

Tonbridge and Malling Housing Need Update

**Tonbridge and Malling Borough
Council**

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Prepared by

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DATE

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1 INTRODUCTION

- 1.1 The latest set of (2016-based) Sub-National Population Projections (SNPP) were published by the Office for National Statistics (ONS) in May 2018. Drawing from these, in September 2018, ONS published the 2016-based Sub-National Household Projections (SNHP). This report seeks to assess the impact on housing need in Tonbridge and Malling as a result of the latest Household Projections.
- 1.2 The SNPP 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 2016-based National Population Projections.
- 1.3 The SNPP and SNHP 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 SNPP is to provide an estimate of the future size and age structure of the population of local authorities in England.
- 1.4 The SNPP are also 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.
- 1.5 This report seeks to interrogate the 2016-based SNPP, 2016-based Household Projections and the latest mid-year estimates (2017) to consider the potential implications for household growth and housing needs in Tonbridge and Malling.
- 1.6 The analysis looks at housing need over the period from 2011-31 to be consistent with previous studies carried out for the Borough. Because the projections are 2016-based and there is a known population for 2017 this essentially means that data for 2011-17 is fixed by reference to published population estimates (from ONS).
- 1.7 The report is split into a number of short sections considering a range of different outputs related to the new projections. These are summarised below:
- Section 2: Population and Household Growth;
 - Section 3: Housing Market Signals and Affordable Housing Need;
 - Section 4: Economic-Led Housing Need; and
 - Section 5: Conclusions.

2 POPULATION AND HOUSEHOLD GROWTH

2.1 This section sets out the projected population growth in the 2016-based SNPP and compares the findings to the 2014-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 20,400 people. This is a 16.9% 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) – 2016-based SNPP

	Population 2011	Population 2031	Change in population	% change
Tonbridge & Malling	121,087	141,534	20,447	16.9%
Kent	1,466,466	1,721,431	254,965	17.4%
South East	8,652,784	9,839,984	1,187,200	13.7%
England	53,107,169	59,789,798	6,682,629	12.6%

Source: ONS

2.3 It is also possible to compare the 2016-based SNPP with the previous full set of projections (the 2014-based SNPP). This comparison is shown for Tonbridge and Malling in the table below. This shows that the latest projections show a very significantly lower level of population growth (2,900 fewer people – equivalent to a 12.5% reduction in projected population growth) over the 2011-31 period.

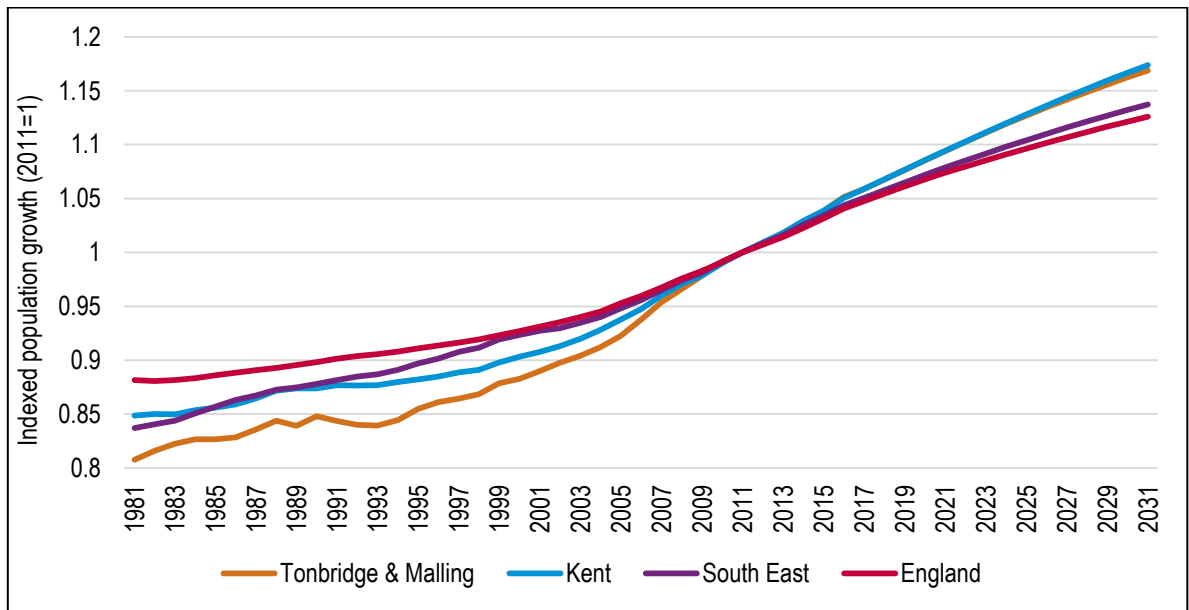
Table 2: Projected Population Growth (2011-31) – comparing projection releases

	2014-based SNPP	2016-based SNPP	Difference
Tonbridge & Malling	23,369	20,447	-2,922

Source: ONS

2.4 Figure 1 shows past and projected population growth in the period 1981 to 2031. Figures are indexed to 2011 (2011=100). 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.

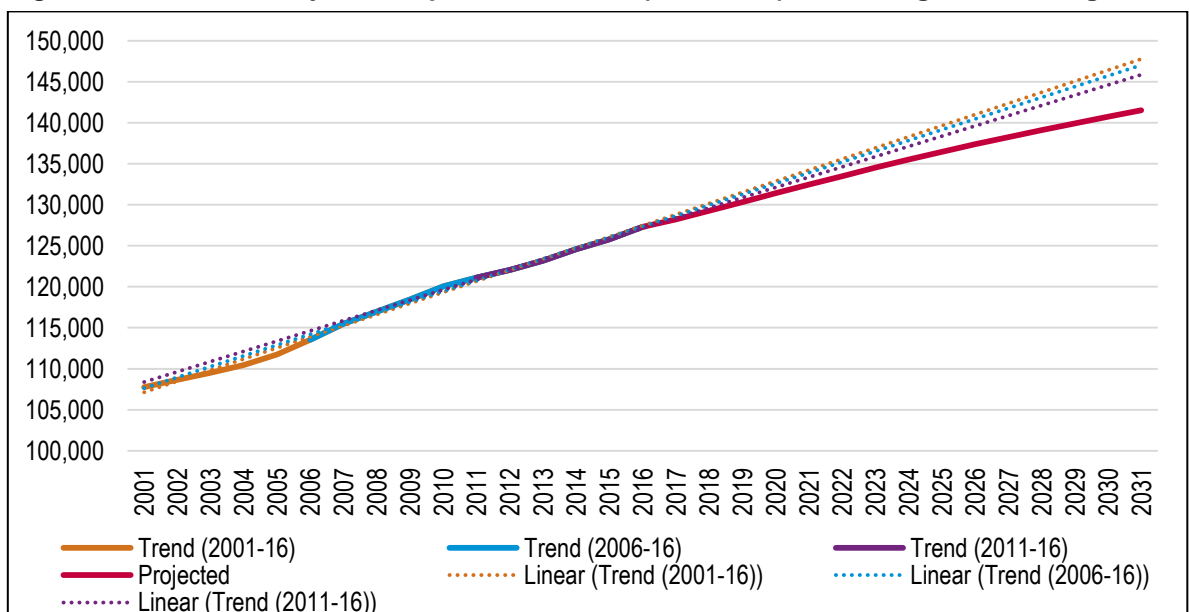
Figure 1: Indexed Population Growth (1981-2031)



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 2016-based SNPP. The data also plots linear trend lines considering overall population growth for the past 5, 10 and 15 years (a 5-year period is broadly the trend period used by ONS when constructing the SNPP).

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



Source: ONS

2.6 The data shows that the population is expected to grow more slowly than past trends for much of the period to 2031 with the rate of population growth expected to reduce slightly over time (which is consistent with what is projected nationally).

Components of Population Change

- 2.7 The 2016-based SNPP projects a 1,022 per annum increase in the population over the 2011-31 period (20,447/20). Around 38% of this is a result of projected natural increase (more births than deaths). This is slightly lower than the proportion projected in the 2014-based SNPP (39%).
- 2.8 The remaining 62% of population growth in the 2016-based SNPP is due to the projected net number of migrants – mainly the 53% due to internal migration. The proportion of growth attributed to internal migration is also slightly lower in the 2016-based SNPP (55% in the 2014-based SNPP). The proportion of growth due to international migration has gone up accounting for 9% when previously this was only 5%.

Table 3: Projected Components of population change – 2014- and 2016-based SNPP

	2014-based SNPP		2016-based SNPP	
	Number	%	Number	%
Natural Change	460	39%	388	38%
Internal Migration	641	55%	536	53%
International Migration	64	5%	95	9%
Total Change	1,168	100%	1,022	100%

Source: ONS

Age Structure Changes

- 2.9 With the overall change in the population will also come changes to the age profile. 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 31,900 people aged 65 and over. This is an increase of 12,500 from 2011, representing a growth of 54% (2011-31).
- 2.10 The population aged 85 and over is projected to increase by an even greater proportion (90%). Looking at the other end of the age spectrum, the data shows that there are projected to be around 10% more people aged under 15 with increases also shown for most other age groups with those in their 40s being the exception.

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	7,783	330	4.4%
5-9	7,712	8,624	912	11.8%
10-14	8,124	9,254	1,130	13.9%
15-19	8,187	8,980	793	9.7%
20-24	5,824	6,071	247	4.2%
25-29	5,824	6,111	287	4.9%
30-34	6,587	6,903	316	4.8%
35-39	8,356	8,646	290	3.5%
40-44	9,849	9,793	-56	-0.6%
45-49	9,671	9,587	-84	-0.9%
50-54	8,361	9,266	905	10.8%
55-59	6,975	9,124	2,149	30.8%
60-64	7,482	9,465	1,983	26.5%
65-69	6,286	8,900	2,614	41.6%
70-74	4,908	7,297	2,389	48.7%
75-79	4,085	5,740	1,655	40.5%
80-84	2,921	5,257	2,336	80.0%
85+	2,482	4,732	2,250	90.7%
Total	121,087	141,534	20,447	16.9%

Source: ONS

- 2.11 It is also useful to compare the age structure projections from the 2016-based SNPP with similar figures in the 2014-based version. The simplest way to compare the figures is to look at the age structure in 2031. This is shown in Table 5.
- 2.12 The analysis shows a small number of age groups where the population is projected to be higher but greater number where the population is lower. Of particular note is the finding that all age groups aged 65 and above are projected to see a slightly lower projection in the 2016-based version when compared with 2014-based figures.
- 2.13 The highest positive difference is in the 45-59 age group and the groups for people aged 15-19. 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 (2014- and 2016-based SNPP) – Tonbridge and Malling

Age group	2014-based	2016-based	Difference	% difference from 2014-based
Under 5	8,255	7,783	-472	-5.7%
5-9	9,122	8,624	-498	-5.5%
10-14	9,558	9,254	-304	-3.2%
15-19	8,872	8,980	108	1.2%
20-24	6,234	6,071	-163	-2.6%
25-29	6,460	6,111	-349	-5.4%
30-34	7,169	6,903	-266	-3.7%
35-39	9,009	8,646	-363	-4.0%
40-44	9,790	9,793	3	0.0%
45-49	9,331	9,587	256	2.7%
50-54	9,074	9,266	192	2.1%
55-59	8,999	9,124	125	1.4%
60-64	9,415	9,465	50	0.5%
65-69	8,932	8,900	-32	-0.4%
70-74	7,392	7,297	-95	-1.3%
75-79	5,840	5,740	-100	-1.7%
80-84	5,445	5,257	-188	-3.5%
85+	5,558	4,732	-826	-14.9%
Total	144,456	141,534	-2,922	-2.0%

Source: ONS

Mid-Year Population Estimates

- 2.14 Subsequent to the 2016-based SNPP the Office of National Statistics published updated Mid-Year Population Estimates (MYE) for each local authority at the end of June 2018. As shown in Table 6 below the 2016-based SNPP under-estimated population growth in Tonbridge and Malling by just under 700 people.

Table 6: Difference in 2017 Population (2016-based SNPP and Mid-Year Population Estimates)

Area	2016-Based SNPP	MYE	Difference
Tonbridge and Malling	128,200	128,891	691

Source: ONS

- 2.15 Moving the population projections on one year to incorporate this data would result in an increased population projection. As shown in the table below a trend using the latest MYE would result in a growth of 21,251 compared to 23,369 in the 2014-based SNPP and 20,447 in the latest SNPP over the 2011-31 period (1,063, 1,168 and 1,022 per annum respectively).

Table 7: Projected Population Growth (2011-31) – 2016-based SNPP and Mid-Year Population Estimate

	Population 2011	Population 2031	Change in population	% change
Tonbridge & Malling	121,087	142,338	21,251	17.6%

Source: ONS

London Migration

- 2.16 While the previous report provided a sensitivity around migration to and from London over different trend periods this has not been updated. We would note that the GLA no longer uses the previous methodology and now based their projections on 10-year migration scenario for their central variant population projections.

Household Growth

- 2.17 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 (or reference 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)).
- 2.18 The latest sets of household reference rates were published as part of the 2016-based subnational household projections (SNHP) in September by ONS¹. By applying these rates to the population growth figures (as set out in Tables 4 and 7), it is possible to estimate the projected household growth over the period 2011-31. The result of which is shown in the table below. It should be noted that the analysis also takes account of the institutional population (drawn from the 2016-based SNHP data).

Table 8: Projected Household Growth 2011-31

Population Source	Households 2011	Households 2031	Change in households	Per annum
2016-Based SNPP/SNHP	48,068	58,302	10,234	512
2016-Based SNPP (+MYE)	48,068	58,540	10,472	524

Source: Derived from ONS and CLG data

- 2.19 The analysis shows a growth in households of 512 per annum in Tonbridge and Malling over the period 2011-31 linked to all assumptions in the latest population and household projections (i.e. this is the figure contained within the 2016-based SNHP). The figures for the 2016-based SNPP plus an adjustment for mid-year population estimates is also shown.

¹ Note that although the 2016-based household projections were published after the 2017 Mid-Year Population Estimates they did not incorporate the latter.

Dwelling Growth

- 2.20 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.
- 2.21 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. The analysis shows an annual need for 531 dwellings when using the 2016-based SNPP rising to 544 dpa once the latest Mid-Year Population Estimates are taken into account.

Table 9: Estimated housing need including vacancy allowance

	2016-based SNPP	2016-based SNPP (+MYE)
Per Annum	531	544
2011-31	10,620	10,880

Source: Derived from ONS and CLG data

- 2.22 For the full projection period, these figures represent a need of up to 10,880 dwellings with the lower end of the range being 10,662. The PPG states that the official projections should be used as the starting point both overall and for the market signals adjustments. However, it is fairly common practice for this to include a vacancy rate. The core analysis therefore remains as 531 dpa.
- 2.23 However, consultants are encouraged within the PPG to use the latest data where possible. Therefore, our demographic conclusion would be to use the latest official projections, as well as the latest Mid-Year Population Estimates, to conclude that the demographic need ranges from 531 to 544 dpa.

3 HOUSING MARKET SIGNALS AND AFFORDABLE HOUSING NEED

3.1 In this section, we consider the housing market signals in Tonbridge and Malling and consider whether, in line with Planning Practice Guidance (PPG), an uplift to improve affordability should be considered in the calculation of the Objectively Assessed Need (OAN).

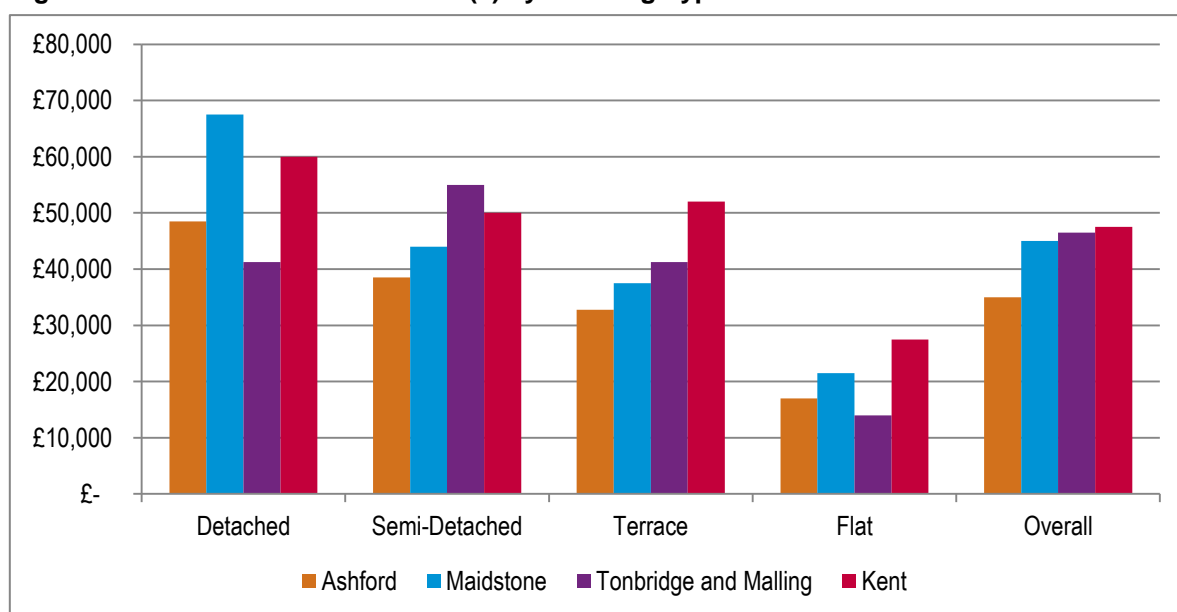
Housing Market Signals

3.2 In this section we provide an update to key indicators where there is new data available. The 2016 OAN study provided house price data to the end of 2016. Below, we provide updated data for 2017 which is the latest full year available. This section sets out updated market signals for Tonbridge and Malling in comparison to trends in Ashford, Maidstone, and Kent County figures.

3.3 Figure 6 shows the increase in median houses prices from 2015 to 2017 by dwelling type. Overall, for all dwelling types the median price in Tonbridge and Malling increased by £46,500 (16%). All three authorities saw an increase below the Kent average of £47,500 (21%).

3.4 Over this period there has been a very high increase in the median price for semi-detached houses in Tonbridge and Malling. This has increased by £55,000 (19%) from 2015 to 2017 – which although higher than the increase seen in the other areas was in percentage terms less than the Kent-wide growth (20%).

Figure 3: Increase in Median Price (£) by Dwelling Type – 2015 to 2017



Source: GLH Analysis: Land Registry Price Paid Data

3.5 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.

- 3.6 The table below sets out the sales volumes for 2015 and 2017. This shows that the number of sales in Tonbridge and Malling has fallen again (by 13.7%). However, the decline is considerably lower than that seen in across Kent as a whole (-26.9%).

Table 10: Sales Volume – 2014 to 2015

	2015	2017	% Difference
Ashford	2,579	2,112	-18.1%
Maidstone	3,035	3,001	-1.1%
Tonbridge and Malling	2,460	2,123	-13.7%
Kent	35,308	25,800	-26.9%

Source: GLH Analysis: Land Registry Price Paid Data

- 3.7 The lower quartile affordability ratio shows the ratio between lower quartile house prices and lower quartile earnings (workplace based). The latest data at the date of publication of the 2016 OAN report provided provisional figures up to 2015. In Tonbridge and Malling, the 2015 figure was 12.29 although this has been revised downwards to 11.43 (i.e. lower quartile house prices were 11.43 times lower quartile annual earnings). This was still substantially higher than the Ashford, Maidstone, or national figures.
- 3.8 Since publication of the 2016 OAN report, affordability figures have been published up to 2017. The 2017 lower quartile affordability ratios show that affordability pressures continue to grow. In Tonbridge and Malling, the 2017 ratio is 13.65 – again the highest of the three authorities.

Table 11: Lower Quartile Affordability Ratio

	2015	2017	Increase 2015-2017
Ashford	9.53	10.63	+1.10
Maidstone	9.76	10.57	+0.81
Tonbridge and Malling	11.43	13.65	+2.22
Kent	9.24	10.73	+1.49
England	7.11	7.26	+0.15

Source: DCLG Housing Market Live Tables

- 3.9 This represents an increase of 2.22 on the 2015 figure. This level of increase was substantially higher than that seen in Ashford, Maidstone or across England. It also represents a substantial deterioration in affordability for younger households to enter the housing market.
- 3.10 As well as lower quartile affordability we have examined below the workplace-based affordability ratio based on median earnings and median house prices. A similar picture appears whereby the deterioration in Tonbridge and Malling outstrips that in the other authorities and wider benchmarks.

Table 12: Median Affordability Ratio

	2015	2017	Increase 2015-2017
Ashford	9.02	9.83	+0.81
Maidstone	9.05	10.12	+1.07
Tonbridge and Malling	9.97	11.78	+1.81
Kent	8.81	10.17	+1.36
England	7.52	7.91	+0.39

Source: DCLG Housing Market Live Tables

- 3.11 As the median ratio is lower than the lower quartile equivalent, we can assume that affordability is more of an issue for those wishing to get on to the housing ladder than those seeking to move up it. As with the lower quartile figures, there has still been a substantial deterioration in the median affordability ratio over the last two years.

Affordable Housing Needs

- 3.12 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.
- 3.13 The affordable housing evidence suggests that a modest uplift to the demographic-based need figure to improve delivery of affordable housing in the Borough may be justified. We have examined the key judgement as an illustration of the most appropriate response.

Kings Lynn v Elm Park Holdings (July 2015)

- 3.14 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.
- 3.15 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.
- 3.16 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'*.
- 3.17 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'*.
- 3.18 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*.
- 3.19 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.
- 3.20 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.

Implications of Housing Market Signals

- 3.21 The updated market signals show that housing affordability is a worsening issue in Tonbridge and Malling. House 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.
- 3.22 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.

- 3.23 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

- 3.24 Two of the earliest inspectors’ reports where market signals were considered in detail are in Eastleigh and Uttlesford. In both cases 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%...’*

- 3.25 However more recently some inspectors have taken a stronger approach to market signals adjustments this includes:

- Waverley where the inspector applied a 25% uplift based on a median affordability ratio of 15.45;
- Mid Sussex where the inspector applied a 20% uplift based on a median affordability ratio of 12.6;
- Canterbury where the inspector applied a 20% uplift based on a median affordability ratio of 10.6;

- 3.26 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) where the median affordability ratio at the time of examination was 9.0 – *‘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) where the median affordability ratio at the time of examination was 7.2 – *‘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) where the median affordability ratio at the time of

examination was 9.0 – *‘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)

Considering Market Signals and OAN

- 3.27 The approach to calculating an affordability uplift taken in the 2016 OAN study (September 2016) - which focussed on the 2014-based projections – was to model the implication of increasing the household representative rates of the 25-34 age group.
- 3.28 The projections showed a decline in household representative rates in younger people (those aged between 25 and 34) over the period 2001-2011. The model calculated 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. The report also set out an approach to increasing the annual growth rate to 1.3%. This required an uplift equivalent to 12.5% on the 2014-based SNPP.
- 3.29 However, because of the substantial deterioration in local affordability over the last two years, a larger adjustment is now required. Additionally, it can be noted that the 2016-based SNHP are generally regarded as building in a greater degree of suppressed household formation. The MHCLG housing need consultation of October 2018 notes that the projection methodology focuses *‘more acutely on a period of low household formation where the English housing market was not supplying enough additional homes’* (paragraph 11). This further points to a higher market signals uplift in response to both factors.
- 3.30 Given the need for a higher market signals uplift, and having regard to the judgements of the more recent examining inspectors set out above, it would seem reasonable that an adjustment of up to 25% would be appropriate. This should be applied to the start point of 531 dpa, as well as also (for comparison) the additional modelling that includes an adjustment for Mid-Year population estimates (2016-based SNPP (+MYE)).

Table 13: Housing Need with Affordability Uplift

	Starting Point	2016-based SNPP (+MYE)
Demographic Need	531	544
Affordability Uplift (%)	25%	25%
Affordability Uplift (dwellings)	133	136
2016-based SNPP with Affordability Uplift	664	680

- 3.31 As shown, this results in an OAN of between 664 dpa and 680 dpa which is around 16 dpa to 32 dpa lower than the conclusions of the previous report (OAN of 696 dpa). The greater adjustment for market signals, is intended to help future improvements to local affordability – which is a worsening issue in Tonbridge & Malling - more rapidly than in neighbouring and wider areas.

- 3.32 It would also have the added benefit of enabling a significant contribution to meeting the affordable housing needs in the area. Furthermore, it would also provide a greater supply of economically active population to help meet local economic growth (this is examined in more detail in the following chapter) as well as improve local household representative rates. This is particularly important given criticism of the 2016-based household projections, which as previously noted focus on trends in a period where both household formation and housebuilding (at least at a national level) were low.

4 ECONOMIC-LED HOUSING NEED

4.1 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.'

4.2 The latest evidence in relation to economic growth in the Borough is set out in the "Update of Employment Land Needs in Tonbridge and Malling" (November 2017) which was produced by Turleys. That report sets out an expected growth of 720 jobs per annum over the 2011-31 period.

4.3 To consider the level of housing provision which might be needed to support the 14,400 expected growth in jobs over the 2011-31 period we need to take account of the number of people with more than one job (double-jobbing), commuting ratios and changes to unemployment.

4.4 At present around 3.4% of those working in Tonbridge and Malling hold down more than one job. We have assumed this stays constant. Similarly, we have assumed that commuting ratios as set out in the 2011 census (which although dated is the best available evidence) also stay constant.

4.5 The table below sets out the commuting ratio for Tonbridge and Malling. The commuting ratio is 0.997 which means that for every 1000 people commuting in to the borough for employment 997 commute out. There is therefore a very broad balance of commuting.

Table 14: Calculating a baseline commuting ratio for Tonbridge & Malling

	Tonbridge & Malling
Live and work in the Borough	17,501
Work at or mainly from home	6,917
No fixed workplace	5,284
In-commuting	30,778
Out-commuting	30,624
Work in the Borough	60,480
Live in the Borough and are working	60,326
Commuting Ratio	0.997

Source: ONS, Census 2011

- 4.6 Taking these factors into account means that to service 14,400 jobs we are looking at an increase of 13,870 people in employment. The final adjustment uses data from NOMIS (modelled unemployment) which sets out a fall in unemployment of 1,200 people from 2011 to 2017 and so the increase in economically active residents would be 1,200 lower (i.e. 12,670). We have not assumed any further improvements to unemployment.
- 4.7 Having estimated the likely required change to the workforce (12,670), the next stage is to estimate how much population growth is implied by this and the resultant housing need. This entails making assumptions about how economic participation might change in the future. Data has been modelled using three sets of assumptions regarding employment/economic activity rates. These are:
- Experian rates – national data adjusted to a local baseline
 - Office of Budget Responsibility rates – national data adjusted to a local baseline
 - SHMA rates – using the same assumptions as used in previous SHMAs for Tonbridge & Malling
- 4.8 While each of these economic activity rates have their merits each of them are inherently uncertain. The SHMA rates provide consistency with previous assessments and also are the mid-point of the range viewed. For these reasons we would see the scenarios drawing on those rates as the core scenario.
- 4.9 The table below shows housing need using each of these ‘rate’ assumptions. Note for completeness of updating, information from the 2017 mid-year population estimates (MYE) has also been included. The SHMA Economic Activity Rates result in a housing need of 582 dwellings per annum with the OBR rates increasing this to 614 dpa.

Table 15: Economic Led Housing Need 2011-31– Tonbridge & Malling

	Households 2011	Households 2031	Change in households	Per annum	Dwellings per annum
Experian	48,068	58,752	10,684	534	555
OBR	48,068	59,890	11,822	591	614
SHMA	48,068	59,271	11,203	560	582

Source: ONS, Census 2011

- 4.10 The demographic need with market signals adjustments results in a need for 664-680 dpa. This would be more than adequate to meet the identified economic need herein. There is therefore no need for a further increase to the OAN as a result of economic growth. A housing requirement of 696 dpa would also more than provide for the economic-led housing need.

5 CONCLUSIONS

- 5.1 Overall, the 2016-based subnational household projections (SNHP) for Tonbridge and Malling show an average annual household growth (2011-31) of 512, lower than the previous (2014-based) figure of 596 for the same period. The 2016-based subnational population projections (SNPP) – which are a key input to the SNHP – show a lower overall level of population growth: 2,900 fewer persons than the 2014-based SNPP over the period 2011-31. Incorporating the latest mid-year population estimates reduces this reduction to 2,118 persons over the same period.
- 5.2 In terms of age structure, the two projections show the later projections (2016-based) having lower numbers for the majority of age groups. Of particular note is the finding that all age groups aged 65 and above are projected to see a slightly lower projection in the 2016-based version when compared with the 2014-based figures.
- 5.3 The differences in age structure impacts on household growth rates; the 2016-based SNPP suggests an 8% lower growth in households in Tonbridge and Malling than the 2014-based SNPP. When these are adjusted to take account on the latest Mid-Year Estimates the reduction is only 6% lower.
- 5.4 To translate household growth into dwellings we apply a vacancy rate of 3.8%. This resulted in a fairly narrow range of growth of between 531 dpa to 544 dpa. This reflected our demographic conclusions whereby the official projections are at the lower end of the range and the forecasts adjusted for MYE are at the upper end.
- 5.5 This report has not re-assessed affordable housing needs. The 2014 SHMA identifies an affordable housing need of 277 dpa.
- 5.6 In accordance with Planning Practice Guidance (PPG), we next considered whether it would be appropriate to consider any uplifts to account for economic growth or to improve housing affordability.
- 5.7 We have provided an updated analysis of housing market signals. These show that housing affordability is a significantly worsening issue in Tonbridge and Malling over the last two years. In accordance with Planning Practice Guidance (PPG), an uplift to improve affordability is required.
- 5.8 Considering the above factors, we considered that a 12.5% uplift based on adjustments applied in the previous report was insufficient. Given recent decisions and the significantly worsening affordability in Tonbridge and Malling we applied an uplift of 25% to the demographic projections which 664 dpa.
- 5.9 Finally, we considered whether the demographic growth adjusted for market signals was sufficient to support economic growth in the Borough. To do this we have used the same methodology as the

2016 OAN Update report as the core scenario. This resulted in an economic led need for housing of up to 614 dpa.

- 5.10 The 2016-based SNPP adjusted for the 2017 Mid-Year Estimates (544 dpa) produces an expected workforce growth which is below that required by the latest economic forecasts (582 dpa) however this is not the case when these are adjusted to take into account market signals (664 dpa). Therefore, in drawing conclusions on OAN a further upward adjustment to support economic growth could not justified.
- 5.11 This report therefore concludes that the OAN in Tonbridge and Malling for the period 2011 to 2031 is between 664 dpa and 680 dpa. This would be sufficient to respond to market signals, including affordability, as well as making a significant contribution to affordable housing needs.
- 5.12 The PPG indicates that housing assessments are not automatically rendered outdated every time new projections are issues, and that the question is whether the latest projections result in a “meaningful change in the housing situation”. In our opinion the assessment of OAN at between 664 dpa and 680 dpa is not a “meaningful change” from the previous assessment of OAN of 696 dpa, given that it only around 16 dpa to 32 dpa difference.
- 5.13 Maintaining the previous OAN of 696 dpa for planning purposes would also meet the expected demographic and economic growth and provide a further improvement to local affordability. It is also worth considering the significant contribution it would make to meeting affordable housing need.

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