Thanet Strategic Housing Market Assessment

Thanet District Council

January 2016

Prepared by

GL Hearn Limited
280 High Holborn
London WC1V 7EE

T +44 (0)20 7851 4900
glhearn.com

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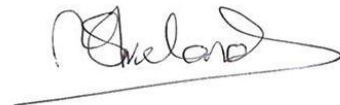
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DATE	ORIGINATORS	APPROVED
January 2016	Paul McColgan, Associate Director	Nick Ireland
	Justin Gardner, JGC	Planning Director

Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

EXECUTIVE SUMMARY

This Strategic Housing Market Assessment (SHMA) has been prepared to identify the objectively-assessed need (OAN) for housing in Thanet District; and assess the need for different types of housing and the housing needs of different groups within the community. It responds to and is compliant with the requirements of the National Planning Policy Framework[1] and follows the approach to assessing housing need set out in Planning Practice Guidance on *Housing and Economic Development Needs Assessments.*[2]

The report provides an evidence base on housing need, making no judgements regarding future policy decisions which the Council may take. The SHMA provides an important input into setting the target for housing provision within the Local Plan, but the Government has set out a two stage process whereby the SHMA is expected to assess housing need 'leaving aside' issues related to the potential supply of land for development, infrastructure capacity and environmental constraints. These are then overlaid as part of the plan-making process which brings together evidence and tests the ability of the District to accommodate the identified housing need in defining housing targets. National policy however emphases that plans should seek to meet identified housing needs where it is sustainable to do so. The SHMA, alongside other evidence, will inform the preparation of the Thanet Local Plan.

Housing Market Geography

The analysis undertaken within the report defines an East Kent Housing Market Area which includes the whole of the local authorities of Canterbury, Dover and Thanet; together with parts of adjoining authorities – including Faversham in Swale; Chilham in Ashford; and Folkestone in Shepway.

For practical purposes in planning for housing provision, GL Hearn would recommend use of a 'best fit' to local authority boundaries to housing market areas. The 'best fit' HMA would comprise the three authorities of Canterbury, Dover and Thanet. These authorities, considered collectively, demonstrate a commuting self-containment level of between 79-87% (depending on whether this is defined as a proportion of those living or working in the area), and a migration self-containment level of 68-74% (on a similar basis). Excluding long-distance flows, this geography exceeds the 70% migration threshold referred to in the PPG.

This SHMA however focuses on defining the OAN for Thanet District, but in doing so takes account of evidence regarding housing need in surrounding areas; and how housing market conditions in Thanet relate to those across the wider HMA. This approach reflects differing plan timeframes,

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[1] CLG (March 2012) *National Planning Policy Framework*

[2] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

which did not make it feasible to commission and undertake an SHMA for the Housing Market Area as a whole.

In finalising the Local Plan for publication, the SHMA sets out that Thanet District Council should engage with the other Local Planning Authorities (LPAs) to consider how housing need is being met across the Housing Market Area. It would be advisable that a Background Paper is prepared and agreed with the other LPAs to demonstrate how housing need is being met across the HMA in line with Paragraph 47 in the National Planning Policy Framework.

Objectively-Assessed Housing Need

The approach to defining OAN has followed that set out in Planning Practice Guidance. This uses the trend-based demographic projections as a starting point, and then considers whether the assessed need should be adjusted upwards to support economic growth; enhance delivery of affordable housing; or improve affordability, taking account of market signals.

Trend-based Demographic Projections

The starting point is the latest official (2012-based) population and household projections. These expect population growth of 18.5%, and result in a housing need for 749 homes per annum (2011-31).

The SNPP are based on migration trends between 2006/7 – 2012. The evidence suggests that migration trends over this period were largely consistent with longer-term trends; however a more detailed interrogation shows that net migration from London to Thanet was lower than over the preceding five year period. To use consistent assumptions to those used in the London Plan evidence base by the Greater London Authority (GLA), the SHMA concludes that it would be appropriate to assume slightly higher in-migration looking forwards, than seen over the period feeding into the SNPP. The analysis indicates that an adjusted projection (with higher net in-migration) would result in slightly stronger population growth of 19.5%, and a housing need for 777 homes per annum (2011-31).

Supporting Economic Growth

The report has then gone on to consider whether trend-based demographic projections would result in sufficient workforce growth to support the local economy.

The adjusted demographic-led projection would result in a growth in labour force supply of between 5,500 (if employment rates remain static) through to over 9,000 (with increasing numbers of older persons in the workforce, based on later retirement).

Economic forecasting is an inexact science, and a range of forecasts for future employment growth in Thanet District have therefore been considered. These range between 1,200 – 5,100 additional jobs, with the latest forecasts from the East of England Forecasting Model (EEFM) projecting growth in employment of 4,800 between 2011-31 (equivalent to 0.5% growth in jobs pa). Taking account of commuting dynamics and the potential for some people to hold down more than one job, it is anticipated that this would require an increase in the resident workforce of up to 5,600 persons over the 2011-31 plan period.

Planning Practice Guidance sets out that in assessing housing need, labour force supply should be compared with projected job growth. The evidence does not justify an increase in the assessed housing need in order to support delivery of employment growth.

Paragraph 158 in the NPPF requires Councils to ensure that both their evidence and strategies for housing and employment are aligned with one another. In regard to policy aspirations, Policy SPO2 in the Local Plan Preferred Options Consultation set out that a minimum of 5,000 additional jobs is planned for Thanet to 2031. The evidence does not suggest that housing provision would need to be adjusted upwards to ensure alignment with the economic strategy in the Draft Plan.

Affordable Housing Need

An assessment has been undertaken of the need for affordable housing. Using the Basic Needs Assessment Model, which considers the need arising for affordable homes; and compares this with the current supply and expected turnover of existing properties, a net annual need for 397 affordable homes is identified. This is the level of provision which would be necessary if all households requiring financial support to meet their housing needs were to be allocated an affordable home.

The scale of affordable need has been influenced by past investment policies, including available funding for affordable housing delivery and losses, such as through right-to-buy sales. It includes needs arising from existing households who require, in theory, an alternative size or tenure of accommodation; as well as newly-forming households, and concealed and homeless households. In looking at overall housing needs, only the latter group is relevant – as existing households will release homes by moving for other households.

Market Signals

An analysis has been undertaken of market signals, following the approach set out in Planning Practice Guidance. This shows that housing costs in Thanet are relatively affordable in comparison with many other parts of the region – with average house prices 10% below the national average, and 31% below the average across the South East; with rents falling 8% below the national and

37% below the South East average. House price growth over the last six years has been overall below inflation, although prices did increase notably in 2014.

Affordability, as measured by the lower quartile house price-to-income ratio, at 7.1, is above the national average; but below that in many other parts of the region and influenced as much by low earnings locally as housing costs. Economic regeneration can contribute to addressing this.

The evidence points to some decline in affordability, and younger households' ability to form, over the 2001-11 period. Overcrowding and levels of renting increased; with increasing numbers of younger people living with parents over the decade. However the evidence indicates that the ability of younger households in their 20s and 30s to form in Thanet, whilst it did fall, is above levels seen in many other numbers across the South East.

The CLG Household Projections expect affordability for younger households to improve in the District moving forwards. On the basis of the evidence, a modest additional adjustment would be warranted, which increases housing need by 6 dwellings per annum relative to the trend-based demographic projections. The headship rate assumptions assume 2.5% higher housing provision than would be required should headship rates for those under 45 remain constant.

Drawing the Evidence Together

Drawing the evidence together, the SHMA identifies an Objectively-Assessed Need (OAN) for housing for 785 homes per annum, equivalent to 15,700 homes over the 2011-31 period. This is rounded to the nearest 5 dwellings per annum.

Objectively-Assessed Housing Need, Thanet 2011-31
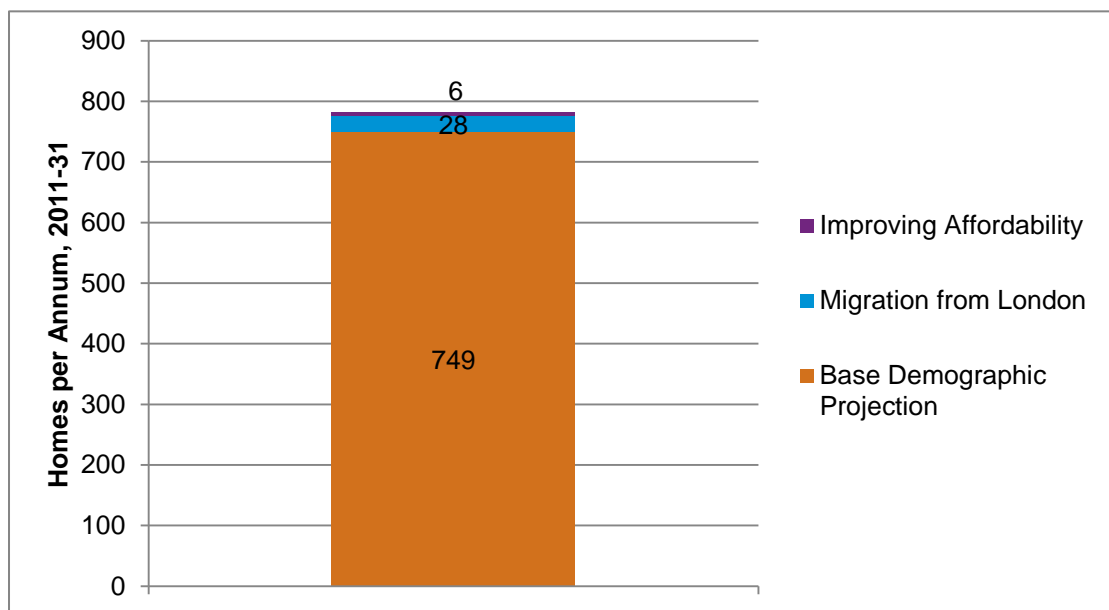
This is a "policy-off" assessment of need. It is not a housing target, and does not take account of issues relating to land supply, development and environmental constraints or infrastructure.

The assessment has been commissioned for Thanet District specifically. In developing its Local Plan, the Council should continue to liaise with other local authorities in Kent, and specifically those within the Housing Market Area. Any issues related to adjusting migration relative to past trends need to be considered collaboratively through the Duty to Cooperate.

In setting housing targets within the Local Plan, in accordance with national policy, the Council will need to test whether this level of objectively assessed housing need set out in this report can be sustainably accommodated in the District, through bringing together evidence bases – including information on land availability, environmental and infrastructure constraints – and through the Sustainability Appraisal process. If the District cannot meet its need in full, it will need to work with other authorities within the Housing Market Area to consider how this can be met; and agree a revised distribution of housing provision.

Need for Different Types of Homes

The NPPF in Paragraph 159 requires local planning authorities, through the SHMA, to identify the range of types and sizes of accommodation likely to be needed by the population in the future, including that required by those groups with specific housing needs.

Mix of Homes of Different Sizes

There are a range of factors which will influence demand for different sizes of homes. The SHMA concludes that the following represents an appropriate mix of affordable and market homes to plan for:

Recommended Housing Mix

	1-bed	2-bed	3-bed	4+ bed
Market	10-15%	40-45%	30-35%	10-15%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15-20%	40%	30%	10-15%

The evidence suggests that the strongest demand for market housing will be for two and three bedroom properties. For affordable housing, there is a greater proportional need for one- and two-bedroom properties; however there remains a need for a balanced mix of dwellings of different sizes to come forward with delivery of larger properties being important in meeting the needs of households with an acute housing need, and releasing existing properties for other households.

An indicative profile of the types of homes needed has been developed through the SHMA. This suggests that the following mix would be appropriate:

Mix of Types of Properties

	Detached	Semi-detached	Terraced	Flat
Market	25-30%	25-30%	20-25%	20-25%
Affordable	0-5%	25-30%	20-25%	45-50%

Paragraphs 3.18 – 3.24 and Policy SP18 in the Local Plan Preferred Options Document deal with the type and size of dwellings expected in new development schemes. This will need to be updated to take account of this SHMA Report. The evidence continues to support development schemes with a higher proportion of houses as opposed to flats.

In applying policies on housing mix to individual development sites, GL Hearn consider that regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Policy H11 in the Local Plan Preferred Options seeks to bring empty properties back into use to contribute to the supply of dwellings. This is clearly sustainable, and supported by national policy. Policy H12 seeks to resist the loss of dwellings through conversions/ redevelopment schemes. Through either amendments to the policy wording or inclusion of supporting text, it may be appropriate for the Council to set out that conversion to residential development will be supported; and to outline that a *"net"* loss of housing would only be permitted in the circumstances set out, recognising that redevelopment schemes which involve intensification – particularly in urban locations – can be beneficial.

A clear need is evident from the analysis for Wheelchair-accessible housing It is appropriate that new provision is sought within large residential development schemes, as the County Council's Accommodation Strategy for Adult Social Care sets out. Policy H08 seeks to do this.

Affordable Housing Mix

In respect of the need for different types of affordable housing, the SHMA has considered what households can afford, together with the supply through re-lets of existing housing stock of affordable housing (as defined in the NPPF at the time of writing in December 2015). Conclusions regarding the need for different forms of affordable housing are shown below:

Need for Different Forms of Affordable Housing (as currently defined)

	Intermediate	Social / Affordable Rent
Thanet District	16%	84%

Policy SP19 in the Local Plan Preferred Options Document outlines that reflecting economic viability considerations, in general the Council will seek 30% affordable housing. The supporting text outlines that on schemes of 15 dwellings or less, a financial contribution (equivalent to 30%) may be appropriate in lieu of on-site provision. It promotes 70% social rented and 30% intermediate housing provision within this.

The Government is however currently consulting on extending the definition of affordable housing to encompass a fuller range of products that can support people to access home ownership (such as for instance Help-to-Buy and Starter Homes). This change is significant and will need to be taken into account in devising policies for affordable housing within the Local Plan. The Housing and Planning Bill, which is currently being considered in Parliament, also proposes a statutory duty on local authorities to promote the delivery of starter homes, and a requirement for a proportion to be delivered on all suitable reasonably-sized housing developments.

In respect of housing need, Starter Homes appear focused on supporting younger households under 40 into home ownership. Many such households are likely to live in private rented properties, and the analysis herein shows that the numbers of households renting privately increased notably between 2001-11.

Taking account of the proposed broader definition of affordable housing, an indicative assessment of the profile of need has been calculated within the SHMA as follows:

Indicative Profile of Affordable Housing Need – with Starter Homes

	Indicative % Affordable Need
Starter Homes	17%
Affordable Rent	18%
Social Rent	65%

It should be borne in mind that Starter Homes are likely to support a higher value per unit than other forms of affordable housing, including affordable rented homes and shared ownership properties. This will impact on the viability of residential development schemes – and means that changes to how affordable housing is defined in the NPPF will influence the percentage of affordable housing which can be secured in new development schemes. The Council should work with its viability consultants to assess these issues in considering affordable housing policies within the Local Plan.

Policy H05 in the Local Plan Preferred Options supports the development of "exception sites" for affordable housing within rural areas. This SHMA shows that there is a clear need for affordable

housing in the rural parts of the District, with a current need for 101 affordable homes identified, and a net need for 14 affordable dwellings per annum in Rural Areas. The Council should consider the wording of Policy HO5 and the supporting text, taking account of the potential national changes to the definition of affordable housing and introduction of Starter Homes. It might also seek to clarify what is meant by 'no reasonable alternative means' of meeting the identified need, such as through setting out that this reflects the availability of other sites within the settlement boundary.

Self- and Custom-Build Homes

The SHMA indicates that there is potential for growth in housing delivery through self- and custom-build housing. The SHMA provides indicative information on needs, based on data from BuildStore, which shows 15 people registered on BuildStore's Custom Build Register and 115 Active Members on its Plot Search Register. However no plots are shown as available in Thanet, as at November 2015.

This is a small sector but one which has potential to grow, not least as another means of contributing to increased housing delivery. To support growth in this market segment, responding to Government policy, it would be appropriate for the Council to consider whether planning policy for larger sites should require an element of land to be put aside to support Custom-build housing. The Council should also investigate putting in place a register of individuals with an interest in Custom-Build to provide more detailed information on demand, to support and provide a justification for seeking provision of plots on larger development schemes.

The level of provision for self- and custom-build housing which would be suitable, and the threshold to be applied to a policy, is judgement based; but the Council might consider a modest contribution of say 5% of dwellings as appropriate on larger schemes of over 200 dwellings. This would not be applicable to flatted schemes.

Specialist Housing and Accommodation for Older Persons

The SHMA indicates that the population of persons aged over 65 accounts for a significant 23% of the District's population. The number of residents aged over 65 is projected to increase by 54% over the period to 2031, with particularly strong growth expected in those aged over 75, driven by improving life expectancy.

A growing older population and increasing longevity is expected to result in a substantial growth in people with dementia and mobility problems. The number of people with mobility problems is expected to increase by over 3,000; with an increase of more than 1,300 persons with dementia projected (based on the SNPP) to 2031. Some of these households will require adaptions to properties to meet their changing needs whilst others may require more specialist accommodation

or support. There is clear evidence of need for properties which are capable of accommodating people's changing needs.

There are currently 1,674 units of specialist housing for older persons across the District. Based principally on the expected growth in population of older persons, the SHMA estimates a need for an additional 1,459 specialist dwellings for older persons in Thanet over the 2011-31 period. This represents 9% of the identified objectively assessed housing need.

Specialist housing includes sheltered and extra care housing. The numbers of homes set out in the above table are considered to fall within a C3 use, and thus form part of the overall Objectively Assessed Need (OAN) for housing identified in this report.

It may be the case that some existing sheltered housing is in a poor condition or suffers from low demand and that there remains a need for additional extra care accommodation – such as to reduce the proportion of households accommodated in residential care.

Policy H07 in the Local Plan Preferred Options Document sets out that the Council will approve applications that provide good quality accommodation that is needed to support the housing and care requirements of Thanet's community. The policy is entirely appropriate based on the evidence.

Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons. The district and county councils should liaise as appropriate in this respect.

The SHMA sets out that the Council should give consideration to how best to deliver the identified specialist housing need, including for instance the potential to identify sites in accessible locations for specialist housing or to require provision of specialist housing for older people as part of larger strategic development schemes.

In addition to specialist housing, the potential for the wider housing stock to cater for a growing older population needs to be considered. Many older people live in homes which they may have lived in for some years. Adaptions to properties and floating support may help households requiring support to remain in their home.

Some households may wish to downsize, should suitable, attractive properties be available locally. This has been taken into account in deriving the findings regarding the future mix of market and affordable housing above.

Need for Registered Care Provision

Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated in the analysis of housing need separately in this report from that for C3 dwellings.

The SHMA indicates a net need for 601 C2 bedspaces for older persons in Thanet over the 2011-31 period. The assessment should be treated as indicative, and does not seek to set policies in how older persons with care needs should be accommodated. These figures are important to note if the Councils intend to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

Retention of Existing Housing Stock

The modelling undertaken in this report takes account of the profile of the existing housing stock in considering the future mix of housing needed. Policy H12 in the Local Plan supports the retention of existing housing stock within the District.

The SHMA outlines that it may appropriate to consider amending the wording of Policy H12 so as not to prejudice regeneration and modest redevelopment schemes, such as by emphasising that proposals which need to a "net" loss of existing housing will be only permitted in specified circumstances.

Meeting the Needs of Other Vulnerable Groups

The SHMA has considered the needs of a number of other vulnerable groups. Thanet have a relatively modest Black and Minority Ethnic (BME) population, but one which has been growing. The population of White:Other original has in particular been growing relatively strongly. BME households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

The evidence also suggests that lone parent households are more likely to be disadvantaged than other household groups. Advice on housing options and securing good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities.

Younger households in the two areas typically have a higher reliance on rented accommodation. Given that the housing options for young people may be more limited than for other groups it will be

important to monitor the accommodation quality – this will need to focus on the quality of shared accommodation and housing within the Private Rented Sector – particularly Houses in Multiple Occupation (HMOs) including where necessary through enforcement action. HMOs provide housing provision for some groups within the population, including students and younger people. However it is important that the supply of HMOs is managed to ensure that this does not negatively impact on neighbourhood character, or the provision of mixed and balanced communities at a local level. The Council's Topic Paper on HMOs and Student Accommodation deals with these issues, and provides supporting evidence for Policy HO9 in the Local Plan Preferred Options. The SHMA identifies potential in the longer-term for purpose-build accommodation for private rent, but notes that the sector is currently relatively embryonic.

The evidence does not point towards a need for additional pitches for gypsies and travellers within Thanet, although needs evidence should be periodically reviewed.

Kent County Council's *Accommodation Strategy for Adult Social Care* identifies a current need from 260 applicants across Kent who require wheelchair-accessible homes. In Thanet its current case load includes 289 persons with a physical disability who require support; of which 20 require supported accommodation. With a growing older population, the numbers of households requiring support will clearly grow – the evidence in this SHMA indicates that significant growth in those with a long-term physical disability is projected. A clear need for additional wheelchair-accessible housing is identified, which Policy H08 in the Draft Local Plan addresses.

1 INTRODUCTION

1.1 Thanet District Council (TDC) has commissioned GL Hearn, supported by Justin Gardner Consulting, to prepare a Strategic Housing Market Assessment (SHMA). The SHMA has been prepared to support the preparation of the Local Plan for the District.

1.2 The SHMA identifies the objectively-assessed need (OAN) for housing in Thanet District; and assess the need for different types of housing and the housing needs of different groups within the community.

1.3 The SHMA responds to and is compliant with the requirements of the National Planning Policy Framework (the 'NPPF').[3] It follows the approach to assessing housing need set out in Planning Practice Guidance on *Housing and Economic Development Needs Assessments*. This is maintained by Government as an online resource[4].

1.4 The SHMA does not set housing targets. It provides an assessment of the need for housing, making no judgements regarding future policy decisions which the Council may take. The SHMA provides an important input into setting the target for housing provision within the Local Plan, but the Government has set out a two stage process whereby the SHMA is expected to assess housing need 'leaving aside' issues related to the potential supply of land for development, infrastructure capacity and environmental constraints. These are then overlaid as part of the plan-making process which brings together evidence and tests the ability of the District to accommodate the identified housing need.

1.5 National policy however emphases that plans should seek to meet identified housing needs wherever possible. The soundness test for local plans is that they meet the full objectively assessed development needs for their areas and unmet need from adjoining authorities where it is sustainable to do so. Unmet needs however need to be treated separately from the calculation of the Objectively Assessed Need (OAN) for housing, not least to avoid double counting.

1.6 The SHMA provides specific evidence and analysis of the need for different sizes of homes, to inform policies on the mix of homes (both market and affordable). It also analyses the needs of specific groups within the population, such as older people and students. This provides evidence to support policies for housing provision within the Local Plan, and negotiations regarding housing mix on individual development sites in the District.

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[3] CLG (March 2012) *National Planning Policy Framework*
[4] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

National Policy and Guidance

1.7   National policies for plan-making are set out within the National Planning Policy Framework.[5] This sets out key policies against which development plans will be assessed at examination and to which they must comply.

National Planning Policy Framework (NPPF)

1.8   The National Planning Policy Framework (NPPF) was published by Government in March 2012. The Framework sets a presumption in favour of sustainable development (Paragraph 14) whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.

1.9   In Paragraph 47, the Framework outlines that:

> *"To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework."*

1.10   The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.11   Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their local plans are submitted for examining. This is underpinned by the legal 'duty to cooperate.' If an authority is not able to meet its own housing need in full, it is expected to work with adjoining authorities to consider whether they can contribute to meeting the identified unmet need.

1.12   Paragraph 182 outlines that local plans should be prepared based on a strategy which *"seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development."*

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[5] CLG (March 2012) *National Planning Policy Framework*

1.13   Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy, and consideration of market signals outlining that:

> *"Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals."*

1.14   Paragraph 17 reaffirms that planning should also take account of market signals, such as land prices and housing affordability.

Planning Practice Guidance

1.15   The Planning Practice Guidance (PPG) was issued by Government in March 2014 on '*Assessment of Housing and Economic Development Needs*' and is maintained as an online resource, which is updated periodically. The PPG is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving the Objectively Assessed Need (OAN) for housing. The approach in this report reflects and is consistent with this Guidance.

1.16   The Guidance defines "need" as referring to:

> *"the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need."*

1.17   It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:

> *"plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*

1.18   This report does thus not deal with development constraints including environmental constraints and infrastructure. These will be taken into account by the Council in considering how development needs can and should be accommodated.

1.19   The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, 'the starting point' for establishing the need for housing should be the latest household projections

published by the Department for Communities and Local Government (CLG). At the time of preparation of this report the latest projections are the 2012-based Household Projections[6].

1.20   The Guidance also outlines that the latest population estimates should be considered. The latest Office for National Statistics (ONS) population estimates are for mid-2014.

1.21   The Guidance sets out that there may be instances where the national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

1.22   The Guidance also indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that:

> *"where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems."*

1.23   The PPG also sets out how affordable housing need should be assessed, in essence retaining the approach to doing so which had been used in previous Government Guidance (often termed the 'Basic Needs Assessment Model.'). This report assesses need for affordable housing following this approach. In considering how much housing to plan for, the PPG suggesting that:

> *"the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests that this may provide a case for increasing the level of overall housing provision."*

Housing Market Area

1.24   The NPPF and PPG promote local authorities working together across the relevant housing market area, in line with the Duty to Cooperate, to prepare studies such as this – as housing needs are rarely constrained precisely by local authority administrative boundaries.

1.25   Appendix 1 considers the geography of housing markets. It reviews Guidance relating to defining housing market areas; and existing evidence. The review of evidence regarding house prices, migration and commuting patterns (as set out in Appendix 1) supports the definition of an East Kent

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[6] CLG (February 2015) *2012-based Interim Household Projections in England, 2012 to 2037*

Housing Market Area which includes the whole of the local authorities of Canterbury, Dover and Thanet; together with parts of adjoining authorities – including Faversham in Swale; Chilham in Ashford; and Folkestone in Shepway.

1.26   For practical purposes in planning for housing provision, GL Hearn would recommend use of a 'best fit' to local authority boundaries to housing market areas. The 'best fit' HMA would comprise the three authorities of Canterbury, Dover and Thanet. These authorities, considered collectively, demonstrate a commuting self-containment level of between 79-87% (depending on whether this is defined as a proportion of those living or working in the area), and a migration self-containment level of 68-74% (on a similar basis). Excluding long-distance flows, this geography exceeds the 70% migration threshold referred to in the PPG.

1.27   This HMA however focuses on defining the OAN for Thanet District, but in doing so takes account of evidence regarding housing need in surrounding areas; and how housing market conditions in Thanet relate to those across the wider HMA. This approach reflects differing plan timeframes, which did not make it feasible to commission and undertake an SHMA for the Housing Market Area as a whole.

1.28   The PPG recognises this approach as pragmatic response reflecting circumstances such as this, setting out that:

> *"Where local plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time."*

1.29   Analysis of planning policy development in Appendix 2 demonstrates that planning timeframes are currently not aligned. Dover has an adopted Core Strategy at the time of writing; whilst Canterbury's Local Plan is currently at examination. Following the approach set out in the PPG, Appendix 2 reviews the evidence regarding housing needs in the other two core local authority districts within the East Kent HMA, as well as in Ashford, Shepway and Swale with which there are some overlap in housing market geographies. This report deals specifically with housing needs in Thanet District.

Local Planning Policy

1.30   Thanet District Council undertook a Preferred Options Consultation on the *Draft Thanet Local Plan to 2031* in Spring 2015.

1.31   The Draft Plan is structured around five strategic priorities, which include to create additional employment and training opportunities and diversify the local economy and improve local earning power and employability; to facilitate the continued regeneration of the coastal centres; provide homes that are accessible to the needs and aspirations of, a settled and balanced community; as well as safeguarding local distinctiveness and facilitating delivery of required infrastructure.

1.32   The Plan aspires to provide sufficient new homes to meet local community need so that, irrespective of income of tenure, people have access to good quality and secure accommodation. It sees an important role for housing provision in supporting economic growth; identifies the need to increase the supply of affordable housing; and to improve the quality and mix of housing in areas needing revitalisation.

1.33   The Plan targets delivery of a minimum of 5,000 jobs across the District between 2011-31 (Policy SP02), based on projections which assume high growth in the tourism and green sectors. It aims to reduce unemployment to 3%. Policy SP11 makes provision for 12,000 additional homes between 2011-31 (an average of 600 homes per year) and sets out how this might be phased.

1.34   The Draft Plan seeks in particular to deliver new family housing, enhance affordable housing delivery, bring empty homes back into use, and drive up standards in the Private Rented Sector (PRS).

1.35   The mix of housing within new developments is expected to take account of evidence of housing need in reports such as this. Policy SP18 promotes the conversion of properties currently used as flats to single family or household accommodation, and resists net loss of dwelling houses suited to modern living requirements. The background text outlines conclusions of the previous SHMA regarding the need for different types of market and affordable homes. Taking account of viability evidence, Policy SP19 seeks 30% affordable housing provision; with the previous evidence suggesting that the split of need for affordable housing is for 70% social rented, and 30% intermediate housing. These policies may require review in light of this SHMA.

1.36   Policy H07 in the Draft Plan supports development of rural exception sites. H08 supports development of care and supported housing. H05 seeks delivery of 20% of homes constructed to Lifetime Homes standards in development schemes of 15 or more dwellings; and 2% Wheelchair Accessible dwellings in schemes of 100 or more homes. Policy H09 seeks to manage concentrations of HMOs. H11 sees to promote development which brings empty properties back into use. Policy H12 seeks to control the loss of existing housing.

1.37   This SHMA Report provides an updated evidence base regarding housing need. It will be used by the Council to review, where appropriate, policies within the Draft Local Plan. The Council's brief for the SHMA sets out that it seeks advice on how policies in the emerging Local Plan might need to be adjusted or amended to take account of the analysis and findings from this Strategic Housing Market Assessment. This is considered further in Conclusions and Recommendations, set out in Section 9.

Report Status and Structure

1.38   This report has been prepared in accordance with Planning Practice Guidance. It has been informed by engagement with Duty-to-Cooperate bodies, in considering the proposed methodology, housing market geographies and emerging conclusions; and through stakeholder consultation sessions in November 2015 where draft findings were presented to Council Members and local community groups. GL Hearn has also engaged with a range of locally active estate and letting agents to understand local market dynamics. Feedback from stakeholders has informed the SHMA Report.

1.39   The remainder of the report is structured as follows:

- Section 2: Socio-Economic Profile;
- Section 3: Demographic-led Projections;
- Section 4: Economic-led Projections;
- Section 5: Affordable Housing Need;
- Section 6: Market Signals;
- Section 7: Need for Different Types of Homes;
- Section 8: Housing Needs of Specific Groups within the Community;
- Section 9: Conclusions and Recommendations.
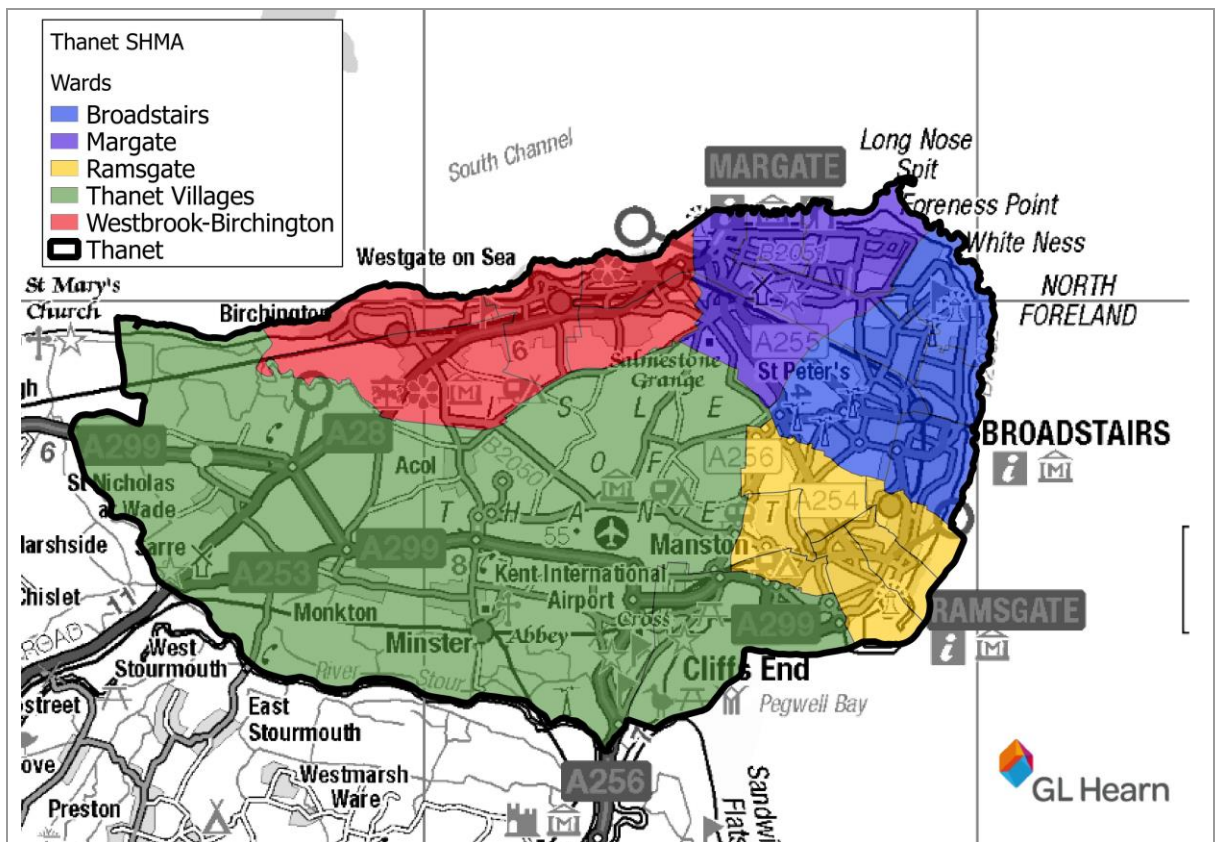
2   SOCIO-ECONOMIC PROFILE

2.1   This section provides a socio-economic profile of Thanet District. As the PAS Technical Advice Note on *Objectively Assessed Need and Housing Targets* (2nd Edition, July 2015) states, it is helpful for SHMAs to profile the housing market area's residents and its economy in understanding housing need.

2.2   This section considers the socio-economic profile of the area. It seeks to benchmark conditions in Thanet with those in other parts of the Housing Market Area (HMA), and consider differences between different parts of the District itself.

Sub-Areas within Thanet

2.3   This report considers housing needs within a number of different sub-markets within Thanet District. These were identified in the 2009 East Kent Strategic Housing Market Assessment; and work undertaken by the Council[7] has confirmed that these remain reasonable. The sub-areas used are shown in Figure 1 below.

Figure 1:   Sub-Areas in Thanet

Source: Thanet District Council

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[7] http://thanet.gov.uk/publications/planning-policy/strategic-housing-market-assessment-2013-review/

2.4   For analytical purposes, information is presented for these areas based on the aggregation of ward-level data. The wards included within each sub-area are shown in Table 1.

Table 1:   Wards within each Sub-Area

Sub-area	Wards
Broadstairs	Beacon Road, Bradstowe, Kingsgate, St. Peters, Viking
Margate	Cliftonville East, Cliftonville West, Dane Valley, Margate Central, Salmestone
Ramsgate	Central Harbour, Eastcliff, Nethercourt, Newington, Northwood, Sir Moses Montefiore
Thanet Villages	Cliffsend & Pegwell, Thanet Villages
Westbrook-Birchington	Birchington North, Birchington South, Garlinge, Westbrook, Westgate-on-Sea

2.5   Data is benchmarked against the East Kent HMA and Kent; as well as regional and national statistics. The East Kent HMA is defined as including the local authority districts of Canterbury, Dover and Thanet.

Population Profile

2.6   The 2011 Census recorded a population of Thanet of 134,186 persons. This comprised around 34% of the East Kent HMA's population and 9% of the county total. In the intervening years to mid-2014 the District's population grew by over 4,000 people, to 138,400.

2.7   Table 2 below shows the baseline population size, the number of households and the number of working people in each of the sub areas. The data shows the largest area in both population and household terms is Ramsgate, closely followed by Margate.

2.8   Generally, the proportion of the population is broadly similar to the proportion of households although a lower number of households in Margate shows a higher average household size.

2.9   The proportion of the population who are working is relatively low in Margate (when compared to total population) with the opposite being true in Ramsgate and Thanet Villages – this is linked to differences in the age structure; and a higher levels of unemployment and economic inactivity in Margate compared with other areas. Broadstairs and the Villages have a larger population over retirement age, as table 2 shows.

Table 2:   Population, Households and Working Population by Sub-Area (2011)

	Population		Households		Working	
	Number	% of total	Number	% of total	Number	% of total
Broadstairs	24,902	18.5%	10,933	18.3%	10,051	18.2%
Margate	34,488	25.7%	14,953	25.1%	12,820	23.2%
Ramsgate	37,639	28.0%	16,728	28.1%	16,447	29.8%
Thanet Villages	11,469	8.5%	5,031	8.4%	5,361	9.7%
Westbrook-Birchington	25,904	19.3%	11,957	20.1%	10,581	19.1%
TOTAL	134,402	100.0%	59,603	100.0%	55,260	100.0%

Source: Derived from 2011 Census and demographic projections

2.10   Figure 2 shows the age structure (in 2011) in Thanet and the wider comparators. As illustrated Thanet has a higher percentage of population aged over 60 than the wider comparators. Compared to the wider HMA, Thanet does have a larger percentage of school aged children. The Thanet figure however is broadly in line with the national and regional figures. Conversely Thanet has a much lower percentage of young working age adults than the wider comparators, with the exception of the East Kent HMA.

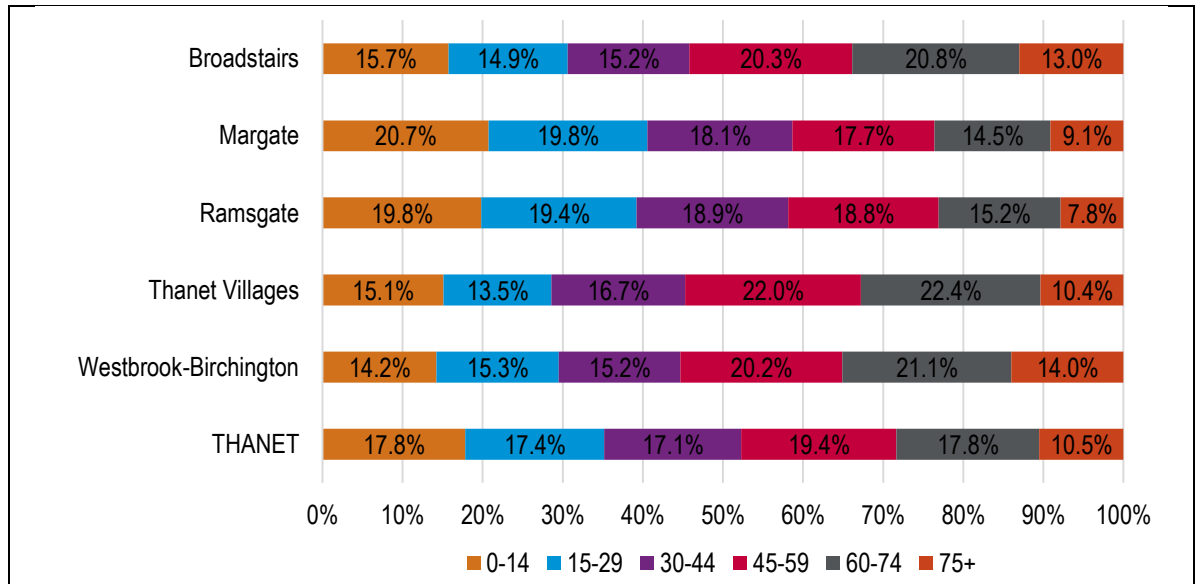**Figure 2:   Population Age Profile (2011)**
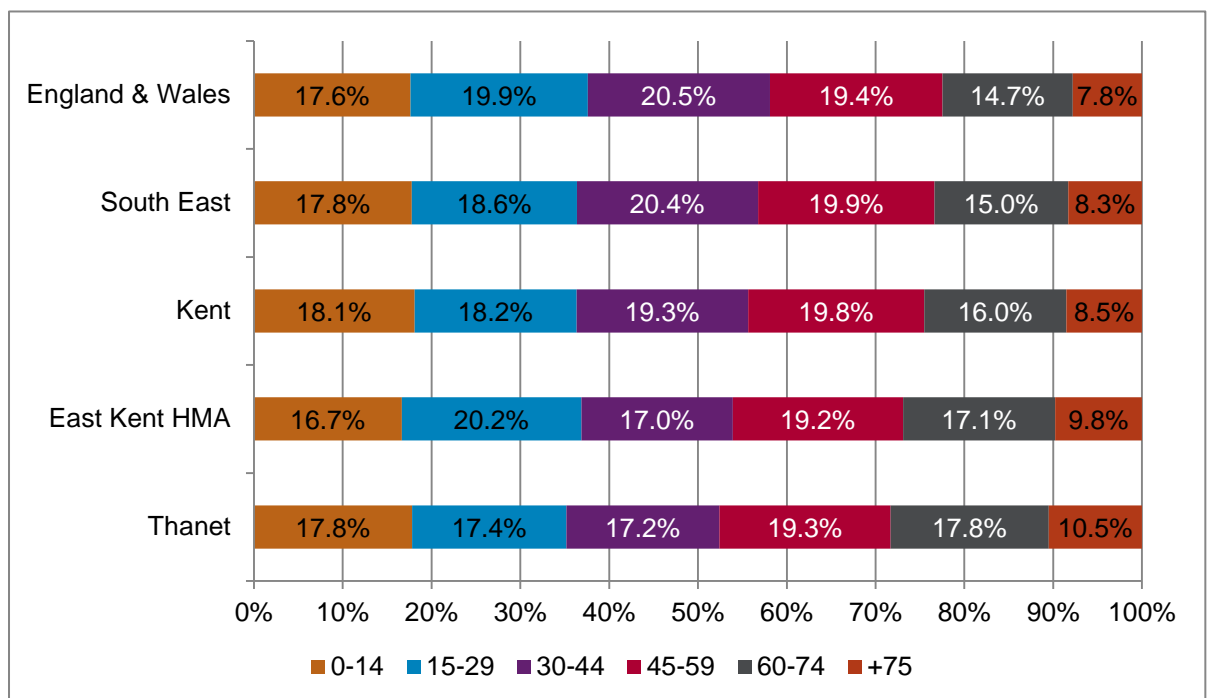
Source: Census, 2011

2.11   Figure 3 below shows the age structure (in 2011) in each of the above sub-areas split into six broad age bands. The data suggests that the population profile in different parts of the District varies quite notably. Margate and Ramsgate have a relatively young population whilst the profile in Westbrook-

Birchington, Broadstairs and to a lesser extent Thanet Villages is much older. These profiles will affect the profile of housing need moving forward.

Figure 3: Population Age Profile – Sub Areas (2011)

Source: Derived from Census (2011) and mid-year population estimates

Ethnic Profile

2.12   Figure 4 profiles the population by ethnic group from the 2011 Census. Around 91.2% of the district's population are White British/Irish. This is similar to the HMA average, but notably above regional and national benchmarks. The District is not particularly ethnically diverse. Figure 3 considers the profile of Black and Minority Ethnic population in the District.

Figure 4: Population by Ethnic Group (2011)
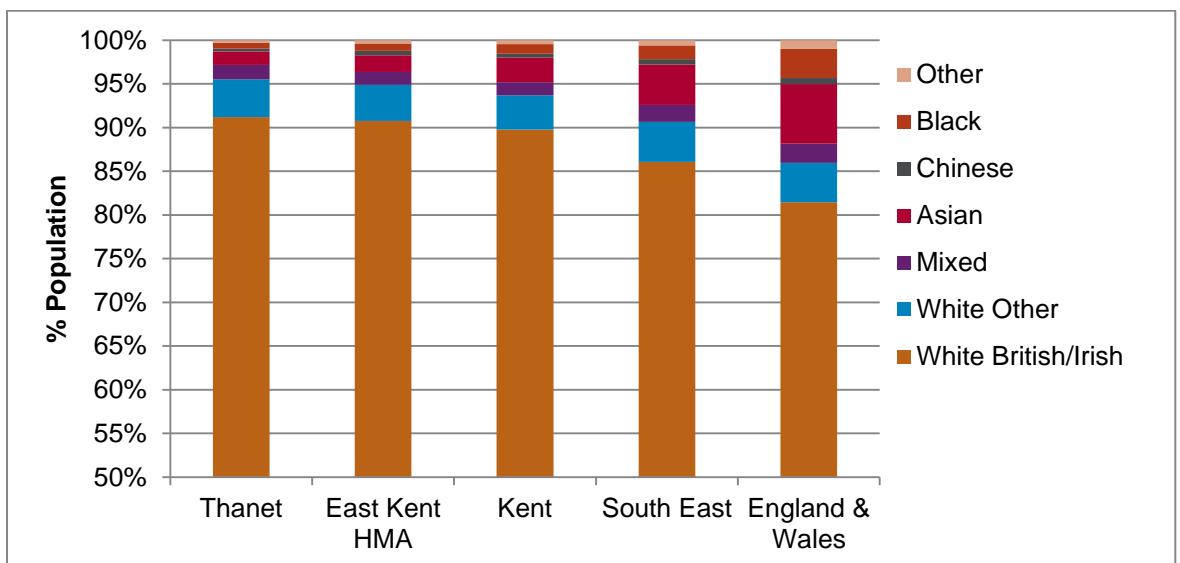
Source: Census 2011

2.13   The largest minority groups in the district are the White Other, which will include Eastern European migrants (4%), and those of a mixed race (1.6%) and Asian (1.5%). Across the HMA as a whole, the largest minority ethnic groups are those of a mixed race (1.5%) and Asian (1.9%).

2.14   The most ethnically-diverse sub area in the District is Margate where 14% of the population are from a non-White British background. This was largely driven by a sizeable White Other population (which accounts for 8% of Margate's population). The Thanet Villages sub area is the least diverse in the district with over 95% of the population being White British/Irish.

Figure 5:   Population by Ethnic Group – Sub Area
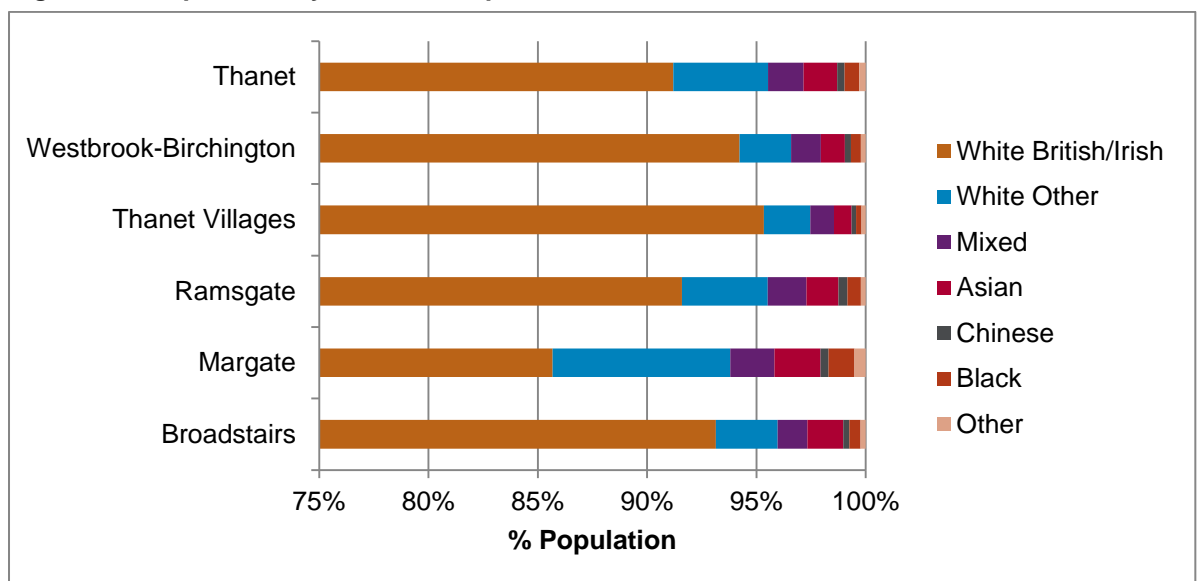
Source: Census 2011

Occupation, Qualifications and Earnings

2.15   The profile of occupations in which Thanet residents work shows an over-representation of employment in lower-paid activities relative to Kent, or regional or national benchmarks. Employment in elementary, caring leisure and other service, sales and customer service and process, plant and machine operatives, are over-represented. There is an under-representation in higher skilled/ paid managerial and professional occupations. Employment in skilled trades is strongly represented.

Figure 6: Occupational Profile (2011)
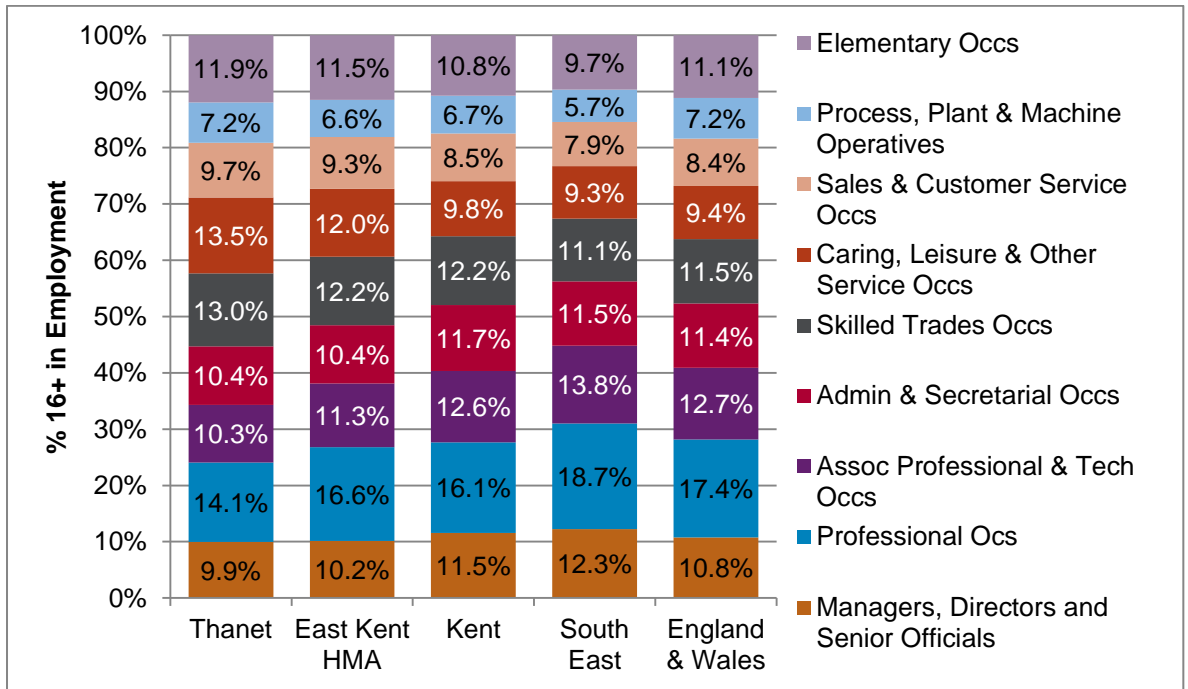
Source: Census 2011

2.16   The Broadstairs and Thanet Villages sub areas have the highest percentage of managerial and professional occupations, albeit that neither are above the South East average. The areas showing the lowest grade occupation profile are Margate and Ramsgate, with over a third of the working age population in the three lowest categories (which are typically relatively lower paid roles).

Figure 7:   Occupational Profile – Sub Area (2011)
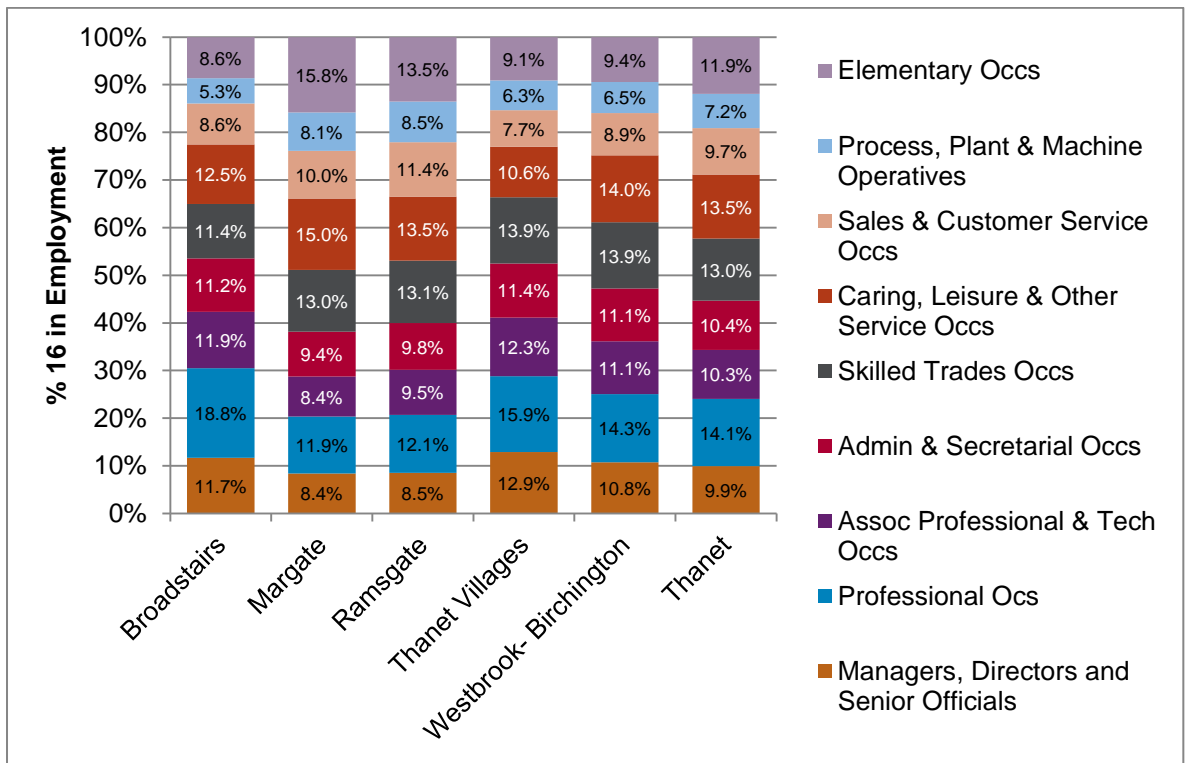
Source: Census 2011

2.17   The population across Thanet in comparison to the South East and national profiles is significantly less well qualified. Over 28% of the population across the district have no qualifications, compared with 19% in the South East. This is also significantly higher than the East Kent HMA average (24%). Conversely only 19% of the population aged over 16 have a Level 4 or above qualifications or higher (equivalent to degree-level) compared to 29% across the region.

2.18   The low skills and earnings are inevitably partly related to the nature of employment opportunities within (or accessible from) the District.

Figure 8:   Qualifications (2011)
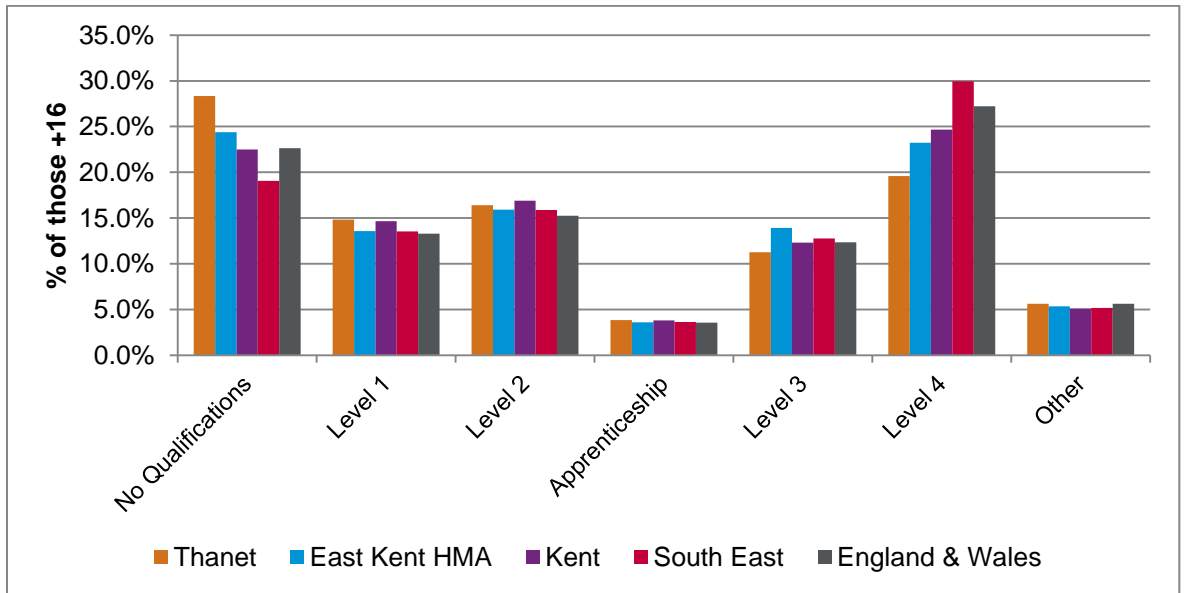
Source: Census 2011

2.19   Margate has the poorest skills profile in the District, with the highest percentage with no qualifications (31.3%) and the lowest percentage educated to level 4 or better (15.9%). In contrast, a higher proportion of the population have degree-level skills in Broadstairs and in the Villages.

Figure 9:   Qualifications (2011)
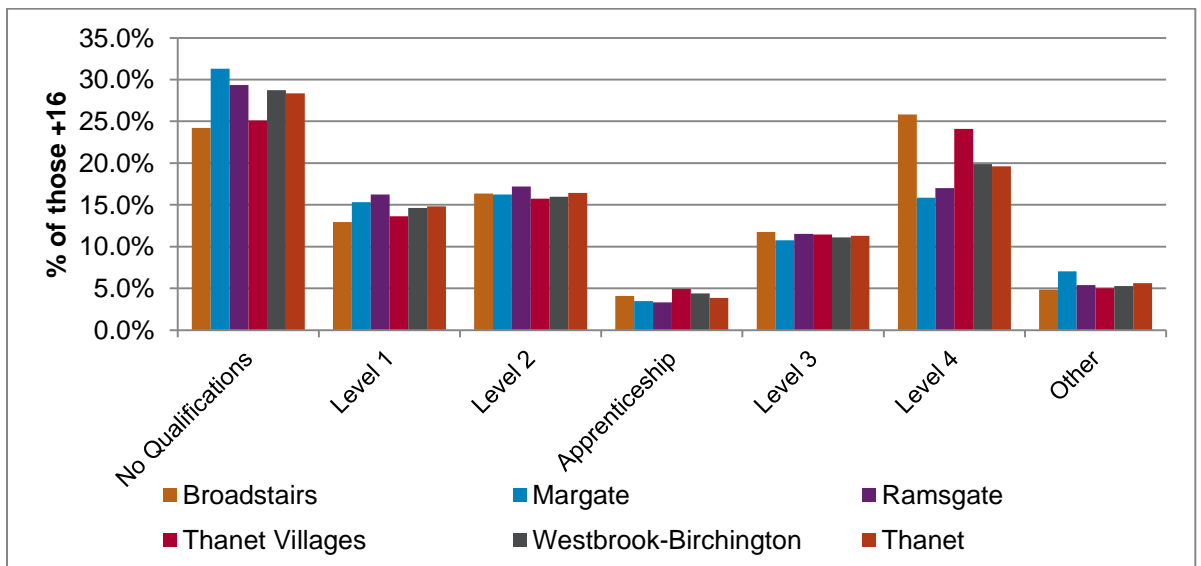
Source: Census 2011

2.20   The relatively low levels of qualifications and occupation grades are reflected in the annual gross resident earnings in Thanet (£22,661), which are significantly lower than the earnings seen across the wider comparators, particularly the South East where median earnings are around £7,000 per

annum more. Residents' earnings (of those in work) are thus on average a substantial 24% below the South East average, and indeed 17% below the national average.

Figure 10: Annual Median Workplace and Resident Earnings (2014)
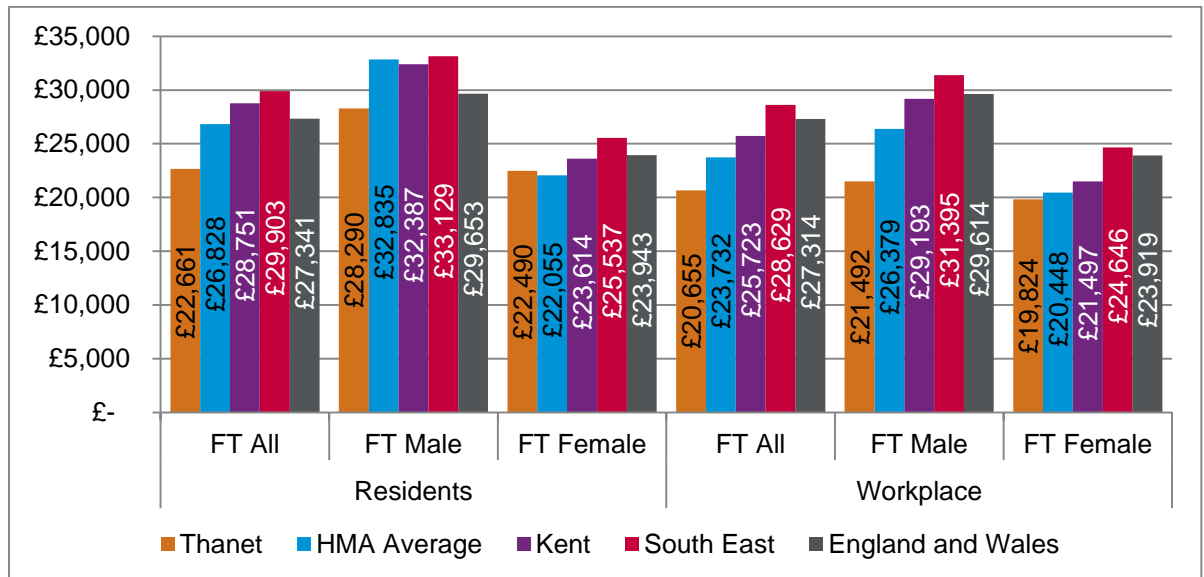
Source: NOMIS/Annual Survey of Hours and Earnings 2015

2.21   It is useful to compare the incomes of full-time employed residents of the district with those working in jobs located in the district who may not necessarily live there. At around £20,665 (as shown in Figure 10), the median income of Thanet "workers" is around £2,000 lower than the median income of Thanet "residents". This suggests that residents are being attracted to slightly higher paying jobs outside of the District.

2.22   The workplace-based wages provide an indication of the relative productivity of the District's economy. Workplace-based wages of those in full-time roles are 28% below the South East and 25% below the national average. This would make earnings in the District amongst the lowest in the region.

2.23   As with trends across the country, male workers and residents in Thanet earn more than their female counterparts although the gap in Thanet residents and workers is not as large in comparison to the wider areas. This is due to significantly lower male earnings and slightly higher female earnings (in relative terms).

Summary and Implications

- Thanet's economy is evidently weaker than other parts of the South East region. This may reflect in part its coastal location and distance from London and major transport corridors. It is a relative low value/ low wage economy, borne out in earnings levels which are some of the lowest in the region. For those in full-time jobs in the District, earnings are 28% below the South East average. There is some out-commuting to higher paid job opportunities, but out-commuting is modest.

- The housing offer partly reflects these economic attributes, with an above average level of households renting (rather than owner-occupiers) and a stock mix which is focused more towards smaller (and cheaper) property types.

- There is a sizeable Private Rented Sector (accommodating 24% of households), with particular concentrations of private rented properties in Margate and Ramsgate. The size of the social rented sector is slightly below average, and potentially contributes to the PRS size.

- In terms of housing types, flatted properties are over-represented, accounting for 27% of the stock; with larger detached homes under-represented (at 20%) relative to wider benchmarks.

- Ramsgate and Margate in particular have a housing offer which is relatively narrow, with over 50% of properties having 1 or 2 bedrooms. Whilst other parts of the District provide a greater proportion of larger properties, influencing the District-wide mix, there is a clear case for seeking to diversify the housing offer within the two main towns to support regeneration.

- There is a clear basis for a regeneration strategy seeking to develop a greater base of higher skilled/ paid employment opportunities, and seeking to develop the housing offer, particularly in Margate and Ramsgate, to support this.

3 DEMOGRAPHIC LED PROJECTIONS

3.1 The analysis in this section considers housing need based on projecting forward past demographic trends. Subsequent sections of this report then consider whether there is evidence to suggest that a higher level of housing provision might be needed than past trends suggest. Following the PPG approach, this section thus sets out trend-based demographic projections which provide a "starting point" for considering overall housing need.

3.2 This section considers the ONS 2012-based Sub-National Population Projections (SNPP) published in May 2014, and the associated CLG 2012-based Household Projections, published in February 2015. In accordance with Planning Practice Guidance, it takes account of the Mid-Year Population Estimates which are available for 2013 and 2014.

Demographic profile of Thanet

3.3 In accordance with the PPG, the demographic projections herein seek to take account of the latest official data from the Office for National Statistics (ONS). The population of Thanet in 2014 is estimated to be 138,400. This is an increase of 11,600 people since 2001 – a 9.1% increase over the 13-year period. This level of population growth is below that seen across Kent (13.5%) and the South East region (10.6%) as well as being slightly below the average for England as a whole (9.8%).

3.4 We can also consider longer-term trends in population growth with data being available back to 1981. The figure below shows that population growth in Thanet was quite variable in the period to about 1996, but since then has grown steadily. Overall, in the period back to 1981, population growth in Thanet has been quite modest in comparison with other areas. Overall, the population of Thanet has grown by 14% since 1981, below the growth level seen in Kent (21%) the South East (23%) and also England (16%).

3.5 Lower long-term population growth would point to weaker comparative housing demand in Thanet relative to other parts of the South East region.

Figure 11: Indexed Population Growth (1981-2014)
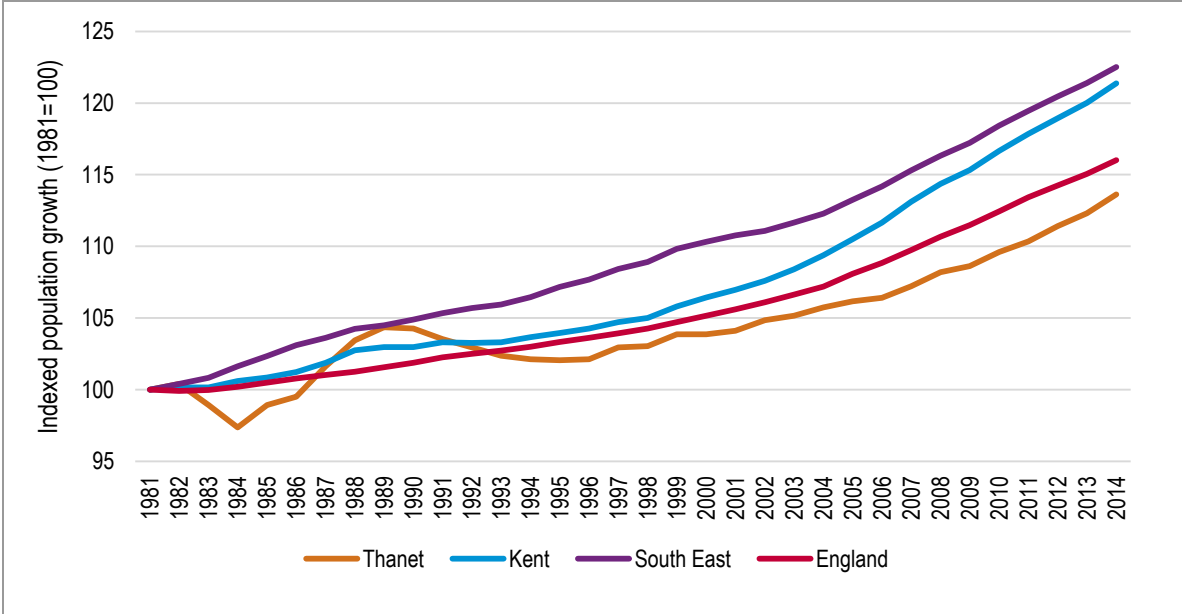
Source: ONS

3.6   Figure 12 and Table 3 below consider the drivers of population change in the District. Population change is largely driven by natural change (births minus deaths) and migration. The historical ONS data includes a small other changes category (mainly related to armed forces and prison populations). It also includes figures identified as Unattributable Population Change (UPC). This is an adjustment made by ONS where Census data suggests differences from ONS figures for the other components of change. UPC could relate to the accuracy of either the 2001 or 2011 Census figures, or components of change between these dates.

3.7   Figure 12 shows that migration has been the key driver of population change with natural change (births minus deaths) generally being negative.

3.8   The number of deaths has typically exceeded the number of births by around 220 per annum over the period from 2001. This is a reflection of the District's age structure, with a higher proportion of the population in older age groups. The level of natural change has generally been increasing over time (becoming less negative) although the more recent evidence suggests that this may now be levelling off.

3.9   The data also shows that both international and internal migration (i.e. moves from one part of the Country to another) are significant. Over the period from 2001, international migration has averaged 298 people per annum; and internal migration 776 persons per annum. Migration has been variable over time, as is the case in many local authorities. Migration is significantly positive throughout the past trend period studied, varying from 554 in 2005/6 up to 1,660 in 2013/14. Migration is the key driver of population growth.

3.10   Other changes and UPC are quite small although the positive level of UPC might suggest that past population growth in the District has been very slightly under-estimated by ONS in their components of change data series or point to modest inaccuracies in Census data.

Figure 12: Components of Population Change, mid-2001 to mid-2014 – Thanet
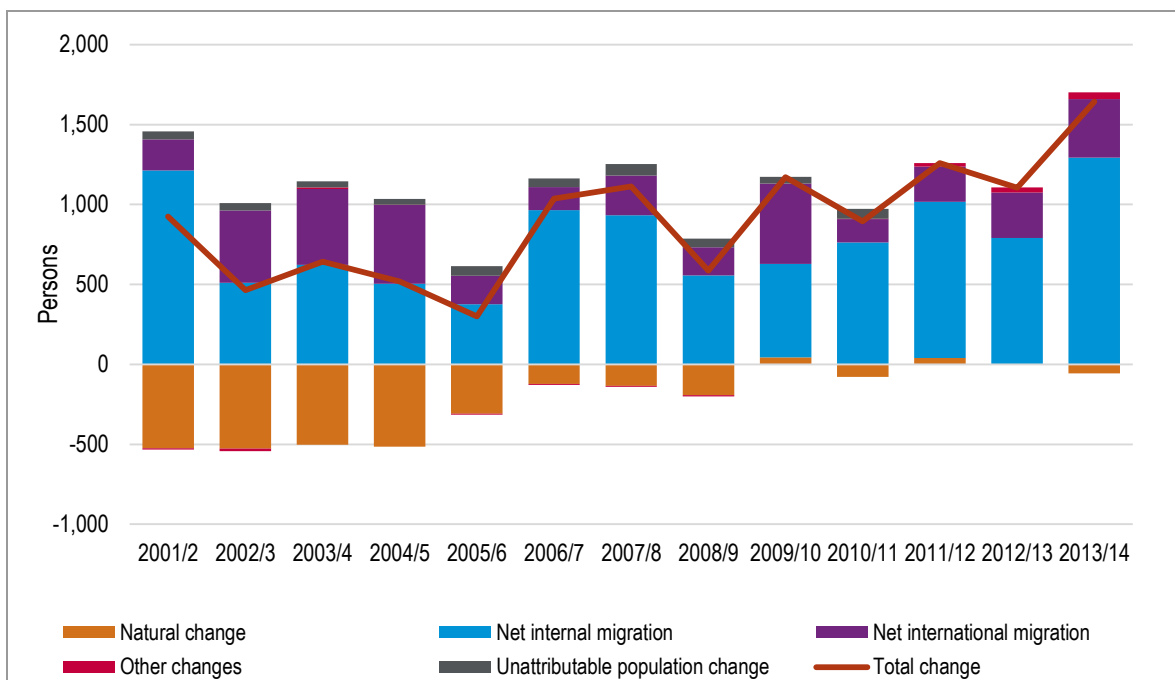
Source: ONS

Table 3:   Components of Population Change (2001-14) – Thanet

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	-524	1,213	195	-8	49	925
2002/3	-527	510	453	-16	45	465
2003/4	-503	623	474	9	39	642
2004/5	-515	504	492	2	36	519
2005/6	-308	377	177	-7	61	300
2006/7	-122	965	143	-6	56	1,036
2007/8	-135	932	249	-6	73	1,113
2008/9	-193	557	175	-7	55	587
2009/10	43	586	502	-3	43	1,171
2010/11	-78	762	146	2	62	894
2011/12	40	977	220	22	0	1,259
2012/13	-2	791	284	32	0	1,105
2013/14	-57	1,294	366	41	0	1,644

Source: ONS

3.11   The age profile of the population of the District is generally older than seen across the County, region and nationally with 29% of people aged 60 and over. This compares with 25% across Kent, 24% regionally and 23% for the whole of England. The proportion of people aged Under 30 is not dissimilar to other areas, meaning that the population aged 30-59 (and particularly the 30-44 age group) is somewhat lower than in other areas.

Figure 13: Population Age Profile (2014)
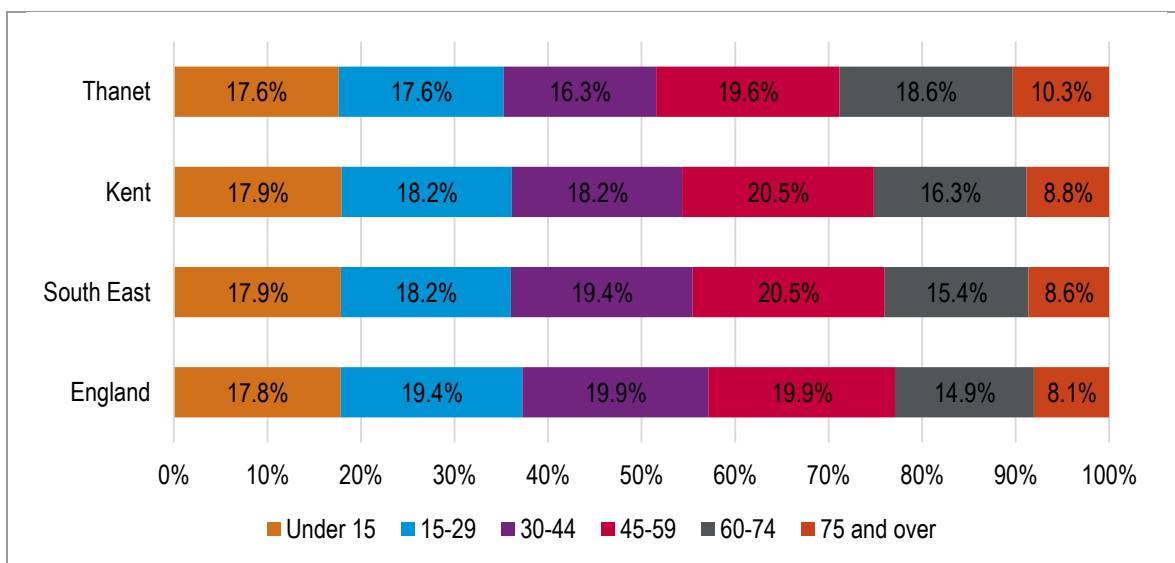
Source: ONS 2014 mid-year population estimates

3.12   Table 4 below shows how the age structure of the population has changed over the 2001 to 2014 period. The data shows the most significant growth to have been in the 60-74 age group; although the 15-29 age group also shows a notable proportionate increase. The analysis also indicates a small decline in the population aged 30-44 and (surprisingly) in the population aged 75 and over. There has been a small increase in the number of children (population aged Under 15) along with a 12% increase in those aged 45-59.

Table 4:   Change in Age Structure 2001 to 2014 – Thanet

Age group	2001	2014	Change	% change
Under 15	23,800	24,400	600	2.5%
15-29	20,000	24,400	4,400	22.0%
30-44	24,300	22,600	-1,700	-7.0%
45-59	24,200	27,100	2,900	12.0%
60-74	19,900	25,700	5,800	29.1%
75 and over	14,500	14,300	-200	-1.4%
Total	126,800	138,400	11,600	9.1%

Source: ONS mid-year population estimates (2001 and 2014)

3.13   The same analysis has been carried out for a range of comparator areas (in the table below). The data identifies that population change in Thanet has broadly followed the change seen across other areas. The key difference is in the 75+ age group, where Thanet has seen population decline, and all other areas have seen notable increases.

Table 5:   Change in age structure compared to wider areas, 2001 to 2014

Age group	Thanet	Kent	South East	England
Under 15	2.5%	6.3%	6.0%	4.2%
15-29	22.0%	21.4%	11.0%	12.9%
30-44	-7.0%	-4.5%	-5.1%	-4.0%
45-59	12.0%	16.9%	16.5%	16.0%
60-74	29.1%	32.2%	29.4%	24.1%
75 and over	-1.4%	20.6%	19.4%	17.5%
Total	**9.1%**	**13.5%**	**10.6%**	**9.8%**

Source: ONS mid-year population estimates (2001 and 2014)

2012-based Sub-National Population & Household Projections

3.14   The latest set of subnational population projections (SNPP) were published by ONS on the 29th May 2014. They replace the 2010- and 2011-based projections. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2012-based national population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends). The SNPP are only population projections and do not contain headship rates (which are needed to convert into household estimates).

3.15   Projected numbers of births in the SNPP are calculated by applying assumed local authority age-specific fertility rates (ASFRs) to the population to derive a number of births, by age of mother. Projected numbers of deaths are calculated by applying assumed local authority level age/sex-specific mortality rates (ASMRs) to derive numbers of deaths, by age and sex. Both are based on local data (for Thanet) and use trend data over the past five years to establish figures at the start of the modelling. In the projection, birth and death rates are projected to change in-line with assumptions in the national population projections (e.g. to see improving life expectancy).

3.16   Domestic migration is projected taking account of age-specific flows between local authorities based on trends over the preceding five years.

3.17   The main source of information on international migration is the international passenger survey (IPS). This provides information on the number of people intending to stay in, or leave, the UK for 12 months or more. In developing projections for international migration, an average of six years'

historic trend data is used by ONS to give an average count of moves of international migrants into and out of local authorities in England. The inflow and outflow components are controlled to the national projections, so according to national level projected inflows or outflows for each year, moves at local authority level figures may be scaled up or down.

3.18   The SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

Overall Population Growth

3.19   Table 6 below shows projected population growth from 2011 to 2031 in Thanet and a range of comparator areas. The data shows that the population of the District is expected to grow by around 24,900 people. This is an 18.5% increase – above that expected across any of the other areas studied – a noteworthy finding given that past population growth has typically been weaker in the District than other locations. This is explored further through analysis of components of population change presented in Figures 14 and 15.

3.20   It should be noted that due to inclusion within the modelling of mid-2014 population estimates for Thanet, the figures for the District do not exactly match those in the SNPP. Figures for comparator areas are however taken directly from the SNPP as published. There will be no significant impact arising from this difference.

Table 6:   Projected Population Growth (2011-2031)

	Population 2011	Population 2031	Change in population	% change
Thanet	134,402	159,298	24,896	18.5%
Kent	1,466,500	1,721,800	255,300	17.4%
South East	8,652,800	9,979,900	1,327,100	15.3%
England	53,107,200	60,418,800	7,311,600	13.8%

Source: ONS

3.21   Figure 14 shows past and projected population growth in the period 2001 to 2031. The data also plots a linear trend line for the last five years for which data is available (2009-14) and also a longer-term period from 2001 to 2014 – this being the longest period for which reasonable data about the components of population change (e.g. migration) is available. The data shows that the population is expected to grow at a rate which is somewhat above long-term past trends and at a

level which is broadly consistent with shorter-term trends. This latter point is important given that ONS tend to use short-term trends when developing the SNPP.

Figure 14: Past and projected population growth – Thanet
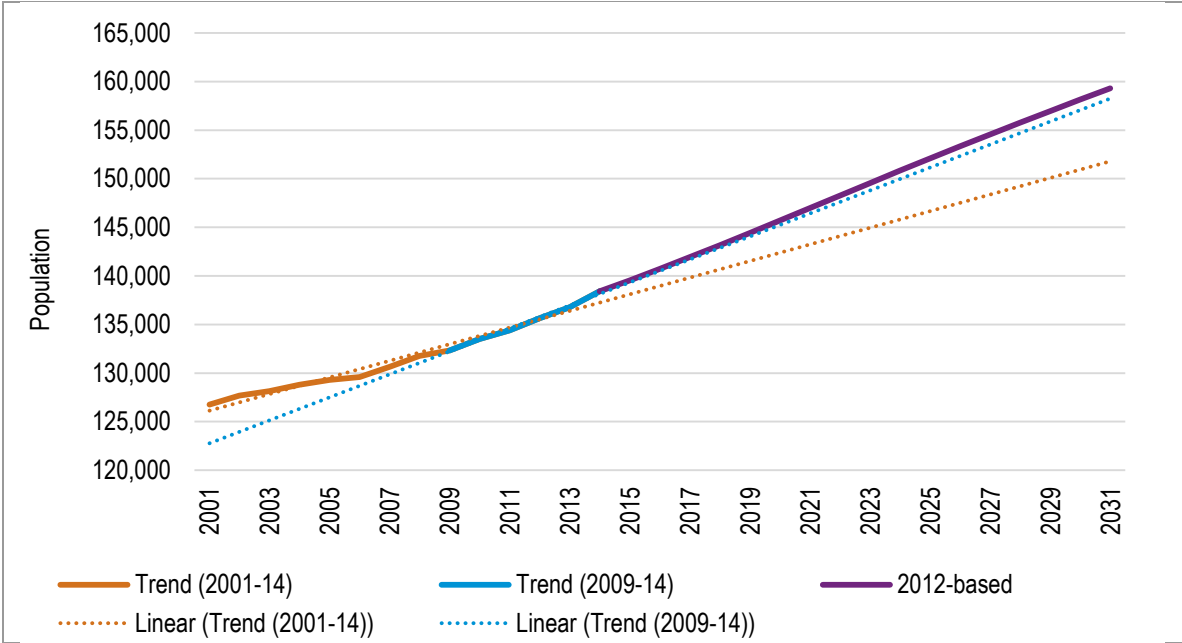
Source: ONS

Components of Population Change

3.22   Figure 15 brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that natural change is expected to decrease over time from about 150 more births than deaths at the start of the projection down to be broadly in balance by 2031. Positive natural change is shown in the projection – this contrasts to the historical analysis, where natural change has been negative with deaths exceeding births, albeit that the differential has declined significantly over the last decade. It is the higher births relative to deaths which is driving the stronger population growth projected relatively to longer-term trends.

3.23   Expected levels of migration show relatively little change over time. When compared with the past trends, the migration the figures look to be reasonable. For the whole of the projection period (2014-31) the average level of migration is expected to be around 1,116 people (net) per annum. This figure is similar to the level seen in past trends (1,074 per annum on average from 2001 to 2014 and 1,186 per annum for the past five years).

Figure 15: Components of Population Change, mid-2001 to mid-2031 – Thanet
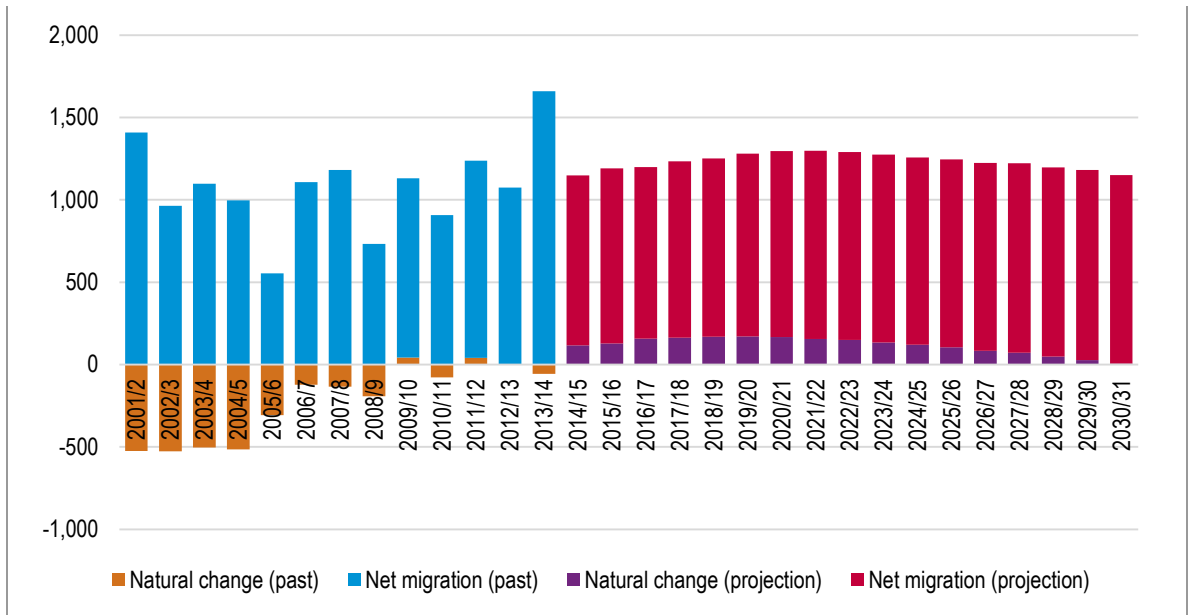
Source: ONS

3.24   The chart below shows the profile of in- and out-migration by age. Net in-migration is expected across most age cohorts, with the exception of the 15-19 age group (influenced by student outflows) and those aged over 80. The strongest expected net inflows are of those aged between 55-69.

Figure 16: Average Annual In- and Out-Migration by age in SNPP, 2014-31
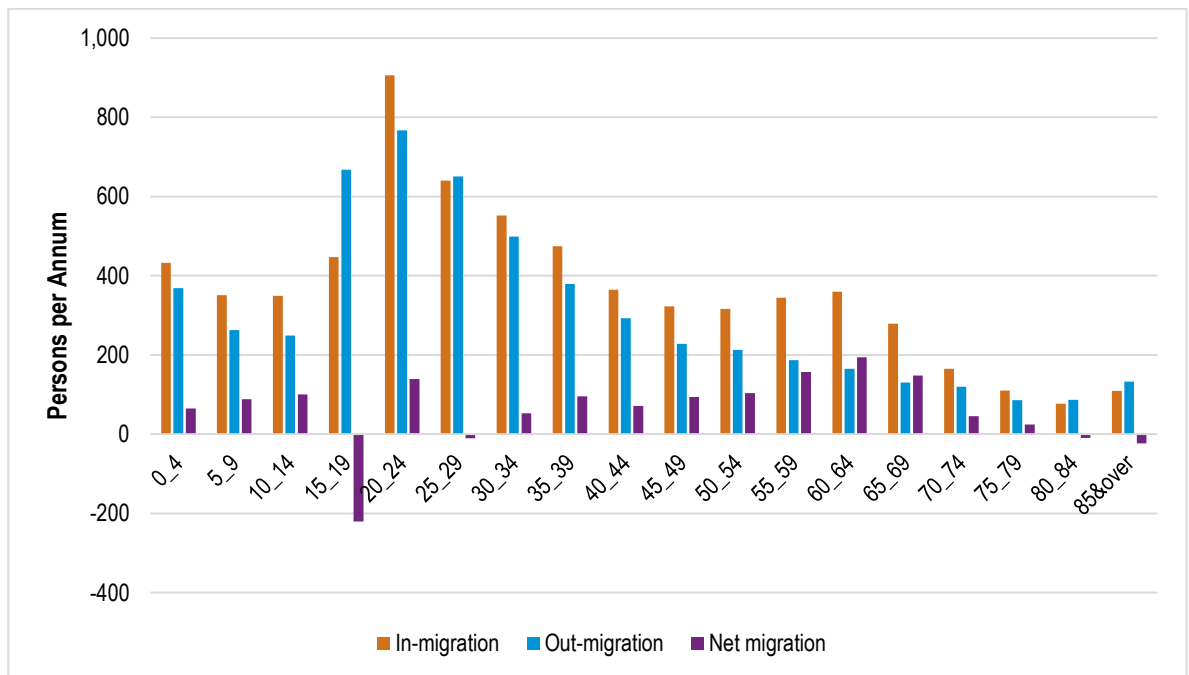
Source: ONS 2012-based SNPP

3.25   Based on a detailed review of the demographic components of change, we would conclude that the 2012-based SNPP is a potentially sound demographic projection from a technical point of view. Population growth is expected to be in-line with short-term past trends (and some way above longer-term trends), whereas the migration assumptions are consistent with average levels seen over the past few years (regardless of whether long- or short-term trends are considered). Higher projected population growth relative to past trends reflects an expectation of positive natural change, which corresponds with trends over the last decade where the (im)balance between deaths and births has been shrinking significantly.

Age Structure Changes

3.26   With growth in the population will also come age structure changes. The table below summarises the findings for key (15-year) age groups under the projection linked to the 2012-based SNPP (as updated with 2013/14 mid-year population data).

3.27   The data shows that the largest growth will be in the age group 60 and over: it is estimated that there will be 54,700 people aged 60 and over in 2031 – this is an increase of 16,600 from 2011, representing growth of 44%. The population aged 75 and over is projected to increase by an even greater proportion, 61%, driven by improving life expectancy.

3.28   Looking at the other end of the age spectrum the data shows that there are projected to be around 15% more people aged under 15, along with increases in the 15-29 and 30-44 age groups (and virtually no change in the population aged between 45 and 59).

Table 7:   Population change 2011 to 2031 by fifteen year age bands (2012-based SNPP) – Thanet

Age group	Population 2011	Population 2031	Change in population	% change from 2011
Under 15	23,953	27,432	3,479	14.5%
15-29	23,326	25,069	1,743	7.5%
30-44	23,001	25,891	2,890	12.6%
45-59	26,016	26,173	157	0.6%
60-74	23,962	32,008	8,046	33.6%
75+	14,144	22,724	8,580	60.7%
Total	**134,402**	**159,298**	**24,896**	**18.5%**

Source: ONS (2012-based SNPP (as amended))

3.29   The same analysis has been carried out for a range of comparator areas (in the table below). The data identifies that projected population change in Thanet is expected to broadly follow the changes expected across other areas. When compared with other areas the population change of younger age groups (aged up to 44) is expected to be stronger, with the opposite being true for the population aged 45 and over. Differences are not however particularly significant.

Table 8:   Population change 2011 to 2031 by fifteen year age bands (2012-based SNPP)

Age group	Thanet	Kent	South East	England
Under 15	14.5%	12.3%	10.5%	11.0%
15-29	7.5%	3.8%	4.4%	2.3%
30-44	12.6%	7.3%	1.4%	4.9%
45-59	0.6%	4.2%	3.6%	1.9%
60-74	33.6%	34.5%	35.3%	31.4%
75+	60.7%	78.5%	75.7%	69.2%
Total	**18.5%**	**17.4%**	**15.3%**	**13.8%**

Source: ONS (2012-based SNPP (as amended)) and 2012-based SNPP

Household Growth

3.30   Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

3.31   The headship rates in the 2012-based CLG Household Projections are more positive than the previous set (2011-based) and typically suggest higher rates of household growth for a given population. At a national level (in the 2012-21 period considered by CLG) the new projections show 10% higher growth in households, for Thanet the figure is somewhat lower (at 6%). This reflects fuller analysis of 2011 Census data and consideration of the weight attached to short vs. longer-term trends.

3.32   The table below shows expected household growth in the 2012-based projections from 2011 to 2031 for Thanet and a range of other areas. The figures for Thanet do not exactly match the CLG projections as we have included population data for 2013 and 2014, all other areas show the data as published. The data suggests an increase in households of 14,100 over the 20-year period – this is a 24% increase; the same as expected across Kent, but higher than expected across the South East and England.

Table 9:   Projected Household Growth (2011-2031)

	Households 2011	Households 2031	Change in households	% change from 2011
Thanet	59,603	73,703	14,101	23.7%
Kent	606,945	751,475	144,530	23.8%
South East	3,563,049	4,315,599	752,550	21.1%
England	22,103,878	26,406,679	4,302,801	19.5%

Source: CLG and demographic projections

3.33   The figure below shows household growth back to 1991 and projected forward to 2031. The analysis shows that growth in Thanet has generally been weaker than in other areas (consistent with the analysis of population growth); however, growth has been stronger in the recent past and is expected to be strong moving forward. When compared with the data about population growth trends, it is notable that there is less variation across areas when looking at household growth.

Figure 17: Indexed Household Growth (1991-2031)
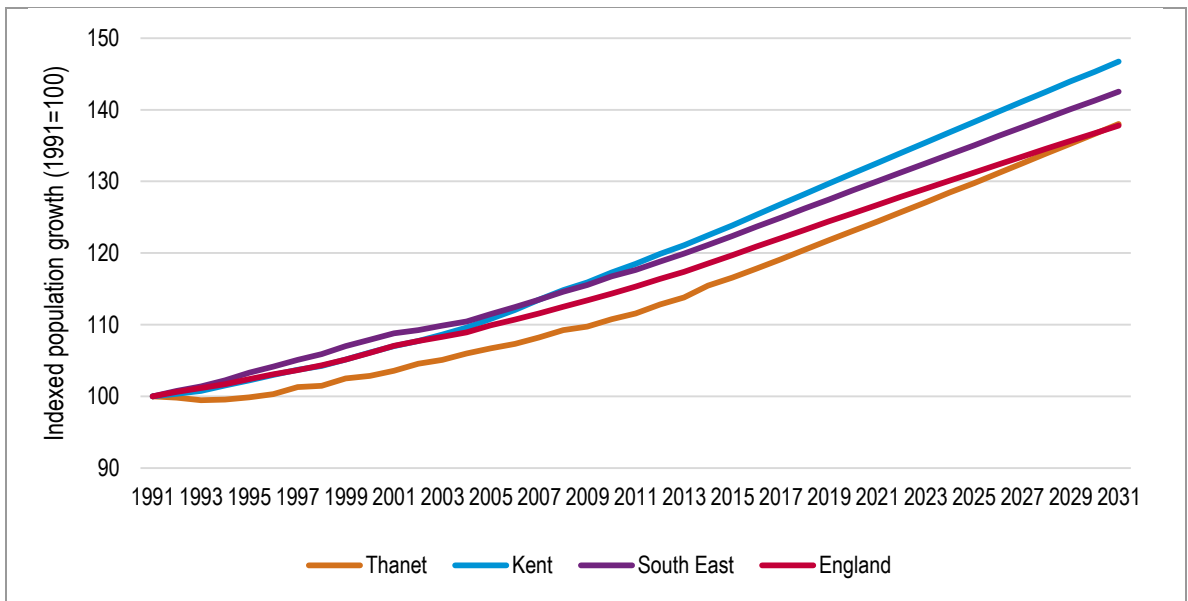
Source: CLG and demographic projections

3.34   The figures described above all use information from the 2012-based CLG household projections to convert population into households and it is useful to understand how the different CLG projections impact on assumptions for different age groups (i.e. to compare the 2012-based projections with those released as 2008- and 2011-based versions.

3.35   The figure below shows the headship rates used in each of the projections. Overall the 2012-based projections look fairly sound with levels and rates of change being not dissimilar to those in the earlier (pre-recession) 2008-based projections.

3.36   It is evident from the analysis that household formation amongst households in their late 20s and early 30s fell over the 2001-11 decade. The projections expect some increase in household formation amongst this age group over the projection period. Household formation rates for this age group are higher in Thanet than across many other parts of the region, suggesting that it is easier (in comparative terms) for younger households to get on the housing ladder.

Figure 18: **Projected Household Formation Rates by Age of Head of Household –Thanet**
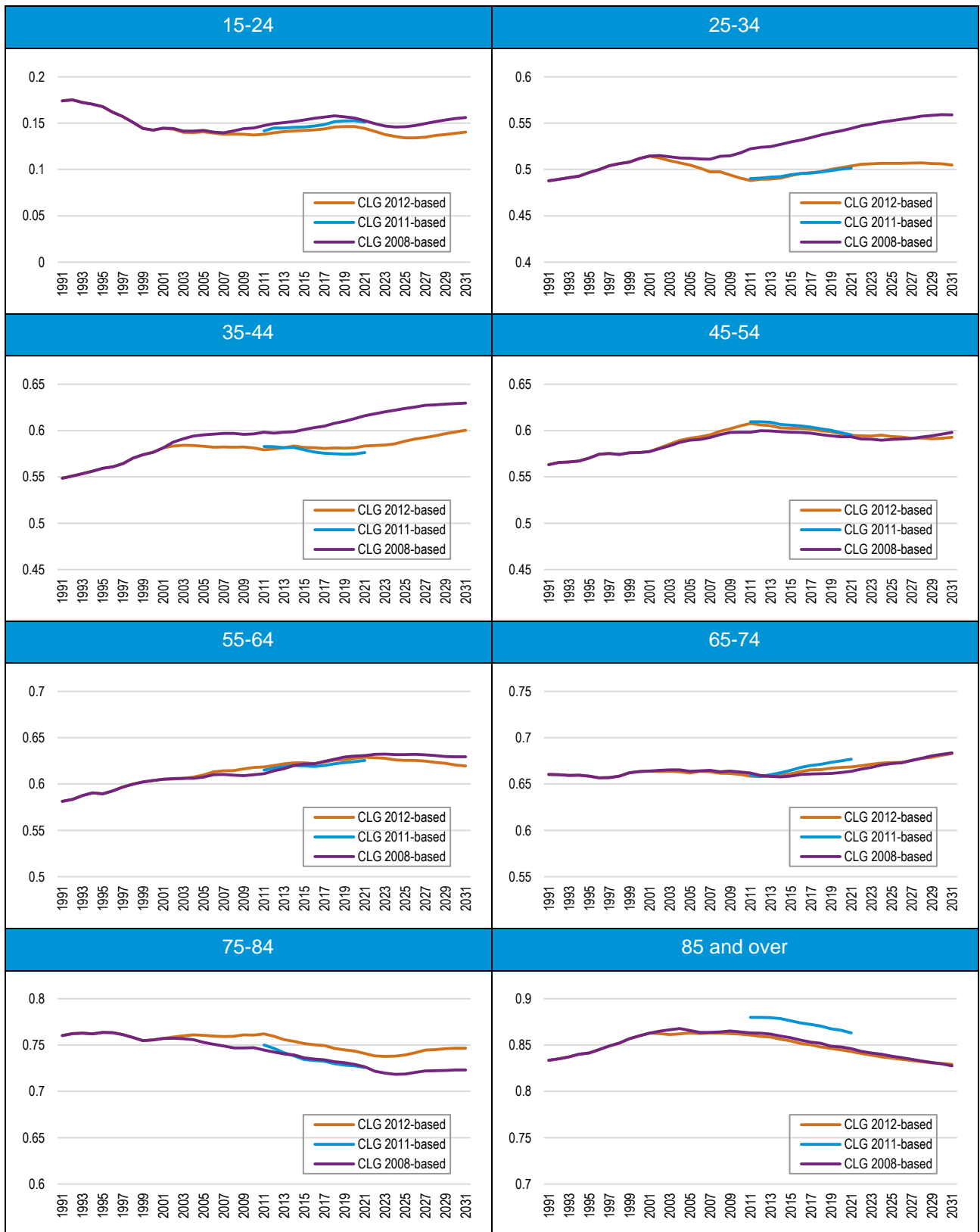
Source: Derived from CLG data

3.37   Table 10 below brings together outputs in terms of household growth and housing need using the 2012-based headship rates and the 2012-based SNPP (as amended with 2013/14 mid-year population data).

3.38   To relate households to dwellings, the data includes an uplift to take account of vacant and second homes. Analysis of 2011 Census data about unoccupied household spaces suggests a figure of 9.7% although more recent analysis by the Council clearly indicates that the number of empty homes has decreased notably since 2011. Taking account of second homes and both short- and long-term vacant homes it is estimated in 2014 that around 5.91% of dwellings in the District were vacant – this is equivalent to a 6.28% uplift on the number of occupied dwellings and this figure (6.28%) has been used in analysis.

3.39   The analysis shows an overall housing need for 749 dwellings per annum across the District.

Table 10:   Projected Household Growth 2011-31 – 2012-based SNPP and 2012-based Headship Rates

	Households 2011	Households 2031	Change in households	Per annum	Dwellings (per annum)
Thanet	59,603	73,703	14,101	705	749

Sensitivity Analysis – Migration from London

3.40   There is an interaction within London in the demographic projections, recognising a significant level of migration between Thanet and London. We have sought to examine this in this section.

3.41   The Greater London Authority (GLA) identified as part of their 2013-based Projections feeding into the Further Alterations to the London Plan (FALP) that there had been a marked change in internal migration dynamics to and from London since the beginning of the recession (2007/8). Overall, the GLA identified that out-migration from London to other parts of the UK had dropped by about 10% along with a 6% increase in in-migration. This was considered to relate to the impact of the recession/ housing market downturn.

3.42   As a result of this, the GLA developed a series of population and household projections with different assumptions about migration. The Central scenario (which underpins the FALP) made the assumption that after 2017, migration levels would revert back to pre-recession levels. The GLA in effect took a midpoint between pre- and post-recession migration statistics and assumed a 5% uplift in out-migration and a 3% decrease in in-migration[8] to present how they saw migration dynamics potentially changing as the economy moved beyond recession.

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[8] See GLA Intelligence (Feb 2014) *GLA 2013 round of trend-based population projections – Methodology,* *http://data.london.gov.uk/dataset/2013-round-population-projections*

3.43   Whilst the figures above relate to dynamics to/ from London and other parts of the country, it will be the case that different areas will have seen different levels of change in migration to/ from London in the pre- and post- recession periods. Below we have studied how migration patterns have changed in relation to Thanet.

3.44   Figure 19 shows that migration from Thanet to London has been broadly constant throughout the 2001-13 period, whilst migration from London to Thanet fell notably over the period studied, albeit that much of this decrease was well prior to the onset of recession in 2008. Migration from London in net terms was on average 158 persons per annum higher in the pre-2008 period studied relative to over the five year period to 2013. There is also a difference of 158 if the period feeding into the latest SNPP (i.e. 2007-12) is compared with the pre-2008 period.

Figure 19: Interrogating Migration flows between London and Thanet
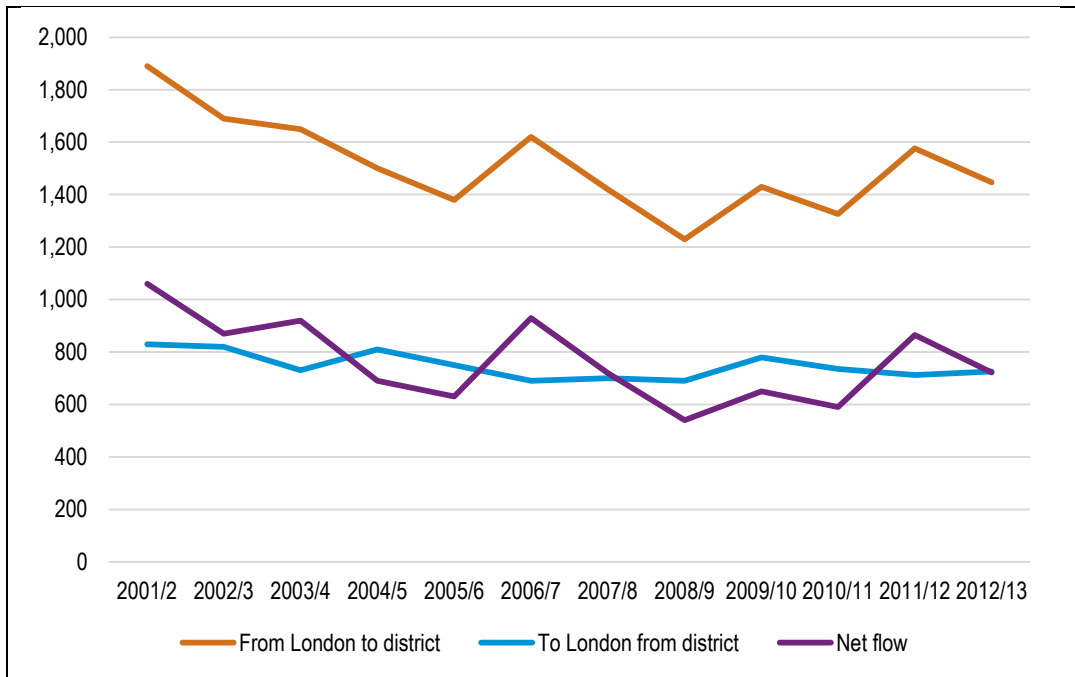
Source: GLA / GL Hearn

Table 11:   Migration to- and from- London and Thanet

	From London to district	To London from district	Net flow
2001/2	1,890	830	1,060
2002/3	1,690	820	870
2003/4	1,650	730	920
2004/5	1,500	810	690
2005/6	1,380	750	630
2006/7	1,620	690	930
2007/8	1,420	700	720
2008/9	1,230	690	540
2009/10	1,430	780	650
2010/11	1,326	735	591
2011/12	1,577	712	865
2012/13	1,447	726	721
Pre-2008 average	1,593	761	831
Post-2008 average	1,402	729	673
Difference	191	33	158

Source: GLA

3.45   On the basis of the information above, we have developed an alternative population projection to provide a sensitivity analysis to the SNPP. This projection uses a similar assumption to the GLA modelling; i.e. for an adjustment to be made to migration levels post-2017 at a level which is half of the difference seen between pre-recession trends and the trends feeding into the SNPP. This projection is therefore broadly consistent to the approach adopted by GLA in the Central Variant in its 2013 Demographic Projections (which form the basis for the current London Plan).

3.46   Table 12 below shows overall population growth from this alternative projection (and how this compares with the SNPP). This shows population growth of 19.4% between 2011-31 (compared to 18.5% in our SNPP-based Projection). This is additional population growth of about 1,200 people over the 20 year period.

Table 12: Projected Population Growth (2011-2031) –London Migration Sensitivity Analysis

	Population 2011	Population 2031	Change in population	% change
SNPP	134,402	159,298	24,896	18.5%
With London adjustment	134,402	160,499	26,097	19.4%

Source: ONS

3.47   In terms of how this projection sits with past trends – the figure below show with the adjustment that population growth is expected to be even more above past trends than is suggested by the SNPP.

Figure 20: Past and Projected Population Growth – Thanet
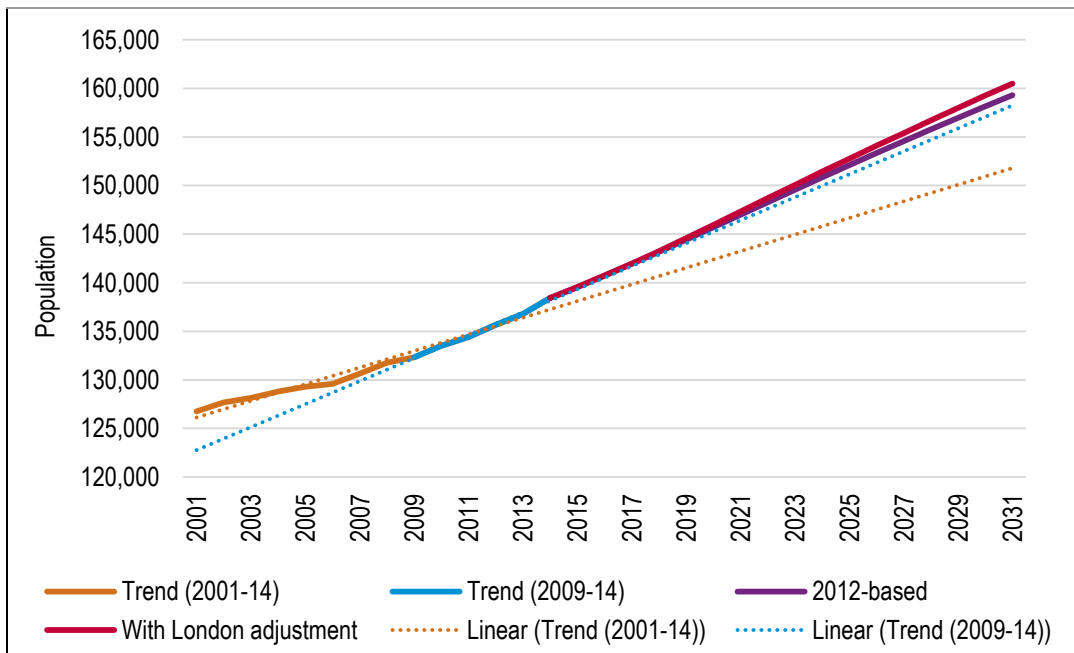
Source: Derived from ONS data and demographic modelling

3.48   We have next applied the household formation rates from the 2012-based Household Projections to these population projections, and applied consistent assumptions on vacant and second homes, to derive figures for growth in households and dwellings. These are presented in Table 13. The identified housing need rises slightly from 749 dwellings per annum (dpa) to 777 dpa – this is a 4% uplift. This scenario arguably moves away from projecting to forecasting household and dwelling growth.

Table 13:   Projected Household Growth 2011-31 – London Migration Sensitivity Analysis and 2012-based Headship Rates

	SNPP	With London adjustment
Households 2011	59,603	59,603
Households 2031	73,703	74,223
Change in households	14,101	14,621
Per annum	705	731
Dwellings (per annum)	**749**	**777**

3.49   This scenario shows the sensitivity of population projections to migration flows from London. GL Hearn's view is that it would be prudent to consider adjusting the housing need to take account of the potential for higher net migration from London, to be consistent with the London Plan.

Trend based Demographic Projections: Implications

- The 2012-based subnational population projections (SNPP) look to be a sound demographic projection from a technical perspective. Future population growth sits in-line with short-term trends. It is above longer-term trends principally as the balance between births and deaths has been changing (with the most recent data suggesting a broad balance between the two – in contrast to longer-term data where deaths notably exceeded births).

- The household formation rates in the 2012-based Household Projections appear reasonable. There is no substantive evidence that these project forward suppressed household formation based on interrogation of the data.

- The 2012-based population and household projections suggest a need for about 749 dwellings per annum to be provided across the District – this takes account of 2013 and 2014 midyear population data.

- There is evidence that net migration from London has been lower over the period feeding into the SNPP (2006/7 – 2012) than the previous five year period. There is some potential that as the economy recovers, net out-migration from London could be stronger. A sensitivity analysis has been undertaken which models this. It shows a housing need for 777 dwellings per annum; this includes 749 dwellings based on household projections for the District and additional 28 households based on expected stronger out-migration from London than seen through the recession.

4 ECONOMIC-LED HOUSING NEEDS

4.1 Planning Practice Guidance sets out that consideration should be given to future economic performance in drawing conclusions on the overall need for housing. Where the evidence suggests that higher migration might be needed than seen in past trends in order to support economic growth, consideration should be given to adjusting the assessed housing need. Specifically the Guidance outlines that:

> *'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'*

And that:

> *'Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems'*

Experian Economic & Employment Assessment

4.2 The Council's key economic evidence is contained within the *Economic and Employment Assessment*, prepared by Experian. This set out three scenarios for performance of the District's economy, as set out below.

Table 14: Experian Economic Growth Scenarios

Scenario	Employment Growth, 2011-31	Basis
Baseline	3,100	Baseline forecast from 2012 Experian Regional Planning Service Forecasts
Risk-based	1,200	Deeper recession, with pre-recession output levels achieved in 2018 rather than 2013 in baseline scenario. Employment levels recover to pre-recession levels by 2020. Particular impacts on construction and service sectors from reduced consumer spending.
Policy-On	5,100	Enhanced performance of the green sector and tourism, with positive knock-on effects for wider economy through supply chain and income multiplier effects.

4.3 Experian's report identified that the largest sectors in respect of total employment in the District were retail, education, residential care and social work, and health. Collectively these sectors (for which population growth is a demand driver) accommodated for around half of all employment. There is therefore clearly an important inter-relationship between population growth and economic performance.

4.4   Experian identified that manufacturing was a significant employer. It identified growth potential in the "green economy" as well as in tourism – both sectors in which there is a specialism in Thanet; and where local evidence points to growth potential. The Policy-On Scenario modelled enhanced performance in these sectors.

4.5   The report provides some discussion of further growth opportunities (above and beyond those in the above scenarios) relating to the potential of the "grey economy" and to planned investment at that time at Manston Airport. However it is clear that there were risks in particular associated with growth at Manston; which appear to have been illustrated by subsequent event. Based on our understanding, there continues to be uncertainty regarding the potential at the airport.

4.6   We consider in this section the level of housing need arising from the Experian Scenarios. However it should be noted that the scenarios work was undertaken in 2012. The scale and pace of economic recovery has been stronger than most forecasting houses were anticipating in 2012, with the UK economy out-performing many of its peers since. On this basis we have also sought to consider more recent economic forecasts prepared by Oxford Economics for the South East Local Enterprise Partnership (LEP).

East of England Forecasting Model

4.7   The South East LEP subscribes to forecasts from the East of England Forecasting Model (EEFM). The latest available forecasts are Autumn 2014 forecasts, published in January 2015.

4.8   EEFM forecasts 4,800 additional jobs in Thanet between 2011-31. This represents annual growth in employment in the District of 0.5%, which is notably below the 0.8% growth achieved over the last economic cycle (1993-2010).

4.9   Growth during the last economic cycle was however particularly supported by strong public spending with key growth sectors including education (2,300 jobs) and health (1,600 jobs) as well as retail (2,100) and construction (1,700). In contrast manufacturing employment fell (-3,500, 1993-2010), whilst financial and professional services, which was a key growth sector nationally, saw limited growth in Thanet (1,800 jobs).

Table 15:   Benchmarking the EEFM Forecasts – Compound Annual Growth in Employment

% CAGR	1993-2010	2011-31
Thanet	0.8	0.5
Kent	0.7	0.8
South East	1.0	0.8

Source: GLH analysis of EEFM

4.10   Table 18 includes analysis of the EEFM forecasts. It sets out:

- Sectoral Employment Growth: Forecast growth in employment in Thanet, based on EEFM forecasts, over the 2011-31 plan period in each sector (2nd Column);
- Sectoral Employment Concentration: the concentration of employment by sector in Thanet relative to the South East, using Location Quotients (LQ). An LQ of 1 shows a concentration of employment which equals the South East average. An LQ of 1.5 would show a concentration of employment in the District which is 50% greater than the South East average and visa-versa (3rd Column);
- Forecast Growth Rates in Employment by Sector: the forecast growth in employment per annum is shown in Thanet (Column 4) and South East (Column 5).

4.11   The table is intended to aid understanding of the forecasts. It is sorted by forecast growth rates at the regional level.

4.12   Thanet has historically seen employment growth concentrated in sectors, such as health and education, which are expected to post weaker relative growth moving forwards. It has a low representation in higher value-added sectors which are expected to drive future employment growth – such as professional and business services, media and IT and R&D activities. Manufacturing employment and employment in public administration is expected to fall, both across the region and in Thanet.

4.13   The 4,800 jobs growth in the baseline forecast sits between the Baseline and Policy-On Scenarios modelled by Experian in 2012.

Table 16:   Forecast Economic Performance, Thanet 2011-31

	Growth, '000s	LQ vs. SE, 2013	% CAGR Thanet	% CAGR SE
Publishing & broadcasting	0.1	0.01	1.2	3.4
Real estate	0.6	0.70	3.5	3.0
Professional services	1.1	0.38	2.6	1.8
Manufacturing - pharmaceuticals	0.0	0.00	33.4	1.8
Business services	1.4	0.97	2.2	1.8
Employment activities	0.2	0.69	3.3	1.8
Arts & entertainment	0.6	0.53	2.0	1.6
Research & development	0.2	0.01	2.6	1.5
Computer related activity	0.0	0.00	0.3	1.5
Construction	0.0	1.15	0.0	1.4
Other services	0.3	0.01	1.1	1.2
Water & air transport	0.0	0.00	5.2	0.9
Telecoms	0.0	0.00	-1.1	0.8
Land transport	0.4	0.98	1.0	0.7
Health & care	0.1	1.19	0.1	0.7
Retail	1.0	1.01	0.6	0.6
Education	0.8	1.01	0.6	0.4
Finance	0.1	0.34	0.3	0.3
Wholesale	0.1	0.32	0.4	0.3
Accommodation & food services	-0.5	0.86	-0.6	0.1
Manufacturing - metals	-0.1	0.01	-1.2	-0.2
Mining & quarrying	0.0	0.00	0.0	-0.2
Utilities	0.0	0.02	2.9	-0.3
Public administration	-0.1	0.33	-0.6	-0.8
Manufacturing - transport equipment	0.0	0.00	-1.4	-1.1
Agriculture	0.0	0.01	-1.1	-1.1
Manufacturing - chemicals only	-0.4	0.03	-2.2	-1.2
Waste & remediation	-0.2	0.02	-3.0	-1.2
Manufacturing - food	0.0	0.00	0.2	-1.3
Manufacturing - general	-0.4	0.02	-2.7	-1.6
Manufacturing - electronics	-0.1	0.01	-0.7	-1.8
Manufacturing - electronics	-0.1	0.02	-0.7	-1.8
Total	4.8	0.70	0.5	0.8

Source: GLH Analysis of EEFM

Comparing Economic Growth to Projected Labour Supply

4.14   The Experian economic scenarios suggest growth in employment in Thanet of between 1,200 – 5,100 jobs over the plan period to 2031. The latest EEFM Model suggests growth in employment of 4,800 jobs over this period.

Table 17: Economic Growth Scenarios – Growth in Employment, 2011-31

Scenario	Employment Growth, 2011-31
Experian Baseline	3,100
Experian Risk-based	1,200
EEFM Baseline	4,800
Experian Policy-On	5,100

4.15   The balance between people and jobs will also be influenced by commuting dynamics. Table 20 below shows summary data about commuting to and from the District from the 2011 Census. The data shows that the District sees a notable level of net out-commuting – overall there are 16% more people who live in the area (and are working) than those with jobs in the area.

Table 18: Commuting patterns in Thanet (2011)

	Thanet
Live and work in LA	31,039
Home workers	5,905
No fixed work-place	5,080
In-commute	5,854
Out-commute	13,565
Total working in LA	47,878
Total living in LA (and working)	55,589
Commuting ratio	1.16

Source: 2011 Census

4.16   In translating the commuting pattern data into growth in the labour-force it is assumed that the commuting ratio remains at the same level as shown by the 2011 Census. This essentially means that there would be expected to be a higher increase in working residents for a given number of jobs.

4.17   As well as commuting patterns we can also consider that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the District divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests that around 5.1% of workers have a second job (data averaged from data for the 2004-14 period to recognise relatively high error margins associated with data for individual years). This gives a double jobbing ratio of 0.949 (i.e. the number of jobs can be discounted by 5.1% to estimate the required change in the workforce).

4.18   To work out the change in the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs – this is shown in the table below.

4.19   The table below calculates on this basis the expected growth in workforce considered necessary to support the scenarios for employment growth identified.

4.20   Overall, the EEFM forecast expects an increase of 4,810 jobs across Thanet; if commuting patterns and levels of double jobbing remain the same then this would require a slightly higher level of growth in the resident workforce (of about 5,300 people). For the Experian Policy-On Scenario an increase in the resident workforce of around 5,600 persons would be needed.

Table 19:   Expected Change in Resident Workforce for Employment Grow Scenarios

Scenario	Change in jobs	Adjustment factor	Change in resident workforce
Experian Baseline	3,100	1.10	3,414
Experian Risk-based	1,200	1.10	1,322
Experian Policy-On	5,100	1.10	5,617
EEFM Baseline	4,810	1.10	5,297

Source: EEFM, NOMIS and 2011 Census

4.21   It is necessary to compare this to projected labour supply over this period. Labour supply will be influenced by a range of factors – particularly how employment rates (the proportion of people 'in employment') changes. However predicting how employment rates may chance in the future is an inexact science, and will be influenced by a range of issues – including economic performance; pensionable age changes; skills issues; lifestyle choices etc.

4.22   We have modelled three scenarios for labour supply:

- No Change to Employment Rates
- Changes only to Rates for Women Over 60 and Men over 65
- EEFM Employment Rate Assumptions

4.23   Growth in the resident workforce in these three scenarios is shown below:

Table 20:   Scenarios for Growth in Resident Workforce

	2012-based SNPP	SNPP with London Adjustment
No Change to Employment Rates	4936	5456
Changes arising from State Pension Age Changes	8470	9010
EEFM Assumptions	12829	13405

Source: GLH/ JGC Modelling

4.24   The increases in employment rates in the EEFM modelling seem potentially overly optimistic, but those arising from changes in State Pension Ages (for women over 60 and men 65+) we would consider to be reasonable. These scenarios suggest that labour supply will be sufficient to support

the projected economic growth; and that there is no need to increase housing provision above the levels shown in the demographic scenarios to support the economy.

Job-led Projections: Implications

- The East of England Forecasting Model (EEFM) indicate that employment in the District can be expected to increase by 4,810 jobs over the 2011-31 period – this is forecast growth of 9.9% from 2011 levels. This compares with forecast growth of between 1,200 – 5,100 jobs in the Experian *Economic and Employment Land Assessment*. The higher end of the range in the Experian scenarios was a "policy-on forecast." Taking account of commuting dynamics and the potential for some people to hold down more than one job, it is anticipated that this would require an increase in the resident workforce of up to 5,600 persons over the 2011-31 plan period.

The modelling undertaken indicates that the demographic-led scenarios would support growth in the resident workforce of between 8,500 persons (in the SNPP Projection) and 9,000 persons (with London Adjusted Migration), taking account of changes to State Pension Age. This is sufficient to support expected economic growth.

- Therefore there is no justification for an uplift to housing numbers in the District to support expected growth in employment. The evidence continues to point towards a strong case for actions which promote employment and economic growth in the District.

5 AFFORDABLE HOUSING NEED

5.1 In this section we discuss levels of affordable housing need in Thanet and the five sub-areas. Affordable housing need is defined in the NPPF as *'social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'.*

5.2 Government Guidance on Strategic Housing Market Assessments (2007) set out a model for assessing affordable housing need (known as the Basic Needs Assessment Model). This model has been retained in the Planning Practice Guidance and is used herein.

5.3 The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

5.4 The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. The need shown is thus influenced by housing market conditions; but also past investment and delivery of affordable housing (influenced in part by funding mechanisms available to do so).

5.5 The need for affordable housing differs from the assessment of overall housing need. As the Planning Advisory Service's Technical Advice Note on *Objectively Assessed Need and Housing Targets sets out:*

> *"the calculated OAN relates to net new dwellings, which accommodate net new households (household growth). In contrast, much of the assessed affordable need relates to existing households that are or will be entitled to affordable housing over the plan period. For the most part the needs of these existing households are not for net new dwellings. Except for those who currently live in temporary institutional accommodation or on the street, if they move into suitable housing they will free an equivalent number of dwellings, to be occupied by people for whom they are suitable.*

> *In practical terms, there is no arithmetical way of combining the two calculations set out in the PPG to produce a joined-up assessment of overall housing need."*

5.6 An assessment of affordable housing need is however relevant in justifying policies for affordable housing provision in new development schemes. It considers whether there is a shortfall or surplus of affordable housing in the District.

5.7 The base date for analysis of affordable housing need is 2014 (e.g. data about housing costs and incomes is for 2014). However, it is recognised that the analysis should align with other research and hence estimates of affordable housing need are provided in this section on an annual basis for

the 20-year period between 2011 and 2031 (to be consistent with the demographic modelling undertaken within this report). Key definitions used in this section are set out in Appendix 3.

Local Prices & Rents

5.8 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need.'

5.9 We first establish the entry-level costs of housing to both buy and rent across the District. Our approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

5.10 Table 22 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £55,000 for a flat in Margate and rising to £250,000 for a detached home in Broadstairs. Prices for all types of accommodation are highest in Broadstairs, Thanet Villages and Westbrook-Birchington and generally lowest in Margate and Ramsgate. Looking at the lower quartile price across all dwelling types the analysis shows a range from £111,000 in Margate, up to £175,000 in Thanet Villages.

Table 21:   Lower Quartile Sales Prices by Type (2014)

	Flat	Terraced	Semi-detached	Detached	All dwellings
Broadstairs	£125,000	£151,000	£180,000	£250,000	£170,000
Margate	£55,000	£125,000	£150,000	£206,900	£111,000
Ramsgate	£83,400	£125,300	£144,300	£155,600	£124,500
Thanet Villages	£102,800	£145,000	£175,000	£238,500	£175,000
Westbrook-Birchington	£95,700	£155,000	£175,000	£222,500	£140,000
THANET	£83,000	£130,000	£163,000	£225,000	£130,000

Source: Land Registry (2014)

5.11 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2015. For the rental data information about dwelling sizes is provided (rather than types). The analysis shows an average lower quartile cost (across all dwelling sizes) of £415 per month. There are again some variations between areas with costs being lower in Margate and highest in the Thanet Villages area. Insufficient information was available for the smaller-area analysis to robustly consider costs for different sizes of property.

Table 22:   Lower Quartile Monthly Private Rents (year to March 2015)

Dwelling size	Monthly rent
Room only	£282
Studio	£320
1 bedroom	£350
2 bedrooms	£510
3 bedrooms	£650
4+ bedrooms	£750
All dwellings	£415
Broadstairs	£460
Margate	£365
Ramsgate	£440
Thanet Villages	£500
Westbrook-Birchington	£385

Source: Valuation Office Agency

Cost of Affordable Housing

5.12   Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CoRe) – a national information source on social rented lettings. Table 24 below illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 23:   Monthly Lower Quartile Social Rent Levels

Size	Monthly Rent
1 bedroom	£304
2 bedrooms	£327
3+ bedrooms	£386
Lower quartile (all sizes)	£321

Source: CoRe (2014)

5.13   Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local* authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'.

5.14   Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value

of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Gaps in the Housing Market

5.15   The figure below estimates how current prices and rents might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Figure 21: **Indicative income required to purchase/rent without additional subsidy**

Source: Land Registry, VOA and CoRe

Income levels and affordability

5.16   Affordability is considered by assessing housing costs against household incomes. Total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)

- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2014 (a 2% increase per annum was identified from this source for the South East region)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for each of the five sub-areas)

5.17   We have used these data sources to model the distribution of household incomes for the whole of the District and sub-areas for 2014. The data shows that over a two-fifths (43%) of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the District was estimated to be around £23,200 with a mean income of £30,800.

Figure 22: Distribution of Household Income in Thanet
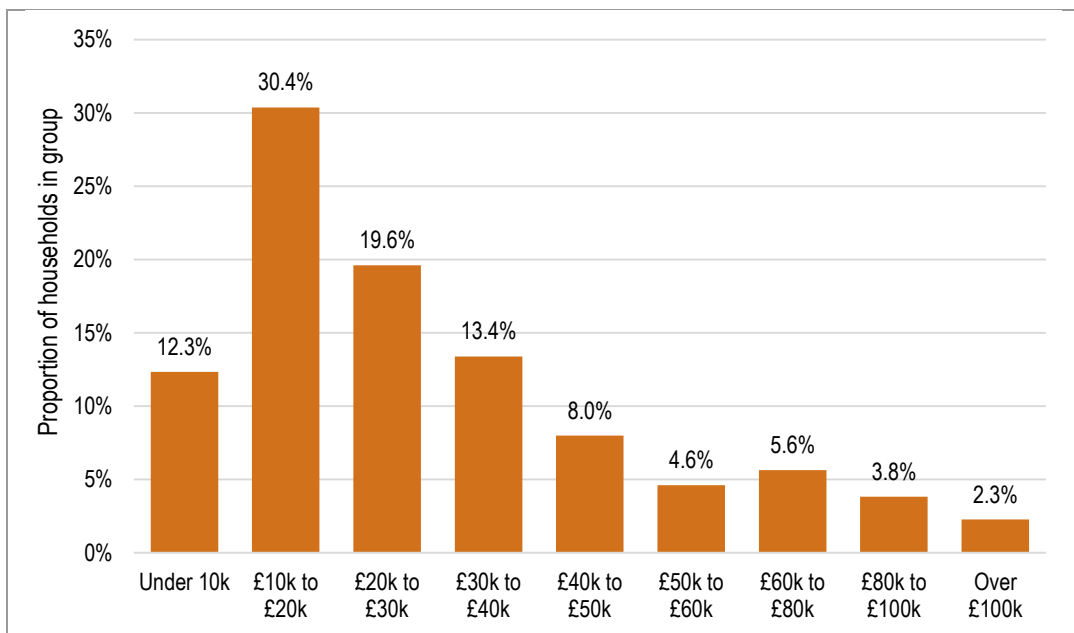
Source: Derived from ASHE, EHS, CACI and ONS data

5.18   The table below shows how income levels vary for each of the five sub-areas. Incomes were found to be highest in Thanet Villages and lowest in Margate.

Table 24:   Gross Household Income levels by Sub-Area

|	Mean income	Median income
Broadstairs	£35,222	£26,789
Margate	£27,678	£21,052
Ramsgate	£28,299	£21,524
Thanet Villages	£37,426	£28,466
Westbrook-Birchington	£31,289	£23,798
THANET	**£30,783**	**£23,205**

Source: Derived from ASHE, EHS, CACI and ONS data

5.19   To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

5.20   Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed where relevant in the analysis that follows.

Affordable Housing Needs Assessment

5.21   Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 23: Overview of Basic Needs Assessment Model
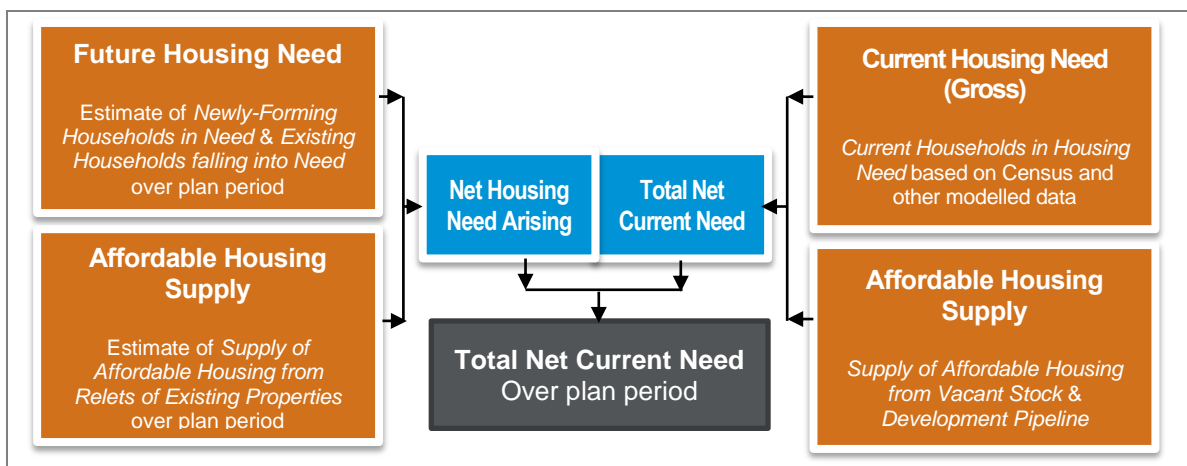
5.22   The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The modelling undertaken provides an

assessment of affordable housing need for a 20-year period (which is then annualised). Each of the stages of the affordable housing needs model calculation are discussed in more detail below.

Methodological Issues

5.23   As the analysis being based on secondary data sources only, there are a number of assumptions that need to be made to ensure that the analysis is as robust as possible. Key assumptions include considering the number of households who have a need due to issues such as insecure tenancies or housing costs – such households form part of the affordable need as set out in guidance (see paragraph 023 of the PPG for example) but are not readily captured from secondary data sources. Assumptions also need to be made about the likely income levels of different groups of the population (such as newly forming households), recognising that such households' incomes may differ from those in the general population.

5.24   To overcome the limitations of a secondary-data-only assessment, additional data has been taken from a range of survey-based affordable needs assessments carried out by GL Hearn over the past five years or so. These surveys (which cover a range of areas and time periods) allow the assessment to consider issues such as needs which are not picked up in published sources and different income levels for different household groups. This data is then applied to actual data for Thanet (e.g. from the Census) as appropriate. It is the case that outputs from surveys in other areas show remarkably similar outputs to each other for a range of core variables (for example the income levels of newly forming households when compared with existing households) and are therefore likely to be fairly reflective of the situation locally in Thanet. Where possible, data has also been drawn from national surveys (notably the English Housing Survey).

5.25   It should also be stressed that the secondary data approach is consistent with the PPG. Specifically, guidance states that:

> *'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance'.*

5.26   The analysis that follows is therefore consistent with the requirements of the Planning Practice Guidance.

5.27   The PPG also suggests that the housing register can be used to estimate levels of affordable housing need. Experience working across the country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing

registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to a range of secondary data sources is preferred.

Current Affordable Housing Need

5.28   In line with PPG, the current need for affordable housing need has been based on considering the likely number of households with one or more housing problem. A list is initially set out in paragraph 023 of the PPG and provides the following.

What types of households are considered in affordable housing need?

The types of households to be considered in housing need are:

- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
- households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
- households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
- households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
- households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

Source: PPG [ID 2a-023-20140306]

5.29   This list of potential households in need is then expanded on in paragraph 24 of the PPG which provides a list of the categories to consider when assessing current need. This assessment seeks to follow this list by drawing on a number of different data sources. The table below sets out the data used in each part of the assessment.

Table 25: Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured
Those in priority need who are currently housed in temporary accommodation	CLG Live Table 784	Total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure
Concealed households	Census table LC1110EW	Number of concealed families (all ages and family types)
Exiting affordable housing tenants in need	Modelled data linking to past survey analysis	Will include households with many of the issues in the first box above (e.g. insecure tenure)
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [ID 2a-024-20140306]

5.30 The table below therefore shows the initial estimate of the number of households who potentially have a current housing need. These figures are before any consideration of affordability has been made and has been termed 'the number of households in unsuitable housing'. Overall, the analysis suggests that there are currently some 4,490 households living in unsuitable housing (or without housing) – this is 7.5% of the estimated total number of households living in the District (in 2011).

Table 26: Estimated number of households living in unsuitable housing

Category of 'need'	Households
Homeless households	15
Those in priority need who are currently housed in temporary accommodation	44
Households in overcrowded housing	2,121
Concealed households	563
Exiting affordable housing tenants in need	164
Households from other tenures in need	1,584
Total	4,490

Source: CLG Live Tales, Census (2011) and data modelling

5.31 In taking this estimate (4,490) forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but

would be unlikely to be considered as being in affordable housing need. Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

5.32   The table below shows that as of mid-2011 it is estimated that there were 2,860 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers) – this represents 4.8% of all households in the area in 2011.

Table 27:   Unsuitable housing by tenure and numbers to take forward into affordability modelling

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	996	100
Social rented	722	0
Private rented	2,150	2,138
No housing (homeless/concealed)	622	622
Total	4,490	2,860

Source: CLG Live Tales, Census (2011) and data modelling

5.33   Having established the figure of 2,860, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy, because they could afford a suitable market housing solution. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 69% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing. These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (and excluding social tenants and the majority of owners) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.

5.34   Overall, around three-fifths of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 1,637 households in Thanet. The table below shows how current need is estimated to vary across the five sub-areas.

Table 28:   Estimated Current Need

Area	In unsuitable housing (taken forward for affordability test)	% Unable to Afford	Revised Gross Need (including Affordability)
Broadstairs	345	56.2%	194
Margate	1,077	54.0%	582
Ramsgate	837	63.5%	532
Thanet Villages	165	61.1%	101
Westbrook-Birchington	436	52.5%	229
Thanet	2,860	57.2%	1,637

Source: CLG Live Tales, Census (2011), data modelling and affordability analysis

Newly-Arising Need

5.35   To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

5.36   The number of newly-forming households has been estimated through the demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation. This differs from numbers presented in the demographic projections which are for net household growth. The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

5.37   The estimates of gross new household formation have been based on outputs from our core demographic projection. In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

5.38   We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of

income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing and that a total of 467 new households will have a need on average in each year to 2031 in Thanet.

Table 29: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Broadstairs	176	40.3%	71
Margate	317	40.7%	129
Ramsgate	345	48.7%	168
Thanet Villages	74	41.3%	31
Westbrook-Birchington	180	37.8%	68
Thanet	**1,092**	**42.7%**	**467**

Source: Projection Modelling/Income analysis

Existing Households falling into Affordable Housing Need

5.39   The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past two years – this group will represent the flow of households onto the Housing Register over this period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

5.40   This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*. Households who have not been housed will be counted as having a current affordable housing need.

5.41   Following the analysis through suggests a need arising from 257 existing households each year (ranging from 13 in Thanet Villages to 108 in Ramsgate) – this is about 0.4% of all households living in the District (in 2011).

Table 30: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Broadstairs	29	11.5%
Margate	74	28.9%
Ramsgate	108	42.2%
Thanet Villages	13	4.9%
Westbrook-Birchington	33	12.6%
Thanet	**257**	**100.0%**

Source: CoRe/affordability analysis

Supply of Affordable Housing

Current Affordable Housing Supply

5.42   The PPG sets out that assessments should identify the current supply of housing that can be used to accommodate households in affordable housing need as well as future supply. Potential sources of supply include affordable homes that are going to be vacated by current occupiers that are fit for use by other households, surplus vacant properties, and the committed supply of new affordable units. Any properties due to be "taken out of management" are expected to be deducted from these figures to identify the total affordable housing stock available.

5.43   The assessment herein excludes homes to be vacated by current occupiers in both the need and supply calculations (as these will in any case cancel each other out). There are no units to be taken out of management. The supply from other categories is shown below, based on data provided by the Council.

Figure 24: Current Affordable Housing Supply

	Committed Supply of Affordable Housing	Empty Homes brought back into Use
Broadstairs	16	0
Margate	0	0
Ramsgate	178	17
Thanet Villages	247	0
Westbrook-Birchington	0	0
Thanet	441	17

Future Supply of Affordable Housing

5.44   The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

5.45   The Planning Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Data from CoRe has been used to establish past patterns of social housing turnover. The figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes).

5.46   On the basis of past trend data is has been estimated that 398 units of social/affordable rented housing are likely to become available each year moving forward.

Table 31: Analysis of past social/affordable rented housing supply (per annum – past 2 years)

	Number/ %
Total lettings	741
% as non-new build	88.8%
Lettings in existing stock	658
% non-transfers	65.0%
Sub-total	428
% non-temporary housing	93.1%
Total lettings to new tenants	398

Source: CoRe

5.47   The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Thanet is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have again utilised CoRe data about the number of sales of homes that were not newbuild. From this it is estimated that around 3 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 401 per annum.

Table 32: Supply of Affordable Housing

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Broadstairs	47	1	48
Margate	118	1	119
Ramsgate	158	1	159
Thanet Villages	20	0	20
Westbrook-Birchington	54	0	55
Thanet	**398**	**3**	**401**

Source: CoRe

Net Affordable Housing Need

5.48   The table below shows our overall calculation of affordable housing need. This identifies the net current need, and compares newly-arising need with supply through the turnover of existing stock. The net current need is met over the period to 2031.

Table 33:   Estimated level of Affordable Housing Need per annum – by location

		Broadstairs	Margate	Ramsgate	Thanet Villages	Westbrook-Birchington	Thanet
A	Current Gross Affordable Need	194	582	532	101	229	1,637
B	Committed Supply of Affordable Housing	16	0	178	247	0	441
C	Empty Homes brought back into Use	0	0	17	0	0	17
D	Total Net Current Affordable Need (A-B-C)	178	582	337	-146	229	1,179
E	Total Net Need per Annum to 2031 (D / 16)	11	36	21	-9	14	74
F	Annual Need from Newly-Forming Households	71	129	168	31	68	467
G	Annual Need from Existing Households Falling into Need	29	74	108	13	33	257
H	Total Annual Gross Newly-Arising Need (F + G)	100	203	276	43	100	724
I	Annual Supply from Relets of Social & Affordable Rented Homes	47	118	158	20	54	398
J	Annual Supply from Relets of Intermediate Housing	1	1	1	0	0	3
L	Total Future Annual Supply from Re-Lets (I + J)	48	119	159	20	55	401
L	Annual Net Need for Affordable Housing (E + H - L)	64	121	138	14	60	397

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis

Sensitivity to Income Thresholds

5.49   Whilst 25% is the threshold suggested by 2007 SHMA Guidance, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure; in practice, many households will choose to spend a greater proportion of their income on housing.

5.50   A 30% threshold has been used in the main modelling although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. The table below summarises the findings. In particular, we can see that with an assumption of households spending 40% gross income on housing costs then need falls to 187 households per annum (down from 397 using a 30% threshold). The need would increase to 530 per annum if a 25% threshold is used (25% being the start point suggested in the 2007 CLG SHMA guidance).

Table 34: Estimated level of Affordable housing need (per annum) at Variant Income Thresholds

	@ 25%	@ 30%	@ 35%	@ 40%
Current Need	89	74	60	49
Newly forming households	563	467	390	326
Existing households falling into need	279	257	234	212
Total Need	931	798	684	587
Supply	401	401	401	401
Net Need	530	397	284	187
Broadstairs	84	64	47	33
Margate	162	121	87	58
Ramsgate	181	138	101	68
Thanet Villages	23	14	7	1
Westbrook-Birchington	81	60	42	27

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Relating Affordable Housing Need and OAN

5.51   The analysis above indicates a notable need for affordable housing in the District. Using a baseline demographic need (for all tenures) linked to the 2012-based SNPP and household projections (a need for 749 dwellings per annum) the analysis is suggesting that some 53% of the need is for affordable housing (based on a 30% affordability threshold).

5.52   The evidence provides some basis for considering higher housing provision overall, in order to enhance affordable housing delivery (following the approach in the PPG).

5.53   However, a direct comparison between these numbers is not considered to be robust way to understand the link between affordable need and OAN. This point is clearly made in the Planning Advisory Service (PAS) Technical Advice Note on *Objectively Assessed Need and Housing Targets* which sets out that comparing the need arising from the affordable housing needs model with demographic projections not comparing like with like. It clarifies that:

> *"the calculated OAN relates to net new dwellings, which accommodate net new households (household growth). In contrast, much of the assessed affordable need relates to existing*

households that are or will be entitled to affordable housing over the plan period. For the most part the needs of these households are not for net new dwellings. Except for those households who currently live in temporary institutional accommodation or on the street, if they move they will free up an equivalent number of dwellings, to be occupied by people for whom they are suitable.

In practical terms, there is no arithmetical way of combining the two calculations set out in the PPG to produce a joined-up assessment of overall housing need."

5.54 In understanding the link between affordable need and the OAN, it is important to understand the degree to which households with a current housing need currently live within existing properties, or are concealed/ homeless.

Households already living in Housing

5.55 A proportion of those included in the model will already be living in housing - albeit not housing that it suitable for them for some reason (such as size or cost). If these households were to move to an affordable home then their current dwelling would become available for another household and there would be no net need for an additional dwelling.

5.56 This point is highlighted in the PAS Technical Advice Note. In Section 7 (para 7.3) it recognises that:

'As defined in the PG, affordable need also includes housing for existing households – including those that are currently in unsuitable housing and those who will 'fall into need' in the plan period (i.e. their housing will become unsuitable for them). For the most part the needs of these households are not for net new dwellings. Except for those who are currently homeless or 'concealed'. If they move into suitable housing they will free an equivalent number of existing dwellings, to be occupied by people for whom they are more suitable. If the affordable needs of existing households are included in the OAN, the resulting figure will be too large'.

5.57 Only households who are homeless, in temporary accommodation or arguably concealed will generate needs for new homes. Based on the analysis there are 622 such households.

5.58 In respect of demographics, meeting the needs of these households would be borne out in an increase in headship rates – particularly for younger households. There may in effect be a case to consider the affordable housing need alongside the evidence of market signals and potentially consider a modest uplift to help improve new household formation and reduce levels of concealed households.

5.59 The base demographic projections however models notable improvements in household formation rates already, which more than address the scale of need shown from those who do not have housing. Headship rate adjustments are considered further in Section 6.

Understanding Current Housing Market Dynamics

5.60   To understand why given the significant affordable housing need shown in Thanet we do not see significant levels of homelessness, it is necessary to understand the role that Private Rented Sector currently plays in providing household for some households who require financial support to meet their housing need.

5.61   For the avoidance of doubt, the conclusions drawn on overall housing need (OAN), or affordable housing need, do not make any assumptions regarding the future contribution of the Private Rented Sector (PRS).

The Current Role of the Private Rented Sector (PRS)

5.62   Some households who cannot secure affordable housing are able to meet their housing needs by finding suitable properties in the Private Rented Sector using Local Housing Allowance (LHA) to supplement their income.

5.63   Data from the Department of Work and Pensions (DWP) has been used to look at the number of LHA-supported PRS properties. As of February 2015 it is estimated that there were 8,995 benefit claimants in the Private Rented Sector. This is a slight increase from 5-years previously (8,276 in February 2010). Given changes to how Local Housing Allowance is calculated, there can however be no guarantee that the PRS will be able to support a further increase in households with LHA.

5.64   The analysis is based on the current situation. What this information does not show is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey it is estimated that the proportion of households within the Private Rented Sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the Private Rented Sector gives an estimate of 1,169 private sector lettings per annum to new LHA claimants in the District. This figure is derived from claimants rather than households and it is likely that there are a number of multiple LHA claimant households (i.e. in the HMO sector and shared accommodation).

5.65   The evidence clearly indicates the reality of current housing market dynamics, whereby the PRS supports a range of households who would be classified as having an 'affordable housing need.' However, national planning policy does not specifically seek to meet the needs identified through the Basic Needs Assessment Model through the Private Rented Sector. There are wider factors which need to be considered in relying on this as a source of supply; including that there is no guarantee that landlords will re-let properties to households on LHA. In particular future growth in households living within the PRS and claiming LHA cannot be guaranteed.

Need for Different Types of Affordable Housing

5.66   Having studied housing costs, incomes and affordable housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

5.67   Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

5.68   For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).

5.69   The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

5.70   For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.

Figure 25: Overlap between Affordable Housing Tenures
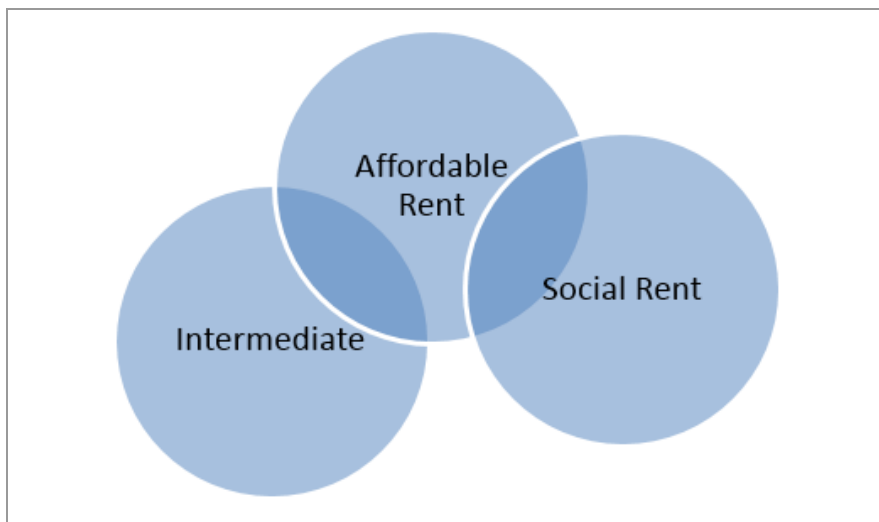
5.71   Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;
- Households who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents;
- Households who can afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so).

5.72   The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

5.73   We do not have detailed information on households' savings. We have assumed that around half of households with an income which would allow them to afford 80% or more of market rents would represent the potential market for equity-based intermediate products such as shared ownership and shared equity homes with the remainder needing a rented product.

5.74   Taking the gross numbers for affordable housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the

analysis suggests around a sixth of housing could be intermediate with the remaining five-sixths being either social or affordable rented. There are some variations by sub-areas although overall these are not significant. It should be noted that the analysis below does not include the 'pipeline' supply or any estimate of the number of empty homes brought back into use.

Table 35: Estimated level of Affordable Housing Need (per annum) by type of affordable housing

	Intermediate			Social/affordable rented			% inter-mediate
	Total need	Supply	Net need	Total need	Supply	Net need	
Broadstairs	12	1	11	98	47	51	18.1%
Margate	14	1	13	219	118	100	11.5%
Ramsgate	27	1	26	276	158	118	18.0%
Thanet Villages	5	0	5	43	20	24	16.9%
Westbrook-Birchington	10	0	10	102	54	47	17.3%
Thanet	**67**	**3**	**65**	**738**	**398**	**340**	**16.0%**

Source: Affordable Housing Needs Analysis

5.75   In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Starter Homes and Implications of Changes to the Affordable Housing Definition

5.76   The Government is currently consulting on extending the definition of affordable housing to encompass a fuller range of products that can support people to access home ownership (including Starter Homes). This change is significant and will potentially need to be taken into account in devising policies for affordable housing within the Local Plan.

5.77   The Government's Starter Homes Initiative aims to allow young first-time buyers aged under 40 to buy a new home at a 20% discount to the Open Market Value, and at no more than £250,000. These cannot be resold/ let at their Open Market Value for 5 years following the initial sale.

5.78   In respect of housing need, Starter Homes appear focused on supporting younger households under 40 into home ownership. Many such households are likely to live in private rented properties, and the analysis herein (in Section 6) shows that the numbers of households renting privately increased notably between 2001-11. We would anticipate that many such households would not fall into 'affordable housing need' as it is currently defined and assessed (as above).

5.79   The core analysis of affordable housing need herein considers needs arising from households who cannot afford 'market housing without subsidy.' The entry-level housing costs are determined in effect by private rents, with the analysis showing that a household with an income of below £19,900 would require some form of subsidy. Those with an income above this level could afford to rent without financial support.

5.80   At the time of writing in December 2015, the Government is undertaking a consultation on proposed changes to national planning policy. This includes proposals to broaden the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their own home – including discounted market sale and rent-to-buy homes. The Housing and Planning Bill, which is currently being considered in Parliament, also proposes a statutory duty on local authorities to promote the delivery of starter homes, and a requirement for a proportion to be delivered on all suitable reasonably-sized housing developments.

5.81   Our analysis indicates that based on a current entry-level house price of £130,000, an 18% deposit and 3.45 loan-to-value ratio (the current national averages based on Council for Mortgage Lenders data), an income of at least £24,700 would be needed to afford a starter home with a 20% discount, compared to an income of £30,900 without this.

5.82   Against this context it is important to consider how these potential policy changes might affect the mix of housing sought in new development schemes. This SHMA considers issues relating to housing needs. We have sought to provide an indicative assessment of need based on assessing incomes of newly-forming households against costs for different housing products.

Table 36:   Indicative Profile of Need from Newly-Forming Households

	Income Threshold	% Newly-forming Households
Home Ownership (without subsidy)	**£30,900**	**27.9%**
Starter Homes	**£24,700**	**10.7%**
Private Rent	**£19,920**	**10.3%**
Affordable Rent	**£15,900**	**10.9%**
Social Rent	**< £15,400**	**40.2%**

5.83   If we take the affordable housing categories within this, the split of affordable housing need shown is as follows:

Table 37:   Indicative Profile of Affordable Housing Need – with Starter Homes

	Indicative % Affordable Need
Starter Homes	17%
Affordable Rent	18%
Social Rent	65%

5.84   It should be borne in mind that Starter Homes are likely to support a higher value per unit than other forms of affordable housing, including affordable rented homes and shared ownership properties. This will impact on the viability of residential development schemes – and means that changes to how affordable housing is defined in the NPPF will influence the percentage of affordable housing which can be secured in new development schemes. The Council should work with its viability consultants to assess these issues in considering affordable housing policies within the Local Plan.

Affordable Housing Need: Implications

- An assessment of affordable housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Thanet.

- Overall, in the period from to 2031 a net deficit of 397 affordable homes per annum is identified. There is thus a requirement for new affordable housing in the District and the Council is justified in seeking to secure additional affordable housing.

- However, the link between the affordable housing need and the overall need for housing (or the objectively assessed need) is complex. Only homeless and concealed households would generate a need for additional housing overall. The next section of the report considers whether adjustments might be necessary to demographic projections to reduce numbers of concealed/ homeless households.

- An analysis has been included considering the need for different types of affordable housing. This concludes that based on the current definition of affordable housing need, 16% of those in need require intermediate housing, and 84% need social/ affordable rented homes.

- However if the definition of affordable housing need is broadened – to provide a greater focus on supporting people into home ownership – then the analysis suggests that indicatively 17% of the need could be met through provision of Starter Homes, 18% through Affordable Rent; and 65% through Social Rented provision. Policies for affordable housing would need to be revisited to take account of a changed definition of affordable housing, including potentially the percentage of affordable housing sought on new development sites, recognising that inclusion of Starter Homes as affordable housing will influence residential development viability and potentially support delivery of a higher percentage of affordable housing.

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6   MARKET SIGNALS

6.1   Planning Practice Guidance sets out that the "market signals" should be considered to assess affordability levels and whether this is deteriorating, and provide information regarding the supply/demand balance for housing. The PPG outlines that:

"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."

6.2   Market signals provide information on the supply/demand balance for market housing. Relevant market signals identified in the PPG include:

- Land Prices;
- House Prices;
- Rents;
- Lower Quartile House Price to Income Ratios;
- Rates of Development; and
- Levels of overcrowded, concealed and shared households.

6.3   GL Hearn considers that sales trends are also an important indicator of effective demand for market housing.

6.4   In this section, GL Hearn analyse market signals as set out in the PPG. The analysis is geared at considering if there is a case for adjustment to overall housing provision to improve affordability. Its focus therefore necessarily differs from how previous SHMA and related studies may have considered these issues.

Land Values

6.5   Data on residential land values was published by the Department for Communities and Local Government in February 2015[9]. The table below highlights that residential land values in Thanet are cheaper than surrounding areas, and indeed are over 55% lower than in Canterbury District. They are 45% below the national average (excluding London).

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[9] CLG (Feb 2015) *Land Value Estimates for Policy Appraisal*

Table 38: Residential Land Values – Typical Residential Site, Value per Hectare

	Land Value per Ha	Difference to Thanet
Ashford	£1,506,000	39%
Canterbury	£2,514,000	132%
Dover	£1,097,000	1%
Shepway	£1,381,000	27%
Thanet	£1,084,000	0%
England (excl. London)	£1,958,000	81%

Source: CLG

6.6 Residential land values are higher than those for industrial uses (nationally £482,000 per hectare) and agricultural land (nationally £21,000 per hectare).

House Prices

6.7 The median price of homes sold in Thanet in 2014 was £173,500. This falls 10% below the national average, 11% below the average house prices in the HMA and a significant 31% below the South East Region. House prices in Thanet are the cheapest of those amongst the local authorities within the East Kent HMA and the wider South East region.

Figure 26: Median House Price, 2014
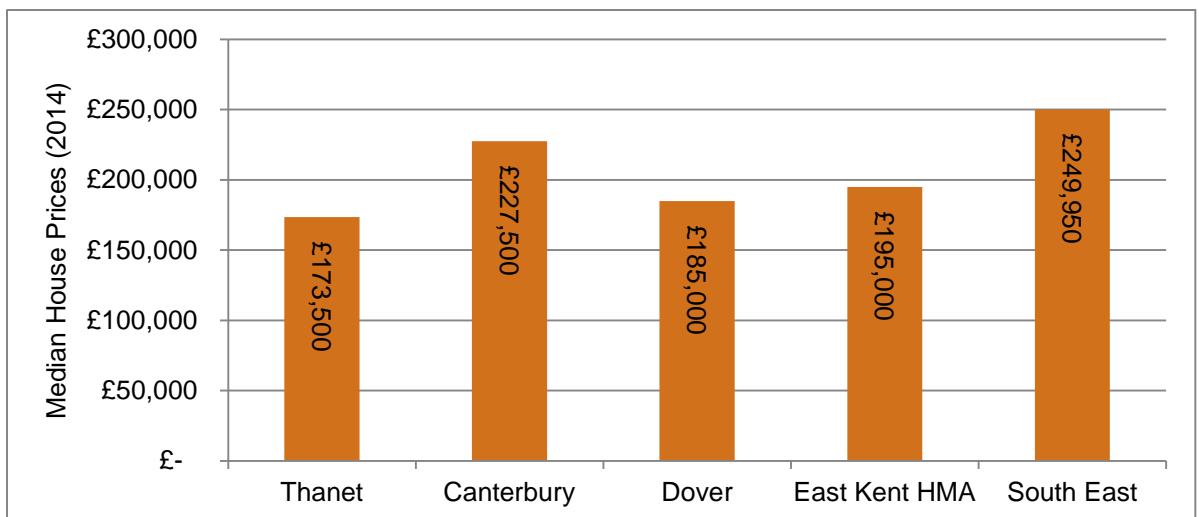
Source: GLH Analysis of HM Land Registry Price Paid Data

6.8 The median house price is influenced by the mix of properties sold, which is influenced in part by the dwelling stock in different areas. Figure 28 compares house prices by type across the HMA. As illustrated, the house prices in Thanet are akin to those in Dover for most types (with the exception of detached properties) and are below those in Canterbury City for all property types. Median house prices across the South East Region are significantly higher than those across the East Kent HMA for all property types.

Figure 27: House Prices by Type, 2014
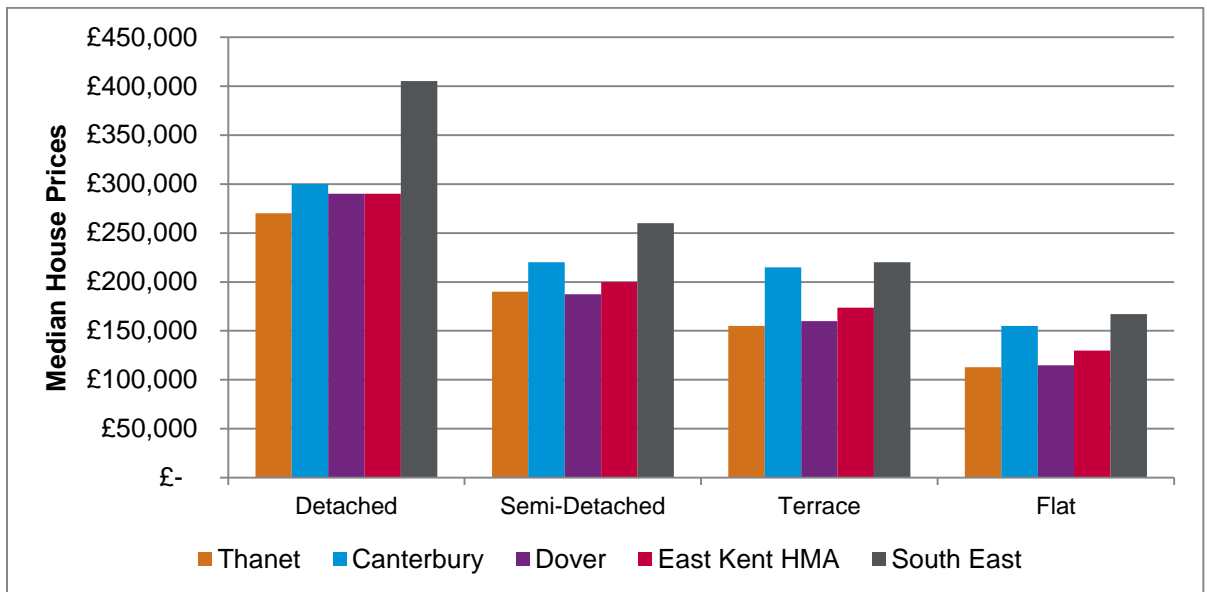
Source: GLH Analysis of HM Land Registry Price Paid Data

6.9   The median average detached home in Thanet in 2014 cost £270,000; semi-detached property £190,000; terraced £155,000 and with the cheapest costs being for flats/ maisonettes £113,000. Figure 28 shows the mix of properties sold. This will includes owner occupier and investment purchases.

6.10   Thanet sees a slightly higher representation of sales of flatted and terraced properties relative to South East. This is influenced by the housing stock mix. The chart highlights how different areas play contrasting roles within the HMA catering for differing segments of demand / the housing market.

Figure 28: Mix of Market Homes Sold, 2014
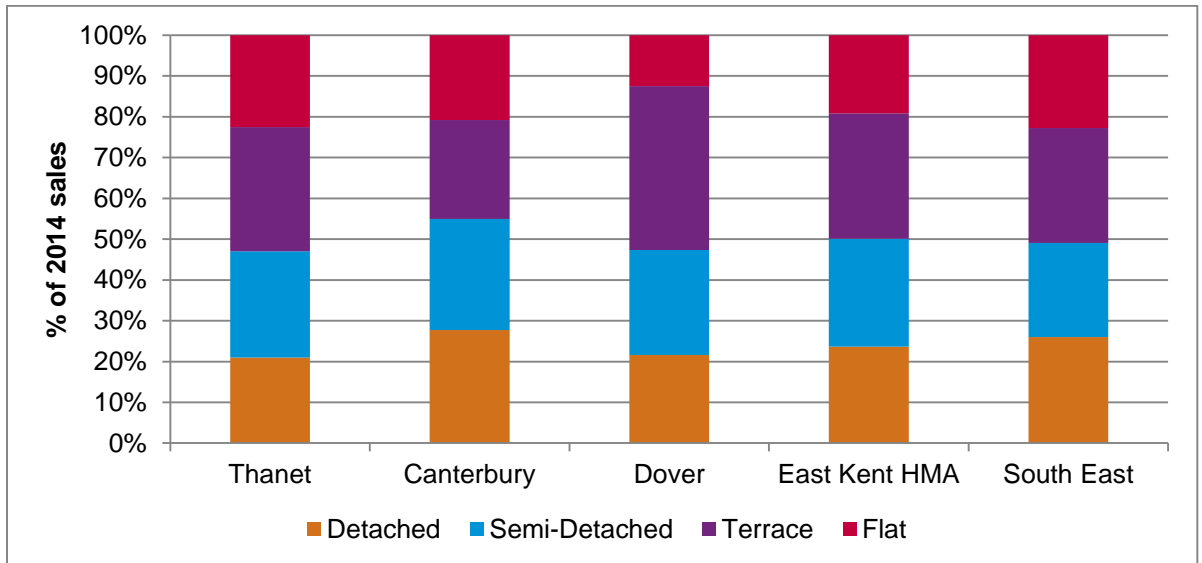
Source: GLH Analysis of HM Land Registry Price Paid Data

6.11   Figure 29 tracks changes in the median house price in Thanet over the last decade. It shows that whilst house prices were increasing prior to the credit crunch, we saw a modest correction in house prices in nominal terms in 2007-9; and have seen relatively stable house prices over the 2008-13 period. If we strip out inflation (using the ONS Consumer Prices Index) the value of housing in 'real' terms in Thanet fell over this period. House prices however rose quite notably in 2014.

Figure 29: Trends in Median House Price in Thanet, 2005-2015
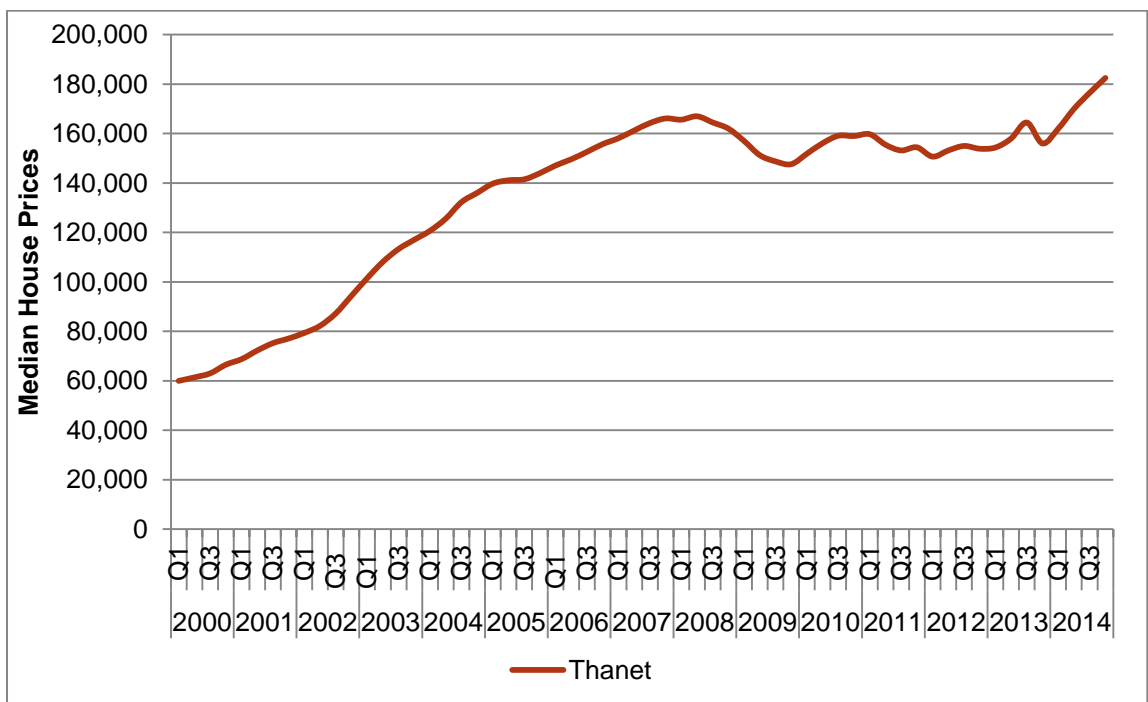
Source: GLH Analysis of CLG Housing Statistics & HM Land Registry Price Paid Data

6.12   Table 40 compares house price growth over the past year, three and five years, and a longer ten year period. To support comparisons, a Compound Annual Growth Rate (CAGR) is used which describes the average annual rate of growth in median prices.

6.13   Looking over the last 10 years, house prices have grown by on average 2.8% per annum in Thanet which is in line with the national trend but below the other authorities in the HMA. The one year increase is above the national average, although growth over the last five years as a whole has been below the national average – and indeed shows below inflation growth, suggesting a decline in prices in real terms.

Table 39:   House Price Growth Rates (% per annum), HMA Authorities

	1 Year	3 Year	5 Year	10 Year
Thanet	13.2%	4.1%	3.5%	2.8%
Canterbury	14.5%	4.6%	6.1%	2.9%
Dover	14.5%	6.3%	4.3%	3.0%
England and Wales	7.2%	3.1%	5.1%	2.8%

Source: GLH Analysis of HM Land Registry Data

6.14   House prices have also grown significantly if you look over a single year and slightly more modestly over the three and five year period, and are now above the 2008 peak. Whilst house prices have grown strongly over the last year, we would caution against use of a single years' data. As the chart below shows, house price growth over the last six years overall has been marginally below inflation.

**Figure 30: Comparing House Price Trends and CPI Inflation, 2008-14**
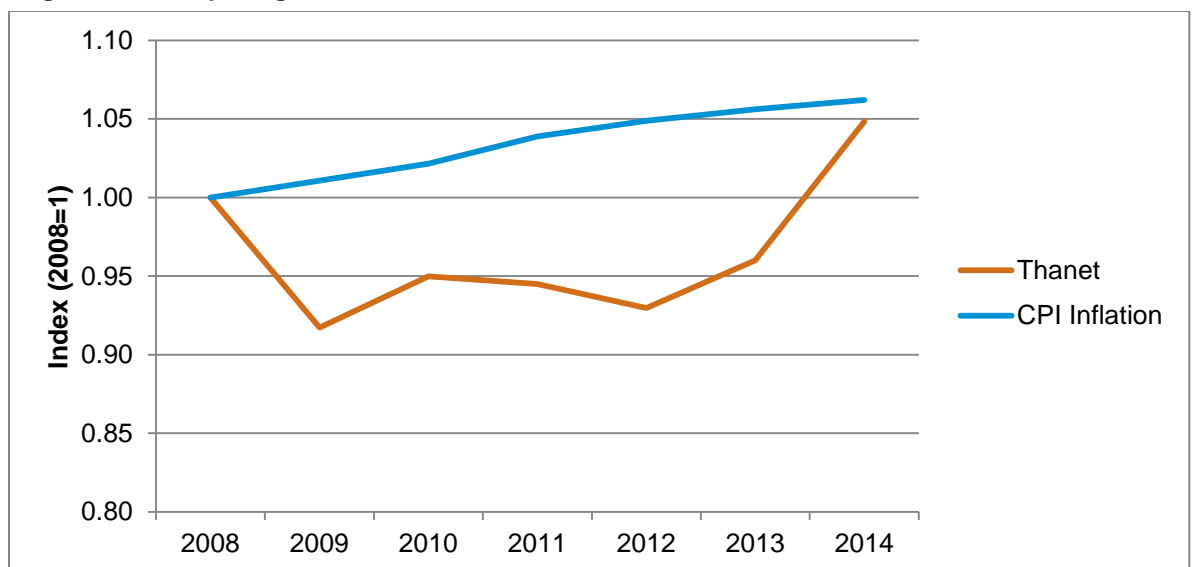
Source: GLH Analysis of HMLR and ONS Data

Rental Trends

6.15   Figure 31 outlines rental costs for different sizes of property in Thanet, based on transactions recorded by the Valuation Office Agency (VOA) over the year to March 2015. Rental costs for most homes vary between £450 (for a 1-bed) to £900 (for a four-bed) per calendar month (PCM). The evidence points to a rental premium for properties with 3 bedrooms compared to the national figure (suggesting stronger rental demand for three-bed properties relative to other sizes in the District).

Figure 31: Rental Costs by Property Size in Thanet, Year to March 2015
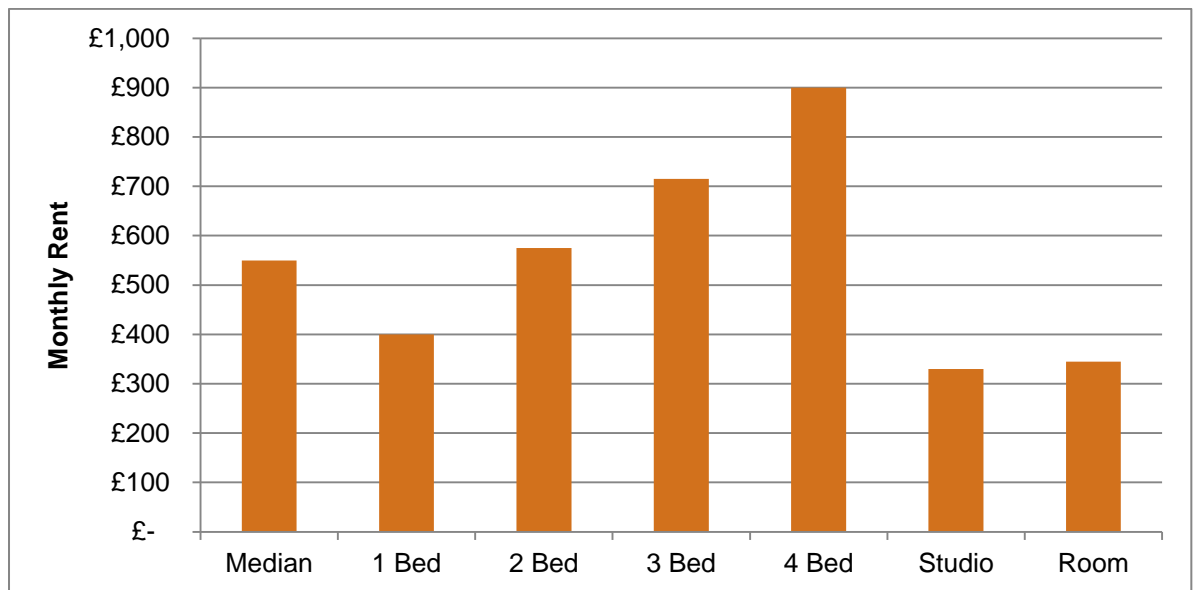
Source: GLH Analysis of VOA Private Rental Market Statistics

6.16   Median rental costs for properties in Thanet are 13% below the HMA average, 8% below the national average and over 27% below the median average rents across the South East Region. For Lower quartile and mean average rents, the difference in comparison to the South East is even more stark.

Figure 32: Median Rental Costs, Year to March 2015
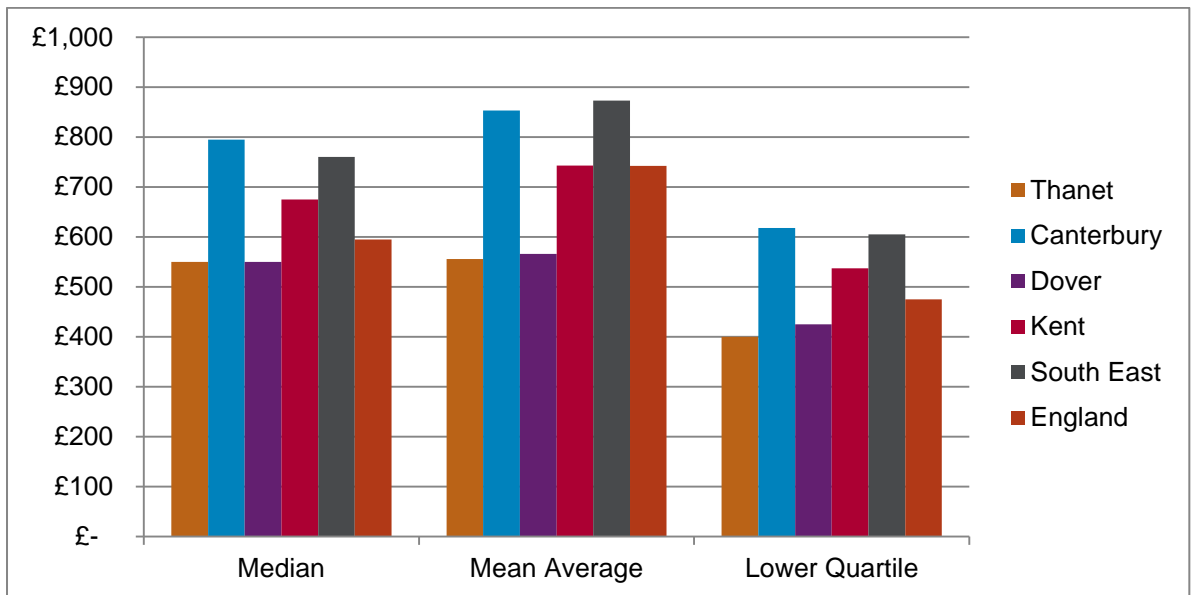
Source: GLH Analysis of VOA Private Rental Market Statistics

6.17   We have sought to analyse rental trends over the period since 2011 (this being the period for which VOA Private Rental Market Statistics are available). Over this three year period average rental costs across the country remained broadly static. However more locally the South East region has experiences a notable growth, with Canterbury and Thanet both outstripping the regional figure. Median rental prices in Thanet grew by £50 per week to £550 over the three year period to 2014. Thanet has seen a moderate real-term increase in rental costs over this three year period.

Figure 33: Trends in Median Rents since 2011
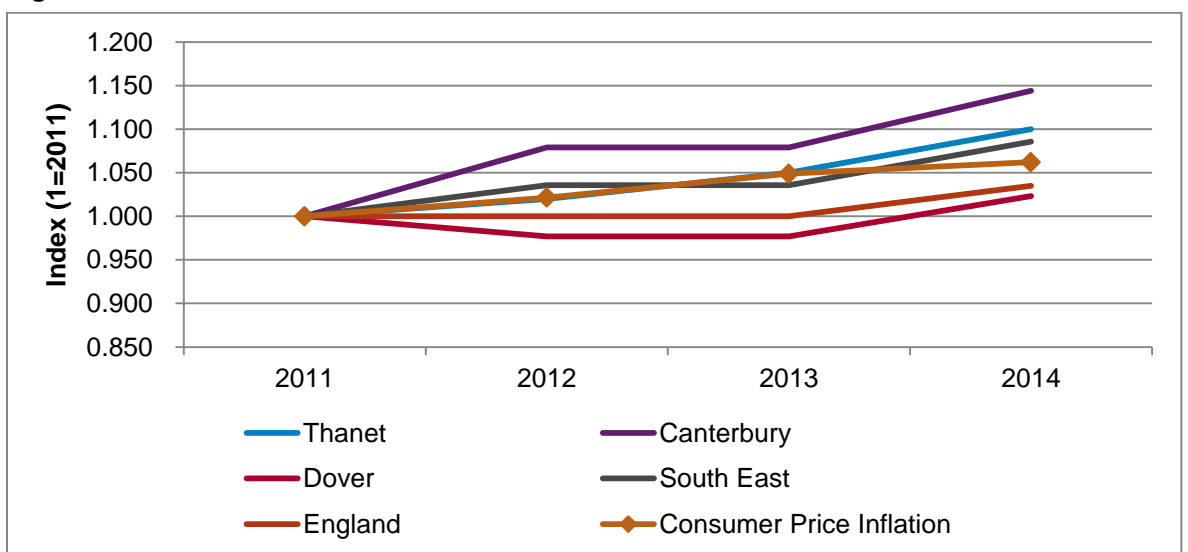
Source: GLH Analysis of VOA Private Rental Market Statistics

Affordability Ratios

6.18   The PPG sets out that the ratio of lower quartile house prices to lower quartile incomes can be used to assess the affordability of housing. The ratio provides in indication of the relative ability of younger households to be able to get on the housing ladder. It should be borne in mind that the ratio is relatively simplistic – as households' actual ability to afford to buy will be influenced by their ability to maintain mortgage repayments, which are also influenced by interest rates; as well as their ability to obtain mortgage finance, including available savings which can be put towards a deposit.

6.19   Figure 34 compares the lower quartile (LQ) house to income ratio in Thanet against others within the HMA and the national average. Thanet has the midpoint LQ house price to income ratio of the three local authorities in the HMA at 7.15. This is above the national average of 6.5 (as is the case across much of the South East) but substantially below Canterbury 9.12. This could result in local movement out of Canterbury as house prices further restrict market entry.

Figure 34: Lower Quartile House Price – Income Ratio, 2013
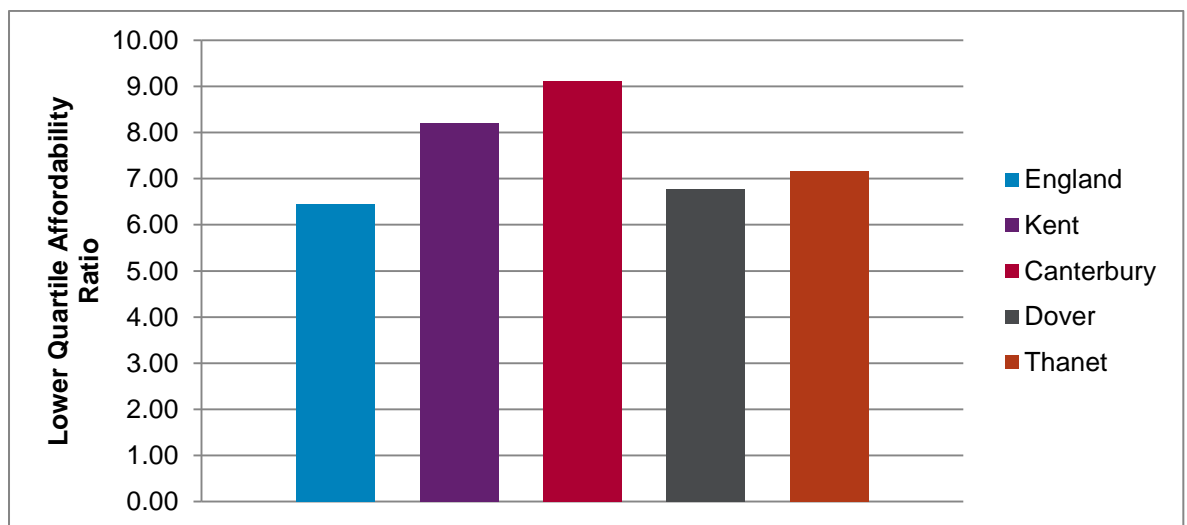
Source: CLG Table 576

6.20   Figure 35 tracks changes in the lower quartile house price to income ratio over the 15 year period from 1997 – 2013. In 1997 the average ratio nationally was 3.6. This climbed to a peak of 7.3 in 2008 but has since fallen to 6.5. In Thanet, the ratio increased notably between 1999-2007 towards the peak of the last housing market cycle, but has declined since from the 2007 peak of 9.7 to 7.2 in 2013. The evidence suggests that affordability has improved quite notably since 2007.

Figure 35: Trends in LQ Affordability Ratio, 1997-2013
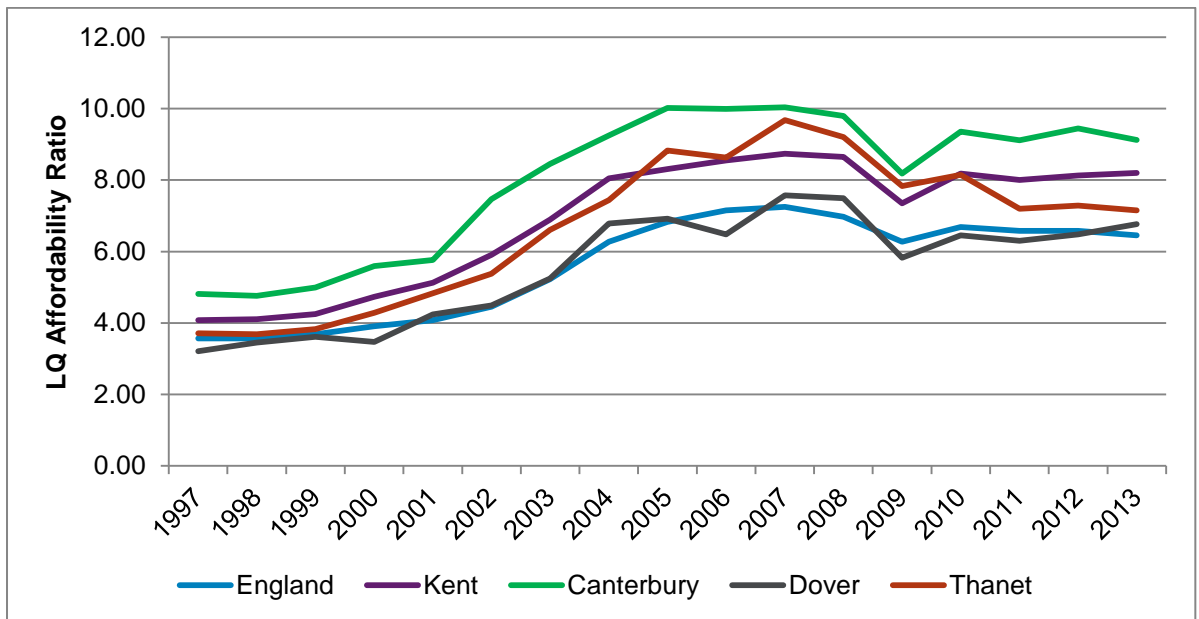
Source: CLG Table 576

Housing Delivery

6.21   We have next sought to consider housing delivery performance. In doing so we need first to examine the degree to which housing targets reflected evidence of "need." Figure 36 benchmarks performance against targets. Housing delivery in the 2006-11 period consistently performed better than the local plan target.

**Figure 36: Net Housing Completions vs. Targets**
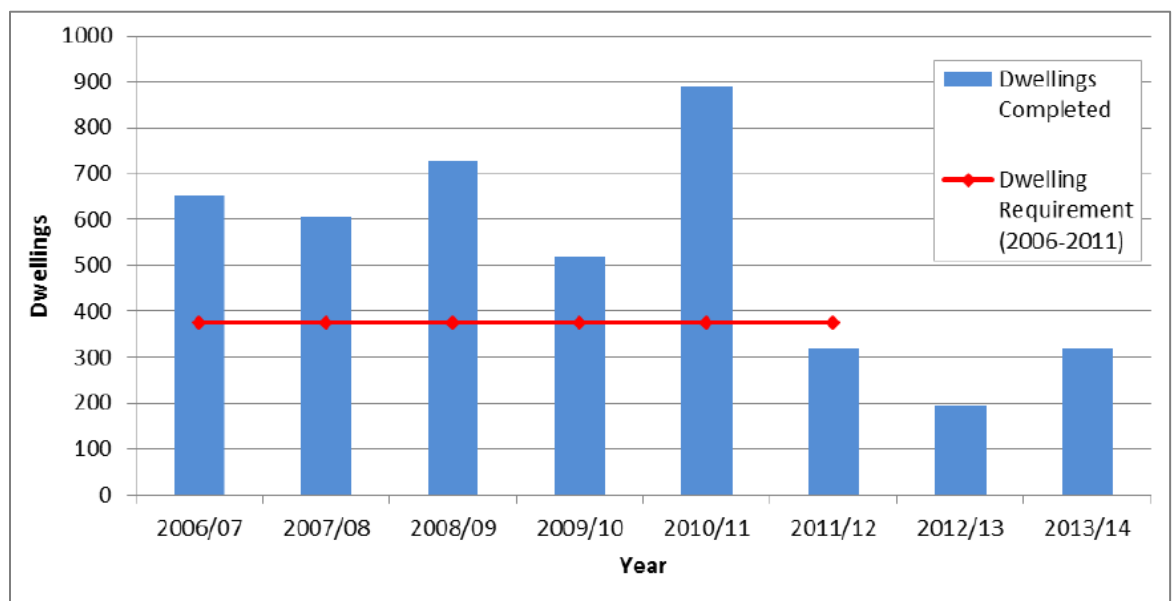
Source: GLH Analysis of Thanet Council Data

6.22   Since the onset of the credit crunch housing delivery, as in many areas, has fallen notably below targets. Over the last three years (2011 – 2014), net completions have averaged just under 300 homes per year. This is likely to be partly a function of housing market conditions; and partly dynamics within the housebuilding industry which reduced capacity and the volume of housing in the development pipeline through the recession.

Concealed and Overcrowded Households

6.23   Using the Census occupancy rating (which over-estimates over-crowded households as against use of the bedroom standard), Thanet has almost 4,800 households who are considered to over-occupy their home. This represents 8.1% of households, which is above the level shown in 2001 of 5.9% (with an absolute increase of around 1,500 households). Although overcrowding in Thanet is high compared to local comparators it sits slightly below the national figure of 8.5%. Part of this could be as a result of structure changes within the population with Black and Minority Ethnic (BME) groups and migrants typically living in larger households or more children living with their parents for longer.

Figure 37: Changes in Over-Occupied Households, 2001-11
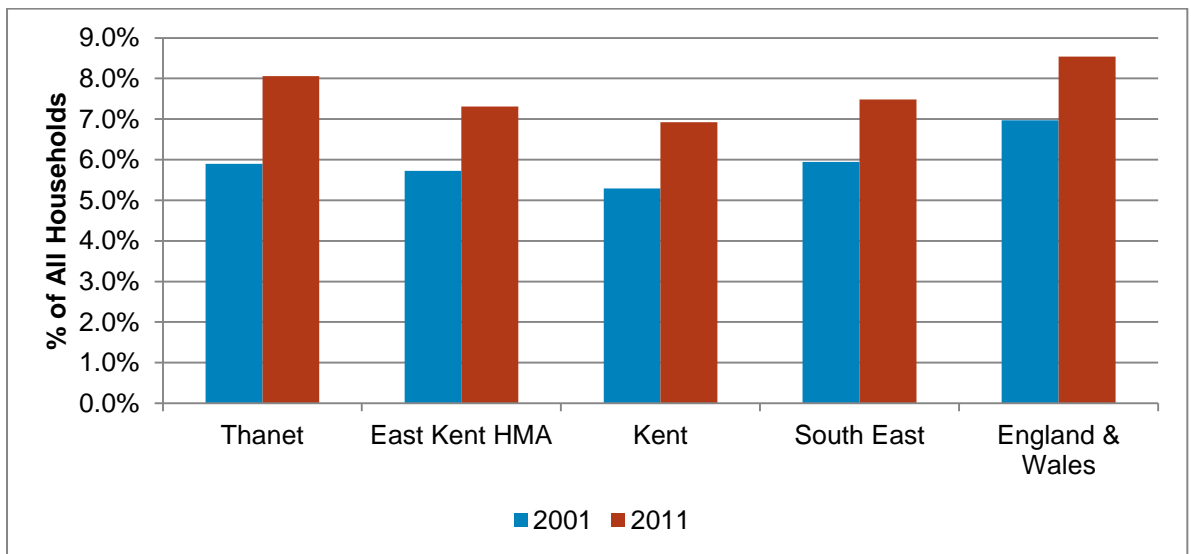
Source: 2001, 2011 Census

6.24   Using the (arguably better) "bedroom standard" measure, there were 2,121 overcrowded households in Thanet recorded by the 2011 Census, representing 3.6% of households in the District.

6.25   We have used information from the 2011 Census to consider levels of concealed households. The Census identified 563 concealed families resident in Thanet. This represented 1.5% of all families, which is equal to the figure across the HMA. It is however below the regional and national average of 1.6% 1.8% concealed families respectively. Figure 38 provides a distribution of concealed

families by age. It indicates that the majority are in their 20s and early 30s. Thanet in particular has a high percentage of concealed households headed by someone aged 24 or under.

Figure 38: Concealed Families in Thanet by Age, 2011
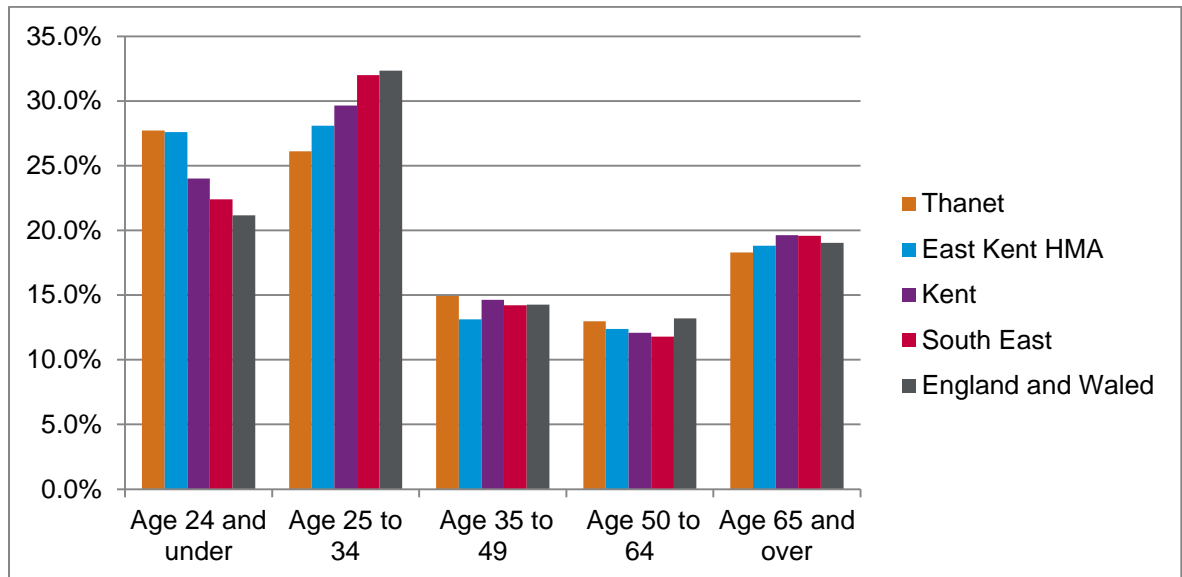
Source: 2011 Census

6.26   Broadstairs Town Council's recent Housing Needs Survey includes a number of households where an adult son or daughter is continuing to live with parents; but where they would like to move out if they could afford to do so, or affordable housing options where available.

Change in Tenure

6.27   As housing delivery and affordability have decreased new banking regulations introduced after the credit crunch has made it more difficult for households to access mortgage products. The result of which has meant the households can no longer form properly (as set out above in relation to over-crowded and concealed households) or have sought alternative tenures away from purchasing.

6.28   As illustrated in Figure 39 in line with national trends Thanet saw a shift away from owning properties with a mortgage towards the Private Rental Sector. Thanet has actually been more impacted by these trends than the wider comparators.

Figure 39: Change in Tenure, 2001 - 2011
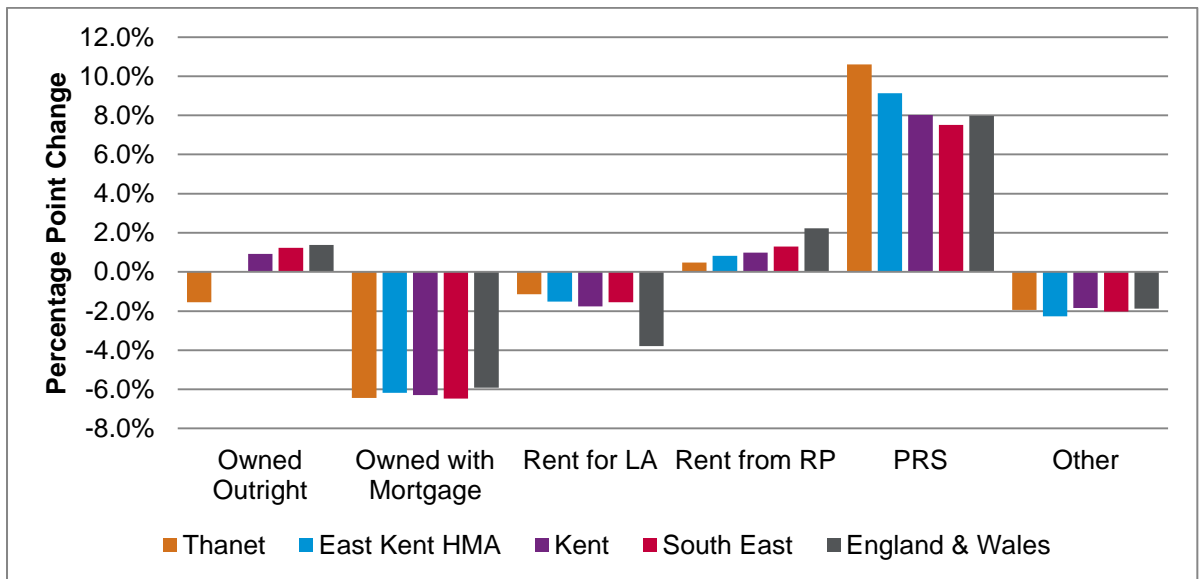
Source: 2001 & 2011 Census

Qualitative Evidence from Estate & Letting Agents

6.29   GL Hearn has contacted a number of local estate and letting agents in Thanet in September 2015[10] to understand housing market dynamics 'on the ground.' This provides a snapshot assessment of housing market conditions at point in time of the assessment. We have sought to use this to provide qualitative evidence based on triangulating findings from discussions with a number of active local agents.

Sales Market

6.30   Agents described strong current housing market conditions, with more buyers registered at the time of the assessment than properties available for sale (across the range of property types) but suggested that despite this, there had been limited recent upward pressure on house prices over the last couple of years.

6.31   They reported a wide cross-section of buyers active within the local market. They suggested that first-time buyer numbers had been growing, a reflection in part of Thanet's relative affordability compared to other parts of the region – with demand from this group focused towards properties at the lower end of the market, including terraced housing.

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[10] Haart Thanet; Belmonte- Broadstairs; Cook&Co- Ramsgate; Belvior Lettings- Margate; Glenn & Co.- Birchington; Gates & Green Ltd; John Oki & Sons- Margate; and Lovetts Services- Birchington.

6.32   Demand is also evident from middle-aged professional households relocating to Thanet from London. A notable level of demand in the sales market also arises from those nearing or of retirement age relocated from London, particularly to release equity from properties (including with the aim of helping their children to get on the housing ladder).

6.33   Agents also pointed to purchases of properties as a second home or investment, suggesting that investment purchases typically are towards the lower end of the market (where the capital outlay is more limited, and yield better).

6.34   All types of properties are selling well, from one and two bed flats to five bed houses. There is a particular supply/demand imbalance for bungalows, with a number of agents confirming that these sell particularly quickly. Properties which are close to the coast, and particularly those with a sea view, are particularly sought-after and command a price premium.

6.35   We have used HM Land Registry data on all sales of market housing in 2014 to benchmark sales values across different parts of Thanet. This shows

- In general terms a premium on prices in Broadstairs relative to other parts of the District. The price premium is particularly significant for flats/maisonettes where sales values were on average 53% above the District average (relative to a premium of 13-16% for other property types).
- Above average house prices in the Westgate-on-Sea and Birchington Areas driven by the mix of sales, but with the evidence suggesting stronger relative prices for terraced properties compared to other parts of the District;
- Similar house prices in Ramsgate and Margate, at levels which are cheaper than in other parts of the District.

Figure 40: Average House Price by Property Type, 2014
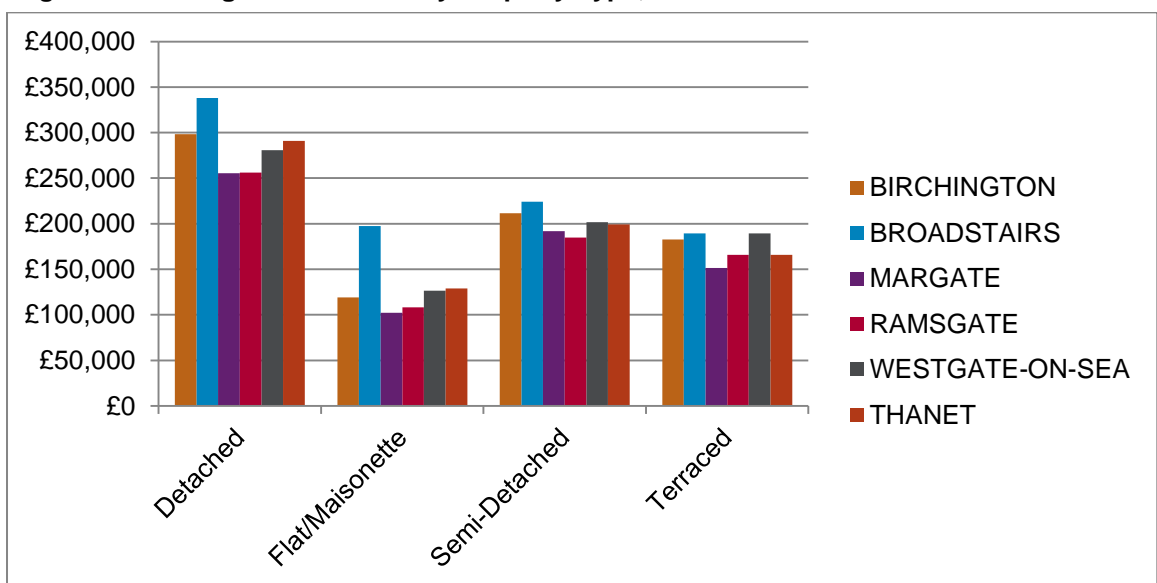
Source: GL Hearn Analysis of HM Land Registry Price Paid Data

6.36   Agents indicated stronger demand for more expensive properties in Broadstairs, in part reflecting demand from middle-aged professional households seeking to relocate from London. One agent suggested that properties sold fastest in Westgate.

6.37   Agents pointed to the potential for sales volumes to grow in the short-term, supported by growing numbers of first-time buyers; and those relocating from London. Regeneration investment in Margate is increasing its profile.

6.38   In respect of investment demand, agents identified that the area attracts investment purchases from investors located both locally and further afield. Broadstairs is popular with some investors, whilst others gravitate to Ramsgate and Westgate as offering lower value properties which can command a higher yield. Margate is increasing in popularity.

Lettings Market

6.39   Agents described the lettings market as very buoyant. There is a seasonality to demand for rental properties in the District, reflecting in particularly tourism-related employment. Agents described this season as the strongest seen over the last few years.

6.40   The profile of tenants is wide ranging, from those on housing benefit to young professional and family households. There is also a market for family holiday rental properties in the District.

6.41   The most popular areas include central areas where there is good access to local amenities, for instance Central Margate; those with a sea view; or close to a rail station.

6.42   Agents suggested that there has been stable rental growth over the last few years. Our analysis of VOA statistics suggests that rents have grown by 10% between 2011-14.

Summary Implications of Market Signals

6.43   There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Housing market conditions have been relatively stable over the past few years but sales market activity has been low. House prices have remained fairly constant during this period albeit with an upturn over the last year. Sales volumes have begun to improve over the last 18 months as confidence starts to return to the market.

6.44   Housing costs in Thanet, for both purchasing and renting, are generally below the wider comparators. Affordability pressures are lower than in some other parts of the region, with a LQ house price to income ratio of 7.1. This is a reflection as much about low incomes and the nature of the District's economy, as house prices. Coupled with constraints on access to mortgage finance,

the cost of housing is however likely to preclude some households from accessing home ownership. The evidence points to above inflation growth in rents over the period since 2011.

6.45   As a part-result there has seen a large shift in the tenure profile across the HMA - with a notable reduction in the number of homeowners with a mortgage or loan and a similarly significant growth in the Private Rented Sector. We have also seen increased levels of people living in shared and overcrowded households.

Market Signals: Key Findings

- Residential land values are 45% below the national average (excluding London) and lower than in surrounding areas.

- House prices in the District are 10% below the national average, 11% below the HMA average; and some of the cheapest in the South East region.

- House prices increased notably over the decade to 2008, but the market has since shifted. Prices fell in real terms (taking account of inflation) between 2008-13. They did however rise quite notably in 2014. Affordability has improved over this period.

- Median rents are 13% below the HMA average; and 27% below the South East average.

- However there are some signs of affordability pressures in the District, with levels of concealed families and overcrowded households increasing over the 2001-11 period. The demographic evidence also points to a fall in the ability of younger households to form.

6.46   Overall the analysis of market signals points towards some affordability pressures although these are less than the wider South East region. It would therefore be appropriate to consider a modest upward adjustment to the demographic assessment of housing need to improve affordability over time, in line with the approach outlined in the Practice Guidance.

6.47   The PPG sets out that:

"In areas where an upward adjustment [to the assessment of housing need] is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be."

6.48   The Guidance does not however set out how such an adjustment should be quantified. It simply sets out that it should be 'reasonable.'

6.49   To consider this issue further we have sought to use the demographic analysis to assess the degree to which household formation levels have been constrained for younger age groups, and what scale of adjustment to housing provision would be necessary for these to improve.

6.50   The projections so far developed have used data from the 2012-based CLG household projections.

6.51   National research undertaken for the RTPI by the Neil McDonald and Peter Williams at Cambridge University indicates a particular effect of the decline in affordability between 2001 and 2011 and the economic recession has been young adults living within a parental home for longer or living in shared accommodation rather than separate accommodation. The impact of this, their research shows, has been most significant for the 25-34 age group.

6.52   A detailed interrogation of demographic dynamics in Thanet indicates that in demographic terms, the deterioration in affordability of market housing and the economic recession over the 2001-11 decade is likely to have influenced – at least in part – a decline in household formation rates in younger people, particularly amongst those aged between 25 and 34. Figure 41 shows household formation rates for this age group falling between 2001-11.

6.53   An improvement in affordability can be expect to be manifest in a recovery in household formation rates for this age group. The 2012-based Household Projections expect household formation rates to increase, from a position where 49% of households in this age group are a head of a household in 2011 to 51% at the end of the projection period. The base projections thus already "build in" some improvement in affordability.

6.54   To quantify this, we have sought to compare the projections based on the household formation rates in the 2012-based Household Projections with a scenario where household formation rates for those aged under 45 are held constant.

Table 40:   Comparison of 2012-based Rates with Constant Headship Under 45 – Housing Need in Thanet, 2011-31

	Constant Headship	2012-based Headship Rates	% Adjustment from Improvements to Household Formation
SNPP	737	749	1.6%
SNPP with London Adjustment	764	777	1.7%

6.55   The base projections for Thanet thus already 'build in' some improvement in affordability, and increase in household formation amongst younger households.

6.56   Furthermore, it is notable that household formation rates amongst those in the 25-34 age group in Thanet are notably higher than seen across a range of other areas in the South East region (and

nationally). The demographic evidence thus points to limited market constraints on household formation.

6.57   A modest additional improvement in household formation might be expected, and would be a proportionate response to the market signals. We have modelled a scenario where household formation rates of the 25-34 age group return back to 2001 levels, the previous peak, by 2025 (from 2015). In other words, this assumes that headship rates will improve between 2015 and 2025 and then track the 'trends' suggested in the 2012-based CLG household projections thereafter.

6.58   This sensitivity in effect seeks to consider a scenario in which affordability and access to housing for younger households improves, and quantifies what level of housing provision might be associated with this, all other factors being equal. If achieved, the effect would be to reduce the proportions of shared households and persons within this age group living with parents. We term this sensitivity analysis the 'affordability adjustment.'

Figure 41: Projected Household Formation Rates for those aged 25-34 – Thanet
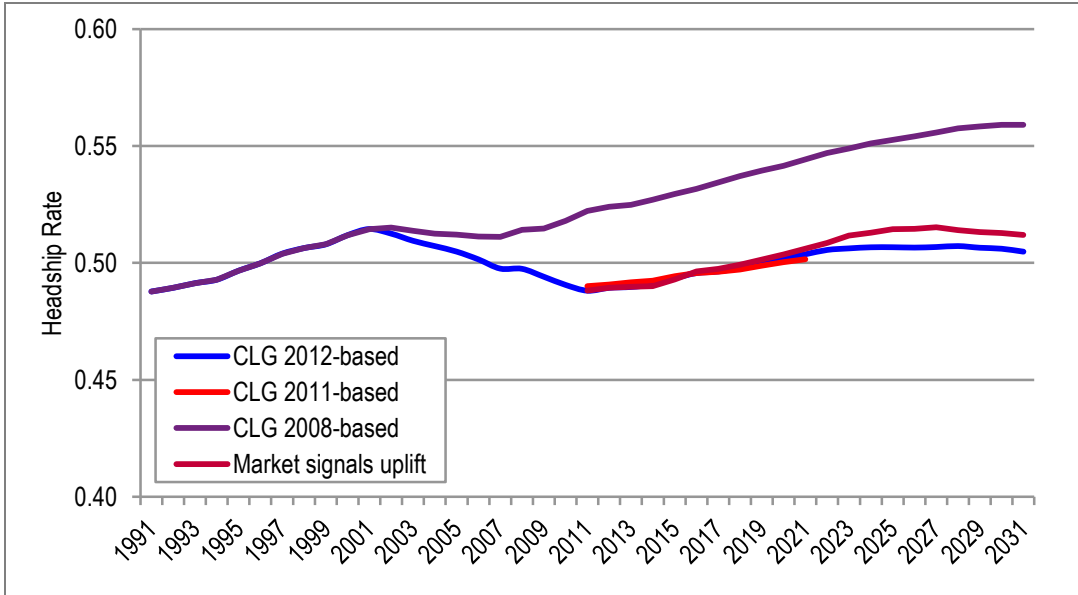
Source: Derived from CLG data

6.59   The sensitivity analysis indicates that, all other things being equal, an uplift of around 6 homes per annum across the District would support an improvement in affordability and household formation rates amongst younger households.

Table 41: **Projected household growth 2011-31 – 2012-based SNPP (as adjusted by 2013/14 mid-year population estimates) and 2012-based headship rates – with market signals uplift**

	SNPP	SNPP with London Adjustment
Households 2011	59,603	59,603
Households 2031	73,816	74,337
Change in house-holds	14,213	14,734
Per annum	711	737
Dwellings (per annum)	755	783
From demographic model	749	777
Potential uplift	6	6
% uplift	1%	1%

6.60   This adjustment increases the need in the SNPP Scenario to 749 homes per annum. Running a similar analysis on the projection with a London adjustment, results in need for 783 dwellings per annum.

6.61   The improvements to household formation amongst younger households represent a 2.4 – 2.5% increase in overall housing need relative to a constant headship scenario for those under 45 within the projection modelling.

6.62   In reality, other factors such as real growth in disposable income (allowing people to save), the availability of and access to mortgage finance, interest rates and economic confidence will all influence trends in household formation. There is a complex set of factors at play, and it is difficult to predict how these factors might interact in the future and the impact on household formation rates (in the absence of any supply-side constraints). Furthermore part of the changes in household formation rates for this age group may have been due to international migration.

6.63   The approach modelled however is considered to represent a proportionate response, which plans positively for household formation to increase, and levels of younger households who are forced to share or live with parents fall. Levels of concealed households should thus reduce.

7 NEED FOR DIFFERENT TYPES OF HOMES

7.1 This section of the report moves on to consider the need for different sizes and types of homes. It considers the need for different sizes of both market and affordable homes, for different types of homes.

7.2 As much of the housing stock in the District in 2031 is that which already exists, the analysis starts out by considering the existing mix of properties. New-build housing will add to this.

Housing Stock and Tenure Profile

7.3 A detailed profile of mix of homes in different tenures in Thanet can be gleaned from the 2011 Census. The majority of households in the District are owner occupiers; however Thanet has a lower percentage of households that are owner occupiers (62.4%) than the wider comparators (Kent 68.2% and South East 68.7%). Owner occupation is also below the HMA average.

7.4 The District has a sizeable Private Rented Sector, accommodating 23.8% of households. The Private Rented Sector is larger than seen across the HMA, or wider benchmarks, as Figure 42 shows. The proportion of households living in the Social Rented Sector (in properties managed either by the Council or Registered Providers) at 12.7% is, in contrast, slightly below that seen across the HMA or wider benchmarks.

Figure 42: Detailed Tenure Composition (2011)
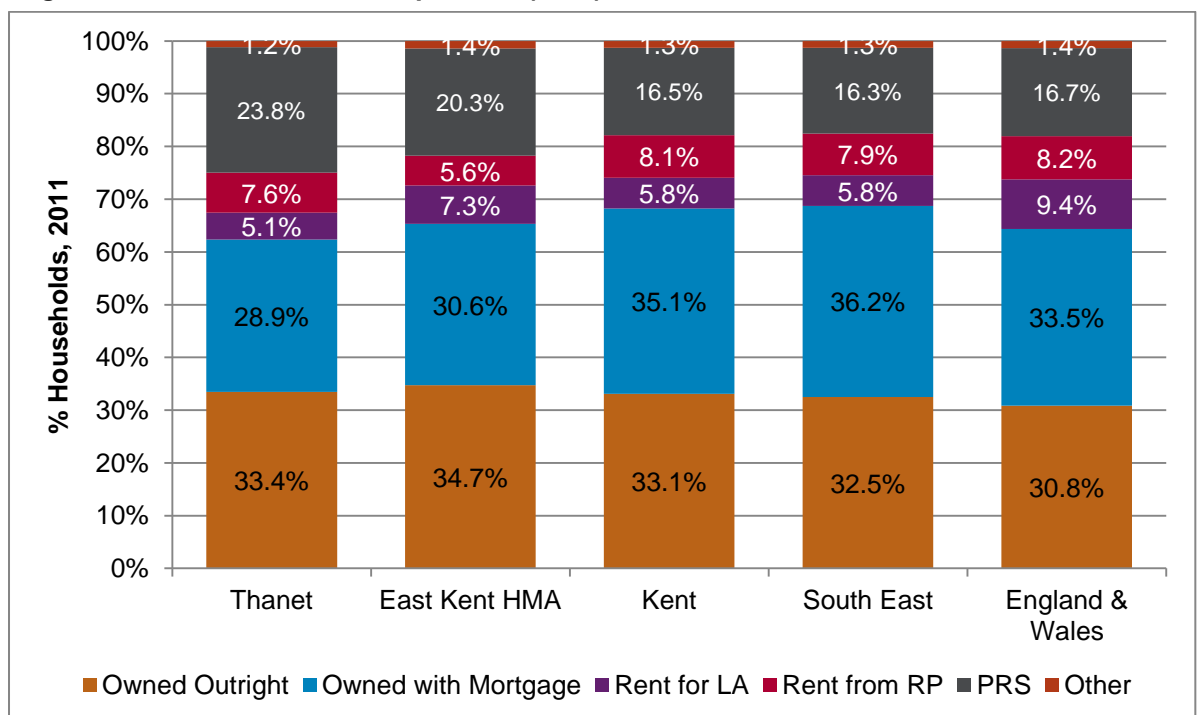
Source: Census 2011

7.5   At a sub- area level the highest levels of owner occupation can be found in the Thanet Villages (76.7%) followed by Broadstairs (75.7%). The lowest levels of owner occupation are in Margate where less than half of the properties are owner occupied. Margate has the highest percentage of households who are privately renting.

Figure 43: Detailed Tenure Composition – Sub Area (2011)
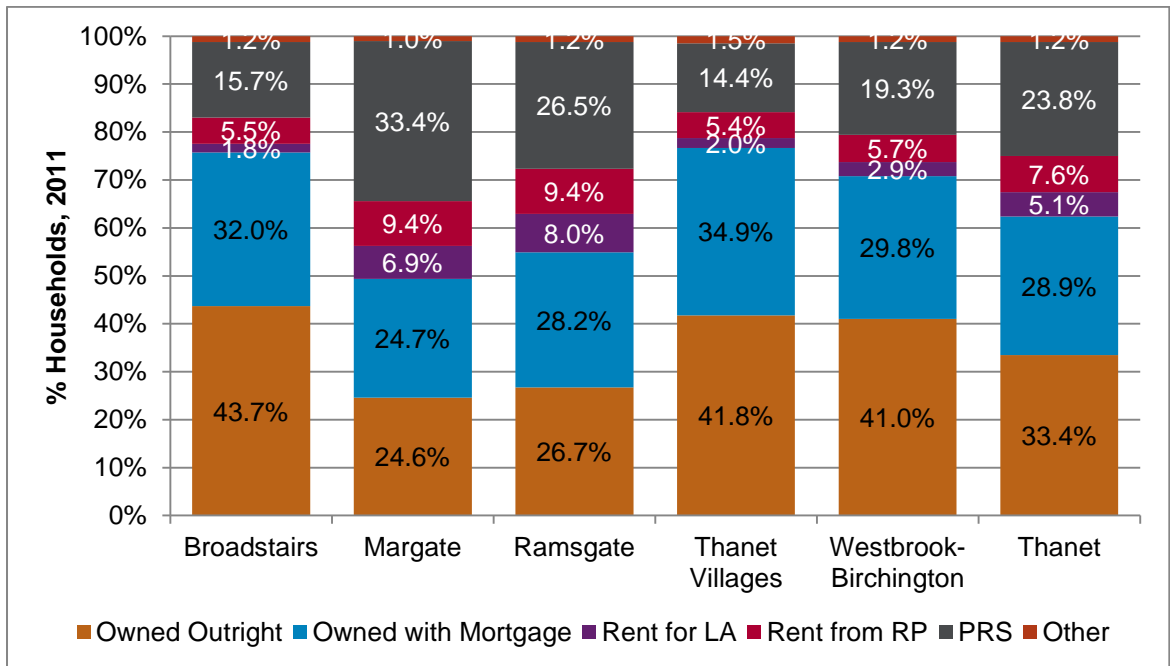
Source: Census 2011

7.6   Thanet has a significantly above average proportion of flatted homes; and a lower proportion of detached properties, relative to wider comparators. 26.6% of properties in Thanet are flatted, compared to 17.5% across Kent ad 20.2% across the South East. Thanet also has a low percentage of detached properties (19.6%), particularly compared to the South East (28.0%).

7.7   There is some correlation between the low earnings/ skills profile, as identified earlier in this section, and smaller property types; and higher rented housing provision.

Figure 44: Profile of Stock by Type (2011)
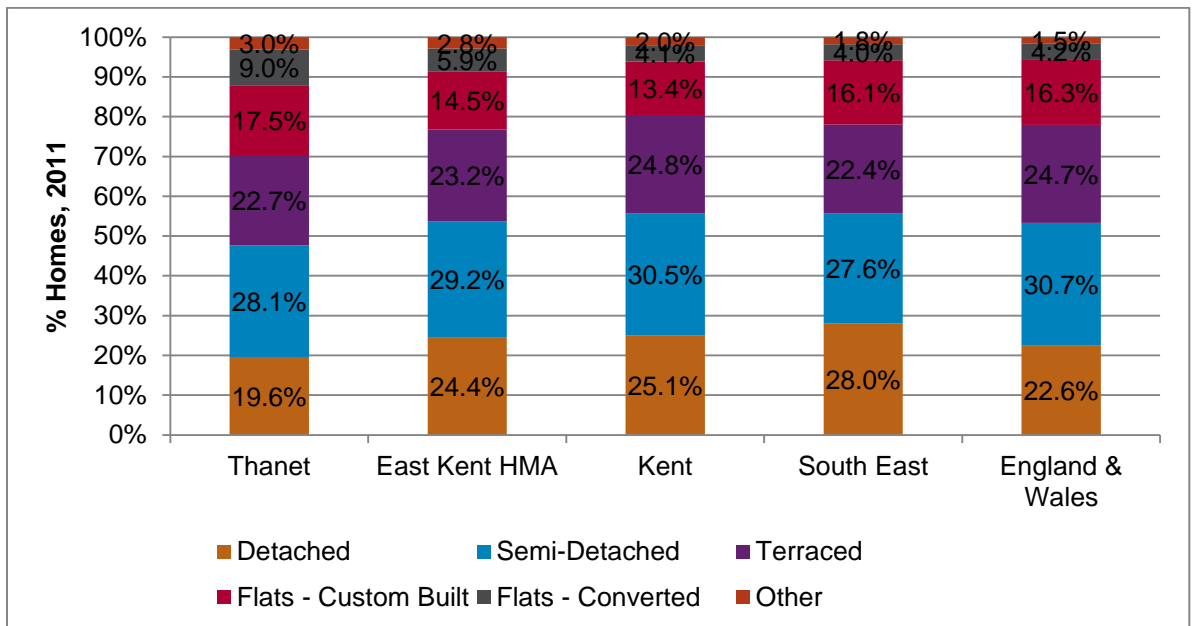
Source: Census 2011

7.8   The high percentage of flats in the District is driven in particular by a higher percentage of flats in Margate where over a third of the stock is flats - a particularly high percentage of which are conversions. Both Broadstairs and the Thanet Villages have a level of detached housing stock which is above the national average.

Figure 45: Profile of Stock by Type (2011)
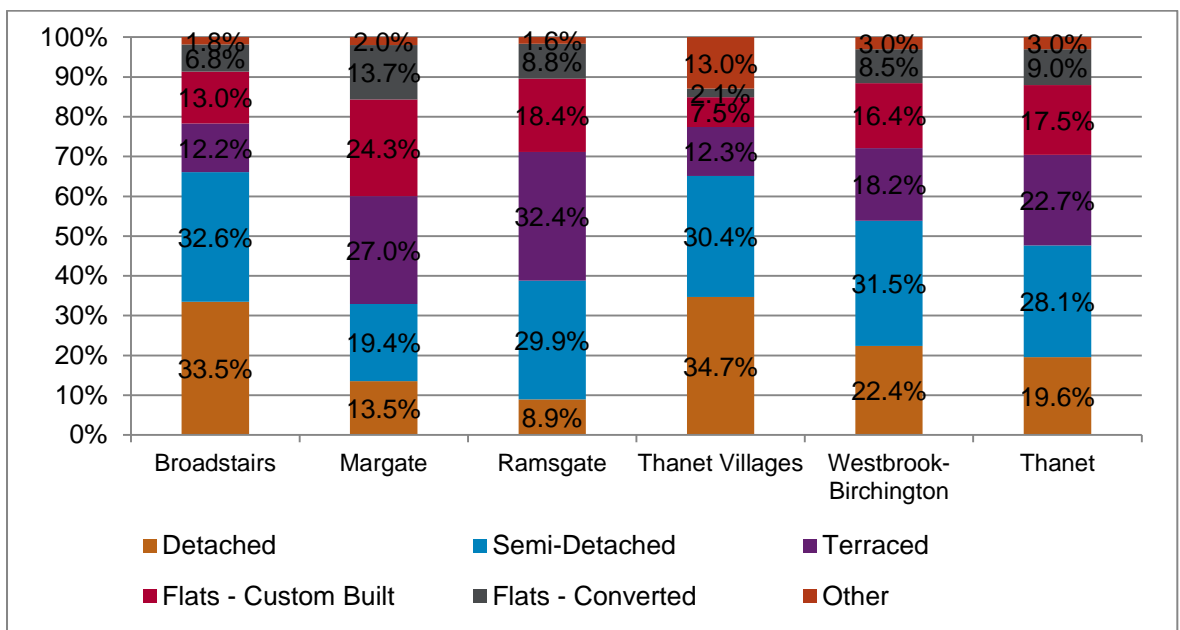
Source: Census 2011

7.9 The relatively low percentage of larger detached and semi-detached stock is reflected in the low percentage of properties with 4 or more bedrooms. Conversely the District has a higher percentage of smaller 1 and 2 bedroom homes, which combined account for almost half the stock (48.8%).

Figure 46: House Size – Number of Bedrooms (2011)

	Thanet	East Kent HMA	Kent	South East	England & Wales
No Bedrooms	0.2%	0.2%	0.2%	0.2%	0.2%
1 Bedroom	14.2%	11.8%	10.9%	11.6%	11.5%
2 Bedrooms	34.6%	32.2%	27.9%	26.2%	27.6%
3 Bedrooms	34.8%	37.2%	40.2%	38.9%	41.6%
4 Bedrooms	11.6%	13.6%	15.4%	17.0%	14.4%
+5 Bedrooms	4.6%	4.9%	5.5%	6.0%	4.6%
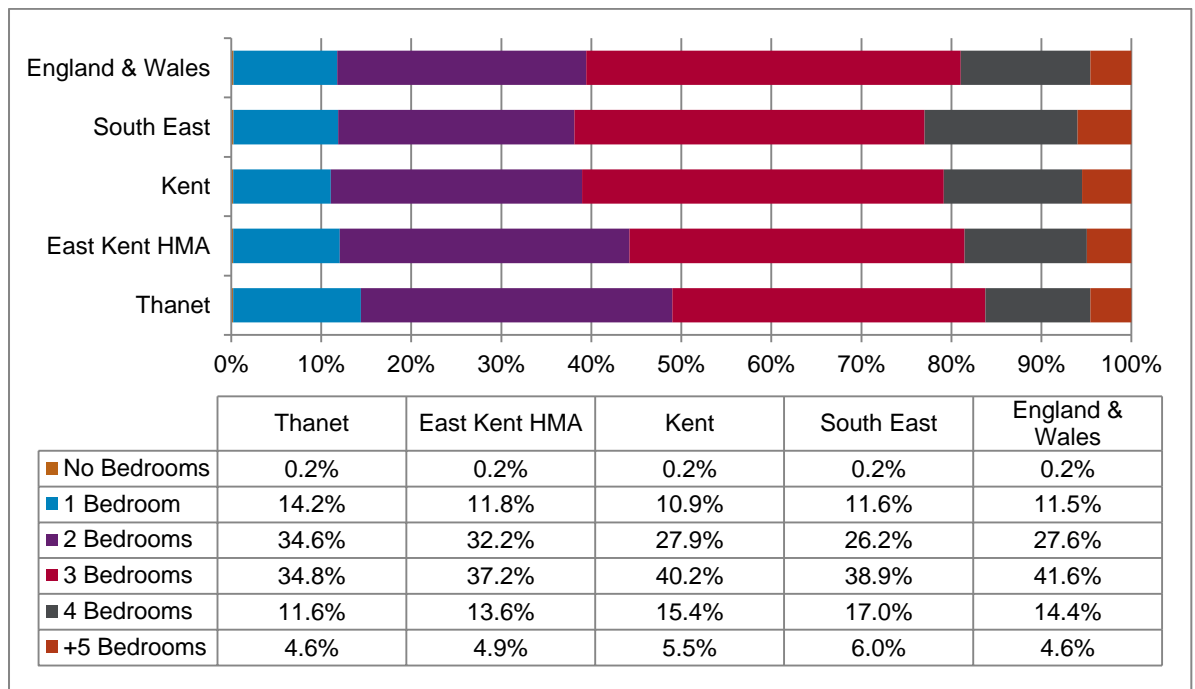
Source: Census 2011

7.10 Within the District, the highest percentage of homes with four or more bedrooms can be found in Thanet Villages and Broadstairs. In both Ramsgate and Margate over 50% of the stock is of one and two bedroom properties.

Figure 47: House Size – Number of Bedrooms (2011)

	Broadstairs	Margate	Ramsgate	Thanet Villages	Westbrook-Birchington	Thanet
No Bedrooms	0.1%	0.3%	0.3%	0.1%	0.2%	0.2%
1 Bedroom	9.2%	18.9%	15.8%	7.0%	13.4%	14.2%
2 Bedrooms	30.0%	38.0%	35.5%	32.3%	34.1%	34.6%
3 Bedrooms	37.4%	28.7%	36.6%	39.3%	35.5%	34.8%
4 Bedrooms	16.9%	9.9%	8.2%	15.7%	12.1%	11.6%
+5 Bedrooms	6.3%	4.1%	3.5%	5.5%	4.6%	4.6%
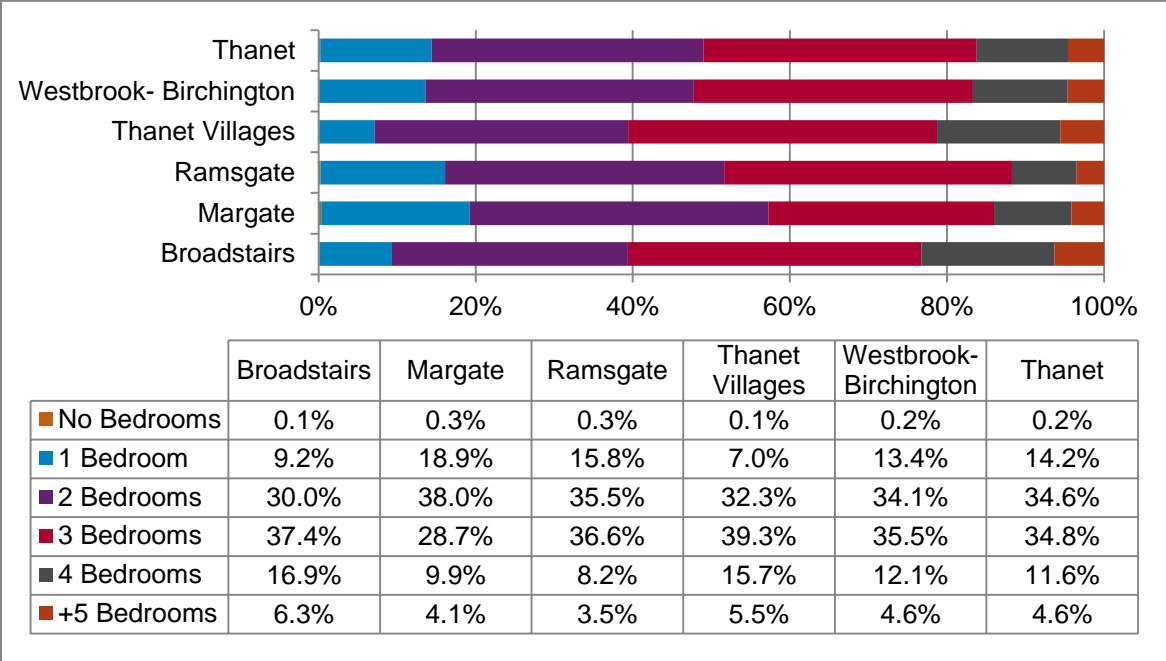
Source: Census 2011

Future Need for different Sizes of Homes

7.11   There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

7.12   The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in District over the plan period.

7.13   For analysis purposes, the analysis assumes population and household growth in line with our demographic projection linked to the 2012-based Household Projections. It should be noted that this projection will not necessarily be translated into policy, but has been used to indicate the likely need for different sizes of homes moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar.

Modelling Methodology

7.14   The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

Figure 48: Stages in the Housing Market Model

Establish how households of different ages occupy homes (by tenure)

Project how the profile of households of different ages will change in future

Draw together housing needs, viability and funding issues to consider affordable housing delivery

Model future requirements for market and affordable housing by size and compare to existing profile of homes

Output recommendations for housing requirements by tenure and size of housing

Understanding how Households Occupy Homes

7.15   Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. For market housing, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

7.16   The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.

7.17   This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria), where there is a closer relationship between household and dwelling size, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

7.18   The modelling approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

7.19   The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the age of 40-50. In the affordable sector this peak appears earlier. After this peak the average dwelling size decreases – as some typically some households downsize as they get older.

7.20   It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with generally the opposite trend being seen in the affordable sector).

Figure 49: Average Bedrooms by Age, Sex and Tenure – Thanet
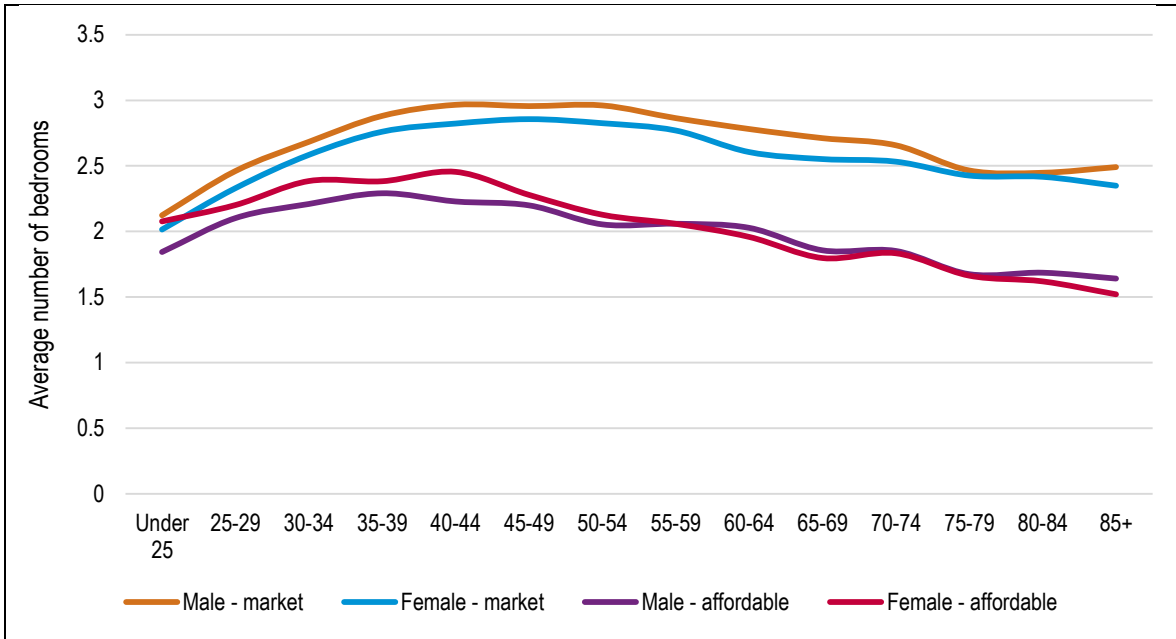
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Modelling Assumptions

7.21   The modelling takes a baseline position from 2011 Census data. Table 43 shows how the profile of households in Thanet by size and tenure.

Table 42:   Estimated Profile of Dwellings in 2013 by Size – Thanet

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	5,848	11.3%	2,783	35.9%	8,631	14.5%
2 bedrooms	17,767	34.3%	2,855	36.9%	20,622	34.6%
3 bedrooms	18,842	36.3%	1,878	24.3%	20,720	34.8%
4+ bedrooms	9,403	18.1%	227	2.9%	9,630	16.2%
Total	51,860	100.0%	7,743	100.0%	59,603	100.0%
% in tenure	87.0%		13.0%		100.0%	

Source: Derived from 2011 Census

7.22   The modelling has been used to estimate the future need for different sizes of property over the 20-year period from 2011 to 2031. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes.

7.23   The way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors. For modelling purposes, the analysis assumes that 25% of net completions are of affordable housing. This is not a policy target. Policy targets for affordable housing on new development schemes in some cases are above this; but not all sites deliver policy-compliant affordable housing provision, whist some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. An assumption on the broad split of completions between market and affordable housing has been made for modelling purposes only.

7.24   Projected changes in households resident in different tenures are converted into figures for dwellings through inclusion of an allowance for vacant/second homes, in the same way as has been done with the main demographic projections.

Sizes of Homes Needed

Modelling Results: Market Housing

7.25   There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2011 to 2031.

7.26   On the basis of the modelling assumptions, an increase in 10,576 additional households is modelled. The majority of these need two- and three-bed homes. The data suggests that housing

need can be expected to reinforce around the existing profile, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households.

Table 43: Estimated Size of Dwellings Needed 2011 to 2031 – Market Housing – Thanet

Size	2011	2031	Additional households 2011-2031	% of additional households
1 bedroom	5,848	7,027	1,179	11.1%
2 bedrooms	17,767	22,315	4,548	43.1%
3 bedrooms	18,842	22,568	3,726	35.2%
4+ bedrooms	9,403	10,525	1,122	10.6%
Total	51,860	62,435	10,576	100.0%

Source: Housing Market Model

7.27   The table below sets out the above information at a sub-area level (just the overall % of additional households by size of dwelling). The analysis shows that all areas see a similar pattern of need, with a particular focus on two- and three-bedroom homes. The main difference to be observed is a slightly higher need for two-bedroom homes in Thanet Villages and fewer four-bedroom properties. Overall, however, the differences between areas are not considered to be particularly significant.

Table 44: Estimated Size of Dwellings Needed 2011 to 2031 – Market Housing – local authority outputs

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Broadstairs	7.4%	43.3%	38.3%	10.9%
Margate	14.3%	41.2%	31.1%	13.4%
Ramsgate	11.0%	41.4%	37.5%	10.2%
Thanet Villages	5.9%	54.1%	36.5%	3.5%
Westbrook-Birchington	10.9%	45.8%	34.8%	8.5%
TOTAL	11.1%	43.1%	35.2%	10.6%

Source: Housing Market Model

Modelling Results: Affordable Housing

7.28   The table and figure below show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends. The data suggests in the period between 2011 and 2031 that just over three-quarters of the need is for homes with one- or two-bedrooms across the District with just under a quarter of the need being for larger homes with three or more bedrooms.

Table 45: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing – Thanet

Size	2011	2031	Additional households 2011-2031	% of additional households
1 bedroom	2,783	4,316	1,533	43.5%
2 bedrooms	2,855	4,078	1,223	34.7%
3 bedrooms	1,878	2,568	690	19.5%
4+ bedrooms	227	306	79	2.2%
Total	**7,743**	**11,268**	**3,525**	**100.0%**

Source: Housing Market Model

7.29   As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

7.30   The table below sets out the above information at a sub-area level. The analysis shows that all areas see a similar pattern of need, with a particular focus on one- and two-bedroom homes. The main difference to be observed is a slightly higher need for three-bedroom homes in Westbrook-Birchington and fewer one-bedroom properties in Margate. Overall, however, the differences between areas are not considered to be particularly significant.

Table 46: Estimated Size of Dwellings Needed 2011 to 2031 – Affordable Housing – local authority outputs

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Broadstairs	50.2%	24.0%	22.9%	2.8%
Margate	40.1%	42.7%	14.8%	2.4%
Ramsgate	43.6%	33.8%	20.4%	2.1%
Thanet Villages	50.2%	28.8%	19.4%	1.6%
Westbrook-Birchington	40.5%	32.3%	25.3%	1.9%
TOTAL	**43.5%**	**34.7%**	**19.5%**	**2.2%**

Source: Housing Market Model

Indicative Targets for Different Sizes of Homes

7.31   The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. A vacancy allowance has been factored in when moving from household figures to estimates of housing need/demand (the same figures have been used as in the demographic modelling).

Table 47:   Estimated dwelling requirement by number of bedrooms (2011 to 2031) – Thanet

Number of bedrooms	Market			Affordable		
	House-holds	Dwellings	% of dwellings	House-holds	Dwellings	% of dwellings
1 bedroom	1,179	1,252	11.1%	1,533	1,630	43.5%
2 bedrooms	4,548	4,839	43.1%	1,223	1,300	34.7%
3 bedrooms	3,726	3,957	35.2%	690	732	19.5%
4+ bedrooms	1,122	1,191	10.6%	79	84	2.2%
Total	10,576	11,240	100.0%	3,525	3,747	100.0%

Source: Housing Market Model

Figure 50: Size of housing required 2011 to 2031 – Thanet
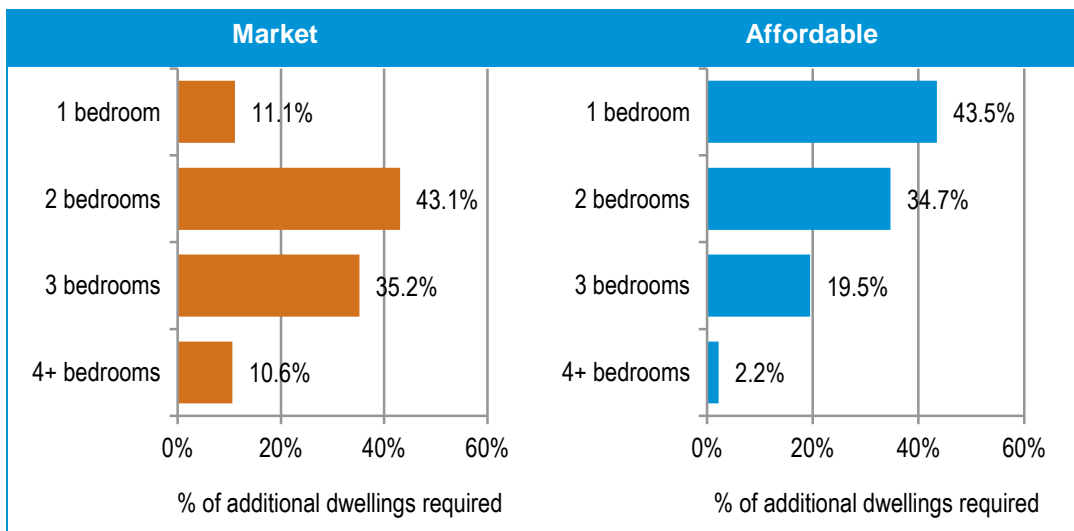
Source: Housing Market Model

7.32   Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision.

7.33   For affordable housing there is a close relationship between household and dwelling size. However 1-bed properties provide limited flexibility for households whose circumstances change, and can be less popular than other dwelling types on this basis. Whilst the social sector size criteria may limited under-occupancy for working-age households seeking social/ affordable rented housing, two-bed intermediate housing can be more popular.

7.34   In drawing conclusions, we have also taken into account the higher priority needs of some households requiring larger accommodation; and the potential to release other affordable homes through delivery of larger properties by enabling transfers.

7.35   For these reasons in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) , the proportion of one bedroom homes required is reduced slightly from the modelled outputs; with a commensurate increase in four or more bedroom homes.

7.36   At a District level, the analysis would support policies for the mix of <u>affordable housing</u> of:

- 1-bed properties: 35-40%
- 2-bed properties: 30-35%
- 3-bed properties: 20-25%
- 4-bed properties: 5-10%

7.37   It is not considered that the differences in the outputs at a sub-area level are significant enough such that a separate profile would be needed in different locations.

7.38   The need for affordable housing of different sizes will vary by area (at a more localised level) area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

7.39   In the market sector a profile of housing that closely matches the outputs of the modelling is suggested. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. On the basis of these factors it is considered that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. The following mix of <u>market housing</u> is recommended:

- 1-bed properties: 10-15%
- 2-bed properties: 40-45%
- 3-bed properties: 30-35%
- 4-bed properties: 10-15%

7.40   Again, it is not considered that differences between the sub-areas are such that a different profile could be suggested in different locations.

Need for different Types of Homes

7.41   As well as looking at the sizes of homes required in each of the market and affordable sectors, the modelling has been used to consider the likely need for different types of homes (by built form). A two stage process has been used:

- Firstly, to establish the likely split between flatted accommodation and houses/bungalows. This split can readily be ascertained from the modelling as there is a clear link between the

size of homes needed and the built form at this level (i.e. the vast majority of one-bedroom homes would be expected to be flats along with some proportion of two-bedroom accommodation)

- Secondly, once the need for houses/bungalows is established, the analysis considers the profile of dwellings in each area and the extent to which there appear to be gaps in the offer (or alternatively large proportions of particular types). This part of the analysis is to some extent driven by judgement and also takes account of the role of different areas in terms of the housing offer that might be expected (e.g. that households seeking accommodation in rural areas are more likely to be seeking detached homes).

7.42   The table below shows the initial outputs of the modelling in terms of the split between flats and houses. For the whole District the analysis suggest a need for around a quarter of market homes to be flatted and the remaining three-quarters houses/bungalows.

7.43   In the affordable sector the analysis suggests much higher needs for flatted homes – this is consistent with the finding that the size requirement in this sector is more heavily concentrated on smaller homes.

Table 48:   Initial Assessment of Need for Flats/ Houses

	Flats	Houses
Market	24.3%	75.7%
Affordable	51.1%	48.9%

Source: Housing Market Model

7.44   On the basis of the analysis and the conclusions regarding size mix (as set out above), we would expect the following profile of housing provision by type.

Table 49:   Recommended Mix of Affordable and Market Housing by Type

	Flats	Houses
Market	20-25%	75-80%
Affordable	45-50%	50-55%

7.45   To consider the need for different types of houses the analysis moves on to look at the profile of accommodation currently available in each of the market and affordable sectors by type. The analysis draws on Census data and can be split into four main built-forms, these are:

- Detached houses/bungalows

- Semi-detached houses/bungalows

- Terraced houses/bungalows

- Flat, maisonette, apartment

7.46   Unfortunately the Census source does not allow for a separate category of bungalows to be analysed. However, it should be noted that the stakeholder consultation has identified a potential

demand for this type of accommodation, but caveats this with the potential difficulties in provision (due to land requirements).

7.47   The table below shows the proportion of market housing in each of the three different types of houses – this data is contrast with similar information for Kent, the South East region and England. The data shows that Thanet overall has a similar proportion of each dwelling type when compared with other areas (slightly fewer detached homes when compared with the South East).

Table 50:   Dwelling profile of market housing – 2011 (excluding flats)

	Detached	Semi-detached	Terraced
Thanet	30.0%	39.6%	30.4%
Kent	34.0%	37.2%	28.8%
South East	39.0%	34.2%	26.7%
England	31.9%	38.6%	29.5%

Source: 2011 Census

7.48   In using this data to move towards, suggestions about a reasonable level of provision in each of the different accommodation type categories, the analysis looks at the difference between the current housing offer and the county/regional position – this recognises that whilst the national data is useful, it will to some extent be influenced by major urban areas (most notably London) where the profile of housing would be expected to be more biased towards terraced and semi-detached homes.

7.49   The table below therefore brings together a suggested profile of market housing by dwelling type. The suggested proportion of flatted accommodation is also included within the figures. Across the District the analysis suggests a need for around 25-30% of homes to be detached, 25-30% semi-detached, 20-25% terraced and 20-25% flats.

Table 51:   Suggested mix of market housing by dwelling type (built form)

	Detached	Semi-detached	Terraced	Flat
Thanet	25-30%	25-30%	20-25%	20-25%

7.50   As with other analysis, these outputs should be treated as indicative and the actual types of dwelling provided will to some extent depend on the characteristics of individual housing sites. However, taking account of how demographic change is likely to impact on housing need and also reflecting the current profile of the housing offer, it is considered that the above profile of additional stock in the market sector would meet needs and provide a balanced housing offer in each area and across the District.

7.51   A similar analysis has been carried out in the affordable sector – the table below showing the current profile of dwelling types compared with the county, regional and national position (excluding flats). This analysis again shows a broadly similar profile to that seen in other areas.

Table 52:   Dwelling profile of affordable housing – 2011 (excluding flats)

	Detached	Semi-detached	Terraced
Thanet	5.3%	49.6%	45.1%
Kent	4.4%	49.2%	46.4%
South East	4.9%	48.7%	46.4%
England	6.0%	50.0%	44.0%

Source: 2011 Census

7.52   Again this information has been brought together with the estimates of the need for flatted accommodation to suggest a profile of affordable homes needed by built-form. This is shown in the table below and as with other analysis should be treated as indicative.

Table 53:   Suggested mix of affordable housing by dwelling type (built form)

	Detached	Semi-detached	Terraced	Flat
Thanet	0-5%	25-30%	20-25%	45-50%

Implications – Need for Different Sizes of Homes

• There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	10-15%	40-45%	30-35%	10-15%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15-20%	40%	30%	10-15%

• The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

• The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through by each local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.

- Conclusions have also been drawn on the mix of homes of different types. A balanced profile of house types should be delivered, taking account of the strategic recommendations at District-wide level set out in the table below; together with the existing character and housing mix at a neighbourhood level. New development schemes should seek to contribute to a balanced mix of housing provision within each sub-area.

	Detached	Semi-detached	Terraced	Flat
Market	25-30%	25-30%	20-25%	20-25%
Affordable	0-5%	25-30%	20-25%	45-50%

8 HOUSING NEEDS OF SPECIFIC GROUPS WITHIN THE COMMUNITY

8.1 This section of the report drills down to consider the housing needs of different groups within the community, including older persons, Black and Minority Ethnic (BME) households, those with disabilities, as well as families and younger people.

Older Persons

8.2 Planning Policy Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next few years is expected to be the growth in the population of older persons. Indeed as population projections show, the number of older people is expected to increase significantly over the next few years.

8.3 In planning for a growing older population, it is important to recognise:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;
- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing, requiring higher levels of support. However many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- The importance of providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

8.4 In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information) to consider the housing needs of older people.

8.5 The table below provides baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards. Thanet has a higher proportion of older persons. In 2014 it is estimated that 23% of the population of Thanet was aged 65 or over.

Table 54: Older Person Population (2014)

		Under 65	65-74	75-84	85+	Total	Total 65+
Thanet	Popn	107,081	16,957	9,840	4,532	138,410	31,329
	% of popn	77.4%	12.3%	7.1%	3.3%	100.0%	22.6%
Kent	% of popn	80.5%	10.7%	6.2%	2.6%	100.0%	19.5%
South East	% of popn	81.4%	9.9%	6.0%	2.6%	100.0%	18.6%
England	% of popn	82.4%	9.5%	5.7%	2.3%	100.0%	17.6%

Source: ONS 2014 Mid-Year Population Estimates

8.6 Based on the 2012-based Sub-National Population Projections (rebased to take account of 2014 Mid-Year Population Estimates), the District (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 54% over the 20-years from 2011. This compares with overall population growth of 19% and an increase in the Under 65 population of just 9%.

8.7 The projected growth in the population aged 65 and over is lower than that projected for the County, region and England as a whole although to some degree this will reflect the current age profile of the population - which already has a relatively high proportion of older persons.

Table 55: Projected Change in Population of Older Persons (2011 to 2031)

	Under 65	65-74	75-84	85+	Total	Total 65+
Thanet	9.1%	46.6%	60.3%	61.5%	18.5%	53.5%
Kent	7.7%	46.3%	65.5%	109.4%	17.4%	61.6%
South East	5.8%	47.2%	62.3%	106.6%	15.3%	61.0%
England	5.7%	42.2%	56.2%	101.4%	13.8%	55.0%

Source: derived from ONS data and demographic projections

8.8 A growing population, particularly in the oldest age groups (influenced particularly by improved life expectancy) can be expected to result in an increase in people with dementia and mobility problems. We have modelled the indicate growth in these issues using data from POPPI (the Projecting Older People Information System) which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.

8.9 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

8.10   The modelling indicates that there is projected to be a large rise in the number of people with dementia (up 60%) along with a 55% increase in the number with mobility problems in Thanet over the 2011-31 period.

Table 56:   Estimated Population Change for range of Health Issues (2011 to 2031)

Type of illness/disability	2011	2031	Change	% increase
Dementia	2,193	3,499	1,306	59.5%
Mobility problems	5,552	8,597	3,045	54.8%

Source: Data from POPPI and demographic projections

8.11   The table below shows the proportion of people with a long-term health problem or disability (LTHPD) in 2011 and the proportion of households where at least one person has a LTHPD. The data suggests that across the study area some 31% of households contain someone with a LTHPD. This figure is some way higher than seen across Kent, the South East or England. The figures for the population with a LTHPD again show a higher proportion than in other areas (an estimated 23% of the population of the District have a LTHPD).

Table 57:   Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Thanet	18,520	31.1%	31,348	23.4%
Kent	154,753	25.6%	257,038	17.6%
South East	839,086	23.6%	1,356,204	15.7%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

8.12   It is likely that the age profile of the area will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 84% of people aged 85 and over have a LTHPD. For all age groups, it is notable that Thanet has a higher prevalence of LTHPD than seen in any of the comparator areas. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

Figure 51: Population with Long-Term Health Problem or Disability in each Age Band
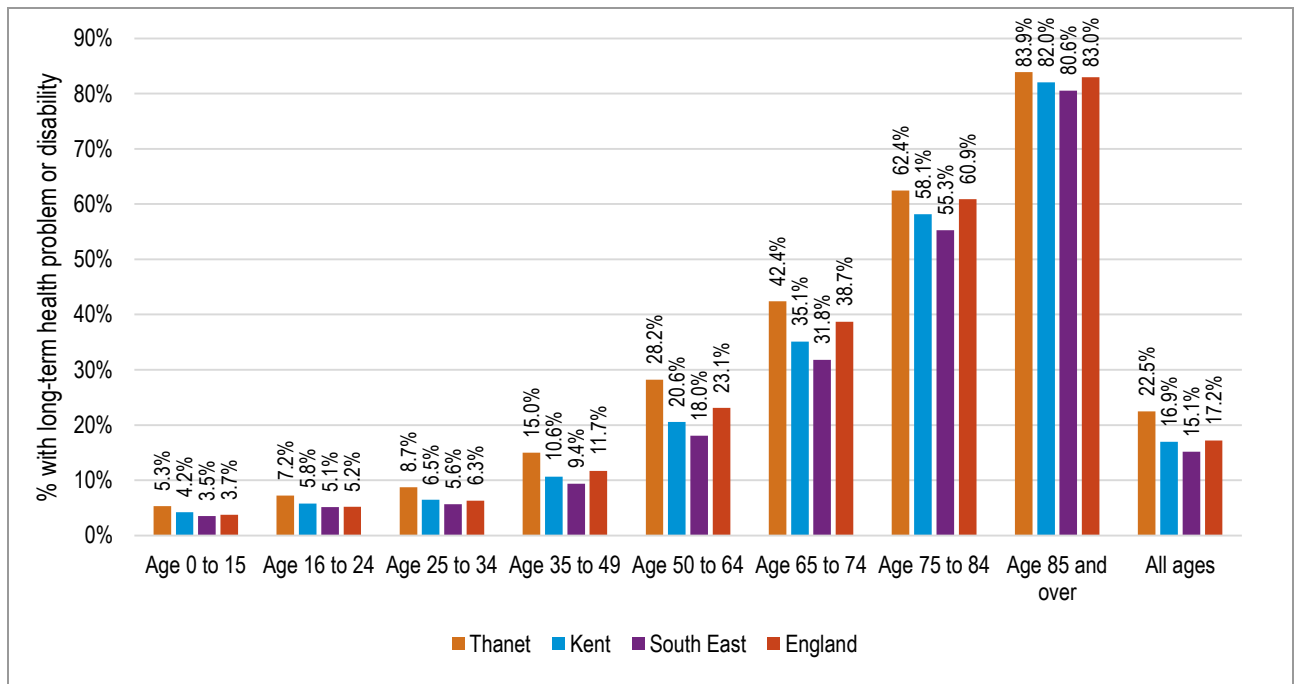
Source: 2011 Census

8.13   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the core demographic projection (linked to the 2012-based SNPP updated for 2013 and 2014 mid-year population estimates) it is estimated that the number of people with a LTHPD will increase by around 10,000 (a 32% increase).

8.14   Across the District, virtually all of this increase (88%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 40% of the total increase in the population projected by the demographic modelling.

Table 58:   Estimated change in population with LTHPD (2011-31)

Area	Population with LTHPD		Change (2011-31)	% change from 2011
	2011	2031		
Thanet	**30,801**	**40,784**	9,983	**32.4%**

Source: Derived from demographic modelling and Census (2011)

8.15   The increase in persons with a long-term health problem/ disability, coupled with the analysis suggesting a 55% increase (equivalent to over 3,000 persons) in those with mobility problems, provides clear evidence of a need for homes which can accommodate older households changing circumstances *in situ*. The Council should consider on this basis whether it should require a proportion (such as 10%) of new homes to be wheelchair-accessible or whether new housing should be built new National Housing Standards.

8.16   Broadstairs Town Council's recent Housing Needs Survey shows a level of need from older households requiring support, including from households who have difficulty in climbing stairs or getting in/out of the shower; and others who require sheltered housing.

8.17   Kent County Council's *Accommodation Strategy for Adult Social Care* identifies a current need from 260 applicants across Kent who require wheelchair-accessible homes. In Thanet its current case load includes 289 persons with a physical disability who require support; of which 20 require supported accommodation. With a growing older population, the numbers of households requiring support will clearly grow. A clear need for additional wheelchair-accessible housing is identified.

Indicative Need for Specialist Housing

8.18   Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

8.19   The table below shows the current supply of specialist housing for older people. At present it is estimated that there are just under 1,700 units. This is equivalent to 118 units per 1,000 people aged 75 and over. The analysis shows a slightly higher proportion of the stock is in the market than the affordable sector (58% vs. 42%).

Table 59:   Current Supply of Specialist Housing for Older People

Type of housing	Market	Affordable	Total	Supply per 1,000 aged 75+
Sheltered	972	622	1,594	113
Extra-Care	0	80	80	6
Total	972	702	1,674	118

Source: Housing LIN

8.20   A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

8.21   Table 61 below shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for 1,459

units – 73 per annum. This is around 10% of the total need identified in the demographic modelling (linked to the 2012-based SNPP updated for 2013 and 2014 mid-year population estimates).

Table 60:   Projected need for Specialist Housing for Older People (2011-31)

	Population aged 75+ (2011)	Population aged 75+ (2031)	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)
Thanet	14,144	22,724	8,580	1,459

Source: Derived from demographic projections and Housing LIN

Types and Tenures of Specialist Housing

8.22   The figure below shows the tenure of older person households – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (69%) and are also slightly more likely than other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (8% compared with 24% of all households in the District).

8.23   There are however notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

8.24   Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.

Figure 52: Tenure of Older Person Households – Thanet
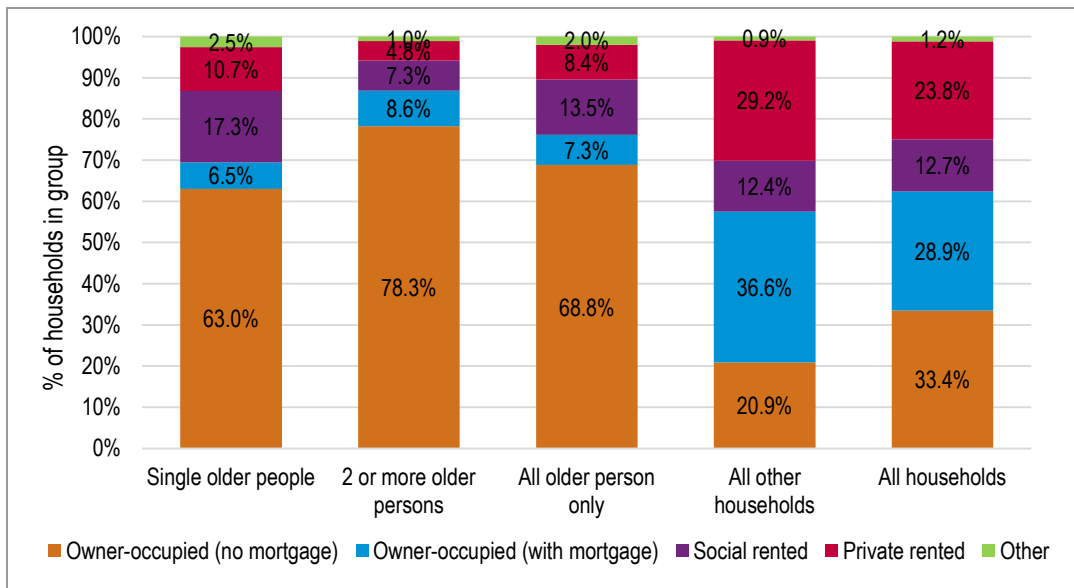
Source: 2011 Census

8.25 The analysis therefore shows that the current profile of older person households is significantly biased towards outright ownership, with the current supply also having a relatively high proportion of market homes (a reverse situation to that seen across Kent). Moving forward **we would suggest that additional specialist housing should be split roughly 60:40 between the market and affordable sectors**. This reflects the likely 'market' for specialist housing products as well as the current tenure profile of older person households (including the likely increase in the number of single person older households where levels of home ownership are slightly lower).

8.26 The analysis is not specific about the types of specialist housing that might be required; we would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available (for example noting that at present the dominant type of housing is traditional sheltered accommodation). There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.

8.27 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract

retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

8.28   Our experience when carrying out stakeholder work as part of other SHMA commissions typically identifies a demand for bungalows. Where developments including bungalows are found it is clear that these are very popular to older people downsizing. It should be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space – however providing an element of bungalows should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Registered Care Housing

8.29   Residential and nursing care provision falls within a C2 use class. This is treated separately from the calculation of objectively-assessed need for housing, as it falls within the 'institutional population' within the demographic modelling. The CLG Household Projections Model holds the institutional population constant for age groups under 75, but assumes a constant proportion of people aged over 75 will live within residential/ nursing care accommodation.

8.30   At present (according to Housing LIN) there are around 1,529 spaces in nursing and residential care homes in Thanet. The demographic modelling indicates that this can be expected to increase to 601 persons over the 2011-31 period.

8.31   An indicative need for 601 residential/nursing care bedspaces is thus projected (30 per annum). Provision of higher levels of residential/ nursing care provision than this would feasibly release general housing for other households in the District.

Table 61:   Potential Need for Residential Care Housing

	Institutional population aged 75+ (2011)	Institutional population aged 75+ (2031)	Change in institutional population aged 75+
Thanet	1,169	1,770	601

Source: Derived from demographic projections

8.32   The assessment of need for residential and nursing care provision should be considered as indicative, and does not take account of policies – which may seek to substitute delivery of extra care accommodation for nursing/care home bedspaces.

8.33   If the Council intends to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation, and thus add the need for 601 C2 bedspaces to the OAN for housing as defined in this report.

Housing Needs of Black & Minority Ethnic Households

8.34   Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

8.35   The 2011 Census showed that 9% of the population of Thanet came from a non-White (British/Irish) background. This figure is significantly below that found nationally (19%) and across the South East (14%). It is also slightly lower than seen across the Kent (10%). The largest BME group in Thanet is Other:White, which makes up 4.2% of all people in the District.

Table 62:   Black and Minority Ethnic Population (2011)

Ethnic Group	Thanet	Kent	South East	England
White: British	90.4%	89.1%	85.2%	79.8%
White: Irish	0.8%	0.7%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.1%	0.3%	0.2%	0.1%
White: Other White	4.2%	3.6%	4.4%	4.6%
Mixed: White and Black Caribbean	0.5%	0.4%	0.5%	0.8%
Mixed: White and Black African	0.2%	0.2%	0.3%	0.3%
Mixed: White and Asian	0.4%	0.5%	0.7%	0.6%
Mixed: Other Mixed	0.4%	0.4%	0.5%	0.5%
Asian: Indian	0.5%	1.2%	1.8%	2.6%
Asian: Pakistani	0.1%	0.2%	1.1%	2.1%
Asian: Bangladeshi	0.1%	0.2%	0.3%	0.8%
Asian: Chinese	0.3%	0.4%	0.6%	0.7%
Asian: Other Asian	0.7%	1.2%	1.4%	1.5%
Black: African	0.4%	0.8%	1.0%	1.8%
Black: Caribbean	0.2%	0.2%	0.4%	1.1%
Black: Other Black	0.1%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.1%	0.1%	0.2%	0.4%
Any other ethnic group	0.2%	0.4%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%
Total population	134,186	1,463,740	8,634,750	53,012,456
% non-White (British/Irish)	8.8%	10.2%	13.9%	19.3%

Source: 2011 Census

8.36   Since 2001 the BME population in the District can be seen to have increased significantly (Figure 60). We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of Thanet has increased by 7,484 over the 10-year period there has been a notable increase in BME groups[11] of 6,730.

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[11] All groups other than White (British/Irish)

8.37   Looking at particular BME groups we see that the largest rise has been for the White: Other population – which increased by 3,670 over the ten years. This group includes Eastern European migrants. The Mixed, Asian and Black populations have increased by lesser amounts, but the evidence does show a doubling in the number of people from these ethnic groups between 2001-11.

Table 63:   Change in BME groups 2001 to 2011 – Thanet

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	121,618	122,372	754	**0.6%**
White - Other	2,152	5,822	3,670	**170.5%**
Mixed	1,068	2,186	1,118	**104.7%**
Asian or Asian British	1,158	2,504	1,346	**116.2%**
Black or Black British	429	910	481	**112.1%**
Other	277	392	115	**41.5%**
Total	126,702	134,186	7,484	**5.9%**
Non-White (British/Irish)	5,084	11,814	6,730	132.4%

Source: Census 2001 and 2011

8.38   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the District. The figure below looks at the population age structure of six broad age groups using data from the 2011 Census.

8.39   The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group, with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 30% of White; British/Irish people being aged 60 or over compared with all BME groups showing proportions of no more than 12%.

Figure 53:   Population age profile (2011)
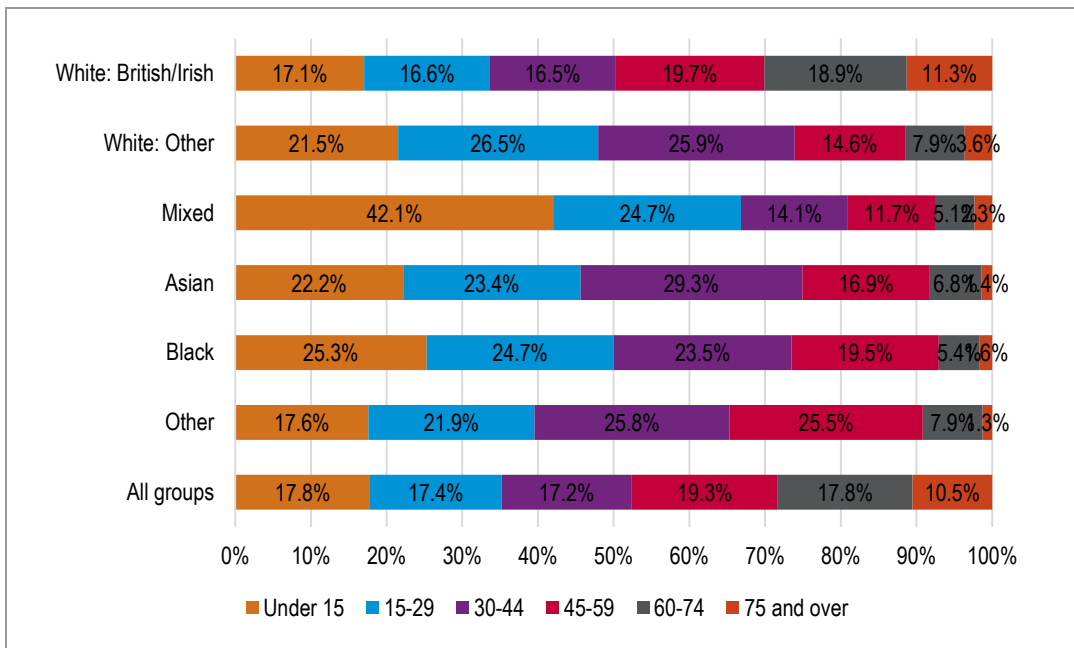
Source: 2011 Census

8.40   There are notable differences between the household characteristics of BME households compared with the White: British population. The figure below indicates that all BME groups are less likely to be owner-occupiers and all groups are far more likely to live in private rented accommodation. Arguably the starkest trend is the 56% of White (Other) and 43% of Black households living in the Private rented sector.

Figure 54:   Tenure by ethnic group – Thanet
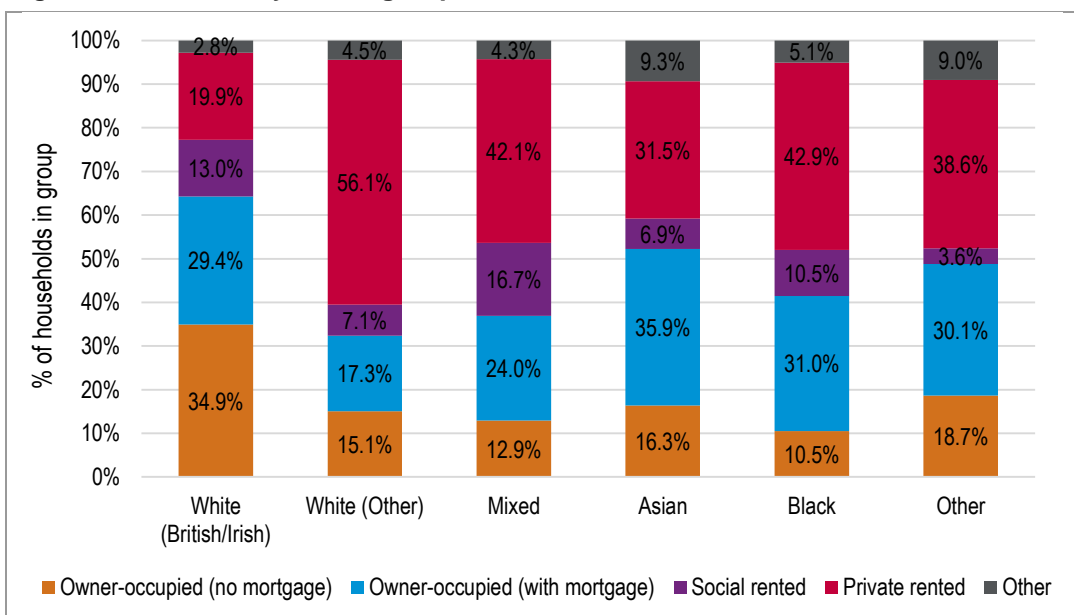
Source: 2011 Census

8.41   The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the District shows a strong representation of LHA Claimants).

8.42   As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

8.43   BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 14% of White:Other households are overcrowded along with 11% of the Asian group – this compares with just 3% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Young People

8.44   Providing for the needs of younger person households is an important consideration for the Council. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. Additionally, LHA payments may limit choice for under-35s in the Private Rented Sector.

8.45   The demographic projections (linked to the 2012-based SNPP) suggest that in 2011 there were around 9,000 households headed by someone aged under 35. This is expected to increase by about 14% over the period to 2031 (an increase of about 1,250 households).

8.46   As well as households headed by a younger person there will be others living as part of another household (typically with parents). Some 8% of households (4,800) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing.

8.47   Broadstairs Town Council's recent Housing Needs Survey for instance includes a number of households where an adult son or daughter is continuing to live with parents; but where they would like to move out if they could afford to do so, or affordable housing options where available.

8.48   Young people may be less likely to be eligible for social housing, have lower household incomes and have difficulty in accessing the owner-occupied sector due to mortgage constraints and deposit

requirements. All of these factors contribute to the current trend for young people moving in with or continuing to live with parents.

Table 64:   Households with non-dependent children (2011)

Household Type	Thanet		Kent	South East	England
	Number	%	%	%	%
Married couple	2,602	4.4%	5.7%	5.5%	5.6%
Cohabiting couple	276	0.5%	0.5%	0.5%	0.5%
Lone parent	1,966	3.3%	3.2%	3.1%	3.5%
All other households	54,669	91.9%	90.6%	90.9%	90.4%
Total	59,513	100.0%	100.0%	100.0%	100.0%
Total with non-dependent children	4,844	8.1%	9.4%	9.1%	9.6%

Source: 2011 Census

8.49   Few younger households are owner-occupiers with a particular reliance on the Private Rented Sector and to a lesser degree social rented housing.

Figure 55:   Tenure by age of HRP – Thanet
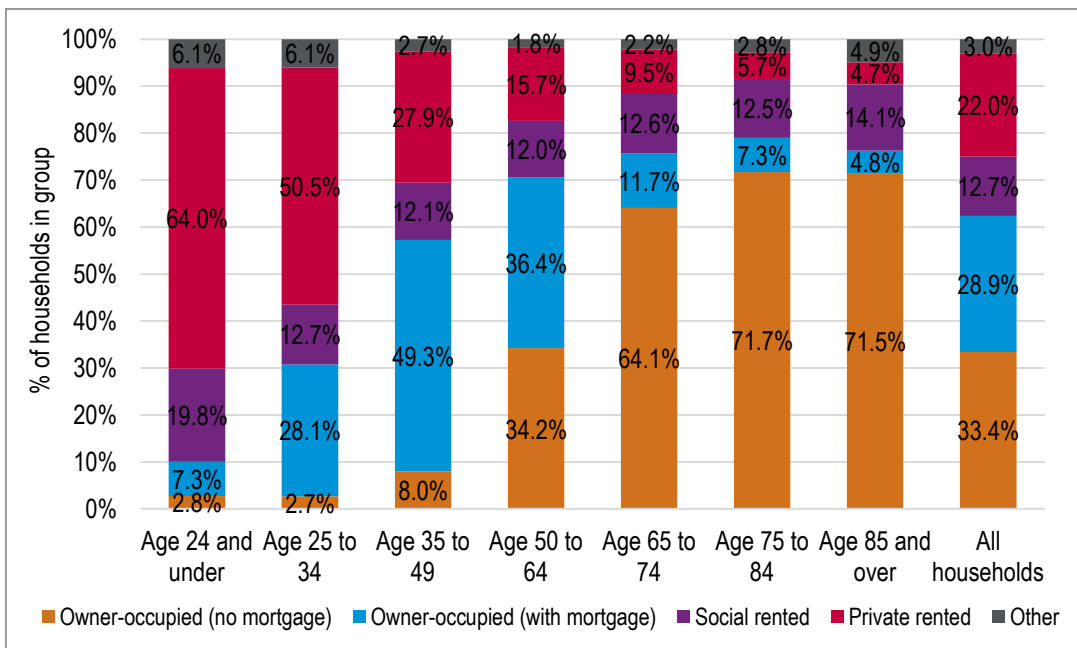
Source: 2011 Census

8.50   The analysis points to the importance of affordable housing provision, and the Private Rented Sector, in catering for the housing needs of younger people. Government initiatives such as Starter Homes aim to support younger households into home ownership. However many will be reliant on the Private Rented Sector.

Private Rented Sector

8.51   There is a concentration of private rented housing in Thanet, with a significant 23.8% of households living in the Private Rented Sector (PRS) in 2011. The number of households in the sector had increased by 95% between 2001-11. It has grown significant, both across Thanet and wider geographies. As Table 66 shows, there is a concentration of private rented properties in Margate and Ramsgate, where more than 1 in 4 households lives in the sector.

Table 65:   Growth in Private Renting, 2001-11

	PRS, 2001	% Households	PRS, 2011	% Households	Increase in Households	% Growth
Broadstairs	942	8.9%	1713	15.7%	771	82%
Margate	2535	18.8%	4994	33.4%	2459	97%
Ramsgate	2174	14.1%	4406	26.5%	2232	103%
Thanet Villages	334	7.4%	724	14.4%	390	117%
Westbrook-Birchington	1287	11.5%	2314	19.3%	1027	80%
Thanet	7272	13.2%	14151	23.8%	6879	95%
Kent	46636	8.5%	100182	16.5%	53546	115%
South East	288190	8.8%	578592	16.3%	290402	101%

Source: GLH Analysis of 2011 Census data

8.52   The chart below outlines that 60% of household reference persons aged under 34 in Thanet live in the Private Rented Sector. For those aged 35-49, 31% live in the Private Rented Sector. Most households are aged in their 20s and 30s.

Figure 56:   Age and Tenure of Household Reference Person, 2011
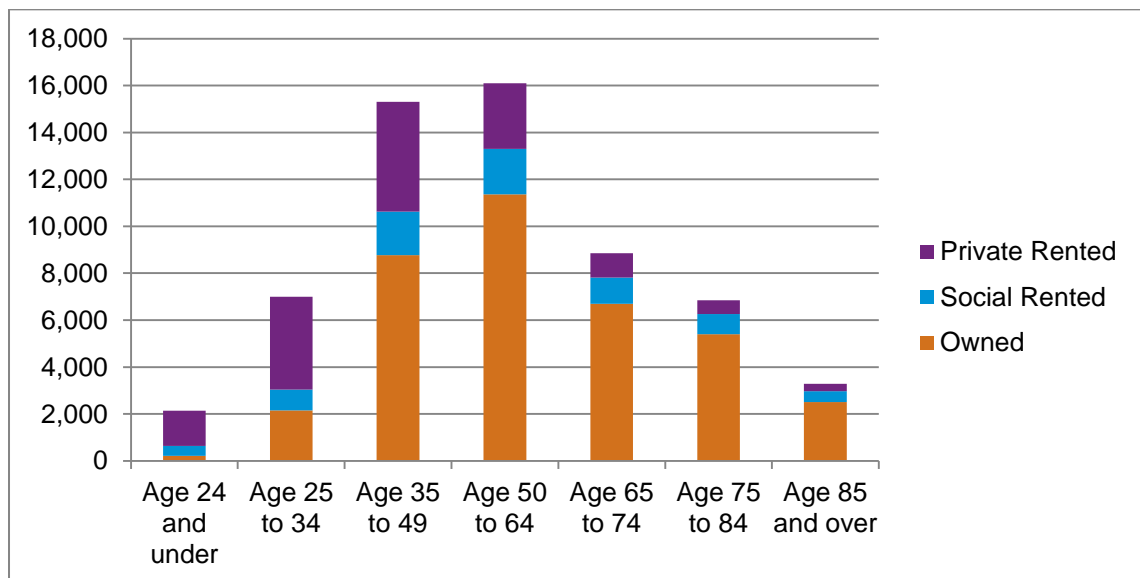
Source: GLH Analysis of 2011 Census data

8.53   A growing private rented sector is a national trend. At a national level homeownership peaked in 2001, and since this point we have seen it fall. The private rented sector (in terms of households

accommodated) has overtaken the social rented sector and is expected to provide a home for one in four households by 2020. Current shortages in housing supply (at national/ regional levels), borrowing restrictions and rising prices, consequently excludes more age and occupational groups from the buying market.

8.54   Given the demographic and macroeconomic trends, institutional investors are becoming more interested in "build to rent" housing. Government is keen to support this sector, and has set aside funds to support new developments. The Government set up a Private Rented Sector Taskforce and created a £1 billion fund to help kick start development. Now it is helping to create cheap finance through government backed bonds in a scheme managed by Venn Partners, an alternative lender. The market is still however relatively embryonic, and focused in the larger cities and locations with a large population of young people/ students.

8.55   From the institutional investor's perspective, there is a clear appetite for unlocking additional funds for investment. Yet there are some factors which undermine the attractiveness of Build to Rent schemes. Build-to-Rent has the potential to help boost overall housing delivery, but will likely require a greater degree of flexibility in s.106 negotiations, the application of CIL and affordable housing obligations. The viability of build-to-rent is quite different from that of a standard mixed-tenure housing scheme where private sales generate receipts immediately on sale of the units.

Students

8.56   There is a campus of Canterbury Christ Church University in Broadstairs. First year students are guaranteed accommodation, if they need it, by the University. This is provided in halls of through 'head leasing' by the university of properties within the Private Rented Sector. Around 300 students live within private accommodation, including Houses in Multiple Occupation, in the Thanet area; concentrated in Broadstairs and Margate.

8.57   It is important that the concentration of student accommodation is appropriately managed in order to support neighbourhood sustainability and retain mixed and balanced communities at a local level.

Family Households

8.58   The number of families in Thanet (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 16,100 in 2011, accounting for 27% of households – a lower figure than seen across Kent, the South East and England.

8.59   The demographic projection (linked to the 2012-based SNPP) suggests that the number of children (aged Under 15) is expected to increase by 15% from 2011 to 2031 (an increase of around 3,500). When compared with other areas the proportion of lone parent households is particularly notable

(8.3%) along with a lower than average proportion of married couple households with dependent children.

Table 66:   Households with dependent children (2011)

Household Type	Thanet		Kent	South East	England
	Number	%	%	%	%
Married couple	6,896	11.6%	16.0%	17.1%	15.3%
Cohabiting couple	2,802	4.7%	4.6%	3.9%	4.0%
Lone parent	4,968	8.3%	6.8%	6.1%	7.1%
Other households	1,442	2.4%	2.3%	2.3%	2.6%
All other households (no dependent children)	43,405	72.9%	70.4%	70.6%	70.9%
Total	59,513	100.0%	100.0%	100.0%	100.0%
Total with dependent children	16,108	27.1%	29.6%	29.4%	29.1%

Source: 2011 Census

8.60   Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about eight times more likely than other households to be overcrowded. In total, some 10% of all households with dependent children are overcrowded and included within this the data shows that 24% of 'other' and 12% of lone parent households are overcrowded. Other than for married couple households levels of under-occupancy are also very low.

Figure 57:   Occupancy rating and households with dependent children
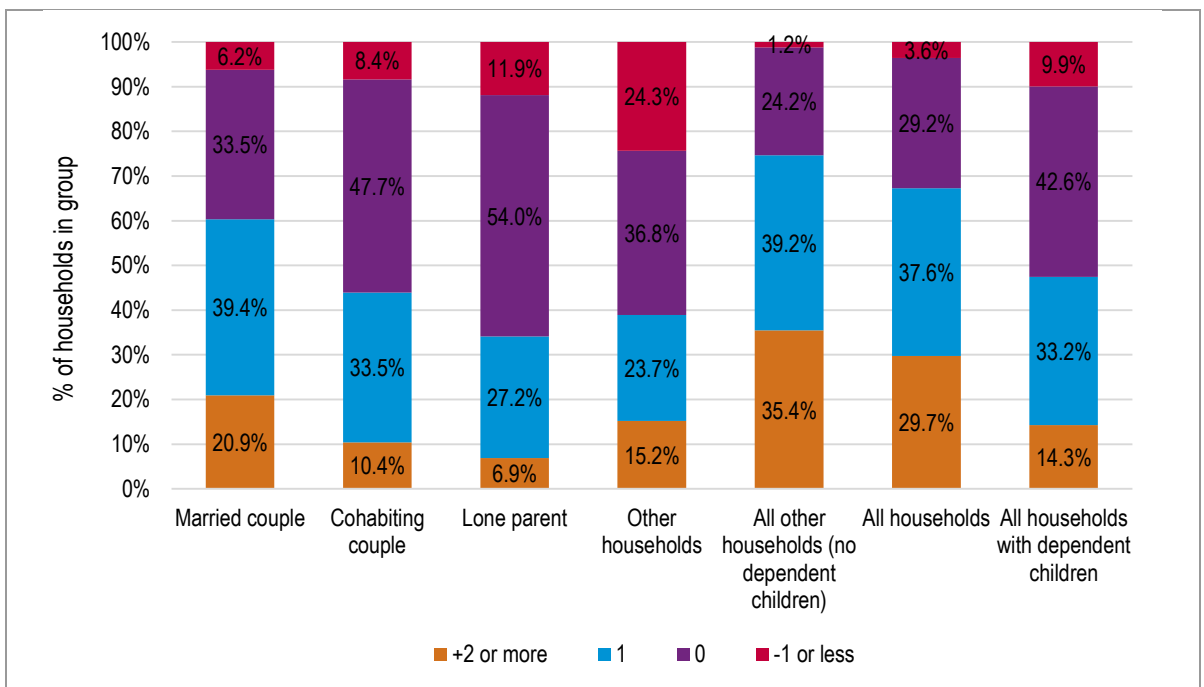
Source: 2011 Census

Service Families

8.61   There are likely to be a limited number of service families resident in the District, reflecting the presence of the Defence Fire Training & Development Centre at Manston. In discussions with the District Council, we understand that the future of this facility is being considered as part of the development of the MOD Footprint Strategy. It is not envisaged, based on current information, that this facility will be expanded. As such it is not anticipated that additional housing needs will arise from service families.

Self-Build

8.62   SHMAs need to investigate the contribution that self-builds makes toward the local supply. *Laying the Foundations – a Housing Strategy for England 2010* sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

8.63   Government aspires to make self-build a 'mainstream housing option' and has thus sought to address these issues.

8.64   There are now a number of websites which provide information on self- and custom-build housing, including www.self-build.co.uk, www.selfbuildportal.org.uk and www.nacsba.org.uk. The level of information and advice available is increasing. The Councils could signpost people to these.

8.65   Government is proposing to introduce a "Right-to-Build" whereby Councils are required to set up and maintain a register of individuals who wish to build their own homes; and to use private sector land to provide service plots for individuals who want to build their own homes. A number of "vanguard" councils have been identified to test how this might work.

8.66   Government has also introduced a £150 million Custom Build Service Plots Loan Fund, through which developers can bid for loan finance to bring forward serviced plots with planning permission which can be sold to individuals for custom-build development. Government has also mooted at extension of the Help-to-Buy Scheme to Custom Build, allowing potential self-builders to access finance with a 5% deposit. These schemes aim to increase land supply, and address barriers identified above.

8.67   The SHMA needs to consider potential demand for self- or custom-build development. The Council has not yet set up a register of those interested in such development. We have therefore sought principally to use the Custom Build Register maintained by BuildStore to consider potential demand. These are shown below, and should be treated as an indicative assessment as at November 2015.

8.68   BuildStore's Custom Build Register had 15 people from Thanet registered. The Plot Search Register had a higher 115 registered members from Thanet.

Table 67: Interest in Self- and Custom-Build, November 2015

	Persons registered on BuildStore Custom-Build Register	Active Members on BuildStore Plot Search Register
Thanet District	15	115

Source: BuildStore,Nov 2015

8.69   There are a number of websites dedicated to advising and assisting people to self-build, of which BuildStore is the main one. BuildStore, as at November 2015, shows no potential plots available for self-build in Thanet.

8.70   From a development point of view, key issues with this market are associated with skills and risk: whist there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build. Government's drive is however likely to support some growth in this sector.

8.71   We would expect most new delivery through self-build to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build.

8.72   While the focus of Self-build is understandably for market housing, there are opportunities for delivery of affordable homes through this method. One example of this is the 'Build!' programme run by Cherwell District Council in Oxfordshire. This programme offers individuals or interested groups the opportunity to come together to either build a new home, or to renovate and decorate an existing property. These properties are eventually available on a shared ownership or affordable rent tenure. In return for their labour, participants would receive reduced purchase price or lower rental rates. The level of discount applied would reflect the individual's involvement in the build or renovation process.

8.73   Overall self- and custom-build homes is a small sector of the housing market, but one with some potential to grow. It can help to increase overall housing delivery.

8.74   To support growth, it would be appropriate for the Council to consider whether planning policy for larger sites should require an element of land to be put aside to support Custom-build housing. The Council should also investigate putting in place a register of individuals with an interest in Custom-Build to provide more detailed information on demand, to support and provide a justification for seeking provision of plots on larger development schemes.

Gypsies and Travellers

8.75   Government set out new planning policy for traveller sites in August 2015[12]. This sets out that local planning authorities should make their own assessment of need for the purposes of planning, and set out fair and effective strategies to meet need through identification of land for traveller sites. They should aim to reduce the number of unauthorised developments and encampments.

8.76   The relevant evidence of need is outlined in the *East Kent Gypsy, Traveller and Showpeople Accommodation Assessment* (University of Salford, April 2014). The assessment identifies a gypsy and traveller population of 187 individuals or 42 households in Thanet. All 42 households lived in bricks and mortar accommodation. The Study identified that although there was no current authorised (or unauthorised) residential pitch provision, neither was there a need for pitches. No need for additional provision was identified (2013-27), albeit that the report identifies that an update should be considered in five years' time.

8.77   The Council has a *Protocol for the Managing Unauthorised Encampments* (Thanet District Council, 2013) that addresses the need for an effective approach to the management of unauthorised gypsy and traveller encampments in the District.

Key Findings: Specialist Housing Needs

- Within the overall need for housing there will potentially be a need to provide some specialist (supported) housing. This is particularly in response to an ageing population and the higher levels of disability experience by older persons.

- At present the population of older people in the District is high when compared with wider benchmarks – some 23% of people were aged 65 and over in 2014. Over the 2011-31 period the number of people aged 65 and over is expected to increase by 54% with a higher (61%) increase in the number of people aged 85 and over. This demographic change is expected to see an increase in the number of people with specific disabilities (dementia and mobility problems) as well as a general increase in the numbers with a long-term health problem or disability.

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[12] CLG (Aug 2015) *Planning Policy for Traveller Sites*

- The analysis identifies that over the 2011-31 period there may be a need for 73 specialist units of accommodation for older people (generally considered to be sheltered or extra-care housing) per annum. This figure represents about 10% of all housing provision suggested in demographic modelling. Such provision would be within a C3 use class and would therefore be part of the objective assessment of need.

- Additionally, the analysis highlights a potential need for an additional 30 bedspaces per annum for older people (aged 75 and over) in the 2011-31 period. As these would be in use class C2, they would be in addition to the estimates of housing need from demographic modelling.

- The BME population of Thanet is relatively small in national terms. It has however grown notably over the past decade. BME households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

- Lone parents can also be particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the District over the next few years and if past trends are repeated there will be a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met.

- Young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time. There is potential to improve the quality of accommodation in the Private Rented Sector, including in the longer-term potentially though institutional investment in 'build to rent' housing. Government initiatives to help younger households onto the housing ladder, including the Help-to-Buy and Starter Homes Initiatives, will contribute to supporting home ownership.

- Self- and Custom-Built Homes is a small sector, but one with growth potential; and the analysis identifies a number of means through which the sector can be supported – including potentially through identifying plots on larger development schemes.

9   CONCLUSIONS AND RECOMMENDATIONS

9.1   This final section of the report draws together the preceding analysis to draw conclusions (leaving aside supply-based considerations) on:

- Overall housing need;
- Need from different sizes of homes (both market and affordable); and
- Needs for particular types of homes, particularly from the growing older population.

9.2   Responding to the Council's brief, this final section also provides an assessment of how the Council might consider adjusting policies in the Local Plan Preferred Options Consultation Document (January 2015) to take account of the SHMA findings.

Housing Market Geography

9.3   The analysis undertaken within the report defines an East Kent Housing Market Area which includes the whole of the local authorities of Canterbury, Dover and Thanet; together with parts of adjoining authorities – including Faversham in Swale; Chilham in Ashford; and Folkestone in Shepway.

9.4   For practical purposes in planning for housing provision, GL Hearn would recommend use of a 'best fit' to local authority boundaries to housing market areas. The 'best fit' HMA would comprise the three authorities of Canterbury, Dover and Thanet. These authorities, considered collectively, demonstrate a commuting self-containment level of between 79-87% (depending on whether this is defined as a proportion of those living or working in the area), and a migration self-containment level of 68-74% (on a similar basis). Excluding long-distance flows, this geography exceeds the 70% migration threshold referred to in the PPG.

9.5   This SHMA however focuses on defining the OAN for Thanet District, but in doing so takes account of evidence regarding housing need in surrounding areas; and how housing market conditions in Thanet relate to those across the wider HMA. This approach reflects differing plan timeframes, which did not make it feasible to commission and undertake an SHMA for the Housing Market Area as a whole.

Recommendation 1: Duty to Cooperate

In finalising the Local Plan for publication, Thanet District Council should engage with the other Local Planning Authorities (LPAs) to consider how housing need is being met across the Housing Market Area. It would be advisable that a Background Paper is prepared and

agreed with the other LPAs to demonstrate how housing need is being met across the HMA in line with Paragraph 47 in the National Planning Policy Framework.

Objectively-Assessed Housing Need

9.6   The approach to defining OAN has followed that set out in Planning Practice Guidance. This uses the trend-based demographic projections as a starting point, and then considers whether the assessed need should be adjusted to support economic growth; enhance delivery of affordable housing; or improve affordability, taking account of market signals.

Trend-based Demographic Projections

9.7   The starting point is the latest official (2012-based) population and household projections. These expect population growth of 18.5%, and result in a housing need for 749 homes per annum (2011-31).

9.8   The SNPP are based on migration trends between 2006/7 – 2012. The evidence suggests that migration trends over this period were largely consistent with longer-term trends, however a more detailed interrogation shows that net migration from London to Thanet was lower than over the preceding five year period. To use consistent assumptions to those used in the London Plan evidence base by the GLA, it would be appropriate to assume slightly higher in-migration looking forwards, than seen over the period feeding into the SNPP. The analysis indicates that an adjusted projection (with higher net in-migration) would result in slightly stronger population growth of 19.5%, and a housing need for 777 homes per annum (2011-31).

Supporting Economic Growth

9.9   The report has then gone on to consider economic growth potential. It has considered a range of forecasts for future growth in employment in Thanet. These range between 1,200 – 5,100 additional jobs, with new EEFM forecasts considered which project growth in employment of 4,800 between 2011-31 (equivalent to 0.5% growth in jobs pa).

9.10   Planning Practice Guidance sets out that in assessing housing need, labour force supply should be compared with projected job growth. The adjusted demographic-led projection would result in a growth in labour force supply of between 5,500 (if employment rates remain static) through to over 9,000 (based on increasing numbers of older persons in the workforce, based on later retirement).

9.11   The evidence does not justify an increase in the assessed housing need in order to support delivery of employment growth.

9.12   Paragraph 158 in the NPPF requires Councils to ensure that both their evidence and strategies for housing and employment are aligned with one another. In regard to policy aspirations, Policy SPO2 in the Local Plan Preferred Options Consultation set out that a minimum of 5,000 additional jobs is planned for Thanet to 2031. The evidence does not suggest that housing provision would need to be adjusted upwards to ensure alignment with the economic strategy in the Draft Plan.

Affordable Housing Need

9.13   An assessment has been undertaken of the need for affordable housing. Using the Basic Needs Assessment Model, which considers the need arising for affordable homes; and compares this with the current supply and expected turnover of existing properties, a net annual need for 397 affordable homes is shown. This is the level of provision which would be necessary if all households requiring financial support to meet their housing needs were to be allocated an affordable home.

9.14   The scale of affordable need has been influenced by past investment policies, including available funding for affordable housing delivery and losses, such as through right-to-buy sales. It includes needs arising from existing households who require, in theory, an alternative size or tenure of accommodation; as well as newly-forming households, and concealed and homeless households. In looking at overall housing needs, only the latter group is relevant – as existing households will release homes by moving for other households.

Market Signals

9.15   An analysis has been undertaken of market signals, following the approach set out in Planning Practice Guidance. This shows that housing costs in Thanet are relatively affordable in comparison with many other parts of the region – with average house prices 10% below the national average, and 31% below the average across the South East; with rents falling 8% below the national and 37% below the South East average. House price growth over the last six years has been overall below inflation, although prices did increase notably in 2014.

9.16   Affordability, as measured by the lower quartile house price-to-income ratio, at 7.1, is above the national average; but below that in many other parts of the region and influenced as much by low earnings locally as housing costs. Economic regeneration can contribute to addressing this.

9.17   The evidence points to some decline in affordability, and younger households' ability to form, over the 2001-11 period. Overcrowding and levels of renting increased; with increasing numbers of younger people living with parents over the decade. However the evidence indicates that the ability of younger households in their 20s and 30s to form in Thanet, whilst it did fall, is above levels seen in many other numbers across the South East.

9.18   The CLG Household Projections expect affordability for younger households to improve in the District moving forwards. On the basis of the evidence, a modest additional adjustment would be warranted, which increases housing need by 6 dwellings per annum relative to the trend-based demographic projections. The headship rate assumptions assume 2.5% higher housing provision than would be required should headship rates for those under 45 remain constant.

Drawing the Evidence Together

9.19   Drawing the evidence together, we identify an Objectively-Assessed Need (OAN) for housing for 785 homes per annum, equivalent to 15,700 homes over the 2011-31 period. This is rounded to the nearest 5 dwellings per annum.

Figure 58: Objectively-Assessed Housing Need, Thanet 2011-31
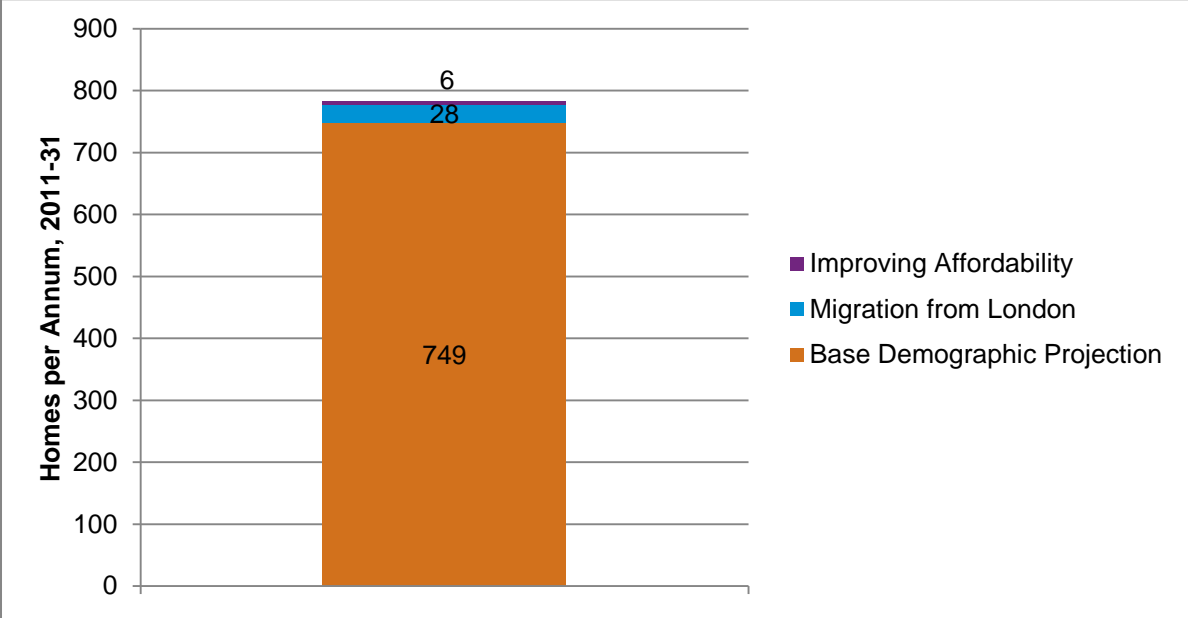
9.20   This is a "policy-off" assessment of need. It is not a housing target, and does not take account of issues relating to land supply, development and environmental constraints or infrastructure.

9.21   The assessment has been commissioned for Thanet District specifically, as opposed to the wider Housing Market Area. In developing its Local Plan, the Council should continue to liaise with other local authorities in Kent, and specifically those within the Housing Market Area. Any issues related to adjusting migration relative to past trends need to be considered collaboratively through the Duty to Cooperate. As the Planning Practice Guidance specifically states:

        *"Any cross-boundary migration assumptions, particularly where one area decides to assume
        a lower internal migration figure than the housing market area figures suggest, will need to be*

agreed with the other relevant local planning authority under the duty to cooperate*. Failure to do so will mean that there would be an increase in unmet housing need."*

9.22   In setting housing targets within the Local Plan, in accordance with national policy, the Council will need to test whether this level of objectively assessed housing need set out in this report can be sustainably accommodated in the District, through bringing together evidence bases – including information on land availability, environmental and infrastructure constraints – and through the Sustainability Appraisal process. If the District cannot meet its need in full, it will need to work with other authorities within the Housing Market Area to consider how this can be met; and agree a revised distribution of housing provision.

Phasing of Housing Provision

9.23   The SHMA has involved the development of demographic projections covering the plan period. The table below outlines how the objectively assessed housing need is phased, taking account of demographic factors, over the 2011-31 period.

Table 68: Objectively-Assessed Housing Need by 5 Year Period, 2011-31

	2011-16	2016-21	2021-26	2026-31	2011-31 Total
Housing Need	3535	3962	4068	4094	15659
Annual Average	707	792	814	819	783

9.24   Policy SP11 within the Local Plan Preferred Options Document sets out notional delivery of the housing requirement by five year time period, indicating that a consistent rate of housing delivery was expected for delivery of the 12,000 homes proposed in the Preferred Options.

9.25   Phasing policies in local plans have typically been accepted in instances where the lead-in time for delivery of strategic sites or key infrastructure influences the anticipated delivery of housing. GL Hearn consider that on its own, the phasing of housing need set out above would not necessarily be sufficient to support a phasing policy within the Local Plan which is used for five year land supply purposes.

Recommendation R2: Phasing of Housing Provision in Policy SP11

The Council should consider whether it is appropriate to include a phasing policy in the Local Plan, taking account in particular of whether the potential delivery of key sites and/or associated infrastructure is likely to influence the overall phasing of housing delivery.

Need for Different Types of Homes

9.26 The NPPF in Paragraph 159 requires local planning authorities, through the SHMA, to identify the range of types and sizes of accommodation likely to be needed by the population in the future, including that required by those groups with specific housing needs.

Mix of Homes of Different Sizes

9.27 There are a range of factors which will influence demand for different sizes of homes. Section 7 modelled the needs for different sizes of market and affordable homes over the 2011-31 period, based on an understanding of how the size and structure of the population is expected to change, and analysis of how households of different ages occupy homes. The SHMA concludes that the following represents an appropriate mix of affordable and market homes to plan for:

Table 69: Recommended Housing Mix

	1-bed	2-bed	3-bed	4+ bed
Market	10-15%	40-45%	30-35%	10-15%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15-20%	40%	30%	10-15%

9.28 The evidence suggests that the strongest demand for market housing will be for two and three bedroom properties.

9.29 For affordable housing, there is a greater proportional need for one- and two-bedroom properties; however there remains a need for a balanced mix of dwellings of different sizes to come forward with delivery of larger properties being important in meeting the needs of households with an acute housing need, and releasing existing properties for other households.

9.30 An indicative profile of the types of homes needed has been developed through the SHMA. This suggests that the following mix would be appropriate:

Table 70: Mix of Types of Properties

	Detached	Semi-detached	Terraced	Flat
Market	25-30%	25-30%	20-25%	20-25%
Affordable	0-5%	25-30%	20-25%	45-50%

Paragraphs 3.18 – 3.24 and Policy SP18 in the Local Plan Preferred Options Document deal with the type and size of dwellings expected in new development schemes. This will need to be updated to take account of this SHMA Report.

Recommendation R3: Policy SP18 - Type and Sizes of Dwellings

The Council should updated Policy SP18 and the supporting text to take account of the SHMA findings herein. The evidence continues to support development schemes with a higher proportion of houses as opposed to flats. It would be appropriate to provide some flexibility within the policy wording to ensure that the housing mix on individual development sites takes account of the nature and location of the site, and site-specific circumstances.

9.31   In applying policies on housing mix to individual development sites, GL Hearn consider that regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

9.32   The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

9.33   Policy H11 in the Local Plan Preferred Options seeks to bring empty properties back into use to contribute to the supply of dwellings. This is clearly sustainable, and supported by national policy. Policy H12 seeks to resist the loss of dwellings through conversions/ redevelopment schemes. Through either amendments to the policy wording or inclusion of supporting text, it may be appropriate for the Council to set out that conversion to residential development will be supported; and to outline that a *"net"* loss of housing would only be permitted in the circumstances set out, recognising that redevelopment schemes which involve intensification – particularly in urban locations – can be beneficial.

Recommendation R4: Retention of Existing Dwelling Stock

The Council should consider amendments to Policy H12 to clarify that the policy tests should apply where a 'net loss' of C3 dwellings is proposed; and to clarify in supporting text the Council's policy ambitions.

9.34   A clear need is evident from the analysis for Wheelchair-accessible housing It is appropriate that new provision is sought within large residential development schemes, as the County Council's Accommodation Strategy for Adult Social Care sets out. Policy H08 seeks to do this.

Affordable Housing Mix

9.35   In respect of the need for different types of affordable housing, the SHMA has considered what households can afford, together with the supply through re-lets of existing housing stock of

affordable housing (as defined in the NPPF at the time of writing in December 2015). Conclusions regarding the need for different forms of affordable housing are shown below:

Table 71: Need for Different Forms of Affordable Housing (as currently defined)

	Intermediate	Social / Affordable Rent
Thanet District	16%	84%

9.36   Policy SP19 in the Local Plan Preferred Options Document outlines that reflecting economic viability considerations, in general the Council will seek 30% affordable housing. The supporting text outlines that on schemes of 15 dwellings or less, a financial contribution (equivalent to 30%) may be appropriate in lieu of on-site provision. This was based on the Viability Assessment undertaken by Adams Integra for the Council in 2012. It promotes 70% social rented and 30% intermediate housing provision within this. The above analysis would suggest – based on housing need – that a 80/ 20 split between social/ affordable rented homes and intermediate housing options would be appropriate, subject to review of residential development viability evidence.

9.37   The Government is however currently consulting on extending the definition of affordable housing to encompass a fuller range of products that can support people to access home ownership (such as for instance Help-to-Buy and Starter Homes). This change is significant and will need to be taken into account in devising policies for affordable housing within the Local Plan. The Housing and Planning Bill, which is currently being considered in Parliament, also proposes a statutory duty on local authorities to promote the delivery of starter homes, and a requirement for a proportion to be delivered on all suitable reasonably-sized housing developments.

9.38   In respect of housing need, Starter Homes appear focused on supporting younger households under 40 into home ownership. Many such households are likely to live in private rented properties, and the analysis herein shows that the numbers of households renting privately increased notably between 2001-11.

9.39   Taking account of the proposed broader definition of affordable housing, an indicative assessment of the profile of need has been calculated as follows:

Table 72: Indicative Profile of Affordable Housing Need – with Starter Homes

	Indicative % Affordable Need
Starter Homes	17%
Affordable Rent	18%
Social Rent	65%

9.40   It should be borne in mind that Starter Homes are likely to support a higher value per unit than other forms of affordable housing, including affordable rented homes and shared ownership properties. This will impact on the viability of residential development schemes – and means that changes to how affordable housing is defined in the NPPF will influence the percentage of affordable housing

which can be secured in new development schemes. The Council should work with its viability consultants to assess these issues in considering affordable housing policies within the Local Plan.

9.41 **Recommendation R5: Policy SP19 – Affordable Housing**

The Council should review Policy SP19 to take account of the expected changes to the definition of affordable housing to include Starter Homes, and the impact which this is expected to have on viability.

It would be appropriate to include reference to the definition of affordable housing in the supporting text to the policy, and to set out revised policies regarding the mix of affordable housing. The Council should also consider whether the policy wording should specify how the policy will be applied to different sizes of sites.

9.42 Policies for the mix of affordable housing need to take account not just of the needs evidence, but the evidence base regarding development viability, as well as local policy aspirations and Central Government priorities and funding. As such in finalising policies, needs and viability evidence should be brought together. It may be appropriate for the Council's viability evidence to test potential alternative policies for the mix of affordable housing in order to support overall delivery. The viability evidence should take account of the introduction of Starter Homes and will need to inform what percentage target of affordable housing should be sought through new developments. It should also inform site size thresholds for when affordable housing is sought on-site, and where off-site contributions are sought. In respect of site size thresholds, the Council should take account of Government policy, noting that the Government has sought recently to amend policies at a national level limiting the scope for affordable housing contributions on smaller development schemes.

9.43 Policy HO5 in the Local Plan Preferred Options supports the development of "exception sites" for affordable housing within rural areas. This SHMA shows that there is a clear need for affordable housing in the rural parts of the District, with a current need for 101 affordable homes identified, and a net need for 14 affordable dwellings per annum in Rural Areas.

9.44 The Council should consider the wording of Policy HO5 and the supporting text, taking account of the potential national changes to the definition of affordable housing and introduction of Starter Homes. It might also seek to clarify what is meant by 'no reasonable alternative means' of meeting the identified need, such as through setting out that this reflects the availability of other sites within the settlement boundary.

Self- and Custom-Build Homes

9.45   The SHMA indicates that there is potential for growth in housing delivery through self- and custom-build housing. The SHMA provides indicative information on needs, based on data from BuildStore, which shows 15 people registered on BuildStore's Custom Build Register and 115 Active Members on its Plot Search Register. However no plots are shown as available in Thanet, as at November 2015.

9.46   This is a small sector but one which has potential to grow, not least as another means of contributing to increased housing delivery. To support growth in this market segment, responding to Government policy, it would be appropriate for the Council to consider whether planning policy for larger sites should require an element of land to be put aside to support Custom-build housing. The Council should also investigate putting in place a register of individuals with an interest in Custom-Build to provide more detailed information on demand, to support and provide a justification for seeking provision of plots on larger development schemes.

Recommendation R6: The Council should develop and maintain a register of those who have an interest in Self- or Custom-Build Housing. It should signpost potential interested parties to available (web-based) information and support.

Recommendation R7: The Council should consider requiring provision to be made on larger development schemes for an element of self- or custom-build housing.

9.47   The level of provision for self- and custom-build housing which would be suitable, and the threshold to be applied to a policy, is judgement based; but the Council might consider a modest contribution of say 5% of dwellings as appropriate on larger schemes of over 200 dwellings. This would not be applicable to flatted schemes.

Specialist Housing and Accommodation for Older Persons

9.48   The SHMA indicates that the population of persons aged over 65 accounts for a significant 23% of the District's population. The number of residents aged over 65 is projected to increase by 54% over the period to 2031, with particularly strong growth expected in those aged over 75, driven by improving life expectancy.

9.49   A growing older population and increasing longevity is expected to result in a substantial growth in people with dementia and mobility problems. The number of people with mobility problems is expected to increase by over 3,000; with an increase of more than 1,300 persons with dementia projected (based on the SNPP) to 2031. Some of these households will require adaptions to properties to meet their changing needs whilst others may require more specialist accommodation

or support. There is clear evidence of need for properties which are capable of accommodating people's changing needs.

9.50   There are currently 1,674 units of specialist housing for older persons across the District. Based principally on the expected growth in population of older persons, the SHMA estimates a need for an additional 1,459 specialist dwellings for older persons in Thanet over the 2011-31 period.

Table 73: Need for Specialist Housing for Older Persons, 2011-31

	Specialist Housing Need, 2011-31	Annual Need for Specialist Housing	% Overall OAN
Thanet	1,459	73	9%

9.51   It may be the case that some existing sheltered housing is in a poor condition or suffers from low demand and that there remains a need for additional extra care accommodation – such as to reduce the proportion of households accommodated in residential care.

9.52   Specialist housing includes sheltered and extra care housing. The numbers of homes set out in the above table are considered to fall within a C3 use, and thus form part of the overall Objectively Assessed Need (OAN) for housing identified in this report.

9.53   Policy H07 in the Local Plan Preferred Options Document sets out that the Council will approve applications that provide good quality accommodation that is needed to support the housing and care requirements of Thanet's community. The policy is entirely appropriate based on the evidence. The Council might consider amending the supporting text to reference evidence both by Kent County Council and in this SHMA.

9.54   Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons. The district and county councils should liaise as appropriate in this respect.

Recommendation R8: The Council should give consideration to how best to deliver the identified specialist housing need, including for instance the potential to identify sites in accessible locations for specialist housing or to require provision of specialist housing for older people as part of larger strategic development schemes.

9.55   In addition to specialist housing, the potential for the wider housing stock to cater for a growing older population needs to be considered. Many older people live in homes which they may have lived in for some years. Adaptions to properties and floating support may help households requiring support to remain in their home.

9.56   Some households may wish to downsize, should suitable, attractive properties be available locally. This has been taken into account in deriving the findings regarding the future mix of market and affordable housing above.

Need for Registered Care Provision

9.57   Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated in the analysis of housing need separately in this report from that for C3 dwellings.

9.58   The SHMA indicates a net need for 601 C2 bedspaces for older persons in Thanet over the 2011-31 period. The assessment should be treated as indicative, and does not seek to set policies in how older persons with care needs should be accommodated.

Table 74: Need for Residential/ Nursing Care Bedspaces

	Change in institutional population aged 75+, 2011-31
Thanet	601

9.59   These figures are important to note if the Councils intend to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

Retention of Existing Housing Stock

9.60   The modelling undertaken in this report takes account of the profile of the existing housing stock in considering the future mix of housing needed. Policy H12 in the Local Plan supports the retention of existing housing stock within the District.

Recommendation R9: It may appropriate to consider amending the wording of Policy H12 so as not to prejudice regeneration and modest redevelopment schemes, such as by emphasising that proposals which need to a "net" loss of existing housing will be only permitted in specified circumstances.

Meeting the Needs of Other Vulnerable Groups

9.61   The SHMA has considered the needs of a number of other vulnerable groups. Thanet have a relatively modest Black and Minority Ethnic (BME) population, but one which has been growing. The population of White:Other original has in particular been growing relatively strongly. BME households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in

the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

9.62   The evidence also suggests that lone parent households are more likely to be disadvantaged than other household groups. Advice on housing options and securing good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities.

9.63   Younger households in the two areas typically have a higher reliance on rented accommodation. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on the quality of shared accommodation and housing within the Private Rented Sector – particularly Houses in Multiple Occupation (HMOs) including where necessary through enforcement action. HMOs provide housing provision for some groups within the population, including students and younger people. However it is important that the supply of HMOs is managed to ensure that this does not negatively impact on neighbourhood character, or the provision of mixed and balanced communities at a local level. The Council's Topic Paper on HMOs and Student Accommodation deals with these issues, and provides supporting evidence for Policy HO9 in the Local Plan Preferred Options.

9.64   The SHMA identifies potential in the longer-term for purpose-build accommodation for private rent, but notes that the sector is currently relatively embryonic.

9.65   The evidence does not point towards a need for additional pitches for gypsies and travellers within Thanet, although needs evidence should be periodically reviewed.

9.66   Kent County Council's *Accommodation Strategy for Adult Social Care* identifies a current need from 260 applicants across Kent who require wheelchair-accessible homes. In Thanet its current case load includes 289 persons with a physical disability who require support; of which 20 require supported accommodation. With a growing older population, the numbers of households requiring support will clearly grow – the evidence in this SHMA indicates that significant growth in those with a long-term physical disability is projected. A clear need for additional wheelchair-accessible housing is identified, which Policy H08 in the Draft Local Plan addresses.