Matter 2 –
Housing Economy and
Infrastructure
(Core Strategy Policies: SS2, SS5, CSD1, CSD2, CSD3,
CSD5, CSD10)

Shepway District Council
Response

Reference is made to the document codes in the Programme Officer’s ‘Schedule of Documents’.

The following abbreviations are used throughout: CS (Core Strategy), SA (Sustainability Appraisal), SHLAA (Strategic Housing Land Availability Assessment), SHMA (Strategic Housing Market Assessment).
Issue 2: Are the Core Strategy’s proposals for the provision of new housing and economic development, deliverable, clear, sufficiently justified and consistent with the local evidence base, the South East Plan and national policy in PPS3? Does the Core Strategy provide satisfactorily for the delivery of development, with particular reference to transportation infrastructure, and adequate monitoring of its effectiveness?

SUMMARY RESPONSE:
Housing and economic development strategy is robust, having a clearly positive approach to delivery that is the most appropriate way to meet identified sustainable development needs. The focus on more effectively meeting quantitative and qualitative development requirements is well supported by evidence and accords with national/regional policy. Appropriate strategic provisions are made for delivering infrastructure/transport upgrades.

Key Evidence Documents
- [A1-2] Strategic Housing Land Availability Assessment
- [A5] Economic Viability Assessment of housing
- [A6] Strategic Housing Market Assessment
- [A8] Employment Land Review
- [A9] Retail Need Assessment Study
- [A12-A20] Transport Strategy
- [A87] East Kent Local Investment Plan
- [A89] Development Requirements Report
2.1

Is the policy SS2’s housing target, which is in excess of the South East Plan requirements, adequately justified by the local evidence base...

2.1.1 The proposed housing level is well justified against evidence and alternatives. Following on from themes explored at Issues and Options consultation [G1]. Two of these options involved a higher housing provision rate than proposed in policy SS2; 850 per annum under ‘Fundamental Shift (SO1)’ and 550p.a. under ‘Maximise Development Opportunities (SO2)’. (The South East Plan final level, 290 per annum, formed option SO4).

2.1.2 Option SO2 was rejected on the basis of its environmental impact and greenfield land take up; with the same logic applicable to SO1. Subsequently, the preferred option (SO3) of 300-400p.a. has been refined with extra testing and detail to proposals in SS2 for ensuring the delivery of at least 350 units per year, expected to be delivered through *inter alia* a guideline of allocating land for approximately 8,000 units in the first 20 years (equating to 400 per annum).

2.1.3 In the context of potential strategic options, the housing target proposed in policy SS2 seeks to balance CS Strategic Needs and give a positive framework for delivery. The rationale behind this level is explored in detail in the Development Requirement [A89]) document. This evaluates the way forward against a zero net migration ‘demographic baseline’ of population decline, a significant decrease in household size from 2.23 to 2.04 and an increase of 58% (rounded) in the population aged 65-84 over the plan period, and an increased ‘dependency ratio’. Alternatively, under both higher growth scenarios examined in detail in A89 there would be a modest population increase.

2.1.4 The SS2 growth target also presents the optimum sustainable option to deliver the long term district economic strategy, through minimising a contraction of labour supply in the context of increased labour demand over the plan period [A89, section 8]. This responds to CS Strategic Needs, capitalises on the strengths of the district such as the communications infrastructure and ensures the maintenance of natural assets and environmentally sensitive areas (Strategic Need B) that would not have been associated with the highest growth options documented at Preferred Options stage. As recognised in SA [A28, page 71] the level of housing also needs to be
considered alongside the type of provision made i.e. the rest of the CS including CSD1/2.

2.1 …specifically

a) Is the target achievable given recent completion rates?

2.1.5 The Annual Monitoring Report 2011 [AM1] sets out the annual housing completions over the five year period from 2006/07 to 2010/11. This shows that during that period a total of 1,414 dwellings were constructed giving an annual average completion rate of 282. These figures include an average completion rate, for the years 2009/10 and 2010/11, of 156 which is a reflection of the challenging economic circumstances at both the national and local level (see appendix 2.1).

2.1.6 Policy SS2 sets a target for the delivery of a minimum of 350 dwellings per year over the full plan period to 2030/31. As set out above, this figure is considered to be the minimum required to address the strategic needs and associated aims identified in section 3 of the Core Strategy (CS) most notably:

- Increase the population of key settlements and their prosperity.
- Provide housing of a quality and type suited to long term economic development needs.
- Ensure choice of good quality residential accommodation is maximised within individual neighbourhoods and villages, with a mix of housing size, type and tenure.
- Assist in meeting the essential needs of vulnerable local social groups and provide more properties that allow people to remain living independently.

2.1.7 However a further analysis of housing completion rates over the period 1991/92 to 2009/10 shows an average annual completion rate of just over 400 (see Appendix 2.2). Given the timescale of the CS and its focus on delivering sustainable development the council considers that the housing target contained within the CS is achievable.

2.1.8 Furthermore whilst it is recognised that housing completion rates are currently at a reduced level, the aim of the CS is to create a suitable policy framework to
encourage investment, in both housing and employment generating activities that will address long-term issues of deprivation and economic underperformance. Whilst the CS needs to recognise both current and past trends, in terms of housing delivery, it should not be solely guided by them but should seek to proactively influence the future development of the District, taking into account the opportunities that exist, such as the identification of key strategic sites and the recent provision of high speed rail services between Folkestone and London St Pancras. This approach is consistent with the Core Planning Principles set out in the National Planning Policy Framework (NPPF) which states that:

- Planning should be genuinely planned, empowering people to shape their surroundings, with succinct local and neighbourhood plans setting out a future vision for the future of the area.
- Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth.

2.1.9 In order to provide further clarification of the Council’s position on ensuring this is delivered, for example guiding land allocations, slight amendments to policy SS2 are suggested [changes S7-S11; document A117] now reading:

Approximately 8000 new dwellings by the end of 2025/26 are planned (this equates to an initial target of 400 dwellings per annum)

2.1.10 Regarding consistency with the South East Plan – paragraph 7.7 of that document states:

Local authorities can test higher numbers through their development plan documents provided they are consistent with the principles of sustainable development set out in PPS1 and tested through sustainability appraisal and Habitats Regulation Assessment.

2.1.11 CS phrasing could more closely reflect the practicality of how this will work out in future [A117; change S7-S11]. It is contended that it is inappropriate to imply that a process of assessing sustainable land allocations can result in hitting an exact
target as it will depend on the capacity estimate of those parcels of land suitable and therefore it is valid (and consistent with other uses) to see the provision for allocations as “approximate” [Table 4.1, of the CS].

b) Has a sufficient level of housing supply been identified to meet this target, consistent with PPS3’s requirement of deliverability and developability?

2.1.12 The NPPF requires Local Planning Authorities to identify the following:

- A supply of specific deliverable sites sufficient to provide 5 years worth of housing requirements with an additional buffer of 5%.
- Identify a supply of specific developable sites or broad locations for growth, for 6-10 years and, where possible 11-15 years.

2.1.13 The AMR [AM1] details the supply of deliverable housing for the period from April 2012 to March 2017 (appendix (vii). This is identified as being 2,478 units that equates to 136% of the requirement; clearly in excess of the 5% buffer required within the NPPF.

2.1.14 In terms of the deliverable and developable housing land supply over the plan period (2006/07 to 2030/31) this is set out in Appendix 2.1, and draws together and consolidates information contained within the following: SHLAA [A1 and A2] 5 Year Supply, local planning authority completions records, projected completion for 2011/12.

c) What is the justification for setting a housing target to 2030/31 in addition to 2026/27

2.1.15 The South East Plan covers the years 2006 to 2026. To ensure consistency with local housing monitoring the council has taken this period to run from 1st April 2006 to 31st March 2026 (i.e. 2006/7 to 2025/26 inclusive). This is period reflected in some evidence studies, and provides a benchmark in delivering the CS.

2.1.16 Should the plan be found to be sound the earliest full financial year after adoption would be 2013/14. The NPPF states that where possible the local plan should identify a supply of specific deliverable sites or broad locations for growth, for
6-10 years and, where possible 11-15 years. It is suitable in the context of the CS’s vision for a long-term approach to be taken and for a clear rate for 15+ years to be set out.

2.1.17 A 15 year period from adoption in 2013/14 would run to 2027/28 inclusive. Given that the national policy standard is the 5 year interval it is considered appropriate to align with elsewhere and set a housing target covering the period to 2030/31. A longer term period also allows ensures CS allocations should be fully implemented within the plan period.

2.2 Are policy SS2’s targets of approximately 20ha of Class B development (industrial, office and warehousing) and approximately 35,000 sq m goods retailing (class A1) adequately justified by the local evidence base.

2.2.1 The quantitative targets of SS2 are fully justified by local policy.

2.2.2 Background evidence to support Policy SS2 [and SS4] is set out in Shepway Employment Land Review [A8] – chapters 7 to 10. Table 11.1 in its concluding chapter shows a need for 15ha B class additional development to 2026/27 at the ‘higher growth scenario’ or 13.7ha at ‘baseline’ (ELR paragraph 11.24 ‘The Council should plan for a more aspirational approach to developing the local economy’).

2.2.3 20ha is derived from this and taking into account the development in the plan period prior to the ELR within the plan period.¹

2.2.4 Similarly, retailing is justified by the county Retail Needs Assessment’s [A9] findings for the district, and built out shop floorspace in the plan period. The net of ‘comparison total’ and ‘convenience’ floorspace to 2026/27 [Table 1b; A9] is approximately 5,300sqm and added to previous development in the plan period - notably at Bouverie Place, Folkestone, and Sainsbury’s, Hythe – equates to approximately 35,000sqm.

¹ Using a general ratio provided in the ELR of 3,500 sq m per hectare (224,800/64ha), this would indicate that 22,000sqm in this period (shown in monitoring) divided by 3,500 = 6.3ha additional. If this is added to the figures for 2008-2026 as set out in the ELR – then the baseline comes out as 20ha and the higher growth comes out as 21.3ha.
2.2.5 Potential changes to highlight the performance in the early years of the plan period may be suitable e.g. paragraph 4.54 of the Jan 2012 CS and its associated footnote [A118; Y35].

2.2.6 It should also be clarified that as these relate to requirements for new premises and contemporary qualitative commercial needs, the figures in the CS are gross.

2.3 Have the potential transport effects arising from the Core Strategy proposals been fully assessed? Specifically, have the concerns raised by the Highways Agency in respect of effects on the strategic road network been adequately resolved?

2.3.1 The Shepway Transport Strategy [A11 to A22] was prepared as an integral part of the process of developing the CS. Prior to the finalisation of the methodology and consultants brief the view of Kent Highway Services and the Highways Agency were sought.

2.3.2 The necessary transport measures required to deliver the CS are set out in the infrastructure schedule (Appendix 2).

2.3.3 The outstanding Core Strategy issues contained in the representation from the Highway Agency, relating to M20 Junction 11 and Newingreen junction, are in the process of being resolved. It is intended that a statement of common ground, between SDC and the HA, will be finalised prior to the commencement of the EIP.

2.4 Is the Core Strategy’s approach to affordable housing sufficiently clear and adequately justified, with particular regard to potential effects upon development viability?

2.4.1 The need for affordable housing in Shepway over the plan period was considered through the East Kent Strategic Housing Market Assessment [A6]. This demonstrated that approximately 1,300 affordable housing units per annum may be required to fully meet all needs, far beyond that which can be delivered even if all new housing units were affordable tenures.
2.4.2 The policy requirement for affordable housing (policy CSD1) is based on the recommendations of the Economic Viability Assessment [A5], section 4. These recommendations stemmed from a robust assessment of the viability of numerous notional development scenarios across the Local Housing Market Areas within the district, based upon residual land value calculations. The viability appraisals took into full consideration a range of cost assumptions which impact upon viability [A5, section 2].

2.4.3 Representations received at publication stage contained minimal objections to the principle of policy CSD1. The SA [A28, section 8.12] sought no recommendations to the policy, stating that in tandem with policy CSD2, delivery of affordable housing should increase over the plan period.

2.5 Does the Core Strategy provide satisfactorily for the needs of Gypsies, Travellers and Travelling Show people? Specifically (1) does the Core Strategy accord with the national policy requirement that it should set out criteria for the location of sites and (2) is it clear what local needs exist and how they will be met?

*Please see separate note following the publication of new national policy.*

2.6 Are the requirements of Policies CSD2 (in respect of Lifetime Homes standards and CSD5 (in respect of water usage) adequately justified? Has appropriate account been taken of these requirements on development viability?

2.6.1 Policy CSD2 largely stems from household change and the ageing of Shepway’s population [A88] and CS aim C3. The Development Requirements Report [A89] considers demographic projections and housing supply in tandem (paragraphs 5.5-5.10) in order to assess the provision of Lifetime Homes under dwelling scenarios. This analysis concluded that with the introduction of this approach there would be significantly improved availability of Lifetime Homes, however this was shown to be the minimum level needed.
2.6.2 The requirement for Lifetime Homes standards was proposed at Preferred Options [G5] under policy LS4, originating from recommendation eleven in A6; both required a proportion of market dwellings in major schemes to be developed to Lifetime Home standards. Representations at the Preferred Options stage displayed a broad degree of conditional support for the policy, whilst there was little comment on this aspect of policy CSD2 at the publication stage.

2.6.3 The wording of policy CSD2 provides sufficient flexibility if the requirement for Lifetime Homes is unviable in a particular scheme. CSD2’s focus on medium-larger schemes to ensure it is achievable.²

2.6.4 Veolia Water SE, who supply the predominance of water in Shepway operate in one of the driest areas of England. In March 2006 it was the first water company in the country to apply for and be granted ‘Area of Water Scarcity Status’ by the Government. The Water Cycle Report [A31] sets out under section 5.4 an evaluation of the statutory Water Resources Management Plan [A36] in relation to the delivery of CS aims. In light of this and Shepway’s overall hydrological cycle issues, it [A31] recommends water efficiency measures; these are reflected in CSD5.

2.6.5 Informing A31, Veolia extrapolated the calculations from A36 to include the additional housing growth proposed under the CS. This showed that the additional demand for water arising from the extra homes proposed under the CS would be within the capacity of supply.

2.6.6 Viability testing [A5; paragraph 2.11.8] included an assumption for compliance with Level 3 of the Code for Sustainable Homes, applied to all dwellings in appraising development scenarios. Two additional variations tested the impact of Levels 3 and 4 of the Code, but also with the water requirement of the Code meeting Level 5. Analysis of these appraisals [A5, see paragraph. 3.10.4] considered that a

² Nevertheless but the cost assumption made in A5 was applied to all dwellings in appraising development scenarios, regardless of scheme size. The effect on development viability has been modelled [A5, see paragraph. 2.11.8] where a fixed cost assumption of £545.00 was made per dwelling in appraising development scenarios. Wider research suggests costs for the incorporation of Lifetime Homes measures into schemes varies between £545.00 and £1,615.00 per dwelling [http://www.lifetimehomes.org.uk/pages/costs.html] but possible higher estimates of this policy are in any event significantly less than the implications of other higher cost scenarios that are fully modelled. Furthermore, modelling accounts for the dwelling size cost implications as all dwellings were assumed to be of a size suitable for affordable housing [A5, see paragraphs. 2.8.5 and 2.8.6] and therefore of sufficient size to accommodate Lifetime Homes measures.
requirement to achieve the equivalent of Levels 3/4 of the Code as proposed under policy CSD5, would not have an adverse impact on scheme viability.

2.7
Are the Core Strategy’s infrastructure requirements adequately expressed, adequately justified and consistent with national policy? Is it clear how these will be carried forward in policy terms?

2.7.1 Paragraphs 173 to 177 of the NPPF set out requirements in relation to ensuring viability and deliverability of planned infrastructure. Infrastructure requirements assessed through the process of developing the evidence base, included:

- East Kent Local Investment Programme [A87]
- Shepway Transport Strategy [A12-A20]
- The Water Cycle Study [A31] and flooding and coastal management [A38]
- Green Infrastructure [A34]
- Stakeholder discussions in relation to health and education needs.

2.7.2 Viability and deliverability has been thoroughly assessed through:

- Masterplan preparation for strategic sites and broad locations [e.g. A42- A114]
- Economic Viability Assessment, with specific testing of different aggregate off-site infrastructure contributions [A5].

2.7.3 The importance of infrastructure is recognised throughout the NPPF in facilitating sustainable considered development.

2.7.4 Specifically, the NPPF states: Crucially, Local Plans should: plan positively for the development and infrastructure required in the area to meet the objectives, principles and policies of this Framework; (paragraph 157, page 38).
2.7.5 This sentiment is expressed within the CS, specifically within Policy SS5: District Infrastructure Planning, which underpins the need to ensure adequate infrastructure is provided at the local level. This policy includes provision for CIL and developer contributions in the context of key criteria for development in relation to infrastructure provision. In addition policies SS6-SS8, which cover the requirements of the three strategic sites proposed under the CS also include provision for infrastructure and infrastructure requirements. These requirements are inherent within CSD6 – CSD9 that provide strategies for Folkestone, Hythe and the broad locations at New Romney and Sellindge.

2.7.6 Key infrastructure requirements are expressed within CS (Appendix 2). A range of options exist for delivery via:

- Community Infrastructure Levy
- Strategic site and broad location delivery (including appropriate s106 provision).
- Regeneration and economic development initiatives.

2.7.7 In short, the collective provisions of CS form an appropriate strategic framework to support the delivery of suitable infrastructure.
APPENDIX 2.1

Breakdown of the housing information in table 4.2:

<table>
<thead>
<tr>
<th>Source</th>
<th>Dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Completions</td>
<td></td>
</tr>
<tr>
<td>2006/2007</td>
<td>146</td>
</tr>
<tr>
<td>2007/2008</td>
<td>394</td>
</tr>
<tr>
<td>2008/2009</td>
<td>562</td>
</tr>
<tr>
<td>2009/2010</td>
<td>180</td>
</tr>
<tr>
<td>2010/2011</td>
<td>132</td>
</tr>
<tr>
<td><strong>SUB TOTAL</strong></td>
<td><strong>1,414</strong></td>
</tr>
<tr>
<td>Completion figures are based on those included in Annual Monitoring Reports.</td>
<td></td>
</tr>
<tr>
<td>2. Outstanding planning permissions</td>
<td></td>
</tr>
<tr>
<td>5 Year Supply</td>
<td>1,177</td>
</tr>
<tr>
<td>Nickolls Quarry</td>
<td>1,050</td>
</tr>
<tr>
<td><strong>SUB TOTAL</strong></td>
<td><strong>2,227</strong></td>
</tr>
<tr>
<td>Annual Monitoring Report.</td>
<td></td>
</tr>
<tr>
<td>3. Existing development plan allocations (excluding those with an outstanding planning permission)</td>
<td></td>
</tr>
<tr>
<td>Folkestone Seafront (considered at 4.)</td>
<td></td>
</tr>
<tr>
<td>Old gas works site, Ship Street</td>
<td>70</td>
</tr>
<tr>
<td>Ingles Manor, Jointon Road</td>
<td>100</td>
</tr>
<tr>
<td>Land off Romney Avenue</td>
<td>20</td>
</tr>
<tr>
<td>Land off Paraker Way</td>
<td>10</td>
</tr>
<tr>
<td>Nickolls Quarry (considered at 2.)</td>
<td></td>
</tr>
<tr>
<td><strong>SUB TOTAL</strong></td>
<td><strong>200</strong></td>
</tr>
<tr>
<td>Folkestone Seafront is an allocation under Saved Local Plan policy HO2A but is considered under point 4.</td>
<td></td>
</tr>
<tr>
<td>Nickolls Quarry is an allocation under Saved Local Plan policy HO2F but is considered under point 2 as it has an extant planning permission.</td>
<td></td>
</tr>
<tr>
<td>4. Core Strategy Allocations</td>
<td></td>
</tr>
<tr>
<td>Folkestone Seafront</td>
<td>1,000</td>
</tr>
<tr>
<td>---------------------</td>
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</tr>
<tr>
<td>Shorncliffe Garrison</td>
<td>1,200</td>
</tr>
<tr>
<td>Folkestone Racecourse</td>
<td>820</td>
</tr>
<tr>
<td><strong>SUB TOTAL</strong></td>
<td><strong>3,020</strong></td>
</tr>
</tbody>
</table>

5. Housing supply anticipated to come from sites to be allocated in future DPDs etc (excluding those with outstanding permissions)

| | **1,915** |
| **5. Housing supply anticipated to come from sites to be allocated in future DPDs etc (excluding those with outstanding permissions)** | **1. Sites capable of accommodating 1-4 dwellings not counted.**  
| | **2. Information extracted from the 2011 SHLAA Update (Appendix D). Four sites were not included in this total as whilst these met basic SHLAA suitability criteria, they subsequently did not meet policy requirements and were only considered alternative options at Preferred Options 2009 (refs. SHLAA 316/Alternative Option ND4a, 373/RM2b, 379/RM2b and 408/ND3b) and not included in the Core Strategy housing supply.**  
| | **3. Includes some small (but capable of accommodating at least 5 dwellings) sites which have been identified in the SHLAA but may not necessarily need to be allocated to come forward, i.e. PDL identified in the centre of large towns etc.** |

6. Windfall sites

| | **0** |
| **6. Windfall sites** | | **As confirmed in July 2011 Core Strategy paragraph. 4.38.** |

**TOTAL** | **8,776** |
N.B. This is included to show historical provision. This graphic's forward looking projection predates the SHLAA Update [A2] and instead reference should be made to CS Appendix 1's trajectory for these purposes.