GL Hearn
Part of Capita plc

Tonbridge and Malling Borough

Implications of 2014-based Sub-National Population Projections and Household Projections

Final Report

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1. INTRODUCTION

1.1 The latest set of (2014-based) subnational population projections (SNPP) were published by the Office for National Statistics (ONS) in May 2016. In July 2016, the Department for Communities and Local Government (CLG) published new 2014-based household projections. These projections replace the respective 2012-based projections.

1.2 Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2014-based national population projections. They are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

1.3 This report seeks to interrogate the 2014-based SNPP and 2014-based Household Projections and consider the potential implications for household growth and housing needs in the Borough of Tonbridge and Malling. Government Planning Practice Guidance (PPG) on Housing and Economic Development Needs Assessment is clear that the latest projections should be the start point for assessing overall housing need.

1.4 The analysis in this report uses the 2014-based population projections to estimate household growth and hence housing need by using key assumptions about household formation (headship) rates from the 2014-based household projections.

1.5 The analysis looks at housing need over the period from 2011-31 to be consistent with previous study carried out for the Borough. Because the projections are 2014-based this essentially means that data for 2011-14 is fixed by reference to published population estimates (from ONS).

1.6 The report is split into a number of sections considering a range of different outputs related to the new projections. These are summarised below:

- Section 2: Overall Population Growth;
- Section 3: Components of Population Growth;
- Section 4: Age Structure Changes;
- Section 5: Household Growth Projections;
- Section 6: Housing Need;
- Section 7: Demographic Projections at a Housing Market Area level;
- Section 8: Economic-Led Housing Need;
- Section 9: Housing Market Signals and Affordable Housing Need;
- Section 10: Conclusions.

2 OVERALL POPULATION GROWTH

2.1 This section sets out the projected population growth in the 2014-based SNPP and compares the findings to the 2012-based SNPP figures.

2.2 The table below shows projected population growth from 2011 to 2031 in Tonbridge and Malling and a range of comparator areas. The data shows that the population of Tonbridge and Malling is projected to grow by around 23,400 people. This is a 19.3% increase – this is in line with the projected increase in Kent but notably above the projected increase in the region and for the country as a whole.

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

	Population 2011	Population 2031	Change in population	% change
Tonbridge & Malling	121,087	144,455	23,368	19.3%
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

2.3 It is also possible to compare the 2014-based SNPP with the previous full set of projections (a 2012-based SNPP). This comparison is shown for Tonbridge and Malling in the table below. This shows that the latest projections show a very slightly lower level of population growth (69 fewer people – 0.3% lower) over the 2011-31 period.

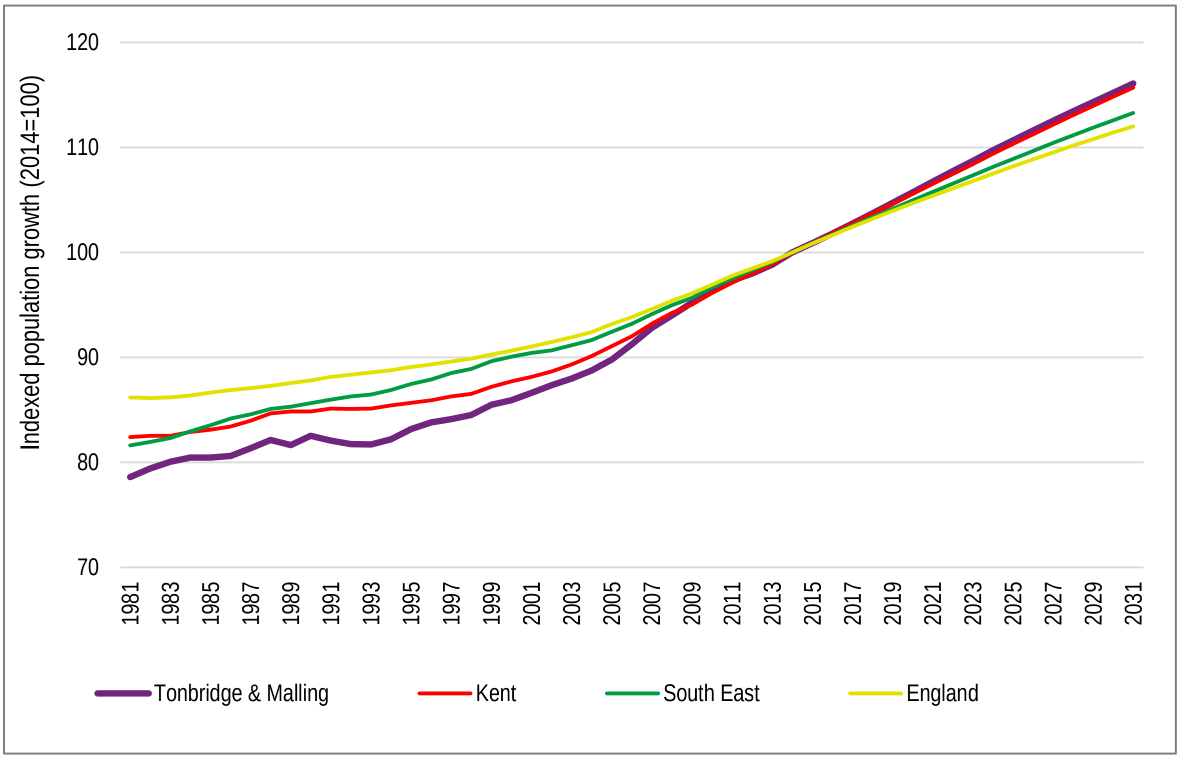
Table 2: Projected Population Growth (2011-31) – comparing projection releases

	2012-based SNPP	2014-based SNPP	Difference
Tonbridge & Malling	23,438	23,369	-69

Source: ONS

2.4 Figure 1 shows past and projected population growth in the period 1981 to 2031. Figures have been indexed to 100 for 2014. For Tonbridge and Malling, the data shows relatively weak population growth in the period to about 2004, but that since then, population increases have been stronger than in other areas. This stronger level of population growth can be seen moving forward into the projections as they are trend based.

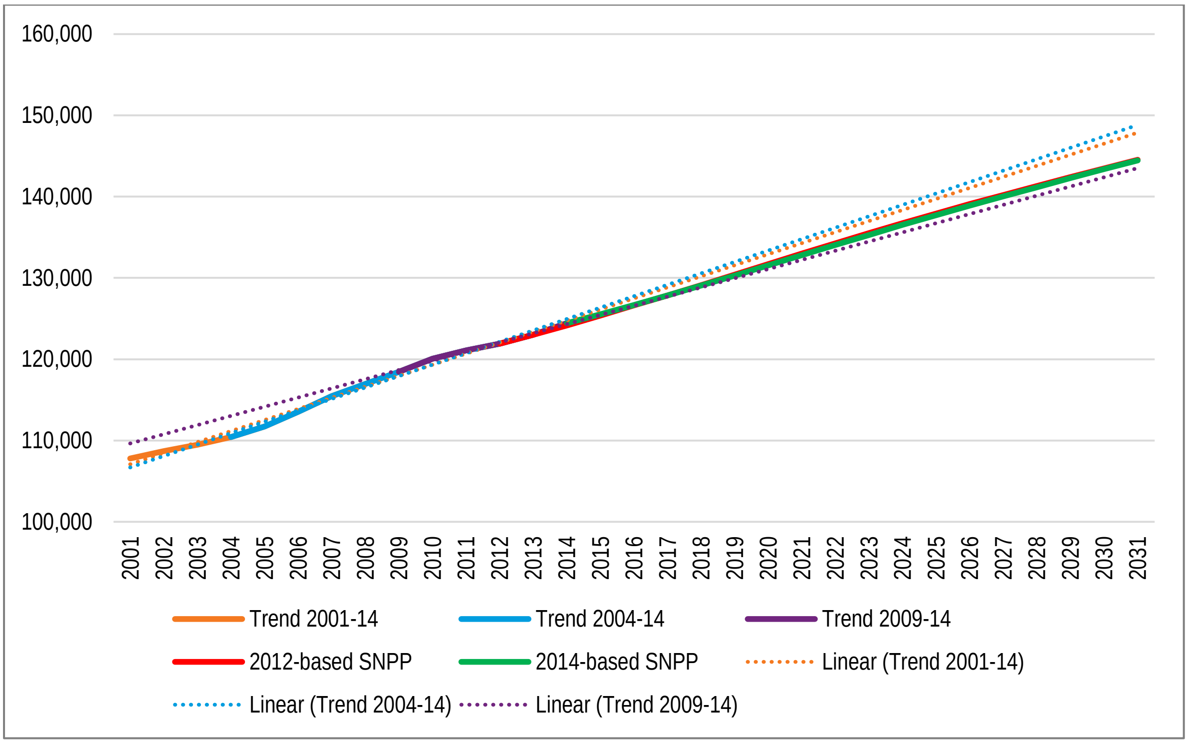
Figure 1: Indexed Population Growth (1981-2031)



Source: ONS

2.5 It is also worthwhile to focus this data on the more recent period (from 2001) and this is shown in Figure 2. The figure also includes the trend from the 2012-based SNPP. The data also plots linear trend lines considering overall population growth for the past 5-, 10- and 13-years (a 5-year period is broadly the trend period used by ONS when constructing the SNPP). The data shows that the population is expected to grow broadly in line with the past trends for much of the period to 2031 although the rate of population growth is expected to reduce slightly over time (which is consistent with what is projected nationally). Overall, the analysis shows a reasonable fit between past trends and the projection.

Figure 2: Past and Projected Population Growth (2001-2031) – Tonbridge and Malling



Source: ONS

3 COMPONENTS OF POPULATION CHANGE

3.1 The 2014-based SNPP projects a 1,200 per annum increase in the population over the 2011-31 period. Around 39% of this is a result of projected natural increase (more births than deaths). This is slightly higher than the proportion projected in the 2012-based SNPP (36%). The remaining 61% of population growth in the 2014-based SNPP is due to the projected net number of migrants – mainly the 55% due to internal migration. The proportion of growth attributed to internal migration is however slightly lower in the 2014-based SNPP (55%) than was the case for the 2012-based version (60%). The proportion of growth due to international migration is virtually the same for both projections (4%-5%).

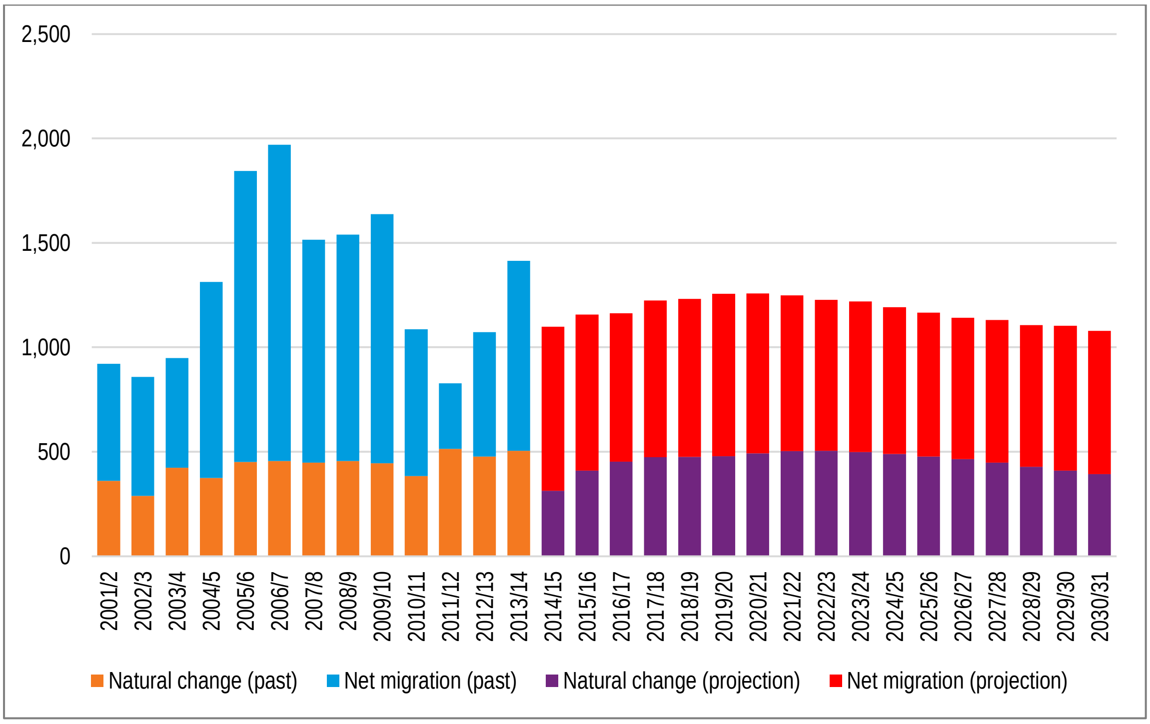
Table 3: Projected Components of population change – 2012- and 2014-based SNPP

	2012-based SNPP		2014-based SNPP	
Natural Change	425	36%	460	39%
Internal Migration	704	60%	641	55%
International Migration	42	4%	64	5%
Total Change	1,172	100%	1,168	100%

Source: ONS

3.2 Figure 3 overleaf brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that natural change is expected to increase from 2014 to about 2018, before levelling off and then decreasing slightly from about 2024 onwards. Net migration is also projected to fall slightly over time, in the early years of the projection this is driven by national projections expecting international migration to fall. Over the whole projection period (2014-31) the level of natural change is projected to average 454 per annum, with net migration averaging about 723 people each year, starting from around 785 in 2014/15 and decreasing to around 680 by 2031.

Figure 3: Past and Projected Components of Change (2001-2031) – Tonbridge and Malling

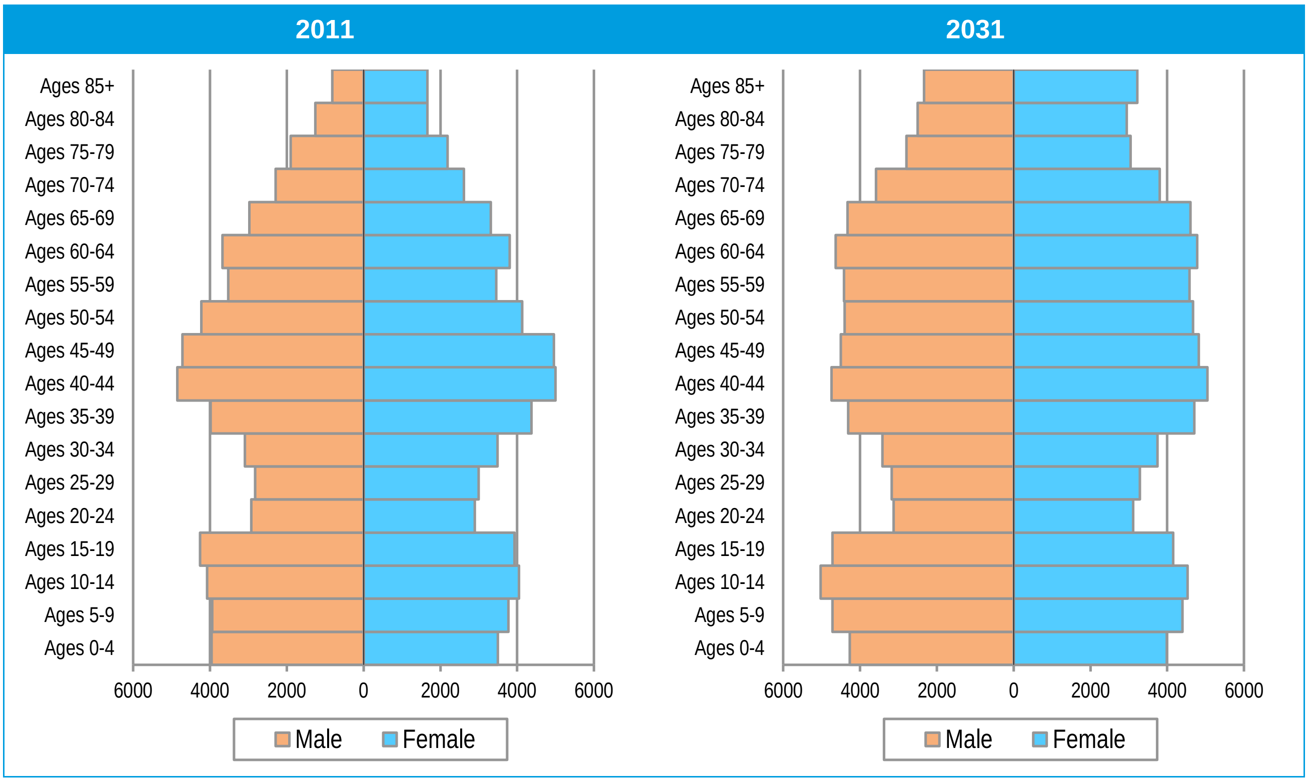


Source: ONS

4 AGE STRUCTURE CHANGES

4.1 With the overall change in the population will also come changes to the age profile. The figure below shows population pyramids for 2011 and 2031. The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over. In particular, the oldest age group (85+) shows an increase from 2,500 people to 5,600. A growing population towards the top of the pyramid reflects improving life expectancy.

Figure 4: Distribution of Population 2011 and 2031 – Tonbridge and Malling



Source: ONS

4.2 Table 4 summarises the findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2031 it is projected that there will be 33,200 people aged 65 and over. This is an increase of 12,500 from 2011, representing growth of 60%. The population aged 85 and over is projected to increase by an even greater proportion, 124%. Looking at the other end of the age spectrum the data shows that there are projected to be around 16% more people aged under 15 with increases also shown for most other age groups.

Table 4: Population Change 2011 to 2031 by five-year age bands – Tonbridge and Malling

Age group	Population 2011	Population 2031	Change in population	% change from 2011
Under 5	7,453	8,255	802	10.8%
5-9	7,712	9,122	1,410	18.3%
10-14	8,124	9,558	1,434	17.7%
15-19	8,187	8,872	685	8.4%
20-24	5,824	6,234	410	7.0%
25-29	5,824	6,460	636	10.9%
30-34	6,587	7,169	582	8.8%
35-39	8,356	9,009	653	7.8%
40-44	9,849	9,790	-59	-0.6%
45-49	9,671	9,331	-340	-3.5%
50-54	8,361	9,074	713	8.5%
55-59	6,975	8,999	2,024	29.0%
60-64	7,482	9,415	1,933	25.8%
65-69	6,286	8,932	2,646	42.1%
70-74	4,908	7,392	2,484	50.6%
75-79	4,085	5,840	1,755	43.0%
80-84	2,921	5,445	2,524	86.4%
85+	2,482	5,558	3,076	123.9%
Total	**121,087**	**144,456**	**23,369**	**19.3%**

Source: ONS

4.3 It is also useful to compare the age structure projections from the 2014-based SNPP with similar figures in the 2012-based version. The simplest way to compare the figures is to look at the age structure in 2031. This is shown in Table 5. The analysis shows a range of age groups where the population is projected to be higher and also a number where the population is lower. Of particular note is the finding that all age groups aged 60 and above are projected to see a slightly lower projection in the 2014-based version when compared with 2012-based figures. The highest positive difference is in the 20-24 age group and the groups for people aged Under 10. These findings will potentially have some impact on household growth, with the older age groups typically having higher household representative rates.

Table 5: Difference in age structure in 2031 (2012- and 2014-based SNPP) – Tonbridge and Malling

Age group	2012-based	2014-based	Difference	% difference from 2012-based
Under 5	8,043	8,255	212	2.6%
5-9	9,014	9,122	108	1.2%
10-14	9,639	9,558	-81	-0.8%
15-19	8,961	8,872	-89	-1.0%
20-24	6,004	6,234	230	3.8%
25-29	6,424	6,460	36	0.6%
30-34	7,269	7,169	-100	-1.4%
35-39	8,990	9,009	19	0.2%
40-44	9,861	9,790	-71	-0.7%
45-49	9,289	9,331	42	0.4%
50-54	8,941	9,074	133	1.5%
55-59	8,981	8,999	18	0.2%
60-64	9,500	9,415	-85	-0.9%
65-69	9,059	8,932	-127	-1.4%
70-74	7,466	7,392	-74	-1.0%
75-79	5,845	5,840	-5	-0.1%
80-84	5,508	5,445	-63	-1.1%
85+	5,729	5,558	-172	-3.0%
Total	**144,525**	**144,456**	**-69**	**0.0%**

Source: ONS

5 HOUSEHOLD GROWTH PROJECTIONS

5.1 Having studied the population growth and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the areas. To do this, the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or the more widely used Household Reference Person (HRP)).

5.2 On 12 June 2016, CLG published a new set of household projections – the 2014-based household projections. The projections contain two core analyses. The Stage 1 household projections project household formation based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status. For younger age groups greater weight was given in the CLG projections methodology to the dampened logistical trend than the simple logistics trend. The effect of which is to give greater weight to the shorter-term trends.

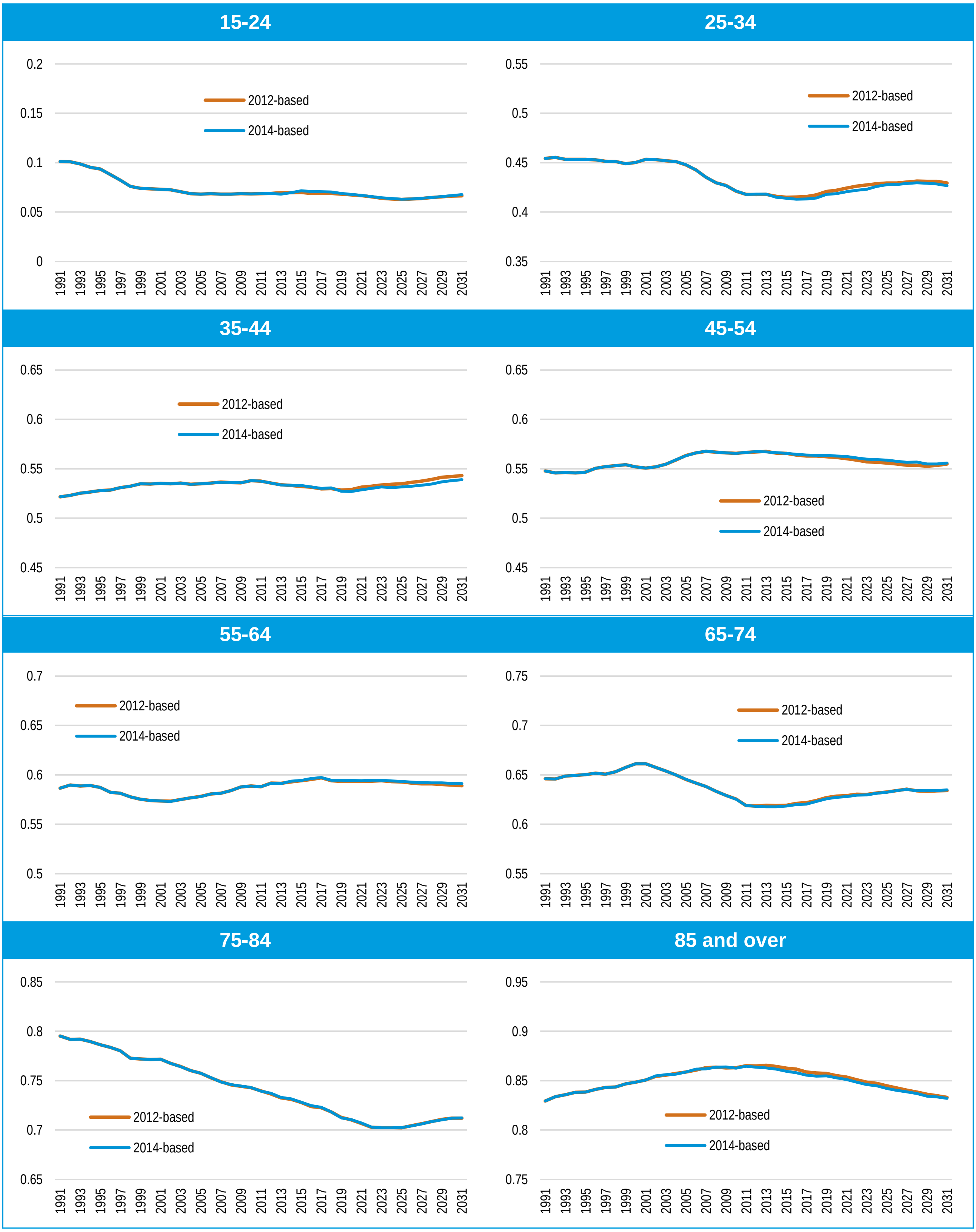
5.3 The Stage 2 household projections considered household types and the methodology report accompanying the projections is clear that these projections are based on just two points – the 2001 and 2011 Censuses. Overall outputs on total household growth are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 headship rates when modelled against different population projections (due to differences in the age structure and therefore applicable to alternative scenarios).

5.4 Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth. This is for two key reasons:

a) The Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011); and
b) The Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG household projections themselves.

5.5 It is useful initially to interrogate how the projections differ for different age groups. Figure 5 shows a summary of the headship rates used in the analysis (the actual data uses 5-year age bands for males and females separately). It is evident from the analysis that household formation amongst households in their late 20s and early 30s fell over the 2001-11 decade. The figure below also compares the figures from the 2012- and 2014-based household projection releases (for Stage 1 figures). As can be seen there is very little difference between the figures in each of the releases.

Figure 5: Projected household formation rates by age of head of household – Tonbridge and Malling



Source: Derived from CLG data

5.6 By applying the above headship rates to the population growth figures, it is possible to estimate the projected household growth over the period 2011-31. This is shown in the table below. It should be noted that the analysis also takes account of the institutional population and information about this has also been drawn from the 2014-based CLG household projections. The analysis shows a growth in households of 596 in Tonbridge and Malling over the period 2011-31.

Table 6: Projected Household Growth 2011-31 – 2014-based SNPP

	Households 2011	Households 2031	Change in households	Per annum
Tonbridge & Malling	48,263	60,181	11,918	596

5.7 We can compare the above household growth figures with the figures from the 2012-based SNPP figures (from in the 2015 OAN Report) as shown in the table below. In Tonbridge and Malling, the 2014-based SNPP is suggesting a slightly lower increase in households than the 2012-based SNPP.

Table 7: Projected Household Growth 2011-31 – 2012-based SNPP

	Households 2011	Households 2031	Change in households	Per annum
Tonbridge & Malling	48,278	60,463	12,184	609

6 HOUSING NEED

6.1 As well as providing estimates of household growth under different scenarios, it is also possible to make estimates of the number of additional homes to which this might equate. To do this 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 Tonbridge and Malling, the vacancy allowance is set at 3.8%. It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes.

6.2 The analysis shows an annual need for 619 dwellings when using the 2014-based SNPP compared to 632 with the 2012-based SNPP. For the full projection period, these figures represent a need of around 12,370 for the 2014-based SNPP compared to 12,650 for the 2012-based SNPP.

Table 8: Estimated housing need including vacancy allowance – per annum

	2014-based SNPP	2012-based SNPP
Tonbridge & Malling	619	632

Table 9: Estimated housing need including vacancy allowance – 2011-31

	2014-based SNPP	2012-based SNPP
Tonbridge & Malling	12,374	12,647

7 DEMOGRAPHIC PROJECTIONS AT A HOUSING MARKET AREA LEVEL

7.1 Whilst the bulk of analysis has been based on outputs for Tonbridge and Malling Borough, there are cross-boundary implications that also need to be considered. In particular, a large part of Tonbridge & Malling is considered to be within a Maidstone Housing Market Area (HMA) whilst much of the Borough is part of a wider Sevenoaks, Tonbridge, Tunbridge Wells HMA. Additionally, a small part of Maidstone Borough is considered to be part of an Ashford HMA.

7.2 For the purposes of this report and consistency with previous reports, the definition of HMAs used has generally followed those developed as part of the 2010 CLG research by CURDS[1] 'The Geography of Housing Market Areas in England'. In this research document a series of local level HMAs were developed on the basis of ward boundaries. These local HMAs have generally been followed in this analysis although there are some small differences; these include one ward (Frant/Withyham) in Wealden which is considered to be part of the Sevenoaks, Tonbridge, Tunbridge Wells HMA but has not been included in our analysis and one ward in Tonbridge & Malling (Blue Bell Hill & Walderslade) which according to the CLG research is in a Medway HMA but for the purposes of analysis here is considered as part of the Maidstone HMA (but within Tonbridge & Malling). Overall, these small differences on the borders of the HMAs will make little difference to the analysis that follows.

7.3 For clarity, Tables 10, 11, and 12 show the wards included in each of the three HMAs which cover the area. This shows how Tonbridge and Malling is divided across the Maidstone HMA and the Sevenoaks, Tonbridge, Tunbridge Wells HMA.

Table 10: Wards within Ashford HMA

Local Authority	Wards
Ashford	All wards
Maidstone	Harrietsham & Lenham, Headcorn

Table 11: Wards within Maidstone HMA

Local Authority	Wards
Maidstone	All wards other than Harrietsham & Lenham, Headcorn
Tonbridge & Malling	Aylesford, Blue Bell Hill & Walderslade, Burham, Eccles & Wouldham, Ditton, Downs, East Malling, Kings Hill, Larkfield North, Larkfield South, Snodland East, Snodland West, Wateringbury, West Malling & Leybourne

[1] Centre for Urban and Regional Development Studies, Newcastle University

Table 12: Wards within Sevenoaks, Tonbridge, Tunbridge Wells HMA

Local Authority	Wards
Sevenoaks	Brasted, Chevening & Sundridge, Cowden & Hever, Dunton Green & Riverhead, Edenbridge North & East, Edenbridge South & West, Halstead, Knockholt & Badgers Mount, Kemsing, Leigh & Chiddingstone Causeway, Otford & Shoreham, Penshurst, Fordcombe & Chiddingstone, Seal & Weald, Sevenoaks Eastern, Sevenoaks Kippington, Sevenoaks Northern, Sevenoaks Town & St John's, Westerham & Crockham Hill
Tonbridge & Malling	Borough Green & Long Mill, Cage Green, Castle, East Peckham & Golden Green, Hadlow, Mereworth & West Peckham, Higham, Hildenborough, Ightham, Judd, Medway, Trench, Vauxhall, Wrotham
Tunbridge Wells	Brenchley & Horsmonden, Broadwater, Capel, Culverden, Paddock Wood East, Paddock Wood West, Pantiles & St Mark's, Park, Pembury, Rusthall, St James', St John's, Sherwood, Southborough & High Brooms, Southborough North, Speldhurst & Bidborough

7.4 To develop projections for the HMAs a two-staged approach has been taken. The first is to develop projections in exactly the same way and using the same sources/methodology for all the relevant authorities. The second stage is to consider the proportion of the household and housing growth likely to arise in each of the local authorities within each HMA. To do this analysis has been undertaken on the basis of the proportion of households in each area shown in the 2011 Census. The table below shows the proportion figures used in each area. This shows that Tonbridge & Malling is split roughly 50:50 between two HMAs. The approach used is consistent with that in the SHMA reports.

Table 13: Proportion of Local Authorities in each Housing Market Area

HMA / Local Authority	Ashford HMA	Maidstone HMA	Sevenoaks, Tonbridge, Tunbridge Wells HMA
Ashford	100%	0%	0%
Maidstone	6.9%	93.1%	0%
Tonbridge & Malling	0%	51.0%	49.0%
Sevenoaks	0%	0%	58.5%
Tunbridge Wells	0%	0%	75.6%

Source: Derived from 2011 Census data

7.5 Table 14 shows the estimated level of housing need in each of the three HMAs arising from the 2014-based SNPP and 2014-based CLG household projections. These figures do not include any uplifts to the demographics (such as any adjustments to headship rates of the 25-34 population, or to account for affordable housing need).

7.6 The demographic data show an annual need for 849 dwellings in the Ashford HMA, 1,167 in Maidstone (of which about 27% fall within Tonbridge & Malling) and 966 in the Sevenoaks, Tonbridge, Tunbridge Wells HMA (with 31% falling within Tonbridge & Malling).

Table 14: Estimated Housing Need in each Housing Market Area – 2014-based SNPP

HMA / Local Authority	Ashford HMA	Maidstone HMA	Sevenoaks, Tonbridge, Tunbridge Wells HMA
Ashford	786	0	0
Maidstone	63	852	0
Tonbridge & Malling	0	316	303
Sevenoaks	0	0	289
Tunbridge Wells	0	0	373
TOTAL	**849**	**1,167**	**966**

Source: Derived from 2014-based population and household projections

8 ECONOMIC-LED HOUSING NEED

8.1 Planning Practice Guidance (PPG) sets out that trend-based demographic projections should provide the starting point for assessing housing need. However, the approach set out in the PPG requires plan makers to consider how the economy might perform, and if higher housing provision might be needed to support growth in jobs. It outlines that:

> *'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'. And that: 'Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.'*

8.2 The 2015 OAN report considered the level of housing provision which might be needed to support the expected growth in jobs. In Tonbridge and Malling a jobs growth of between 7,700 – 9,100 is forecast over the 2011-31 period. Considering double jobbing and commuting ratios, this equates to a forecast growth of 7,446 – 8,727 residents in employment.

Table 15: Growth in Residents in Employment to Support Economic Scenarios, 2011-31

	Employment Growth - Baseline	Growth in Residents in Employment
Tonbridge and Malling	7,700 - 9,100	7,446 - 8,727

Source: Final Updated OAN Report, 2015

8.3 Table 16 sets out the level of growth in the workforce resulting from the 2014-based SNPP. This shows a projected growth in the workforce of around 11,400 persons in Tonbridge and Malling.

Table 16: Expected Workforce Growth in the 2014-Based SNPP

	2011	2031	Change
Tonbridge & Malling	60,386	71,786	11,400

8.4 Comparing these figures shows that the expected workforce growth arising from the 2014-based SNPP is higher than the growth required to support the economic growth scenarios. Therefore, the population growth projected in the 2014-based SNPP will be sufficient to support workforce growth and in drawing conclusions on OAN an upward adjustment to support economic growth is not required.

9 HOUSING MARKET SIGNALS AND AFFORDABLE HOUSING NEED

9.1 In this section, we consider the housing market signals in Tonbridge and Malling and consider whether, in line with PPG, an uplift to improve affordability should be considered in the calculation of OAN.

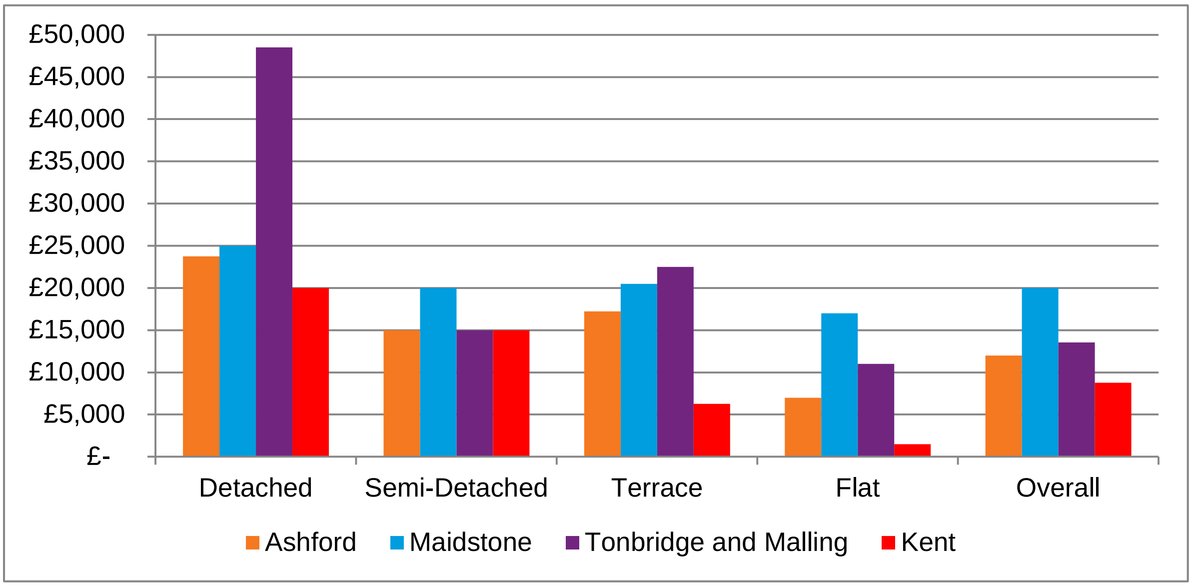
Housing Market Signals

9.2 The 2015 OAN study considered a range of housing market signals as set out in the PPG. In this section we provide an update to key indicators where there is new data available. The 2015 OAN study provided house price data to the end of 2014. Below, we provide updated data for 2015. This section sets out updated market signals for Tonbridge and Malling in comparison to trends in Ashford, Maidstone, and Kent County figures.

9.3 Figure 6 shows the increase in median houses prices from 2014 to 2015 by dwelling type. Overall, for all dwelling types the median price in Tonbridge and Malling increased by £13,500 (4.9%). All three authorities saw an increase above the Kent average of £8,750 (4.0%). By comparison, across England and Wales the median house price increased from £192,500 to £203,500 – a 5.4% increase.

9.4 Over this period there has been a very high increase in the median price for detached houses in Tonbridge and Malling. This has increased by £48,500 (11.1%) from 2014 to 2015 – much higher than the increase seen in the other areas.

Figure 6: Increase in Median Price (£) by Dwelling Type – 2014 to 2015



Source: GLH Analysis: Land Registry Price Paid Data

9.5 In terms of sales volumes, the 2015 report showed that there had been a steep drop off in the number of house sales in 2008 following the 'credit crunch', followed by a slow recovery through to 2014. The table below sets out the sales volumes for 2014 and 2015. This shows that the number of sales in Tonbridge and Malling has continued to grow into 2015 (by 2.5%). However, the growth rate is considerably lower than that seen in Ashford (18.6%) and across Kent as a whole (28.4%).

Table 17: Sales Volume – 2014 to 2015

	2014	2015	% Difference
Ashford	2,175	2,579	18.6%
Maidstone	2,939	3,035	3.3%
Tonbridge and Malling	2,400	2,460	2.5%
Kent	27,500	35,308	28.4%

Source: GLH Analysis: Land Registry Price Paid Data

9.6 The lower quartile affordability ratio shows the ratio between lower quartile house prices and lower quartile earnings. The latest data at the date of publication of the 2015 OAN report provided provisional figures up to 2013. In Tonbridge and Malling the provisional 2013 figure was 9.35 (i.e. lower quartile house prices were 9.35 times lower quartile annual earnings). This is higher than the Ashford, Maidstone, or national figures.

9.7 Since publication of the 2015 OAN report, affordability figures have been published up to 2015, as well as actual figures for 2013. The actual 2013 figures are higher than the provisional 2013 figures.

9.8 The 2015 lower quartile affordability ratio figures show that affordability pressures continue to grow. In Tonbridge and Malling the 2015 ratio is 12.29 – again the highest of the three authorities. This represents an increase of 2.34 on the 2013 figure. This level of increase was higher than that seen in Ashford, Maidstone or across England.

Table 18: Lower Quartile Affordability Ratio

	2013 Provisional	2013 Actual	2015 Actual	Increase 2013-2015
Ashford	8.15	8.50	9.60	1.10
Maidstone	8.84	9.11	9.88	0.77
Tonbridge and Malling	9.35	9.95	12.29	2.34
England	6.45	6.66	7.02	0.36

Source: DCLG Housing Market Live Tables

9.9 DCLG published land value estimates for policy appraisal. Figures provided are for a 'typical residential site' as of March 2015. This shows that the estimated value of a typical residential site in Tonbridge and Malling is £2,882,000. All three authorities are well below the England average

(£6,900,000) but this is skewed by very high values in London. Excluding London values the England average is £2,100,000 – below the Tonbridge and Malling figure.

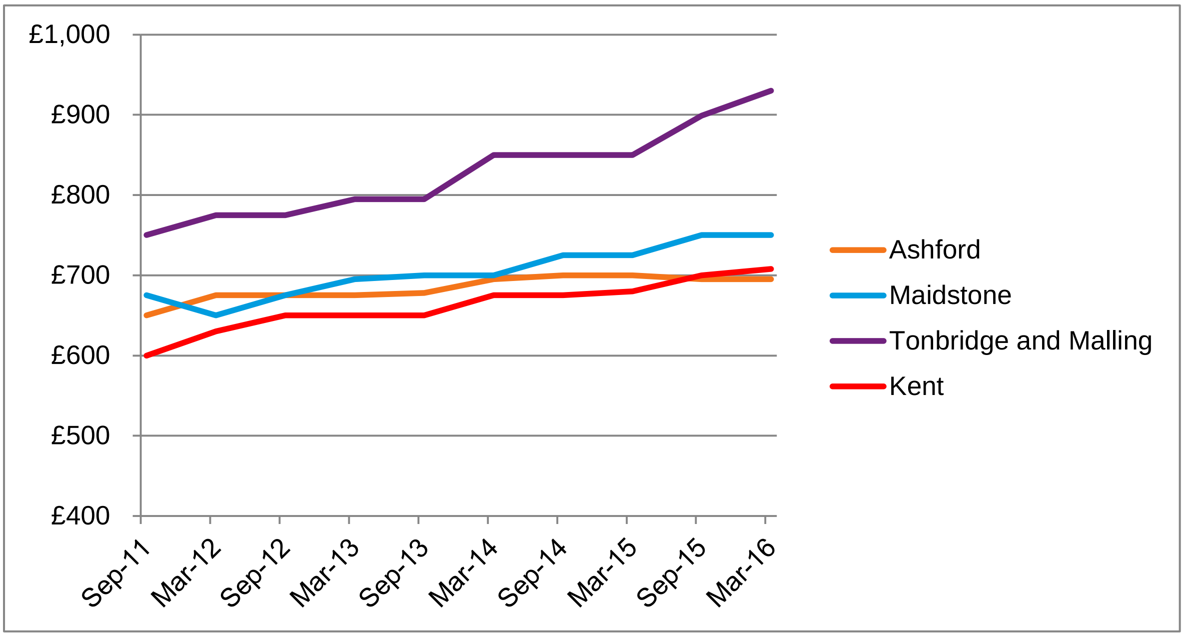
Table 19: Estimated Land Values

Area	Estimated Value of a Typical Residential Site
Ashford	£1,506,000
Maidstone	£1,915,000
Tonbridge and Malling	£2,882,000
England	£6,900,000
England Excluding London	£2,100,000

Source: DCLG Land Value Estimates

9.10 In terms of rental values, the 2015 study reported median rental values for September 2014. The latest published data is for March 2016. In Tonbridge and Malling, the September 2014 figure was £850 pcm, while the March 2016 median rent had increased to £930 pcm. This is notably higher than prices elsewhere in Kent.

Figure 7: Median Private Rental Prices (Per Calendar Month)



Source: Valuation Office Agency

9.11 We have examined rental costs relative to earnings. This draws from rental data published by the Valuation Office Agency (VOA, March 2016) and full-time resident earnings data from the Annual Survey of Hours and Earnings (ASHE, 2015). Comparing these datasets, we can calculate the median rental affordability ratio.

9.12 Analysis of the data shows that in Tonbridge and Malling the Rental Affordability Ratio is 33.5%, which is the highest of the three authorities.

Table 20: Rental Affordability Ratios

	Median Annual Rents	Median Annual Earnings	Rental Affordability Ratio
Ashford	£8,340	£28,527	29.2%
Maidstone	£9,000	£29,000	31.0%
Tonbridge and Malling	£11,160	£33,322	33.5%

Source: VOA and ASHE

9.13 The updated market signals evidence set out above show that housing affordability remains an issue in the Borough and therefore, in accordance with PPG, an uplift to the OAN to improve affordability pressures is justified.

Affordable Housing Needs

9.14 The other necessary consideration in determining the scale of an affordability uplift for the calculation of OAN is affordable housing need. We have not re-assessed affordable housing need as part of this study. The Borough's estimated level of affordable housing need is set out in the Tonbridge and Malling SHMA (GLH, 2014). This identifies a net need from 4,989 households between 2013-31, equating to a need from 277 households per annum.

9.15 The adopted *Tonbridge and Malling Core Strategy* includes affordable housing policy CP17 which sets a Borough-wide affordable housing target of 40%.

9.16 We can therefore deduce the total number dwellings required to be delivered in the Borough to ensure full delivery of the affordable housing need of 277 dpa. Assuming an affordable housing delivery rate of 40% would require an overall housing delivery of 693 dpa in order to ensure affordable housing needs are met in full.

9.17 The affordable housing evidence suggests that a modest uplift to the OAN figure to improve delivery of affordable housing in the Borough may be justified.

10 IMPLICATIONS OF HOUSING MARKET SIGNALS AND AFFORDABLE HOUSING NEEDS ON OAN

10.1 The previous section has considered the housing market signals and affordable housing need in Tonbridge and Malling. This section considers the implications of these on the calculation of OAN.

Implications of Housing Market Signals

10.2 The updated market signals show that housing affordability remains an issue in Tonbridge and Malling. House prices and private rental prices have increased in the past year and the affordability ratio between house prices and earnings has worsened. The housing market signals suggest that, in accordance with PPG, an uplift to the demographic projections is appropriate.

10.3 PPG sets out that "*A worsening trend in any of the housing market signals indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections*". In the context of the PPG, the appropriate test is therefore whether an upward adjustment should be made from the starting point household projections to take account of market signals.

10.4 There is however no guidance as to what an appropriate upwards adjustment should be instead the PPG sets out that it should be "at a level that is reasonable". There have been a number of inspectors' reports which have examined what is "reasonable". These are set out below.

Inspectors' Views on Market Signals Uplifts

10.5 Probably the most cited inspectors' reports where market signals have been considered are in Eastleigh and Uttlesford, where different inspectors suggested that the local authorities should consider increasing housing need by 10% as a result of the evidence. Key quotes from these reports are provided below.

- Eastleigh (February 2015) – *'It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only part of a much larger HMA. Exploration of an uplift of, say, 10% would be compatible with the "modest" pressure of market signals recognised in the SHMA itself'*
- Uttlesford (December 2014) – *'I conclude that it would be reasonable and proportionate, in Uttlesford's circumstances, to make an upward adjustment to the OAN, thereby increasing provision with a view to relieving some of the pressures. In my view it would be appropriate to examine an overall increase of around 10%...'*

10.6 To be balanced it should however be noted that there are a number of inspectors who have not suggested any need for an uplift due to market signals and these would include:

- Mendip (October 2014 – Appendix 7) – *'these findings indicate that trends in Mendip sit fairly comfortably alongside county, regional and national trends and do not, therefore, justify an upward adjustment of the housing numbers that came out of the housing projection'*
- Crawley (May 2015 – Appendix 8) – *'I am not convinced that the market signals uplift is justified by the evidence, for the various indicators reveal a situation in Crawley which is not as severe as in other North West Sussex authorities, and one that has not worsened in recent years'* (this is an interesting case given that the Council themselves had suggested an uplift for market signals)
- Cornwall (June 2015) – *'National guidance is that a worsening trend in any relevant market signal should result in an uplift. But for the reasons given below I do not consider that I should require such an uplift to be made for Cornwall at this time'* (this one is also interesting given that it was the same inspector as Eastleigh)

Implications of Affordable Housing Need

10.7 The identified affordable housing need suggests that there is a Borough-wide need for 277 affordable dwellings. This would require an overall delivery of 693 dwellings per annum in order to deliver this level of housing need.

Kings Lynn v Elm Park Holdings (July 2015)

10.8 The case of Kings Lynn and West Norfolk Council vs. SSCLG and Elm Park Holdings, decided in July 2015, involved the Council's challenge to an inspector's granting of permission for 40 dwellings in a village. Although much of the case was about the approach to take with regards to vacant and second homes, the issue of affordable housing was also a key part of the final judgment.

10.9 Focussing on affordable housing, Justice Dove considered the "ingredients" involved in making a FOAN and noted that the FOAN is the product of the Strategic Housing Market Assessment (SHMA) required by paragraph 159 of the NPPF. It is noted that the SHMA must identify the scale and mix of housing to meet household and population projections, taking account of migration and demographic change, and then address the need for all housing types, including affordable homes.

10.10 He continued by noting that the scale and mix of housing is *'a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgement'*. Crucially, in paragraph 35 of the judgment he says that the *'Framework makes clear that these needs [affordable housing needs] should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice'*. This is an important point, given the previous judgements in Satnam and Oadby & Wigston. And indeed in relation to Oadby and Wigston he notes that *'Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total* *need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG'*.

10.11 Therefore, this most recent judgement is clear that an assessment of affordable housing need should be carried out, but that the level of affordable need shown by analysis does not have to be met in full within the assessment of the FOAN. But should still be a consideration *in determining the FOAN.*

10.12 The approach in Kings Lynn is also similar to that taken by the inspector (Simon Emerson) to the Cornwall Local Plan. His preliminary findings in June 2015 noted in paragraph 3.20 that *'National guidance requires consideration of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites.'* A number of similar conclusions have been drawn at other local plan examinations.

10.13 It seems clear from this that the expectation is that it may be necessary, based on the affordable needs evidence to *consider* an adjustment to enhance the delivery of affordable housing, but that this does not need to be done in a "mechanical way" whereby the affordable need on its own drives the OAN.

Considering an Affordability Uplift on OAN

10.14 The approach to calculating an affordability uplift taken in the 2015 OAN study was to model the implication of increasing the household formation rates of the 25-34 age group. The projections show a decline in household formation rates in younger people (those aged between 25 and 34) over the period 2001-2011. The uplift modelled the number of dwellings required to return the formation rates of 25 to 34 year olds back to 2001 levels (i.e. before the rate started to decrease) by 2031.

10.15 Taking a similar approach, but applying it for the 2014-based projections, results in a need for 633 dwellings per annum for Tonbridge & Malling. This figure is 14 dwellings per annum more than identified in the 2014-based SNPP. This represents an uplift of 2%.

10.16 Using this level of uplift would result in an annual growth rate in the number of dwellings of 1.2%. However, this represents a relatively low level of growth. For comparison, using a similar approach for Maidstone results in an annual growth rate of 1.4% while for Ashford the figure is 1.6%.

10.17 We have therefore considered the implications of delivering a higher annual growth rate in Tonbridge and Malling. Increasing the annual growth rate to 1.3% would result in a need for 696 dwellings per annum. This represents an uplift of 12.5% on the 2014-based SNPP.

10.18 This level of uplift would help to reduce the affordability pressures in the Borough, as evidenced in the housing market signals data. This level of uplift would also help improve affordable housing delivery in the Borough – assuming a delivery rate of 40% affordable housing, this level of uplift would be sufficient to meet the Borough's affordable housing need in full.

10.19 GL Hearn therefore recommend an uplift of 12.5% above the demographic starting point. This is equivalent to 77 dwellings per annum.

Table 21: Affordability Uplift, 2014-based SNPP

	Dwellings per Annum
2014-based SNPP (with no uplift)	619
Affordability Uplift	77
Affordability Uplift %	12.5%
2014-based SNPP with Affordability Uplift	696

11 CONCLUSIONS

11.1 This report has reviewed the 2014-based Sub-National Population Projections and Household Projections and the impact that these have on the Borough of Tonbridge and Malling in terms of projected population, household growth and dwelling needs.

11.2 A summary of the findings of this report is set out in the table below. This sets out the population growth, household growth, and demographic-led housing need for Tonbridge and Malling for the 2014-based SNPP and provides a comparison to the 2012-based SNPP figures.

Table 22: OAN Summary Table

	Period	2014-based SNPP	2012-based SNPP	Difference
Population Growth	2011-31	23,369	23,635	-266
Household Growth	2011-31	11,918	12,184	-266
	Per Annum	596	609	-13
Demographic-Led Housing Need	2011-31	12,374	12,647	-273
	Per Annum	619	632	-13
Objectively Assessed Housing Need	2011-31	13,920	12,928	992
	Per Annum	696	646	50

11.3 Overall, the 2014-based SNPP shows a lower overall level of population growth for Tonbridge and Malling: 266 persons lower than the 2012-based SNPP over the period 2011-31. In terms of age structure, the two projections are fairly similar if slightly higher for the majority of age groups, however the 2014-based SNPP shows a lower level of growth in each age group over 60 years of age than was projected in the 2012-based SNPP. Conversely, the 2014-based SNPP shows a larger growth in children under 9 and adults aged 20-24 years old.

11.4 The differences in age structure impacts on household growth rates, the 2014-based SNPP suggests a 2% lower increase in households in Tonbridge and Malling than the 2012-based SNPP.

11.5 This translates into a lower level of demographic-led housing need of 619 dwellings per annum resulting from the 2014-based SNPP. This is 13 dwellings per annum lower than the 2012-based SNPP (632 dpa).

11.6 This represents the demographic starting point for considering OAN. In accordance with PPG, we next considered whether it would be appropriate to consider any uplifts to account for economic growth or to improve housing affordability.

11.7 We have considered whether the population growth of the 2014-based SNPP is sufficient to support economic growth in the Borough. To do this we have used the same methodology as the 2015 OAN Update report, which concludes that the 2012-based SNPP was sufficient to meet economic growth needs. The 2014-based SNPP produces an expected workforce growth of 11,400 over the period

2011-31. This is higher than the growth in the labour force required to support economic growth in the Borough (7,446 – 8,727 persons). Therefore, the population growth projected in the 2014-based SNPP will be sufficient to support workforce growth and in drawing conclusions on OAN an upward adjustment to support economic growth is not required.

11.8 We have provided an updated analysis of housing market signals. These show that housing affordability remains an issue in Tonbridge and Malling and, in accordance with PPG, an uplift to improve affordability is required.

11.9 This report has not re-assessed affordable housing needs. The 2014 SHMA identifies an affordable housing need of 277 dpa. Assuming an affordable housing delivery rate of 40% would require an overall housing delivery of 693 dpa in order to ensure affordable housing needs are met in full.

11.10 This report has also considered a sensitivity analysis which considers how changing migration to and from London could influence housing need in Tonbridge and Malling. The analysis takes account of the approach adopted by the GLA in the Further Alterations to the London Plan. This scenario is set out in Appendix A. The scenario identifies a need for 642 dwellings per annum, increasing to 656 with an uplift for the 25-34 age group.

11.11 Considering the above factors and realistic housing delivery rates in Tonbridge and Malling, we conclude that an affordability uplift of 12.5% should be applied to the demographic projections in order to improve affordability in the Borough and ensure the affordable housing need is met. In addition, this level of uplift would exceed the housing need figure identified in the London migration sensitivity scenario. This compares to an uplift of 2.2% in the previous 2015 OAN Study.

11.12 This results in an OAN for Tonbridge and Malling of 696 dpa. This is 50 dpa more than the 2015 OAN Study (646 dpa).

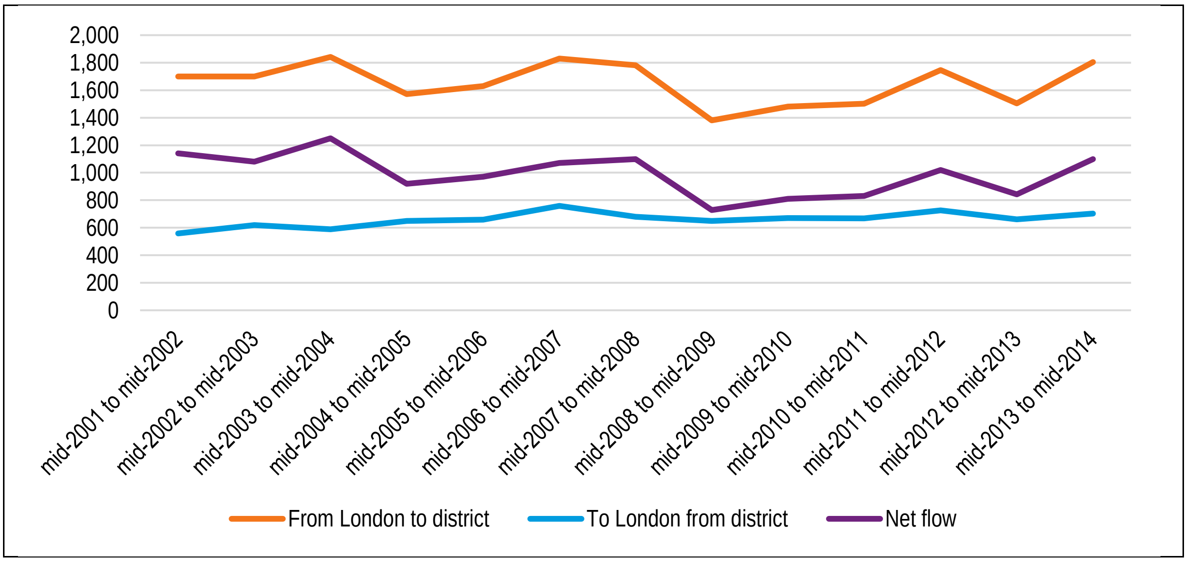
APPENDIX A: SENSITIVITY ANALYSIS: MIGRATION TO/FROM LONDON

This appendix presents a sensitivity analysis which considers how changing migration to and from London could influence housing need in Tonbridge and Malling. There is a level of migration both to and from London from the Borough. The Greater London Authority (GLA) identified as part of their 2013-based Projections feeding into the Further Alterations to the London Plan (FALP) that there had been a marked change in internal migration dynamics to and from London since the beginning of the recession (2007/8). Overall, the GLA identified that out-migration from London to other parts of the UK had dropped by about 10% along with a 6% increase in in-migration. This was considered to relate to the impact of the recession/ housing market downturn.

As a result of this, the GLA developed a series of population and household projections with different assumptions about migration. The Central scenario (which underpins the current London Plan) made the assumption that after 2017, migration levels would revert back to pre-recession levels. The GLA in effect took a midpoint between pre- and post-recession migration statistics and assumed a 5% uplift in out-migration and a 3% decrease in in-migration[2] to present how they saw migration dynamics potentially changing as the economy moved beyond recession.

The figure below shows that moves from London to Tonbridge and Malling have been fairly constant over time with flows from London decreasing slightly to 2008/9 (and generally increasing thereafter). Net flows from London have generally decreased slightly over time although the general pattern is not systematic.

Figure 8: Interrogating Migration flows between London and Tonbridge and Malling



2 See GLA Intelligence (Feb 2014) *GLA 2013 round of trend-based population projections – Methodology, http://data.london.gov.uk/dataset/2013-round-population-projections*

Source: GLA/ONS

The table below outlines the differences between migration in the pre-2008 period, and that over the 2009-14 period which has fed into the 2014-based SNPP. The analysis shows net migration decreasing by an average of 155 people per annum.

Table 23: Migration to- and from- London and Tonbridge and Malling

	From London to district	To London from district	Net flow
mid-2001 to mid-2002	1,700	560	1,140
mid-2002 to mid-2003	1,700	620	1,080
mid-2003 to mid-2004	1,840	590	1,250
mid-2004 to mid-2005	1,570	650	920
mid-2005 to mid-2006	1,630	660	970
mid-2006 to mid-2007	1,830	760	1,070
mid-2007 to mid-2008	1,780	680	1,100
mid-2008 to mid-2009	1,380	650	730
mid-2009 to mid-2010	1,480	670	810
mid-2010 to mid-2011	1,500	668	832
mid-2011 to mid-2012	1,746	726	1,020
mid-2012 to mid-2013	1,505	662	843
mid-2013 to mid-2014	1,804	704	1,099
Pre-2008 average	1,721	646	1,076
SNPP average	1,607	686	921
Difference	114	-40	155

Source: GLA/ONS

On the basis of the information above, we have developed an alternative population projection to provide a sensitivity analysis to the SNPP. This projection uses a similar assumption to the GLA modelling; i.e. for an adjustment to be made to migration levels post-2017 at a level which is half of the difference seen between pre-recession trends and the trends feeding into the SNPP. This projection is therefore broadly consistent to the approach adopted by GLA in the Central Variant in its 2013 Demographic Projections (which form the basis for the current London Plan).

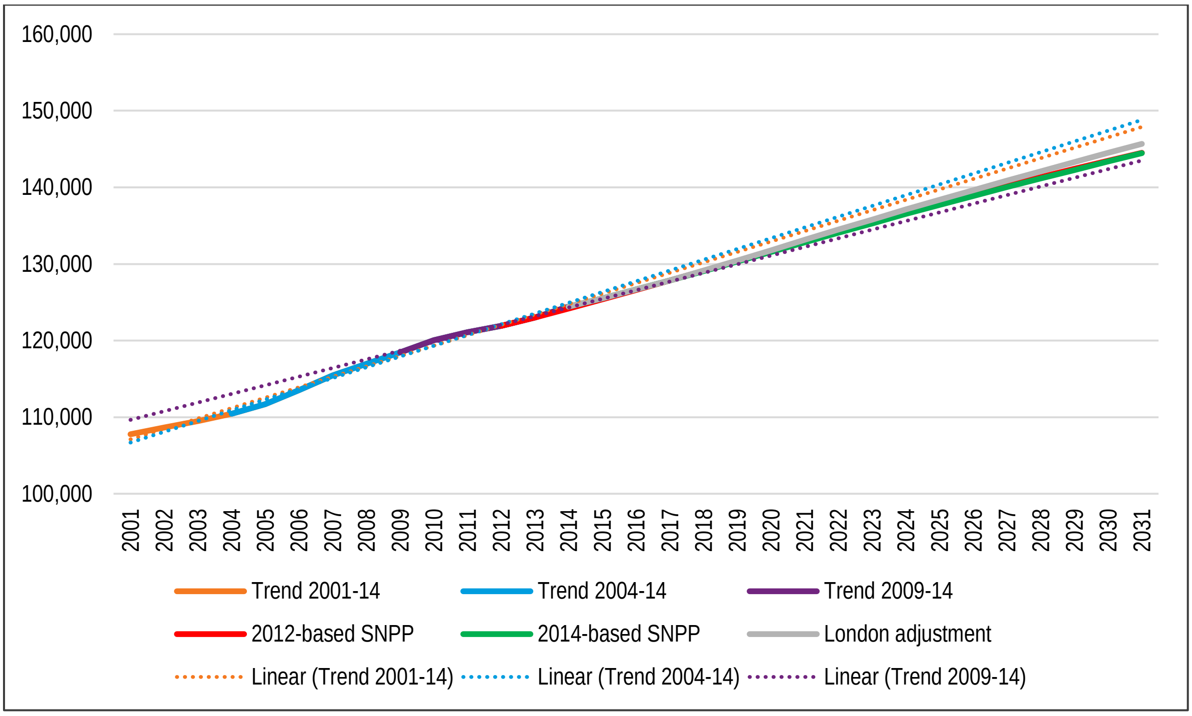
The table below shows overall population growth from this alternative projection. This shows population growth of 20.3% between 2011-31 (compared to 19.3% in the 2014-based SNPP projection).

Table 24: Projected Population Growth (2011-2031) –London Migration Sensitivity Analysis

	Population 2011	Population 2031	Change in population	% change
Tonbridge & Malling	121,087	145,669	24,582	20.3%

Figure 9 shows how this projection sits with past trends. The 'London adjustment' projection shows a slightly higher level of population growth than the 2014-based SNPP and generally tracks the level of population growth seen over the past 5- and 10-years (and above the level seen if trends are considered back to 2001).

Figure 9: Past and Projected Population Growth – Tonbridge and Malling



Source: ONS

We have next applied the household formation rates from the 2014-based Household Projections to these population projections, and applied consistent assumptions on vacant and second homes, to derive figures for growth in households and dwellings. Additionally, the sensitivity of returning rates for the 25-34 population back to 2001 levels has been applied. These are presented in Table 25.

The identified housing need rises by around 3.7%, with the data showing a need for 642 dwellings per annum with 2014-based headship rates and a higher figure of 656 with an uplift for the 25-34 age group. This scenario arguably moves away from projecting to forecasting household and dwelling growth.

Table 25: Projected Household Growth and Housing Need 2011-31 – London Migration Sensitivity Analysis

	2014-based headship rates	With uplift for 25-34 age group
Households 2011	48,263	48,263
Households 2031	60,624	60,902
Change in households	12,362	12,640
Per annum	618	632
Dwellings (per annum)	642	656

This analysis regarding migration from London should be treated as a sensitivity analysis. The analysis takes account of the approach adopted by the GLA in the Further Alterations to the London Plan.