

Maidstone Borough Local Plan Examination Session 1B: Housing Needs (1) – Response by Headcorn Parish Council, September 2016

- 1) Headcorn Parish Council is the elected body that represents the residents of Headcorn Parish. Headcorn Parish is a designated Neighbourhood Plan Area, and Maidstone Borough Council has assigned it Rural Service Centre status. The views expressed in this consultation response have been informed by the evidence gathered to underpin Headcorn's Neighbourhood Plan. Headcorn's Neighbourhood Plan is at an advanced stage, having completed its Regulation 16 Consultation on February 26, 2016 and is now at examination. Completion of the examination has been delayed, as the original examiner for Headcorn's Neighbourhood Plan was forced to withdraw, having lost her accreditation. Therefore, Headcorn's Neighbourhood Plan had to be sent to a second examiner, and the examination expected to be completed by the end of October 2016. Headcorn's Neighbourhood Plan enjoys considerable local support, with 93.9% of respondents for the Regulation 14 consultation supporting the draft Plan and similar support expressed at Regulation 16 Consultation. Therefore the views expressed in this consultation response about Headcorn's development should be seen as representative of the overall needs and priorities of the people and businesses within Headcorn Parish.

I. Response to questions

- 2) Headcorn Parish Council considers that its Regulation 19 Consultation response provides clear and reasoned arguments as to why the Objectively Assessed Housing Need (OAHN) for Maidstone Borough should be reduced.

Qn.1.16. 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?

- 3) Headcorn Parish Council notes that the ONS's projection methodology underpinning the OAHN calculations projects population and household numbers using a "what if" scenario based on what happened over the last five-years being projected into the future. The nature of this methodology means that it is significantly influenced by past supply.
- 4) Headcorn Parish Council considers that the following thought experiment is useful to illustrate this point. Suppose Maidstone Borough Council refused to grant any new planning permissions for a five-year period. During that period, any increase in the number of households from within Maidstone's population would therefore force some households to migrate elsewhere in order to find housing. Similarly, any inward migration by households from elsewhere would also need to be matched by an increase in outward migration by households in Maidstone. Therefore, by the end of the five-year period the number of households would be the same as at the start. The ONS's projections at the end of that five-year period would then be based on data showing that net household growth over the previous five-years was zero, because migration trends would keep household

numbers flat. The nature of the projection methodology means that future projections for Maidstone would then show that no additional houses are needed in Maidstone, because the methodology would continue to infer (based on the previous five years of data) that increases in the number of households will trigger outward migration. This would lead to an OAHN of zero, meaning that without policy intervention to build additional housing the need for zero new houses would be assumed in perpetuity.

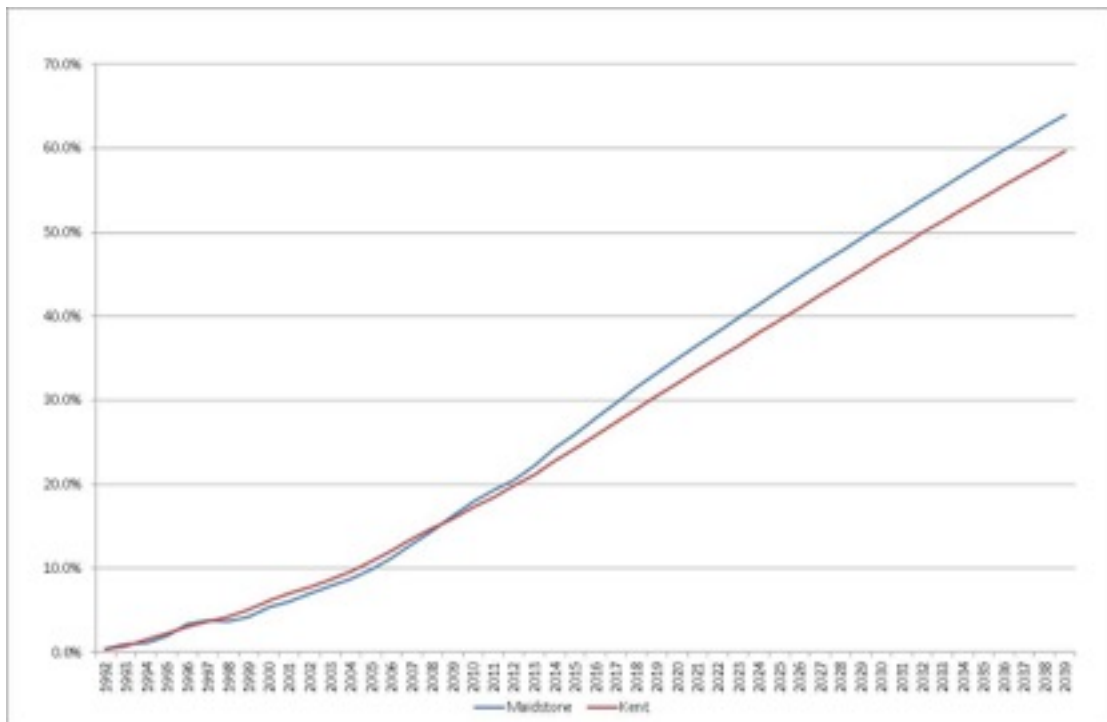
- 5) Headcorn Parish Council notes that the persistent impact of past changes on current projections is also evident in the data in the way described in the thought experiment above. The difference between the 2014-based and 2012-based household projections for England for 2021 is an increase in the expected number of households of just 0.3%. However, there is a 3.7% rise in the projected number of households in 2021 in the 2014-based household projections compared to the 2012-based projections in the borough (Newham) that had the largest increase between the 2011-based and 2012-based household projections for 2021. Similarly, there is a 1.4% drop in the projected number of households in 2021 in the 2014-based household projections compared to the 2012-based projections in the borough (City of London) that had the largest fall between the 2011-based and 2012-based household projections for 2021.
- 6) Variations in the pace of actual house delivery mean that a fall in assessments of household numbers between previous projections will not always lead to a fall in future projections. However, the statistical properties of the data and the existence of migration (both within the UK and internationally) means that there is nothing anchoring the ONS's projections to deliver any particular outcome.
- 7) Headcorn Parish Council notes that (as shown in Figure 1), until around 2007 the year-on-year change in household numbers for Maidstone Borough followed a similar pattern to the change in the number of households in Kent as a whole, albeit being more volatile. Since that time, however, with the exception of 2012, the percentage change in the number of households has been much higher than that for Kent as a whole and this increase is projected by the ONS to persist.
- 8) Looking at the cumulative change in household numbers since 1991, up until 2009 the cumulative percentage change in the number of households in Maidstone was lower than the percentage change in the number of households in Kent as a whole. However, the sharp rise in the annual change in household numbers since 2007, compared to Kent as a whole, means that throughout the ONS's projection period the difference between the cumulative change in Maidstone and that in Kent as a whole is expected to widen (see Figure 2).

Figure 1: Year-on-year percentage change in the number of households between 1991 and 2039 in Maidstone Borough and Kent



Note: Data from ONS 2014-based household projections for England and Wales issued by the ONS on July 12, 2016.

Figure 2: Cumulative percentage change in the number of households between 1991 and 2039 in Maidstone Borough and Kent



Note: Data from ONS 2014-based household projections for England and Wales issued by the ONS on July 12, 2016.

- 9) Headcorn Parish Council notes that there are no structural reasons to explain why housing growth in Maidstone Borough would diverge compared to housing growth for Kent as a whole. For example, no new transport infrastructure has been delivered that would make Maidstone Borough more accessible relative to other parts of Kent and hence make allocating more housing more desirable. Therefore Headcorn Parish Council considers that the divergence is purely the result of the mechanistic nature of the ONS's methodology and the short term surge in the growth of housing numbers in Maidstone since 2007, rather than of any structural change. Headcorn Parish Council notes that if the change in household numbers in Maidstone Borough between 2011 and 2031 were to match the projected growth rate for the number of households in Kent as a whole, then the change in household numbers between 2011 and 2031 would be 16,143 households not 17,679 (based on the 2014-based household projections).
- 10) The ONS's methodology is a projection, not a forecast, and it makes no assumptions about whether the outcomes that it is projecting are good or bad. As such, it is "objective", in the sense that the methodology is free from any subjective intervention to ensure outcomes are desirable.
- 11) However, Headcorn Parish Council considers that the ONS projections do not in any true sense determine "need", in the sense of "want, requirement or necessity" (which is the dictionary definition of need). Headcorn Parish Council considers that a true assessment of need would also consider the desirability of the distribution patterns that emerge, not just in Maidstone but elsewhere, and this is missing from the ONS's methodology. This is necessary to establish need, because the importance of migration (both from within the UK and elsewhere) in the projections means that there are likely to be no links between Maidstone Borough and many of the potential households envisaged in the ONS's projections. This means that these households are being allocated to Maidstone's total not because of any specific desire or need on their part to be in Maidstone (a location which they have no links to), but simply because of the statistical properties of the ONS's methodology. Without a consideration as to whether any allocation is compatible with sustainable development, particularly in the sense of supporting growth and innovation, but also in terms of supporting social sustainability, it is not possible to establish whether the housing growth is needed in any meaningful sense – a household with no prior links to the Borough (and no job in the Borough) would almost certainly be just as happy if their need for a home was catered for elsewhere and more so if they were also able to find work in the alternative location, or benefitted from shorter commuting times.
- 12) Furthermore, as demonstrated in Headcorn's Regulation 19 submission, the ONS projections are extremely volatile, particularly at subnational level. This means that they have significant disadvantages when used to assess need from a planning perspective.
- 13) Headcorn Parish Council therefore considers that it is extremely important to assess the desirability of setting a specific OAHN target, rather than just employing a mechanistic approach. This should include both taking account of reasons why the supply of houses may have been elevated in previous years, as well as the desirability of choosing a specific location to deliver housing numbers when judged against sustainability considerations. Headcorn Parish Council notes

that even the most optimistic employment projections for Maidstone imply the likelihood of a significant increase in net outward commuting. This suggests that from a sustainability perspective Maidstone Borough is not well placed as a location to support the high level of housing growth currently projected.

Qn.1.17. 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?

14) Headcorn Parish Council does not wish to comment on this question.

Qn.1.18. Is the projection of Average Household Size realistic?

15) Headcorn Parish Council does not wish to comment on this question.

Qn.1.19. 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?

16) Headcorn Parish Council does not wish to comment on this question.

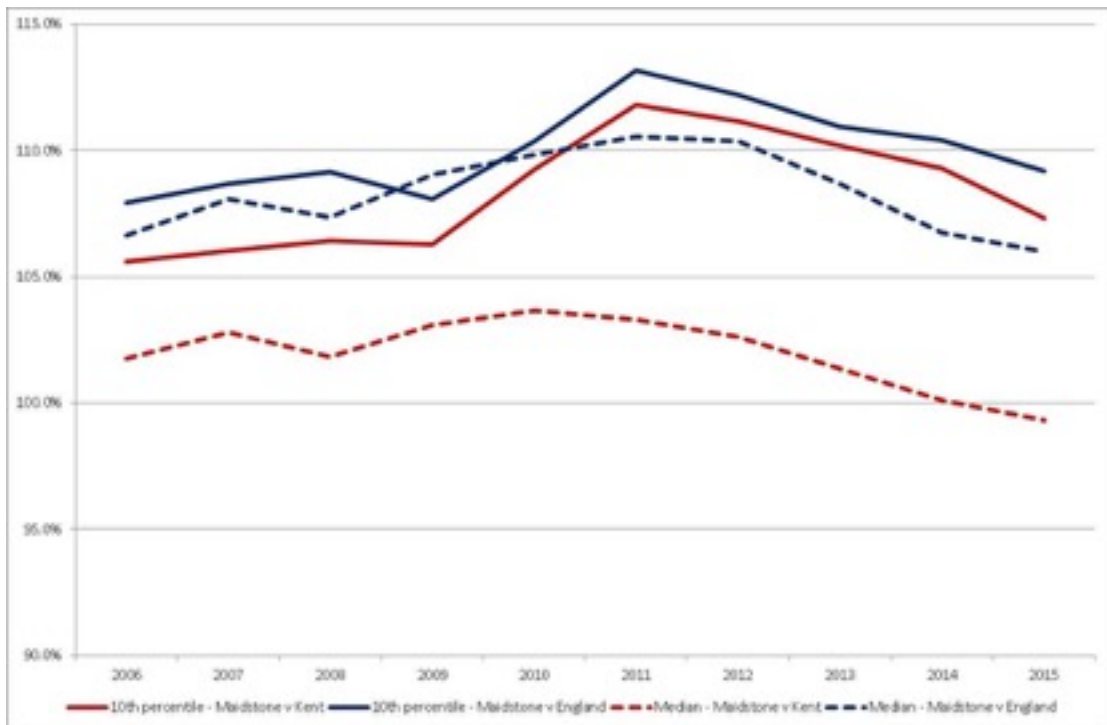
Qn.1.20. Does KALC dispute the evidence on affordability in HOU 003 and if so why?

17) For the reasons set out in Section IV.a.ii of its Regulation 19 response, Headcorn Parish Council considers that the decision to increase housing numbers on affordability grounds is flawed.

18) One of the reasons that Headcorn Parish Council gave for being concerned at the decision to increase housing numbers in order to improve affordability was the risk that it would act to suppress local wages, given the evidence that there will be insufficient local jobs to support the increase. If this happens, then affordability could be undermined rather than assisted by any additional increase in housing.

19) As documented in the response to Qn1.16, there has been a sharp increase in growth in household numbers in Maidstone since 2007 relative to trends in Kent as a whole. Figure 3 shows data from the Annual Survey of Hours and Earnings (ASHE) to assess trends in relative wages in Maidstone compared to both Kent and England over the period 2002 to 2015, which encompasses this shift in housing supply. The data used are a five-year rolling average to abstract from year-on-year volatility and therefore to make it easier to see potential trends. The data compare gross annual pay for full-time workers and are shown for both median earnings and the earnings of those at the bottom 10th percentile.

Figure 3: Relative wages in Maidstone compared to Kent and England, five-year rolling average 2006 to 2015



Note: Data from the Annual Survey of Hours and Earnings. Data are for gross annual pay for full-time workers for median earnings and the earnings of those at the bottom 10th percentile. Data for annual pay of residents in Maidstone in 2013 for those at the 10th percentile is missing from the ASHE survey and has been interpolated using the average of 2014 and 2012 data.

- 20) The data show that the five-year rolling average of relative wages in Maidstone peaked in 2011 and have been declining since. For those on median earnings, the ratio of annual pay in Maidstone compared to Kent as a whole stood at its highest level in 2007 and compared to England in 2009. For those whose earnings are at the bottom 10th percentile, the peak in relative annual pay occurred in 2010 when compared both to pay in Kent and pay in England as a whole. In other words, the recent period of strong housing growth has coincided with a fall in relative wages in Maidstone. As shown by the difference between commuting patterns in the Census, Maidstone also moved from being a net importer to a net exporter of labour between 2001 and 2011.
- 21) While these data do not establish causation, they are suggestive of the fact that prolonged periods of above average housing growth could act to suppress relative wages in the absence of sufficient employment growth. This in turn could act to undermine affordability (depending on the relative impact on house prices compared to earnings) and hence suppress not raise household formation.
- 22) Headcorn Parish Council notes that Maidstone performs well, compared to Kent as a whole, in house prices for flats and terraces (which are the type of property most suitable for emerging households), suggesting less need for a specific intervention. In addition the evidence suggests that house prices in Maidstone have not been increasing in recent years.
- 23) Furthermore, if the only way to achieve the mandated increase in the housing supply is to build in the rural areas (which are amongst the most expensive areas in Maidstone), this will do little to improve affordability where it is needed. Therefore on the basis of this evidence, Headcorn Parish Council considers that additional house building in Maidstone on affordability grounds is not warranted, as the most likely outcome is that it will undermine affordability by suppressing local wages.
- 24) Headcorn Parish Council notes that comparing data for 2014 and 2039 from the 2014-based household and population projections show that the share of the population aged 25-34 in the total remains higher in Maidstone Borough than the average for Kent. Compared to other boroughs in Kent, Maidstone also has the third highest share of households where the head of the household is aged 25-34 in both 2014 and 2039. The number of households in Maidstone where the head of the household is aged 25-34 is expected to rise by 0.5% between 2014 and 2039 in Maidstone, compared to a fall of -1.8% for Kent as a whole and a -7.2% fall in England. While heads of household aged 25-34 as a share of the population of that age is projected to decline in Maidstone between 2014 and 2039, this decline is less than the decline projected for both Kent and England, being a fall of 5.2 percentage points, compared to a fall of 5.7 percentage points for Kent as a whole and a fall of 5.9 percentage points in England. Indeed, heads of household aged 25-34 as a share of the population of that age is projected to stand at 37.1% in Maidstone in 2039, compared to 36.5% in England, even though in 2014 England had a marginally higher share than Maidstone.
- 25) Headcorn Parish Council therefore considers that while these data present a mixed picture, on balance the high household share where the head of the household is aged 25-34, the high share of the population of this age in Maidstone Borough, as well as the increase in the number of households where

the head of the household is 25-34, suggest that concerns over suppressed household formation in Maidstone amongst this age group may be overstated. Certainly Maidstone performs better than either Kent or England on some measures. Furthermore, the significant impact of migration on population numbers suggests that if this group had been performing particularly badly in Maidstone the expected trend would be for a net outflow.

- 26) Therefore Headcorn Parish Council does not consider that the case for increasing housing numbers to improve affordability has been made. This is because of:
- the concerns over employment provision;
 - the potential for increased housing numbers to suppress wages;
 - the fact that Maidstone's proposed dispersal pattern for housing runs counter to the supposed rationale for increasing housing numbers;
 - the limited market signals demonstrating significant demand pressure in Maidstone, given that house prices in Maidstone have been static or falling; and
 - the fact that the price of flats and terraced houses in Maidstone Borough compare favourably to prices in Kent as a whole.

Qn.1.21. What if any relevance does the Fordham SHMA in 2010 have to the submitted Local Plan?

- 27) Headcorn Parish Council does not wish to comment on this question.

Qn.1.22. How does the assessment of housing needs relate to the anticipated number of jobs and to commuting patterns into and out of Maidstone Borough?

- 28) Headcorn Parish Council notes that while the SHMA 2015 update report [HOU3] looked at whether housing provision was sufficient to support growth, it made no attempt to assess if employment growth would be sufficient to support the projected number of households. As such there has been no attempt to reconcile the shortfall in expected employment growth relative to the target housing provision in Maidstone's Local Plan. For the reasons set out in Section IV.a.i of its Regulation 19 response, Headcorn Parish Council considers that this mismatch is an indication that the projected housing numbers for the Borough are too high. This is reinforced by the fact that Maidstone is not well placed to support out commuting, particularly to London.
- 29) Headcorn Parish Council notes that commuting patterns in Maidstone are less sustainable than the west Kent Boroughs: in Maidstone only 10.7% of those in employment travel by public transport, compared to 22.0% in Sevenoaks, 14.5% in Tonbridge and Malling and 17.3% of those in Tunbridge Wells. The share of those working from home is also lower: 6.0% in Maidstone Borough, compared to 8.0% in Sevenoaks, 6.3% in Tonbridge and Malling and 8.5% in Tunbridge Wells.

Qn.1.23. Why would the windfall allowance affect the calculation of housing needs?

- 30) Headcorn Parish Council does not wish to comment on this question.

Qn.1.24. What is the basis of the claim that 'Local Needs' account for only 25% of the Objective Assessment of Housing Needs?

- 31) Headcorn Parish Council notes that in the 2014-based population projections, the population of Maidstone Borough is expected to increase by 30,900 people between 2014 and 2031. Looking at the components of this increase, the natural increase in the population (in other words the increase generated from within Maidstone's existing population) is expected to be only 8,000 people (or 25.9%), with the remaining increase of 22,900 people accounted for by migration. In terms of migration, the biggest component, of 15,700 people, is accounted for by inward migration from other parts of England, with the remaining 7,400 accounted for by international migration.
- 32) It is not possible to accurately translate this into housing numbers (as household sizes in native and migrant households may differ). However, Headcorn Parish Council considers that the discrepancy is sufficiently large to suggest that a substantial proportion of any increase in the number of households projected for Maidstone will be accounted for by households from outside the Borough.
- 33) Headcorn Parish Council notes that for the three boroughs in west Kent (Sevenoaks, Tonbridge and Malling and Tunbridge Wells), total migration (inwards and international) only accounts for 65.9% of the projected population increase, compared to 74.1% for Maidstone. The high level of migration underpinning Maidstone's projected increase in population and household numbers makes it less likely that any reduction in housing provision would cause the displacement of local families.

Qn.1.25. What are the implications for Maidstone of the latest Household projections?

- 34) Headcorn Parish Council notes that the latest projections suggest that there will be 81,388 households in Maidstone Borough by 2031, an increase of 17,679 households compared to 2011 and just 653 more households than were anticipated in the 2012-based household projections issued in 2015. However, for the reasons set out in its response to Qn1.16, Headcorn Parish Council does not consider that significant weight should be attached to variations in the housing projections created by the ONS's projection methodology, particularly as recent trends in housing delivery (relative to Kent as a whole) are out of line with previous experience.
- 35) Headcorn Parish Council notes that the possibility that there might be unmet demand for housing in west Kent has been used by some organisations to argue that housing numbers in Maidstone should be increased to meet this hypothetical demand. Headcorn Parish Council notes (as set out in its response to Session 1A), that the result of moving from the ONS's 2012-based to the 2014-based household projections would lead to a fall of 2,954 households, in the number of households projected to be located in the Boroughs of Sevenoaks, Tonbridge and

Malling, and Tunbridge Wells in 2031 (a fall of 2% relative to household numbers in 2014).

- 36) Headcorn Parish Council considers that the fact that projected household numbers in these boroughs have been falling over the last two iterations of household projections makes it unclear why substantial unmet demand would arise. Headcorn Parish Council also notes that Maidstone Borough would perform poorly as a substitute for these boroughs, particularly amongst those looking to commute to London, and that other parts of Kent perform more favourably when viewed as a base for commuting.

Contact details

All queries on this consultation response should be addressed either to:

- A. Caroline Carmichael, Headcorn Parish Clerk, Parish Office, Headcorn Village Hall, Headcorn (Email: headcornparishclerk@gmail.com) ; or
- B. Dr Rebecca Driver, Analytically Driven Ltd, Great Love Farm, Love Lane, Headcorn (Email: rebecca.driver@analytically-driven.com).

Dr Driver is a member of the Headcorn Matters Neighbourhood Plan team and prepared this consultation response on behalf of Headcorn Parish Council, with support from the wider Headcorn Matters Neighbourhood Plan team.