THANET DC LOCAL PLAN EXAMINATION – ADDITIONAL NOTE FOR THE INSPECTOR

1.1 This note responds to questions/requests for information asked by the inspector(s) at the Local Plan Examination hearing session on the 3rd April 2019. There are three topics:

- **1)** To provide an update of Table 3 and Figure 3 of the Updated Assessment of Objectively Assessed Housing Need (January 2017);
- **2)** To set out the derivation of the vacancy allowance used in the original SHMA (, and taken forward in the Updated Assessment (January 2016); and
- **3)** To discuss the issue of increasing housing provision to help meet the identified affordable housing need.

1) Updated Assessment of Affordable Housing Need

1.2 This table and figure are provided below to now reflect the most recent (2016-based) sub-national population projections (SNPP). A full set of data feeding into the table/figure is then provided on the following pages; this data is supplemented by more up-to-date mid-year population estimates (MYE) from ONS for 2017.

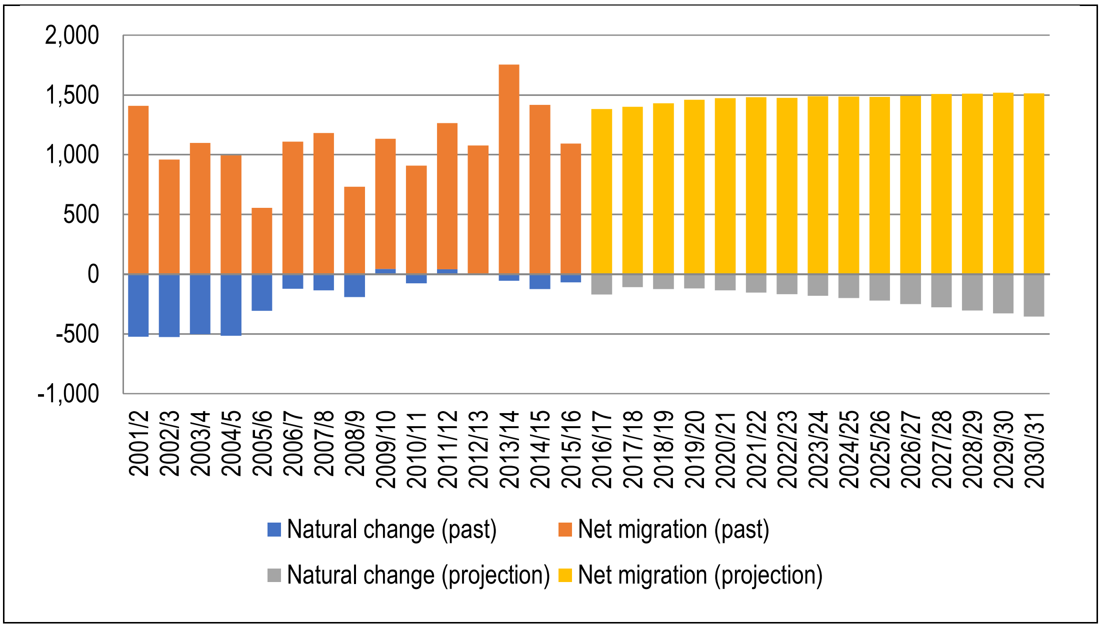
1.3 The data shows that overall population growth in the 2016-based SNPP is slightly lower than in the previous (2014-based) version. It is however notable that natural change is projected to be lower, but migration is projected to be higher than in the previous SNPP.

Table 1: Projected Components of Population Change – 2012- and 2014-based SNPP (2011-2031)

	2012-based SNPP		2014-based SNPP		2016-based SNPP	
	Population change per annum	% of change	Population change per annum	% of change	Population change per annum	% of change
Natural Change	95	8%	29	2%	-166	-13%
Internal Migration	932	77%	1,082	80%	1,141	90%
International Migration	179	15%	243	18%	292	23%
Total Change	1,204	100%	1,356	100%	1,270	100%

Source: ONS

Figure 1: Past and Projected Components of Change (2001-2031) – Thanet (2016-based SNPP)



Source: ONS

Table 2: Past and projected components of population change – 2014-based SNPP

	Past trends			Projection		
	Natural Change	Net internal	Net internationa l	Natural Change	Net internal	Net internationa l
2001/2	-524	1,213	194			
2002/3	-527	510	448			
2003/4	-503	623	474			
2004/5	-515	504	490			
2005/6	-308	377	178			
2006/7	-122	965	143			
2007/8	-135	932	249			
2008/9	-193	557	175			
2009/10	43	586	502			
2010/11	-78	762	146			
2011/12	40	977	220			
2012/13	-2	791	284			
2013/14	-57	1,294	366			
2014/15	-126	994	490	-141	966	422
2015/16	-68	645	326	4	973	319
2016/17				49	976	279
2017/18				73	1,009	269
2018/19				72	1,045	237
2019/20				91	1,078	220
2020/21				92	1,105	203
2021/22				95	1,121	203
2022/23				91	1,126	203
2023/24				82	1,129	203
2024/25				68	1,135	203
2025/26				50	1,137	203
2026/27				32	1,144	203
2027/28				15	1,156	203
2028/29				-7	1,155	203
2029/30				-27	1,167	203
2030/31				-50	1,162	203

Source: ONS

Table 3: Past and projected components of population change – 2016-based SNPP

	Past trends			Projection		
	Natural Change	Net internal	Net international	Natural Change	Net internal	Net international
2001/2	-524	1,213	194			
2002/3	-527	510	448			
2003/4	-503	623	474			
2004/5	-515	504	490			
2005/6	-308	377	178			
2006/7	-122	965	143			
2007/8	-135	932	249			
2008/9	-193	557	175			
2009/10	43	586	502			
2010/11	-78	762	146			
2011/12	40	977	245			
2012/13	-2	791	285			
2013/14	-57	1,294	458			
2014/15	-126	994	423			
2015/16	-68	645	446			
2016/17	-200	419	314	-172	1,060	321
2017/18				-109	1,092	309
2018/19				-126	1,131	297
2019/20				-121	1,174	284
2020/21				-136	1,201	271
2021/22				-155	1,219	260
2022/23				-168	1,227	248
2023/24				-181	1,239	248
2024/25				-200	1,237	248
2025/26				-223	1,236	248
2026/27				-251	1,242	248
2027/28				-277	1,259	248
2028/29				-305	1,261	248
2029/30				-329	1,269	248
2030/31				-356	1,263	248

Source: ONS

2) Derivation of Vacancy Rate

1.4 The vacancy allowance used in the 2016 SHMA (and taken forward unchanged to the 2017 Update) was set at 6.3% - i.e. once an estimate in the change in the number of households was established, this figure was increased by 6.3% to reflect a potential proportion that might be vacant.

1.5 The process for arriving at this figure was set out in para 3.38 of the original SHMA:

> *"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."*

1.6 The data for this was provided by the Council by email on the 15th September 2015 with some of the data looking to have come from a source titled 'Vacant and empty dwellings Kent Local Authorities 2014' – this document has subsequently been replaced by more up-to-date versions.

1.7 At the time of the 2016 SHMA date from 2014 was used the most recent assessment. At this time the Council Tax Register recorded 1,451 second homes and 2,443 other vacancy properties in Thanet – this gave the figure of 5.91% quoted above, which leads to an uplift of 6.28%.

1.8 For information, the latest CTR (2018) suggests there are now a slightly higher number of second homes (1,717), but that vacancies in the general stock have declined (to 1,797). This would give the district a revised vacant and second home rate of 5.5%. If applied to the demographic projections, this would therefore show a very slightly lower level of housing need.

3) Uplifting the housing requirement for affordable housing need

1.9 The 2016 SHMA set out a need for affordable housing of 397 dwellings per annum (Table 33) if all affordable needs were to be met. Planning Practice Guidance (PPG) sets out (revoked PPG 2a-029) that:

> *'The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be **considered** (my emphasis) where it could help deliver the required number of affordable homes.'*

1.10 Based on the PPG, it is considered that there are three points to be discussed:

- **A)** What level of housing delivery might be needed to meet the need in full?
- **B)** How much new delivery is needed as a minimum, recognising that many of the needs are not for the provision of additional dwellings (i.e. needs arising from households who currently have accommodation)?
- **C)** Are the Council making provision for more homes in their housing trajectory than the housing need and will this provide some additional affordable dwellings?

A)   Delivery to meet affordable need in full

1.11 The 2016 SHMA suggests a need for 397 affordable homes per annum. Notionally this would be 7,940 homes over the 2011-31 period, assuming that the 397 is appropriate to use for the whole period (which it may not be given that the affordable needs analysis took a base period of 2015 and therefore the 397 is only appropriate thereafter). For the purposes of the discussion below a 7,940 figure has been used as a benchmark.

1.12 Over the 2011-31 period, the Local Plan has set a housing requirement of 17,140 dwellings and therefore the affordable need (as an arithmetic calculation) accounts for 46% of this figure. However, in reality, the Local Plan would expect to deliver less than this. For example, based on the assumption that 30% Affordable Housing is achieved through developer contributions on the requirement of 17,140 this gives a potential delivery figure of 5,142 affordable housing units.

1.13 If the AH percentage was reduced to 20% (which looks to be the approximate current level of delivery) this would only achieve delivery of 3,428 affordable units. Therefore, to achieve the 7,940 affordable housing need in full at a rate of 20% the housing requirement figure would have to increase to 39,700 (20% of 39,700 = 7,940).

1.14 This level of delivery is clearly unrealistic and would represent the provision of 37,518 homes from 2018 to 2031 (taking account of delivery 2011-18) or over 2,200 per annum. There is no evidence that such a level of housing could be delivered and nor is there any evidence that there is a market demand for the non-affordable units this would provide. Therefore, it is concluded that there is no reasonable basis to consider a specific further uplift to meet the affordable need.

B)   Minimum delivery needed

1.15 The 2016 SHMA set out that the link between affordable housing need and the OAN is complex (see paragraphs 5.51 to 5.65). In essence, the analysis points out that many of those households in need (or a projected need) already live in accommodation and therefore their need is not for a net additional dwelling just a more suitable one.

1.16 This point can be taken forward to provide an estimate of the affordable housing need excluding existing households, this could be considered as the minimum level of delivery the authority might be considering so that the affordable need problem does not deteriorate. Put another way, any delivery above the minimum figure would be expected to see needs reduce over time.

1.17 This is shown in the table below which identifies that meeting these needs would lead to an affordable need for some 82 homes per annum. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does, however, serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

Table 4: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation

	Excluding existing households	Including existing households
Current need	16	74
Newly forming households	467	467
Existing households falling into need	0	257
Total Gross Need	483	798
Re-let Supply	401	401
Net Need	82	397

Source: Derived from 2016 SHMA

1.18 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at OAN.

1.19 Indeed, only the current need of 16 per annum is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a start point demographic need to an OAN.

1.20 Overall, the analysis suggests that as long as the Council is able to provide 82 new affordable homes per annum, the overall affordable housing need should not worsen. Indeed, by providing around 3,400 units (based on 20% of 17,140) over the plan period the Council will be significantly easing pressures on the local housing stock and potentially releasing some market homes (that are currently used by benefit dependent private tenants) back into the open market.

1.21 Overall, the affordable need evidence when looking at it in terms of the need for new additional provision does not provide any evidence of a need to plan for more homes to deliver the need for net new affordable homes.

C) <u>The Housing Trajectory</u>

1.22 Notwithstanding the discussion above, it is the case that Thanet Council is seeking to allocate more homes than are needed by its housing requirement for the remainder of the plan period. According to Table 3 of the submission Local Plan, there is a residual requirement for 14,785 dwellings (2018-31) and yet provision is being made for 15,840 homes – this is 1,055 more than the OAN/housing requirement.

1.23 If these homes are delivered, then they might generate between about 210 and 315 affordable homes over and above that which might be expected set against the requirement (the figures based on 20% and 30% provision).

1.24 Furthermore, housing delivery above the housing requirement should in theory at least help address local affordability i.e. make homes more affordable. If this is achieved then the number of households requiring sub-market affordable accommodation would also fall.

1.25 Therefore whilst there is no strong evidence that the Council should seek to provide more housing to help meet the affordable need, it is the case that by seeking to build a buffer into the Local Plan, it would be expected that there would be some increase in affordable delivery and potentially some decrease in affordable housing need.

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11th April 2019