

# **East Kent Strategic Housing Market Assessment**

## **Summary of the Key Findings/Issues for Shepway District**

### **1.0 Purpose of the Study**

- 1.1 The East Kent Strategic Housing Market Assessment was completed by the council between April 2008 and June 2009, in partnership with Canterbury, Dover and Thanet Councils. The assessment has been completed in full accordance with the official Government guidance.
- 1.2 A range of local partners including statutory agencies, private developers, the Chamber of Commerce and our housing association partners had the opportunity to input into the SHMA process.
- 1.3 The assessment provides robust data on which the council and its partner agencies can base planning and housing policy interventions to deliver new and better homes in the district.

### **2.0 Summary of the Key Findings**

The findings are summarised around four broad areas set out below:

#### **2.1 Population Summary**

- In line with the rest of East Kent, the number of households within the district has increased at a faster rate than national and regional averages.
- Shepway has one of the highest number of over 65s within the district population compared to the rest of the South East Region
- Over the last 5-10 years there has been a 2% reduction in the number of under 15 year olds living in the district
- The number of people in the 45-64 age group has increased in the district over the last few years.
- Average household sizes in the district have continued to decrease since 2001 – the average household size in the district in 2006 was 2.24
- 20% of the Shepway population have a long-term limiting illness, compared to a regional figure of 15%

#### **2.2 Income and Affordability**

The study has shown that affordability with the local housing market continues to be a major issue in the district, with many households unable to access appropriate accommodation.

- The assessment gathered comprehensive information on the level of household incomes within the East Kent area, using CACI Pay check data.

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

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

- Shepway wage levels (like the rest of East Kent) are generally below the Kent and South East average – due to the reliance on lower paid employment in the district.
- In 2007, there were 36,160 people of working age in receipt of non-working benefits, down from 36,640 in 2006.
- In 2007, 15.7% of people of working age were in receipt of non-working benefits- this compares to an regional average 9.6%
- Between 2001 and 2008, mean house prices in Shepway increased by 106%, the highest level of increase in East Kent. The average house price in Shepway in 2001 was £100,590. By 2007 the average had increased to £206,907
- House prices in the district in late 2008, had fallen back to the same levels seen in mid-2007
- Of all the East Kent Authority area, the Shepway Housing Market has shown the most signs of stability
- Based on the mean household income for the district and the mean house price in the district as at 2007, households entering the housing market for the first time will have an income to house price ration of 6.39, second only to Canterbury in the East Kent Sub-Region

### **2.3 General Characteristics of the Shepway Housing Market**

The study has highlighted the key characteristics of the local housing market and sub-market within the districts. It has also confirmed that the arrival of the high-speed rail link later this year, could further impact on affordability within the market. It recommends that the impact of the new services for the district should be closely monitored.

- The assessment identified four Shepway specific housing markets (Folkestone Area, Hythe Area, New Romney and Lydd and the Marsh Area. Also identified the East Kent Rural South area, which includes rural areas of Dover, Canterbury and Thanet.
- The highest prices and strongest market conditions being found in the Hythe Area and the East Kent South housing market.
- During 2007/08, Shepway received 398 planning requests for change of use/conversion of residential premises – higher than all of the East Kent districts, other than Thanet
- 11.2% of all private sector properties are unfit, higher than all of the East Kent districts except Dover at 12.6%

- The potential impact of High Speed One is unclear at present.
- Based on evidence from other areas of the country (similar travelling times from London), the combined effects of lower than the regional average house prices and a journey time of less than one hour may attract people from out of the area to live in Shepway.
- Attracting more people households into Shepway could also lead to further inflationary pressures on the local housing market – the impacts of High Speed One need to be carefully monitored.
- The survey of resident aspirations undertaken as part of the SHMA supports a policy direction that favours larger properties over small and houses rather than flats.
- The challenge for the district is to provide attractive housing products for higher earners and to ensure that local young families can stay in the area too.

### 2.3 Housing Need and Demand

The provision of appropriate housing, including new affordable homes is vital for the district if it is to achieve its full economic potential. The level of demand for affordable housing within the district remains at a very high level. The study has considered the current backlog of need in the district, together with the projected need that will emerge over the next five years. To maximise the level of new affordable homes provided in the district each year, it is essential that the council seeks to maximise the number of affordable homes delivered through private developer contributions, whilst ensuring that its approach does not impact on the viability of developments.

- The SHMA has identified a need for 1,318 new affordable homes in the district each year, if the back log of need is to be tackled over a 5 year period. This figure reduces to 671 if a longer 10 year timescale is used.
- There are current 2,500 households in housing need registered on the Shepway Housing Waiting List.
- The study recommends a varying affordable housing target for the district of between 30% and 35%, according to the viability of the local housing market, subject to a comprehensive overall viability assessment
- The thresholds where affordable housing targets are applied should remain at 15 - Reduction in this threshold should however, be explored in areas of the district designated as rural.
- The report recommends the adoption of a five-year programme to address the backlog of identified need, which seeks to address 50% of the identified need on an annual basis.
- The report recommends that the council should seek to create a disincentive for the creation of smaller units, for example by prevention the conversion of family homes into flats.
- It further recommends:
  - a focus on providing larger affordable family homes, because the turnover of for properties is much lower than for smaller accommodation
  - Overall 70% of new affordable homes in the district should be for affordable rent and 30% should be for intermediate housing such as low cost homeownership – dependent on market conditions
  - 50% of new market homes in the district should be provided as larger 3 and 4 bed units

- The growing older persons population will result in an increasing demand for specialist accommodation for older people.
- Measures to support older people who wish to continue to live in their own homes will remain important over the coming years.
- Initiatives to enable older person households to downsize should be explored
- 100% of affordable homes on sites of 15 units or more should be built to lifetime homes standards.
- 20% of market homes should be built to life-time homes standards

### **3.0 Conclusions and the Way Forward**

- 3.1 Affordability within the local housing market continues to be a major issue for many households. House price to income ratios for the district continue to remain at unaffordable levels for many households.
- 3.2 Average income levels within the district are below the South East Average due to the reliance on relatively low paid employment in the district. 15.7% of people of working age were in receipt of non-working benefits, compared to a regional average 9.6%. Approximately 20% of households in the district contain as least one person with a long-term-limiting illness.
- 3.4 The demand for affordable housing in the district remains at a very high level, with over 1,000 new affordable homes required each year to meet the identified need in the district. It is recommending that the council should focus on the provision of larger affordable accommodation as this type of accommodation is subject to lower levels of turnover compared to smaller units.
- 3.5 The ageing population and high proportion of people with long-term limiting illnesses in the district are likely to have major impacts on our future housing and planning policies.
- 3.6 The need and issues identified through the SHMA will be explored and tested through the council current ongoing Local Development Framework process and the review of the council's Housing Strategy, which is due to commence this autumn. The impact of the new high-speed rail link on the local housing market remains uncertain but will require close monitoring.
- 3.7 Crucial to the review of the council's affordable housing policies, is the need to complete an overall viability assessment to test our current affordable housing threshold of 15 units and whether or not the proportion of affordable housing provided through private sector developments should be increased from 30% to 35% on appropriate sites in high value/demand areas. A possible reduction of the affordable housing threshold in rural areas of the district will also be considered.