Maidstone Borough Council

Maidstone Borough Local Plan Examination: Written Statements in response to Inspector's Matters, Issues and Questions.

Session 1B –Housing Needs (1).

Inspector's Question 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?

Council's response

1.16.1 Past housing supply is one of a number of factors which is likely to have influenced past migration to the Borough and household formation. As the PPG sets out, official household projections are trend-based. They are statistically robust and based on nationally consistent assumptions, but in some circumstances may require adjustment.

1.16.2 The SHMA Update (HOU 004) indicates that whilst recent population growth has been stronger in Maidstone Borough, and projected growth is expected to be stronger than seen across Kent and the South East, this is replicated across other adjoining areas (Figure 3). Similar levels of population growth have been seen across much of the last decade (Figure 5/ Table 2).

1.16.3 There has been an over-delivery of housing in the borough relative to the South East Plan target (by c. 15%) over the 2006-12 period from which the projections are drawn. However South East Plan targets did not necessarily correlate with the level of housing "need" in a particular district or borough. Rather, the South East Plan sought to redistribute growth to and from locations in the south east in accordance with a wider regional spatial strategy. The Housing delivery over this period was very similar to that expected in CLG 2008-based Household Projections.

Inspector's Question 1.17

Q 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 re replaced by conversions of offices and other redevelopment in the town centre such that supply will be maintained or increased?

Council's response

1.17.1 The year on year pattern of housing completions in the borough 2001-13 is illustrated in Figure 21 (page 71) of the June 2014 SHMA (HOU 002). The figure illustrates that there was a period of relatively high completions in the 4 year period from 2004/5 to 2007/8 and this was then immediately followed by lower rates of delivery as the effects of the recession impacted on housebuilding. The picture is not one of a single, exceptional spike in completions as suggested by the representors, but rather one of annual rates fluctuating on a broadly cyclical basis.

1.17.2 Higher rates of completions in the mid-2000s did correspond with a period when the borough was successful in delivering higher density development on brownfield sites, in particular in and around Maidstone town centre. This reflected national planning policy in

force at the time (in PPG3) which prioritised brownfield sites over greenfield sites with the result that there was a greater impetus to deliver such sites. As this was a national policy, the Council does not agree that the effects of it can be regarded as so exceptional and Maidstone-specific as to justify the adjustment to the CLG household projections which underpin the borough's OAN. It is inevitable that other authorities across the country would also have seen healthy rates of housebuilding during this period.

1.17.3 Further, as the question highlights, the submission Local Plan identifies and anticipates significant levels of housing coming forward on urban sites in the future. Allocated brownfield sites in and around the town centre will deliver some 570 new homes (Policy H1); there is capacity for a further 990 dwellings in the town centre (Policy H2 (1) as proposed to be amended) and Invicta Barracks is a mixed brownfield/greenfield location identified for up to 1,300 dwellings. The Local Plan is planning positively to secure delivery on remaining brownfield sites akin to those which came forward in the early 2000s.

1.17.4 In conclusion, the Council does not agree that there is the robust evidence which the Guidance requires to justify an adjustment to the CLG projections on the grounds of exceptional past delivery rates.

Inspector's Question 1.18

Is the projection of Average Household sizes realistic?

Council's response

1.18.1 The demographic modelling undertaken is based on applying age specific household formation rates to projections for the household population (see for instance HOU 004, Figure 19, Page 44). Reductions in average household size are influenced in particular by a growing older population, which is expected to live in smaller households, and are seen within the existing housing stock as well as new dwellings.

1.18.2 Figure 16 in HOU 004 (Page 41) shows average household size in the borough falling from 2.40 in 2011 to 2.30 in 2031. This is based on CLG Household Projections which the PPG sets out are statistically robust and based on nationally consistent assumptions.

1.18.3 The CPRE Kent calculation (relating a population increase of 33,811 to the housing target of 18,560) does not take into account changes in household size within the existing dwelling stock, which will continue to represent the majority of housing in the district and thus have a significant impact on the average household size.

1.18.4 The changes shown in the Council's evidence (HOU 004) are considered realistic.

Inspector's Question 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?

Council's response

1.19.1 This is difficult to calculate precisely. The Housing Topic Paper (SUB 005) confirms that net completions between 1st April 2011 and 31st March 2016 total 2,860 dwellings. As at March 2016, there were commitments for a further 5,475 dwellings (applying 5% discount for

non-implementation). Together this represents 45% of the identified housing requirement for 18,560 dwellings.

1.19.2 Including an allowance for vacant homes, these dwellings can be expected to accommodate around 8,050 households and around 18,900 persons based on an average of 2.35 per household (taking a mid-point from figure 16, page 41 in HOU 004). However set alongside this, some reduction in the population within the existing housing stock should be expected given a growing older population and declining average household size.

Inspector's Question 1.20

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

Council's response

1.20.1 It is understood that this question is primarily for the Joint Parishes Group (representation R19234) which is questioning this evidence.

1.20.2 It is worth underlining that the starting point for assessing housing needs is the CLG household projections and that Planning Practice Guidance sets out a number of further factors which need to be assessed in reaching a conclusion on the OAN for housing. One of these specified factors is to test whether market signals point to poor affordability[1]. The SHMA and subsequent updates have followed this guidance.

1.20.3 The SHMA comprises a rounded assessment of the market indicators specified in the PPG (see pages 53 to 66 in HOU 004). This concludes that based on specific, local evidence an uplift for market factors is justified.

Inspector's Question 1.21

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

Council's response

1.21.1 The Fordham SHMA does not form part of the Local Plan evidence base; it does not have any relevance to the submitted Local Plan. It is superseded by the SHMA and its updates (HOU 002/003/004).

1.21.2 The Fordham SHMA was prepared prior to the publication of the Framework. It also pre-dates the Planning Practice Guidance which provides the updated guidance for how SHMAs should be undertaken. It is this current guidance which has been followed in the preparation of the SHMA and its updates which themselves do provide the evidence base for the submission Local Plan.

1.21.3 KALC asserts that the Fordham SHMA should have been used as a 'reality check' for the SHMA reports which followed it. The Fordham SHMA was prepared when borough housing targets were set in the South East Plan in which housing needs were redistributed in accordance with a wider regional spatial strategy. The planning context was therefore significantly different in 2010, prior to the introduction of the Framework. In these circumstances, the Fordham report does not represent a robust assessment of housing needs to which current reports should be compared.

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[1] Housing and Economic Needs Assessments, Paragraph: 019 Reference ID: 2a-019-20140306

Inspector's Question 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?

Council's response

1.22.1 The 2012-based ONS Sub-National Population Projections (SNPP) result in growth in the workforce of 17,300 persons over the plan period (HOU 004, Table 13, p50).

1.22.2 Job growth of 14,400 is forecast within the Borough. The SHMA Update (HOU 004) indicates that the number of residents in employment would need to increase by some 14,300 to support this level of jobs growth (HOU 004, Table 15), given that on the one hand some people have more than one job, whilst on the other the number of people who commute out of the borough to work is marginally higher than the number who commute in.

1.22.3 This demonstrates that "the level of workforce growth envisaged in the 2012-based SNPP is sufficient to support forecast employment growth" (HOU 004, page 52, paragraph 4.14). In short, the OAN of 18,560 would provide a sufficient quantum of homes to house the workforce needed to fill for the forecast growth in jobs. This confirms that housing supply should not act as a barrier to economic growth, as required by the Framework[2], by constraining the availability of potential workforce.

1.22.4 Whilst Councils are required to consider an uplift to housing numbers where the economy's need for housing could outstrip the population projections, they are not required to do the opposite. A reduction in housing numbers to more closely align with the employment forecast would be contrary to the Framework's requirement that housing needs should be met in full[3].

Inspector's Question 1.23

Why would the windfall allowance affect the calculation of housing <u>needs</u>?

Council's response

1.23.1 The Council's position is that the windfall allowance is part of the housing land supply and does not impact on the assessment of housing needs. It relates to housing supply rather than need.

Inspector's Question 1.24

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

Council's response

1.24.1 It is possible that this assertion stems from the SHMA (HOU 002), page 101, paragraph 6.35 which explains the components of population growth. The figures in this

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[2] NPPF paragraph 21
[3] NPPF paragraph 47

paragraph identify that some 26% of overall population growth[4] would be from natural change (births Vs deaths) with the balance arising from in-migration to the borough.

1.24.2 The Framework is specific that SHMAs should take account of migration as well as natural change (paragraph 159).

Inspector's Question 1.25

What are the implications for Maidstone of the latest Household projections?

Council's response

1.25.1 The preparation of the Local Plan was based on the best evidence and information available prior to its submission. In terms of household projections, this was the 2012-based household projections published by the CLG in February 2015. After the Plan was submitted on 21st May 2016, the ONS published 2014-based population projections on 25th May which were followed by 2014-based household projections from the CLG on 12th July.

1.25.2 The Council considers that there is no obligation expressed in either the Framework or the Practice Guidance that it be required to continually update the Plan post submission. Indeed the guidance with respect to strategic housing needs assessments confirms that previous assessments are not automatically rendered out of date simply by the publication of new projections[5] . The Council's view is that 2012-based household projections represent a reasonable and sound basis for assessing future housing needs in the borough for the Plan period.

1.25.3 This position understood, the Council has sought to consider the level of housing need implied by the latest household projections for the Inspector's information. This is set out in the accompanying briefing paper in Appendix A. This paper applies a consistent methodology to that used in the June 2015 SHMA (HOU 004) and its preceding iterations. The paper indicates that the new household projections imply a housing need of 19,230 dwellings (962 dwellings/annum) (see Table 7 of the briefing paper).

1.25.4 The projected household growth is 3.6% stronger than in the previous 2012-based household projections over the plan period. This is moderated by more recent evidence which indicates that the level of vacant homes in the District has fallen over the last 5 years. Applying this lowered vacancy rate results in an implied housing need of 19,060 (953 dwellings/annum) (see Table 9 of the briefing paper).

1.25.5 The Council considers that the scale of difference between the 2012- and 2014-based Household Projections is modest, and well within the error margins associated with long-term predictions.

1.25.6 Commentary in the planning press has advocated that there should not be too hasty a response to these latest figures, particular for Local Plans such as the Council's which are well advanced (see Appendix B). Indeed, as an example, CLG has advised Liverpool Council to maintain momentum and progress its Plan based on the preceding projections, even though the Plan has not yet reached its submission stage.

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[4] 2011-based interim SNPP
[5] Paragraph: 016 Reference ID: 2a-016-20150227

1.25.7 There is inevitably a level of volatility with population and household projections, with uncertainty regarding future migration trends enhanced as a result of the Brexit vote. Over time, this factor could affect the rates of international in and out migration and the net balance between them. For Maidstone, international migration accounts for some 27 % of projected population growth (HOU 002, page 101, paragraph 6.35).

1.25.8 The Council recognises these uncertainties but considers that these are best dealt with through the future review of the plan. It considers that the latest projections however do not point to a significantly different level of housing need such that it would render the evidence base underpinning the submitted plan outdated.

Implications of 2014-based Household Projections

1.1   The Department for Communities and Local Government (CLG) published 2014-based Household Projections in July 2016, based on Office for National Statistics (ONS) 2014-based Sub-National Population Projections, published in May 2016.

1.2   The 2014-based SNPP are based principally on trends over the preceding 5-6 year period (2008/9 – 2014), which are projected forwards. The SNPP expect almost 24% population growth over the 2011-31 period: a particularly strong rate of growth relative to both regional and national averages.

Table 1:   Projected Population Growth (2011-31) – 2014-based SNPP

	Population 2011	Population 2031	Change in Population	% Change
Maidstone	155,764	192,700	36,936	23.7%
Kent	1,466,466	1,747,776	281,310	19.2%
South East	8,652,784	10,053,159	1,400,375	16.2%
England	53,107,169	60,853,179	7,746,010	14.6%

Source: ONS

1.3   The new projections indicate population growth of 36,900 over the 2011-31 period, representing growth in population which is 10% stronger than expected in the previous 2012-based SNPP.

Table 2:   Projected Population Growth (2011-31) – comparing projection releases

	2012-based SNPP	2014-based SNPP	Difference	% Difference
Maidstone	33,501	36,936	3,435	10%

Source: ONS

1.4   As the chart below shows, Maidstone has seen stronger relative population growth than across wider geographies over the period since 2006, and this stronger relative growth is projected forwards to 2031.

Figure 1:   Indexed Population Growth (1981-2031)
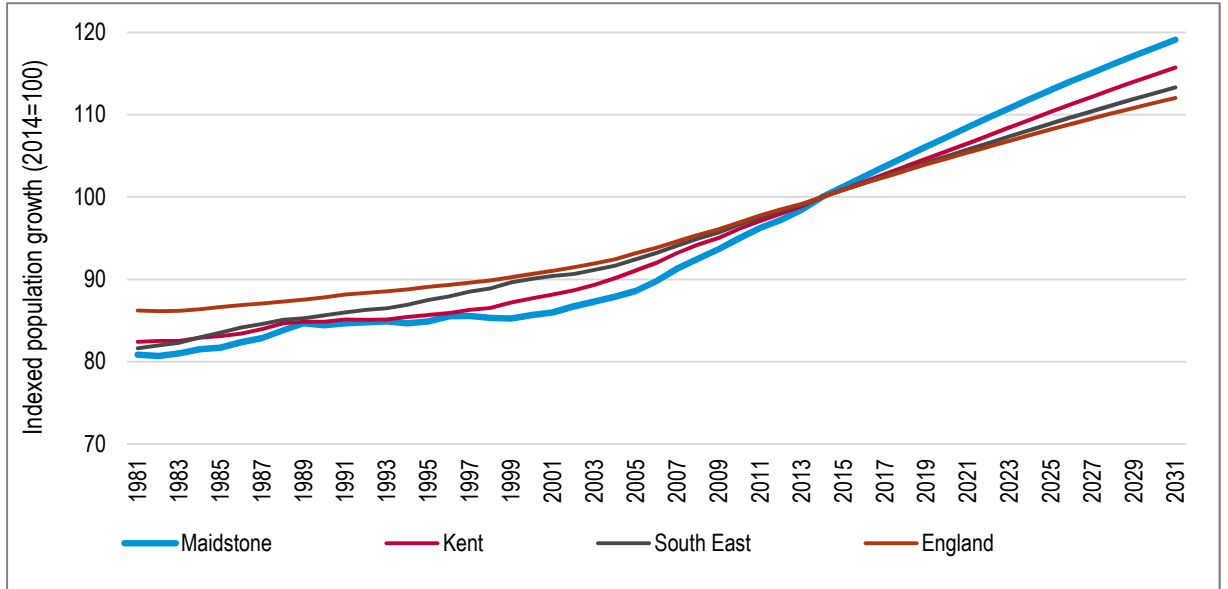
1.5   The stronger population growth in the 2014-based SNPP is a function of stronger projected migration, particularly from other parts of the UK, but also internationally.

Table 3:   Projected Components of population change – 2012- and 2014-based SNPP – Maidstone

	2012-based SNPP	2014-based SNPP
Natural Change	498	489
Internal Migration	780	909
International Migration	393	441
Total Change	1,671	1,839

Source: ONS

1.6   The projected change in population in different age groups in the 2014-based SNPP is shown in Figure 2. Population growth is expected across all five year age cohorts, but with the strongest growth expected in those over 65.Relative to the 2012-based SNPP, stronger growth is expected of those aged under 15; which has little impact on household growth. Weaker growth of those aged 85+, which has a modest dampening effect on overall household growth as the headship rate for this age group is relatively high.

Figure 2: Population Growth in 2014-based SNPP by 5 Year Age Group
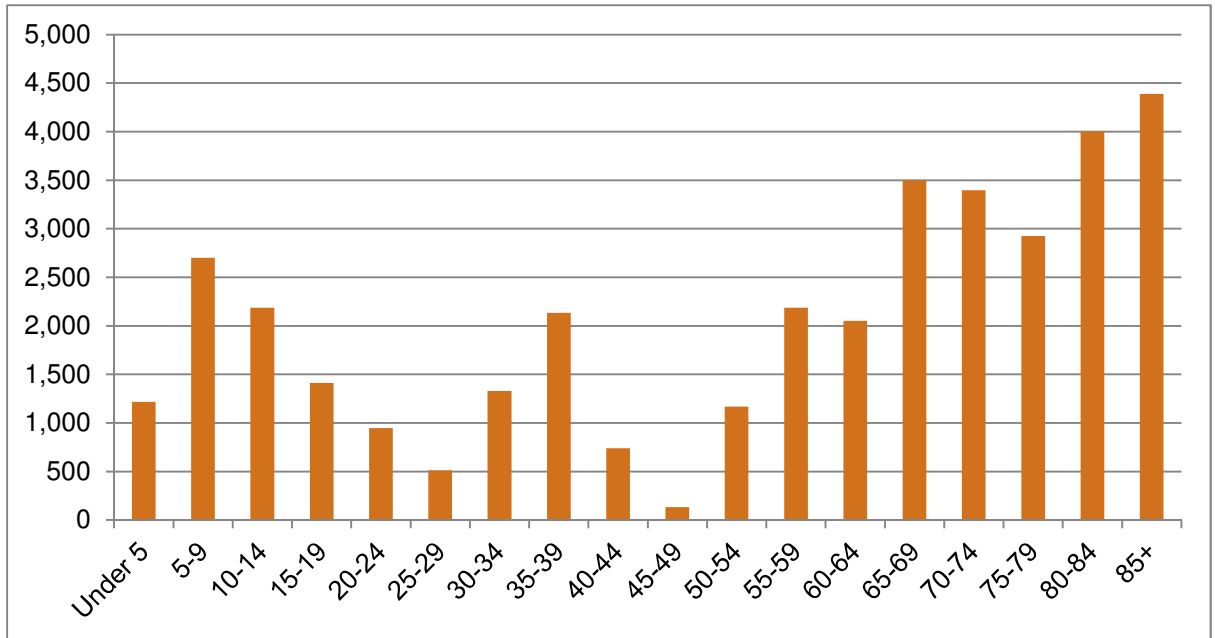
Source: ONS

1.7   The CLG Household Projections applying household formation rates to the projected population growth. There is little difference between the age-specific household formation rate assumptions within the 2012- and 2014-based Household Projections.

1.8   Whilst the projected population growth in the 2014-based SNPP was 10% stronger, the projected household growth is 3.6% stronger. The difference reflects the impact of differences in the projected growth in different age groups, and in particularly less growth in older age groups which have high headship rates.

Table 4: Projected Household Growth 2011-31 – 2012- and 2014-based SNPP – Maidstone

	Households 2011	Households 2031	Change in households	Per annum
2012-based Projections	63,709	80,778	17,069	853
2014-based Projections	63,706	81,388	17,681	884

1.9   In order to estimates of the number of additional homes to which the growth in households might equate, a vacancy allowance is included in the data. For consistency with previous work, a vacancy allowance has been estimated from 2011 Census data and seeks to look

at the uplift from occupied homes that should be applied to the data. For Maidstone, the vacancy allowance is set at 3.5%.

Table 5:   Projected Dwelling Need 2011-31 – 2012- and 2014-based SNPP – Maidstone

	Change in households per annum	Dwellings per annum	Dwellings 2011-31
2012-based Projections	853	883	17,667
2014-based Projections	884	915	18,302

1.10   In accordance with PPG the demographic projections should provide the starting point for assessing housing need. In calculating OAN it should be considered whether it is appropriate to apply an uplift to the demographic starting to support economic growth and improve affordability.

1.11   Maidstone's *Economic Sensitivity Testing Report* forecasts a jobs growth of 14,400 jobs over the period from 2011 to 2031. Considering double jobbing and commuting ratios, this equates to a forecast growth of 14,277 residents in employment. The growth of working age population in the 2014-based projections exceeds the labour force required to support economic growth. Therefore there is no justification for an uplift to the demographics to support economic growth. This was also the case with the 2012-based population projections.

1.12   Consideration of the housing market signals and affordable housing need analysis suggests that an uplift to the demographic projections to improve affordability is appropriate. To calculate the scale of uplift, we have modelled the level of housing required to return the household formation rates of the 25-34 age group back to 2001 levels by 2031. This approach was taken in the 2015 OAN study.

1.13   This results in an uplift to improve affordability of 47 dwellings per annum. This equates to a 5% uplift.

Table 6: Affordability Uplift – 2012- and 2014-based SNPP – Maidstone

	Dwellings per Annum
2014-based SNPP (returning 25-34 headship rates back to 2001 levels)	962
2014-based SNPP (with no uplift)	915
Affordability Uplift	47
Affordability Uplift %	5%

1.14 The 2014-based population projections, with uplift to improve affordability, show a need for 962 dwellings per annum. This compares to the 2012-based projections which showed a need for 928 dwellings per annum.

Table 7: Comparison of OAN Figures – 2012- and 2014-based SNPP – Maidstone

	Dwellings per Annum	Dwellings 2011-31
2012-based SNPP with Affordability Uplift	928	18,560
2014-based SNPP with Affordability Uplift	962	19,230

1.15 The above analysis includes allowance for vacant homes from the 2011 Census (3.5%). However official data shows that vacancy levels within Maidstone Borough have fallen by 1 percentage point since 2011 (see CLG Table 615). The table below shows the implications of applying a lower allowance for vacant and second homes of 2.5%.

Table 8: Projected Dwelling Need 2011-31 – Updated Vacancy and Second Home Figure – Maidstone

	Household Growth	Dwelling Growth	Dwellings per Annum
Maidstone	17,681	18,123	906

1.16 Applying an affordability uplift similar to that above also results in an uplift of 47 dwellings. This results in a housing need figure resulting from the alternative vacant and second homes figure of 953 dwellings per annum.

Table 9: Vacancy and Second Home Sensitivity – Projected Dwelling Need 2011-31 – Maidstone

	Dwellings per Annum
2014-based SNPP with Updated Vacancy and Second Home Allowance	906
2014-based SNPP with Updated Vacancy and Second Home Allowance and Affordability Uplift	953

What the latest household growth projections mean for plan-making

22 July 2016 by Winnie Agbonlahor , <u>Be the First to Comment</u>

New data intended by the government to be the starting point for calculations of housing need contains substantial revisions to local household growth projections, but experts have cautioned against knee-jerk responses.

Tower Hamlets: latest projections have upgraded estimates of household growth in the East London borough

The projections, released by the Department for Communities and Local Government (DCLG) this month, predict that the number of households in England will increase from 22.7 million in 2014 to 28 million in 2039, with an average annual growth of 210,000. Overall, the new figures are largely in line with earlier forecasts. Projections published in 2015 with a starting point in 2012 predicted a rise from 22.3 million in 2012 to 27.5 million in 2037, also with an annual average household growth of 210,000.

However, there are substantial variations between the two sets of figures in some areas. For example, an analysis by Planning shows that the London Borough of Tower Hamlets is now projected to have 186,000 households in 2035, up from 169,000 in the 2012-based projections. Meanwhile, Leeds is now forecast to have 378,000 households in 2035, down from the 387,000 previously predicted (see infographic).

So what should local authorities be doing to take the latest figures into account in their housing need calculations? Matthew Spry, senior director at consultancy Nathaniel Lichfield & Partners (NLP), said that councils just beginning the process of preparing their strategic housing market assessments "should now use these figures". He added: "Those already

midway through the process will need to make a judgement on whether they need to update their evidence base."

Observers point out that national planning practice guidance (NPPG) states that, "wherever possible, local needs assessments should be informed by the latest available information". The NPPG also makes clear that "this does not automatically mean housing assessments are rendered outdated every time new projections are issued".

Richard Pestell, director at consultancy Peter Brett Associates, warns against "knee-jerk reactions" in instances where councils are facing a significant increase in household numbers compared to the previous figures. The numbers, he said, "broadly project forwards the same changes seen in the previous five or six years". This, he argues, is "quite a short period" and spikes are often due to a one-off event in that period, such as a university expansion or the completion of a major housing development. If the projected increase has risen due to such one-off events, councils should use "common sense" in considering whether evidence bases or local plans needs updating, Pestell added.

Alex Ground, a partner at law firm Russell-Cooke, said that when a plan is nearing adoption, rather than being redrafted, authorities should carry on and promise a review. This is "what the review mechanism is for", she said.

Liverpool City Council's plan is one such case. According to NLP, the rate of household growth in the city is predicted to outstrip that of other authorities in Cheshire, Greater Manchester and Merseyside, with the annual growth rate in the latest projections 361 households higher than contained in the 2012-based figures.

However, a spokesman for the council said: "In Liverpool's case, DCLG do not want the new projections to delay the local plan, even though they suggest that more homes may be needed than previously anticipated." He added that the authority will shortly be publishing a draft local plan "based on a new strategic housing market assessment which, having used the 2012-based sub-national population projections (SNPP) and household projections, may not reflect Liverpool's actual future housing needs". DCLG, he added, "want us to address the implications of the new figures though an immediate review following adoption".

In cases where current figures show an increase, commentators say that developers seeking to justify schemes on the basis of housing need are likely to see their hand strengthened. But Liverpool City Council's spokesman said: "What the figures don't tell us is what the full objectively assessed need (FOAN) for new housing is. The SNPP and the household projections are only two building blocks in the FOAN calculation. The scale of any change to the FOAN may not be proportionate to the change in the SNPP or household projections."