA	342
Shepway	363	39	NA	402
Swale	670	97	NA	767
Thanet ²⁴	571	35	NA	606
Total	3150	249	NA	3399
South East	26,720	4,030	NA	30,750
England	139,880	15,750	250	155,880

Source: Housing Information Audit – tables submitted to SEERA December 2008

7.8 Households on the waiting lists and homelessness

7.8.1 According to HSSA figures there were close to 12,250 households registered on the districts' housing waiting lists in the East Kent sub-region in 2007. This represents nearly 5% of all households in the area.

7.8.2 The table below illustrates households on the districts' waiting list data from the HSSA, broken down by bed size. One-bedroom properties (including those for increasing numbers of older people) are significantly the most frequent requirement in all local authorities except Shepway. In Shepway there is a substantial requirement for two bedrooms, similar to that in Swale and Thanet, but more unusually, nearly a third of those on the Shepway register are in need of four bedroom or larger homes. In numerical terms, this is nearly three times greater demand as the district with the next most significant numbers, Canterbury, for this type of accommodation.

7.8.3 The apparent demand for smaller sized accommodation has to be considered in relation to the supply of this sort of dwelling. This is discussed in more

²⁴ Thanet figure includes conversions and new build properties

detail in section 12.9 (and illustrated in table 12.13) but in essence there is a far larger supply of smaller homes becoming available for reletting and thus a much greater likelihood of smaller household's housing needs being met faster than those of larger households. Although there are fewer larger households on the lists, the supply of larger affordable homes is negligible in some areas. Thus, when considering housing development policies and targets we recommend focussing on those needs most difficult to meet – the provision of larger, family homes.

- 7.8.4 Those in the 'reasonable preference' categories include homeless people, occupiers of insanitary or overcrowded housing or needing to move on medical grounds.
- 7.8.5 Care should be taken not to confuse the figures in table 7.6 with those that emerge from the SHMA housing needs calculations (table 12.13 for example). The housing list is only one element of need, excluding households falling into need and newly forming households; and it takes no account of supply that may be available to meet some of the need.

Table 7.6 Households on the waiting list as at the 1st April 2007 (including homeless)

	Canterbury		Dover		Shepway		Swale		Thanet		S.East	England
Total registered	3378		2869		2213		3352		3749		208419	1674421
Requiring 1 bed	1590	47%	1662	58%	473	21%	1432	43%	1801	48%	55%	51%
Requiring 2 bed	873	26%	710	25%	734	33%	1080	32%	1258	33%	27%	30%
Requiring 3 bed	666	20%	368	13%	310	14%	655	19%	650	17%	14%	15%
Requiring 4+ bed	249	7%	129	4%	696	31%	185	6%	40	1%	4%	4%

HSSA 2007

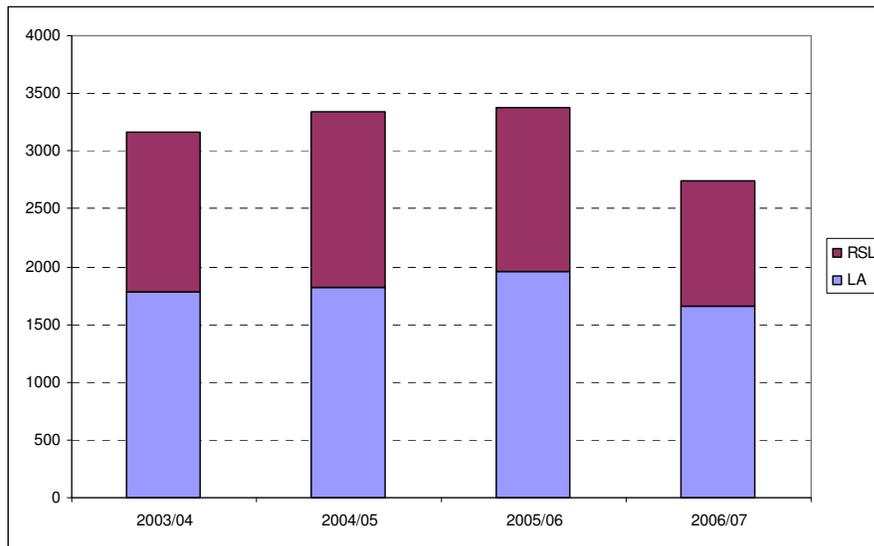
*Note: Shepway totals 99% because 5 people did not specify how many beds they required
Thanet totals 99%, an unspecified number of people did not specify how many beds they required.*

7.9 Social sector lettings

- 7.9.1 In 2006/07 there were 4,087 lettings to social tenants (RSL and Local Authority) in the East Kent area. This number includes general needs tenancies and supported housing.

7.9.2 The following graph shows the number of general needs lettings in the area from 2003/04 to 2006/07. It illustrates that RSL lettings increased to a peak of 1,524 in 2004/05 and have since reduced to 1,087, a reduction of 437, or 29%. Given that the RSL sector saw the greatest number of completions in 2006-07 since the turn of the century, there are clear indications here of a reduction in turnover in recent years – perhaps a reflection of the increasing difficulty tenants have in entering owner-occupation because of worsening affordability. Local authority lettings have mirrored RSL lettings in reducing from 1,960 in 2005/06 to 1,657 in 2006/07, a reduction of 303 or 15%.

Figure 7.3 Number of social sector lettings from 2003/04 to 2006/07



Source: HSSA 2006/07

Table 7.7 Number of social sector lettings by district from 2003/04 to 2006/07

LA	2003/04	2004/05	2005/06	2006/07	Total
Canterbury	651	648	602	560	2461
Dover	412	366	403	412	1593
Shepway	389	433	579	329	1730
Swale	0	0	0	0	0
Thanet	328	369	376	356	1429
Total	1780	1816	1960	1657	7213
South East	19843	18171	18357	17133	11965
England	228629	209923	188789	174877	22337
RSLs					
Canterbury	104	347	175	154	780
Dover	261	183	151	229	824
Shepway	156	165	113	85	519
Swale	574	551	575	386	2086
Thanet	295	278	404	233	1210
Total	1390	1524	1418	1087	5419
South East	17839	19352	18400	18612	74203
England	141760	135768	133446	141907	552881

Source: HSSA 2006/07

- 7.9.3 Table 7.7 illustrates that the number of general needs lettings have fluctuated across the sub-region, with, as noted, a reduction in 2006/07. Overall Swale has experienced the highest proportional decrease, with a 33% reduction in the number of social lettings.
- 7.9.4 An analysis of CoRE data sheds additional light on the dynamics of the social rented sector. As noted, in 2006/07 there were 4,087 social lets, of which general needs tenancies made up 67%. According to CoRE 26% of all general needs lettings were to people previously in the private sector (perhaps an indication of the degree to which individuals are becoming priced out of the private sector), 25% were to people previous living with family or friends and 38% went to people transferring within RSL or local authority stock.
- 7.9.5 Specifically as regards supported housing lettings (table 7.8), the pattern of previous tenures is more varied across the local authorities. A third of Shepway's lettings came from the private-rented or tied sectors, compared to just 5% of Swale's (though there are concerns about data accuracy with the CoRE system). With the exception of Thanet, where only 12% of lettings were

to those previously resident in the social housing sectors, the authorities had figures ranging from 18% to 26% for previous local authority or housing association tenants.

Table 7.8 Supported housing lettings by previous tenure in the East Kent sub-region 2006/07

	Transfer within RSL/ LA	Owner Occupation	PRS/ tied accommodation	Family/ Friends	Other
Canterbury	92	11	35	63	153
Dover	23	10	20	26	44
Shepway	29	1	51	17	66
Swale	108	12	27	79	268
Thanet	25	11	33	23	116

Source: CoRE 2006/07

7.9.6 Key points from the current housing market:

- The East Kent sub-region contained close to 274,000 dwellings at t1st April 2007, of which 87% are owned by the private sector, followed RSL and local authority sectors with 6% each;
- The most common property type in East Kent sub-region is the semi-detached home, (31.1%). Semi-detached homes are also the main type of dwelling in Kent, 32.6%; however in the South East as a whole, detached properties are most common (29.5%);
- The proportion of home owners is higher in the South East (77.2%) and Kent generally (77.7%) than in the East Kent sub-region (75.7%);
- At the end of the 2007/8 financial year there were 3,399 completions within the sub-region. Canterbury achieved the highest number of private sector completions (1,213 representing 38% of total private sector completions); the highest number of affordable housing completions occurred in Swale (97 units representing 39% of the total);
- According to HSSA figures there were close to 15,600 households registered on the councils' waiting lists in the East Kent sub-region in 2007. This represents 6% of all households in the area;
- RSL lettings increased to a peak of 1,524 in 2004/05 and have since reduced to 1,087, a reduction of 437, or 29%. Given that the RSL sector saw the greatest number of completions in 2006-07 since the turn of the century, there are clear indications here of a reduction in turnover in recent years – perhaps a reflection of the increasing difficulty tenants have in entering owner-occupation because of worsening affordability;
- Local authority lettings have mirrored RSL lettings in reducing from 1,960 in 2005/06 to 1,657 in 2006/07, a reduction of 303 or 15%.

8.0 The active market

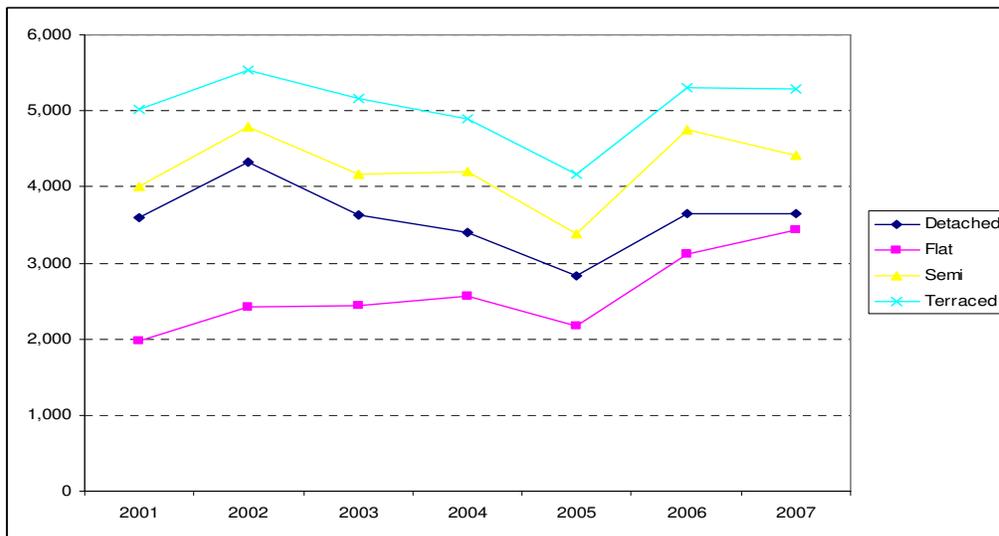
8.1.1 Understanding what is happening in terms of sales and affordability provides an insight into what drivers affect a housing market.

8.2 The market until 2007

8.2.1 House sales data from the Land Registry show a fluctuating market over the last six years. The total number of sales per annum was 17,061 in 2002, and then steadily declined to its lowest point of 12,543 in 2005. This dip was due in part to higher interest rates and market uncertainty in that year, before recovering in 2006 and 2007, where 16,830 sales were achieved.

8.2.2 However, we can see clear signs of a slow-down in the market over 2007. Marginally fewer transactions – 16,796 – were achieved, especially at the higher end of the market, though the market for flats continued to grow. The impact of the 'credit crunch', the drying up of mortgage products and variations in interest rates were beginning to take effect.

Figure 8.1 Number of sales across East Kent by dwelling type, from 2001 to 2007

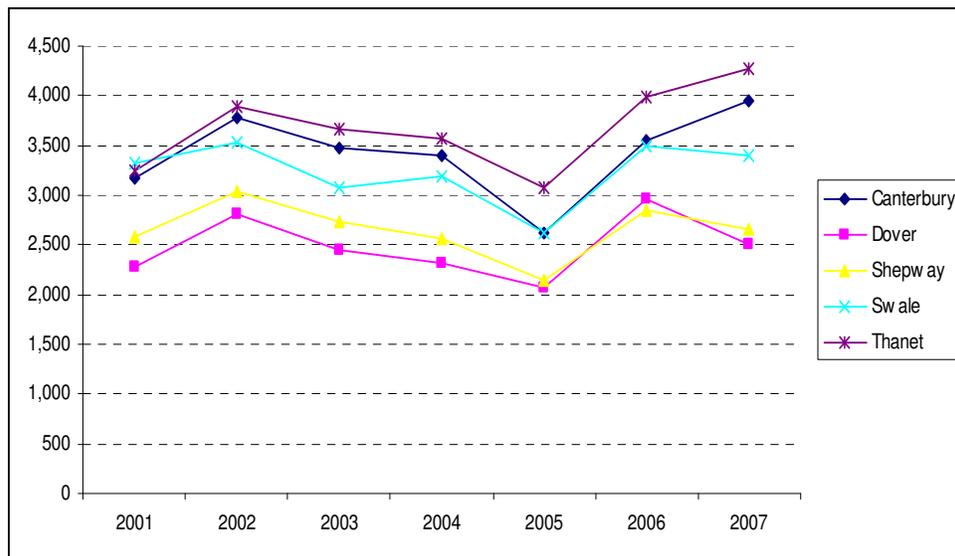


Source: Land Registry 2007

8.2.3 33% of sales between 2001 and 2007 were of terraced housing, 27% semi-detached houses and 23% detached houses. All dwelling types experienced a decline in sales in the 2005 market downturn; however semi-detached houses suffered the highest proportion of declining sales with a 20% reduction.

Flatted properties suffered the least out of all the dwelling types and, as noted, continued to perform strongly into 2007, when the market for other dwelling-types had slowed. In part this may be a sign of a supply led market and worsening affordability ratios for larger homes.

Figure 8.2 Number of sales by district, 2001-07



Source: HM Land Registry 2007

Table 8.1 Number and percentage of transactions by property type and district

	Transactions 2001-2007												Total
	Detached			Flat			Semi			Terraced			
	No.	% trans	% stock	No.	% trans	% stock	No.	% trans	% stock	No.	% trans	% stock	
Canterbury	7,258	30.3%	32.2%	3,828	16.0%	15.6%	7,012	29.3%	31.9%	5,817	24.3%	19.4%	23,915
Dover	3,382	19.4%	23.7%	2,267	13.0%	14.2%	4,929	28.3%	31.0%	6,830	39.2%	30.8%	17,408
Shepway	4,675	25.2%	28.9%	3,919	21.1%	21.3%	4,523	24.4%	26.1%	5,449	29.3%	23.4%	18,566
Swale	5,220	23.0%	23.0%	1,901	8.4%	9.2%	6,280	27.7%	34.2%	9,248	40.8%	32.2%	22,649
Thanet	4,547	17.7%	21.9%	6,198	24.1%	21.8%	6,970	27.1%	31.5%	8,013	31.1%	24.6%	25,728

Source: HM Land Registry 2007

8.2.4 In terms of total numbers of transactions over the previous six years until 2007, Thanet has had the most active market, and Dover the least. The prevalence of the market in terraced housing across the area – with the exception of Canterbury, with its substantial markets in detached and semi-detached homes – can be seen in table 8.1. Table 8.1 should be read across for percentage transactions for different types of property for each district

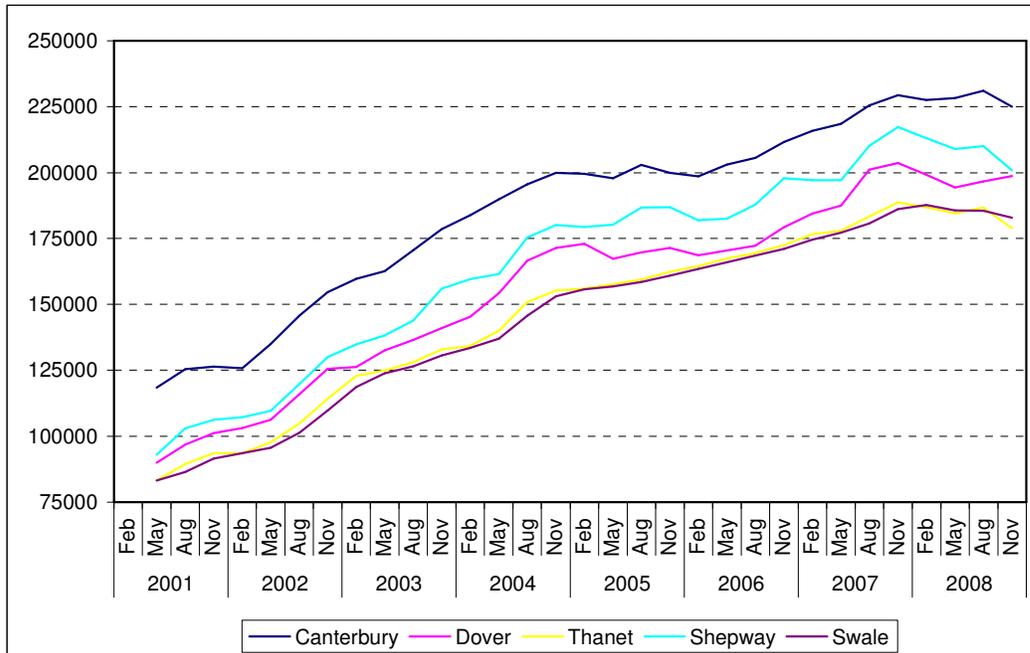
8.2.5 This table also includes for reference the percentage of each type of stock in each local authority (which should also be read across). Comparing proportions of transactions with proportions of stock, one can see that in all cases (except Swale) the turnover rate for detached homes is lower than their presence as part of the stock, indicating the tendency for larger homes to be less available noted elsewhere in this report. The same is true for semi-detached homes, where the opposite is the case for terraced houses, which have a higher turnover than warranted. This perhaps indicates their popularity for first time buyers and younger households. The picture for flats is more mixed across the authorities with, as noted, Swale's low number and levels of transactions on flats compensated for by an active terraced market.

8.3 House prices until 2007

8.3.1 Since the time period under examination in this SHMA, as discussed elsewhere, there has been substantial house price volatility. However, for the purposes of taking comparable time period data to establish 'benchmark' relationships between house prices and other factors impacting on housing markets, we need to use 2007 – based data. House prices in England increased rapidly between 2001 and 2007 and this pattern was mirrored in East Kent (as shown in figure 8.3). House prices in the sub-region rose by 93% between 2001 and 2007. Flats, terraced housing and semi-detached properties all experienced over 100% increase in their prices over this period, while detached housing 'only' experienced an 80% rise by comparison.

Figure 8.3 Mean house prices 2001-08 (6 month rolling average)

Source: HM Land Registry Price Paid, 2007



8.3.2 However, figure 8.3 clearly illustrates the price effect of the sales slow-down in 2005, and there are indications (particularly for Swale and Dover) of the increasing fragility of markets into 2007, as well as the 2008 downturn

8.3.3 Tables 8.2 and 8.3 illustrate the mean house price and percentage change for each house type and in each local authority over the last six years. Shepway experienced the greatest percentage change over the time period, with prices increasing by 106%, followed by Thanet (102%) and Dover (101%).

8.3.4 In particular the price of terraced housing in Thanet rose by over 132% in the period till the end of 2007. Detached houses in Swale in comparison saw 'only' a 72% increase in their price.

Table 8.2 Mean house prices (£'s) by property type, in 2001 and 2007

		Canterbury	Dover	Shepway	Swale	Thanet	East Kent Average
2001	Detached	174,455	165,878	161,221	160,402	155,118	163,414
	Flat	80,310	60,694	58,769	53,689	54,522	61,596
	Semi	108,064	92,351	99,721	98,468	89,553	97,631
	Terraced	102,618	73,489	76,788	74,887	72,708	80,098
	Average	123,268	97,010	100,590	101,915	89,906	102,537
2007	Detached	306,901	316,072	305,838	276,388	276,895	296,418
	Flat	157,263	129,249	140,836	112,065	131,398	134,162
	Semi	211,237	190,713	206,354	190,039	193,595	198,387
	Terraced	197,174	162,925	169,034	152,853	168,836	170,164
	Average	222,955	194,936	206,907	182,910	181,931	197,927

Source: HM Land Registry Price Paid, 2007

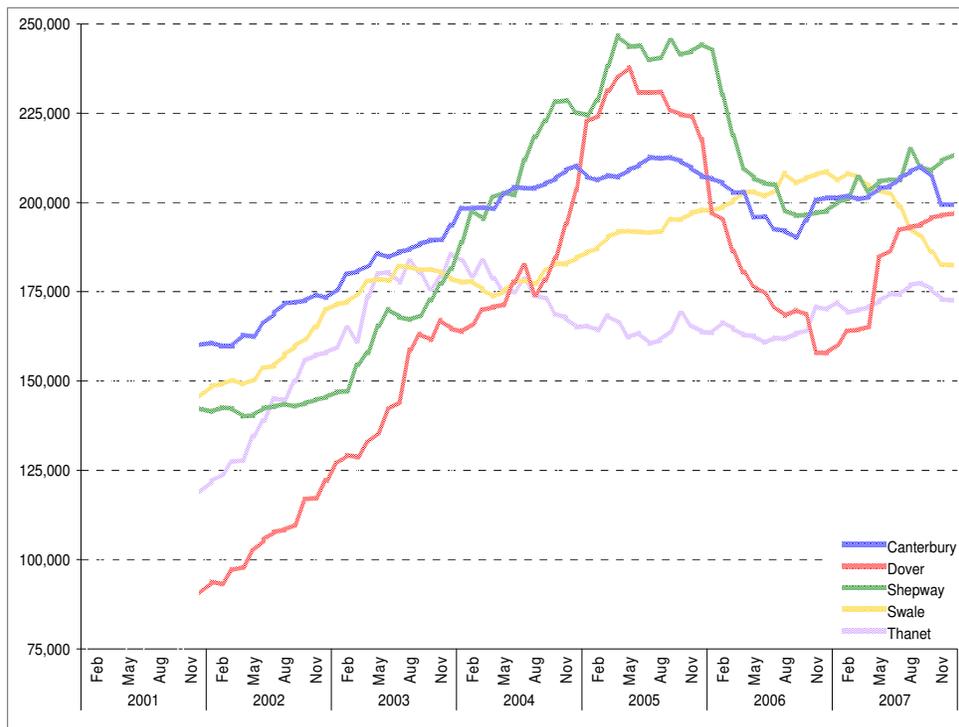
Table 8.3 Percentage change in house prices by property type in 2001 and 2007

	Canterbury	Dover	Shepway	Swale	Thanet
Detached	76%	91%	90%	72%	79%
Flat	96%	113%	140%	109%	141%
Semi	95%	107%	107%	93%	116%
Terraced	92%	122%	120%	104%	132%
Average change	81%	101%	106%	79%	102%

Source: HM Land Registry Price Paid, 2007

8.3.5 Figure 8.4 shows the mean new build house prices for each local authority since 2001. This graph illustrates considerable fluctuation, including confirmation that the market downturn currently being experienced had had early warning signalled by the peaking and subsequent general fall in prices post-2005 of the new build sector. Established properties have performed with less volatility.

Figure 8.4: Mean new build house prices (£s 2001-2007 (12 month rolling average))



Source: HM Land Registry Price Paid, 2007

8.3.6 Figure 8.4 illustrates mean house prices for established and new properties. In the main in 2001 new build properties cost more on average than established properties; however the opposite was true in 2007 – another sign of increasing instability and uncertainty in the market place, especially that for new build. Furthermore the majority of new build properties are flats, therefore attracting lower values than established properties which consisted of larger dwelling types. This is shown in table 8.4.

Table 8.4 Mean house prices (£'s) for established and new properties in 2001 and 2007

		Canterbury	Dover	Shepway	Swale	Thanet
2001	Established	117,432	97,850	95,072	94,416	87,114
	New	158,804	85,757	142,829	144,393	119,856
	Total	123,268	97,010	100,590	101,915	89,906
2007	Established	226,197	195,200	206,086	183,078	182,778
	New	200,564	188,217	220,782	181,957	172,938
	Total	222,955	194,936	206,907	182,910	181,931

Source: HM Land Registry Price Paid, 2007

Table 8.5 Number of sales by property type for established and new build 2007

Type of property	Established	New build
Detached	3432	222
Flat	2578	862
Semi detached	4234	177
Terraced	4931	360
Grand Total	15175	1621

Source: HM Land Registry 2007

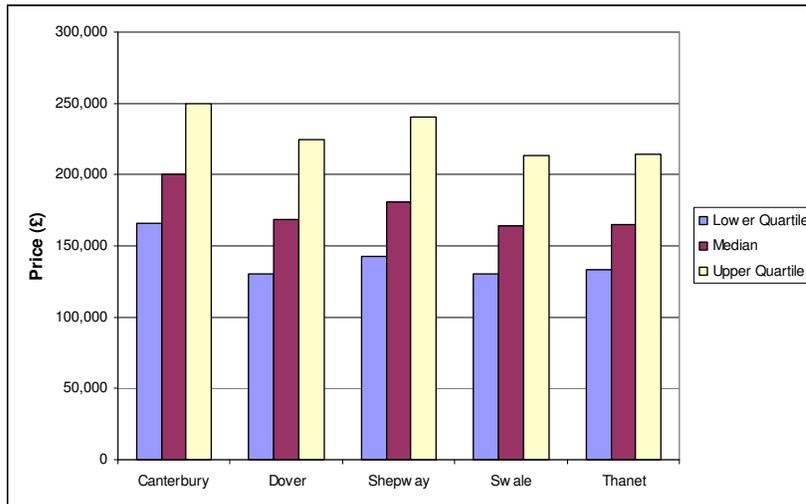
8.3.7 While it is clear that the dearest properties in all ranges in Canterbury, the districts with the widest price range of Shepway and Dover, with the others having relatively constricted ranges (table 8.6). These figures are based on a total of 16,796 sales across East Kent in 2007. The lowest number of transactions took place in Dover (2,514) and the highest in Thanet (4266). The data is robust, in that there is a substantial number of transactions in each district / property type category. The lowest number was sales of flats in Dover (348); the highest was sales of semi-detached homes in Swale (1,353).

Table 8.6 Lower quartile, median and upper quartile house prices (£s): 2007

	Canterbury	Dover	Shepway	Swale	Thanet
Lower Quartile	166,000	130,000	143,000	130,000	133,500
Median	200,000	168,750	181,000	164,000	165,000
Upper Quartile	249,995	225,000	240,000	213,000	214,000

Source: HM Land Registry Price Paid, 2007

Figure 8.5 Lower quartile, median and upper quartile house prices (£s): 2007



Source: HM Land Registry Price Paid, 2007

8.4 The housing market in 2008

8.4.1 As noted, by the end of 2007 the effects of the credit crunch and market slowdown were beginning to bite. Through 2008 the biggest noticeable change was the dramatic reduction in the number of transactions, across all districts, and among all property types. This was starkly obvious (as in table 8.6) when the first quarter of 2008 saw an 38.5% decline in sales on the already reduced numbers seen in the last quarter of 2007. Sales totalled 17,408 in 2007; they totalled 7,893 in 2008 (a 55% reduction). It could be argued that the rate of 'slowdown' was starting to reduce by the end of 2008

Table 8.6 Total transactions, 2007 and 2008

Total transactions	Dover	Canterbury	Shepway	Swale	Thanet	East Kent	% change by quarter
Q 1 2007	591	1013	637	780	1100	4121	
Q 2 2007	649	1067	688	1004	1146	4554	10.5
Q 3 2007	767	1106	775	955	1210	4813	5.7
Q 4 2007	599	877	681	761	1002	3920	-18.6
Q 1 2008	340	543	413	469	645	2410	-38.5
Q 2 2008	344	538	325	458	479	2144	-11.0
Q 3 2008	273	444	332	308	402	1759	-18.0
Q 4 2008	222	380	311	340	327	1580	-10.2

Source: KCC analysis

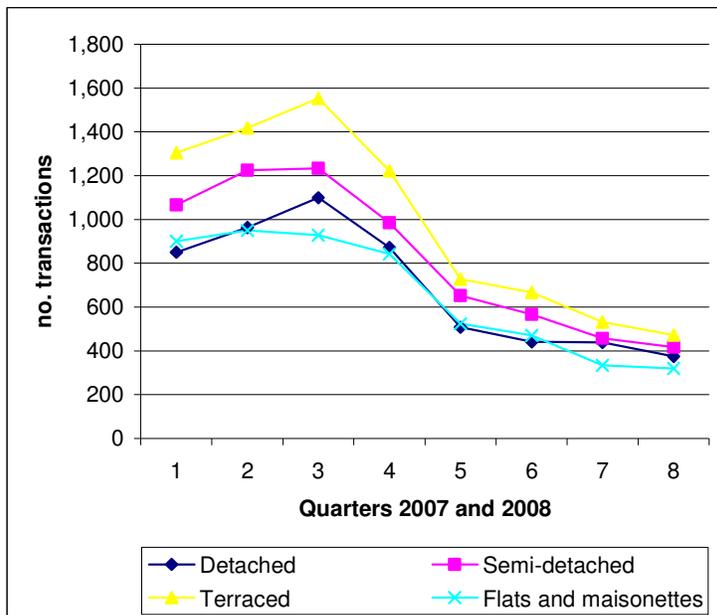
8.4.2 Reductions in transactions were apparent across all property types, with detached homes showing a short-lived revival in the 3rd quarter, and the market in flats picking up (relatively) towards year end, as shown in table 8.7, which illustrates quarterly changes by property types, and figure 8.6, showing overall reductions in transactions by property types for the two years.

Table 8.7 Transactions by property type, 2007 and 2008: quarterly changes

	Detached	% change	Semi-detached	% change	Terraced	% change	Flat/Maisonette	% change	All	% change
Q 1 2007	850		1066		1304		901		4121	
Q 2 2007	962	13.2	1225	14.9	1418	8.7	949	5.3	4554	10.5
Q 3 2007	1099	14.2	1233	0.7	1553	9.5	928	-2.2	4813	5.7
Q 4 2007	871	-20.7	985	-20.1	1221	-21.4	843	-9.2	3920	-18.6
Q 1 2008	507	-41.8	652	-33.8	728	-40.4	523	-38.0	2410	-38.5
Q 2 2008	441	-13.0	566	-13.2	667	-8.4	470	-10.1	2144	-11.0
Q 3 2008	438	-0.7	456	-19.4	531	-20.4	334	-28.9	1759	-18.0
Q 4 2008	373	-14.8	417	-8.6	471	-11.3	319	-4.5	1580	-10.2

Source: KCC analysis

Figure 8.6 Transactions by property type, 2007 and 2008



Source: KCC analysis

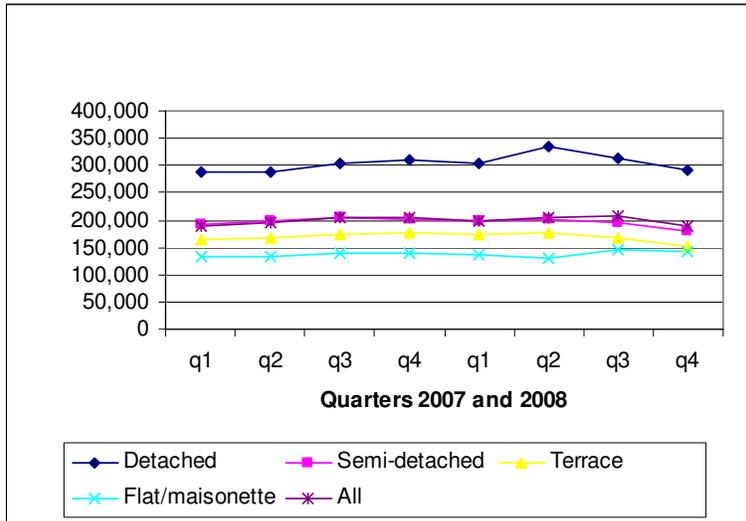
Detailed breakdowns of transaction figures by district and property type together are contained in annex 1. Some of the main features are:

- Comparing the first quarter of 2007 and the last of 2008, the two districts worst effected by the downturn are Thanet and Canterbury, where markets have suffered, respectively, a 70% and 62% reduction in activity
- All districts saw the greatest single quarter downturn in the first quarter of 2008, seeing reduction on transaction activity of between 36% (Thanet) and 43% (Dover) on the previous quarter
- There have been minor signs of revival of the market in flats in Canterbury and Swale; and in semi-detached homes in Shepway and Swale; but these are very fragile indicators
- Over the last two quarters of 2008, the market appeared to be showing most signs of stability in Shepway, where a growth of 2.2% was seen in Q 3 and a (relatively) low contraction of 6.3% in Q4

8.4.3 Regarding changes to prices since 2007, figure 8.7 provides the average

house price across all dwelling types in the East Kent sub-region. It illustrates that across the two years 2007 and 2008 where the credit crunch and housing market downturn began to impact, the effect on prices has been relatively mild.

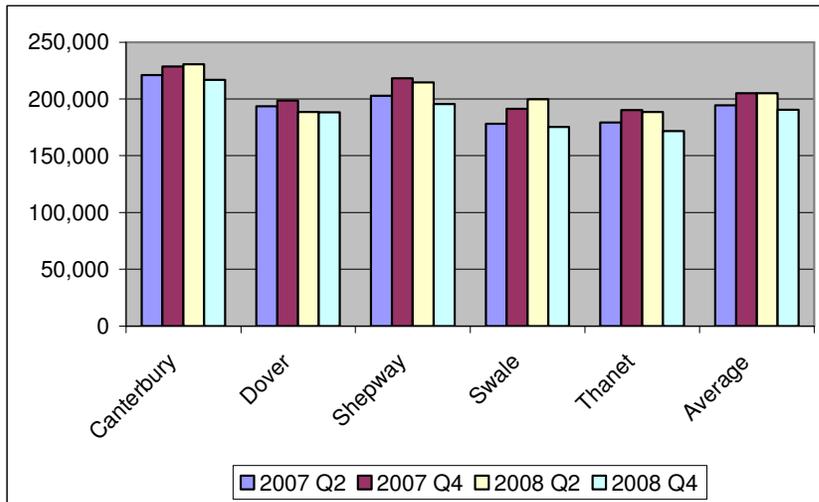
Figure 8.7 Prices by property types, 2007-2008



Source: KCC analysis

8.4.4 The figure below takes a snapshot of price changes by district over selected quarters of 2007 and 2008. We see in figure 8.8 minor reductions in price levels over the two years (bracketing two quarters where prices rose or were stable in the main), but again, these reductions in price are nowhere nearly as significant indicators of housing market change as the reductions in transactions

Figure 8.8 Price changes by selected quarters 2007/08



Source: KCC analysis

- 8.4.5 Lastly, as regards the owner-occupier market, when breaking down these figures by district and property type, we can see again that changes in price have been less extreme than reductions in transactions. As seen in table 8.8 there has indeed been an increase in prices in Dover and Shepway and relatively low reductions in Swale and Thanet. What is perhaps most significant from the figures is the strong recovery in flat prices in Canterbury, Dover and Shepway – perhaps a sign that access to credit for the lower end of the market is becoming easier to achieve.
- 8.4.6 It should also be noted that detached homes have, relatively, been less effected by the downturn with, indeed, Dover showing a substantial increase in values. The mid-range property types, semi-detached and terraced houses, have been worst hit in terms of a drop in values, especially semi-detached homes in Dover and Swale and terraced houses in Dover and Thanet.

Table 8.8 Comparative price changes, 2007 to 2008, by property type and district

		Canterbury	Dover	Shepway	Swale	Thanet
Ave. price Q1 2007	Detached	300,629	275,934	300,950	276,286	269,902
	Semi-detached	203,324	185,934	190,328	191,033	190,718
	Terraced	192,633	159,053	159,709	147,996	169,068
	Flat	140,280	131,301	130,148	113,184	131,991
	Average	215,771	180,998	191,081	182,513	176,652
Ave. price Q4 2008	Detached	312,211	324,567	288,975	281,541	254,227
	Semi-detached	195,783	162,954	188,330	169,050	176,006
	Terraced	187,085	134,140	155,106	140,869	147,176
	Flat	161,910	149,210	150,637	108,841	126,760
	Average	216,923	188,297	195,676	175,284	171,675
% change Q1 2007 to Q4 2008	Detached	3.85	17.62	-3.98	1.90	-5.81
	Semi-detached	-3.71	-12.36	-1.05	-11.51	-7.71
	Terraced	-2.88	-15.66	-2.88	-4.82	-12.95
	Flat	15.42	13.64	15.74	-3.84	-3.96
	Average	0.53	4.03	2.40	-3.96	-2.82

Source: KCC analysis

8.5 Market rents

Table 8.9 shows weekly Local Housing Allowances²⁵ for the East Kent Broad Rental Market Areas (BRMAs). These figures can be compared to those in table 8.10 which shows the actual average (mean), minimum and maximum private rented sector rental levels for East Kent districts, derived from the Rightmove property website. Where figures are missing, this is because of the small numbers of properties involved. Although tending to be slightly higher (particularly in the case of Swale and Thanet), overall these figures are very similar to the Local Housing Allowances shown in table 8.9.

²⁵ Local Housing Allowances (LHA) were rolled out nationally on 7th April 2008, and apply to all private sector tenants making a new claim for housing benefit, and for existing customers on housing benefit who change address or move into private sector accommodation. Local Housing Allowance is a standard sum payable to those entitled to housing benefit (but still subject to non-dependent deductions and the like) and is set for Broad Rental Market Areas (BRMAs). It represents the median rental values for varying sizes of properties (i.e. number of bedrooms) in the BRMA.

Table 8.9 Weekly Local Housing Allowance (£s): East Kent Broad Rental Market Areas, 2008²⁶

	Canterbury	Dover	Shepway	Swale	Thanet
1 bed - shared facilities	67	60	60	65	63
1 bed - self contained	110	90	90	110	92
2 bed	144	120	120	133	121
3 bed	167	137	137	145	148
4 bed	291	167	167	199	173
5 bed	363	248	248	231	178

Source: Local Housing Allowance Direct, 2008

Table 8.10 Weekly private rented sector rents (£s): East Kent Districts, 2008 (rounded)

	Canterbury			Dover			Shepway			Swale			Thanet		
	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max	Ave	Min	Max
1 bed - shared facilities	70	65	80	-	-	-	-	-	-	-	-	-	-	90	-
1 bed - self contained	110	95	175	85	65	125	120	95	155	120	115	145	95	75	155
2 bed	165	140	275	115	85	165	135	120	195	155	135	190	125	100	320
3 bed	210	175	275	140	120	205	165	140	230	180	170	265	165	135	290
4 bed	290	195	370	-	155	-	225	180	290	215	195	400	190	145	375
5 bed	345	290	670	230	195	300	-	270	375	-	325	525	-	195	245

Source: Rightmove.co.uk, 2008 (ECOTEC Analysis)

8.6 Affordability

- 8.6.1 Crude affordability ratios for the owner-occupied sector – based on income to house price ratios for lower quartile, mean, median, and upper quartile incomes and property prices – are shown in table 8.11. As this indicates, Canterbury is least affordable whilst Swale is most affordable. Across East Kent unaffordability is most acute for those on lower incomes, and the problem is most acute in Canterbury.

²⁶ Data for Dover and Shepway relates to Dover-Shepway BRMA, data for Swale relates to Medway & Swale BRMA. Other parts of Swale data (for Faversham) are included in the Canterbury BRMA; additionally, some Swale data is covered by Maidstone BRMA (not shown here).

Table 8.11 Incomes to house price ratios: East Kent Districts, 2007

	Canterbury	Dover	Shepway	Swale	Thanet
Lower quartile median income	£17,330	£17,184	£17,310	£18,064	£15,908
Lower quartile sales value	£166,000	£130,000	£143,000	£130,000	£133,500
Lower quartile ratio (2001 in brackets)	9.5 (6.1)	7.6 (4.5)	8.3 (4.9)	7.2 (4.8)	8.4 (5.1)
Mean income	£32,564	£32,049	£32,380	£33,951	£29,584
Mean house price	£222,955	£194,936	£206,907	£182,910	£181,931
Mean Ratio	6.85	6.08	6.39	5.39	6.15
Median income	£28,916	£28,455	£28,750	£30,124	£26,341
Median house price	£200,000	£168,750	£181,000	£164,000	£165,000
Median ratio	6.92	5.93	6.30	5.44	6.26
Upper quartile income	£42,261	£41,629	£42,040	£43,998	£38,514
Upper quartile house price	£249,995	£225,000	£240,000	£213,000	£214,000
Upper quartile ratio	5.92	5.40	5.71	4.84	5.56

Source: CACI PayCheck, 2007 and HM Land Registry Price Paid, 200; KCC house price and transactions bulleting, Q3 2008

- 8.6.2 The table above illustrates how unaffordable the sub-region has become. For comparison with today's price to income ratios, the figures for 2001 appear in brackets in the lower quartile ratio row. The SHMA guidance recommends that for a market property to be affordable, it should cost no more than 3.5 times the gross household income. The table shows how far removed from reality this is. In Canterbury, a lower quartile property costs over nine times a lower quartile income, the highest ratio. For a property to be affordable in the most expensive region, Canterbury, prices would need to reduce by £100,000. This clearly has policy implications for all districts, but especially Canterbury, and a central thrust of both their economic and housing strategies needs to examine ways of increasing incomes, and enabling access to lower cost home ownership.
- 8.6.3 Even in Swale, the (relatively) most affordable of the districts, a lower quartile property is still over seven times a lower quartile income. As noted above, these figures highlight the need for intermediate affordable housing options in the sub-region, if priority is to be given to allowing those on lower incomes access to owner-occupation.

- 8.6.4 As regards private renting, a household should be taken as being able to afford market rented housing in cases where the rent payable would constitute no more than 25% of their gross household income, according to the SHMA guidance. 'Rent payable' is defined as the entire rent due, even if it is partially or entirely met by housing benefit.
- 8.6.5 Table 8.12 shows crude affordability of private rented sector housing in East Kent for households on lower quartile, mean, media and upper quartile incomes. As this table shows, the private rented sector is an affordable housing option for the majority of households with incomes above the lower quartile. In all areas except Canterbury, households on average (mean or median) incomes would not be required to spend more than 25% (or would only be required to pay marginally more) of their gross household income on rent. However, for those households on lower incomes, rent payable would constitute between 38% (Shepway) and 50% (Canterbury) of gross household income.

Table 8.12 Private rented sector affordability: East Kent Districts, 2007/08

	Canterbury	Dover	Shepway	Swale	Thanet
Median weekly rental value	£181	£137	£137	£148	£136
Lower quartile income	£18,745	£18,410	£18,618	£19,577	£16,994
Lower Quartile %	50%	39%	38%	39%	41%
Mean income	£32,564	£32,049	£32,380	£33,951	£29,584
Mean %	29%	22%	22%	23%	24%
Median income	£28,916	£28,455	£28,750	£30,124	£26,341
Median %	33%	25%	25%	26%	27%
Upper quartile income	£42,261	£41,629	£42,040	£43,998	£38,514
Upper Quartile %	22%	17%	17%	17%	18%

Source: CACI PayCheck, 2007 and LHA-Direct, 2008 (ECOTEC Analysis)

- 8.6.6 Clearly, for both market housing and private renting, there will be variations within the districts as well as between them. Indeed, differing levels of house prices fed into the definition of the boundaries of the Local Housing Market Areas. This will be reflected in differences between rural and more urban areas, and differences between the coastal towns and their hinterlands. Ultimately these variants translate into differing levels of pressure for affordable housing, and housing of different sizes, which we cover as far as possible in our portraits of the different Local Housing Market Areas.

8.7 The 'credit crunch'

- 8.7.1 As referred to above in our analysis of transactions and market prices, during the second half of 2007 it became apparent that the economy in England and the housing market in particular were beginning to feel the effects of a global credit crisis, most clearly manifested in the liquidity problems of Northern Rock which hit the headlines in September of that year. Largely because of irresponsible sub-prime lending and the dispersion of bad debts through the financial system a number of banks in England and abroad have been confronted with large write downs on the value of debts.
- 8.7.2 This so-called 'credit crunch' – now better characterised as part of an economic recession - continues to have multiple and cumulative effects in the housing market. These include reduction in the availability of loans to new borrowers and increased mortgage costs for existing borrowers at the end of fixed-term rates agreements.
- 8.7.3 To counteract the effects of the global credit crunch on mortgage markets the Bank of England's monetary policy committee has responded by cutting interest rates, which are now at historically low rates, to restimulate both the housing market and encourage spending. However, in many instances, these cuts have yet to be passed on to mortgage customers because the banking system's losses have disincentivised them from doing so. The effects on the housing market are starting to emerge. They have something of the nature of a negative spiral, including:
- More repossessions as overstretched home-owners whose mortgages are up for renewal are confronted by higher interest payments;
 - Lower sales volumes and a lengthening of the average time taken to sell;
 - Downward pressure on house prices and land values;
 - Less investor interest in the housing market;
 - Lower demand for new builds which results in developers putting plans on hold, and / or attempting to off-load stock onto RSLs.
- 8.7.4 The interviews and discussions with stakeholders in the first stakeholder event in April 2008 confirmed that the effects of the credit crunch reported by the national media were also starting to be felt in the East Kent sub-region. Developers reported that house sales had dried up quite dramatically since the autumn of 2007, with the market for new build flats in particular being saturated. Indeed, one developer remarked that they no longer built flats outside of London, and even then they were struggling to sell them.

- 8.7.5 The housing market has clearly changed from being a seller's market to (potentially) a buyer's market and, given the extremely high house price to income ratio and the problems of affordability associated with this, a fall in house prices is not necessarily a bad thing from the perspective of those debarred from entering the market because of affordability problems. Existing owners and developers would have a different perspective. This may be the case in East Kent were rates of completion have failed to keep up with the increase in the sub-region's demographic change. However the credit crunch has meant 100% mortgages are no longer available and buyers are now required to put down larger deposits to secure mortgages than had been the case prior to the credit crunch taking hold. This point must be compounded in East Kent, because of its low wage economy, making it increasingly difficult for prospective owner occupiers to save the required money for larger deposits.
- 8.7.6 So any downward pressure on prices is counteracted by the unavailability of personal mortgage finance, leaving a 'gridlocked' market, and reluctance by land and home owners to 'bring forward' land and properties to the market, until an 'upturn' re-emerges. This is clearly illustrated by the dramatic fall-off of transactions in East Kent.
- 8.7.7 The problems of the housing market are linked to the wider economy, which through 2008 saw a decrease in economic growth and recessive tendencies. There are concerns that this recession could be 'felt' to a greater extent in East Kent given that its economy is the weakest in the county, and that Kent's economy as a whole is one of the weakest in the South East. This must also be considered in the context of the ambitious development plans for East Kent, outlined earlier in this study, and has implications for the ability of the private sector to contribute to affordable housing programmes.
- 8.7.8 The market and the economy are clearly going through a period of instability and close monitoring will need to be carried out to track the effects of these changes, not least in the East Kent area. Questions to be considered include:
- What is the combined effect of lower house prices and reduced credit availability on affordability?
 - How many households are having their homes repossessed in the East Kent area?
 - How is the private rented sector going to change now that the market has slowed down – including its impact on Buy to Let?
 - Will private rented sector landlords look to dispose of their portfolios?

- 8.7.9 Predictions about the length of the recession and recovery period vary. Most commentators, including the Treasury, consider that homeowners will have difficulty in acquiring mortgages until 2010 at least.
- 8.7.10 Part of the role of the SHMA is to equip local authorities and other parties with a longer-term understanding of the nature and dynamics of the local housing markets, to help them weather economic and housing market change. Remembering that the broadest time frame for this SHMA is until 2026, we have modelled six different scenarios and how they are likely to impact on housing need. These appear in section 12. We have also modelled some predictions on house price changes. These appear in section 10.

8.8 Key points from the active market

- We need to reiterate that this SHMA, like all others, is based on a snapshot of activity at a particular moment, and is based on data sets that give a consistent picture for that moment. Clearly, the extremes that the UK and international housing markets have seen over late 2007 and 2008 have changed at least short and medium term outlooks considerably. This is discussed below;
- The total number of sales per annum was 17,061 in 2002, and then steadily declined to their then lowest point of 12,543 in 2005. This dip was due in part to higher interest rates and market uncertainty in that year, before recovering in 2006 and 2007, where 16,830 sales were achieved; there were 17,408 sales in 2007, when the full impact of the recession set in, resulting in only 7893 sales – a reduction of nearly 10,000 transactions – in 2008
- House prices in the sub-region rose by 93% between 2001 and 2007. Flats, terraced housing and semi-detached properties all experienced over 100% increase in their prices over this period, while detached housing 'only' experienced an 80% rise by comparison; the credit crunch is showing (by the end of 2008) a relatively minor downward pressure on achieved prices
- The sub-region has become and remains increasingly unaffordable. The SHMA guidance recommends that for a market property to be affordable, it should cost no more than 3.5 times the gross household income. In Canterbury, a lower quartile property costs 9.5 times a lower quartile income, the highest ratio. Even in Swale, the (relatively) most affordable of the districts, a lower quartile property is still seven times a lower quartile income. Although the effect of the credit crunch may begin to

have some effect on affordability, if not accessibility of owner-occupation, the overall pattern is still of relatively low incomes and relatively high prices among lower quartile earners and the lower quartile property market;

- The private rented sector is an affordable housing option for the majority of households with incomes above the lower quartile. In all areas except Canterbury, households on average (mean or median) incomes would not be required to spend more than 25% (or would only be required to pay marginally more) of their gross household income on rent. However, for those households on lower incomes, rent payable would constitute between 38% (Shepway) and 50% (Canterbury) of gross household income.
- Districts – especially Canterbury – are encouraged to examine ways of bolstering incomes to assist entry into owner-occupation (and indeed maintain the viability of marginal owner-occupiers) and explore low cost home ownership options. The latter point is explored further later in this report.

9.0 East Kent Local Housing Market Areas

9.1 Local Housing Market Areas

- 9.1.1 Housing markets do not respect administrative boundaries and may comprise smaller, more local sub-markets and neighbourhoods. They are also constantly evolving, and therefore housing and planning policies need to be pitched at geographically smaller levels. They must take into account trends in the sub-regional housing and employment markets as well as the interrelatedness of housing markets and economic growth.
- 9.1.2 Housing market areas are geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places and where people live and work.
- 9.1.3 There are three sources of information that have been used to construct them:
- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
 - Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics;
 - Contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.
- 9.1.4 These statistical sources have been augmented by the perceptions of local authorities and partner agencies, whose views have been obtained through the consultation process described in section 3.
- 9.1.5 Investigating local housing markets is a major change for how local authorities have traditionally viewed housing issues and policies. It provides the evidence base and tool for more developed joint working and cross authority policies. The analysis below of the characteristics of the LHMA's, and the issues facing them, gives some context for the development of policy towards understanding and meeting future housing requirements, by house type, size and tenure. And it gives the opportunity to consider more fine-grained targets for affordable housing proportions in new developments than simply setting district or sub-regional targets

9.2 East Kent Local Housing Market Areas

- 9.2.1 Figure 9.1 illustrates the defined housing market areas for East Kent. These were defined utilising the data sources described above and through consultation with stakeholders, during the stakeholder workshops and with the individual local authorities throughout the SHMA process. Consultation with stakeholders was important because, although defining housing market areas is essentially a data based exercise, stakeholders experience and knowledge of the local area provides a 'reality check' on the data.
- 9.2.2 The housing markets follow Census ward boundaries, partially to assist data collection and manipulation, but also because of self-containment patterns suggested by migration and travel to work, and house price differentials analysis. However, in some areas the markets cross local authority boundaries, because of the rural nature of much of the area. Sub-markets may exist within these larger rural areas; however, in the context of the SHMA the larger rural areas should provide more accurate calculations.
- 9.2.3 It is also important when working at this sub-regional level to adopt a pragmatic approach to the number of housing markets to define. The identification of only a handful of markets will obscure lower-level details and issues within some areas, whereas the identification of an excessive number of markets can lead to confusion of the wider, strategic picture.
- 9.2.4 The rationale for each defined area is provided in a supplementary technical annex: defining Local Housing Market Areas. However an overview of the analysis is presented below, together with the relevant economic, social and policy considerations that have been obtained through stakeholder input and literature review.
- 9.2.5 As noted, an important component of the make up of market areas is the degree of rurality. We have classified some areas as rural in their entirety, and some as partially rural, for the purposes of the future consideration of a lower threshold to trigger an affordable housing contribution in developments (discussed in section 12).
- 9.2.6 We also include in this section the recommendation for the affordable housing contributions on private sector developments, outlined in recommendation two, described numerically in table 12.10a and taking account of the factors described in section 12.7

Canterbury markets

Greater Canterbury

- 9.2.7 Canterbury acts as a major economic centre within East Kent, both through its underlying economic base and through its draw as a tourist destination. As an urban area within East Kent, Canterbury exhibits medium high house prices (weighted average for 2007 was £219,000), with pockets of lower value housing. Canterbury shows an extensive area of influence in travel to work patterns, drawing 20-30% of the economically active populations from wards across the authority area, as well as 10-20% of economically active groups from some wards in neighbouring authorities Dover, Swale and Shepway. In-migration to Canterbury is largely local, though lower levels of in-migrants are drawn from across the East Kent area. Anecdotal evidence suggests that the city and immediately surrounding villages are distinct from the surrounding rural and coastal areas, giving rise to the identification of 'Greater Canterbury'.
- 9.2.8 Given the strength of Canterbury's economy, and the significant and ambitious plans for expansion, especially in the education sector, wedded to its relatively high house prices, we recommend a target of 40% affordable housing contribution to developments. Although Canterbury scores low on the rate of need column in table 12.10a (number in need per 1000 population) in gross terms it has the fourth highest numbers of those with unmet housing needs across all LHMA's, giving further justification for the 40% target.

Whitstable

- 9.2.9 Whitstable forms part of Canterbury's coastal area. The area shows predominantly high average house prices in both 2001 (£80,000+) and 2007 (£236,000), with a high rate of inflation in the intervening years. The area is quite distinct from Herne Bay to the east in terms of house prices. Travel to work patterns are largely contained within the wards bounding the coast and the urban area of Whitstable, with levels of 20-50% of economically active ward populations working in the area. Migration patterns are quite self-contained, with up to 45% of 'in-migrants' moving from wards within the area. This would suggest that the area acts as housing market in its own right. The town is known to attract purchasers of second homes²⁷, many of whom are based in London, and features in national newspapers in recent years have

²⁷ Dealing with 'Problem' Private Rented Housing, CLG Research Summary, 2006

had an impact on house prices. The strength of the Whitstable economy was noted in the CLG's Seaside Towns study²⁸.

- 9.2.10 Again, the relative affluence of Whitstable and the obviously buoyant housing market (even in times of recession) indicates that the LHMA's affordable housing contribution target should be 40%. Although rate of need is low, absolute need is 10th highest among the LHMA's. We have classified Whitstable's development ambition as medium, again pushing the target up. The prevalence of second homes in the area is another reason to redress the balance in favour of affordable housing.

Herne Bay

- 9.2.11 Lying to the east of Whitstable, Herne Bay forms the remainder of Canterbury's coastal boundary. As with neighbouring Whitstable, Herne Bay exhibits a tightly drawn travel to work and migration area of influence. Across all properties, average house prices in the area are comparable to those of Whitstable; however the average prices of larger detached and semi-detached properties, especially at the boundary with Whitstable, are somewhat reduced, suggesting the existence of a distinct housing market. The weighted average price in 2007 (i.e. taking all property sizes into account) was £201,000. Canterbury is also planning a new regeneration initiative for Herne Bay, with an Area Action Plan due to be submitted in the first half of 2009. The CLG's English Seaside Towns study which included Herne Bay, noted it had one of the strongest local economies among the settlements surveyed. However, in this study Herne Bay was grouped with Whitstable and, therefore, the data used was not reflective of the true situation in the two towns which have substantially different levels of economic strength.
- 9.2.12 In terms of affordable housing contribution target, as noted, Herne Bay shares many of Whitstable's characteristics, but has a weaker economy. House prices are also substantially lower, assessed as only 'Average' in table 12.10a, compared to Whitstable's 'High'. As with the other two Canterbury LHMA's, rate of need is low (19th). However, there are still substantial numbers (nearly 400 – 8th highest) in housing need. We recommend a target of 35%.

²⁸ England's Seaside Homes: A benchmarking study, CLG 2008

Dover markets

Town of Dover and hinterland

- 9.2.13 The identified Dover area exhibits a split of average house prices in 2001, with relatively high averages in the east (£78,000+), and relatively low averages in the west (£60,000+). In 2007, however, these averages have evened out across a large part of the area (£166,000 weighted average), with only the more rural west showing higher averages. The travel to work area around Dover covers the majority of the southern part of Dover District, showing the town's status as an economic centre, whilst the apparent area of influence in terms of migration is very tightly constrained to the town itself. Dover faces issues around a poor market image of its desirability as a place to live. This is reflected some of the lower property prices in some areas, and concentrations of vacant, poor condition, and older (pre 1919) terraced private sector property. Dover District Council's Core Strategy seeks to tackle this issue by identifying four strategic allocations (Dover Waterfront, Mid Town, Connaught Barracks, and Whitfield. These should generate 9,700 new homes on a mixture of brownfield and greenfield sites, to rebalance the stock in terms of size, quality and condition, improve the quality of the market offer, and hence help redress the poor perceptions noted above. The underpinning ambition is to provide housing that will encourage people to migrate into the area, to support the forecast growth in jobs, and give the area a competitive edge. More details on the four strategic sites appear in annex 9.
- 9.2.14 While Dover exhibits high levels of absolute need (3rd highest) and relative need (6th highest), its ability to deliver affordable housing contributions will be constrained by its relatively very low house prices (19th of 21). However, it has strong economic development and expansion plans, as evidenced in the Core Strategy. Although the Core Strategy suggests a 30% affordable housing contribution for the strategic allocations, we suggest that elsewhere the authority negotiate 35% contributions.

Deal

- 9.2.15 Deal sits as a coastal urban area surrounded by more rural areas, illustrated by a difference in average house prices (£197,000 weighted average for 2007 in Deal).. The travel to work area is contained to the areas immediately to the north and south of the town, and the area of influence for migration is very much centred on the town itself. Current local authority policy is focussed on reinforcing the local housing market which, generally, is perceived to be

working satisfactorily. The key objective is to support the current functioning of the town into the future, while dealing with an aging population and meeting affordable housing needs. In terms of the relative strength of its economy, the CLG English Seaside Towns study ranked Deal 'mid-range' – neither particularly strong nor particularly weak. We classify the rural hinterland of Deal as rural, for threshold purposes.

- 9.2.16 While the local housing market may be perceived to be working satisfactorily, Deal scores highly on both the rate of need indicator (2nd highest LHMA) and absolute need (6th). Although there are few economic development ambitions for the town, with higher house prices than Dover ('Average') and its degree of rurality (which pushes up land values), our recommendation is that Deal should also have a 35% target

Sandwich

- 9.2.17 The Sandwich market is not solely centred on the town itself, but also on the adjacent business area created by Pfizer. This site is a major employer in the area, and as such creates a sizeable travel to work area in its own right. Average house prices in the area have remained relatively high across most of the area since 2001 (£251,000 weighted average in 2007), indicating a large increase in house prices over the period. Sandwich's characteristics are similar to those of Deal, but the need for additional affordable housing is the highest within the District. However, as growth in the area is highly constrained by flood risk, difficult access and landscapes, housing need arising in the area will mostly have to be met elsewhere, though where the opportunity arises it should be taken. We have classified the rural hinterland as rural for threshold purposes

- 9.2.18 As noted, Sandwich has similar characteristics to Deal, in terms of high levels of rate of need (3rd highest), though there is relatively low absolute need (16th). However, house prices are the second highest of all the LHMA's, and there are indications of a relatively buoyant economy. We also suggest a 35% target for Sandwich, recognising that there may be limited development opportunities – and therefore the need to maximise the affordable housing contribution.

Shepway markets

Folkestone

- 9.2.19 The Folkestone market encompasses the areas of Folkestone, the settlement of Hawkinge to the north and Capel-le-Ferne to the east (located in Dover

District). Average house prices vary across the area, with the centre of Folkestone exhibiting relatively low (£130-160,000) house prices compared to Hawkinge and Capel-le-Ferne (£200,000+). The weighted average price at 2007 across the area was £184,000. However, travel to work patterns suggest that Folkestone acts as the economic centre for this area, with Hawkinge as a relatively new extension to the Folkestone urban area. Capel-le-Ferne, though in a different authority area, has close travel to work links with Folkestone, with anecdotal evidence suggesting more alignment as such rather than with Dover.

- 9.2.20 Together with Hythe, the CLG English Seaside Towns study classified Folkestone as being in the mid-range in terms of strength of local economy – neither particularly strong nor particularly weak. Although it has a substantial elderly population, this is less so proportionately than the other seaside towns in the sub-region. Perhaps more significantly, it is one of only two principal seaside towns (of 37 in the study) that has not seen an increase in employment levels, as part of the low key renaissance of these settlements nationally. The Medway and Kent Structure Plan also identified high levels of social exclusion and deprivation in the northern and central wards, including poor quality private rented stock. Within Shepway it is the area that both has the highest concentrations of need, and where the most brownfield development opportunities exist. In this context it is clear that East Folkestone in particular has major regeneration needs.
- 9.2.21 In this context, we suggest an affordable housing contribution target of 30%. Although Folkestone has the highest gross level of need (728) of all the LHMAAs, the rate of need is mid-range (12th of 21), and at the moment at least, in spite of having substantial regeneration ambitions, these do not appear to be concrete enough to suggest a higher rate of developer contribution. Although house prices are higher than Dover, with which Folkestone has similarities, in our view they are not strong enough to counter-balance these other factors. This target should be reviewed (with the aim of increasing it) if prices rise further and regeneration ambitions are rolled out.

Hythe

- 9.2.22 The Hythe market is characterised by a thin coastal strip of urban development to the west of Folkestone, displaying average house prices (£243,000 weighted average in 2007) that are higher than those for Folkestone in most areas. Localised migration patterns suggest Hythe to be a self-contained market area. Relatively, the area has a large elderly population, and there are limited opportunities for further housing development, though

the Local Plan envisages further development in at Nickolls Quarry, and in some infill sites.

- 9.2.23 Although there are limited development opportunities, in our view when they arise the authority should seek a 35% affordable housing contribution. This is primarily justified by the relatively high values (4th highest prices of all LHMA's), and the relatively high (8th) rate of need, as well as the development ambitions in place.

New Romney and Lydd

- 9.2.24 New Romney and Lydd is a sparsely populated area towards the south of Romney Marsh. Travel to work and migration patterns are locally constrained, suggesting that the housing market primarily services the area's main employment base. Average house prices in the area (£207,000 weighted average in 2007) are significantly lower than those to the north, probably linked both to transport difficulties and concentrations of bungalows (rather than larger detached houses). There are limited development opportunities, and development has been relatively slow, but the Local Plan considers that allocations for the area (and for The Marsh) are important, and should be retained. The Kent and Medway Structure Plan envisages New Romney as the key rural service centre for the Romney Marsh area, also suggesting further development at Lydd Airport. The area is predominantly rural, and is classified as such.

- 9.2.25 Because of the relatively weak price profile (especially compared to the neighbouring The Marsh LHMA) the limited transport connectivity, we suggest a 30% affordable housing target. Additionally, New Romney has the fourth lowest numbers in need.

The Marsh

- 9.2.26 The Marsh forms the remainder of Romney Marsh. This area, in terms of housing market, is characterised by higher average house prices (£221,000 weighted average in 2007) than New Romney and Lydd; however it is also distinct from Hythe by the rural nature of the area and housing stock. The area also bounds the Ashford area of influence in travel to work patterns. The links with Ashford probably account for the relatively higher house prices, and the future development of Ashford as an economic centre is likely to impact further on affordability. Because of the risk of flooding, the Kent and Medway Structure Plan suggests avoiding further significant housing development.

This in itself is likely to put upwards pressure on prices. A case study carried out in the area by the Commission for Rural Communities as part of the Affordable Rural Housing Commission's Inquiry²⁹ found that the housing market was highly competitive, characterised by a shortage of affordable housing, few affordable or long-term private rental options, and expensive private homes. We classify the area as rural for threshold purposes.

- 9.2.27 The existing higher prices and the likely additional upward pressure on prices are indicators that a 35% target is appropriate for The Marsh. Given the limited number of development opportunities, and the links to Ashford (which may encourage further up-market development), we consider that ensuring a reasonably large proportion of affordable homes is important.

Swale markets

Sheerness/Minster

- 9.2.28 Sheerness/Minster covers the west and central parts of the Isle of Sheppey, incorporating Queenborough/Rushenden. Though Sheerness and Minster could be seen as distinct housing markets in their own rights (Minster is the largest residential settlement on the Isle of Sheppey), travel to work and migration patterns suggest that the two areas work together to feed the economy of the whole area. The weighted average price for 2007 across the area was £163,000, low for the sub-region. Sheerness has an industrial heritage, and now acts as a deep water commercial port, with major industries established in pharmaceuticals and steel. The coast still acts as a summer tourist focus. The ambitions of the area, expressed in the Local Plan, are to capitalise on Thames Gateway incorporation to make Sheerness competitive with European ports through its deep water status and rail freight links. Historically, Sheerness has suffered from under-investment in infrastructure. Improved roads and a second crossing of the Swale will enable wider economic regeneration on the Island. At the same time there are plans to bolster existing retail, professional and public services in the area. In housing terms, the Local Plan has concerns that significant amounts of new- build housing have occurred or are committed, without corresponding growth in new employment. It therefore tightens up on housing land supply until employment development has 'caught up'. Development patterns also need to respect the existing countryside gaps in north-west Sheppey.

²⁹ Romney Marsh – sparse villages on the Kent Marsh, Commission for Rural Communities, 2006

- 9.2.29 The relatively very low price profile (19th of 21) and emphasis on attracting new employment to fill existing new-built supply of commitments indicates that a 30% target is appropriate at the moment. However, there is both high absolute need (4th highest) and rate of need (also 4th highest), and the local authority should periodically review the 30% target with the aim of increasing it, if economic growth results in house prices starting to rise.

East Sheppey

- 9.2.30 East Sheppey is distinct from the western and central areas of the island showing significantly lower average house prices and indeed, the lowest average prices in the sub-region (£150,000 2007 weighted average) with characteristics that set it apart from Sheerness/Minster. The core community centre is Leysdown-on-Sea, which is effectively a small service centre for the abundance of holiday homes, caravan sites, campsites, chalets and park style homes that populate the coastline. Whilst traditionally the area is typified by seasonality, some of these forms of holiday accommodation are populated on a more permanent basis, although there are very few occupied on other than a maximum eight months occupancy basis. Occupancy of these holiday facilities for periods of greater than eight months would be on an illegal basis. There is some conflict between visiting and permanent residents in terms of how existing facilities are geared³⁰. There are limited facilities to provide infrastructure for permanent residents. However, behind the coastline and its concentrations of holiday parks, East Sheppey is predominantly agricultural and rural, with a sprinkling of hamlets and isolated settlements, with poor transport connectivity and flood plain status. The Local Plan recognises the environmental and connectivity constraints on substantial development and policies here are geared towards ensuring 'the continued and improved viability and vitality of villages to promote local self-sufficiency'³¹. The area is classified as rural.
- 9.2.31 Although there is high rate of need (1st), there is very little absolute need (21st – 52 households). Prices are also the lowest of all the LHMA's, and there is no indication of future large scale economic development in this primarily agricultural area. A 30% affordable housing contribution target is appropriate.

Sittingbourne

- 9.2.32 Sittingbourne sits towards the western edge of the East Kent sub-region. The town of Sittingbourne displays lower average house prices than the

³⁰ Leysdown Parish Regeneration Plan – Groundwork - 2006

³¹ Swale Borough Local Plan 2008 – Core Strategy, para 2.85

surrounding area (£185,000 weighted average for 2007), and, according to currently available data, has a relatively small travel to work and migration catchment (although Swale as a whole has a broader reach than other East Kent authorities). However, there are several factors that mean that Sittingbourne should be more strongly identified with a broader market area, particularly going into the future. Firstly, there are strong and improving transport links to more major economic centres such as Maidstone, the Medway towns, Ashford and to some extent Canterbury, along with easy links to Greater London via the M2. The planned development of the Northern Relief Road will open up central Sittingbourne for development, as will improvements to North Kent rail services. Secondly, there are plans to develop Sittingbourne Town Centre and the Milton Creek area for mixed uses including housing development, combining affordable and market housing, with a view that at least some of the market housing will attract incomers, commuting in to other centres. Thirdly, there are ambitions that continuing development of Kent Science Park will have driven forward higher value employment and demand for higher level skills. This all suggests that the area may form part of a larger market area centred outside the East Kent area. However, for the purposes of this study the Sittingbourne market is included as a distinct area. In the view of Swale Local Plan, Sittingbourne needs to improve its retail offer and experience a 'step change' in its role as shopping centre in order to achieve economic regeneration. Apart from Sittingbourne itself, the village / suburb of Iwade to the north-west of Sittingbourne is identified as the only other area for housing development in the local housing market area.

- 9.2.33 We recommend a 35% affordable housing contribution target for Sittingbourne. In spite of the fact that house prices are relatively low (14th of 21), the substantial economic and housing development ambitions for the town, the high numbers in housing need (756 – highest LHMA), and the relatively high rate of need (5th highest) all contribute to the 35% recommendation.

Faversham

- 9.2.34 Faversham is identified as a small island of medium priced (£187,000 weighted average for 2007) housing surrounded by higher value rural areas (categorised as the East Kent Rural North HMA in this study), and also has links with the Canterbury housing markets and hinterland. Prices tend to be higher than Sittingbourne to the west. Migration patterns into Faversham are relatively self-contained as is travel to work. Local anecdotal evidence suggests an expanding relationship with Ashford. Over the last twenty years it

has suffered economic decline, through the end of traditional industries and shrinkage of the agricultural sector. At the same time there is pressure for housing development due to attractive locations and good transport links. This had led to price rises, making it more difficult for local people to buy in the area. Faversham itself has a distinct industrial heritage, that has helped produce a range of historic buildings, and the Local Plan believes its regeneration can be achieved by capitalising on its heritage, tourism, and use as a business centre and resource for its rural hinterland. The underpinning principle is to increase self-sufficiency and self-reliance of the local economy, rather than seeing it eroded into a dormitory region. The Local Plan therefore identifies that a degree of restraint on future housing numbers and additional floorspace provision is required.

- 9.2.35 As with neighbouring Sittingbourne, we suggest a 35% affordable housing contribution.. This is prompted by the higher prices prevalent in Faversham, the relationship with the Ashford market and the future curtailment of housing development. With the 7th highest rate of housing need among the LHMA's, a reasonable level of affordable housing is required.

Thanet Markets

- 9.2.36 The coastal settlements of Thanet form a largely continuous band of urban definition around the eastern edge of the district. However travel to work and migration patterns suggest that Margate, Ramsgate and Broadstairs define discrete economic areas. Average house prices (weighted, for 2007) bear this out, with Margate (£159,000) and Ramsgate (£167,000) displaying averages significantly lower than those in Broadstairs (£218,000). Westbrook/Birchington, to the west of Margate also shows higher value housing (£182,000) and is therefore defined as a discrete market. A critical issue, noted also in section 1, is concern about the continued erosion of the housing offer and higher values in the district, through the flattening and subdivision of larger family homes, or their demolition and replacement with blocks of smaller units. If economic regeneration is to be successful, ensuring appropriate property types are available to meet the needs of an aspirational and higher skilled workforce is essential. The local housing markets in particular need of protecting properties are those in Westbrook (including Westgate), Margate and Ramsgate,

Broadstairs

- 9.2.37 Broadstairs is probably the most sought after housing location in Thanet. It is generally seen as having a charming and genteel ambience. Its picturesque sandy bay, Dickensian association and quiet charm attracts a more selective visitor clientele. It has some pleasant leafy suburbs, and affluent areas including North Foreland Estate which is characterised by large detached homes set in spacious plots. Its house prices (£218,000) are significantly higher than Margate and Ramsgate. The town is beginning to see a second-home market opening up, not dissimilar to that in Whitstable, populated by Londoners. The reduced journey times that High Speed One will bring, taking half an hour off the journey to London, will have further impact on prices. New housing development opportunities are constrained
- 9.2.38 In view of the higher house prices, and likelihood of further increases when general market conditions improve, together with limited housing development possibilities, we are recommending a target of 35% affordable housing contribution where developments do occur. Although the area exhibits signs of affluence, there is still a greater rate of need than all the other Thanet LHMA's except Ramsgate.

Margate

- 9.2.39 Margate has been the slowest of Thanet's coastal towns to recover from the demise of the English resort holiday which underpinned its economy. Prices are very low (average £159,000), the second lowest average priced among all the LHMA's in East Kent. Evolving strategy is to rejuvenate the town with a blended theme of culture/art and leisure (capitalising on the forthcoming Turner Contemporary (£17.5m art centre) and the heritage of its historic Old Town).
- 9.2.40 The western part of Cliftonville and central Margate are a deprivation hotspot, and include a Housing Renewal Area. It is an area that has attracted a significant number of transient people. There is anecdotal evidence that problems associated with this area (e.g. fear of crime) are tainting perceptions of the wider District as a place to live and work. A policy restricting further one bedroom flats and multiple occupation was recently introduced in the first phase of the Renewal Area to stem the importation of vulnerable people.
- 9.2.41 The eastern area of Cliftonville, leading into Kingsgate, is regarded as one of Margate's more desirable areas to live, and contains some attractive spacious homes.

- 9.2.42 We suggest a 30% affordable housing contribution target is appropriate for Margate. This acknowledges the very low price levels, the as yet unfulfilled regeneration ambitions of the Town, and the relatively low (16th) rate of housing need.

Westbrook/Birchington

- 9.2.43 Westbrook's eastern end is characterised by large Victorian terraced properties, many previously used as holiday accommodation, some currently vacant and many in flats. Westbrook has an extensive parade of shops. Despite recent progress on a quality residential scheme at the listed former Sea Bathing Hospital the area currently feels down at heel. Design briefs have been prepared for mixed use redevelopment at the nearby Dreamland site and for public realm improvements in the vicinity.
- 9.2.44 Residential appeal increases on moving further westwards towards Westgate on Sea, although there are areas of higher density, including Council housing. Westbrook has some attractive residential avenues off the seafront and some prestigious detached homes overlooking the North Sea.
- 9.2.45 Westgate on Sea, originally designed to a grand plan, now contains a mix of housing and has its own railway station, local shopping centre and some prestigious cliff top homes.
- 9.2.46 Further west lies Birchington-on-Sea. Although part of Thanet's coastal urban belt, and with a large population, Birchington has a village culture. It is particularly popular as a retirement location, and has a good local shopping centre and railway station. There is a wide mix of dwelling types and sizes, again with some grand detached homes overlooking and near the sea.
- 9.2.47 This LHMA exhibits lower average prices (£182,000) than Broadstairs, and are 16th lowest in East Kent. Although there are some redevelopment ambitions for the area, they are yet to be realised. There are moderate levels of housing need (12th highest), but there does not seem to be a requirement for an affordable housing requirement target of more than 30%

Ramsgate

- 9.2.48 Ramsgate is best known for the atmosphere and spectacle of its Royal Harbour framed between opposing cliff tops. Although parts of the town were down at heel during the 1980s to 1990s, Ramsgate has regained some momentum and vitality, with a cafe culture, and refurbishment of surplus shops into residential accommodation. The town has a fine, but in some

places tarnished built environment. This includes desirable Regency squares and cliff top crescents. Prices are relatively low (£167,000 average)

- 9.2.49 Like other towns in Thanet a wide variety of accommodation is to be found across its extensive urban area, with a range of established attractive homes being near the sea on the west cliff area.
- 9.2.50 Low property values make Ramsgate more similar to Margate than to Broadstairs, and therefore less viable as an area where a substantial proportion of affordable housing could be expected to be developed.. There do not appear to be major economic development ambitions, though if the social momentum noted above gathers pace and impacts on housed prices substantially, then in future the 30% target we are recommending may need reconsideration.

Thanet villages: Minster / Manston

- 9.2.51 The remainder of Thanet largely consists of sparsely populated small villages.. Beyond the almost continuous urban belt encompassing Birchington, Westgate, Westbrook, Margate, Cliftonville, Broadstairs and Ramsgate, there are seven rural settlements (Acol, Cliffsend, Manston, Minster, Monkton, St Nicholas and Sarre). Thanet is a small geographical area, and these villages are fundamentally dormitory settlements to the urban area, but retain a significant village character. Average house prices are relatively high (£231,000 weighted average for 2007) compared to the coastal area. The largest village, with a population of over 3,000, is Minster which has a railway station and a range of local shops. There is also an existing greenfield allocation for 100 new homes including an element of affordable housing. The other villages vary considerably in size, population and character. None has sufficient services to be self contained, and they are thus essentially reliant on the urban area. We classify this area as rural for threshold purposes.
- 9.2.52 Whilst we acknowledge the difficulties of developing in predominantly rural areas, the relatively high house prices (6th highest LHMA) suggest that where opportunities do arise a 35% affordable housing contribution should be called for. An injection of a more substantial element of affordable housing might also help counterbalance the dormitory town effect, by providing additional homes for locally-based, lower paid households.

East Kent Rural: North and South

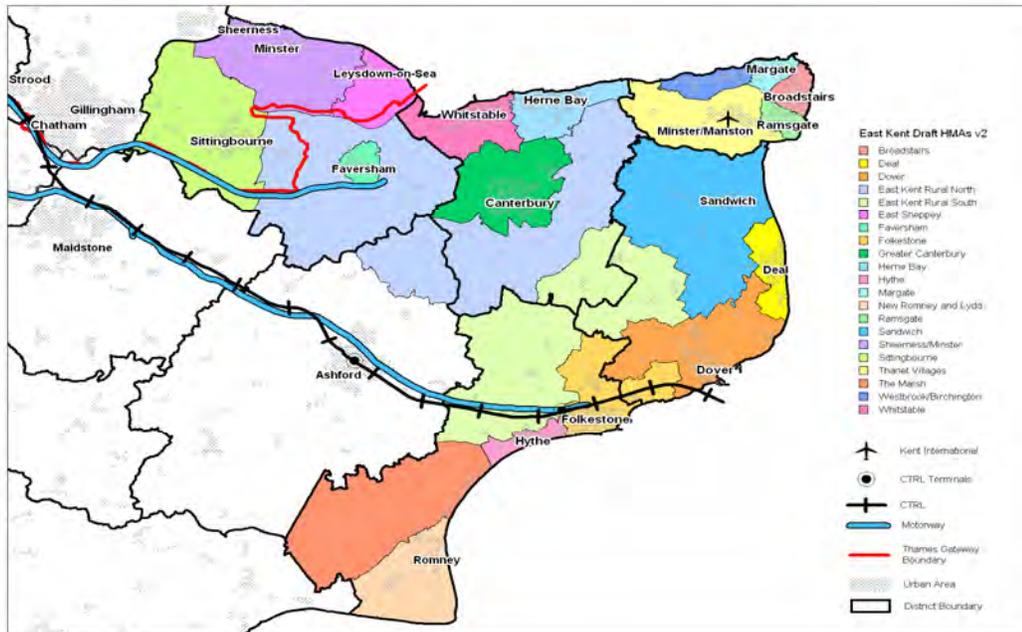
- 9.2.53 Our commentaries on many of the other identified Local Housing Market Areas have noted features related to the degrees of rurality: economic and employment factors, transport connectivity, housing market effects, and relationship with associated urban areas. However, outside those areas already identified, there are additional swathes of countryside crossing all local authority boundaries that are largely rural in character, and that exhibit common features that give the characteristics of market areas, in spite of their broad geographic spread. The areas exhibit, in the main, relatively high average house prices (South - £259,000 and North - £260,000 weighted averages for 2007). Travel to work and migration patterns are low level, possibly as a result of a mixture of diverse populations such as retired people, higher management with the ability to travel to economic centres for work, those engaged in localised industries such as agriculture and long term residents.
- 9.2.54 Some pockets of lower house prices are also evident, particularly around some ex-mining areas on the Canterbury/Dover border; however these are more likely sub-markets of a wider HMA in this context. Dover District Council aims to create a new market around the former mining community of Aylesham, through strategic village expansion of around 1000 homes.
- 9.2.55 This collection of villages and rural localities covers a relatively large area of East Kent and has therefore been split into two markets: East Kent Rural North, surrounding Faversham to the west and bounding the Greater Canterbury and Sandwich markets to the east, and East Kent Rural South stretching from the southern part of Sandwich in the east to meet The Marsh in the west.
- 9.2.56 These two markets cross district boundaries in a number of places, and indeed the East Kent Rural North market takes in the northern tip of Ashford Borough to the south west of Canterbury.
- 9.2.57 Policy priority towards the rural areas tends towards reinforcing the existing housing market and broadening choice where possible. This broadening of housing choice – especially encouraging the development of a supply of larger homes - is needed to improve market perception of parts of rural Kent.
- 9.2.58 As with other areas of rural England, there are specific aspects that influence housing development options in these areas. Among other factors are a paucity of large sites, fragmented patterns of land ownership, high land costs and house values, environmental considerations (particularly the influence of

the Kent Downs Area of Outstanding Natural Beauty), and planning policy constraints.

- 9.2.59 Moreover, there is recognition³² that in these circumstances the provision of affordable housing can be particularly difficult to secure in rural areas, where densities are lower, and demand for second or holiday homes has led to escalation of local house prices. The absence of affordable housing can undermine the viability of local amenities such as shops, schools and transport networks as younger families in lower-paid occupations have to move elsewhere because they cannot afford to remain. This creates a spiral – as there is no school, the housing offer for younger people is reduced – and thus villages become the preserve of the retired and the wealthier.
- 9.2.60 In these circumstances, policies that incentivise the creation of affordable homes in smaller villages to meet local housing needs are required. These include 'exception sites' policy for land that would not normally be used for housing purposes to accommodate small developments covenanted to remain affordable; use of a lower threshold for triggering on-site S106 affordable housing provision; and consideration of Community Land Trusts and similar vehicles to deliver affordable housing that remains a community asset in perpetuity.
- 9.2.61 In terms of the lower threshold, the normal trigger for an affordable housing contribution is fifteen or more units, as set out in PPS 3. Given the features of rural areas we have noted above – smaller sites, fragmented ownership, higher land and house values – the likelihood of significant numbers of larger sites becoming available is remote. For the East Kent Rural North and South Local Housing Market Areas, and for other LHMA's that exhibit the main features of rurality in whole or in part, we recommend that when in future full economic viability studies of the sub-region's development potential are undertaken, these should examine whether reducing the threshold to lower numbers of units would be feasible. This is considered in more detail in section 12.
- 9.2.62 For the present, we are recommending an affordable housing contribution of 35% on sites where fifteen or more units are to be built. This reflects the high land values (East Kent Rural North – highest property prices of all LHMA's, East Kent Rural South – 3rd highest) and the consequent pressure on affordability faced by local residents. While opportunities to implement this target may be sparse, they should be seized upon where achievable.

³² For example, in Shepway District Council Local Plan – Housing – Update to 2011

Figure 9.1 East Kent Housing Market Areas



10.0 The future housing market

10.1 Demographic trajectory

- 10.1.1 It should be noted that the data in this section is based primarily on Kent County Council projections, produced in September 2007, and consistent with other data sources used in this SHMA. However, more recent projections (Nov 2008) by Kent County Council show a significant increase in population projects compared to those produced the previous year. The 2008 figures reflect the revised (and increased) figures in the current version of the South East Plan (including the Secretary of State proposals). These are set out in section 2.8. Consultation and discussion on the Plan has not yet finished, and there may well be additional changes in numbers before it is finalised.
- 10.1.2 In a sense, both projections are 'aspirational' as they are essentially housing-led, and assume that build targets in the Plan are achieved. Of more significance are the projections of changes in the proportions of different ages groups, and household sizes, and these remain relatively constant.
- 10.1.3 Table 10.1 illustrates the population change in the sub-region by age. Overall the table shows that the population in the 0-15, 16-24 and 25-44 age groups are set to decline. The population in the 65-84 and 85+ age groups is predicted to increase significantly between 2006 and 2026.
- 10.1.4 More specifically:
- The population in the 0-15 age category is set to decline by 16.2% between 2006 and 2026;
 - The 16-24 age group is set to fall by 11.2%, and
 - The 25-44 age group is predicted to fall by a similar amount by 2026 – 11.4%.
- 10.1.5 The projected increase in the elderly population – especially the very elderly – is the overwhelmingly most important demographic driver of housing market change. The strategy and policy implications are multiple: the need for aids and adaptations in existing homes; the development of new homes to wheelchair and Lifetime standards; the implications for housing support, care and health services; the economic impact of a reduced proportion of working age residents. All these need to be central in the strategic considerations of local authorities and other partners in the sub-region.

10.1.6 Below is more detail on the significant increase in numbers expected of the older age groups between 2006 and 2026:

- The 45-64 age group is estimated to increase slightly by 2026; however the percentage increase fluctuates over the preceding years, the greatest increase being between 2006 and 2016;
- Both the 65-84 and the 85+ are predicted to increase significantly. The 65-84 age group is set to increase by 42.2% between 2006 and 2026, with the over 85 category population estimated to double with a 49.1% increase between 2006 and 2026. The November 2008 projections assume a 45% increase in the 54 to 84 age group, and a 73% increase in the 85+ group.

Table 10.1 Population change by age range: All East Kent (including Swale):

	2006	2011	2016	2021	2026	% change 2006-11	% change 2006-16	% change 2006-21	% change 2006-26
0-15	116,500	110,400	106,500	101,400	97,600	-5.2%	-8.6%	-13.0%	-16.2%
16-24	69,600	72,300	69,200	62,800	61,800	3.9%	-0.6%	-9.8%	-11.2%
25-44	152,300	144,900	141,400	139,400	134,900	-4.9%	-7.2%	-8.5%	-11.4%
45-64	156,100	163,400	164,000	162,100	159,600	4.7%	5.1%	3.8%	2.2%
65-84	98,700	107,100	122,500	131,900	140,400	8.5%	24.1%	33.6%	42.2%
85+	16,100	17,600	18,800	20,300	24,000	9.3%	16.8%	26.1%	49.1%
Total all ages	609,300	615,700	622,400	617,900	618,300	1.1%	2.2%	1.4%	1.5%

Source: South East Plan Strategy forecasts September 2007 Kent County Council

10.1.7 Table 15.10, in the statistical annex, provides the above table (percentage change between 2006 and 2026 based on 2006 population figures) for each of the local authorities in East Kent. They illustrate that:

- In the 0-15 age category Shepway is predicted to have the highest decline with a reduction of 28.1%, closely followed by Dover. Canterbury is predicted to experience the lowest decline in the age group with only a 4% reduction. These figures compare to an 8.9% decline for Kent;
- Overall in the 16-24 group, Shepway is set to experience the greatest reduction with 8.6%. Thanet has the lowest reduction in this age category with 7.4%. However all of the districts have greater population reductions compared to that of Kent which is predicted to experience a decline of only 3.0%;
- Overall all districts are predicted to experience a decline in the 25-44 age category. Shepway is expected to experience the greatest decline with

20.3%, whereas Canterbury is predicted to suffer the least, with a decline of 2.4%. This is lower than the Kent population decline in this age group of 5.2%;

- The older age categories are predicted to increase significantly in the sub-region. In the 65-84 age category Dover and Swale are expected to double their populations with increases of 55.7% and 53.2% respectively. These two districts are predicted to have the greatest increases in the 85+ age group, with increases of 54.0% and 84.4% respectively.

Table 10.2 Household change by Local Authority from 2006 to 2026

	Households					Change (thousands)			
	2006	2011	2016	2021	2026	% Change 2006 to 11	% Change 2006 to 2016	% Change 2006 to 2021	% Change 2006 to 2026
Canterbury	60,500	63,100	66,100	67,800	69,500	4.4	9.3	12.1	14.9
Dover	46,000	48,000	50,900	52,300	53,800	4.5	10.6	13.8	17.0
Shepway	43,400	44,900	46,300	47,400	48,400	3.3	6.7	9.1	11.6
Swale	53,200	56,200	59,300	60,800	62,300	5.8	11.6	14.3	17.1
Thanet	57,000	58,800	60,700	62,400	64,100	3.0	6.3	9.3	12.3
East Kent Total	260,100	271,000	283,300	290,700	298,100	4.1	8.9	11.7	14.6

Source: South East Plan Strategy forecasts September 2007 Kent County Council

10.1.8 Table 10.3 presents the change in the number of households between 2006 and 2026. Overall the projections indicate that the number of households in the sub-region is projected to increase between 2006 and 2026 by 38,000. Each of the districts is predicted to have sustained year on year increases. Swale and Dover are predicted to experience the highest increase in households with an increase of, respectively, 9,100 and 9,000. Shepway is estimated to have the lowest increase with 5,000 additional households. It should be noted that new government projections have increased population requirements in Dover and Thanet, and amount to a 43,300 increase for the sub-region overall

Table 10.3 Household type change for East Kent 2006 to 2026

	2006	2011	2016	2021	2026	% change 2006-11	% change 2006-16	% change 2006-21	% change 2006-26
Married couples	115,400	112,800	111,300	109,100	107,200	-2.3%	-3.6%	-5.5%	-7.1%
Cohabiting couples	27,300	31,900	35,600	37,500	39,300	16.8%	30.4%	37.4%	44.0%
Lone parent	19,400	19,900	19,800	19,000	18,500	2.6%	2.1%	-2.1%	-4.6%
One person	83,000	91,300	100,900	109,400	117,600	10.0%	21.6%	31.8%	41.7%

	2006	2011	2016	2021	2026	% change 2006-11	% change 2006-16	% change 2006-21	% change 2006-26
Other multi-person	15,100	15,300	15,600	15,600	15,500	1.3%	3.3%	3.3%	2.6%

Source: South East Plan Strategy forecasts September 2007 Kent County Council

10.1.9 Across the whole sub-region cohabiting couples and one person households are predicted to increase significantly by 2026, 44.0% and 41.7% respectively. The greatest reduction of household types is estimated to be married couples reducing by 7.1% by 2026. When these figures are compared to the second part of the table which shows the household change in Kent, the change in household profile is similar. Kent is predicted to also have increases in cohabiting couples and one person households, with relatively similar percentage changes to that of the sub region. In terms of household size, projections are for gradual decline in the years to 2026, with Dover, Shepway and Thanet forecast to have an average household size of under two by that date.

Table 10.4a Household type change for East Kent 2006 to 2026

	Average Household Size					
	2001	2006	2011	2016	2021	2026
Canterbury	2.33	2.32	2.25	2.19	2.13	2.09
Dover	2.30	2.25	2.18	2.10	2.02	1.95
Shepway	2.29	2.24	2.17	2.09	2.01	1.94
Swale	2.45	2.37	2.29	2.21	2.14	2.08
Thanet	2.24	2.20	2.14	2.07	2.01	1.96
East Kent	2.32	2.28	2.21	2.13	2.06	2.00
Kent	2.40	2.35	2.28	2.21	2.15	2.10

Source: South East Plan Strategy forecasts September 2007 Kent County Council

10.1.10 As regards individual districts:

- All of the districts are predicted to experience a decrease in married households. Thanet is predicted to experience the greatest decrease with a reduction of just under 10%. Dover and Swale are predicted to have the smallest reduction of 4.7%;
- Cohabiting couple households are predicted to increase. In particular Thanet and Dover are predicted to experience the greatest increase with 50.9% and 52.3% respectively. Shepway is estimated to experience the smallest increase with 34.1%;
- Apart from Canterbury's 7.1% increase, all of the districts are expected to suffer declines in the number in lone parent households. The greatest estimated reduction occurs in Shepway with 12.9%;

- All of the districts are predicted to have an increase in one person households, with Dover and Swale estimated to have the greatest increase of 52.3% and 52.0% respectively. Thanet is estimated to experience the lowest percentage increase of 35%. The components of the increase in one person households are partially the effect of an aging population and partially due to national demographic trends around relationship breakdown, and marriage or cohabitation occurring later in life.
- When examining the predicted increases in multi person households Canterbury and Swale are estimated to experience increases with 12.5% and 8.0% respectively. The other three districts are predicted to experience a reduction. The greatest reduction is predicted to take place in Thanet. Taking account of what is known about economic and educational policies, and based on the comments of stakeholders, we can suggest that the increase in Canterbury is probably due to increasing numbers of students; the increase in Swale may also be the effect of Medway University, with student housing spilling over into Swale, plus economic migration into the Growth Area; the reduction in Thanet is possibly due to the district's regeneration policies and active discouragement of HMOs.

- 10.1.11 Full details at the district level appear in table 15.11 in the statistical annex
- 10.1.12 Overall these figures illustrate that the elderly population of the sub-region is set to increase significantly, particularly the frailer age groups of 85+, who will require higher levels of support and care. In parallel, groups of the working age, economically active population are set to decline or in the case of 45-64 only increase a relatively small amount. This will have a significant impact on labour supply, and this is discussed further in section 10.3.7, where a labour shortfall of over 93,000 is forecast.
- 10.1.13 When these population dynamics are compared with the changing number of households and household types, two conclusions can be drawn. The first is that although the population is declining in the sub-region the number of households is increasing. This means that the household size will decrease. Secondly the districts that have the increases in the older population are also the ones (Dover and Swale) that are predicted to have significant increases in single person households. As noted, a component of this increase will be households which contain people over 65.

10.2 The economic future of the sub-region

- 10.2.1 The context in which the future economic prospects of East Kent should be viewed is the ambition of achieving sustainable prosperity for all. This is the first and principle message that emerges from the South East England Regional Economic Strategy, 2006-2016 (SEERES). The region as a whole starts from a position of strength, incorporating parts of three Growth Areas. Employment rates are generally higher than other UK and European regions and the adult population engagement in entrepreneurial activity is second only to London among UK regions. In terms of innovation and creativity, the South East is second only to the East of England in the proportion of regional GDP accounted for by Research and Development expenditure, and skill levels in the South East's workforce are relatively strong compared to most of the UK and Europe. The South East also has a higher concentration of knowledge intensive sectors than any other UK region apart from London. However, as noted below and elsewhere, the East Kent sub-region is not as well placed as other parts of the South East to benefit from the ambitions of the SEERES.
- 10.2.2 Building on these strengths, the Regional Economic Strategies (RES) growth aims are, by 2016, to achieve an annual increase in GVA per capita of at least 3%, increase productivity per worker by an average 2.4% annually, and to reduce the rate that the region's carbon footprint has been expanding, and

eventually stabilise it. Underlying these headline aims are a series of specific targets, including bringing an additional 110,000 residents of working age into the jobs market, building research and innovation links with universities, setting higher targets for business turnover attributable to new products, improving skills levels and entrepreneurship, reducing road congestion and pollution, and reducing CO2 emissions by 20% by 2016, as a step towards a 60% reduction by 2050.

- 10.2.3 Within the South East, the county of Kent is set to benefit from the growth area plans, in the Thames Gateway, North Kent and Ashford. In North Kent over 50,000 new homes and 80,000 new jobs are planned by 2021, focusing on the new high speed rail terminal at Ebbsfleet. In Ashford, 22,700 new homes and 29,000 new jobs are planned³³. There are significant regeneration priority areas, including Margate, Ramsgate, Dover, Folkestone and Herne Bay, where regeneration plans are well advanced; and Dover is designated as a new Growth Point. Investment in the international and local North Kent rail networks is also forecast to have significant impact on the economy. Canterbury has been designated a regional hub, a transport and infrastructure centre, supporting a concentration of land uses and economic activities.
- 10.2.4 As regards East Kent specifically, it has already been noted in the 'context' section that in a range of respects, around productivity, GVA, skills, and employment, East Kent lags behind other parts of Kent (and other parts of the South East). Issues around deprivation and dereliction in several coastal towns (identified as part of the wider South East RES typology of sub-regions) adversely impact on East Kent's ability to develop its economy. Nonetheless, in all five local authority areas, significant initiatives are planned to develop and expand local economies.
- 10.2.5 These are outlined in the East Kent and Ashford section of the South East Plan. Although Ashford is outside the SHMA area, the future economic trajectory of the five local authorities is bound up in Ashford's future development. Initiatives relating to the parts of Swale in the Kent Thames Gateway are covered in a separate section of the Plan
- 10.2.6 The South East plan describes the East Kent / Ashford sub-region as playing a nationally-significant role as a key gateway to mainland Europe, and highlights the role of the high speed rail link in not only supporting the growth of Ashford, but regenerating the coastal towns. It notes that employment growth in Ashford should not take place at the expense of other towns'

³³ Draft South East Plan – incorporating Panel and Secretary of State Proposals

regeneration, and believes that 'the growth of Ashford should bring benefits for the coast and vice versa'.

10.2.7 The core economic strategy includes:

- Ashford developing as an office, research and business node, providing market growth for the region as a whole;
- The arc of nine coastal towns³⁴ from Whitstable to Hythe should develop, enhance and diversify their roles as international gateways and research and manufacturing centres. This strategy has been influenced by the 2004 report on the Regeneration of East Kent Coastal Towns, commissioned by Kent County Council, which focused on diversifying their economies so they were 'year long' economies, rather than dominated by seasonal factors;
- Linked to this, tapping the flow of international traffic through Kent for its tourist potential;
- Canterbury developing on the strength of its educational sector, expanding its higher and further educational sectors, creating links between university research and business centres, and continuing as a commercial and cultural centre. This has been built on by the Canterbury Futures Study, commissioned by the City Council, which favoured the development of a 'Knowledge Economy', among other scenarios;
- Expansion of the economy of Thanet through provision of local services, a regional role for Kent International Airport (Manston) as catalyst for economic development, expansion of Port Ramsgate, and linked to these inward investment in manufacturing and transport, notably aviation and marine engineering;
- Expansion of freight handling, linked to the reintroduction of a rail link and rail freight operation in the Western Docks at the Port of Dover; and capitalising on the gateway role of Dover in the tourism sectors, and via the Eurotunnel;
- Expansion of Lydd Airport, subject to environmental and transport considerations
- Further growth encouraged and supported at the Pfizer pharmaceutical manufacturing and research complex at Sandwich;
- Regeneration of the Folkestone town centre to provide increased leisure, cultural and education opportunities.

³⁴ Draft South East Plan: East Kent and Ashford sub-region March 2006

- Smaller towns of Deal, Faversham, Herne Bay and Whitstable to build stronger service functions and appropriately-scaled mixed employment uses
- 10.2.8 Beyond this, there are the opportunities associated with proximity to Kent Thames Gateway (which includes part of Swale), Maidstone, and improved rail linkages with London, which are particularly important for Swale. These are covered in the Kent Thames Gateway Sub-region strategy and include:
- Expansion of the service and science sectors in Sittingbourne, to diversify the employment and occupation structure, including support for developing the technology and knowledge capacity of Kent Science Park
 - New investment in education in Sittingbourne
 - Additional retail development in Sittingbourne
 - Expansion of the distribution, transport and manufacturing sectors in Sheppey
 - Regeneration in Queenborough and Rushenden

10.3 Employment forecasts

10.3.1 Experian were commissioned by the South East Regional Assembly to produce employment forecasts to inform the South East Plan. They have based their forecasts on six scenarios. Scenario 3 and scenario 4 were used to base the East Kent and Ashford's employment forecasts. Please note that the tables and forecasts below exclude those parts of Swale that are in the Kent Thames Gateway, which is covered by a separate set of forecasts and scenarios:

10.3.2 Scenario 3 (Short Term Migration Based)

Scenario 3³⁵ incorporates short term migration based population projections, derived from Office for National Statistics (ONS) draft 2002-based sub-national population projections. Participation rates also determine employment in the long run, and a rate has been applied to the projections derived from what is termed a 'mid' participation rate used by Anglia Polytechnic University, with the main assumptions that participation rates would increase for males and females within the 55-59 age group onwards, and for females aged 25-44.

³⁵ Technical note 1 (update) Economic and Labour demand forecasting. Update March 2006 South East Regional Assembly

10.3.3 Scenario 4 (Long Term Migration Led)

Scenario 4³⁶ includes the same methodological assumptions as Scenario 3, but includes 2001-based demographic projections incorporating long term migration assumptions, prepared by Anglia Polytechnic University.

10.3.4 Figure 10.1 details the employment forecasts for East Kent and Ashford. Examining scenario 3 first: by 2026 full time equivalents are predicted to increase to 237,566, an increase of 26,169 or 12% on 2006 figures. Full time employees are expected to increase by 12,921 or 9%, with part-time employees increasing by 18,472, a percentage change of 22%.

10.3.5 Investigating scenario 4: full time equivalents are expected to increase by 10,945 or 5%; full time employees are forecasted to increase by 4,036 or 3% with part time employees increasing by 9,660 or 12%.

Figure 10.1 Employment forecasts for East Kent and Ashford from 2001 to 2026

TOTAL SUB-REGION: EAST KENT & ASHFORD						
Scenario 3 employment forecasts (short term migration based)						
	2001	2006	2011	2016	2021	2026
Full time equivalents (FTE)	199,974	211,397	221,434	230,302	235,160	237,566
Full time employees	134,717	137,064	142,113	147,069	149,334	149,985
Part time employees	73,390	85,292	92,301	97,303	101,023	103,764
Self employed	35,900	40,215	42,399	44,309	45,416	46,074
Total employment count	244,008	262,571	276,813	288,682	295,773	299,824
TOTAL SUB-REGION: EAST KENT & ASHFORD						
Scenario 4 employment forecasts (long term migration led)						
	2001	2006	2011	2016	2021	2026
Full time equivalents (FTE)	199,974	205,964	211,115	216,493	217,744	216,909
Full time employees	134,717	133,934	136,170	139,100	139,231	137,970
Part time employees	73,390	82,105	86,217	89,120	90,835	91,765
Self employed	35,900	39,187	40,457	41,743	42,178	42,231
Total employment count	244,008	255,226	262,844	269,964	272,243	271,966

Source: South East Plan: Technical Note 1 Economic & Labour demand forecasting updated March 2006

NB: this table excludes figures for Swale

10.3.6 Scenario 3 produces greater increases in part time employment. When these forecasts are compared with the population projections, which estimate higher

³⁶ Technical note 1 (update) Economic and Labour demand forecasting. Update March 2006 South East Regional Assembly

numbers of over 45s, particularly the over 65s, an interesting conclusion can be made. In recent years the over 65s have generally taken on part-time jobs to supplement any pension received. It seems plausible that scenario 3's forecasts will be closer to the mark

- 10.3.7 In terms of labour demand, if it is assumed that the same percentage of the population is economically active (79%), and utilising the population projections detailed above, the population of 2026 is 618,300 minus 97,000 (0-16) and 24,000 (over 85s) leaving a population of 497,300; 79% of this is 392,867. This leaves a shortfall in labour of 93,043. Therefore attracting workers to the sub-region is key.
- 10.3.8 The housing implications of attracting more workers into the sub-region will need close examination as economic strategies are developed. Depending on the type of employment created, the skill levels needed, and the salaries and wages on offer, the mix of accommodation required will vary. For example, an influx of professional, academic and executive posts will have an impact on the requirement for family market housing. Service and customer-care related jobs may attract younger single people, with smaller household needs; expansion of care and support services (especially in the context of an aging population) will require more family affordable housing in recognition of the lower wage levels in these sectors.
- 10.3.9 Our findings derived from the SHMA methodology on future market and affordable housing need can only go so far in predicting and projecting these factors. They should therefore be used as baseline figures, to be referred to when considering future economic growth in the region and its housing implications. In particular our findings on emerging needs for market housing are purely based on the emergence of newly-forming households already within the sub-region who can afford market housing. They take no account of in-comers who may be attracted to the area as and when economic growth occurs.

However, if the economic and social aspirations of the sub-region are to be realised, future market housing policy needs to take account of:

- The targets for additional market housing outlined in the South East Plan
- Aspirations to attract higher qualified residents, to meet the needs of expanding education and knowledge sectors
- The better quality 'offer' that new transport links bring to attract residents with higher-paid London and international occupations

- The need to attract a younger working age population to meet the projected labour deficit of over 93,000
- The reliance on migration (as oppose to natural increase) in expanding the sub-region's population; and the need to ensure that substantial elements of inward migration are of younger families, as opposed to older or younger single people to ensure balanced communities.

All these indicate that market housing policy should have a substantial element of family housing development as a core.

10.4 High Speed One

10.4.1 In 2009 East Kent, as part of the Channel Tunnel rail link, is set to benefit from high speed trains that will decrease the journey times from the sub-region to London. Passengers who are prepared to pay higher fares and wish to arrive at St Pancras, London, will be able to get from:

Figure 10.2 High Speed Service Journey time to London St Pancras compared to Current Journey Times to London Termini (estimated)

Departure Station	Current Journey Time (minutes)	HS1 Journey Time (minutes)
Ashford International	84	37
Canterbury West	110	61
Dover Priory	116	64
Folkestone West	99	49
Ramsgate	129	81

Source: South East Trains: update on Transport for development: high speed rail in Kent: MVA Consultancy April 2008

10.4.2 It seems clear that these much-shortened journey times will have an impact on the desirability and hence prices of the termini towns (and villages with easy access to them) to London-bound commuters

Benefits of High Speed One for East Kent

10.4.3 The introduction of High Speed One will mainly be a positive catalyst for the East Kent area. It will help regeneration initiatives and encourage more mixed

markets and communities. As noted elsewhere the area lags behind the rest of the south east in economic terms, the workforce is relatively less able to respond to economic changes and the area is relatively deprived. Indices of Multiple Deprivation (IMD) from 2004 show that there continue to be pockets of disadvantage alongside areas of affluence, with East Kent remaining the most disadvantaged part of the county. Thanet (the 85th most deprived LAD out of the 354 English local authorities) has the worst score in Kent, and Dover sits just above the national average³⁷.

- 10.4.4 Between 2001 and 2006 Kent's population grew faster than in any other southern county³⁸, but the population of East Kent is increasing at significantly lower rates than the rest of the region³⁹. The 'High Speed Rail in Kent' Final Report suggests that High Speed One may reverse this trend. The new High Speed One terminus at St Pancras creates journey opportunities for existing Kent residents to use services on to northern England and the new station will also make living in Kent more accessible for commuters that at present arrive in St Pancras or Kings Cross from the north.
- 10.4.5 A journey time of around one hour to London on improved quality trains would bring more parts of East Kent into acceptable commuting time and provide the opportunity for increased commuter traffic. Furthermore, the opportunity of an hour's travel, combined with lower property prices than in most areas of Kent, could attract people to the area who may be unable to afford house prices elsewhere in the country, e.g. in London or other affluent commuter towns (Windsor and Ascot etc).
- 10.4.6 However, there is a potential down side in terms of impact on housing affordability. As London-based commuters with higher disposable incomes take up the opportunities that reduced travel times bring, they will act as an inflationary force in those local areas accessible to the rail service, reducing affordability levels. In turn, there may be a knock-on effect as those who previously could afford to buy are forced to look further afield, further inflating those prices.

³⁷ Kent Economic Report 2004, A Review of the Local Economy and its Social and Environmental Context, Kent County Council

³⁸ Transport for Development, High Speed Rail in Kent Final Report, MVA Consultancy, April 2008

³⁹ Response to the Strategic Rail Authority's Consultation document on Channel Tunnel Rail Link Domestic Services, Steer Davies Gleave, March 2003

Economic benefits

- 10.4.7 The Response to the Strategic Rail Authority's Consultation Document on Channel Tunnel Rail Link Domestic Services⁴⁰ stated that there are real opportunities for growth in East Kent. With a combination of improvement to transport infrastructure, ensured availability of development land, improved workforce skills and new housing, the potential for up to 45,000 jobs can be created. Furthermore, a study undertaken in 2002⁴¹ estimated that economic benefits from the proposed rail links could amount to £220 million per year, not taking account of some of the other economic and social benefits that could not be quantified at the time.
- 10.4.8 Improvements to transport infrastructure or services provide better access and stimulate the local economy. Where transport improves access to jobs, this makes a location more attractive to live in, stimulating inward migration of workforce. If access to a workforce is improved, this also tends to make an area more attractive as a place to locate a business. However, this will only happen if other factors are in place, such as the availability of suitable development sites for workplaces and housing⁴².
- Increasing the wealth in East Kent coupled with reversal in the current downward trends of employment and population would, in due course, lead to increasing prospects in the commercial and domestic property market. A gradual improvement in wealth of the population will also generate demand for additional goods and services leading to better prospects for the industrial/warehousing, retail and office sectors, thus creating the local multiplier effect;
 - In Dover, for example, the High Speed One is of key importance in securing the local economy. As it stands Dover is perceived as isolated, with little to attract inward investment, restricted economic prosperity, limited modern facilities, high unemployment, low skills, lower than county average house prices, declining population, poor quality office space stock and a weak retail market. The High Speed One rail link will be an important element in the reverse of this decline, and assist in the gradual improvement in the wealth of the district, through viable commuting times to London providing better prospects and jobs. In

⁴⁰ Steer Davies Gleave, March 2003

⁴¹ Domestic Rail Services on the CTRL in East Kent: The Economic Case, Steer Davies Gleave, 2002

⁴² Domestic Rail Services on the CTRL in East Kent, The Economic Case, Steer Davies Gleave, 2002

addition, there would be benefits to tourism and improvements to assist development of the port and cruise terminal⁴³.

10.4.9 Other economic benefits from improved public transport include⁴⁴:

- Rail revenue generation: as more people are attracted to an improved rail service and passenger numbers rise, additional fares revenues will be generated;
- New job opportunities created: improved services will improve the accessibility of jobs for members of the workforce and open up new labour markets for employees;
- Multiplier effect: all new jobs created have an economic benefit over and above the direct GDP created by them, through the increased trade for suppliers and money entering the local economy through spending by employees on housing, food and consumer goods;
- Distribution costs: improved rail services can provide savings on extra costs that many employers have to bear due to poor accessibility;
- Reducing benefits dependency: providing more opportunities for employment by both stimulating new jobs and improving access will help get job seekers off benefits and into work;
- Tourism benefits: improving journey times and making journeys themselves more attractive can increase the number of tourists by increasing the catchment area of a particular visitor attraction or by making day trips more realistic. Additional revenue will be generated by tourist spending.

10.4.10 The 'High Speed Rail in Kent' Final Report⁴⁵ found that the amount of commuting by rail into Central London is strongly related to rail journey times and income. The top three rail commuting towns are in West Kent – Sevenoaks, Tunbridge Wells and Tonbridge and Malling, with 12%, 9% and 7% respectively of the workforce commuting from Kent to Central London by rail. These are all areas where current commute times are under one hour and have higher than average income.

10.4.11 In contrast, the East Kent towns of Dover, Thanet and Canterbury are all amongst the bottom of all Kent districts with 0%, 1% and 2% respectively of the workforce commuting from Kent to London. Currently, these areas in East Kent take between 90 and 120 minutes to reach London. These areas have amongst the lowest average household weekly incomes. The number of

⁴³ Potential Effects of CTRL Domestic Proposals on the Dover Property Market, Cluttons, 2004

⁴⁴ Domestic Rail Services on the CTRL in East Kent: The Economic Case, Steer Davies Gleave, 2002

⁴⁵ Transport for Development, High Speed Rail in Kent Final Report, MVA Consultancy, April 2008

commuters will increase with High Speed One. Individual station forecasts, in the 'High Speed Rail in Kent' Final Report, predict that daily commuting will increase. In East Kent, projected increase in daily commuters at High Speed Stations from 2006/07 to 2014/15 will be: 52% from Dover Priory, 27% from Whitstable and from Herne Bay, 63% from both Canterbury East and Canterbury West, 45% from Margate and from Broadstairs and 56% from Ramsgate⁴⁶. Therefore, the arrival of High Speed One should have a positive impact on East Kent. The combination of an increased population of higher wage earners and lower living costs will enable more wealth to be brought into East Kent with the increased spending capacity able to drip through the local economy.

- 10.4.12 Inward investment and any business related travel will eventually occur, but only at a time when improvements in the economy are evident and growth is occurring coupled with investment in environmental improvements and improved retail facilities⁴⁷. However, the area of East Kent is the focus for initiatives to attract inward investment, notably by improving the transport infrastructure.
- 10.4.13 Tourism is one of the keys to the region's regeneration strategy and already employs 8% of the workforce. In addition, rail is more likely to be attractive to visitors if they are travelling from or via London or if they are international visitors connecting with Eurostar services at Ashford. On this basis the Report⁴⁸ estimates that the operation of through services via High Speed One would increase visits by 4.8 million additional single rail trips per year and around 85% of these journeys would be to and from London. The Dover Harbour Board has estimated that there could be 225,000 additional rail trips to the port if high quality fast trains were available to London.
- 10.4.14 Relatively few commuters travel from East Kent to London or vice versa; however this number could significantly increase if there were direct high speed services. Rail passengers travelling to, from and within East Kent would see a significant reduction in journey times. As outlined earlier, the eventual benefits of inward investment will most likely coincide with an increase of reverse commuting.

⁴⁶ Percentages taken from: Transport for Development, High Speed Rail in Kent Final Report, MVA Consultancy, April 2008

⁴⁷ Potential Effects of CTRL Domestic Proposals on the Dover Property Market, Cluttons, 2004

⁴⁸ Domestic Rail Services on the CTRL in East Kent: The Economic Case, Steer Davies Gleave, 2002

- 10.4.15 In contrast, other Home Counties out-commuting has grown in significance in towns in Surrey and Berkshire such as Reading, Woking and Slough where journey times are within an hour.
- 10.4.16 Some commuters from East Kent, rather than commute into central London, may commute to Ebbsfleet International or Stratford where very significant employment is planned.
- 10.4.17 There will be two trains an hour calling at both Ebbsfleet and Stratford from the High Speed One towns in East Kent of Sittingbourne, Faversham, Canterbury West, Ramsgate, Broadstairs, Margate, Folkestone West, Folkestone Central and Dover.
- 10.4.18 Currently projected journey times into Stratford will range from one hour from Canterbury West and Folkestone, to one and half hours from Margate and Ramsgate. Journey times to Ebbsfleet International, although currently not publicised, will be considerably less. Journey times from Sittingbourne and Faversham to London should reduce by about 15 minutes, making Sittingbourne 45 minutes away and Faversham at hour away (best journey times). As noted in 10.4.1 it is likely that these times will come down even further.
- 10.4.19 In terms of commuter numbers it is envisaged that the economic pull of Stratford, with its close proximity to the financial sector at Canary Wharf and surrounding areas and links to the underground and docklands light railway, will make this a more likely commuter destination than Ebbsfleet.
- 10.4.20 Kent displays a high reliance on economic growth within London as it is highly dependant on commuting. In addition, forecasts show that Kent is the only area in the South East which will have an increase in rail commuting to London. However, as Kent is the area most sensitive to economic changes in London it is difficult to forecast accurately the future changes in commuting.
- 10.4.21 The 2005 CEBR 'Symbiosis or Sibling Rivalry' Report examined the inter-relationships between the South East of England and London, and how they might change into the future. This showed that west Kent is the most sensitive to what happens in London and in east Kent the lower commuter flows means it is less sensitive to the realisation of the London Plan. However, this sub-region is sensitive to the size of London's growth given that businesses in the area have a high dependence on trade with London; this will ultimately also impact on inward investment and reverse commuting.
- 10.4.22 Furthermore, passengers in the catchment area for the HS1 will have the choice of switching to the new HS service or remaining with the classic

services. The 'High Speed Rail in Kent' report⁴⁹ outlined a number of factors that will influence people's choice:

- The time saving of travelling on HS services;
- The frequency of HS services;
- The ease of access to the nearest HS served station, if it is not the user's existing station;
- The ease of getting to the passenger's destination in London from St Pancras compared to their existing terminal;
- The difference in price of travelling on either mode.

10.4.23 A wider issue that needs to be considered by the sub-region is the impact on the housing market of cross-channel commuting and an increase in holiday homes. Potential impacts on the housing market from commuters are:

- Increased pressure is put on the housing market due to increased demand for property near stations by wealthier commuters working on the Continent, with a knock-on effect on surrounding areas;
- If substantial price differentials arise between East Kent and the Continent, a more economically active and mobile proportion of the population may choose to reside on the Continent rather than in the sub-region, depriving East Kent of affluent residents.

10.4.24 Potential impacts due to and increase in holiday homes include:

- Increased pressure on the housing market, resulting in increased prices as more homes are taken out of the market place;
- In the low holiday season, these properties will generally be empty, thus reinforcing the negative effects on a community that empty homes have, e.g. more likely to fall into disrepair, loss of sense of community, vandalism etc.

10.5 Commuter Towns around one hour from London

10.5.1 ECOTEC undertook a brief study of the characteristics of other towns that are within an hour's rail commute to London, to see what 'competition' East Kent faced in attracting those with London-based jobs.. Details appear in Annex 2 , but in summary,

- East Kent has a lower quality of life based on a basket of indicators (crime, education, health) than the vast majority of competitor towns

⁴⁹ Transport for Development, High Speed Rail in Kent Final Report, MVA Consultancy, April 2008

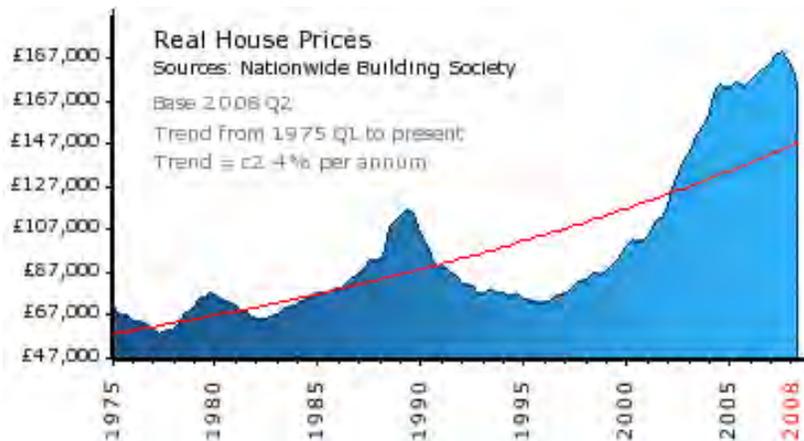
- House prices in East Kent are on average significantly lower than the majority of competitor towns
- The biggest asset that East Kent holds in terms of competitiveness is the natural environment

10.5.2 The policy lessons for complementing the opportunity that improved rail links will bring are fairly clear: promote a range of 'place-making' and social policy to improve quality of life; ensure a continuing supply of relatively modestly-priced, mixed type housing; and capitalise further on the Area of Outstanding Nature Beauty, and similar areas of high environmental quality.

10.6 Future house prices

10.6.1 The SHMA guidance recognises that 'predicting future house prices is an inherently uncertain process'⁵⁰. Nationally, the long-term trend is for there to be a 2.4% annual real house price increase. Until the economic downturn in late 2007 and 2008, strong house price growth coupled with low inflation has meant that real house price growth since 2001 has outstripped anything experienced in the preceding two decades.

Figure 10.3 Real house prices, UK: 1975 - 2008



10.6.2 Housing markets are sensitive to macro-economic factors, especially changes in the base lending interest rate. The Bank of England manipulates the interest rate as a mechanism to achieve its two main purposes: to maintain the stability of the financial system and to promote monetary stability. Higher interest rates reduce the demand for housing markets by making it more

⁵⁰ CLG (August 2007) Strategic Housing Market Assessments – Practice Guidance

expensive to borrow whereas lower interest rates boost the prices of property assets, as the cost of mortgages becomes more affordable and people are prepared to pay higher prices for housing.

10.6.3 Higher house prices enable existing homeowners to re-mortgage in order to finance home improvements or to use equity to move up the property ladder. Low interest rates also promote growth in the general economy by lowering the cost of investment and therefore encouraging business expansion and employment opportunities, creating confidence in the housing market. As regards the reference frame for this SHMA, since 2006 the Bank of England base rate interest rate has risen from 4.5% to 4.75% in August 2006, 5% in November 2006, 5.25% in January 2007 and again to 5.5% in May 2007. By July 2007 the rate had risen to 5.75%, before being cut to 5.5% in December, and again in April 2008 to 5.0%. The Bank of England maintained this rate in its August 2008 announcement, but dropped the rate to 4.5% in October, 3% in November, 2.% in December, 1.5% in January 2009 culminating in the historically-low rate of 0.5% in March 2009.

10.6.4 As already discussed, predicting the future direction of the housing market is fraught with difficulty – however most analysts agree that house prices will continue to fall in 2009, and the percentage is a hotly debated topic. Current house price forecasts for 2009 vary significantly – a few examples of the divergent opinions are listed below:

- HBOS: House prices to fall by 18% by February 2010;
- Howard Archer, chief economist at Global Insight: Fall of 12% in 2009;
- Centre for Economic and Business Research: Prices should rise by 30% between late 2009 and 2012, 'partly driven by the shortfall in housing supply that the reduction in completions will inevitably precipitate.'
- National Housing Federation: Prices to rise by 25% by 2011.

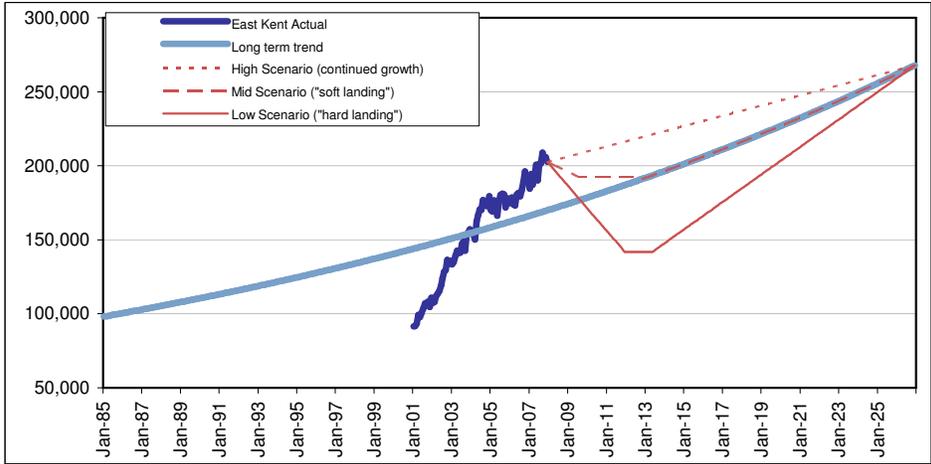
10.7 Future affordability scenarios

- 10.7.1 The core assumption for the long-term house price projection continues to be a 2.4% real increase in house prices (at 2007 prices), which is based on the national long-term trend over more than three decades⁵¹. Figure 10.4 shows actual house prices across the East Kent sub-region for the period 2000-07, comparing these to the long-term trend. As this illustrates, prices in the East Kent area have risen sharply from below the long-term trend line, passing through this line in 2003 and entering 2008 some 20% above it.
- 10.7.2 For the purposes of testing the sensitivity of affordability rates to price changes, three scenarios are explored:
- High scenario – continued growth: under this scenario house prices are projected to continue to rise in real terms, albeit at a reduced rate than in the recent past. Price rises are projected forward from this point leading to an intersection with the projected long term trend line in 2026. In the short term this scenario represents real price rises of around 1.6% per annum, declining to 1.3% per annum in the longer term;
 - Mid scenario – ‘soft landing’: house prices are projected to fall back slightly in 2008 and the first part of 2009, before stabilising at mid-2006 price levels (a fall of 6.6% from December 2007 to July 2009). The scenario then anticipates a period of price stagnation until late 2012 when the long-term trend line is intersected. From this point forward the scenario follows this trend line – assuming a continued increase of real prices of 2.4% per annum;
 - Low scenario – ‘hard landing’: this scenario factors in a sharp and prolonged fall in real house prices in the short and medium terms to a level well below the long-term trend line. This mirrors past market behaviour when prices have crashed following rapid rises (the last crash in England was in the early 1990s). Having fallen by 30% between 2008 and 2011, real house prices under this scenario are then projected to stabilize briefly before climbing back to intersect with the long term trend in 2026.

⁵¹ Nationwide Building Society figures

10.7.3 The low scenario is the closest to what the most negative commentators see for the current housing market.

Figure 10.4 Actual house prices 2000-07 and house price scenarios 2008-26



Sources: HM Land Registry Price Paid; Nationwide Building Society; Modelling ECOTEC

10.7.4 As noted, the future development of house prices is notoriously hard to predict, with a large number of variables making accurate forecasting close to impossible. For this reason we have let all our scenarios converge on the long-term trend line by 2026. The three scenarios are useful in providing an indication of the area within which house prices are likely to move, particularly in the next five or six years.

10.8 The future housing market: summary of key features

10.8.1 The most critical feature of the future housing market is the impact an aging population will have. The older population in East Kent is predicted to increase significantly, particularly the very elderly groups. There are major implications for housing, housing support, care, and health policy. These cover the use of existing stock, the development of appropriate stock for older groups, and the resourcing of services appropriate to these groups.

10.8.2 At the same time, the younger working age population (aged 44 and under) is estimated to decrease. This poses serious concerns for the sub-region as it is the working age population that will be required to support the older, more resource intensive populations.

10.8.3 Furthermore the major regeneration activities and economic development ambitions that the sub-region is developing require a young, well educated

working population to attract and support investment. Migration will therefore play an important role in filling the gap in the indigenous population. It will also play a role in meeting the care and support needs of an aging population, Housing needs figures from this SHMA should be used as only a baseline when considering how the housing requirements of potential new in-comers appropriate to sub-regional economic ambitions (such as the amount and proportions of market and affordable housing, of different sizes) should be met.

- 10.8.4 The sub-region needs to concentrate and promote its more marketable qualities, including the beauty of its countryside and the increase in people's quality of life that this brings, to attract affluent young populations that the sub-region needs to develop. It will however be up against stiff competition for these younger households due to the ageing population nationally.
- 10.8.5 High Speed One is an important development within the sub-region, opening it up for investment and better linkages with London. However the sub-region needs to manage this carefully, particularly in the current economic climate, where investors are wary of investing in new business, and struggle to finance any new initiative. It needs to be prepared to ensure that the sub-region does not become over-reliant on London and the economic success of London. The impact of the service on local house prices, and their potential knock-on effects, needs careful monitoring.
- 10.8.6 In terms of house prices, in spite of the current down-turn, affordability remains a critical factor in many parts (though there is considerable variation between and within the districts). For long-term planning purposes, even the most pessimistic of our forecasts show prices only dropping to 2003 levels before rising again. Given the other features of the 'credit crunch' – the lack of access to mortgage finance and the increase in the threat of homelessness for owner-occupiers, we are unlikely to see falling house prices substantially ease pressure on market and affordable housing.

11.0 Bringing the evidence together

- 11.1.1 Since 1981 the population of East Kent has grown by 13% as has the number of households, although the average household size has reduced. This reduction in household size can largely be explained by the sub-region's higher proportion of single and couple households.
- 11.1.2 A significant proportion of this population growth was from migration. These migrants were prominently of the 45-64 age group. The sub-region lost 18,000 16-24 year olds. International migration to the sub-region was also relatively high, although this fell slightly in 2006/07.
- 11.1.3 Analysis of travel to work data shows that the majority of households do not travel outside of the sub-region to work: 65% travel less than 12 miles. Around 30% of the sub-region's residents employed in 'higher professional occupations' and 'large employers and higher managerial occupations' travelled to London. However a similar proportion of these occupation types travel within the sub-region itself, particularly to Dover and Thanet. For example 30 % residents in Swale who are employed within 'higher professional occupations' work in Dover, and 20% of residents employed in 'large employers and higher management occupation' travel to Thanet. Full details of this are shown in Annex 1
- 11.1.4 The relatively slow overground rail and variable road networks have made the sub-region very self contained, evidenced by the significant proportion of short distances travelled by commuters and the most common origin and destination fields in table 5.1.
- 11.1.5 The percentage of people employed in the area is proportionally lower than in the South East region as a whole, and unemployment as a consequence of this is higher, around 6%.
- 11.1.6 East Kent has a higher proportion of people employed in public administration, education and health (40%), and distribution, hotels and restaurants (24%) compared to the county and region. And compared to the region East Kent has a lower proportion of its population employed as managers and senior officials, professional occupations and associated professional and technical occupations. Furthermore East Kent sub-region has a lower proportion of working age population with NVQ level 4 or above than the South East.
- 11.1.7 The economy of the sub-region, although lagging behind that of the region is improving. Although the characteristics of the employment market are changing, moving away from manufacturing industries, the number of VAT

registered companies in the sub-region is increasing, particularly in the 'real estate, renting business activities', 'Construction', 'wholesale, retail, and repairs' and 'hotels and restaurants'. Gross Value Added per household is also improving, particularly in the more deprived local authorities of Dover, Swale and Thanet. However Canterbury and Shepway still have more working age residents that are more highly qualified than the other three local authorities.

- 11.1.8 All local authorities within the sub-region experienced an increase in open market house prices across all the dwelling types between 2001 and 2007. Dover, Shepway, and Thanet saw on average (across all property types) increases of over 100% in this period. Swale (79%) and Canterbury (81%) saw lower levels of increase in this period. The impact of the housing market recession in later 2007 and 2008 has not forced house prices down substantially - they are at similar levels to those at the beginning of 2007 and indeed, in some areas and for some types of property (detached houses and flats) prices have risen; consequently, affordability will not have improved. In parallel, difficulties accessing affordable borrowing is placing further barriers to lower income households entering owner-occupation.
- 11.1.9 The number of sales within the sub-region increased, particularly in Thanet and Canterbury between 2001 and 2007. The majority were of semi-detached, terraced and flatted properties, and consequently the highest price rises were for these types of properties during the period (but note later comments on the weakening flat market). The number of sales of flats was significantly higher in Thanet than for the other local authorities, and this was potentially due to greater supply, the relatively high number of conversions and the general trend for people to buy flats as buy-to-let properties or second homes, although obviously this phenomenon is not just related to Thanet (it was also noted as regards Whitstable)
- 11.1.10 Up to 2007, a surplus of this type of smaller property, evidenced by relatively cheap prices, particularly in Thanet, had seen commoditisation in this market – purchase as an investment rather than for a residence – making it a prime target for investors. This trend was further evidenced by the rapid decline in the price of flats compared to houses in quarter 1 of 2008, suggesting that there was an oversupply of this property type, as the attractiveness of the buy-to-let market is reduced by its glutting, as well as the effects of the squeeze on credit. Since then, the price of flats has recovered somewhat.
- 11.1.11 However, as noted in section 8, from the beginning of 2008, the most significant impact of the emerging recessionary environment was the dramatic reduction in transactions, across all types of property including flats. All told,

there were nearly 10,000 fewer transactions in 2008 than 2007, a 55% reduction.

- 11.1.12 Like the rest of the county the percentage of owner occupiers is high within the East Kent sub-region. The population increases, particularly the migration of 45-64 year olds has increased demand for larger properties, particularly semi-detached homes, thus increasing prices. Low levels of completions, particularly of larger properties in parts of the sub-region compounded this demand and further pushed up prices.
- 11.1.13 Demand for these larger family homes continued into early 2008. Although the economy and housing market slowed, prices for semi-detached and detached properties largely held their value (though this trend is unlikely to have continued through the year).
- 11.1.14 The survey of resident aspirations undertaken as part of this SHMA reinforces a policy direction that favours larger properties over small, and houses over flats. The largest single reason for wanting to move – quoted by 20% of respondents – was the need for a larger home. The largest single group wanting to move were under 25s, and the vast majority of all potential movers (between 69% and 80% across the districts) wanted to remain in the same neighbourhood. In terms of aspirations toward different property types, across all districts flats were the least popular of the main building types. Preferences tended to reflect available supply: semi-detached homes were most popular in Canterbury, Dover and Thanet; terraced were most popular in Swale; and detached homes most popular in Shepway.
- 11.1.15 The occupation profile of East Kent which has higher proportions of people employed in lower paid occupations, with a lower level of qualifications, has meant that salaries are low and have been kept low due to the lack of higher skilled industries and associated occupations. This has led to terraced and semi-detached properties being more popular than detached properties which require a more affluent income to be affordable.
- 11.1.16 Furthermore, because of the loss of traditional industries such as mining, manufacturing, and the decline of the British summer holiday, and the sub-region's slow progress towards replacing these, pockets of high levels of deprivation have arisen, and continue to exist. The ratio between earnings and prices required to enter owner occupation for lower quartile incomes has increasingly widened, with owner occupation out of reach for many lower income households. Districts are aware of this, and there are regeneration plans in place or under development to modernise the economic base of the sub-region.

- 11.1.17 These factors have led to the affordability issues that are currently being experienced, both in the owner occupier market and the knock-on effect that an unaffordable owner occupier market has on the private rented sector.
- 11.1.18 Planning policy should therefore be directed towards ensuring that larger properties – semi-detached and detached – are prioritised, both to meet current housing needs and also to re-balance housing supply to respond to these plans for economic regeneration and a more skilled workforce. This means planning for both larger affordable homes and larger market homes.

11.2 Future housing market

- 11.2.1 According to the South East Plan Strategy forecasts (September 2007) by Kent County Council, the population of East Kent will increase by 9,000 between 2006 and 2026, and will age considerably, particularly the 65-84 age group which is predicted to increase by 42%, and the 85+ group, forecast to increase by 49%. Following the Secretary of State's further proposals to the Plan, Kent County Council subsequently revised their projections in November 2008, forecasting a substantial increase on the 2007 figures – population growth of 43,900 (7%) by 2026. Components of the revised figures include a 45% increase in the 65-84 age group, and a 73% increase in the 85+ group
- 11.2.2 More recent population projections based on the then-proposed modifications to the South East Plan were not used for this study. However, in overall terms these projections are not considered to materially affect the overall conclusions of the assessment.
- 11.2.3 The number of households is also set to increase by 14% by 2026 according to the 2007 projections and by 17% according to the 2008 projections. Their composition is predicted to change, seeing a reduction in the proportion of married couples, and increasing numbers of co-habiting, one person and other multi person households.
- 11.2.4 The regional and sub-regional Growth Areas and Growth Points are predicted to generate inward investment, as is High Speed One, which is predicted to have primarily a beneficial impact on the sub-region:
- Increasing the wealth in East Kent, coupled with reversal in the current downward trends of employment and population would, in due course, lead to increasing prospects in the commercial and domestic property market;

- Rail revenue generation: as more people are attracted to an improved rail service and passenger numbers rise, additional fares revenues will be generated;
- New job opportunities created: improved services will improve the accessibility of jobs for members of the workforce and open up new labour markets for employees;
- Multiplier effect: all new jobs created have an economic benefit over and above the direct GDP created by them;
- Distribution costs: improved rail services can provide savings on extra costs that many employers have to bear due to poor accessibility;
- Reducing benefits dependency: providing more opportunities for employment by both stimulating new jobs and improving access will help get job seekers off benefits and into work;
- Easing travel into and out of Kent Thames Gateway
- Tourism benefits: improving journey times and making journeys themselves more attractive can increase the number of tourists by increasing the catchment area of a particular visitor attraction or by making day trips more realistic. Additional revenue will be generated by tourist spending.

- 11.2.5 The employment forecasting carried out by Experian illustrates, particularly in 'scenario 3, short term migration' that the number of part time and full time employees is predicted to increase within the sub-region. If this information is combined with the estimates of population increase predicted then significant amounts of this population will be older. A recent phenomenon is the rise in older people taking part time jobs and people working longer.
- 11.2.6 Migration within the area will also be important to ensure that the sub-region reaches its economic potential. Attracting young people to counterbalance the aging profile is key if the sub-region is to compete with other commuter towns the London market, and regenerate itself.
- 11.2.7 The correct marketing of the housing opportunities in the sub-region is also important in attracting and retaining a balanced population region. It is important to focus this on meeting the housing aspirations of a balanced community,, including ensuring a variety of products are available, to meet different desires.
- 11.2.8 Likewise, the future housing market needs to be balanced to achieve its economic goals. Whilst a proportion of smaller properties are necessary for younger and older single people ,the main property types that the future housing market needs are those that will both attract more affluent working

households and families, and those that meet the needs of younger families facing deprivation and affordability problems As noted earlier, this means combating the continued tendency to flat and sub-divide larger homes; and to put into place measures to develop larger, family-sized, semi-detached and detached homes.

12.0 Housing need and demand

12.1.1 Calculating housing need is the most technical part of any Strategic Housing Market Assessment. The approach taken here follows the Strategic Housing Market Assessments Practice Guidance (CLG August 2007), with the exception of the subtraction of households in social sector stock, which is done sooner than the Guidance recommends (please see table 12.2). The basic formula for calculating this is as follows:

$$\begin{array}{r} \text{Reduction of Gross Backlog Need} \\ \text{Plus} \\ \text{Gross Annual Newly Arising Need} \\ \text{Minus} \\ \text{Gross Annual Supply of Affordable Housing} \\ \text{Equals} \\ \text{Net Annual Housing Need} \end{array}$$

12.1.2 According to the definition given in PPS3 housing need is 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'. Further to this PPS3 Annex B states that 'Affordable housing includes social rented and intermediate housing provided to specified eligible households whose needs are not met by the market'. Affordable housing should:

- meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and
- include provision for the home to be retained for future eligible households; or if these restrictions are lifted, for any subsidy to be recycled for alternative affordable housing provision.

12.1.3 The SHMA Practice Guidance sets out how to assess whether a household can afford home ownership or market renting. It states that a household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households. In regard to private renting, a household can be considered able to afford market house renting in cases where the rent payable is up to 25% of their gross household income. The 'Rent Payable' figure is defined as the entire rent due, even if it is partially or

entirely met by Housing Benefit. Clearly, the relationship between local house prices and incomes is central to determining if a household is in need.

- 12.1.4 The household and population projections used within this section of the report utilises the same information from Kent County Council as provided in the previous sections of this report. However in order for the housing need and demand figures to be as accurate as possible further disaggregation of these data sets was required, which ECOTEC conducted.

12.2 Current housing need – Stage 1

- 12.2.1 This part of the calculation seeks to measure those households currently living in the East Kent area who lack their own housing or live in unsuitable housing and cannot afford to meet their housing need in the market. This group includes homeless, concealed and overcrowded households and those living in unsuitable or technically deficient accommodation, who do not have the resources to remedy the housing problems they face.
- 12.2.2 A range of secondary data sources have been used to assess current housing need in East Kent. Primarily these sources consisted of the Housing Strategy Statistical Appendix (HSSA), CoRE, and the Local Authorities' waiting lists. Table 12.1 illustrates the components that have fed into the housing need line of the calculation, including the data sources used. A number of caveats need to be taken into consideration when analysing this data. The first is that there will be an element of double counting due to the use of secondary data sources and the difficulty⁵² of identifying whether the same household appears more than once within the housing need components. In addition the number of unfit dwellings does not represent the number of households within an unfit dwelling, but the number of dwellings, both vacant and occupied, that are unfit. Again the availability of secondary data is a constraint here. The effect of these data sources on the housing need calculation will be that it will slightly overestimate the backlog need, but by what proportion is difficult to estimate, because of not being able quantify which households are being double counted and how many unfit dwellings are vacant.

⁵² The absence of unique reference numbers has made it impossible in some instances to identify if the same household is both overcrowded and in temporary accommodation

Table 12.1 Components of housing need

		Canterbury	Dover	Shepway	Swale	Thanet	Total East Kent	Data sources
A	Homeless Households (TA)	253	105	136	132	151	777	From P1e average over 3 years 2004/05, 2005/06 and 2006/07
A	Overcrowded Households	694	407	678	1807	897	4483	From Waiting Lists
A	Concealed Households	435	201	235	308	316	1495	From Kent population figures modelled by ECOTEC ⁵³ 2006
A	Unfit dwellings (private)	1869	5260	4644	3500	4639	19912	HSSA 2005/06
A	Other groups	41	27	11	37	33	149	From CoRE 2007/08
	Total	3292	6000	5704	5784	6036	26816	

Table 12.2 Housing need (gross)

		Canterbury	Dover	Shepway	Swale	Thanet	Total East Kent	Data Source
A	Total current housing need	3,292	6,000	5,704	5,784	6,036	26,816	
B	Of which current occupiers of affordable housing	44	32	33	45	32	186	CoRE 2007/08
C	Backlog need (A-B)	3,248	5,968	5,671	5,739	6,004	26,630	

12.2.3 The methodology assumes that existing households in need who currently occupy social sector dwellings, who were counted in table 12.1, will have their needs met through transfers within the social stock. According to the Guidance this is to be done by adding these households to the supply side of the calculation (stage 3). However, it is felt that the calculation is easier to follow if these households are subtracted from the demand side of the calculation in stage 1 – in effect ‘netted off’ from the total number of households in need. In this way we arrive at a final figure for current (backlog) need for those outside the social sector.

12.2.4 The total figure for backlog need in the East Kent area is estimated to be around 26,630 households. An evaluation of the resultant figures shows that current need is relatively low in Canterbury, and highest in Thanet, followed

⁵³ The raw decomposed household output for each East Kent authority taken from South East Plan strategy based demographic forecasts (September 07) has been supplied to ECOTEC for use in the East Kent SHMA only. This data is supplied on the understanding that they will be used solely in the named project and is protected by Kent County Council Copyright.

closely by Dover. In step 5 below the output from stage 1 will be divided by five to provide the annual rate of backlog reduction over five years

12.3 Future need – Stage 2

- 12.3.1 Future need has two components: newly forming households in need and existing households falling into need. These are dealt with here in turn.

Newly forming households

- 12.3.2 The first step of the calculation is to determine the number of new households likely to form each year, distinguished by household type. This is done using Kent County Council demographic figures which were then modelled by ECOTEC⁵⁴. The projections for each local authority show the number of households by type and by five year age band.
- 12.3.3 The Guidance states unequivocally that gross household formation must be measured, this being the total number of newly forming households as opposed to net household growth which takes into account household dissolution. This is the method employed here to calculate gross newly forming households. This involves tracking the development of each cohort at five year intervals to see whether it has grown. An increase in the size of the cohort is then ascribed to households newly forming. The numbers are then divided by five to arrive at an annual figure.

Income distribution of newly forming households

- 12.3.4 The next step requires newly forming households to be matched with their income profiles. This is done using Survey of English Housing (SEH) data which shows that newly forming households earn around 67% of the income of existing households. This factor is applied to the average district incomes given by the CACI dataset. The SEH data also provides data on the average income and income distribution (in deciles) for each type of newly forming household. By applying this distribution to the CACI data, we arrive at an approximation of the income profile of newly forming households in the East Kent area by district and by type.

⁵⁴ The raw household output for each East Kent authority taken from South East Plan strategy based demographic forecasts (September 07) has been supplied to ECOTEC for use in the East Kent SHMA only. This data is supplied on the understanding that they will be used solely in the named project and are protected by Kent County Council Copyright.

Market entry level prices

- 12.3.5 The housing need calculation requires the minimum price at which home buyers and renters are able to access the market to be ascertained. To allow a match to be made with the specific requirements of the various household types it is necessary to determine market entry prices by dwelling type and number of bedrooms. As stated above, market entry level is equated to the lower quartile price.
- 12.3.6 The prices for home buyers are based on 2007 Land Registry 'Price Paid' data. Because this dataset does not provide information on bedroom numbers it has been necessary to model this on the relationship between bedroom number and price distilled from current RightMove housing offers.
- 12.3.7 The figures for the private rented sector are based on the bespoke dataset referred to in chapter 8. The resulting 2007 market entry price levels for each district are presented in the table below.

Table 12.3 Market entry price levels by dwelling type and bedrooms (2007)

Dwelling type	Canterbury	Dover	Shepway	Swale	Thanet
Buyers					
1 bed flats	£ 115,000	£ 91,000	£ 90,000	£ 95,000	£ 82,000
2 bed flats	£ 140,000	£ 115,000	£ 120,000	£ 115,000	£ 118,000
2 bed house	£ 160,000	£ 124,000	£ 136,000	£ 125,000	£ 135,000
3 bed house	£ 175,000	£ 145,000	£ 158,000	£ 145,000	£ 150,000
Renters					
1 bed flats	£388	£256	£384	£476	£304
2 bed flats	£552	£348	£476	£540	£396
2 bed house	£650	£475	£540	£612	£525
3 bed house	£696	£480	£564	£688	£540

Households unable to enter the market

- 12.3.8 Each household type is matched with a suitable minimum dwelling requirement ahead of the subsequent affordability test. Single person households are matched with one bedroom flats, couples without children are matched with two bed flats, single parents are matched with two bed houses and couples with children are matched with three bed houses. By matching the income levels of newly forming households with the market entry prices of the appropriate dwelling type and applying the affordability criteria outlined above (borrowing factors 3.5 and 2.9, and renting factor 25% of gross monthly income) we arrive at the number of households who are unable to enter the market. Although this is not a perfect method (e.g. it cannot factor in considerations used in the bedroom standard) it is the best available without an up-to-date Housing Needs Survey,

12.3.9 According to the results of the calculation 3,696 of the 5,067 annual newly forming households in the East Kent area (73%) will not be able to afford entry into the market. Approximately 1,087 newly forming households are expected to be able to gain entry into the private rented sector but will not be able to afford to become owner-occupiers. The majority of newly forming childless couples will be able to afford market housing, but very few single parent households will be able to. Detailed figures for each local authority and each household type are given in the next table. The income data used to assess the percentage of households who can't afford to rent and/ or buy is based on household incomes utilising CACI PayCheck data.

Table 12.4 Newly forming households in need

HH type		Canterbury	Dover	Shepway	Swale	Thanet	East Kent
Single person	Newly forming HH	425	201	191	248	259	1,324
	% who can't buy	94%	88%	87%	87%	86%	89%
	% who can't rent	73%	53%	73%	79%	68%	70%
	Can't buy but can rent	89	70	27	20	47	253
Can't buy or rent		310	107	140	196	176	929
Couples no children	Newly forming HH	255	141	109	181	155	841
	% who can't buy	87%	76%	77%	73%	81%	80%
	% who can't rent	43%	14%	28%	38%	22%	31%
	Can't buy but can rent	112	87	53	63	92	408
Can't buy or rent		110	20	31	69	34	263
Couples with children	Newly forming HH	589	316	306	452	342	2,004
	% who can't buy	99%	95%	97%	94%	97%	97%
	% who can't rent	85%	67%	78%	84%	81%	80%
	Can't buy but can rent	82	88	58	45	55	329
Can't buy or rent		501	212	238	380	277	1,607
Single parent	Newly forming HH	250	137	127	179	205	898
	% who can't buy	100%	100%	100%	100%	100%	100%
	% who can't rent	100%	100%	100%	100%	100%	100%
	Can't buy but can rent	0	0	0	0	0	0
Can't buy or rent		250	137	127	179	205	898
All households	Newly forming HH	1,518	795	733	1,060	961	5,067
	% who can't buy	96%	91%	92%	90%	92%	92%
	% who can't rent	77%	60%	73%	78%	72%	73%
	Can't buy but can rent	284	246	138	128	193	989
Can't buy or rent		1,170	475	535	823	692	3,696

Existing households falling into need

12.3.10 There are a number of possible approaches to estimating this component of newly arising need. The Guidance suggests looking at recent trends and using housing registers, LA/RSL data and tenants surveys. An approach we have tested involves considering all movements from the private sector (PRS and owner-occupiers) to the social sector as indicative of an existing household falling into need. These figures were ascertained from averaging three years' CoRE – 2005/06, 2006/07 2007/08, however there are limitations

to using this data, namely that it only measures those households which have been successful in gaining entry into the social sector. There may be a significant number of households that fail to secure a social rented dwelling and therefore have to accept an unsuitable alternative. It is also a broad brush approach that may fail to adequately pick up on possible local variation.

- 12.3.11 The headline district figures showing the two components of newly arising need are given in the following table. Newly arising need in the East Kent sub-region is expected to be a little over 5,067 households annually between 2006 and 2010. We use this period because it links with the five year timeframe we will adopt to address arising and backlog need.

Table 12.5 Newly arising need 2006-10

		Canterbury	Dover	Shepway	Swale	Thanet	Total East Kent	Data Source
D	Gross new hh formation per annum 2006-2010	1,518	795	733	1,060	961	5,067	Kent County Council figures modelled by ECOTEC
E	Share newly forming HH unable to afford market housing	77%	60%	73%	78%	72%	73%	Income modelling by ECOTEC
F	Newly forming HH unable to afford market housing (DxE)	1,170	475	535	823	692	3,696	
G	Existing households falling into need	106	103	50	61	133	453	CoRE average of 3 years 2005/06, 2006/07, 2007/08. Owner occupiers and private renters
H	Total newly arising need (F+G)	1,276	578	585	884	825	3,762	

12.4 Affordable housing supply – Stage 3

- 12.4.1 Stage 3 concerns the supply of affordable housing. The Guidance states that this consists of several components, the most important of which is annual re-lets to new tenants entering social housing. The figures are given in the next table.

Table 12.6 Supply of social sector re-lets

		Canterbury	Dover	Shepway	Swale	Thanet	Total East Kent
I	Annual average supply of social sector re-lets	452	283	402	315	482	1,934

12.4.2 The re-lets figures are based on two sources: average of four years Housing Strategy Statistical Appendix (HSSA) and CoRE data. HSSA provides the figures for LA re-lets to new tenants, meaning tenants moving in from outside the social sector rather than tenants transferring from other social sector dwellings. CoRE provides the figures for RSL re-lets to new tenants per district. New local authority and RSL lettings are added together to arrive at total new re-lets per (financial) year. Based on an analysis of re-letting trend over the past four years, average figures over a number of years have been adopted for the districts.

12.4.3 Other components of supply given in the guidance are empty properties, demolition and new build housing in the pipeline. The fact that less than 3% of the social housing stock in each East Kent district is empty is the reason for excluding this factor from the calculation – this void level is considered necessary to facilitate market churn and maintenance work. Concerning affordable new build, these units are included in the averaged CoRE lettings information which measures 'relets', though strictly these could be termed 'first lets' of new social housing. They have not been added back in, as this would be double counting. There is no evidence of demolition of affordable housing stock.

12.5 Calculating the housing requirements of households in need – Stage 4

12.5.1 To complete the calculation it is first necessary to convert the net current need calculated in stage 1 into an annual quota of backlog reduction. It is assumed that backlog will be reduced over a period of five years – this being the most commonly applied rate and the one suggested in the Guidance, although a longer period may also be considered. Finally, net annual housing need is calculated by adding the annual quota to the total newly arising need (stage 2) and subtracting the re-let supply of affordable housing stock shown in the subsection above.

12.5.2 As discussed above, a long period can be considered to reduce backlog. For the East Kent sub-region to be in line with the South East Plan this would be ten years. This would produce an annual quota backlog reduction of 2,663.

There are no significant policy considerations if a longer timescale is proposed, only that the target can be achieved in the timescale given. Later in this sector the calculation will be re-done in line with South East Plan backlog reduction.

Table 12.7 Bringing the evidence together

		Canterbury	Dover	Shepway	Swale	Thanet	Total East Kent
C	Backlog need	3,248	5,968	5,671	5,739	6,004	26,630
J	Annual quota of backlog reduction over 5 years(C÷5)	650	1,194	1,134	1,148	1,201	5,326
H	Total newly arising housing need	1,276	578	585	884	825	4,149
I	Annual supply of social sector re-lets	452	283	402	315	482	1,934
K	Net annual housing need (J+H-I)	1,473	1,489	1,318	1,717	1,544	7,541

12.5.3 The annual total need each year in East Kent over five years 2006 to 2010 is estimated to be 9,475 annually (J+H), which can be broken down into three components:

- Reduction of backlog need: 5,326 (56% of the total)
 - Newly forming households in need: 3,696 (39%)
 - Existing households falling into need: 453 (5%)
- } newly arising
} need

12.5.4 Given a re-let supply of 1934 social sector dwellings per annum, unmet housing need in the East Kent housing market area during the five year period 2006-10 is expected to be approximately 7,541 dwellings per year. All districts have a shortfall of affordable housing supply ranging from 1,717 in Swale to 1,318 in Shepway.

12.5.5 These figures represent a significant increase on previous housing need studies. The table below highlights need identified in previous housing needs studies compared with need identified in table 12.7.

Table 12.8 Difference between previous housing need studies and current identified unmet housing need

	Canterbury	Dover	Shepway	Swale	Thanet
Current identified Housing Need	1,473	1,489	1,318	1,717	1,544
Previous Housing Need Studies	766	322	905	428	902
Difference	707	1167	413	1289	642

12.5.6 Dover and Swale have the most significant rises in need. The increases can be attributed in the main to backlog need and the lack of social sector re-lets. In addition the low provision of affordable housing has not had an effect on reducing the backlog need figure.

12.6 Housing need calculations and the South East Plan targets

12.6.1 As noted, the South East Plan (as amended and as currently proposed) sets targets for housing development over twenty years. Additionally, it recommends that, for East Kent, 30% of newly-developed homes should be affordable, And it gives an option of reducing the backlog over ten years rather than five. Below, we have initially modelled below the effect of addressing backlog and newly-arising need over the ten year horizon the South East Plan suggests. Given the additional resources coming into the National Affordable Housing Programme, we have assumed a 10% increase on the number of re-lets available.

Table 12.9 Housing need calculation re-calculated with a 10 year backlog reduction in line with the South East plan

		Canterbury	Dover	Shepway	Swale	Thanet	Total East Kent
C	Backlog need	3,248	5,968	5,671	5,739	6,004	26,630
J	Annual quota of backlog reduction (C÷10)	325	597	567	574	600	2,663
H	Total newly arising housing need	1,276	578	585	884	825	4,149
I	Annual supply of social sector re-lets (current plus 10%)	497	394	481	601	735	2,708
K	Net annual housing need (J+H-I)	1104	781	671	857	690	4103

12.6.2 We next compare the impact of both the five year and ten year programmes, making the assumption that 30% of new homes are affordable, to see if this target is appropriate in wiping out backlog need and tackling newly arising need. As can be seen in the two columns 'Annual difference' in table 12.10 it is clear that at the end of every year, a substantial gap lies between the needs that have been met, and progress towards meeting need. In fact, if one assumes that the total planning target of 44,400 for the sub-region is developed evenly over 20 years (2,220 per annum) it can be seen that even if 100% of units were affordable, it would significantly fail to meet both the five and ten year programme targets.

Table 12.10 South East Plan affordable units compared with 5 year and 10 year backlog reduction

District	Proposed Changes Total 2006-2026 South East Plan	Number of affordable housing units (30%) South East Plan	Annual affordable housing (30%) over 20 years	Annual amount of affordable housing require Housing Need Calculation (5 year)	Annual Difference (5 year)	Annual amount of affordable housing require Housing Need Calculation (10 year)	Annual Difference (10 year)
Canterbury	10,200	3,060	153	1,473	1,320	1,104	951
Dover	10,100	3,030	152	1,489	1,337	781	629
Shepway	5,800	1,740	87	1,318	1,231	671	584
Swale	10,800	3,240	162	1,717	1,555	857	695
Thanet	7,500	2,250	113	1,544	1,431	690	577
Total	44,400	13,320	666	7,541	6,875	4,103	3436

Note: Swale figures include Kent Thames Gateway area

12.7 Meeting needs and affordable housing targets

- 12.7.1 The total amount of housing required in the sub-region is directly related to projected household growth, and has been the subject of extensive work during the RSS Revision process. As noted, the draft South East Plan now calls for 44,400 additional units in the sub-region by 2026, 13,320 of which are expected to be affordable. However this is still significantly lower than the level of additional affordable housing required in the sub-region to meet need.
- 12.7.2 Clearly, it is not practical nor desirable to have a policy that purely focussed on maximising the amount of affordable housing to meet need. The constraints on this are, among other factors, ensuring private sector engagement, development economics and the availability of Social Housing Grant, nor is 100% affordable housing appropriate or desirable on larger sites

as it does not contribute to the creation of mixed sustainable communities, or the regeneration requirements that the sub-region is embarking on.

- 12.7.3 A careful balance needs to be struck between affordable housing supply on the one hand and private sector project viability on the other. The overall aim must be to achieve the greatest number of affordable new builds, while avoiding unrealistically burdening the private sector, which would be counter productive to this. This balance will be a matter for negotiation on individual development sites, subject to viability assessments and consideration being given to meeting any regeneration objectives.
- 12.7.4 This said, it is the responsibility of this SHMA to recommend the proportion of affordable housing that should be developed as a guideline for local authorities when considering their Local Development Frameworks. We should note that since this SHMA was commissioned, case law (Blyth Valley Borough Council v Persimmon Homes (North East) Ltd [2008]) has indicated that SHMAs that do not incorporate full economic viability assessments may be open to challenge. The East Kent authorities – either collectively or separately - will need to undertake this to confirm or amend the recommendations in this SHMA.
- 12.7.5 However, we would note that although a full economic viability study has not get been undertaken, this SHMA has carefully taken account of available market signals around viability in coming to our conclusions. This has included discussions with developers, housing associations and local authority planning staff, our analysis of housing markets and in particular analysis of the changes in prices that have been experienced since the beginning of the ‘credit crunch’. We consider that our recommendations are robust and firmly-footed in the evidence. Therefore, until more detailed economic viability assessment has been done, we consider that our recommendations should be implemented, as has been done for other SHMAs in similar circumstances. Clearly proportions of affordable housing in particular developments would anyway be subject to site specific economic viability testing.
- 12.7.6 The various factors that drive such recommendations have been extensively rehearsed in this SHMA, but in summary some of the principle ones are:
- 12.7.7 **The South East Plan:** the South East Plan (as it currently stands) sets a target of 30% affordable housing for East Kent, 5% below the general figure for the wider South East, in recognition of the sub-optimal land values and economic circumstances in the region. These figures are based on the total sum of affordable housing production – from 100% affordable housing projects, such as on exceptions sites, as well as negotiated developer

contributions on private sector sites, and housing association performance on their own sites. Development economics may mean this is not always possible, and to achieve these targets housing associations may be expected to deliver 100% affordable housing on their schemes, an assumption made in the South East Plan, and one which may not always be deliverable. However, in terms of our overall assessment of housing needs and housing markets summarised below in the rest of this section, we consider that East Kent should share the same 35% target as the rest of the South East. We recognise that the Plan has been subject to extensive consultation and negotiation and is unlikely to be altered at this stage. However, give that the finalised version will be subject to further review, we recommend that the 35% target be considered during the new rounds of consultation,

- 12.7.8 The East Kent local authorities need also to set their own targets for developer contributions on private sector sites. As it currently stands, with the exception of Canterbury (which has a 35% target) all the other authorities mirror the 30% South East Plan target. site basis when dealing with private sector developers under s.106 arrangements. This SHMA is taking a different approach and, rather than recommending broad-brush local authority-based targets, we are making recommendations for local housing market-based targets, based on the factors summarised in this section
- 12.7.9 **House prices:** while not a substitute for economic viability assessment, the level and strength of house prices is an indicator of the underlying strength of the housing market. It is noticeable that while transactions have slackened off over 2008, reductions in prices have been relatively mild (section 8.4 and figure 8.3). Prices at the end of 2008 were similar to those in mid 2007. LHMA prices are compared in columns 6 to 8 in table 12.10a, using weighted average, rank, and where they stand relative to other LHMA's
- 12.7.10 **Housing need:** as has been established, there is evidence that there is substantial unmet housing need in the sub-region, both in terms of backlog need and newly arising need. The scale of this is such that even if every dwelling proposed under the South East Plan were to be affordable (which we are not suggesting) it would still fail to meet need, even over ten years (12.6.2). It could be argued that such overwhelming need is a compelling reason to suggest higher developer contributions. Table 12.10a summarises different levels of need by LHMA, illustrating both raw unmet need (col 3), the difference between available supply and available demand. Clearly, LHMA's with larger populations are likely to have greater levels of unmet need, so we have also shown relative need – the number of households in need per 1000 population (col 4) and the rank of relative need (col 5). Thus while

Sittingbourne and Folkestone have the highest levels of absolute need, East Sheppey and Deal have, relatively, the highest incidence of housing need.

- 12.7.11 **Economic development, regeneration, and mixed communities:** as described in section 10.2, many districts have ambitious and extensive economic development and regeneration plans, involving both the development of existing facilities and the introduction of new economic opportunities. These plans are reinforced by the development of substantially faster and more extensive train routes (and also some road routes) enabling easier commuting both into East Kent, and out to other parts of Kent, London, and to the continent. New economic development also depends on attracting and retaining a local workforce (especially important in the context of the demographic projections of significant increases of the elderly population and reductions in the proportion of working age population noted in 10.1). Ensuring affordable housing is available for some of this workforce, as well as market housing appropriate for the younger professionals required, is an important element in determining affordable housing targets and potential developer contributions. Clearly, if there are forecasts of strong economic growth, this should drive greater local incomes and higher prices, and hence justify greater developer contributions. We score the development ambition factor in column 10 as high, medium or low.
- 12.7.12 **The current economic environment:** strategic housing market assessments are designed as long-term planning tools, and are meant to be robust and flexible enough to take account of change over a 20 year planning period. This SHMA incorporates three different long-term forecasting models covering employment forecasts (based on Experian analysis) in section 10.3; affordability scenarios (section 10.7) and supply and demand forecasts and scenarios (section 12.13). Nonetheless we clearly need to take account of the current economic environment, given the significant impact of the 'credit crunch' and its development into an economic and housing recession. This has strongly impacted on developer activity and appetite for growth, evidenced at the stakeholder events; on prices and land values to some extent; and now is impacting on housing associations' development economics models and capacity. The danger of further depressing activity by promoting over-ambitious affordable housing targets should be avoided.
- 12.7.13 **The rural context:** as noted throughout this SHMA significant parts of East Kent are rural in nature, with both the advantages and problems that this brings. This has been discussed in section 9.2.57 to 9.2.60. One of the critical features in rural areas is the acute difficulty in providing affordable housing, mainly because of the absence of larger sites. This is in spite of the

fact that land values are relatively high, as are house prices. One option we have therefore considered is recommending reducing the threshold of fifteen units that triggers an affordable housing target on a site, to enable affordable homes to be developed on smaller sites. While there are other policy tools available (e.g. exception sites policy) reducing the threshold should in theory enable greater delivery. However, this also has to be viewed in the context of the current economic climate, and the fragility of the private sector. And, in the absence of an economic viability study, we will not make a cross-the-board recommendation on rural thresholds. However, if subsequent studies indicate that viability can be ensured at lower thresholds in some areas (especially rural ones) we would expect such revised thresholds to be accepted. And where there is existing policy around smaller site thresholds (as is the case with Canterbury) we would expect this to continue. LHMA that we have identified with significant indicators of 'rurality' are marked 'R' in column 8 of table 12.10a

12.7.14 **The local housing market context:** one of the advantages of our identification of the pattern of local housing markets areas (LHMAs) across the sub-region is that it enables finer-grained analysis and target-setting. We can do this because we have a better understanding of the nature of housing provision, housing markets and prices, housing need and supply, economic development ambition and the urban / rural nature of twenty-one different local markets in East Kent. A description of each LHMA appears as section 9 and full statistical profiles appear as annex 4. It means that we can avoid having to set cruder local authority or sub-regional targets

12.8 Having weighed up these factors and the other evidence in this SHMA we are recommending:

A) A series of Local Housing Market Area based-targets for proportions of affordable housing development (subject to viability assessment). These are shown in column 11 of table 12.10a, and given further explanation in section 9.2

B) That the baseline target is 30%, but where a combination of different factors related to the points above (relative need, relative local values and development ambition in particular) are present, they are increased to 35% or 40% in particular LHMA. These appear with some of the statistical context related to the points above in the table below.

C) That the threshold where these targets come into play remains at 15 units, unless a lower threshold has been agreed (in which case the lower figure should remain in force, But when additional sub-regional or more local economic viability studies are undertaken, options for reducing the thresholds for areas designated as rural in this SHMA are investigated; and if they prove viable, adopting the lowest viable threshold should become part of our recommendations for the relevant area or areas

D) These targets have been produced following a thorough and robust review of local housing needs and housing market conditions. We recommend that full economic viability studies be carried out to further support the targets in this SHMA. Pending the results of any viability studies, we would expect the recommendations for affordable housing contributions in this SHMA to be implemented.

Table 12:10a LHMA affordable housing target recommendations

1	2	3	4	5	6	7	8	9	10	11
LHMA	Total households	Housing need balance	Rate of need per 1000 pop	Rank of need (most=1)	Weighted average price 2007	Price rank (highest=1)	Price assessment	Rurality	Dev. ambition	Target rec.
East Sheppey	1367	52	37.7	1	£149,554	21	Low	R	L	30%
Deal	14090	462	32.8	2	£196,710	12	Average	R	L	35%
Sandwich	7760	253	32.6	3	£259,151	2	High	R	M	35%
Sheerness/Minster	14790	481	32.5	4	£163,183	19	Low		H	30%
Sittingbourne	23302	756	32.4	5	£184,627	14	Medium Low		H	35%
Dover Town	19380	625	32.3	6	£166,255	18	Low		H	35%
Faversham	8049	258	32.0	7	£187,429	13	Average		M	35%
Hythe	6751	211	31.2	8	£243,359	4	High		M	35%
New Romney and Lydd	5498	171	31.2	9	£206,861	10	Average	R	M	30%
The Marsh	3832	119	31.0	10	£221,324	7	Medium High	R	L	35%
East Kent Rural South	9262	280	30.3	11	£258,763	3	High	R	L	35%
Folkestone	24062	728	30.3	12	£184,261	15	Medium Low		H	30%
Ramsgate	15880	432	27.2	13	£166,885	17	Low		M	30%
Broadstairs	10938	293	26.8	14	£218,140	9	Medium High		L	35%
Westbrook/Birchington	11594	309	26.6	15	£182,418	16	Medium Low		L	30%
Margate	13925	370	26.6	16	£159,028	20	Low		H	30%
Thanet Villages	4663	123	26.5	17	£230,710	6	High	R	L	35%
East Kent Rural North	12363	322	26.0	18	£260,037	1	High	R	L	35%
Herne Bay	16244	398	24.5	19	£201,314	11	Average		H	35%
Greater Canterbury	22863	560	24.5	20	£219,432	8	Medium High		H	40%
Whitstable	14653	354	24.1	21	£235,754	5	High		L	40%
Grand total /average	261266	7557	28.9		£204,533					

12.8.1 In terms of the timescale that the sub-region should adopt for a programme to address need, we could consider reducing the backlog over a ten year period, as illustrated in tables 12.9 and 12.10. Although this would still leave an affordable housing deficit, a backlog reduction over ten years may produce a more manageable shortfall. **However, on balance we recommend that the that the sub-region adopt a five year approach as recommended in the CLG Guidance.**

12.8.2 Tables 12.14 and 12.15 show what size of affordable home should be developed in order to have an impact on housing need. They illustrate that by developing larger homes districts help rebalance supply, and make inroads into the level of need, because of lower 'churn' rate on larger houses, and the length of time people have to wait for a larger home. As has been noted elsewhere, focusing priorities on developing larger homes rather than smaller homes helps meet aspirations, targets greatest need, and promotes the attractiveness of East Kent as a place where aspirational younger families can move to. Given the enormity of the task of meeting all needs, we have modelled approaches that seek to meet 50% and 75%, enabling a degree of prioritisation in meeting the most acute needs first. Prioritising the development of larger affordable homes will complement this by meeting the needs of lower income local households. **We recommend this 'balancing housing markets' approach, and the aspirations for the development of the different types of home in table 12.14, which addresses 50% of need on an annual basis.**

12.8.3 Linked to the above, the sub-region could consider extending policy (as some districts have already done) to disincentivise the creation of additional smaller units where there is no identified need, and encourage larger units: for example preventing conversions of family homes into flats, providing grants for extensions and loft conversions to enable people to stay in their own home and not become overcrowded, and converting flats back into family homes. **We recommend that the districts in the sub-region develop this approach further.**

12.9 Housing need in terms of dwelling size

12.9.1 Specifying the size of dwellings required to meet need is an important output to be used to inform housing and development policies. To do this the bedroom requirements of households in need have to be measured and then

matched against the availability of social stock (re-lets) to arrive at an indication of shortfall or surplus of affordable dwellings of various sizes.

- 12.9.2 The first step is to establish what the household profile is of each of the three components of need – backlog, newly forming and existing households falling into need. Different sources were utilised to do this. The household profile of backlog need was based on CoRE (lettings) as was the breakdown of existing households falling into need – those households moving from owner-occupation or the private rented sector to the social sector were used as a proxy for this group. CoRE provides detailed information on the household make up and was used to examine the types of households accessing the social sector. The composition of newly forming households was provided by the so-called ‘cohort method’ (see section 4.2). The combined results of this step are given below (Backlog reduction added together with newly arising need).

Table 12.11 Backlog and newly arising need by household type

Backlog + future arising need						
Households	Canterbury	Dover	Shepway	Swale	Thanet	East Kent
Single person	616	399	530	531	876	2,951
Couples no children	280	176	307	381	209	1,353
Couples with children	658	808	440	605	411	2,922
Single parent	372	389	443	516	529	2,249
Total	1,926	1,772	1,720	2,032	2,026	9,475

- 12.9.3 The second step involves determining the various dwelling requirements of these households in terms of house type and bedroom size. For single people and childless couples the match used for the affordability calculation (please see section 12.3.8) is applied – one and two bedroom flats respectively. This is not to say that these household types would be inappropriately housed were they to be offered a house rather than a flat, nor that they aspire only to flats. Some will be older people, who will require extra bedrooms for carers
- 12.9.4 The third step is to break down re-let supply by dwelling type and bedroom size. This helps in identifying the demand for different property types of new

tenants (in need) entering the social sector. This is also done using CoRE data covering general needs lettings to new tenants entering the social sector. Lettings to tenants transferring within the social sector were excluded as these lettings show a different pattern with regard to bedroom size, as they tend to be biased. The following table contains the re-let data broken down by dwelling/bedroom type⁵⁵.

Table 12.12 Bedroom distribution of social sector lettings to new tenants

Dwelling type/size	Canterbury	Dover	Shepway	Swale	Thanet	East Kent
1 bed (flat/house)	39%	44%	36%	29%	61%	41%
2+ bed flat	44%	18%	20%	15%	8%	16%
2 bed house	0%	28%	30%	30%	18%	24%
3 bed house	15%	10%	14%	25%	13%	18%
4+ bed house	2%	0%	0%	1%	0%	1%
1 bed (flat/house)	176	124	145	91	294	831
2+ bed flat	199	51	80	47	39	416
2 bed house	0	79	121	95	87	381
3 bed house	68	28	56	79	63	294
4+ bed house	9	0	0	3	0	12
All lettings	452	283	402	315	482	1,934

Based on CoRE 2007/08

- 12.9.5 The final step in the calculation is to subtract the supply side from the demand side to show shortfall or surplus by dwelling size. The results are presented in the table overleaf, with a negative number indicating a shortfall in available stock.
- 12.9.6 The total need figure comes from the annual quota of backlog reduction (5,326), added to the total newly arising need (4,149) giving a total need of 9,475.

⁵⁵ All one bedroom dwelling – flats, houses and bungalows – have been grouped together, because these are all suitable to single person households only. Bungalows with 2, 3 and 4+ bedrooms have been included under houses.

Table 12.13 Need and affordable supply by dwelling size

		Canterbury	Dover	Shepway	Swale	Thanet	East Kent
1 bed flat or house	Total need	616	399	530	531	876	2,951
	Available supply	176	124	145	91	294	831
	Supply - need	-439	-274	-385	-439	-582	-2,120
	Supply / need	29%	31%	27%	17%	34%	28%
2 bed flat or house	Total need	280	176	307	381	209	1,353
	Available supply	199	51	80	47	39	416
	Shortfall/surplus	-81	-125	-226	-334	-171	-937
	Supply / need	71%	29%	26%	12%	18%	31%
2 bed house	Total need	234	245	279	325	333	1,417
	Available supply	0	79	121	95	87	381
	Supply - need	-234	-166	-159	-230	-247	-1,036
	Supply / need	0%	32%	43%	29%	26%	27%
3 bed house	Total need	656	788	489	648	487	3,068
	Available supply	68	28	56	79	63	294
	Supply - need	-588	-759	-433	-569	-425	-2,775
	Supply / need	10%	4%	12%	12%	13%	10%
4+ bed house	Total need	140	164	115	147	120	686
	Available supply	9	0	0	3	0	12
	Shortfall/surplus	-131	-164	-115	-144	-120	-673
	Supply / need	6%	0%	0%	2%	0%	2%
All dwelling types	Total need	1,926	1,772	1,720	2,032	2,026	9,475
	Available supply	452	283	402	315	482	1,934
	Supply - need	-1,473	-1,489	-1,318	-1,717	-1,544	-7,541
	Supply / need	23%	16%	23%	16%	24%	20%

12.9.7 Table 12.13 highlights the supply shortfall of all sizes of properties across the sub-region. In summary, supply is only available to match 20% of need. There is a particular mismatch in filling the need for larger dwellings (three bedrooms and larger).

12.9.8 For some districts the figures indicate that the absolute size of the annual shortfall is highest for smaller dwellings and lowest for larger dwellings. For example, in Canterbury, there is a shortfall of 439 one-bedroom properties, and a lower absolute shortfall of 131 for three-bedroom properties. However, supply is available to meet 29% of one-bedroom need, whereas only 6% of four-bedroom need is being filled. This is primarily due the fact that the turnover, or level of 'churn' is much lower for these larger dwelling types than smaller ones. Only 306 three-bedroom or larger homes become available

each year for re-let for the whole East Kent area, compared with a supply of 834 one-bedroom homes..

- 12.9.9 In effect this means that households in need requiring larger dwellings have a smaller chance of acquiring a suitable home than households requiring smaller dwellings; and will therefore generally face longer waiting times before their needs are met. This is an important policy conclusion, especially given that this group consists of households with children. Although single person households are more numerous, the chance they already have of meeting their housing need is higher than larger households, due to the relatively high number of re-lets of smaller dwellings.
- 12.9.10 This should also be combined with the fact that they tend to have more options at their disposal, including staying with parents and moving in with others to form multi-person households. It should also be noted that the SHMA Guidance accepts the option of excluding some groups of younger, single people (under 25) from being classified as 'in need'⁵⁶, expecting their needs to be met in the private rented sector. This has not been done for this SHMA, but it reinforces policy measures to rebalance supply towards larger households.
- 12.9.11 In recognition of this point and the unlikelihood of raising the level of new build completions sufficiently to meet all identified need, prioritising the provision of new dwellings to address the most acute need is a sensible policy response. This would involve targeting new build activity to boost the supply of those dwelling types with the lowest supply to need ratios. In this way the longest waiting times would be reduced, and more balance introduced at the most acute pinch points. This approach is set out in the two following tables, showing the additional supply required annually to ensure that a minimum of 50% of need is met for each dwelling type, and alternatively, the additional supply required ensuring that 75% of need is met.

⁵⁶ SHMA Practice Guidance Version 2, CLG, 2007, p.41

Table 12.14 Prioritising additional affordable housing supply to meet 50% of need

		Canterbury	Dover	Shepway	Swale	Thanet	East Kent
Number of units required	1 bed flat	132	75	120	174	144	645
	2 bed flat	0	37	73	143	66	260
	2 bed houses	117	43	19	68	80	327
	3 bed houses	260	366	188	245	181	1,240
	4+ bed houses	61	82	57	71	60	331
	Total	570	603	458	701	531	2,804
Share	1bed flats	23.1%	12.4%	26.2%	24.8%	27.2%	23.0%
	2 b flat	0.0%	6.2%	15.9%	20.4%	12.5%	9.3%
	2 bed houses	20.6%	7.2%	4.1%	9.7%	15.0%	11.7%
	3 bed houses	45.7%	60.6%	41.1%	35.0%	34.1%	44.2%
	4+ bed houses	10.7%	13.6%	12.5%	10.1%	11.3%	11.8%

Table 12.15 Prioritising additional affordable housing supply to meet 75% of need

		Canterbury	Dover	Shepway	Swale	Thanet	East Kent
Number of units required	1 bed flat	286	175	253	307	363	1,383
	2 bed flat	11	81	150	238	119	599
	2 bed houses	176	105	89	149	163	682
	3 bed houses	424	563	311	407	303	2,007
	4+ bed houses	96	123	86	107	90	502
	Total	992	1,046	888	1,209	1,038	5,172
Share	1 bed flats	28.8%	16.7%	28.5%	25.4%	35.0%	26.7%
	2 bed flat	1.1%	7.8%	16.8%	19.7%	11.4%	11.6%
	2 bed houses	17.7%	10.0%	10.0%	12.3%	15.7%	13.2%
	3 bed houses	42.7%	53.8%	35.0%	33.7%	29.2%	38.8%
	4+ bed houses	9.6%	11.8%	9.7%	8.9%	8.7%	9.7%

12.9.12 These tables above show the number of new affordable dwellings required annually to 'top up' re-let supply so that 50% and 75% of need is met (refer back to table 12.13). For example in Canterbury annual need for 4+ bed houses has been calculated to be 140 (table 12.13). 50% of this is 70. Re-let supply of this dwelling type is 9 (also table 12.13). Therefore 61 (70 minus 9) additional 4+ bed affordable houses are required each year to meet 50% of need. ***As noted in 12.7 we recommend the sub-region adopt the 50% approach and consider district based programmes to address this, as opportunities to develop affordable housing arise.***

12.10 Intermediate housing

12.10.1 PPS3 Annex B defines intermediate affordable housing as housing at prices and rents above those of social rent but below market price or rents, and which meet the criteria set out for affordable housing noted at the beginning of

this section. These can include shared equity (e.g. Homebuy) and other low cost homes for sale and intermediate rent. The CLG good practice guidance 'Delivering Affordable Housing' (November 2006), which was released to complement PPS3, elaborates that the types of housing between market and social rented housing include:

- Intermediate rented homes are provided at rent levels above those of social rented but below private rented. The Government offers these to some Key Workers who do not wish to buy;
- Discounted sale homes have a simple discount for the purchaser on its market price, so the purchaser buys the whole home at a reduced rate;
- Shared equity is where more than one party has an interest in the value of the home e.g. an equity loan arrangement or a shared ownership lease. There may be a charge on the loan, and restrictions on price, access and resale;
- Shared ownership is a form of shared equity under which the purchaser buys an initial share in a home from a housing provider, who retains the remainder and may charge a rent. The purchaser may buy additional shares ('staircasing'), and this payment should be 'recycled' for more affordable housing. In most cases, a purchaser may buy the final share ('staircase out') and own the whole home, though this may be restricted in some rural areas.

12.10.2 'Delivering Affordable Housing' goes on to state that homes of any of these types should only be considered intermediate affordable housing if they meet the criteria in the definition. If they do not, even if offered at less than market price, they should be considered 'low cost market housing', outside the definition of affordable housing. For example, a shared ownership home is likely to be affordable if access is restricted to households from a target group at a price they can afford. The purchaser may staircase out, but there should be secure arrangements for subsidy to be recycled to provide more affordable homes or buy back the home if needed.

12.10.3 The SHMA Practice Guidance states on page 57 that 'A household can be considered able to afford intermediate affordable housing when rental payments (on the landlord's share) and mortgage payments (on the part they own) constitute up to 25% of gross household income.'

12.10.4 A common approach to analysing the intermediate market is to start with lower quartile prices, calculating the shared ownership cost and thus income required to purchase this product. However this method fails to adequately recognise the fact that in practice most shared ownership dwellings are new

builds which have a significantly higher open market value than lower quartile prices of existing stock.

- 12.10.5 An assessment of the potential size of the intermediate market needs to consider actual products being offered. Here are a few examples of shared ownership products being marketed in August 2008, all of which are new builds:

Table 12.16 Selection of shared ownership products being offered in the East Kent sub-region

	Size	Type of property	Full market value	Maximum share available	Shares available from	share % price	Required earnings	Monthly rent	Service charge
Canterbury	2 bed	Apartment	£165,000	£123,700	35%	£57,750	£20,638	£268.00	£77.00
Dover	2 bed	Apartment	£122,000	£91,500	30%	£36,600	NA	£208.45	£50.70
Shepway	2 bed	Apartment	£160,000	£56,000	35%	£56,000	£19,554	£176.72	£ 136.39
Swale	2 bed	Apartment	£143,000	£85,800	35%	£50,050	£26,400	£114.57	£49.60
Thanet	2 bed	Apartment	£130,000	£130,000	40%	£52,000	£18,047	£211.00	£55.00
Canterbury	3 bed	Apartment	£180,000	£135,000	35%	£63,000	£22,481	£293.00	£ 81.00
Dover	3 bed	Apartment	£187,000	£ 140,620	25%	£46,875	£18,500	£292.97	£19.43
Shepway				3 bed Apartment	No properties				
Swale				3 bed Apartment	No properties				
Thanet				3 bed Apartment	No properties				

Extracted from the HomeBuy website 10/08/2008 www.homebuy.co.uk

- 12.10.6 To make an assessment of the earnings required to access these shared ownership products an average was then taken and compared to the income earnings of household groups.
- 12.10.7 All the available shared ownership properties in the five Local Authorities were extracted from the HomeBuy website on 11th August 2008. Average required earnings were then calculated for each of the five Local Authorities and compared against the incomes of different household groups. This was used to assess the numbers of households in need who could afford the shared ownership properties in East Kent. The findings are presented in the tables below.

Table 12.17 Annual newly forming households in need 2006-11 who can afford a one bed shared ownership property⁵⁷

HH type		Canterbury	Dover	Shepway	Swale	Thanet
Single person	Newly forming HH	425	201	191	248	259
	% who can afford SO	32%	42%	33%	29%	30%
	% who can't afford SO	68%	58%	67%	71%	70%
	Who can afford SO	136	84	63	72	78
	Who can't afford SO	289	117	128	176	181
Couples no children	Newly forming HH	255	141	109	181	155
	% who can afford SO	87%	95%	88%	84%	86%
	% who can't afford SO	13%	5%	12%	16%	14%
	Who can afford SO	222	134	96	152	134
	Who can't afford SO	33	7	13	29	22
Total Household	Who can afford SO	358	218	159	224	211
	Who can't afford SO	322	124	141	205	203

Table 12.18 Annual newly forming households in need 2006-11 who can afford a two bed shared ownership property

HH type		Canterbury	Dover	Shepway	Swale	Thanet
Single person	Newly forming HH	425	201	191	248	259
	% who can afford SO	27%	26%	25%	26%	25%
	% who can't afford SO	73%	74%	75%	74%	75%
	Who can afford SO	115	52	48	64	65
	Who can't afford SO	310	149	143	183	194
Couples no children	Newly forming HH	255	141	109	181	155
	% who can afford SO	82%	81%	81%	81%	80%
	% who can't afford SO	18%	19%	19%	19%	20%
	Who can afford SO	209	114	88	146	124
	Who can't afford SO	46	27	21	34	31
Couples with children	Newly forming HH	589	316	306	452	342
	% who can afford SO	42%	41%	40%	41%	39%
	% who can't afford SO	58%	59%	60%	59%	61%
	Who can afford SO	247	129	122	185	133
	Who can't afford SO	342	186	183	267	208
Single parent	Newly forming HH	250	137	127	179	205
	% who can afford SO	4%	3%	3%	3%	3%
	% who can't afford SO	96%	97%	97%	97%	97%
	Who can afford SO	10	4	4	5	6
	Who can't afford SO	240	133	123	174	199
Total Household	Who can afford SO	581	300	262	402	328
	Who can't afford SO	937	495	471	658	633

⁵⁷ Couples with children and single parents have been omitted from one bedroom properties as the very fact that they have a child would mean that these properties are not suitable.

Table 12.19 Annual newly forming households in need 2006-11 who can afford a three bed shared ownership property

HH type		Canterbury	Dover	Shepway	Swale	Thanet
Single person	Newly forming HH	425	201	191	248	259
	% who can afford SO	16%	34%	24%	26%	21%
	% who can't afford SO	84%	66%	76%	74%	79%
	Who can afford SO	68	68	46	64	54
	Who can't afford SO	357	133	145	183	205
Couples no children	Newly forming HH	255	141	109	181	155
	% who can afford SO	65%	89%	79%	82%	75%
	% who can't afford SO	35%	11%	21%	18%	25%
	Who can afford SO	166	125	86	148	116
	Who can't afford SO	89	16	23	32	39
Couples with children	Newly forming HH	589	316	306	452	342
	% who can afford SO	31%	58%	39%	42%	36%
	% who can't afford SO	69%	42%	61%	58%	64%
	Who can afford SO	183	183	119	190	123
	Who can't afford SO	406	133	187	262	219
Single parent	Newly forming HH	250	137	127	179	205
	% who can afford SO	0%	7%	2%	3%	1%
	% who can't afford SO	100%	93%	98%	97%	99%
	Who can afford SO	0	10	3	5	2
	Who can't afford SO	250	128	124	174	203
Total Household	Who can afford SO	416	387	254	408	296
	Who can't afford SO	1,102	408	479	652	665

12.10.8 The results show that the potential size of the current intermediate market is greatest for couples with no children, buying a small property and a small equity stake. The majority of households are excluded from shared ownership properties because of cost. Even a one bedroom share ownership property is too expensive for around 70% of all single persons of newly forming households. This unaffordability increases as the property gets larger and the average minimum income required to purchase the minimum equity stake gets larger. The potential impact of the intermediate sector is weakened for all the household groups, but particularly for single parent and single person households, and to some extent couples with children, making these products an unaffordable housing option for these groups.

12.10.9 A possible reason for this is that current shared ownership products are new build dwellings for which a premium must be paid. If these dwellings come up for re-sale in the future (assuming they are not 'staircased' out) then the price of subsequent sales may be more affordable to first time buyers, at a level below lower quartile market prices. Furthermore, if house prices were to continue to fall (as they have done since late 2007) then shared ownership may become a more attractive proposition to a greater number of households.

- 12.10.10 Although in the main not being offered below market entry prices, shared ownership does allow a number of households with modest incomes who would be unlikely to access social housing to get a toehold on the property ladder. It also offers them an alternative to private renting. It therefore increases choice for this group, which could be considered to be a positive policy outcome in its own right.
- 12.10.11 The above analysis prompts the question 'at what level would shared-ownership family housing need to be priced in order to make a significant contribution to meeting housing need?' To answer this, the point of departure is the incomes of newly forming households. If we define 'significant' to be 50% and use newly forming couples with children as an example, for this household group to afford an averagely priced three-bedroom shared ownership property in Canterbury they would need to earn £24,560. The average (across the East Kent sub-region) household income for a newly forming couple with children is £18,907, indicating a difference in income of £5,653. If affordable housing products are to be used by the Local Authorities as a tool to meet housing need, then they need to be priced, particularly for households with children, at a more affordable level. And, in the current economic climate, consideration about access to mortgage finance must play a role.
- 12.10.12 An important reason for the promotion of shared ownership products is that they may make a contribution to the balancing of housing markets in terms of tenure, particularly by introducing a form of owner-occupation into areas with a weak market dominated by social sector housing. Policy makers are also inclined to promote home ownership generally due to the contribution it is felt this makes to the sustainable communities agenda. Accordingly, local housing policies usually include a preferred 'tenure split' to inform new build development, giving the percentage of affordable housing to be offered as intermediate, and the percentage to be offered in the social rented sector.
- 12.10.13 When deciding affordable housing policy it is important that intermediate products conform to the official definition of affordable housing as given above – for all household groups, not just young relatively affluent couples. The tenure split for any scheme will need to take account of local conditions, incomes, demand and the whole agenda around providing a variety of tenures as an alternative to creating mono-tenure estates.

12.11 Recommendations on quantity of intermediate housing

12.11.1 Recommending the tenure split required for intermediate housing is relatively difficult to calculate, and a number of assumptions have been made to enable a calculation to be made:

- People will borrow as much as they can (within their affordability limits), to access the largest property type;
- It is also assumed that those households which formed part of backlog need (overcrowded, in temporary accommodation) would have been offered other housing options as an alternative to council housing, but that this was not an affordable option for them.

12.11.2 The calculation to provide a recommendation of affordable tenure split was based on analysis conducted in tables 12.17 to 12.19. This examined the proportions of newly forming households that could afford shared ownership. From these tables another calculation was conducted to determine the number who could afford a one bed, but not a two, or could afford a two bed, but not a three bed. This calculation is shown in the table below:

Table 12.20 Number of shared ownership properties that could be accessed per annum

	Canterbury	Dover	Shepway	Swale	Thanet	East Kent Total
	Number of households who can only afford one bedroom shared ownership property					
Shared Ownership	50	32	11	20	31	144
	Number of households who can only afford two bedroom shared ownership property					
Shared Ownership	347	185	117	261	247	1157
	Number of households that can afford a three bedroom shared ownership property					
Shared Ownership	523	297	256	517	398	1991

12.11.3 However, in terms of using this analysis to inform policy and a split between intermediate market and affordable rented allocations, we have to take account of the high level of existing backlog need, and the make-up of those households, as well as the aspirations of those who may be able to enter the intermediate housing market. This also has to be considered in the context of the earlier findings in this report, that even if the entire output of the South East Plan build targets were directed into affordable housing, they would still not deal with housing need, even over a ten year period. ***We would therefore recommend that as a planning and monitoring figure, of the LHMA-based affordable housing we have put forward, 30% of each target be***

focussed on intermediate housing, and 70% be used for affordable rented homes.

- 12.11.4 In terms of the size ratios, reflecting the proportions able to access different bed sizes, and mindful of the ambition to encourage family households, ***we consider that 5% of intermediate market properties should be one-bedroomed, 35% should have two bedrooms, and 60% should have three bedrooms.***

12.12 The type of market housing required

- 12.12.1 As noted earlier, the South East Plan expects 44,400 homes to be built in East Kent, of which 31,080 are expected to be market housing (a figure which would reduce if a revised East Kent affordable housing percentage had impact). However, delivering those numbers depends on a range of economic and financial factors, and large strides towards it are unlikely until the current recession passes .
- 12.12.2 The SHMA can assist the planning process for market housing, through analysis of the type of new households that are currently being formed in the area, who can afford to buy on the open market. This group was quantified as a by-product of the housing needs calculation undertaken to determine affordable housing needs

Table 12.21 Newly forming households able to afford in the market

Households	Canterbury	Dover	Shepway	Swale	Thanet	East Kent
<i>Can afford to rent only</i>						
Single person	89	70	27	20	47	253
Couples no children	112	87	53	63	92	408
Couples with children	82	88	58	45	55	329
<i>Can afford to buy and rent</i>						
Single person	26	24	25	32	36	143
Couples no children	33	34	25	49	29	170
Couples with children	6	16	9	27	10	68
Total	348	320	197	236	269	1,371

- 12.12.3 Approximately 1,371 (27%) of the 5,067 annual newly forming households in the East Kent area are able to afford a house in the market. Of these about 970 can afford to rent but can not afford to buy and 381 are in a position to

choose between renting and buying. A breakdown by district and household type is given here..

12.12.4 In terms of a general proportionate mix on sites it is recommended that, as with social housing, the sub-region needs to be prioritising the development of homes of at least two bedrooms, with a substantial proportion of three bedroom or larger homes. As noted elsewhere, in spite of the economic downturn the longer-term performance of larger homes is stronger than for flats, and this matches sub-regional economic aspirations.

12.12.5 ***We cannot forecast the exact make up of the future population of East Kent who will require market housing, but based on our information about existing entrants, the results of the aspirations survey, the economic development plans of the sub-region, the opportunities to attract mature working households that new rail links will bring, we recommend the rough proportions of size-types (and the markets that may enter them) below:***

Table 12.22 Recommended proportion split for market housing

HH	Bed/type	Canterbury	Dover	Shepway	Swale	Thanet
Singles	1 bed flat	15%	15%	25%	10%	20%
Couples no children / singles / needing support	2 bed flats	15%	10%	10%	15%	10%
Couples w children	2 bed houses	30%	25%	15%	25%	25%
Couple with children	3 bed house	30%	40%	35%	40%	35%
	4+ bed house	10%	10%	15%	10%	10%
Total		100%	100%	100%	100%	100%

12.12.6 There are a number of caveats that need to be considered when using this table. The first is that the 'bedroom conversion factors' we have used to equate household types with property types were modelled using social sector lettings. However this provides the most accurate data concerning household type and the required property size. Secondly, although proportions have been provided in table 12.22, households who can afford to buy will purchase the size of property that they want, not necessarily what they need. It should also be remembered that the above percentages are much generalised and each site will command its own proportionate split.

12.12.7 We have used the proportions above to make recommendations about the split of market property types and sizes in each of the Local Housing Market Areas (LHMA) using the figures for the district within which each LHMA is located. For the two LHMA's that substantially cross district borders (East

Kent Rural North and East Kent Rural South) we have calculated figures based on the proportion of stock from each relevant district than lies within the LHMA.

- 12.12.8 This analysis can also be examined in conjunction with the aspirations survey (section 14) to investigate what property types are most favoured. The majority of households interviewed in Canterbury, Thanet and Dover preferred a semi-detached property, while households in Shepway preferred a detached property and in Swale preference tended towards terraced properties. In addition the majority preferred an existing property to a new build.

Table 12.23 Preferred property type, housing aspirations survey

	Canterbury	Dover	Shepway	Swale	Thanet
Terraced house	17.6%	14.0%	10.0%	27.1%	18.3%
Semi-detached house	35.2%	30.6%	14.2%	13.6%	31.7%
Detached house	19.2%	20.7%	30.0%	21.2%	17.5%

- 12.12.9 When asked what features they preferred, the majority preferred a garage, larger kitchens, larger bedrooms and energy efficient homes.
- 12.12.10 This analysis indicates that priority for market housing should be given to developing larger roomed houses, with three or four bedrooms, that are semi-detached in style. Because existing properties were preferred to new build houses, consideration should be given to de-converting flatted properties where the opportunity arises.
- 12.12.11 ***Table 12.24 details the proportionate split of house size at different value levels that we are recommending as broad guidelines to help inform decisions about proposed developments***

Table 12.24 Proportionate split of market housing at different value levels

House type	Entry level	Mid market	Upper market
1 bedroom flats	40%	35%	25%
2 bedroom flats	35%	45%	20%
2 bed house	35%	45%	20%
3 bed house	20%	45%	35%
4+ bed house	10%	50%	40%

12.12.12 However, it should be borne in mind that the vast majority of in-coming market purchasers will be purchasing among the existing stock. Given that the income profile of newly forming households is relatively low and the fact that a premium is paid for new-build dwellings, the majority are likely to be competing for market resales.

12.13 Housing need into the future 2011 - 2025

12.13.1 The housing needs calculation detailed above covers the period 2006-2010. To project the results forward over a period of twenty years to 2025 requires a number of assumptions to be made. A crucial question is whether the additional supply required in the period 2006-2010 will in fact be delivered. If so, the backlog component of need would be eliminated for the period following 2010, and the additions to the affordable stock would result in a higher future supply of re-lets to newly forming households, assuming the rate of 'churn' remains constant. In addition, the various future market scenarios (detailed in section 10.7) also need to be factored in, adding complexity to the forecast and necessitating the calculation of several alternatives.

12.13.2 The basis for the calculation is the long term household projections, which show the annual number of newly forming households for the five year periods 2011-2015, 2016-2020 and 2021-2025. For the purpose of the calculation it is assumed that the number of existing households in need will remain constant. Affordability is then calculated under the three price scenarios using the method employed in the main housing needs calculation. Possible changes in interest rates and the terms of credit availability are not factored into the scenarios. It is assumed that the credit conditions prevailing in 2006 will again be available in the longer term. The calculation also rests on the continuation of long term trends regarding incomes and earnings. Any short term fluctuations in income levels, unemployment rates, interest rates and credit availability stemming from or influenced by the credit crisis which is currently unfolding, will be assumed to have stabilised by 2011.

12.13.3 In addition to the three price scenarios, two variants are introduced concerning growth of the affordable housing stock. Under variant (A) the number of affordable dwellings is assumed to remain constant in the future, which means that backlog need will not be reduced and the number of dwellings available for re-let annually also remains stable. Under variant (B) the full affordable housing targets for the period 2006-2010 are met, resulting in the elimination of backlog need as well as a larger number of annual re-lets due to the growth of dwelling stock. The results of the calculation are

presented here, rounded to the nearest 100 in order not to give a false impression of precision.

Table 12.5 Future scenarios - annual need and supply

		Households in housing need		
		2011-2015	2016-2020	2021-2025
A) Assuming no growth in affordable supply				
High price scenario	Need	15,900	15,600	15,200
	Re-let supply	10,500	10,500	10,500
	Balance	-5,400	-5,100	-4,700
Mid price scenario	Need	14,300	14,600	14,800
	Re-let supply	10,500	10,500	10,500
	Balance	-3,800	-4,100	-4,300
Low price scenario	Need	11,100	13,100	14,500
	Re-let supply	10,500	10,500	10,500
	Balance	-600	-2,600	-4,000
B) Assuming high growth in affordable supply				
High price scenario	Need	12,700	12,300	11,900
	Re-let supply	12,300	12,300	12,300
	Balance	-400	0	400
Mid price scenario	Need	11,100	11,400	11,600
	Re-let supply	12,300	12,300	12,300
	Balance	1,200	900	700
Low price scenario	Need	7,800	9,900	11,300
	Re-let supply	12,300	12,300	12,300
	Balance	4,500	2,400	1,000

12.13.4 Variant (A) shows a limited reduction in the annual shortfall of affordable housing supply in the longer term. This reduction is due to improved affordability resulting from the lowering of house price to income ratios, which is greatest under the low and mid price scenarios. There is far greater balance between need and supply under Variant (B) because of the large boost in the number of affordable dwellings available for re-let. In fact the combination of high growth in affordable supply and the easing of house prices results in a surplus under the mid and low price scenarios. The reason behind the narrowing of the difference between the high and low scenarios in the long term is the convergence of the price scenarios with the trend line, as shown in figure 10.4.

- 12.13.5 The likelihood of eliminating backlog and boosting supply as assumed under Variant (B) is in reality extremely improbable and an outcome closer to Variant (A) is far more likely.
- 12.13.6 An important message to take from the modelling is that any net addition to affordable housing stock in the short term will have a sustained positive effect on the balance between supply and need in the long term. The modelling exercise also makes clear that the effect of changing household formation rates on future affordability is negligible compared to changes in house prices and the magnitude of re-let supply. Although not factored into the calculation, changes in economic and financial circumstances which impact on incomes and credit availability will in reality have a significant bearing on the number of households in need in the future. Monitoring and updating the housing need calculation to gauge the effect of significant changes as they take place is therefore vital to ensuring the assessment accurately reflects developments on the ground.

13.0 Housing requirements of specific groups

- 13.1.1 CLG Practice Guidance sets out a number of reasons as to why it may be appropriate for each Strategic Housing Market Assessment to consider information about the housing requirements of specific household groups, namely:
- The Race and Equality Act requires Government and local authorities to assess the impact of their policies on different ethnic and minority groups, and the 2005 disabilities legislation requires Government and local authorities to assess the impact of their policies on people with disabilities. Partnerships should ensure that no one group is systematically excluded from the assessment;
 - Particular groups and gender types may exert considerable influences within the housing market area that need to be better understood and planned for (e.g. families, older people, Key Workers, first time buyers);
 - Particular groups and gender types may be ill-suited to their dwelling type over the longer term (e.g. families with children and older people living in the private rented sector with insecurity of tenure); and
 - Partnerships may wish to obtain evidence about the number of households eligible for intermediate affordable housing.
- 13.1.2 The Practice Guidance suggests that these are most relevant for those areas where there may be concerns about the housing requirements of specific groups or good reason to believe that there are needs that significantly differ from the general population. The Guidance does not set out a step by step approach and suggests that each housing market partnership will need to select appropriate groups to analyse.

13.2 Understanding the housing requirements of families

- 13.2.1 PPS3 stresses the importance of providing housing for families, especially those with children. However, official CLG household projections do not include projected growth rates of couples and single parents with or without children. The SHMA Practice Guidance suggests applying Census data to the CLG projections in order to estimate future numbers of couples with children and single parents. However in line with the rest of this SHMA, the population projections supplied by Kent County Council and modelled by ECOTEC will be used to estimate the growth rate of couples and single parents with children.

13.2.2 The 2001 census identified 109,240 people aged 0-15 years. Of these, 32,857 were aged 0-4 years, 37,089 were aged 5-9 years and 39,294 were aged 10-14 years.

Table 13.1 illustrates how the sub-region will experience a decline in the number of young people, particularly in the 5-9 age group.

Table 13.1 Age projections for the East Kent sub-region 2001 to 2026

	2001	2006	2011	2016	2021	2026	% change on 2006
0-- 4	32,800	33,000	31,500	30,900	29,300	28,000	14.6%
5-- 9	37,100	34,200	33,300	31,800	30,600	29,400	20.8%
10-- 14	39,400	40,700	37,000	36,000	33,900	32,900	16.5%
15-- 19	37,100	42,800	43,200	39,400	37,800	36,200	2.4%

Source: South East Plan Strategy forecasts September 2007 Kent County Council

13.2.3 Table 13.2 illustrates the reduction in family households (couple with children and lone parent households) across the sub-region. These are set to reduce by 10% and 7% respectively.

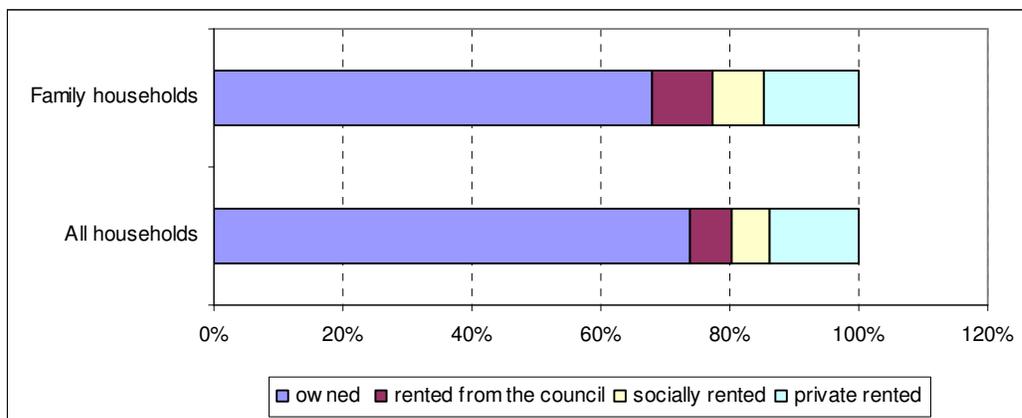
Table 13.2 Population projections for family households

	2006	2011	2016	2021	2026
Couple with children	70,378	68,693	67,127	64,649	63,012
Lone Parent	20,026	20,321	20,140	19,239	18,714

Source: South East Plan Strategy forecasts September 2007 Kent County Council modelled by ECOTEC

13.2.4 For the purposes of the remainder of this section a family household will be defined as any household which contains at least one child.

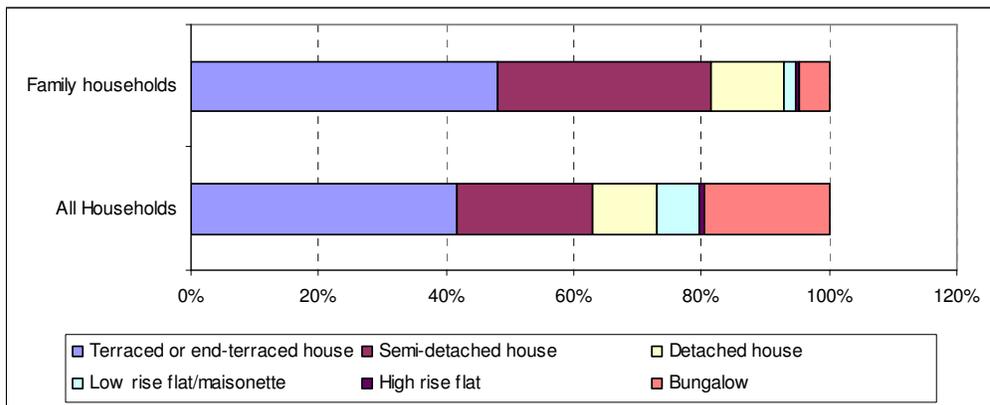
Figure 13.1 Tenure by household type



Source: ONS census 2001

- 13.2.5 Figure 13.1 presents the tenure of family households compared to all other household types. It illustrates how although around 68% of family households own their property, a higher percentage of other household types own their property (74%). Furthermore, proportionally more family households live in rented accommodation from the council, 9% compared to 7%.
- 13.2.6 To examine the property type by household composition, data from the housing aspirations survey was used. The findings are detailed in figure 13.2.

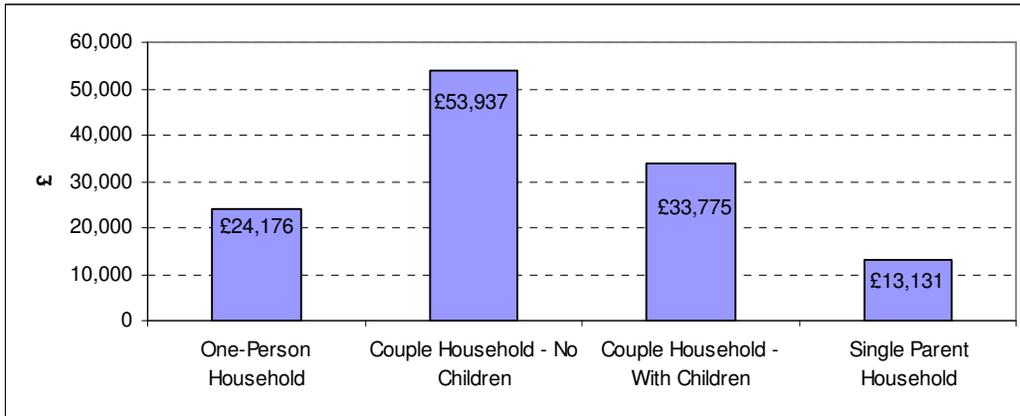
Figure 13.2 Dwelling type by household type



Source: Housing Aspirations survey 2008

- 13.2.7 Family households predominantly live in terraced or semi-detached houses, just over 80% compared to 63% of other household types.
- 13.2.8 Utilising previous analysis on household incomes, figure 13.3 shows the average household income for different household types. On average (of family household incomes) family households earn £15,000 less than other household groups (average of other household incomes).

Figure 13.3 Average household income by household composition



Source: CACI income data modelled by ECOTEC

13.2.9 Housing requirements of family households: key points

- In 2001 there were 109,240 people aged 0-15 years in the East Kent sub-region;
- The population of young people is predicted to decrease by an average of 14% by 2026;
- A smaller percentage of family households own their property; however a larger proportion rent from the council than other household groups;
- A larger percentage of family households live in terraced and semi-detached properties than other household groups;
- Family households on average earn around £15,000 less than other household groups.

13.2.10 Policy implications regarding families

The context for family policy (in its housing context) is shaped by:

- the plans for economic regeneration in many parts of East Kent,
- the need to get 'up to speed' in terms of educational qualifications to be competitive,
- the future demography heavily weighted towards an aging community,

13.2.11 All this means that encouraging the development and retention of young families in East Kent to supply the labour force of the future should be an important policy priority. In particular, measures to stem the leakage of graduate talent to the London market and elsewhere need addressing. There must also be concerns about the viability of smaller rural communities, in the absence of households with children, who can support local services and

schools, and public transport networks. We recommend that a balanced approach is taken towards encouraging family incomers, and supporting younger households and families already in East Kent. Measures could include:

- Housing development policy tilted towards provision of medium and larger homes, both market and affordable, to meet aspirations
- Policy to encourage affordable housing development in rural areas, through setting lower thresholds for an affordable housing contribution
- Policy that promotes 'place-making' to create living environments that are attractive to families (lower crime levels, accessible health services, clean and well-designed public realm)
- Secondary and tertiary education opportunities geared towards equipping the children of families with knowledge-based skills

13.3 Understanding the housing requirements of older people

13.3.1 As well as recognising the need to provide family housing, PPS3 also recognises that housing specifically for older people is fundamental to achieving a good mix of housing. Table 13.4 shows the strength of growth expected amongst the 60-84 and 85+ age cohorts. A major driver of the increasing number of single person households and couples without children in the East Kent area will be the growing older population. This has a number of implications which need to be given consideration, to begin planning an effective response to the long-term trend of an ageing population:

- There is a national trend towards older people preferring to remain living independently into later life. This will put increasing pressure on demand for home-help services and for resources such as Disability Living Allowance;
- This said, the scale of growth in the older population will mean increasing demand for specialist accommodation for older people. This group will generally have higher expectations than the current cohort of older people; and
- Under-occupation, on the part of older social renters and owner occupiers, will become an increasingly pertinent issue. Provision of attractive housing specifically with the older population in mind, in order to 'free up' under-occupied housing, will be key to meeting future housing need and demand. New market products may be needed to enable older

home-owners, many with limited equity, to downsize to the homes and support they need.

- 13.3.2 These findings are backed up by the focus groups that ECOTEC Research and Consulting conducted for Dover, which found that overwhelmingly older people wanted care and support provided to enable them to stay in their own homes.
- 13.3.3 They are also evidenced by the housing aspiration survey. Table 13.3 provides information on the age of the main respondent together with information on whether the household was likely to move. It illustrates that of the 164 over 65s that answered the question, 90% thought that they would not move within the next three years.

Table 13.3 Housing aspirations survey: Are you likely to move within the next 3 years compared with age

Age	Yes, definitely	Yes, probably	Would move if possible	Don't know	Probably not	Definitely not	No Response	Total
16-24	10	6	1	4	3	10	1	35
25-34	22	8	4	6	8	34	0	82
35-44	8	16	5	14	16	82	0	141
45-54	8	5	3	3	7	55	0	81
55-64	9	7	2	8	6	68	0	100
65+	4	8	0	4	6	142	0	164
Total	61	50	15	39	46	391	1	603

Source: Housing Aspiration survey 2008

- 13.3.4 The 2001 Census identified 141,833 people of retirement age in the East Kent sub-region. Of these, 56,035 (39%) were 75 years and over including 14,990 (10%) aged 85 and over. The numbers of over 65s within the Districts is predicted to increase significantly by 2026. These increases are highlighted in table 13.4.

Table 13.4 Population change: All East Kent: over 65: by quinary period

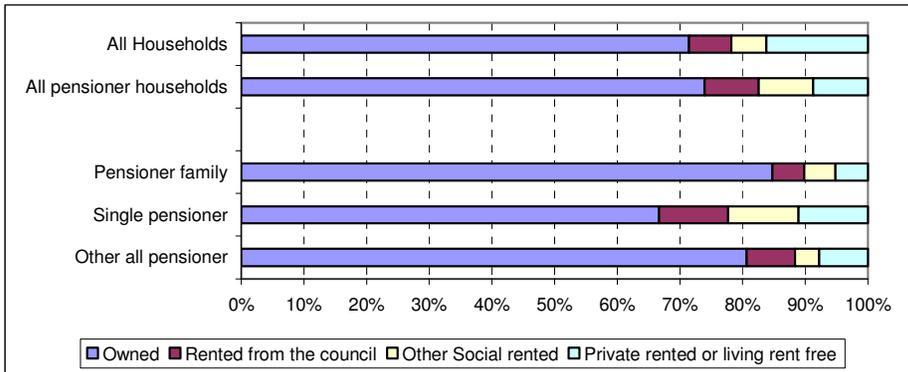
	2006	2011	2016	2021	2026	% change 2006-11	% change 2006-16	% change 2006-21	% change 2006-26
65-84	98,700	107,100	122,500	131,900	140,400	8.5%	24.1%	33.6%	42.2%
85+	16,100	17,600	18,800	20,300	24,000	9.3%	16.8%	26.1%	49.1%

Source: South East Plan Strategy forecasts September 2007 Kent County Council

- 13.3.5 When considering the tenure of pensioner households at the time of the census, the proportion that owned their property did not differ significantly

from the population as a whole. Differences occur when examining rented tenures. Higher proportions of pensioner households rent from a social landlord, either council or other social sector, with lower proportions renting privately compared to the other household types.

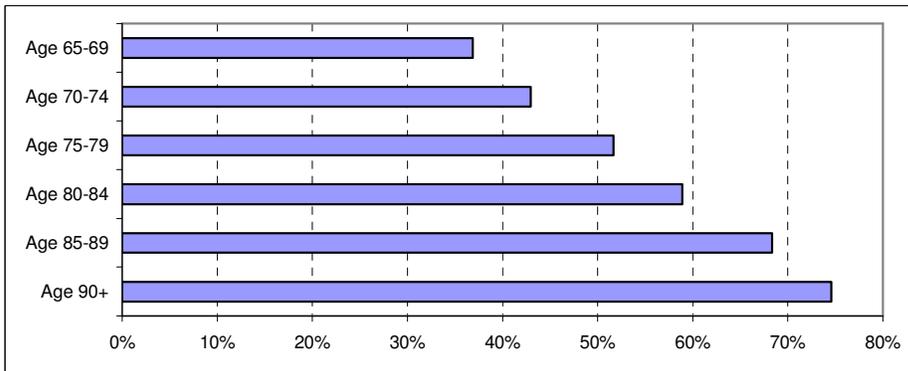
Table 13.5 Tenure by household type



Source: Census 2001 ONS

13.3.6 The projected increases in the population of over 65s within the sub-region are of particular relevance when considered in the context of health and support needs. Figure 13.4 shows the number of over 65s with a limiting long term illness. This highlights how the proportion of older people with long term limiting illness becomes higher as the population ages.

Figure 13.4 Limiting long term illness of older people by age



Census 2001 ONS

Source:

13.3.7 Given the discussions in this report around demand for smaller homes and larger homes, and the likelihood that an ageing population would place

additional pressure on smaller units, we undertook some additional modelling to see how significant this could be, through examining how many older people were 'in need',.

13.3.8 Currently people aged over 65 make up the following proportions of single households in each of the districts:

- Canterbury 45%
- Dover 48%
- Shepway 48%
- Swale 43%
- Thanet 47%

13.3.9 The table below illustrates the current backlog need in each of the districts for the over 65s, and projects it forward. The projections are based on the current numbers in need as taken from local authority sources, and assumes that policy within the districts does not change. The figures would therefore exclude those either properly housed or with the wherewithal to make their own future arrangements.

Older households in housing need					
Canterbury	2006	2011	2016	2021	2026
Total households over 65	17,731	18,623	20,406	21,493	22,634
Over 65 households in need	532	559	612	645	679 (27%)
Dover	2006	2011	2016	2021	2026
Total households over 65	13,958	15,496	17,893	19,656	21,550
Over 65 households in need	1535	1705	1968	2162	2371 (54%)
Shepway	2006	2011	2016	2021	2026
Total households over 65	13,687	14,901	16,858	18,236	19,714
Over 65 households in need	3011	3278	3709	4012	4337 (44%)
Swale	2006	2011	2016	2021	2026
Total households over 65	18,471	13,955	23,723	35,397	49,916
Over 65 households in need	185	140	237	354	499 (169%)
Thanet	2006	2011	2016	2021	2026
Total households over 65	18,471	19,458	21,387	22,885	24,626
Over 65 households in need	7204	7589	8341	8925	9604 (33%)

13.3.10 The last column also shows the percentage change in numbers in need between 2006 and 2026. There are some substantial variations, with Swale having by far the most significant increase proportionately, though starting

from a low base. By contrast, Thanet, which has the greatest numbers in need, saw a (relatively) low increase (33%). These figures should be treated with some caution, as it is likely that there will be variation in systems of eroding data, but they do indicate that it will be important to consider what pressures these increasing numbers of older people in need will place on smaller housing stock.

13.3.11 Housing requirements of older people: Key points:

- Older person households are very unlikely to move, and would prefer to stay in their own home and receive support rather than move;
- The 2001 Census identified 141,833 people of retirement age in the East Kent sub-region. This is expected to increase significantly by 2026 by an average of 45% based on 2006 figures;
- Just under half of older person households suffer from a limiting long term illness.
- There will be an increasing number and proportion of single older people in the community

13.3.12 Policy implications regarding older people

Tackling the housing and social implications of an aging population is overwhelmingly the most important long-term issue for East Kent. Demographic change will drive changes in work and workforce patterns; the provision of health and care services; will impact on transport services; and will put pressure on districts to provide appropriate forms of accommodation. At a national level, the housing implications have been recognised and explored in 'Lifetime Homes, Lifetime Communities: a national strategy for housing in an aging society' (CLG / DoH / DWP, February 2008). Key elements of the strategy include a commitment to 'improve the supply and quality of housing that is more responsive to the needs of individuals, communities and the economy'. In practical terms this is expressed by further investment in affordable housing and the Disabled Facilities Grant; and the commitment that all public housing will be built to Lifetime Home Standards by 2011; and an 'aspiration' that the same standard be applied to private sector development by 2013. The initial document was followed up by a CLG publication 'Delivering Lifetime Homes, Lifetime Neighbourhoods', which served as a progress report, and re-iterated a commitment that if the private sector had not voluntarily made strides to becoming Lifetime Home compliant, regulatory measures would be considered.

13.3.13 The South East Plan includes as policy that housing programmes should tackle 'the need to adapt the existing housing stock and make provision in

new housing developments to support older people living independent live in their own homes (Lifetime Homes)'.

- Some planning authorities have specific targets for the development of Lifetime Homes, including the London Plan draft, which calls for 100%. As with most aspects of development threshold, a balance between meeting community needs and developer interests has to be struck. We recognise that there are differential additional costs for implementing the Lifetime Home standards (between £545 to £2000 a dwelling according to different sources), and that these are particularly weighted towards smaller units. However, given that the private sector will be expected to become compliant by 2013, within the lifetime of this SHMA, we are going to suggest some guideline targets:
- ***We recommend that on all developments of 15 or more units, 100% of affordable housing units and at least 20% of market units be developed to Lifetime standards. The expectation would be that the majority of these units would be of two bedrooms or more.***
- Of course, Lifetime homes are not solely designed for older people – they are suitable for wheelchair users, families with children with disabilities, and younger disabled people. This approach would be of benefit to all these groups.
- Many older people will want to remain in their own homes, and it would often represent good value for money in providing the additional support to enable them to do so. We recommend fully- ensuring the integration of housing and income maximisation policies that enable them to do so, alongside development policy
- Although outside the remit of this report, there will be instances of underoccupation of homes by older people who would like to move to smaller homes but have been unable to do so. This will be the case in both the affordable and market sectors. Incentive-based policies for public sector tenants, and advice and information about realising equity and 'down-sizing' (possible via Home Improvement Agencies) would help release larger homes for family use.

13.4 Understanding the housing requirements of young people

- 13.4.1 There were 63,100 people aged between 16-24 years identified in the East Kent sub-region by the 2001 census.

13.4.2 The population projections provided by Kent County Council, shown in table 13.6, estimate that there will be a reduction in this age group of 1,300 or 2% by 2026.

Table 13.6 Population projections: 16-24 age group

	Age 16-24					
	2001	2006	2011	2016	2021	2026
East Kent	63,100	69,600	72,300	69,200	62,800	61,800

Source: South East Plan Strategy forecasts September 2007 Kent County Council

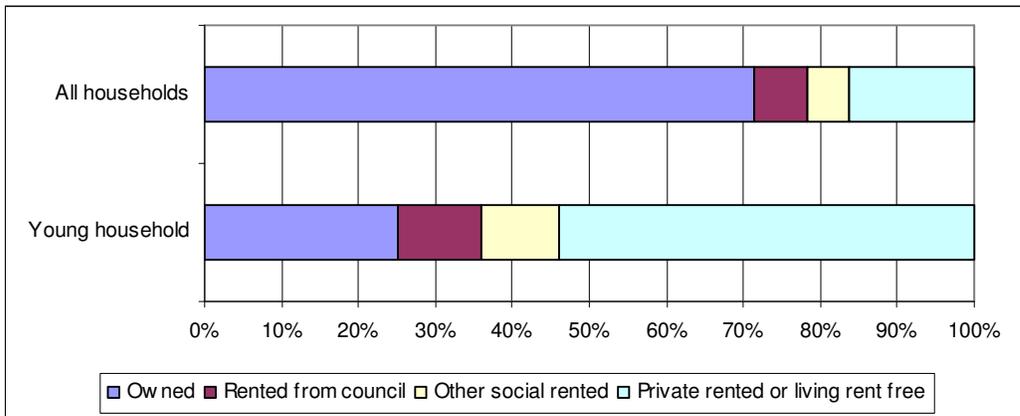
13.4.3 When we consider the number of young person households that are projected to 2026, these are estimated to decline slightly from 3,376 in 2006 to 3,132 in 2026, a reduction of 244 households.

Table 13.7 Household projections 15-19 and 20-24 age groups

	15-19	20-24	Total
2006	403	2,973	3,376
2011	407	2,995	3,402
2016	383	2,995	3,378
2021	374	2,691	3,065
2026	391	2,741	3,132

Source: South East Plan Strategy forecasts September 2007 Kent County Council modelled by ECOTEC

Figure 13.5 Tenure by household type



Source: Census 2001 ONS

- 13.4.4 When considering the tenure of young households, the proportion of young people who own a property is significantly lower than in the population as a whole (25% compared to 71%), but a larger proportion of young households rent privately (54%).
- 13.4.5 An analysis of household income, used in the housing need calculation, illustrates that newly forming households earn 67% of the income of all households. Table 13.8 details the newly forming household incomes.

Table 13.8 Household incomes of newly forming households

	Average house hold Income 2007	All Newly Forming HH	One-Person HH	Couple HH- No Children	Couple HH- With Children	Single Parent Household
Total	£32,106	£21,575	£16,246	£36,246	£22,697	£8,824

- 13.4.6 Housing requirements of young people: Key points:
 - There were 63,100 people aged between 16-24 years identified in the East Kent sub-region by the 2001 census;
 - The population projections provided by Kent County Council, shown in table 13.6, estimate that there will be a reduction in this age group of 1,300 or 2% by 2026;
 - The proportion of young people who own a property is significantly lower than in the population as a whole (25% compared to 71%), but a larger proportion of young households rent privately (54%);
 - An analysis of household income, used in the housing need calculation, illustrates that newly forming households earn 67% of the income of all households.

13.4.7 Policy implications regarding younger people

This SHMA has stressed in the section on 'families' the importance of ensuring a significant presence of young people in the sub-region, to meet future economic and demographic priorities. The difficulties younger people on lower incomes have in accessing owner-occupation, plus their general ineligibility for local authority or housing association homes means that the private rented sector or remaining in the family home are often the sole two feasible options.

- 13.4.8 However, given the relatively high degree of interest shown in intermediate housing options expressed through the Survey among private renters (22% interested), authorities should consider (if they have not already done so) widening the groups that can access these schemes – provided they would not be accessing them at the expense of Key Workers

- 13.4.9 Again, although rather outside the scope of the SHMA, we have noted the strong preference among districts towards limiting the number of smaller units (in all sectors) and discouraging the further growth of these – especially if such involves flattening family dwellings. While we respect these views, demographic projections predict an increase in the number of smaller households (despite the parallel fall in numbers of younger people) and we would want to ensure a balanced approach to meeting those needs, in our recommendations of bedroom size and property type mix.
- 13.4.10 We recognise the robust work under-taken in areas of dense private renting in Thanet and elsewhere, and would encourage continuing enforcement of high standards for HMOs.

13.5 Understanding the housing requirements of Key Workers

- 13.5.1 To understand the housing requirements of Key Workers within the East Kent sub-region, data from the housing aspirations survey was used.
- 13.5.2 The following groups constituted Key Workers for the purposes of the aspiration survey:
- Clinical front line NHS staff (excluding doctors and dentists);
 - Teachers and Nursery Nurses in the state sector;
 - Police and Community Support Officers;
 - Prison and probation staff;
 - Social Workers and Therapists employed by a Local Authority;
 - Regular Ministry of Defence Personnel.
- 13.5.3 In total 63 responses to the survey were received from Key Workers, and although this is not statistically significant, the data will help understand the housing requirements of Key Workers.
- 13.5.4 Table 13.9 shows the current tenure of Key Workers. Just under half of respondents owned their own home with a mortgage, 24% lived in a home provided by an employer, the highest proportion of whom were regular Ministry of Defence personnel

Table 13.9 Tenure by Key Worker type

	Clinical front line NHS staff (excluding doctors and dentists)	Teachers and Nursery Nurses in the state sector	Police and Community Support Officers	Prison and Probation Staff	Social Workers and Therapists employed by a Local Authority	Regular Ministry of Defence Personnel	Total
Own your own home, with a mortgage	6	18	3	1	1	2	31
Own your own home outright (no mortgage)	0	5	0	0	2	0	7
Rent your home from a private landlord	0	4	0	1	0	0	5
Rent your home from the Council	0	4	0	0	0	0	4
Rent your home from a Housing Association	0	1	0	0	0	0	1
Live in a home provided by your employer	0	0	0	0	5	10	15
Total	6	32	3	2	8	12	63

Source: Housing Aspirations survey 2008

13.5.5 When examining the property type that the majority of Key Workers currently live in, 60% live in terraced property.

Table 13.10 Property type by Key Worker type

	Clinical front line NHS staff (excluding doctors and dentists)	Teachers and Nursery nurses in the state sector	Police and Community Support Officers	Social Workers and Therapists employed by a Local Authority	Regular Ministry of Defence Personnel	total
Terraced or end-terraced house	1	20	3	1	6	31
Semi-detached house	4	7	0	0	1	12
Detached house	0	5	0	1	1	7
Low rise flat/maisonette	1	0	0	0	0	1
Bungalow	0	0	0	0	0	0
total	6	32	3	2	8	51

Source: Housing Aspirations survey 2008

13.5.6 Although the majority of Key Workers were not likely to move within the next three years, they were asked about the type of property that they would move to. This is a key question when developing an understanding of the housing requirements of this specific group. Interestingly, the majority of respondents would either want a semi-detached property or a detached property, therefore

moving up the housing ladder. Furthermore the majority, 67% of Key Worker households, would buy an existing property, rather than a new build.

Table 13.11 Type of property wanted if the Key Worker moved

	Clinical front line NHS staff (excluding doctors and dentists)	Teachers and Nursery nurses in the state sector	Police and Community Support Officers	Social Workers and Therapists employed by a Local Authority	Regular Ministry of Defence Personnel	Total
Terraced or end-terraced house	0	7	0	1	0	8
Semi-detached house	4	9	0	0	5	18
Detached house	1	12	3	1	1	18
Low rise flat/maisonette	0	1	0	0	1	2
Bungalow	0	0	0	0	1	1
Other	0	1	0	0	0	1
Total	5	30	3	2	8	48

Source: Housing Aspirations survey 2008

13.5.7 Housing requirements of Key Workers: Key points:

- Overall 49% of Key Workers own their own home with a mortgage;
- The majority of Key Worker households live in a terraced property;
- If the Key Worker household moved, 75% would want either a semi-detached or detached property, indicating that if the household moved they would wish to move up the property ladder.

13.5.8 Policy recommendations regarding Key Workers

It was outside the scope of this SHMA to assess whether there is a shortage of Key Workers in essential occupations, and if so whether the lack of affordable housing is a factor in this situation. However we would note that in terms of the economic ambitions and changing demographic profile of East Kent sub-region, there will be a requirement for improved quality and quantity of secondary and tertiary education (implying a need for more and better teaching and academic staff); improved transport links and increased services may increase demand for skilled transport staff; and the increase in the older and very elderly age groups implies increased demand for care, health and ancillary staff. Some of this future need does depend on other factors – can the fall in younger age groups (and school roles) be counter-balanced for example by attracting incomers.

- 13.5.9 The other consideration around making specific provision for Key Workers is the appropriateness of targeted schemes involving HomeBuy and Shared Equity. In the past, certainly, poor quality information, complexity of schemes, relatively high costs and additionally a lack of interest in living en masse in

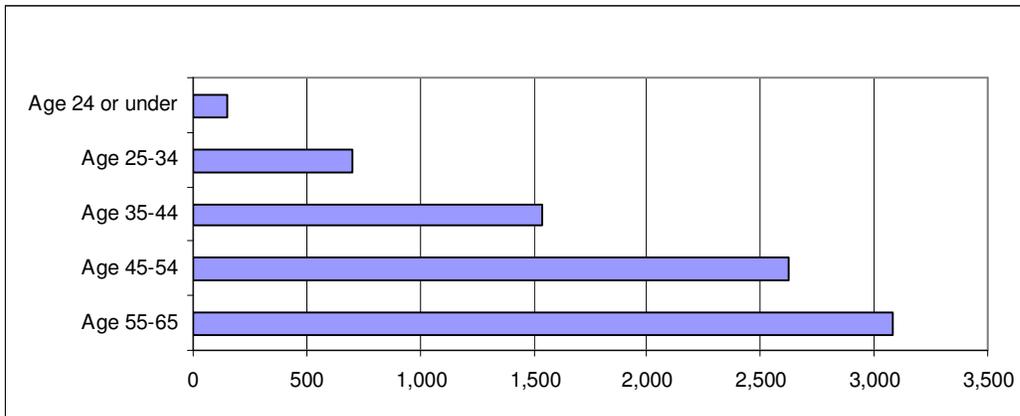
particular 'schemes' has undermined some Key Worker initiatives. Our recommendations are:

- That further research is undertaken into likely future shortage of particular Key Worker sectors, and if so, that consideration is given to focussing parts of intermediate housing programmes on such groups
- That the open market is carefully studied over the next year to assess whether prices are falling sufficiently, and access to mortgage finance opens up sufficiently to enable Key Workers' housing needs to be met there

13.6 Understanding the housing requirements of people with long-term illnesses and disabilities

13.6.1 In 2001, there were 7,046 households containing people who were permanently sick or disabled within the East Kent sub-region. The majority, 44%, as shown by figure 13.6, were in the 55-65 age group.

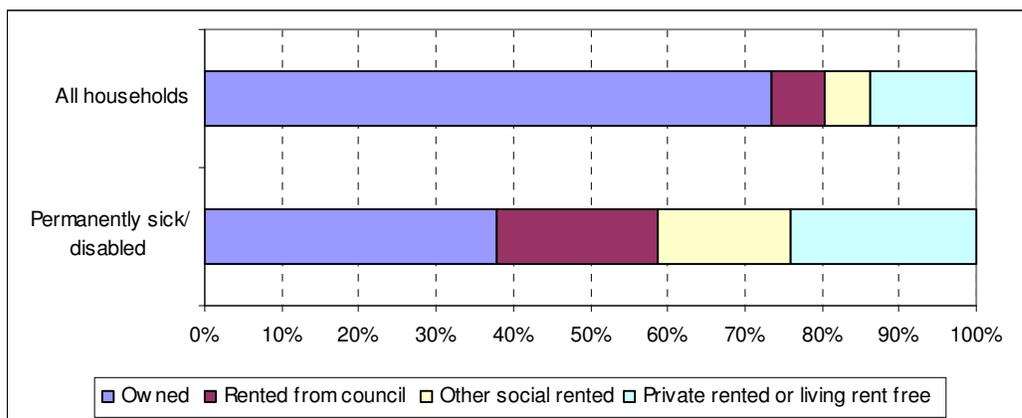
Figure 13.6 Number of permanently sick/ disabled people with age



Source: Census 2001 ONS

13.6.2 Figure 13.7 examines the tenure of permanently sick/ disabled households compared to all households. In 2001 a lower proportion of permanently sick/ disabled households were owner occupiers. This household group were more likely to rent from the council or have other socially rented accommodation.

Figure 13.7 Household type with tenure



Source: Census 2001 ONS

- 13.6.3 The housing aspiration survey was used to investigate the type and tenure of housing that people with a disability would like if they moved from their current home.
- 13.6.4 In total 29 households with a disability answered the questionnaire; again although not statistically significant, this information will help inform the SHMA about housing requirements of people with a disability in the East Kent sub-region.

Table 13.12 Type of housing households with a disability want

	Disability
Terraced or end-terraced house	3
Semi-detached house	4
Detached house	2
Low rise flat/maisonette	1
High rise flat	0
Self-contained bed sit	0
Bungalow	17
Sheltered accommodation	1
A caravan or other temporary or mobile structure	1
Total	29

Source: Housing Aspirations Survey 2008

- 13.6.5 Table 13.12 illustrates that 58% of households with a disability would like to live in a bungalow,. Just under half of these households would want this to be an existing property.
- 13.6.6 It was not possible to identify from the Survey instances of disability that was not specifically mobility-related, such as mental health, long-term substance

abuse, or other form of impairment or vulnerability. Additional literature review has highlighted:

- A continuing need for housing support for people with mental health problems, building on projects in Dover and Margate
- High demand on hostel places in Canterbury, Dover and Ashford for those with high support needs
- A requirement for additional floating support to help resettle or maintain the tenancies of vulnerable people who have been rehoused

13.6.7 Housing requirements of households with a disability: Key points:

- The majority of households with a disability within the East Kent sub-region consist of people aged between 55-65;
- The majority of households with a disability rent from either the local council or other social landlord;
- 58% of disabled households would like to live in a bungalow, and 48% would like this bungalow to be an existing property rather than a new build.

13.6.8 **Policy implications regarding people with disabilities**

Much of the discussion around the needs of older people are applicable to those with physical disabilities, and the recommendations around Lifetime Homes will be of equal benefit to these groups. It also seems clear that currently many of this group's needs are being met in the public sector, and a significant proportion are based in the private rented sector (accepting the small sample size). The popularity of bungalows should also be noted (and also their prevalence in Shepway, noted elsewhere in this report) In terms of future development policy we would recommend:

- That when considering the mix of properties on a site, consideration be given to the potential for bungalow development (both market and affordable), in conjunction with the requirement for Lifetime Homes standards.
- That private rented policy have regards to the existing presence of people with disabilities in the sector, especially around any applications for conversions, improvements and extensions
- It is clear from the Survey that there is a continuing need for adaptations to existing properties, and this should be allowed for
- That local authorities and housing associations ensure standards and conditions in their stock are satisfactory.

- Continuing and expanding resourcing of housing and housing support schemes aiding those with mental health and associated problems.

13.7 Black and Minority Ethnic groups

- 13.7.1 Black and Minority Ethnic (BaME) communities make up a small population of households in the East Kent region; however these have increased between the 1991 and 2001 Censuses. In Shepway, the BaME population has more than doubled from 1.1% (1991) to 2.71% (2001) which will have an impact on future housing needs.
- 13.7.2 Since there is a small BaME population separate BaME housing needs studies are not available for each local authority; however findings are highlighted within individual housing strategies. For example, Canterbury found BaME households are more likely to live in the private sector and are less likely to be owner occupiers than most of the population for the district; and the proportion of households with support needs are lower for the BaME population than for the population as a whole.
- 13.7.3 Swale recorded 77 (3.34%) of BaME households on the Housing Register in April 2003. There is no concentration of a particular ethnic group and there tended to be a higher level of social lettings for BaME households than for the general population. The Homelessness Strategy for Thanet recorded nine homeless applications from BaME groups in 2004/05.
- 13.7.4 The Homelessness Strategy for Thanet (2003/07) also pointed out that the levels of homelessness applications from BaME groups will increase as a consequence of the withdrawal of NASS funding and the granting of leave to remain in the country. However, statutory returns (P1e) from Thanet indicate that homeless applications from BaME groups have not increased significantly.

13.8 Gypsies and Travellers

- 13.8.1 The caravan count is the only consistent time-series information available of Gypsies and Travellers, and only of those living in caravans. It is widely accepted as underestimating the number of Gypsy and Traveller caravans because caravans on unauthorised sites, and to a lesser extent on private sites, may be omitted in areas where local authorities do not keep good records or pro-actively search for sites on Count Day. Despite these weaknesses, the counts provide one of the main sources of information

alongside a Gypsy and Traveller Accommodation Assessment. The table below shows the CLG caravan count for East Kent for January 2008.

- 13.8.2 Across the region, the counts indicated 295 caravans. Of these, 70% were on authorised sites and around 26% were on social rented (LA or RSL) sites.

Table 13.13 Caravan count for East Kent January 2008

Local Authority	Authorised sites		Unauthorised sites				All
	Socially Rented	Private Rented	On Gypsy Owned Land		Not on Gypsy Owned Land		
			Tolerated	Not Tolerated	Tolerated	Not Tolerated	
Canterbury	24	43	11	13	0	2	93
Dover	27	9	0	5	0	0	41
Shepway	0	0	0	0	0	0	0
Swale	26	76	39	2	0	18	161
Thanet	0	0	0	0	0	0	0
Total	77	128	50	20	0	20	295

CLG. Annual Caravan Counts (January 2008)

- 13.8.3 De Montfort University completed a Gypsy and Traveller Accommodation Assessment Report for the East Kent authorities (Swale is included in the North Kent Accommodation Assessment) in 2007). This provides comprehensive information on the housing requirements of Gypsies and Travellers.
- 13.8.4 A total of 92 surveys were completed across the four local authority areas and some of the main findings from the Accommodation Assessment include⁵⁸:
- 96% of respondents said they had problems with the site (they currently live on) compared to 2 out of 17 (12%) of those on self owned private authorised sites;
 - 20 respondents (36%) said they would prefer to live on their own private site (compared to 9 preferring a local authority site, 25 preferring to live on either);
 - 32 respondents (44%) said that they would prefer to live in Canterbury;
 - When asked what type of local authority provision should be provided, the majority of respondents said 'more/bigger sites'. Other suggestions included being near to local services such as schools, doctors and shops.

⁵⁸ De Montfort University. East Kent Gypsy and Traveller Assessment Report (2007-2012)

The North Kent Gypsy and Traveller Study found a need for an additional 62 pitches and one transit site in Swale

- 13.8.5 In East Kent, there is currently a residual supply of 69 Gypsy and Traveller pitches (April 2007) with 32 being socially rented and 37 privately rented. The assessment found additional needs of 31 permanent pitches up to 2012, with a need for a further 19 pitches between 2012 and 2017. The table below shows the recommended distribution of these additional pitches; and Table 13.15 highlights the caravan capacity required for East Kent, which is an additional 21. It incorporates the Swale recommendations.

Table 13.14 Recommended distribution of pitches for each local authority

Local authority	Pitches needed up to 2012	Pitches needed 2012 to 2017
Canterbury	22	13
Dover	3	4
Shepway	2	1
Swale	62	NA
Thanet	4	1

East Kent Gypsy and Traveller Assessment Report (2007) and North Kent Gypsy and Traveller Study 2006

Table 13.15 Recommended requirement of transit provision for each local authority

Local authority	Transit caravan capacity required up to 2012
Canterbury	15
Dover	6
Shepway	0
Swale	1
Thanet	0

East Kent Gypsy and Traveller Assessment Report (2007) and North Kent Gypsy and Traveller Study 2006

- 13.8.6 More recently, the South East England Regional Assembly (SEERA) has undertaken a public consultation on the future provision of pitches for Gypsies, Travellers and Travelling Showpeople, both of permanent provision and of temporary stopping for 2006-16. A range of options were proposed, and the one that has been agreed by the SEERA Planning Committee in January 2009 has the following components for the sub-region:

Table 13.16 SEERA review: preferred option recommendations 2006 to 2016

Local authority	Permanent pitches	Travelling Showpeople sites	Transit sites
Canterbury	30	3	Medium site
Dover	23	2	Small site
Shepway	12	1	
Swale	28	2	Medium site
Thanet	17	2	

Source: SEERA Planning Committee, 29 Jan 2009

13.9 Students

- 13.9.1 Students are a group with significant housing requirements, particularly in Canterbury. The percentage of student households recorded at the 2001 Census was 2.04%, considerably higher than all the other Kent local authorities. The location of a number of higher education institutions including Canterbury Christ Church University, the University of Kent, the University College for the Creative Arts, and Canterbury College has a substantial impact on the local housing market. Students living in the city make up 22% of the private rented sector and are concentrated around the main educational institutions.
- 13.9.2 ECOTEC in 2008 researched the impact of Houses in Multiple Occupation (HMOs) on the private rented sector for the CLG and found they make an important contribution by catering for the housing needs of specific groups/households and by making a contribution to the overall provision of affordable or private rented stock. However, they are not without their problems. The physical condition of this stock is often diverse and there have been some concerns from residents and practitioners in relation to the property and management standards.
- 13.9.3 The student housing market is often described as a 'niche' market⁵⁹, which has developed as a result of supply adapting to the needs of a specific specialised group. The student housing market is a flexible market that does not rely upon a prescriptive property type, unlike, for example, families who may be restricted to properties with gardens or school catchment areas etc. The general characteristics of a student housing market are a concentration of private rented accommodation around a particular geographical area for example in close proximity to a university campus, often provided by HMOs or

⁵⁹ Rugg et al (2000)

shared housing. However, other factors influence a decision of where students may wish to live including a desire to live close to friends, near local services (particularly nightlife etc) and a familiarity with a limited geographical area.

- 13.9.4 Canterbury City Council completed a 'Student Impact Scrutiny Review'⁶⁰ in light of the increasing student population households and how this affects the district as a whole. The study found that full time students attracted to the area to study, or postgraduate students new to the area, are provided with accommodation for first year, leaving students in their second and subsequent years to find their own accommodation in the private sector. With the increase in student numbers this has led to demand in student accommodation resulting in a strong student rented accommodation sector in the area⁶¹.
- 13.9.5 Analysis from council tax records shows the increase in the households occupied wholly by full time students. This increase has concentrated around specific areas within Canterbury, in particular to the north and to the east of the city. The Hales Place Estate contains 23.4% of all student households, whereas North Holmes Road and Northgate/Sturry Road contain 12.7% and 12.4% of student households respectively.

Table 13.7 Student households in Canterbury District

Year	Date of Peak	Number of Student Households
1998/9	May 1999	1,087
1999/2000	May 2000	1,210
2000/1	May 2001	1,334
2001/2	April 2002	1,470
2002/3	May 2003	1,659
2003/4	May 2004	1,872
2004/5	May 2005	2,030
2005/6	May 2006	2,035

Canterbury CC, Student Impact Scrutiny Review (2006)

- 13.9.6 **Recommendations from the study include:**
- To reduce pressure on the private housing market in Canterbury, the higher education institutions should explore the provision of further purpose built accommodation based on an assessment of the anticipated growth in full-time student numbers and the likely demand from second and subsequent year students. As a minimum the institutions should aim to accommodate 50% of non-local full-time

⁶⁰ Canterbury City Council. Student Impact Scrutiny Review (2006)

⁶¹ Canterbury City Council. Student Impact Scrutiny Review (2006)

students who would otherwise be likely to seek rented accommodation in the city;

- Land should be allocated and/or policies should be included in the City Council Development Framework encouraging additional purpose built accommodation;
- It is important to keep the provision of purpose built student accommodation and the number of student rented properties in residential areas under review.

14.0 Housing preferences and aspirations

14.1 Method of approach

- 14.1.1 A face to face housing needs and aspirations survey was conducted in the five East Kent local authority areas of Canterbury, Dover, Shepway, Swale and Thanet during the spring and early summer of 2008. A pre-selected sample was used to identify streets and addresses from the Council Tax register and no more than four interviews were conducted in any one street. 605 interviews were conducted altogether.
- 14.1.2 For the main sample, (all Districts) the survey is statistically significant +/- 4% at 95% confidence level. For each area (which were all very near to 120 samples) the survey is statistically significant +/- 8.9%

Table 14.1 Location of respondents

Location	Number
Canterbury	125
Dover	121
Shepway	120
Swale	118
Thanet	120
Total	604

Base: All respondents

- 14.1.3 The analysis detailed below provides an overview of key points arising from the survey. A more detailed analysis is provided in Annex 4.

14.2 Household size

- 14.2.1 Overall, just under a fifth of respondents lived in one person households (19.9%) and this rises to a quarter in Shepway and to 47% of those aged 65 and over.
- 14.2.2 Just over a third of all respondents (37.3%) live in two person households, this increases to 39.8% in Swale and 41.7% in Shepway. Amongst respondents aged between 55 and 64 nearly two thirds (65%) live in two person households. A fifth of respondents in Canterbury and 16.1% overall live in three person households and a third of respondents aged between 25 and 34 live in four person households.

14.3 Household status

14.3.1 A fifth of respondents are in single person households and this rises to 54.5% amongst flat dwellers. Couples with dependent children make up 31.3% of the overall sample but amongst 25 to 34 year olds this figure rises to 50% and 58.2% amongst those aged between 35 and 44. Couples with no dependents account for a third of all respondents but 59% of those aged between 55 and 64 are also couples with no dependents. Overall 4.3% of respondents were living in shared accommodation but amongst those aged 16 to 24 this figure rises to 25.7%.

Table 14.2 Household status

	Overall	Canterbury	Dover	Shepway	Swale	Thanet
Single person	19.9%	16.0%	19.8%	25.0%	15.3%	23.3%
Single parent	10.1%	14.4%	5.0%	6.7%	11.9%	12.5%
Married/cohabiting with dependent children	31.3%	32.8%	34.7%	23.3%	35.6%	30.0%
Married/cohabiting without dependent children	33.9%	28.8%	35.5%	40.0%	34.7%	30.8%
Living with friends or sharing with other adults	4.3%	8.0%	5.0%	3.3%	2.5%	2.5%
Other	0.3%	0.0%	0.0%	0.8%	0.0%	0.8%
No reply	0.2%	0.0%	0.0%	0.8%	0.0%	0.0%

Base: all respondents

14.4 Age

14.4.1 Table 14.3 shows the ages of respondents and the other members of their household. It shows that the largest age group was 65+ at 27.2%.

Table 14.3 Age of respondents and other household members

	You	Person 2	Person 3	Person 4	Person 5	Person 6
0 to 5	0.0%	2.1%	19.7%	22.8%	39.1%	40.0%
6 to 15	0.0%	5.0%	40.9%	58.0%	51.6%	45.0%
16 to 19	0.5%	3.7%	18.1%	8.6%	6.3%	10.0%
20 to 24	5.3%	5.8%	10.4%	5.6%	1.6%	0.0%
25 to 34	13.6%	14.0%	4.6%	1.9%	1.6%	0.0%
35 to 44	23.3%	20.0%	1.2%	0.6%	0.0%	0.0%
45 to 54	13.4%	14.7%	1.9%	1.2%	0.0%	0.0%
55 to 64	16.6%	16.3%	1.2%	0.0%	0.0%	0.0%
65+	27.2%	17.8%	1.5%	0.6%	0.0%	0.0%
No reply	0.2%	0.6%	0.4%	0.6%	1.6%	5.0%

Base: all respondents Current home

Current property type

14.4.2 Respondents were asked to indicate the type of property they currently live in. And as table 14.4 illustrates 61.9% of respondents in Swale currently live in terraced properties, whereas in Shepway the proportion living in terraces is

just over a third at 35.8%. Thanet has the largest proportion of respondents living in semi-detached accommodation (40.8%) and Swale has the lowest proportion of semis at just 12.7%. The highest proportion of detached homes was in Dover (18.2%) and the lowest was in Thanet at 4.2%. Just over a quarter of Shepway respondents live in bungalows, as do 28.7% of those aged 65 and over. Just 4.6% overall and 17.1% of those aged between 16 and 24 live in low rise flats or maisonettes.

Table 14.4: Current property type

	Canterbury	Dover	Shepway	Swale	Thanet
Terraced	41.6%	41.3%	35.8%	61.9%	39.2%
Semi-detached	32.8%	25.6%	18.3%	12.7%	40.8%
Detached	6.4%	18.2%	13.3%	10.2%	4.2%
Maisonette	4.8%	3.3%	1.7%	6.8%	6.7%
Flat	0.8%	0.0%	1.7%	0.8%	0.0%
Bungalow	13.6%	10.7%	25.8%	6.8%	9.2%
Sheltered accommodation	0.0%	0.0%	2.5%	0.0%	0.0%
Other	0.0%	0.8%	0.8%	0.8%	0.0%

Base: all respondents

Size of current property

- 14.4.3 Respondents were asked to specify the number of single and double bedrooms in their properties. Just under a quarter (23.8%) of respondents have no single bedrooms and this rises to 28.1% in Dover. More than half (55.1%) have one single bedroom and just under a fifth have two. More than half of all respondents have two double bedrooms and in Canterbury that figure increases to 65.6%.

Length of time at current property

- 14.4.4 Respondents were asked to specify how long they had lived at their current address, how long they had lived in their current neighbourhood and how long they had lived in their current local authority area. Tables 14.5 to 14.7 show the full results by geographical area.
- 14.4.5 Respondents in Thanet appeared initially to be the least transient with 38.3% having lived at their current address for more than 20 years. However, they also had the highest proportion of respondents who had lived at their current address for less than six months (6.7%). Nearly 10% (9.6%) of respondents in Canterbury have lived at their current address for between six and twelve months. Canterbury also had the lowest proportion of respondents who had lived at the same address for 20 years or more (24%).
- 14.4.6 Many respondents had moved within the same neighbourhood, with 48.5% overall and 58% in Canterbury and Thanet having lived in the same

neighbourhood for more than 20 years. Two thirds of respondents in Canterbury have lived in the same local authority area for more than 20 years but in Swale this figure falls to 48.3%.

- 14.4.7 Tenure had a significant impact on transience with 55.8% of those who owned their homes outright having lived in at their current address for 20 years or more. None of the private renters had lived at their current address for 20 years or more. This was also the group with the highest proportion of respondents who had lived at their current address for less than six months. However, even renters have tended to stay in the same area although not for as long as home-owners.

Table 14.5 Length of time at current address

	Canterbury	Dover	Shepway	Swale	Thanet
Less than six months	6.4%	5.0%	3.3%	5.1%	6.7%
Between six and twelve months	9.6%	1.7%	9.2%	3.4%	6.7%
Between one and two years	9.6%	15.7%	8.3%	6.8%	12.5%
Between 2 and 5 years	16.8%	10.7%	16.7%	16.9%	13.3%
Between 5 and 10 years	15.2%	21.5%	20.8%	20.3%	12.5%
Between 10 and 20 years	18.4%	17.4%	17.5%	20.3%	10.0%
More than 20 years	24.0%	28.1%	24.2%	26.3%	38.3%
Don't know/can't recall	0.0%	0.0%	0.0%	0.8%	0.0%

Base: all respondents

Table 14.6: Length of time in current neighbourhood

	Canterbury	Dover	Shepway	Swale	Thanet
Less than six months	4.0%	4.1%	1.7%	3.4%	4.2%
Between six and twelve months	4.0%	1.7%	5.0%	0.0%	3.3%
Between one and two years	4.8%	13.2%	2.5%	5.1%	2.5%
Between 2 and 5 years	8.8%	6.6%	15.8%	11.0%	12.5%
Between 5 and 10 years	5.6%	9.1%	20.8%	21.2%	10.0%
Between 10 and 20 years	14.4%	16.5%	15.0%	21.2%	8.3%
More than 20 years	58.4%	48.8%	39.2%	37.3%	58.3%
Don't know/can't recall	0.0%	0.0%	0.0%	0.8%	0.8%

Base: all respondents

Table 14.7: Length of time in current Local Authority area

	Canterbury	Dover	Shepway	Swale	Thanet
Less than six months	3.2%	3.3%	1.7%	0.8%	3.3%
Between six and twelve months	2.4%	0.0%	1.7%	0.0%	1.7%
Between one and two years	4.0%	11.6%	1.7%	1.7%	1.7%
Between 2 and 5 years	7.2%	5.8%	15.8%	9.3%	11.7%
Between 5 and 10 years	4.8%	5.0%	15.0%	18.6%	6.7%
Between 10 and 20 years	11.2%	13.2%	11.7%	19.5%	9.2%
More than 20 years	66.4%	60.3%	51.7%	48.3%	65.0%
Don't know/can't recall	0.8%	0.8%	0.8%	1.7%	0.8%

Base: all respondents

14.5 Current tenure

- 14.5.1 Just over two thirds of all respondents are home owners (67.7%), with 30.6% having mortgages and the remaining 37.1% owning their homes outright (without a mortgage or loan).
- 14.5.2 Amongst private renters, 'not being able to afford to buy' was the primary reason for renting (25.6%) and this was also the case for those renting from the Council (16.1%). However, 'other' reasons were more common for those renting from housing associations and these included living in properties which had been taken over by housing associations, doing house swaps with other people and living in housing association hostels.

Table 14.8: Reasons for renting

	Overall	Canterbury	Dover	Shepway	Swale	Thanet
Couldn't afford to buy	19.2%	20.0%	42.1%	19.4%	15.2%	11.1%
Couldn't get anywhere else/ Only one available	17.5%	24.4%	5.3%	12.9%	6.5%	33.3%
Other	15.8%	11.1%	15.8%	12.9%	26.1%	11.1%
It was affordable	9.6%	8.9%	10.5%	6.5%	10.9%	11.1%
Couldn't get a council house	7.9%	4.4%	0.0%	6.5%	10.9%	13.9%
Needed a house	5.6%	6.7%	5.3%	9.7%	6.5%	0.0%
Was offered it	4.5%	8.9%	0.0%	6.5%	0.0%	5.6%
DK	3.4%	0.0%	0.0%	3.2%	10.9%	0.0%
Temporary/ Student accommodation	3.4%	11.1%	5.3%	0.0%	0.0%	0.0%
Wanted this type of house	2.3%	0.0%	0.0%	12.9%	0.0%	0.0%
My name was on council list	1.7%	0.0%	0.0%	6.5%	2.2%	0.0%
Easier	1.7%	0.0%	5.3%	3.2%	0.0%	2.8%
Quicker	1.7%	0.0%	0.0%	0.0%	2.2%	5.6%
Better Option	1.7%	2.2%	5.3%	0.0%	0.0%	2.8%
No reason	1.1%	0.0%	0.0%	3.2%	0.0%	2.8%
Wanted a larger house	1.1%	2.2%	0.0%	3.2%	0.0%	0.0%
Financial reasons	1.1%	0.0%	0.0%	0.0%	4.3%	0.0%
Did not want to buy	1.1%	0.0%	5.3%	0.0%	2.2%	0.0%
Couldn't get a mortgage	0.6%	0.0%	0.0%	0.0%	2.2%	0.0%
NR	0.6%	0.0%	0.0%	3.2%	0.0%	0.0%

Base: all renters (177)

14.6 Reason for choosing current property

- 14.6.1 The most common reasons for choosing a property were:
- This area is a nice place to live (24.9% overall, 30.8% in Dover and 32.6% of those who own outright);
 - Right size and type for my family (23.6% overall, 43.3% in Thanet and 30.5% amongst 25 to 34 year olds);
 - Price/rent was attractive (12.3% overall and 18.5% in Canterbury).
- 14.6.2 When asked what was the most important factor influencing choice of home, a quarter said the property (24.8%), 26.1% said the area and 46.3% that both

were equally important. Area was more of a priority in Shepway (34.2%) and Dover (35%) but in Thanet just 11.8% rated the area as more important and 60.8% said both were equally important.

14.7 Property type of previous home

14.7.1 As table 14.9 illustrates, many respondents had not changed property type at the time of their last move. Half of those who lived in terraced houses also lived in terraces in their previous home and the same is true for a third of those living in semi-detached properties and 36.5% of those living in detached properties. There is some evidence of trading up and downsizing with 80% of bungalow dwellers having moved from a house and 27% of those in detached houses had previously lived in semi-detached accommodation.

Table 14.9: Property type of previous home

Previous property type	Current property type				
	Terraced or end-terraced house	Semi-detached house	Detached house	Flat	Bungalow
Terraced house	51.3%	38.6%	20.6%	30.3%	30.0%
Semi-detached house	15.5%	34.8%	27.0%	9.1%	37.5%
Detached house	8.3%	7.0%	36.5%	6.1%	12.5%
Low rise flat/maisonette	14.7%	9.5%	4.8%	27.3%	5.0%
High rise flat	2.3%	5.7%	0.0%	9.1%	1.3%
Self-contained bedsit	0.8%	0.0%	0.0%	3.0%	0.0%
Room in a shared house	1.1%	0.6%	0.0%	3.0%	0.0%
Bungalow	3.8%	1.3%	6.3%	6.1%	11.3%
A caravan or other temporary or mobile structure (including park homes)	0.4%	0.6%	0.0%	0.0%	0.0%

Base: all respondents

14.8 Previous tenure

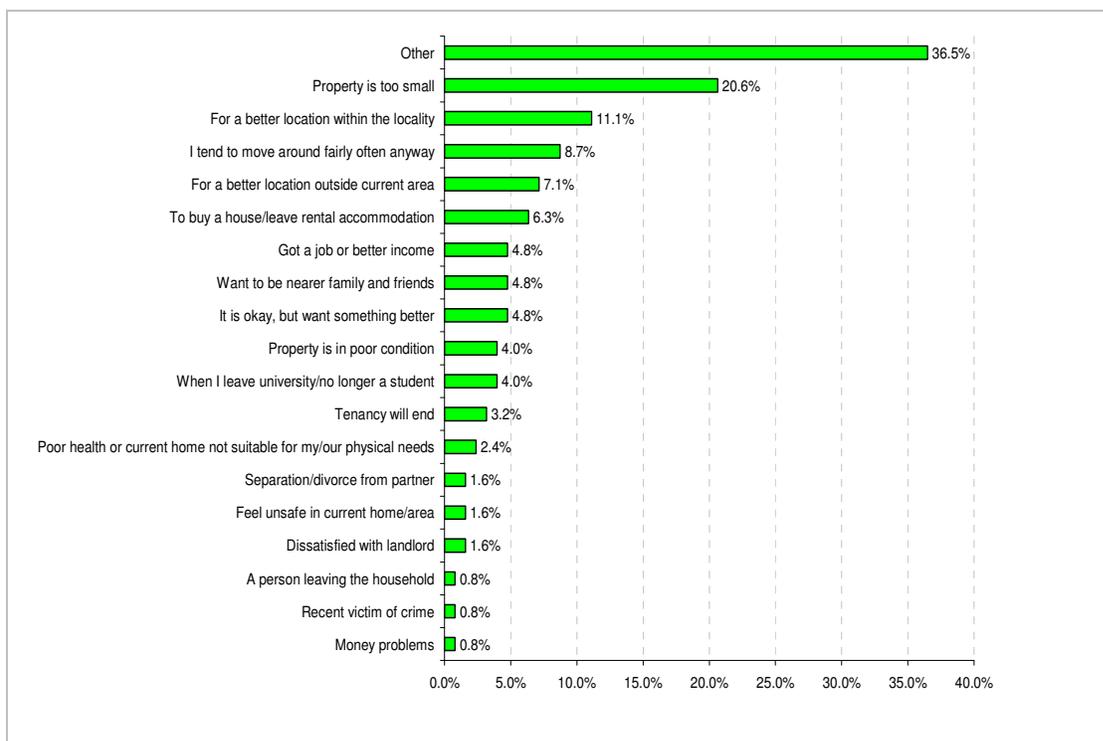
14.8.1 Just over a fifth of mortgage holders previously rented privately and 52.2% of those who currently own outright previously had a mortgage. In addition, 54.5% of those renting from a housing association previously rented either privately or from the Council.

14.9 Future housing needs and aspirations

Plans to move

14.9.1 Respondents were asked if they were considering a move over the next three years. Overall nearly two thirds (64.9%) said definitely not and this increased to 69.4% in Dover and to 77.2% of outright home owners and 86.6% of those aged 65 and over. The age group most likely to consider moving was 16-24 year olds, 28.6% of whom said that they would definitely consider moving compared with just 10.1% overall. Respondents in Shepway were most likely to consider moving with 12.5% saying yes, definitely and a further 10.8% saying yes, probably.

Figure 14.1: Reasons for considering moving



Base: all respondents considering moving home (126) Preferred Area to Move to

Reasons for considering moving

14.9.2 Those who were definitely or possibly considering moving were asked why they wanted to move. More than a third gave 'other' reasons such as wanting

to move abroad, wanting more land and moving in with a partner. However, a fifth of respondents felt that their current property was too small.

Preferred location of move

- 14.9.3 Regardless of whether they were interested in moving or not, all respondents were asked which area they would be interested in moving to. Table 14.10 shows that 74.2% of respondents overall and 80% of respondents in Canterbury would prefer to stay in the same neighbourhood. In Shepway 11.7% of respondents would prefer to move to another neighbourhood within the same local authority. Under 10% overall (7.6%) and 10.8% in Thanet would prefer to move to another neighbourhood in a different local authority..

Table 14.10 Preferred location to move to

	Overall	Canterbury	Dover	Shepway	Swale	Thanet
Stay within the same neighbourhood	74.2%	80.0%	76.0%	69.2%	69.5%	75.8%
Move to another neighbourhood within the same local authority area	6.3%	4.0%	1.7%	11.7%	6.8%	7.5%
Move to another neighbourhood in a different local authority area	7.6%	8.0%	2.5%	9.2%	7.6%	10.8%
Other	5.8%	4.0%	9.9%	4.2%	7.6%	3.3%
No reply	3.1%	2.4%	4.1%	5.0%	3.4%	0.8%
Don't know	3.0%	1.6%	5.8%	0.8%	5.1%	1.7%

Base: all respondents

Preferred property type

- 14.9.4 Table 14.11 demonstrates that the most popular property type in Canterbury, Dover and Thanet was a semi-detached house. This was also the preferred type for most age groups with the exception of 45 to 59 year olds who preferred detached houses (30.9%) and 38.4% of those aged 65 and over who preferred bungalows.

Table 14.11: Preferred property type

	Canterbury	Dover	Shepway	Swale	Thanet
Terraced house	17.6%	14.0%	10.0%	27.1%	18.3%
Semi-detached house	35.2%	30.6%	14.2%	13.6%	31.7%
Detached house	19.2%	20.7%	30.0%	21.2%	17.5%
Low rise flat/maisonette	1.6%	4.1%	9.2%	5.9%	3.3%
High rise flat	1.6%	0.0%	3.3%	0.0%	0.0%
Self-contained bedsit	0.0%	0.0%	1.7%	0.0%	0.8%
Room in a shared house	17.6%	18.2%	22.5%	18.6%	22.5%
Bungalow	0.8%	5.0%	2.5%	0.0%	4.2%
A caravan or other temporary or mobile structure (including park homes)	0.0%	0.8%	0.0%	0.0%	0.0%
Other	1.6%	0.0%	4.2%	0.0%	0.0%
No reply	0.8%	4.1%	2.5%	1.7%	0.0%
Don't know	4.8%	2.5%	2.5%	9.3%	1.7%
Not applicable	0.0%	0.0%	0.0%	2.5%	0.0%

Base: all respondents

Preferred tenure type

14.9.5 As Table 14.12 illustrates just over half (56.5%) of respondents would prefer to buy an existing house or flat. This was also true for 63.2% of Canterbury respondents and two thirds of Shepway respondents. Just over 10% overall (11.1%) and a fifth of Dover respondents would like to buy a newly built property. A quarter (25.7%) of 16 to 24 year olds would prefer to rent from the council.

Table 14.12: Preferred tenure

	Overall	Canterbury	Dover	Shepway	Swale	Thanet
Buy an existing house/flat	56.5%	63.2%	52.1%	66.7%	40.7%	59.2%
Buy a newly built house/flat	11.1%	7.2%	20.7%	12.5%	5.9%	9.2%
Buy an empty house from the Council outside of this area	1.2%	2.4%	0.0%	0.0%	2.5%	0.8%
Rent from the Council	8.3%	12.8%	2.5%	4.2%	11.9%	10.0%
Rent from a Registered Social Landlord	1.3%	0.8%	2.5%	0.8%	1.7%	0.8%
Rent from a Housing Association	3.3%	3.2%	2.5%	0.0%	8.5%	2.5%
Rent from a private landlord	3.3%	2.4%	2.5%	3.3%	3.4%	5.0%
Other	2.6%	0.8%	8.3%	3.3%	0.8%	0.0%
Don't know	12.9%	8.8%	9.1%	9.2%	25.4%	12.5%

Base: all respondents

14.10 Affordable home ownership options

14.10.1 Respondents were asked if they have or would consider either shared equity or shared ownership as an affordable way of buying their own home. Only 1.3% of respondents had already considered shared equity and this increased slightly to 2.5% in Shepway. There is slightly more interest in shared equity amongst private renters, 6.1% of whom have considered this option. However, none of the social renters had considered it but just over a fifth (21.2%) of those currently renting from a housing association would consider shared equity as would 12.2% of private renters.

14.11 Property preferences

14.11.1 Respondents were asked to think about a number of property options and indicate which ones they would consider to be the most important. Table 14.13 shows the overall responses.

14.11.2 Having a garage (44.7%) was slightly more important than a larger garden (38.7%), particularly for those who own their homes outright (53.6%). However, more than half (57.1%) of 16 to 24 year olds felt that a larger garden was more important. In fact, the three youngest age groups all prioritised a larger garden over a garage, whereas the older groups prioritised the garage.

- 14.11.3 A bigger kitchen was generally considered to be more important than having a larger living room. A bigger kitchen was particularly important to respondents aged between 35 and 44, 58.9% of whom indicated that it was their preference over a larger living room.
- 14.11.4 When asked to choose between one larger reception room or two smaller reception rooms the overall responses were tied at 43.4% each with 13.2% saying that they had no preference.
- 14.11.5 Overall, a garage was a slightly higher priority than a larger back garden except for younger respondents who prioritised the latter with nearly two thirds (65.7%) of 16 to 24 year olds favouring the larger back garden.
- 14.11.6 Opinion was divided regarding the relative importance of a larger property versus a driveway for a car. Residents in Canterbury favoured the larger property by 54.4% to 35.2%, whereas 50% of residents in Shepway preferred a driveway over having a larger property (37.5%).
- 14.11.7 Just over half of all respondents preferred the idea of larger bedrooms overall (50.2%) to an extra bedroom (36.4%) especially in Thanet, where 56.7% preferred the larger bedrooms to 32.5% who preferred an extra bedroom.
- 14.11.8 Overall a better neighbourhood was marginally preferable to a bigger property but in Canterbury 48% favoured a bigger property. Couples with children preferred a bigger property whereas childless couples were more concerned about living in a better neighbourhood.
- 14.11.9 Owning rather than renting was the priority for just over two thirds of respondents compared to just 18.5% who felt that a 'better' neighbourhood was more important. For some groups including respondents in Shepway, those living in detached properties and current mortgage holders this figure increases to over 70%.
- 14.11.10 Finally, respondents were generally in favour of paying extra for an energy efficient home rather than buying an initially cheaper property and then paying more in energy bills. However, a third overall had no preference.

Table 14.13: Property preferences

Option 1		Option 2		No preference
Garage	44.7%	Larger garden	38.7	16.6%
Bigger kitchen	49.2%	Larger living room	34.9	15.9%
Flat	9.9%	House	86.6%	3.5%
Semi-detached property	73.7%	Terraced property	8.3%	18.0%
One large reception room	43.4%	Two smaller reception rooms	43.4%	13.2%
Garage	45.0%	Larger back garden	39.6%	15.4%
Larger property	42.2%	Driveway for car	45.4%	12.4%
An extra bedroom	36.4%	Larger bedrooms overall	50.2%	13.4%
A bigger property	37.9%	A 'better' neighbourhood	41.9%	20.2%
Owning rather than renting	67.1%	A 'better' neighbourhood	18.5%	14.4%
Paying extra for an energy efficient home	52.2%	Initially cheaper price but higher energy bills	13.9%	33.9%

Base: all respondents

14.12 Preferred location

Respondents were asked where they would like to live in ten years time. As table 14.14 illustrates, respondents in each of the five East Kent local authorities would most frequently like to live in their current local authority area. Desire to remain in the same area was strongest in Canterbury with 80% of respondents in that area stating that they would like to live in Canterbury in 10 years' time. Dover had the lowest proportion of respondents wishing to stay in the same area with 60.3%; 12.4% of Dover respondents would like to live elsewhere in Kent, which was a significantly higher proportion than respondents from elsewhere.

Table 14.14: Preferred location (all respondents)

Where would you like to live in 10 years time	Current home				
	Canterbury	Dover	Shepway	Swale	Thanet
Canterbury	80.0%	1.7%	1.7%	0.8%	3.3%
Dover	0.0%	60.3%	0.8%	0.0%	0.0%
Shepway	0.0%	0.0%	68.3%	0.0%	0.8%
Swale	0.0%	0.0%	0.8%	67.8%	0.0%
Thanet	2.4%	0.0%	0.0%	0.0%	76.7%
Elsewhere in Kent	3.2%	12.4%	1.7%	6.8%	1.7%
Elsewhere in the South of England	1.6%	1.7%	4.2%	2.5%	2.5%
Elsewhere in the UK	4.8%	1.7%	2.5%	5.9%	5.0%
Outside the UK	8.0%	14.9%	16.7%	11.0%	6.7%
Don't know	0.0%	7.4%	3.3%	5.1%	3.3%

Base: all respondents

14.13 New household formation

- 14.13.1 Respondents were asked to consider whether there were any members of their household who would be likely to want/need separate accommodation within the next three years; overall, 9.9% of respondents felt that this was the case. In Canterbury and Swale this figure rises to 11%, amongst 35 to 44 year

olds it increases to 17.7% and for those aged between 45 and 54 the figure is almost a fifth at 19.8%.

- 14.13.2 Of those who are expecting a member of the household to move out, 18.3% overall and 24% of 35 to 44 year olds said that a member of their household would need separate accommodation now, this was also true of 36.4% of Thanet residents. A fifth overall and 38.5% in Swale said that separate accommodation would be required in one to two years. Just under half (43.3%) and 81.8% in Dover said that they would require separate accommodation in two to three years.
- 14.13.3 Respondents were also asked to consider what size of accommodation is likely to be required. Just over a quarter overall (26.7%) felt that a one bedroom property would be required and in Shepway this rose to 54.5%. However, 28.3% overall and 36.4% in Thanet required two bedroom properties. The most frequently mentioned type of property was a semi-detached house which was mentioned by 31.7% overall and by more than half of the respondents in Canterbury (57.1%).
- 14.13.4 In keeping with the preferences of the respondents in terms of location, the majority of respondents felt that the household member looking for separate accommodation would want to remain in their current local authority area. This was particularly true in Canterbury, where 78.6% felt that they would want to remain in the area, and in Thanet where the figure for remaining in the authority was 90.9%.
- 14.13.5 When asked to consider the preferred and likely tenure choices for their household member, just over a third of respondents (36.7%) said that they thought they would prefer to buy an existing house or flat, increasing to 50% in Canterbury and 48% amongst those aged between 35 and 44. Just under 10% overall (8.3%) felt that their household members' preference would be to purchase a newly built property, whereas 16.7% felt that they would prefer to rent from the Council (including 75% of existing Council renters).
- 14.13.6 With regard to the most likely tenure, less than a fifth (18.3%) felt that their household member was likely to buy an existing property although in Canterbury this figure rose to 28.6%, but in Swale it was just 7.7%. A fifth of respondents felt that the likely tenure would be to rent privately and in Swale this figure rose to 38.5%.

14.14 Key findings

- A typical home is a two or three bedroomed terraced property;
- The majority of respondents have lived in their current home for more than five years, with a quarter having lived there for more than 20 years;
- Respondents have tended to stay in the same neighbourhood and local authority area when they have moved home;
- Two thirds of respondents are owner occupiers; the highest proportion of owner occupiers was in Dover at 75.2% and the lowest was in Swale at 58.5%. Up to a fifth rent privately with the highest proportion of private renters in Thanet. Social renting was highest in Swale at 29.7%;
- Most people rent because they cannot afford to buy;
- Properties are chosen because they are in a nice area, they are the right size and type for the family, and price was also a significant factor.

14.14.1 Previous Home

- Respondents had generally moved within the same local authority area;
- There is evidence of both trading up and downsizing although many respondents had moved to a similar type of property;
- A fifth of mortgage holders had previously rented privately and more than half of those who own their properties outright had previously had a mortgage.

14.14.2 Future Needs and Aspirations

- A fifth of respondents will definitely or probably move in the next three years. However, almost two thirds have no intention of moving within that time period;
- The majority of respondents would like to stay in the same neighbourhood if they do move home, although 10% in Thanet would like to move to another local authority area;
- The majority of respondents would prefer to buy their next home (67.6%) but less than half of them believe that they will do so. Likelihood of purchasing their next property was even lower amongst those who currently rent with almost a quarter of private renters believing that they will buy their next home but fewer than 10% of social renters believing likewise;
- Detached and semi-detached properties are substantially the preferred property type with flats being relatively unpopular. This has implications (discussed in section 15) if meeting aspirations is a policy driver.

14.14.3 New Household Formation

- One tenth of respondents felt that someone in their household was likely to need separate accommodation within the next three years. Around a fifth need this accommodation now and almost half will need it in two to three years time;
- Although the preference of over a third of respondents would be for their household member to be able to purchase their next home this was only seen as likely by about half of those interested in purchasing and less than a fifth overall.

15.0 Conclusions: meeting housing need in East Kent

15.1 Housing markets and the economy

- 15.1.1 Analysis in this report shows that parts of East Kent's housing markets are relatively self-contained, and function as separate entities within the South East. Other markets show much greater connectivity, and are more influenced by the pull of London, the Medway Towns, and Ashford to some extent.
- 15.1.2 The rurality of much of East Kent is a significant factor that shapes housing markets. Rural areas tend to have higher values than more urban ones; this brings both benefits and disbenefits. While such areas can attract more affluent in-comers, needed to bolster the economy, consequent problems of affordability for existing local residents threaten the viability of smaller communities.
- 15.1.3 The isolation of parts of the sub-region housing markets is caused by relatively poor transport links, especially within and between the more rural areas. This isolation has also led to the economy being relatively self-contained, resulting in both positive and negative effects. This conclusion is based on a number of different pieces of evidence. Firstly the occupational split of the economy is not different from that of the wider region, indicating that it has all the required mixture of occupations to be self-sufficient. Secondly the economy is relatively healthy, shown by the increase in the number of VAT registered industries. However, due to its relative isolation, parts of the sub-region have not been able to take full advantage of the economic success that being close to the capital brought, unlike other areas. Thirdly, wages in the sub-region are and have been consistently lower than in the region as a whole.
- 15.1.4 This has led to an economy that operates on two levels. The first economic level is relatively stable and reliable, and contains households who are employed in the main within the sub-region, but is operating on a level that is sub-optimal in terms of dynamism and competitiveness. The second is a deprived economy that, due to the less- than-dynamic nature of the first, struggles to overcome the legacies of deprivation. The section of the population in this second-level economy is less mobile, has poorer levels of qualifications than the regional average, has a higher proportion of its households on benefits, and displays overall higher levels of deprivation. All

local authorities within the sub-region have pockets of such 'second-level' economies.

- 15.1.5 This economic profile and poor transport links have led, in parallel, to the sub-region also being characterised by a self contained housing market, with smaller housing markets operating within this much larger one. The travel to work and migration maps of both the LHMA and local authorities evidence this well – movement in the main is within the local authority boundaries, between the local authorities and between the LHMA within the sub-region. This is further evidenced by the aspiration survey, which indicates that there is little appetite from most of the population to move out of the area. Owner occupation is high within the sub-region: 77% of households are owner occupiers. The age group of the incoming migrants (that is, working age adults) means that owner occupation is also the main tenure for this group.
- 15.1.6 Demand for properties within the region is also connected to the economy of the area. Prices of detached housing, which as a rule indicate prosperity and wealth, increased within the sub-region. However semi detached, terraced and flatted properties increased proportionally more between 2001 to 2007. In a situation where there is a less dynamic economy and lower wages than the regional average, and where traditionally detached properties are in more demand, it is unsurprising that semi-detached properties have become a more attractive option in recent times. In parts of the sub-region – Swale in particular – they act as first-time purchases, because of the relatively low proportion of flats in the stock.
- 15.1.7 We would suggest that the buoyancy of the terraced and flats market is relatively fragile in today's environment and had been particularly driven by the buy-to-let phenomenon. If one examines figures for the first quarter of 2008, demand for semi-detached housing, and to some extent detached housing, has contributed to increasing house prices within the sub-region seen in that quarter; however, the price of flats and terraced housing had fallen. Although flats picked up in the latter parts of 2008, we consider that there is a long-term demand and related supply issue with these types of housing, making them particularly vulnerable in the current economic environment. We suggest that in some areas – particularly Thanet – there is long-term oversupply of flats.
- 15.1.8 The population increase within the sub-region, the difficulty in accessing finance to enable households to buy, and the low level of completions, particularly of affordable housing to rent and / or buy have all contributed to

the sub-region becoming unaffordable, particularly to those on lower incomes (again the two tier economy has contributed here).

- 15.1.9 This unaffordability and lack of alternative supply means that there are some 7,541 households in the region who, every year, are unable to access the housing they need through the market.

15.2 The economic and demographic future of East Kent

- 15.2.1 The economy has been highlighted as a primary driver of the housing market of East Kent. The economy of East Kent has been predicted to expand, due to a combination of factors: regeneration initiatives in Margate, Sittingbourne, Folkestone, Herne Bay and Dover (also a Growth Point); the High Speed Rail Link, which is projected to bring economic benefits of £220 million a year to the sub-region; the linkages with Kent Thames Gateway; the creation of Canterbury as a Regional Hub and the expansion of its education economy. In addition, building on the sub-region's history and background, tourism is a key factor in this economic regeneration.
- 15.2.2 The High Speed Rail Link will bring journey times from London to East Kent to one hour (or less in the west of the sub-region), which is an acceptable commuting time, and therefore is set to increase commuter traffic. Other benefits include improved transport infrastructure within the sub-region. Thus East Kent will be better connected to the region and the rest of the country. Careful marketing by the sub-region to attract either existing commuters and / or workers living in London will be required to enable the area to compete against other comparable 'one hour' towns such as Windsor and Ascot. The sub-region has aspirations to use the High Speed Rail Link as an attractor of investment into the sub-region. Success in realising this is important; otherwise there is the risk of East Kent being used as a dormitory area.
- 15.2.3 However, if the High Speed Rail Link attracts London commuters into Canterbury and other towns along the line, there is a danger that property prices will increase, displacing local people who will seek accommodation elsewhere in East Kent, creating an upward pressure on housing costs, and potentially affecting affordability across the sub-region.
- 15.2.4 As noted in section 10.5, 'place-making' and social policies to improve quality of life, capitalise on 'Area of Outstanding Natural Beauty' status, and promote East Kent's environmental benefits are an important complement in maximising High Speed Rail Link's potential.

- 15.2.5 The population of the sub-region has increased by 13% between 2001 and 2006. This increase has mainly been caused by in-migration of households aged between 44 and 64. This has meant that the sub-region has a population where the largest single age group is of people aged between 45 and 64. This group is less likely to move further, or as often as younger people, thus reinforcing the self contained nature of the housing market.
- 15.2.6 In terms of population growth within the sub-region, this is expected to be relatively modest: an increase of 9,000 between 2006 and 2026. However it is the increase in the older population which will have the greatest impact on the sub-region. By 2026, the younger age groups are projected to decline:
- The 0-15 age group is set to decline by 16.2% between 2006 and 2026;
 - The population in the 16-24 age category is set to fall by 11.2%, and
 - The 25-44 is predicted to fall by a similar amount by 2026 - 11.4%.
- 15.2.7 As regards the older groups:
- The 45-64 age group is estimated to increase slightly by 2026; however the percentage increase fluctuates over the preceding years, the greatest increase being between 2006 and 2016;
 - Both the 65-84 and the 85+ age groups are predicted to increase significantly. The 65-84 age group is set to increase by 42.2% between 2006 and 2026, with the over 85 category population is estimated to double with a 49.1% increase between 2006 and 2026.
- 15.2.8 The increase in the proportion of the older population – especially the very elderly – is a critical factor for the future housing markets and economy of East Kent. The increase in the numbers of over 65s will influence the type of housing to be built in the future. This is discussed further in section 13. Coupled with the relative decline in working-age households, this will contribute to the projected 93,000 labour shortage.
- 15.2.9 Given the increasing numbers, as well as the needs of younger households that may have members with disabilities, we are recommending that a proportion of new private sector dwellings are designed to Lifetime Homes standards.
- 15.2.10 It is also important to ascertain at what age people will require more support, as people live and are generally healthier for longer. Previous work undertaken by ECOTEC found that older people do not wish to be 'named' as requiring supported housing, but see themselves as requiring housing with floating support, in that the support is provided in individual homes.

- 15.2.11 In addition older people prefer housing that is not necessarily flatted, and wish to have housing with two or more bedrooms with small gardens. This is due to the additional roles that older people take on to support their families, including childcare for example. Conversely, other older people wish to have space for another relative or carer to move in with them as they age. This is underlined by work undertaken for Dover district council alongside this SHMA, which found that older people wish to remain in their own homes, with support provided in their house, rather than having to move to specialist accommodation.
- 15.2.12 It is also important to distinguish between the crude increase in the elderly population, and the increase of the elderly population in housing need. Many elderly people will already be in affordable housing; others will be owner-occupiers, able to convert their unencumbered housing assets to support them in the future. Annex 11 attempts to quantify the increase of the elderly population in housing need up till 2026, by district.
- 15.2.13 It is essential for the individual authorities to retain as much of their younger population – both single people and young families - as possible, and to attract younger in-comers. We would suggest that both younger people with London-based jobs (who commute via the improved transport networks) and those who hold employment within the local area are essential. In housing terms, this means planning for family dwellings, as well as allowing for smaller units (which are generally already in relatively good supply). Thanet has recognised this in its housing-led approach to regeneration. Other policies to ensure that the sub-region is attractive to in-comers are important, including planning for good schools and ensuring high standards for the local environment.
- 15.2.14 The private rented sector is an important option for meeting the needs of younger single people, including students. However, as table 8.11 shows, while private renting is an affordable option for households with incomes above the lower quartile, in some areas (Shepway and Canterbury in particular) it is only accessible to those on higher incomes. While Thanet may wish to control the expansion of its private rented sector, Canterbury will need to ensure that it remains affordable to lowered incomes, if it wishes to attract students as well as higher-income earners.
- 15.2.15 There also may be opportunities to encourage the development of live/work units, which are particularly appropriate for East Kent because of its rurality, its ambitions to expand the knowledge economy, and its numbers of older and less active people, who may well need to continue to work.

- 15.2.16 As noted earlier, substantial increases in the numbers of co-habiting couples' households (by 44%) and single person households (by 42.7%) are projected, in spite of the overall reduction in the population of younger age groups. As regards singles, this is in part driven by the increasing elderly population; and the increase in co-habiting couples is in part off-set by the reduction in married couples. However, we would not automatically translate any increase in demand from younger couples into a policy drive for more one-bed units on a purely 'needs' calculation. Providing a range of house sizes to ensure a balanced property market is paramount.

15.3 Housing need and aspirations

- 15.3.1 Given the significant need within the sub-region, reversing the decline in supply of affordable dwellings is a matter of urgent priority.
- 15.3.2 There are of course limitations to what is possible in terms of delivery, with regard to funding, capacity and development economics that need to be recognised. This requires striking a careful balance on a site-by-site basis, to ensure optimal results in terms of the split between market and affordable housing, since unrealistically burdening new build sites with too high an affordable housing target would be counterproductive. The maximisation of the affordable housing component should therefore be subject to viability assessment, including consideration being given to meeting any regeneration objectives. There are also important distinctions between what is and is not possible and appropriate in more rural areas in the sub-region.
- 15.3.3 Future policy considerations arising from the household projections as well as planning targets based on the South East plan are possibly more important in determining what should be built. As reiterated above, the interrelated phenomena of an ageing population and declining average household size are fundamental to this future perspective. However the family dimension should not be ignored, particularly when there is such need within the sub-region. Our recommendations on the split of bedroom numbers and property types are weighted towards larger homes.
- 15.3.4 The survey and its subsequent analysis raised a number of significant points, which should inform policy decisions coming out of this SHMA.
- 15.3.5 The majority of respondents have lived in the area for between 10 and 20 years, and most are not planning an imminent move. The age group mostly like to consider moving is the 16-24 age group, although there was no significant suggestion that they would move out of the area. However, in

demographic terms, their numbers overall are projected to decline, with consequent impact on the age profile of East Kent's workforce.

- 15.3.6 Detached and semi detached properties are substantially the preferred property type with flats being relatively unpopular. Given the strong driver of obtaining larger accommodation (the biggest single reason for wanting to move), among all groups (including those whose bedroom-standard based need would be for smaller homes), this is a strong indicator that development and planning policy should focus on providing houses, including those with greater numbers of bedrooms, in both the market and affordable sectors.
- 15.3.7 There was very little awareness of intermediate housing products, and only 1.3% of respondents had considered them; none of the social tenants had considered them at all. We make recommendations for a proportion of affordable housing programmes to include intermediate homes, but clearly marketing and promotion will be important.
- 15.3.8 It is clear from the survey that new build developments are not always the most popular or the most sought after property type; other initiatives such as modernising or 'deconverting' existing properties into family homes should also be considered for owner occupied properties. This features in our recommendations.
- 15.3.9 When considering the property types that should be developed within the sub-region, survey respondents' views showed 'property preferences' illustrating the differing housing requirements that different aged groups have. To ensure that any housing development meets the need of the housing market we suggest that development strategy should take into account these age-related features and factors, targeting different age groups, and mixtures of age groups.

15.4 Meeting housing need

- 15.4.1 In section 12 we detail our recommendations for the proportion and thresholds of affordable housing programmes, the split between affordable rented and intermediate market, taking rural needs into account, and planning for market housing.
- 15.4.2 Also described in section 12 is our approach to targeting resources at a district level in order to address the most acute needs at an early stage, given that it is unlikely that new build completions and the rate of re-lets will in the foreseeable future increase sufficiently to meet 100% of both existing and

newly-arising housing need within the sub-region, even if meeting this need is spread over a number of years.

- 15.4.3 We therefore take a more realistic view, and have modelled what is required to meet 50% of need year on year, over a five year period. We considered suggesting a programme to meet 75% of need, but consider the 50% approach is ambitious enough in the current climate. Details of the methodology and a worked example of how the figures are calculated appear in section 12.
- 15.4.4 This approach has the effect of prioritising the provision of those dwelling types with the greatest shortfall of supply relative to need. The **relative shortfall** (measured as a percentage) is therefore guiding the recommendations, **rather than the absolute size of the shortfall**. The resultant figures in effect constitute a district-based recommended affordable housing supply programme, targeting the most acute need.
- 15.4.5 These figures appear in table 15.1 below. They incorporate the split between affordable rented and intermediate market. For these sectors the split between different property types and bedsizes follows the analysis and recommendations in section 12. The table also includes our assumptions about market housing. These are based on numbers derived from the South East Plan, and proportions of different types of home derived from the type of household currently falling into housing need in the sub-region, but able to afford to access owner-occupation.
- 15.4.6 Clearly the impact of the credit crunch and the economic and housing recession will have an impact on these figures. However, the SHMA (and South East Plan) have a long time-frame in which to develop. In section 12 we have also modelled several different scenarios of different patterns of housing need into the longer term, based on a series of assumptions about the trajectory of house prices and the resourcing levels going into social housing.

**Table 15.1
MEETING 50% OF NEED PER
ANNUM**

Affordable programme (all)

	Canterbury		Dover		Shepway		Swale		Thanet		East Kent	
	no	%	no	%								
1 bed flat	132	23.1%	75	12.4%	120	26.2%	174	24.8%	144	27.2%	645	23.0%
2 bed flat	0	0.0%	37	6.2%	73	15.9%	143	20.4%	66	12.5%	260	9.3%
2 bed house	117	20.6%	43	7.2%	19	4.1%	68	9.7%	80	15.0%	327	11.7%
3 bed house	260	45.7%	366	60.6%	188	41.1%	245	35.0%	181	34.1%	1,240	44.2%
4+ bed house	61	10.7%	82	13.6%	57	12.5%	71	10.1%	60	11.3%	331	11.8%
TOTAL	570	100.0%	603	100.0%	458	100.0%	701	100.0%	531	100.0%	2,804	100.0%

Affordable rented (70% of affordable programme)

1 bed flat	92	23.1%	52	12.4%	84	26.2%	122	24.8%	101	27.2%	451	23.0%
2 bed flat	0	0.0%	26	6.2%	51	15.9%	100	20.4%	46	12.5%	182	9.3%
2 bed house	82	20.6%	30	7.2%	13	4.1%	48	9.7%	56	15.0%	229	11.7%
3 bed house	182	45.7%	256	60.6%	132	41.1%	172	35.0%	127	34.1%	868	44.2%
4+ bed house	43	10.7%	57	13.6%	40	12.5%	49	10.1%	42	11.3%	231	11.8%
TOTAL	399	100.0%	422	100.0%	320	100.0%	491	100.0%	372	100.0%	1,963	100.0%

Affordable intermediate (30% of affordable programme)

1 bed flat / house (5%)	9	5.0%	9	5.0%	7	5.0%	11	5.0%	8	5.0%	42	5.0%
2 bed house (35%)	60	35.0%	63	35.0%	48	35.0%	74	35.0%	56	35.0%	294	35.0%
3 bed house (60%)	103	60.0%	109	60.0%	82	60.0%	126	60.0%	96	60.0%	505	60.0%
TOTAL	171	100.0%	181	100.0%	137	100.0%	210	100.0%	159	100.0%	841	100.0%

Market housing (based on annual SE Plan figures and ECOTEC modelling of bedsize needs))

1 bed flat	54	15%	53	15%	51	25%	38	10%	53	20%	248	16%
2 bed flat	54	15%	35	10%	20	10%	57	15%	26	10%	192	12%
2 bed house	107	30%	88	25%	30	15%	95	25%	66	25%	386	25%
3 bed house	107	30%	141	40%	71	35%	151	40%	92	35%	563	36%
4+ bed house	36	10%	35	10%	30	15%	38	10%	26	10%	166	11%
TOTAL	357	100.0%	354	100.0%	203	100.0%	378	100.0%	263	100.0%	1554	100.0%