

Written Statement – session 1B – Housing Needs (1)

MBC’s Objectively Assessed Housing Need (2011-2031)

1. OAHN is the key driver of proposed housing development.
2. We offer outline answers to the Inspector’s published questions.
3. We then draw together the analysis that informs our views.

Inspector’s Questions – session 1B – Housing Needs (1)

4. Numbering is the Inspector’s.

Question	Our Comment
Qn1.16 To what extent would past supply have influenced the household projections used in the Strategic Housing Market Assessment and should it be taken into account in these circumstances?	Past supply over-performed and distorted the historical statistical base for forward projections. Impact on OAHN is very substantial, almost doubling what it otherwise would be. Given concerns about the tremendous adverse impact on our Borough implied by the current OAHN, this distortion should be allowed for before projecting forward.
Qn1.17 If the past supply included high density flatted development in Maidstone, as suggested, has the supply of available land been reduced as claimed, or would this source of supply be replaced by conversions of offices and other redevelopment in the town centre such that the supply will be maintained or increased?	MBC is fully aware “that there is an oversupply of poorer quality office stock in the town centre which is no longer fit for purpose” and there is therefore scope to continue that high density development, which would benefit Maidstone’s economic and social character.
Qn1.18 Is the projection of Average Household Size realistic?	According to census trends, there has been minimal change in this parameter in recent years and therefore considerable doubt must attach to GL Hearn’s adjustment of this parameter from 2.45 to 2.32 over the plan period (which gives rise to 1000 homes within the current OAHN).
Qn1.19 Approximately how many people are expected to be accommodated in the dwellings that have already been (a) constructed or (b) committed since the start of the Local Plan period?	We do not know, but MBC should be able to provide that information, including windfalls contribution.
Qn1.20 Does KALC dispute the evidence on affordability in HOU 003 and if so why?	Yes, and we believe the corresponding adjustment is not justified, as outlined below. Our arguments are paralleled in more detail by Headcorn Parish Council’s submission.
Qn1.21 What if any relevance does the Fordham SHMA in 2010 have to the submitted Local Plan?	Tremendous significance. MBC has been preparing this Local Plan since about 2007 and, given the Borough political and Officer leadership’s commitment to an earlier OAHN derived from this SHMA, it stretches credibility that the advent of NPPF/NPPG should so dramatically have changed interpretation of the evidence base to arrive at the current, almost-doubled OAHN when compared with the 2010 figure. MBC failed to challenge the “raw” projections from their latest

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	<p>consultants and failed to use the Fordham SHMA as a reality-check.</p> <p>Whatever is claimed (repeatedly), OAHN has not been derived on a robust basis.</p>
<p>Qn1.22 How does the assessment of housing needs relate to the anticipated number of jobs and to commuting patterns into and out of Maidstone Borough?</p>	<p>The latest OAHN is substantially over the potential level of employment derived from GVA's Reports. GL Hearn (January 2014) itself states at paragraph 10.23: "<i>The GVA forecast anticipates job growth of 14,400 jobs in Maidstone Borough over the 20 year period to 2031. This represents a potentially optimistic assessment of employment growth, and is above baseline forecasts</i>".</p> <p>Out-commuting will therefore have to increase substantially and that contrasts starkly with the Cabinet's 15th September 2010 support for " ... a quantitative and qualitative step change in local employment, including by the creation of local higher skilled jobs opportunities, to half (sic) out-commuting from some 38%". This is an example of inconsistency and muddled-thinking during plan preparation.</p> <p>At the consultation meeting on the draft Economic Development Strategy on 13 January 2015, MBC's Economic Development Officer stated in his Powerpoint presentation: "Commuting patterns show that Maidstone Borough has changed over the past decade from being a net importer to a net exporter of workers. This position will worsen over the next 15 years as the working age population will rise by over 17,300 but the planned job numbers are between 7,800 and 14,400". That is <u>still</u> the range of forecast job growth in the finalised Economic Development Strategy.</p>
<p>Qn1.23 Why would the windfall allowance affect the calculation of housing <u>needs</u>?</p>	<p>As the Inspector rightly challenges, it would <u>not</u> affect "needs" i.e. OAHN would remain the same. However, MBC would not have had to allocate so many greenfield, high-quality agricultural land sites for development, if a permitted allowance throughout the plan period had been made for windfalls, which are more likely to be previously developed land. MBC has, at last, made an allowance, but not at the level justified by previous experience.</p> <p>Without allowance for windfalls, permitting planning applications actually to build up to the OAHN number would result in substantial over-build due to windfalls. That would then have an escalating impact on OAHN when the Local Plan is subsequently reviewed.</p>
<p>Qn1.24 What is the basis of the claim that 'Local Needs' account for only 25% of the Objective Assessment of Housing Needs?</p>	<p>OAHN studies show approximately one quarter of the OAHN addresses local population needs, half for UK in-migrants and a quarter for overseas in- migrants. This is addressed further below.</p>
<p>Qn1.25 What are the implications for Maidstone of the latest Household projections?</p>	<p>The main implication is that population would increase by 40-50,000, with local employment growth nowhere near coping with residents seeking work. Commuting would grow (as noted in our comment on Qn1.22) and, while train capacity might be expanded, road infrastructure (including links to rail stations)</p>

	<p>would struggle even more, with adverse impact on the economic, social and physical health of our Borough. Other vital infrastructure, such as schools, hospitals, waste and fresh water would require substantial investment, which would not be assured.</p> <p>Heightened competition for inadequate local employment would have the side-effect of depressing wages and hence would have an adverse impact on affordability.</p> <p>Air quality issues would be exacerbated.</p> <p>The shopping experience in Maidstone is not too exciting and this scale of development, without adequate infrastructure, would not help. It is number 41 in last year's Hot 100 retail locations (Property Week). Trade diversion elsewhere could possibly increase with the loss of Park & Ride at Junction 7.</p>
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5. Below we summarise evidence that has informed our views.
6. Unless credited otherwise, charts are based on Crown Copyright ONS or DCLG statistics.

MBC Consultants - Fordham Research - March 2010

7. MBC commissioned a March 2010 report from Fordham Research entitled "Strategic Housing Market Assessment".
8. Abstracts from the Director of Change, Planning and the Environment's report to the 15th September 2010 Cabinet Meeting follows – our highlighting. Full report at:

<https://services.maidstone.gov.uk/meetings/documents/g1139/Public%20reports%20pack%2015th-Sep-2010%2014.00%20Cabinet.pdf?T=10>

Paragraph 1.2.2 b):

All of the options plan to achieve total housing target figures of: Option 1 - 8,200 dwellings, Option 2 - 10,080 dwellings, and Option 3 – 11,000 dwellings. Options 1 and 2 would distribute the remainder development in a disperse pattern, Option 3 would focus 2,500 – 3,500 dwellings into a single strategic development area with the remainder dispersed.

9. 10,080 was adopted at Cabinet on 9 February 2011 and, at the Joint Local Development Document Advisory Group and Leisure & Prosperity Overview & Scrutiny Committee meeting on 21 February 2011, the following was recommended (our highlighting). Full papers at:

<https://services.maidstone.gov.uk/meetings/ieListDocuments.aspx?CId=511&MId=1386>

Paragraph 1.3.12

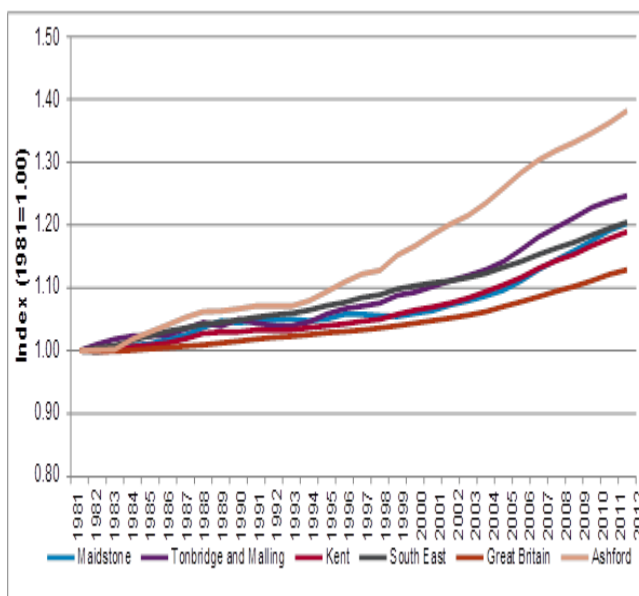
Taking account of the number of dwellings completed to date, land with planning permission, known brownfield sites and a contribution from unidentified windfall sites in the latter part of the plan period, between 2006 and 2026 approximately 79% of the 10,080 dwelling target is proposed to be provided in or adjacent to the urban area. This figure could be higher depending on the amount of brownfield windfall sites that materialise in the early part of the plan. It is recommended that the vision and objectives be amended to acknowledge this shift.

10. Please note the references to "windfall".
11. While the Fordham Research analysis covered 20 years to 2026 (not 2031), the subsequent evidence, as analysed and interpreted below, does not support the doubling in OAHN that the next section outlines.

MBC Consultants - GL Hearn – Jan '14, Aug '14, May '15

12. MBC's draft Local Plan is essentially dependent on this chart, constructed by their consultants, GL Hearn. The blue line is the focus. (Paragraph 5.5 of January 2014 report).
13. While Maidstone's earlier growth was depressed relative to the South East and England in general, it accelerated considerably from the millennium.
14. For forward projections, MBC missed, or chose not to apply, the opportunity to make permitted population statistical correction for recent over-supply of new homes.
15. Nor did MBC respond to ONS requests for comments on proposed new population projections.
16. That would have afforded the opportunity to request an adjustment to reflect our Borough's student numbers, as occurred within Guildford (stimulated by the Guildford Society), and an adjustment for army garrison numbers, especially as the site is in the Local Plan for longer-term redevelopment (potential 1300 new homes).
17. Given the above fluctuating historic blue line, it seems perverse simply to extrapolate forward from its end-point (equivalent to a population of 155,143), and using the approximate gradient at that point, to arrive at the more-or-less smooth, ever-upwards projection on which OAHN is based.
18. GL Hearn's first report arrived at 19,600 for OAHN, but, after adjustment for updated population statistics, their second report arrived at 18,600 (plus 980 care home spaces), updated again in June 2015 to the current 18,560 (plus care home spaces).

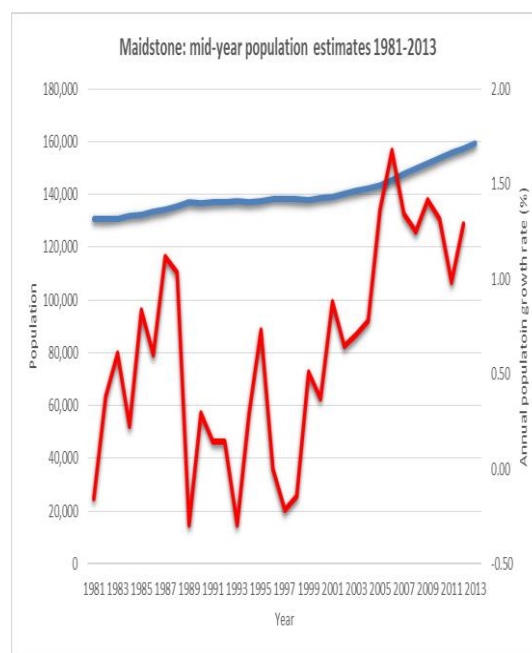
Figure 23: Population Change (1981-2011)



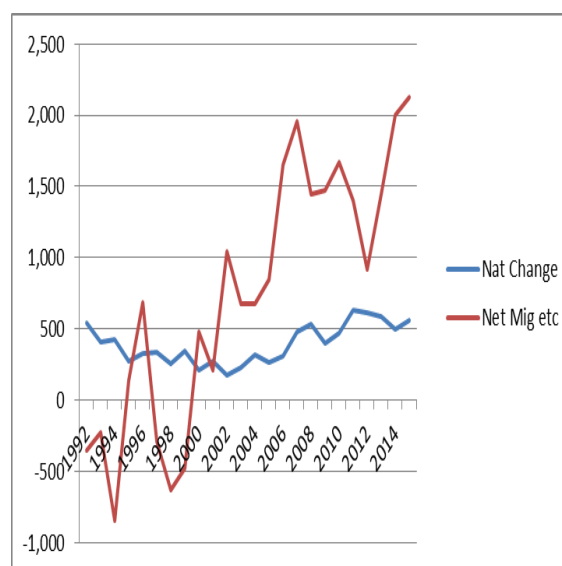
Source: ONS mid-year estimates

Closer Look at Past Statistics

- 19. This chart shows the recent acceleration in population. The red line is year-on-year percentage change in population, while the blue line is absolute population numbers. (From PSL Research).
- 20. Between 1985-88, year-on-year growth exceeded 0.5% p.a. For the rest of the 32 years period, growth was rarely above 0.5% p.a. until 2005 and in five individual years there was contraction i.e. below 0%.
- 21. Since 2005, year-on-year growth averaged circa 1.35% p.a. and in one year was almost 1.75%.
- 22. Within the longer-term context, that represents a very substantial “spike” in population growth, which we have linked to the Borough’s very successful re-development of brownfield sites in response to then-current Government policy.



- 23. This chart (blue line) shows “natural” annual population growth has rarely been above 500 p.a. in the period 1992-2014.
- 24. Growth due to net inwards migration (red line) was often negative before the millennium, but it has averaged circa 1500 p.a. since 2006, reaching 2000 p.a. in three recent years.
- 25. Household formation has closely followed population trends.
- 26. Therefore the number of new homes to cater for natural growth in population is far lower than the current OAHN; perhaps only 25% of current OAHN.



Statistical Background – caution

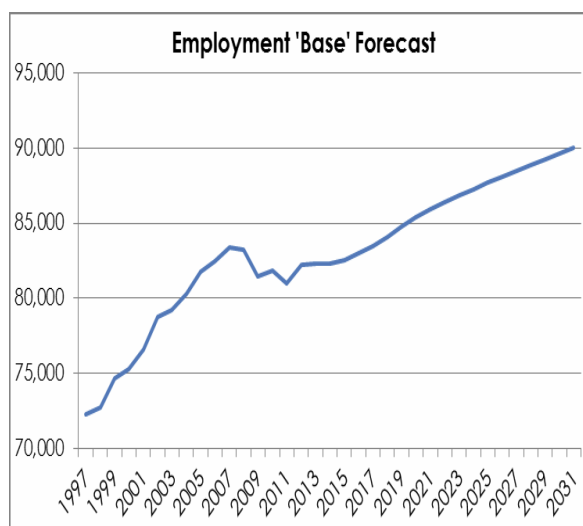
- 27. NPPG makes clear that housing projections should be checked for anomalies in the historical base used for projections.
- 28. Official housing projections can prove to be very volatile when subsequently updated, with past examples of some geographical areas being revised by 10% or more – either way.
- 29. Any forward projections need to be reviewed critically and not just accepted as “true”. It is very probable that they are wrong and other factors must be considered to challenge raw projections and to arrive at defensible “housing need”.
- 30. Real housing need will be dictated by factors such as employment and migration, with the latter influenced by affordability of homes, employment prospects and sustainable commuting infrastructure.

MBC Consultants - PSL Research – 21/5/2015

- 31. This report was critical of two challenges that had been made to MBC, one from Maidstone KALC.
- 32. It nevertheless stated in page 5, paragraph 15 that “Of these, point 1 if correct would have a bearing on OAN”. That point 1 was “It is argued that there was an oversupply of housing in Maidstone from 2001-11, which created an ‘untypical’ growth spike which has influenced population/household projections forward to 2031”.
- 33. Although the report concludes that Maidstone KALC’s work was not a proper OAHN, unsurprising given KALC had never claimed that it was and that MBC commissioned it without consulting KALC on the terms of reference, that observation is important and would justify a statistical correction.

Consultants - GVA Grimley - Employment

- 34. Employment growth over the plan period is forecast at between 7800 and 14,400 jobs. However, the Economic Development Strategy adopts the top of the range, 14,400, as a target, even though there was actually a **loss** of 3900 jobs in the period 2009- 2015 and this weakness is likely to continue given the high proportion of public sector jobs in Maidstone.
- 35. GL Hearn (January 2014) itself states at paragraph 10.23: “The GVA forecast anticipates job growth of 14,400 jobs in Maidstone Borough over the 20 year period to 2031. This represents a potentially optimistic assessment of employment growth, and is above baseline forecasts”.
- 36. However, this chart from paragraph 3.2 of GVA’s Economic Sensitivity Testing & Employment Land Forecast Maidstone Borough Council Final Report February 2014 identifies potential employment growth of 7,818 workforce jobs between 2012 and 2031. (Source: Experian Business Strategies, September 2013).
- 37. Assuming 1.3 employees per home, 14,400 jobs would support just over 11,000 new homes, while 7818 jobs would support only 6,000.
- 38. The large gap between new employment and new homes implies either unsustainably high unemployment (that would aggravate “affordability” and threaten the Borough’s economy and cohesion) or a large growth in out-commuting, with attendant additional strains on infrastructure, particularly roads, including roads to rail links.
- 39. This contrasts with Cabinet’s 15th September 2010 support for “ ... a quantitative and qualitative step change in local employment, including by the creation of local higher skilled jobs opportunities, to half (*sic*) out-commuting from some 38%”.



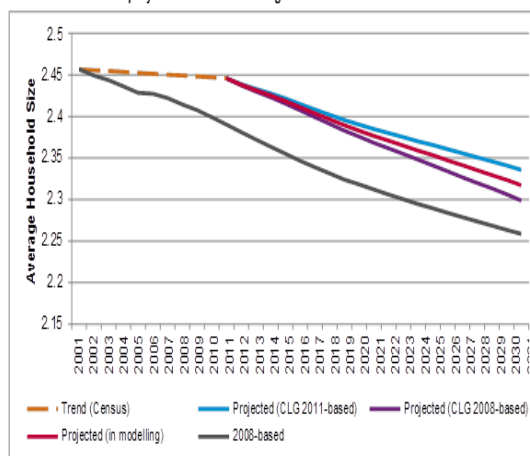
Affordability adjustment

- 40. Current OAHN includes an upwards adjustment of 900 to allow for “affordability”.
- 41. Much planned development is in rural areas, which are perhaps the least affordable and sustainable parts of our Borough.
- 42. GL Hearn does not give compelling evidence that our Borough has an affordability problem when compared with nearby areas. Our view is that the Borough is relatively cheaper than neighbouring areas.
- 43. “Affordability” has two sides to the equation – house prices and wages. Without adequate new local employment, wages will be competed down, exacerbating affordability issues. If the Borough is seen as a viable base for commuting with more new homes available on the market, affordability will again be under pressure, but from the other direction. Those extra 900 homes could produce added pressure on affordability.

Household Occupancy

- 44. This chart is Table 25, GL Hearn report, January 2014. It presents past and projected trends in Average Household Size.
- 45. The lowest line is 2008-based. The dotted orange line is census-based trend.
- 46. Forward projections by GL Hearn have just transposed to the right the gradient of the 2008-based projection that was proven rather inaccurate by the census-based data.
- 47. There can be little argument for reducing occupancy from 2.45 in 2011 to 2.32 in 2031 (as envisaged in GL Hearn, Jan 14, paragraph 6).
- 48. If occupancy were to remain almost constant, housing requirement would decrease by just over 5%, or 1000 homes.

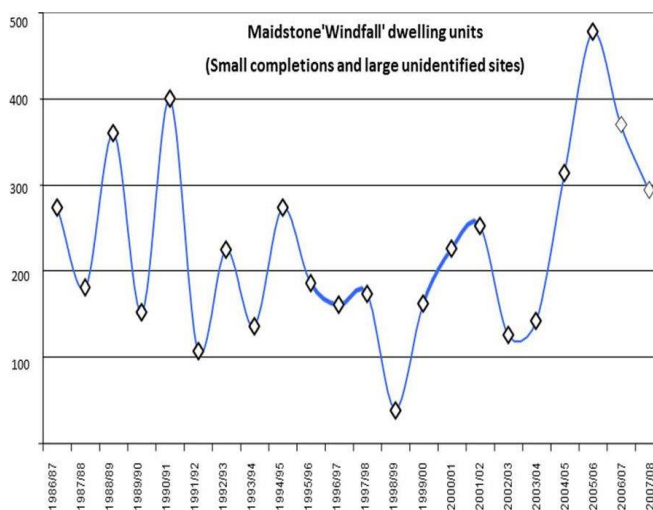
Table 25: Past and projected trends in Average Household Size – Maidstone



Source: Derived from ONS and CLG data

Windfall sites

- 49. This chart was produced by KCC. Admittedly it is dated, but it demonstrates the level of windfalls that our Borough delivered over the 21 years to 2007/08. By inspection, the average was close to 300.
- 50. Maidstone has continued to deliver large numbers of windfalls in subsequent years, including from office conversions.
- 51. While MBC has consistently endeavoured to find arguments to keep projected “windfalls” as low as possible, is there really any valid reason to assume that this picture will not continue over the plan period?
- 52. Initially MBC refused to make any windfall allowance towards OAHN. Under pressure, MBC has now made a modest allowance of 1600 in total over the plan period, somewhat less than past experience.
- 53. It is noted that the Inspector has requested an update on recent windfalls. That is a report that, although requested by the then-opposition leader, now Leader of the Council, in January 2015, has not been forthcoming.



Analysis and Information Team Kent County Council. Survey date 31st March 2008

Constraints

54. MBC's Members and Officers have never been clear whether "constraints" should apply to derive a housing target somewhat below OAHN; in fact, Officer advice has fluctuated over the past couple of years.
55. Despite pressure from many sources, including Maidstone's MPs, MBC has refused to countenance the workings of constraints to derive a housing target below OAHN. That is despite the demonstrable current problems with infrastructure, primarily, but not only, roads.
56. KCC has been vociferous in its condemnation of the draft Local Plan from an infrastructure perspective, but MBC has ignored that.
57. The "raw" OAHN has therefore become the Borough's target.

Our View

58. Fordham Research indicated a need for perhaps 10,000 new homes in a 20 years period, which, at the time, was supported by Members and Officers.
59. MBC is now advocating 18,600, plus 980 care home places.
60. Given that, in essence, the figures are rooted in the same evidence base, the variance is stark. It is astounding that there has been no self-challenging.
61. Instead, there has been strong enthusiasm for the current high number, perhaps encouraged by the New Homes Bonus and the additional Council Tax.
62. Those 18,560 could generate an extra £20m p.a. in Council Tax in today's money and a one-off New Homes Bonus from Government of £100m (in round terms).
63. NPPG paragraph 036 (Reference ID: 3-036-20140306) makes it clear that adjustment for anomalies is permitted and the Guildford Society has demonstrated, for Guildford, that the ONS will adjust forward population projections, if there are good reasons so to do.
64. We believe there is ample scope to challenge the current OAHN, based on permitted statistical adjustments, as well as allowances for students, army garrison and potential closure of Maidstone prison, hence removing its population.