



Strategic Planning & Research Unit

For and on behalf of
Mr Edward Spanton

**Thanet District Local Plan Examination
Response to MIQ's Matter 2: OAN and the Housing
Requirement**

Land at Cliffsend, West of Ramsgate, Kent

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1.0 INTRODUCTION

- 1.1 This response to the Thanet Local Plan Inspector's Matters, Issues and Questions are made by Strategic Planning Research Unit ('SPRU') of DLP Planning Ltd on behalf of our client, Mr Edward Spanton, the landowner of land west of Cliffsend, west of Ramsgate, Kent. The site is, in part, identified for housing and a new railway station in the emerging Local Plan as proposed policies HO15, HO16, HO17 and SP45. If allocated as a whole, our client's site could provide **at least 600 dwellings**, the exact number will be confirmed upon completion of the masterplan.
- 2.1 The proposed development area extends to approximately 54 hectares of land across 4 parcels of land in the ownership and control of the landowner, Mr Edward Spanton.
- 2.2 Whilst partially allocated under emerging Policies HO15, HO16, HO17 and SP45, it is considered that given the shortage of available and developable site to make provision for the full 15 year period or to meet the OAN in the early part of the plan period there is a strong justification for the whole of the site to be allocated.
- 2.3 The site has been assessed (albeit in parts rather than as a single site) and is identified below. This is adjacent to the parkway station and represents a very sustainable location to the south of the district, a location which will assist in improving the overall delivery rates within the district by adding a further sustainable choice. In particular sites such as the one below can be developed quickly and assist the plan in achieving a five-year housing land supply at the date of adoption.

Figure 1. Location Plan



2.0 MATTER 2: OBJECTIVELY ASSESSED NEED AND THE HOUSING REQUIREMENT

a) Issue 1: Housing Market Area ('HMA')

Q1) What is the justification for a Thanet HMA, rather than a wider 'East Kent' HMA?

Q2) What evidence supports the use of a HMA for Thanet, having particular regard to household migration and travel to work patterns? Is the degree of containment sufficient to justify this approach? Does it accord with national guidance in the PPG?

Q3) How will housing needs be met across the wider 'East Kent' HMA?

2.1 The SHMA defines Thanet as being situated in the East Kent Housing Market Area alongside Canterbury and Dover. This is supported by 'Geography of Housing Market Areas' (2010) which defines the same HMA (No.94). We agree that this is best source of published data to start with when considering the HMA to be used.

2.2 This research sought to identify the optimal areas within which planning for housing should be carried out. It links places where people live, work, and move home. Published by the DCLG, it was commissioned by the National Housing Planning Advisory Unit (NHPAU). The NHPAU commissioned this work because they considered that there was a fundamental argument in support of planning for housing on a scale that is larger than most local authorities because market dynamics and population changes do not respect administrative boundaries but cut across them, operating at different scales.

2.3 The Executive Summary states that analysis and decision making within areas which are functionally as self-contained as possible allows the various factors that affect housing supply to be weighed against demand pressures, with minimum distortion due to 'out of area' effects. It goes on to state:

'Local communities need the confidence of knowing that they will be supported by, and not undermined by, the planning decisions of adjoining areas. Local initiative cannot be effective otherwise.'

2.4 Within England, the work defined a set of 75 Framework HMAs known as the 'Gold Standard', with a tier of 280 local HMAs nested wholly within them.

2.5 This states that the upper tier of Framework Housing Market Areas would be most effective in providing a longer-term overview of projected household changes, transport connectivities, housing land availability, housing market change and urban capacity, thereby addressing major initiatives like growth areas. As such the report states that this upper tier is the most suitable for delivering a strategic planning framework.

2.6 Further to this a series of 'Silver Standard', Strategic HMAs were prepared which are defined along local authority boundary lines (best fit approach). The use of the silver standard HMAs allows for data produced at a local authority level to be used in HMA assessments.

2.7 The Silver Standard tier aligns Thanet with Canterbury and Dover.

2.8 What is important to understand is that depending upon the criteria used, a wealth of different Housing Market Areas could be defined, and that these can be defined at

different levels. HMAs that are too small and exclude important relationships between areas are likely to be less successful and have no benefit for the purposes of strategic planning than larger areas which reflect these relationships.

- 2.9 The DCLG approach is that these upper tier areas are the most effective for providing the overview of long-term household change. Therefore, these should be used by local authorities within a HMA when considering the strategic issue of meeting housing need.
- 2.10 From the evidence presented in the NHPAU research it would be appropriate for Thanet to be included in a strategic HMA with Canterbury and Dover. However, splitting the two local authority areas into two separate HMAs is possible, but if separate assessments were to be undertaken, each should consider the strategic planning implications from the other.

b) Issue 2 – Population and Household Projections

Q1) Table 12 in the Updated Assessment of Objectively Assessed Housing Need compares household growth in Thanet between 2011 and 2031. Using the 2012-based projections it states that there will be a growth of around 14,297 households, or 715 per year. Assuming a vacant and second home rate of 6.3%, 760 dwellings per annum ('dpa') would be needed to accommodate this level of growth (or 15,200 in total). By comparison, the 2014-based projections identify an increase of 15,397 households. Applying the same vacancy rate would equate to a need for 818 dpa (or 16,360 dwellings in total). What are the reasons for this increase?

- 2.11 The 2012 Household projections were interim projections and have been superseded by both the 2014 and 2016 SNPP and Household projections.

Q2) How does this compare to the latest 2016-based household projections?

- 2.12 The difference between the 2016 and 2014 SNPP are illustrated in chart 4 of SPRU's Reg 19 objection on the housing requirement. (page 27).
- 2.13 The position of the government as expressed both in the technical consultation document of 2018 on the standard method and the 2019 PPG is that the 2014 projections should be preferred for a number of reasons.
- 2.14 While this plan is being considered under the Framework 2012 these general points raised by the government in terms of the 2016 SNPP and household projections are of relevance to the consideration of this matter. that arise from this consultation. Paragraph 5 of the technical consultation states:

"5. The recent household projections release, published by the Office of National Statistic (ONS), has led some areas to reconsider the number of homes they were planning for. However, as the ONS has confirmed, lower household projections do not mean fewer homes need to be built. If more homes are planned for and delivered, more people will be able to own or rent their own home. This consultation therefore proposes changes to the standard method to ensure consistency with the objective of building more homes, whilst providing the stability communities need."

- 2.15 The following are more detail points raised in paragraph 11 of the Technical consultation:
 - a. Household projections are constrained by housing supply

- b. The historic under-delivery of housing means there is a case for public policy supporting delivery in excess of household projections, even if those projections fall.
- c. Other things being equal a more responsive supply of homes through local authorities planning for more homes where we need them will help to address the effects of increasing demand, such as declining affordability, relative to a housing supply that is less responsive.
- d. The above factors have led to declining affordability, as evidenced by the decrease in the number of people living in an area with an affordability ratio of 4 or less: from 23 million (47% of the population) in 2000, to 395,000 (less than 1% of the population) in 2017.

2.16 While the plan is not being progressed under the 2019 Framework and guidance it is pertinent to note that the 2014 household projections are preferred by the government because they:

“provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes.”

Reference PPG Paragraph: 005 Reference ID: 2a-005

2.17 The government is clear that for future plans the 2016 based projections are not considered appropriate basis on which to plan for housing (PPG 2019 Paragraph: 015 Reference ID: 2a-015).

Q3) What is the justification for using a vacant and second home rate of 6.3%? What is this based on?

2.18 Vacancy rate has been taken from council tax records (SHMA update 2017 paragraph 1.66) It is noted that this approach does provide a more up-to-date figure than that from the 2011 census.

Q4) The SHMA Update includes a sensitivity analysis which considers migration trends over 10 and 14-year timeframes. How does this compare to the 2012 and 2014-based household projections? Are 10 and 14-year trends more likely to be representative of what will happen over the plan period than 5-year trends?

2.19 The official 2012 SNPP did not extend to the whole of the plan period and given that they have been superseded they should carry little weight.

2.20 In terms of 5 year versus 10 or 15 year projections, and the inclusion of Unaccountable Population Change (UPC) as illustrated in table 12 of the SHMA update these have often been accepted by inspectors at LP Examinations and appeals to justify lower levels of planned housing provision. It would be inconsistent for the Secretary of State not to take these into account when they actually suggest higher levels of housing especially in the context of paragraph 47 of the Framework 2012.

Q5) How have household formation rates changed in Thanet? Is there evidence to suggest that household formation has been suppressed by affordability or constrained supply, especially amongst 25-34 and 35-44 age groups? Does the SHMA apply any adjustments to account for suppressed household formation?

- 2.4 No uplift has been applied for suppressed household formation rates (paragraph 1.58 of the OAN update (January 2017). The justification for making no change is that the fall in household formation is common across many areas of the South East.
- 2.5 The response to this approach is that these falling rates of household formation reflect the negative impact or worsening affordability across many areas of the South East and just because these features are now unfortunately common place it is not a justification for the council to ignore them.
- 2.6 It is recommended that household formation rates are adjusted for 25 – 44 year old cohorts adjusted to midpoint between the 2008 DCLG projections and latest (proposed amendment to paragraph: 015 Reference ID: 2aS015S20140306).

Q6) What is the justification for the 'rebased' scenario in the SHMA? Using the 2014-based projections it predicts an increase of 15,450 households over the plan period, equating to a need for 16,460 dwellings (or 821 dpa).

- 2.21 Rebasing the 2014-based SNPP to take account of actual (rather than projected) population change between 2014-15 only increases the annual requirement by 3 dpa from the SNPP 2014 based projections (SHMA update table 12) and as such is of little consequence.

c) Issue 3 – London Migration

Q1) How has migration between London and Thanet varied prior to, during and after the latest recession? What does this demonstrate?

- 2.22 The SHMA Update 2017 applies a 2% uplift to the figure of 821dpa to account for past migration trends in respect of London for a 14 year period (2001/02-2013/14).
- 2.23 Table 7 (SHMA Update highlights a pre-2008 net flow average of 831 and an SNPP average of 734 (Table 7). The 2% uplift applied results in a higher projection of 838dpa.
- 2.24 The migration figure for London incorporated into the OAN figure therefore is 340 dwellings across the plan period.
- 2.25 In general table 7 (SHMA update) shows that level of out migration from London has been about this has resulted in the net flow also being 100 persons per year lower since the recession. The impact of the recession has been to impede migration flows and so a return to more normal economic circumstances is likely to see these outflows increase (as is beginning to happen).

Q2) What are the reasons behind migration trends to and from London? What evidence is there to suggest that past-trends will continue over the plan period?

- 2.26 In general terms migration into and out of London tends to be driven by those seeking employment in their younger years moving into London and those seeking cheaper larger accommodation for growing families in their later years moving out of London.

Q3) Taking into account answers to the questions above, what is the justification for applying an uplift to account for London migration?

- 2.27 It is noted that the LPEG Report to Government (March 2016) recommended that the DCLG should commission an update to the earlier 2010 study (CURS) as there is the potential for HMA boundaries to be “gamed” with authorities being excluded despite their obvious shared geography (paragraphs 3.6, 3.8 and Appendix A paragraph 2).
- 2.28 The present rate of housing delivery in London of a high of 39,560 net additions in 2016/17 and a 5-year average of 28,000/year against a forecast need of (2014 projections)
- 2.29 This is an underperformance of housing delivery in London against the 2014 household projected level of need of 57,317 dpa (55,594 CLG table 425 plus 3.1% second and empty homes Housing in London: 2018). The shortfall is between 17,757 (if the highest rate of delivery in recent times is maintained as an average) and 29,317 (if net additions continues as an average of the last 5 years).
- 2.30 Increased levels of undersupply in London will trigger further outmigration.
- 2.31 The draft London Plan (dLP) Delivery Target is 64,935 dpa against a need of 66,000 dpa (central projection plus backlog to be met over 25 years) so the shortfall is 1,065 dpa which would mean an uplift of just 26 dpa (2.47% of 1,065). The 2014 based Standard Method figure for London is in excess of 70,000 dpa.
- 2.32 SPRU's submission to the dLP examination on behalf of London Councils highlights that the dLP needs to directly address at least the planned level of unmet **need** so that plans such as EFDC can meet their share of the need (London Councils Matter 19 submission).
- 2.33 SPRU's matter 19 submissions to the dLP on behalf of London Councils highlights the shortcomings of the dLP evidence base in terms of the SHLAA leading to an unrealistic assumption regarding capacity which could lead to a significant shortfall in delivery.
- 2.34 It is clear therefore that there will be additional unmet need from London.
- 2.35 Table 7 of the SHMA Update indicates that in the year preceding the 2011 census some 1,326 persons moved out of London into Thanet.
- 2.36 This means that 0.9% of the 145,506 of persons that moved from London to the South East (90,792) and East of England (54,714).
- 2.37 The additional pressure for new dwellings in Thanet generated by unmet need from London would be in a range between **162 dpa** and **267 dpa**. These being 0.9% of unmet need from London. (this being 17,757 dpa (if the highest rate of delivery in recent times is maintained as an average) and 29,317 dpa (if net additions continues as an average of the last 5 years).

Q4) Is the suggested uplift consistent with other development plans across the wider 'East Kent' HMA?

- 2.38 In light of the evidence above we consider that other development plans in the “East Kent HMA” have underestimated the impact of the future growth in London and its capacity to meet this future demand. The new Parkway Station proposed to be delivered adjacent to the objector's site will be an additional factor in those seeking to meeting their housing needs outside of London. The reduction in commuting times into London that will result from this proposal together with the increased convenience (especially for those living in close proximity) is likely to increase the attractiveness of Thanet and particularly those areas close to the new parkway station so there is a legitimate

expectation that level of out migration from London will increase above past levels.

- 2.39 This increased accessibility to London combined with an increasing affordability issues within London are going to result in level out-migration into the areas around the Parkway station at much higher rates than previously experienced.

d) Issue 4 – Market Signals

Q1) The PPG advises that household projections should be adjusted to reflect appropriate market signals, as well as other market indicators. How does the evidence demonstrate that Thanet is performing with regard to:

Land Prices;

- 2.40 No Comment.

House Prices;

- 2.41 Chart 7 of the SPRU Reg 19 submission highlights the steep rise in median House Prices for the HMA since increasing 5 fold form 1997 and substantial increases since 2013.

Rents;

Affordability;

- 2.42 Chart 7 of the SPRU Reg 19 submission highlights Affordability more than doubled between 1997 and 2005 from under 4 to 8. This remained at 8 until 2014 since when it has increased to over 10. This is an indicator of high housing stress. Chart 9 shows that while affordability in Thanet was similar to the in England as a whole in 1997 it has become less affordable faster than England as a whole and the recent uplifts in affordability are much sharper than those averaged across the country.

- 2.43 These factors suggest that there should be a meaningful and substantive response to the issue of affordability.

Rates of Development; and

- 2.44 No Comment

Overcrowding.

- 2.45 Paragraph 6.32 to 6.39 address the issue of concealed households and also highlight the issue of other households which while not concealed are a system of adults being unable to meet their housing aspirations. The RTPI research “Planning for housing in England: Understanding recent changes in household formation rates and their implications for planning for housing in England” states that the growth in “other households” is an indicator of suppressed household formation.

- 2.46 Chart 7 of the SPRU Reg 19 submission highlights the substantial growth in “other households that has occurred in Thanet and is projected to continue on an upwards trajectory if the 2014 based household projections set the future level of housing provision. To address this signal a level of housing above the level projected would need to be planned for.

Q2) How has the position changed since preparation of the SHMA Update? Have factors such as affordability been improving or worsening?

- 2.47 Affordability has worsened since the preparation of the SHMA update as noted in chart

7- 9 of our Regulation 19 submissions on housing requirement.

Q3) Paragraph 2.15 of the SHMA Update states that a further upward adjustment is warranted to improve affordability and support younger households in forming. This has been done by returning household formation rates for those aged 25-34 back to 2001 levels over the period to 2025, which increases the overall housing need from 16,760 dwellings (838 dpa) to 17,140 dwellings (or 857 dpa). Is it appropriate to use adjustments to household formation rates as a mechanism for responding to worsening market signals?

2.48 This is a mechanistic response to the issue and assumes that as at 2001 there were no signs of the housing crisis. This is not the case at 2011 there were already signs of worsening affordability see chart 3 in SPRU Reg 19 Housing Requirement Objection page 7.

Q4) What impact will this uplift have on affordability and is it appropriate? If not, what adjustments should be made to account for market signals and why?

2.49 An upward adjustment of 19 dpa would make no difference to the overall level of affordability experienced in Thanet. It is not a meaningful response to the issues of affordability or the growing number of Other households that are forming in response to issues of affordability (see chart 7 page 36 of SPRU Reg 19 Housing requirement Objection).

2.50 In terms of the range of responses that have been suggested to address the issue of affordability these are as follows:

- a. NHPAU "Meeting the housing requirements of an aspiring and growing nation: taking the medium and long-term view" (June 2008). Considered the need to respond to market signals at that time and suggested that to prevent the worsening of affordability in the South East there was a justification to increase housing supply by **38%** (stabilising affordability). (SPRU Reg 19 Housing Requirement Objection page 8)
- b. The Local Plan Expert Group approach would suggest an uplift of **25%** (SPRU Reg 19 Housing Requirement Objection page 13)
- c. The Standard Method (as per the 2019 Framework) **41%** capped at **40%** so 1,118 dpa.
- d. SHMA Update uplift of **9%**
- e. SPRU reg 19 Housing Requirement Objection **40%** (based on the lower 2016 household projections)

2.51 It should be noted that the recommended uplift of 40% was to be applied to the 2016 household projections and that while other factors such as increased out migration from London and economic growth would have also suggested an increase in the level of housing it has been assumed that these would have been subsumed in the overall increase that was being proposed.

e) Issue 5 - Housing Trajectory

Q1) What is the justification for the housing trajectory in Policy SP11? What is it based on and why does it propose a significantly higher housing target during the middle-to-end of the plan period?

Q2) Does the stepped trajectory reflect the type and size of sites proposed for new residential development in the Plan?

- 2.52 The guidance appears clear in terms of situations where the trajectory suggests that there are insufficient sites to meet the OAN which requires a reassessment of the approach and then if cannot be met locally the Duty to co-operate should be engaged (NPPG 2012 paragraph 26). Similar advice is given in terms of being unable to meet the requirement within the first 5 years of the Plan (NPPG Paragraph 35), this clearly suggests LPA's are required to engage with neighbouring authorities under the Duty to Cooperate before delaying meeting housing need to later in the Plan period.
- 2.53 There is clear evidence that the omissions sites put to the Council as part of the Regulation 18 and this Regulation 19 consultation that there are suitable and deliverable sites that could come forward within the first five years of the plan which would negate the need to adopt a stepped approach.
- 2.54 We would suggest the high affordability ratio adds additional pressure to meet these needs as soon as possible.
- 2.55 It appears that the Council have chosen to ignore sections of the relevant guidance in order to produce a plan that has a clearly skewed approach both to the location of development but also to the timing of delivery. By ignoring the range of smaller more easily deliverable sites and concentrating the majority of development around the northern coastal towns the resultant strategy has become inflexible and difficult to deliver in a way that meets needs throughout the plan period.
- 2.56 The stepped approach in Policy SP11 is unsound as it is clearly ineffective in delivering the housing that is needed throughout the plan period.
- 2.57 The stepped approach in Policy SP11 is also unsound as it is not justified as an alternative strategy (or even an amendment to the proposed strategy) could deliver the dwellings required at the time they are required rather than adding to the housing pressure in the area.

f) Issue 6 – Housing Requirement

Q1) Is the housing requirement justified and is it based on robust, up-to-date and available evidence? If not, what should the housing requirement be?

- 2.58 No. The housing requirement should be increased to 1,070dpa.
- 2.59 The housing requirement of 857dpa is considered too low and not in conformity with the appropriate (2012) Framework and Guidance. In particular it is considered that ignoring the positive impact of UPC is inconsistent with those other SHMA for local authorities who have reasoned that the negative impact of UPC should be modelled into lower OAN requirement.
- 2.60 It is also considered that the employment-led projections while modelling recent projections of growth these are significantly below past local rates of growth and the use of a blended activity rate (rather than using the OBR rates) results in forecasts of higher

activity rates and hence lower rates of migration resulting in a lower population. The problem with such an assumption is that if activity rates do increase at rates faster than projected by the OBR then the lack of housing will result in a break to economic growth.

- 2.61 Lastly the market uplift of just 9% appears to have no justification. The levels of uplift calculated by those advising government on how to address the housing crises range from 25% (LPEG), to 38% NHPAU to the most recent standard methodology of 40% .
- 2.62 Only a 40% increase would meet the Government's stated objective of reaching 300,000 dpa by mid-2020's.
- 2.63 The emerging Local Plan has a period of 2011 to 2031, which, to achieve a 15-year plan period as recommended by the Framework would need to have been adopted in 2016. To be in line with the PPG, the Council should extend the Plan Period to ensure that there is a 15 year period upon adoption. If adopted in 2019, the plan period would need to be extended to at least 2034. This would then require an additional 3,117 dwellings to be added the housing requirement ($17,140 - 1,555 / 15 = 1,039 \times 3 = 3,117$). The Council's housing requirement, as a starting point, should therefore be 18,702 dwellings to 2034 ($17,140 - 1,555 + 3,117$), or 1,039dpa.

Q2) Policy SP11 states that provision is made for a 'total' of 17,140. Is this consistent with the evidence-base, or should the figure be referred to as a minimum?

- 2.64 Policy SP11 and the Housing Strategy refers to the housing need several times, however there is no mention of meeting the OAN of housing in Thanet in full within the district beyond a commitment to "meet local housing need". Similarly, the Vision of the Plan sets out the vision the Council seeks to achieve through the new Local Plan. Housing Need is not mentioned at all, and housing is only mentioned in the context of providing high quality new homes. Meeting the housing need is a key Government objective as set out in both the 2012 and 2018 Framework and this should be reflected within the Plan and as such the final housing requirement should be set as a minimum.