Planning Advisory Service
Local Plan Support

Canterbury City Council
SHMA Production Support

Housing Needs Assessment
Advice and Review

Report by Intelligent Plans and Examinations (IPE) Ltd

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1.   Introduction

1.1   Intelligent Plans & Examinations (IPe) was commissioned by the Planning Advisory Service (PAS) in May 2020 as part of its Local Plan Support programme to provide support to Canterbury City Council (CCC) in the preparation of its Strategic Housing Market Assessment (SHMA) (which is now to be titled as the Housing Needs Assessment (HNA) to reflect national policy and guidance) as part of the evidence base to determine the numbers and types of homes required to support the City Council's Local Plan Review.

1.2   As part of this commission, we were specifically asked to review and give advice on the process and soundness of the City Council's HNA, which will form a key component for the development of the City Council's Local Plan housing policies for the period 2020-2040. The final HNA report, which has been prepared by Edge Analytics, was provided to us for review on 19 May 2021.

1.3   As a separate part of the commission, we have also undertaken research and provided advice on the approaches taken elsewhere in the country on the calculation of future student accommodation requirements, and the implications for the Local Plan Review. Our report was sent to the City Council and PAS on 31 March 2021.

1.4   We have further reviewed the use of the DOMUS Housing Needs Toolkit which has been developed by Edge Analytics to generate housing needs estimates, specifically through a Housing Needs Model, which is a key element of the toolkit.

1.5   A progress meeting regarding this commission was held on 18 February 2021, attended by Louise Randall (CCC), Shelly Rouse (PAS), Peter Boden and Kate Staines (Edge Analytics), and Derek Stebbing (IPE).

1.6   This report sets out our assessment of the HNA, and conclusions on its approach and methodology for wider consideration by PAS in respect of potential use by other authorities.

2.   The Housing Needs Assessment (HNA)

2.1   The HNA is structured as follows:
- Executive Summary.
- Section 1 – Introduction.
- Section 2 – Local Housing Need.
- Section 3 – Affordable Housing Need.
- Section 4 – Housing Mix.
- Sections 5-13 – Analysis of the housing needs of Students, Older People, People with Disabilities, People who Rent, Families with Children, Key Workers, Gypsy and Travellers, Self-Build and Custom Building, and Service Families.

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- Appendices A-H – covering the DOMUS Framework, the Demographic Profile, the Standard Method (for calculating Local Housing Need), the Housing Stock Profile, the Affordability and Income Profile, Housing Mix, Older Age Housing and Abbreviations.

2.2 This document structure is now being increasingly used and accepted as best practice for HNA evidence documents. It should lead to much shorter and more concise documents than the previous SHMAs, with potential benefits for all users of the document, especially for Inspectors at Examinations.

2.3 In this case, the Executive Summary (at pages ii-vii) is, in our assessment, an excellent summary of the HNA, and consideration could be given to its use as a stand-alone document to support future public and community engagement.

2.4 Section 1 describes the approach towards calculating the housing needs of Canterbury district up to 2040. It sets out the key national policy requirements at paragraphs 60 and 61 of the National Planning Policy Framework (NPPF) and the use of the 'standard method' as the starting point for calculating the overall minimum Local Housing Need (LHN) figure as set out in detail in the Planning Practice Guidance (PPG). The four stages of the standard method calculation are described in full at Appendix C, noting that Stage 4, the cities and urban centres uplift, does not apply to Canterbury. Section 1 also contains a summary of the most recent SHMA undertaken in 2018 prior to the introduction of the standard method. At that time, it calculated that 1,140 dwellings per annum were required for Canterbury district for a plan period of 2016-2031. Whilst it is not necessary to set out any previous SHMA conclusions in a HNA document, as the methodology is different for each approach, it is likely in many cases to be a very useful comparator. In this case, the HNA calculates a housing need of 1,120 dwellings per annum for Canterbury district (see below). Section 1 also provides an area profile of the district, highlighting the key demographic trends including projected population growth of 15% up to 2040 and substantial growth in the size of the resident population aged over 65 years.

2.5 Section 2 describes the LHN calculation using the standard method. We note that it takes account of the recently published 2020 affordability ratio (11.19) for Canterbury and is therefore fully up to date. The illustration of the LHN calculation on page 5 is a very useful, and simple, explanation of the three stages of the calculation, and is to be recommended as a technique that is potentially very helpful for public engagement and understanding. Similarly, the graph (Figure 3) on page 6 showing housing growth in the district between 2001-2040 is a very clear approach to showing how housing growth (including completions up to 2020 and projected growth beyond) relates to the LHN calculation. The LHN Review on pages 7 and 8 to benchmark the Canterbury LHN against all other Local Planning Authorities is, again, an interesting and

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innovative comparator. The following section on the consideration of whether any exceptional local circumstances exist in Canterbury to justify any deviation from the standard method is also important, particularly as it does highlight that there has been a "dampened growth outlook" for 2021-2031 shown by the latest ONS 2018-based household projections. This is as a result of altered fertility and mortality assumptions, in combination with an alternative approach to the estimation of student migration from 2016 onwards, leading to a lower projected level of household growth. The report notes that, whilst these are important demographic changes, they apply to all local planning authorities, and do not represent exceptional local circumstances for Canterbury.

2.6   Section 2 concludes that the minimum LHN housing growth figure is 1,120 dwellings per annum. This is higher than the current adopted Local Plan target of 800 dwellings per annum, but the report does note that the higher figure could help facilitate any infrastructure and employment growth aspirations of the City Council. This is an important point, as the LHN should be a key factor in developing economic policies for the Local Plan as well as housing policies. In some parts of the country, a higher (than the calculated minimum) LHN is typically adopted specifically to support further economic growth. Furthermore, a LHN figure of 1,120 could help the City Council deliver a greater number of affordable homes in the district.

2.7   Section 3 addresses affordable housing need. Again, the illustration on page 11 provides a very useful and clear understanding of the steps taken to produce the net annual affordable need for the period 2020-2040, which is calculated to be 464 dwellings per annum (comprising 308 units for rent and 156 units for ownership). The tables on pages 18 and 21 provide a very clear understanding of the calculations for both these forms of affordable housing, and again will be useful for public and stakeholder engagement. It is also apparent that this section takes account of the most recently published data on rental levels and average earnings within the district, together with recently announced Government initiatives, notably the 'First Homes' scheme.

2.8   Section 4 addresses housing mix. This is of some wider interest as it identifies four sub-geographies for the district, Canterbury City, Whitstable and Herne Bay Coastal, Rural North and Rural South. Taking account of the differing patterns of household growth by type and by age it generates an estimated dwelling mix for each of those four sub-districts, together with a district-wide mix. This sub-geographical approach is not commonly seen in other authorities' HNA reports and is, in our assessment, a much more refined approach for determining Local Plan housing mix policies, with a better prospect of being able to provide housing of the right type and size where required. Figure 11 on page 30 provides a clear and effective illustration of the approach, supported by Figure 10 on page 29 which shows the different patterns of projected household growth for those sub-districts.

2.9 Section 5 addresses student accommodation. Following our earlier work on this topic, and our research confirming that there is not a uniform approach being taken by other authorities towards the calculation of student accommodation requirements, the HNA's conclusion that, whilst the three universities in the district have plans to grow and have produced ambitious masterplans, the current uncertainty over the quantitative impact of these plans on student numbers, together with other ongoing factors affecting student numbers such as the COVID-19 pandemic and the implications of 'Brexit', it is challenging to draw definitive conclusions on the future need for student housing is in line with other recent SHMA assessments elsewhere. Increasing, reliance is now being placed by most authorities on purpose-built student accommodation (PBSA) to meet student accommodation requirements, although in the case of Canterbury this is not leading to a decrease in the number of homes in multiple occupation (HMOs). We concur with the report's conclusion that "…*the Council reviews the need for PBSA if and when any university expansion plans are revealed*". This represents a sensible and pragmatic approach regarding a housing sector that is becoming very difficult to project forwards with certainty. With regard to HMOs, the report recommends that the City Council continues to control the conversion to and proportion of HMOs through its Local Plan policies.

2.10 Section 6 addresses the housing needs of older people. In common with many other authorities, the proportion of older people (aged 65+) in the Canterbury population is projected to increase substantially up to 2040. The report draws upon a variety of data sources and research studies and concludes that providing an appropriate mix of housing for older people is critical. Over the period 2020-2040 it projects a minimum need for 576 units of age exclusive housing, 1,732 specialist units retirement/sheltered housing, enhanced sheltered housing and extra care housing and 1,150 bedspaces within care homes.

2.11 In our experience, this component of housing need is coming under increased scrutiny by the development sector, as in many authorities the projected increasing need for older persons' housing is not being met by commensurate site allocations and positive policies in Local Plans, leading to many speculative planning applications on unallocated sites. Conversely, some of the major housebuilders are reluctant to make specific provision for older persons' housing in development schemes, citing viability issues. It will be an important matter for the City Council to consider through its policies and site allocations following the completion of the HNA.

2.12 Section 7 concerns people with disabilities and concludes that, overall, there is a need for an additional 2,200 homes (across all tenures and ages) with some form of adaptation in the district up to 2040, to predominantly meet individual needs resulting from the growth in the older age population. This projected increase in the need for accessible and adaptable dwellings (conforming to Building Regulation M4(2)) is now common to most authorities, and part of the requirement will be met by

the adaptation of properties within the existing housing stock. The HNA recommends that the City Council target of 20% (as presently required by Policy DBE5) is maintained for new homes on major developments and strategic sites, with consideration given to the provision of wheelchair accessible housing, particularly for older people.

2.13   Section 8 concerns people who rent homes in the private-rented sector. Over the period 2020-2040, the HNA projects that the number of households who rent privately will increase by between 7% and 16%, based on the 2018-based and 2014-based household projections respectively, equating to approximately 12% of the total household growth, and around 13% of the 'market housing' category. The HNA notes that, given the affordability issues linked to purchasing properties in the district, and the expected increase in the proportion of older people that rent privately over the plan period, there is likely to be a need for 3-4 bedroom houses and smaller units for older people in the private rented sector.

2.14   Section 9 concerns families with children. Under the 2014-based household projections, the number of households with children is projected to increase by 1,134 (7%), although the 2018-based projections project a slight decrease of 2% by 2040. The HNA adopts a mid-point between the two projections (equating to 477 households). In terms of the impact upon housing provision, the HNA recommends that the City Council considers the provision of smaller-sized family housing (e.g. 2 and 3 bedroom dwellings) across the district.

2.15   Section 10 concerns key workers. It is up to date in referring to the Government's latest initiatives for 'First Homes' and a mortgage guarantee scheme announced in the April 2021 Budget. Around 19% of the working-age population in Canterbury district are key workers, and the report suggests that the City Council could consider supporting key worker access to affordable housing through Rent to Buy schemes, enabling a greater number of people to live closer to their workplaces.

2.16   Section 11 relates to Gypsy and Travellers, and draws largely upon the 2018 Canterbury Gypsy and Traveller Assessment (GTAA) and the most recent MHCLG caravan counts. The HNA calculates that a further 11 Gypsy and Traveller pitches are required in the district up to 2040.

2.17   Section 12 considers self-build, and concludes that, as demand for self-build housing is negligible when considered against the overall housing need figure, the type and size of housing requirement should be considered within the overall dwelling mix. The report recommends that the City Council continues to monitor the need for self-build plots within Canterbury, supporting the designation of land for such developments.

2.18   Finally, Section 13 covers military service families. With no active barracks in the district or plans for military expansion, the HNA concludes that there is unlikely to be future growth in housing need from this group.

3.   **Overall Assessment**

3.1   Our assessment is that the Canterbury City Council HNA is amongst the best examples of the latest generation of HNAs that we have seen. It appears to demonstrably satisfy the requirements of national policy and guidance for such documents. Its structure provides a logical approach to the calculation of LHN, starting (at Section 2) with the standard method calculation and then followed by more detailed analysis of the various components of housing need as described above. (Many similar documents adopt a 'reverse' approach, with the overall LHN calculation at the end of the document. We much prefer the approach in this HNA).

3.2   The document is in our view greatly enhanced, for all its users which will include Planning Inspectors, by the use of some clear illustrations to show the methodology and outputs for key aspects of the calculated housing need, such as the standard method calculation diagram on page 5.

3.3   As noted above, the Executive Summary is a very clear summary of the whole document and should prove to be extremely useful in explaining the document's contents to others, such as Councillors, Parish Councils and members of the public.

3.4   On the evidence available, we can identify no obvious shortcomings or omissions in any aspect of the HNA. It would seem to be fully up to date and is based throughout on the latest available data, whilst conforming with continued Government advice to use the 2014-based household projections as the starting point for the use of the standard method LHN calculation. Its conclusions and recommendations are all based upon a comprehensive assessment of the relevant data. We consider that none of its recommendations appear unreasonable.

3.5   It is considered that the DOMUS Housing Needs Toolkit developed by Edge Analytics provides an extremely robust toolkit for calculating local authorities' housing needs with its outputs being presented in a much more 'user-friendly' way than is often the case with other comparable models. In many respects, it exemplifies the type of approach advocated by the Government in 2019 when replacing the previous, usually lengthy, SHMA-based assessments with the calculation of Local Housing Need using the standard method.

3.6   Finally, as a core evidence document, we consider that the HNA should contribute significantly to underpinning the soundness of the City Council's emerging new Local Plan.

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