Housing Market Delivery Study

Tonbridge & Malling Borough Council

July 2022

Prepared by

GL Hearn Limited
4th Floor
65 Gresham Street
London EC2V 7NQ

T: +44(0)20 7851 4900
glhearn.com

CONTENTS

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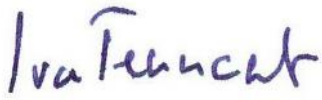
DATE	ORIGINATORS	APPROVED
July 2022	Ricky Cheng Junior Economic Planner	Ivan Tennant Associate Planning Director



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1 EXECUTIVE SUMMARY

1.1 National policy requires Local Plans to set out a positive vision for their areas. That said, this vision should be realistic about what can be achieved and when.[1] In relation to the delivery of housing, relevant market conditions should be considered.

1.2 To this end, this report provides a detailed assessment of the capacity of relevant local markets to absorb new homes over the period for which reliable data is available.

National housing market

Comparative analysis of councils

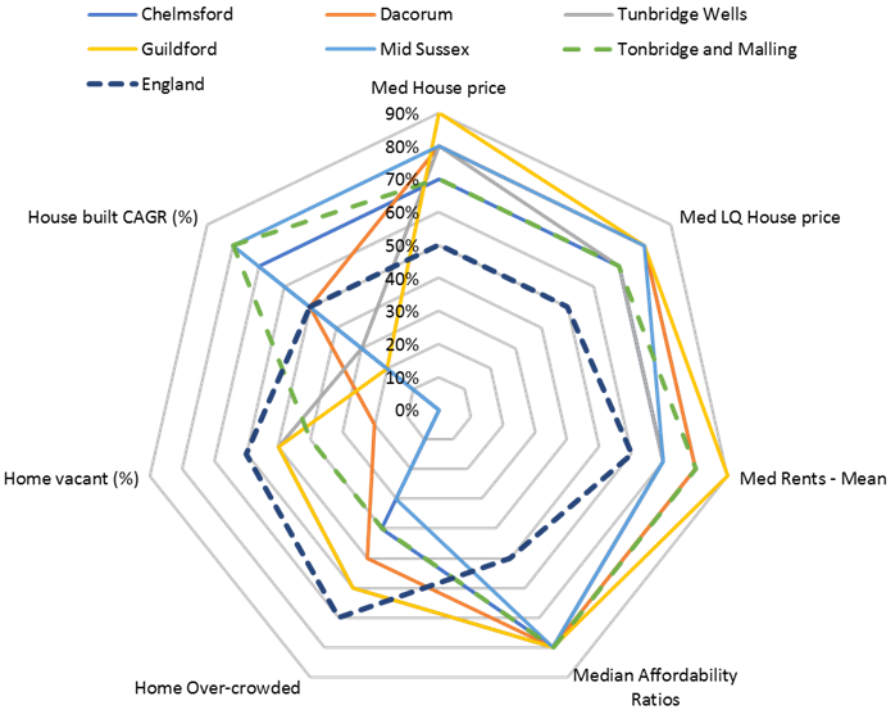
1.3 A comparison of councils across England identifies three broad housing market types. These are “over-heated”, “misaligned” and “low demand”. This provides a means of understanding housing dynamics in different local authorities across the country.

1.4 The evidence indicates Tonbridge & Malling falls into the “over-heated” market type. These tend to be grouped in the South East and Eastern regions of England. This report has identified Chelmsford, Dacorum, Tunbridge Wells, Guildford, Mid-Sussex as well as Tonbridge and Malling as exhibiting characteristics consistent with “over-heating”.

1.5 The figure below presents how this group of councils perform according to a number of key demand metrics. The performance of each council is expressed by which decile they fall into relative to all councils in England. For comparison purposes, the average for England is also provided.

[1] PPG (Plan-making) Ref ID: 61-059

Figure 1: Councils with the overheated housing market



1.6 The councils in the figure above exhibit relatively high house prices, rents, and Median Affordability Ratios (MARs). They are likely to have strong demand and a supply of homes that is insufficient to meet this demand.

1.7 That said, Tonbridge & Malling exhibits modest over-crowding, a low rate of vacancies and a relatively high compound annual growth rate for new homes. This indicates Tonbridge and Malling Borough Council (TMBC) has performed relatively well in meeting demand for homes compared with other councils faced with similar market conditions.

Housing Market Area

1.8 In order to arrive at an assessment of the HMA in which Tonbridge and Malling sits, an analysis has been conducted looking at house price differentials, trends in domestic migration and daily commuting.

1.9 Also, the findings of the Tonbridge & Malling Strategic Housing Market Assessment produced in March 2014 (2014 SHMA) related to this topic have also been taken into account.

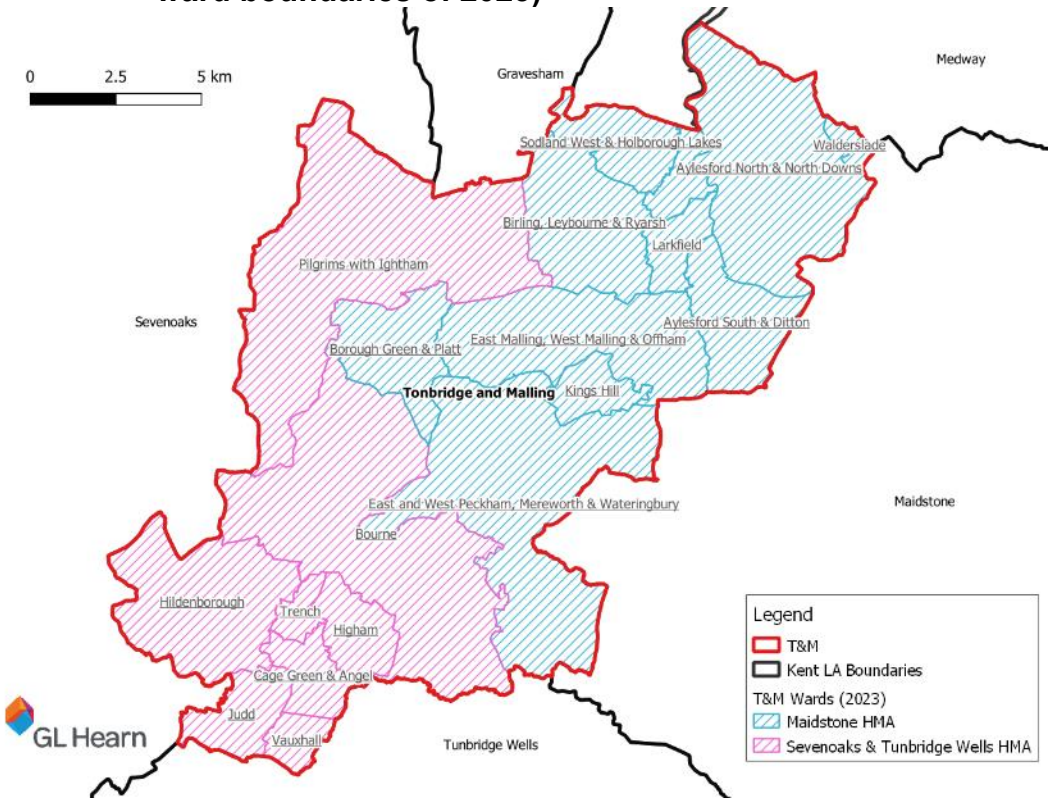
1.10 The 2014 SHMA found that there were "two distinct HMAs operating in the West Kent area: one focused on Maidstone and the other focused on Sevenoaks, both of which exert influence on Tonbridge & Malling[2]".

1.11 Also, the 2014 SHMA identified the presence of some "localised interactions" between North Kent (particularly Medway) and the Borough[3]. This report arrives at the same conclusion drawing from internal migration data.

1.12 This report concludes that the two HMAs identified in the 2014 SHMA remain relevant to understanding housing market dynamics in Tonbridge & Malling. This is illustrated in the figure below.

[2] 2014 SHMA, page 30
[3] ibid

Figure 2: Two HMAs that exert influence on Tonbridge & Malling (by new ward boundaries of 2023)



Source: GLH analysis of Royal Mail data and TMBC inputs, 2021 to 2022

1.13 That said, the split of the two HMAs across the Borough, as identified on the map above, differs slightly from that identified in the 2014 SHMA.

1.14 In particular, an increased volume of home movers has been observed between the Maidstone HMA and the ward of Borough Green & Platt. This exceeds the volume observed between this ward and the Sevenoaks, Tonbridge and Tunbridge Wells HMA (S/T/TW HMA).

1.15 As a result, the housing market dynamics in this ward are more influenced by the Maidstone HMA than the S/T/TW HMA than was the case when the 2014 SHMA was prepared.

Delivery of Homes

1.16 In order to consider potential future housing supply within Tonbridge & Malling, the Build Out Rates (BOR) achieved on sites completed since 2011/12 has been assessed.

1.17 The BOR derived from completed sites is referred to as the "guide" BOR. It can be understood as a regression to the mean[4] designed to eliminate "optimism bias"[5] in housing delivery – the tendency for developers to over-state the expected BOR that will be achieved on a given site.

1.18 A guide BOR has been arrived at for different types and sizes of site, as presented in the table below.

Table 1: "Guide" BOR based on completion data between 2011 to 2021 (Tonbridge and Malling Borough level)

Site size	PDL guide BOR (units/year)	Greenfield guide BOR (units/year)
10-49 units	18	16
50-99 units	30	23
100-499 units	57	43
500-999 units	80	68
1000-1499 units	94	107

Source: Council completed sites data, GLH calculations

[4] This refers to the use of the average performance achieved in similar scenarios in the past as a way of testing the achievability of estimates of future performance.
[5] Historic housing land supply assumptions compared with actual completions shows systematic bias across a certain geography with developments not coming forward as anticipated (Lichfields, 2020).

Compound Annual Growth Rates (CAGR)

1.19 Also, it is also important to understand the capacity of local housing markets to absorb projected housing supply.

1.20 This can be arrived at by comparing the CAGRs of historic and projected housing supply. To make this comparison, this report has assembled a database of sites that have been completed over the period 2011/12 – 2020/21 in each of the HMAs of which Tonbridge and Malling forms a part.

1.21 From this a CAGR has been derived (the "completed sites" CAGR). The projected housing supply is based on the local housing need figure for Tonbridge and Malling (together with that of a range of comparator geographies) determined by the standard method set out in PPG[6] (the "standard method" CAGR).

1.22 Also, in order to progress the analysis, it has been necessary to apportion a share of TMBC's standard method Housing Need Figure (SM_LHNF) of 839 dpa to each of the HMAs of which the Borough forms a part.

1.23 This has been done using the proportion of households that were living in each area as reported in 2011 Census[7]. This provides a reasonable basis on which to split the Borough's overall housing need figure of 839dpa into the two areas. As set out in the Table below, this amounts to 478 for the Maidstone HMA and 361 for the S/T/TW HMA.

Table 2: Estimated housing need in each Housing Market Area

Local authority	Maidstone HMA	S/T/TW HMA
Tonbridge & Malling (Households 2011)	27,440	20,700
Tonbridge & Malling (% split)	57%	43%
Tonbridge & Malling (Estimated need)	478	361

Source: Council data; Census 2011

[6] PPG (housing and economic need) Ref ID: 2a-002
[7] This reflects the ward boundaries from May 2023 as opposed to those that existed in 2011

1.24 From this, a CAGR can be derived (the "standard method" CAGR). This can be compared with the completed sites CAGR (an indicator of achievable market absorption) to indicate whether the SM_LHNF is achievable for each HMA and the councils of which they are comprised.

1.25 The table below provides a comparison between the completed sites CAGR over the period 2011-21 and the standard method CAGR for the period 2021-2040.

1.26 The table shows that, with the exception of Maidstone, the evidence indicates there is a significant risk that all the geographies in the table, including that of Tonbridge and Malling, will fail to absorb their projected housing supply over the period 2021-40.

Table 3: The completed sites CAGR 2011-2021 and Standard Method CAGR 2021-40 variation

Geography	Completed sites CAGR	Standard method CAGR	Variation
Tonbridge & Malling	1.16%	1.33%	-12%
Tonbridge & Malling (Maidstone HMA)	0.90%	1.10%	-18%
Tonbridge & Malling (TW/Sevenoaks HMA)	0.90%	2.32%	-61%
Sevenoaks	0.56%	1.25%	-55%
Maidstone	1.34%	1.07%	25%
Tunbridge Wells	0.71%	1.16%	-39%
Medway	0.64%	1.21%	-47%
Maidstone HMA	1.18%	1.08%	9%
Sevenoaks/T/TW HMA	0.66%	1.33%	-50%

Source: Council's data

1.27 A comparison of the standard method CAGR 2021-40 with that of the completed sites CAGR 2011-21 reaches the following conclusions:

- Sites within Tonbridge & Malling Borough as a whole – 1.16% v 1.33% (variation of 12% in favour of the standard method CAGR). This suggests that the market is unlikely to absorb projected housing supply in this area in full. It would, therefore, be unrealistic to assume the Borough would be able to support a level of growth in-excess of the assessed need derived from the standard method.
- Sites in Tonbridge & Malling within the Maidstone HMA – 0.90% v 1.10% (variation of 18% in favour of the standard method CAGR). Consistent with the finding above, this suggests this area will not be able to absorb future housing supply in full.
- Sites Tonbridge & Malling within the S/T/TW HMA – 0.90% v 2.32% (variation of 61% in favour of the standard method CAGR). This suggests the market is very unlikely to absorb projected housing supply in this area in full.

1.28 Furthermore, the latest median workplace-based affordability ratio (MWAR) shows a deterioration in affordability in Tonbridge and Malling (from 11.93 in 2020 to 13.39 in 2021). That said, as a result of the cap built into the standard method, this change will not alter the Borough's SM_LHNF, which remains 839dpa.

1.29 Be that as it may, the worsening MWAR is an indicator that the balance between supply and demand is worsening.

Accelerating the supply of homes

1.30 While the ability of TMBC to intervene in the market for homes to accelerate supply is limited, it is in a position to ensure planning policy reflects the current and emerging demand and supply balance for homes.

1.31 In this way, policy can be developed that guides development towards the delivery of a balance of types, sizes and tenures of home that is consistent with the maintenance of mixed and balanced communities.

1.32 Moreover, a greater diversity of supply is likely to lead to faster rates of market absorption because the range of new homes available are likely to attract a wider pool of potential occupiers. This diversity of supply can be strengthened by ensuring the housing land supply has a balance of types and sizes of allocated sites.

1.33 That said, it is not possible to be confident about the impact this intervention may have. It would therefore be appropriate for the issue of diversifying housing supply to be explored further through the Local Plan process.

2 INTRODUCTION

2.1 National policy requires Local Plans to set out a positive vision for their areas. That said, this vision should be realistic about what can be achieved and when.[8] In relation to the delivery of housing, relevant market conditions should be considered.

2.2 To this end, this report provides a detailed assessment of the capacity of local markets to absorb new homes over the period for which reliable data is available. The structure of the report is divided into 5 objectives.

1. Assessment of the **national housing market conditions**, dynamics, and delivery. This will place Tonbridge & Malling Borough Council (TMBC) into a context to inform a judgement as to how TMBC performs in terms of the growth of its housing stock through comparisons with other councils that experience the same market conditions.
2. In order to ensure the correct geography is being used to understand the market analysis set out in this report, exercises are undertaken to **confirm the Housing Market Areas** (HMAs) exerting an influence across the Borough.
3. An assessment is made of the rate of **housing delivery that has been achieved historically** in Tonbridge & Malling and in comparator areas to place the rate of delivery into a context to ensure policy in the Local Plan is tempered by realism.
4. The **potential future housing supply** in the Borough and the other council areas which fall within the same HMAs is considered. The analysis undertakes a regression to the mean exercise to ensure the expectation of future delivery is realistic. This will reduce the risk of unachievable standard method-based housing need figures being adopted.
5. The preceding chapters are brought together in the final chapter to consider what level of housing delivery might realistically be achievable in the Borough over the Local Plan period, including the potential for accelerating delivery.

[8] PPG (Plan-making) Ref ID: 61-059

3 THE NATIONAL HOUSING MARKET

National market types

3.1 Housing market dynamics play out across England in very different ways. Some areas experience high demand, and therefore high land values and house prices, while others the challenge is with supply, either too much housing or, more often, the housing of the wrong size or tenure.

3.2 This chapter brings together a range of demographic and market signals to assess housing market conditions at the national scale and understand the character of a given area and how this compares with others in the same HMA or region.

3.3 This will allow the conditions that exist in Tonbridge & Malling to be placed in a context and identify council areas in other parts of the country with which it can be compared.

The indicators that have been used for this purpose are:

1. proportion of households age 65+;
2. average household size;
3. average land values;
4. median house prices;
5. median rents;
6. Median Affordability Ratios (MAR);
7. proportion of dwellings over-crowding/under-occupied;
8. proportion of homes vacant;
9. the average number of homes built each year since 2011;
10. housing delivery test result;
11. the position of the local authority within the indices of multiple deprivations (IMD).

3.4 This data is presented in a series of maps (using GIS) across the geography of England, disaggregated to regional and local authority levels. For example, for house prices, this is shown as a colour-coded map indicating areas of relatively high and low values. (See Appendix 1).

3.5 Drawing on this data we have been able to group local authorities into deciles[9]. This is used as the basis for identifying a number of market types based on shared characteristics in the ten decile groups.

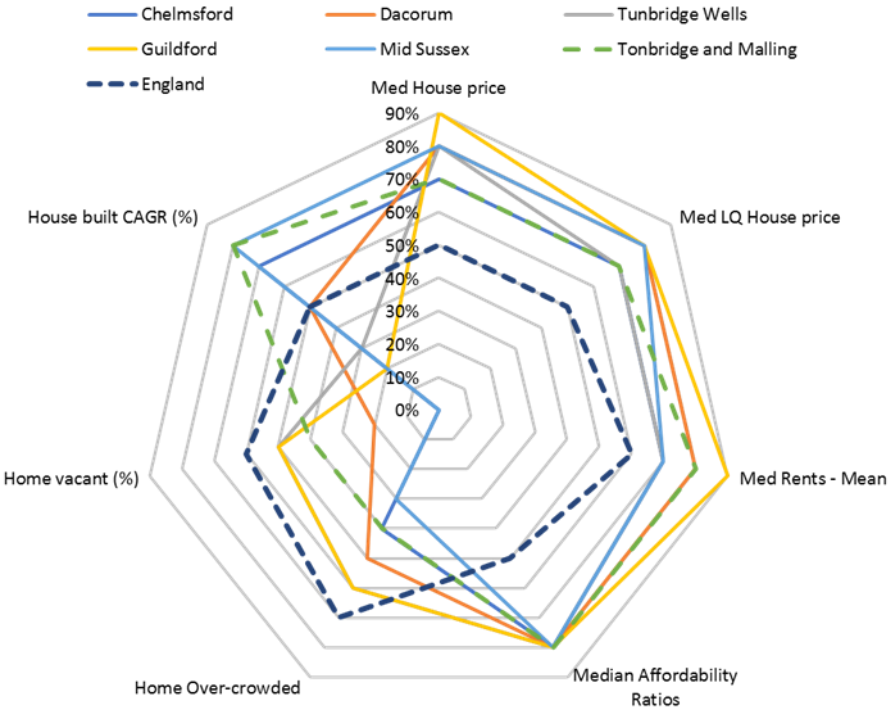
3.6 These groups are graphically displayed as radar charts showing how they perform across the range of demographic and market signals. Some examples of possible market types are set out below.

Over-heated

3.7 This is an area with relatively high house prices and rents, low affordability (evidenced by a relatively high MAR) and high over-crowding. The compound annual growth rate (CAGR) can also be employed to show the degree to which supply has been able to respond to demand surges.

[9] A quantitative method of splitting up a set of ranked data into 10 equally large subsections (deciles)

Figure 3: Radar chart of councils with an overheated market



3.8 As expected, the radar chart above shows that the over-heated market can be discerned in selected local authorities in the South East and East of England regions.

3.9 The majority of these councils have a high demand for land use and housing. This is reflected in higher prices, rents, MAR, and relatively low levels of vacancy than the average for England.

3.10 However, in some of the assessed indicators, such as over-crowding and CAGR, the councils categorized as the over-heated housing market display different values.

3.11 In councils with a relatively strong CAGR (2011-2020), there is evidence of lower levels of over-crowding. This implies that the supply side is to some extent meeting demand although not enough to prevent relatively high house prices and rents. Conversely, councils demonstrating over-crowding display a lower level of CAGR.

3.12 The housing market in Tonbridge & Malling is grouped with those councils in the "over-heating" category given that the market signals show high levels of demand matched with a higher decile group of house prices, rents and CAGR.

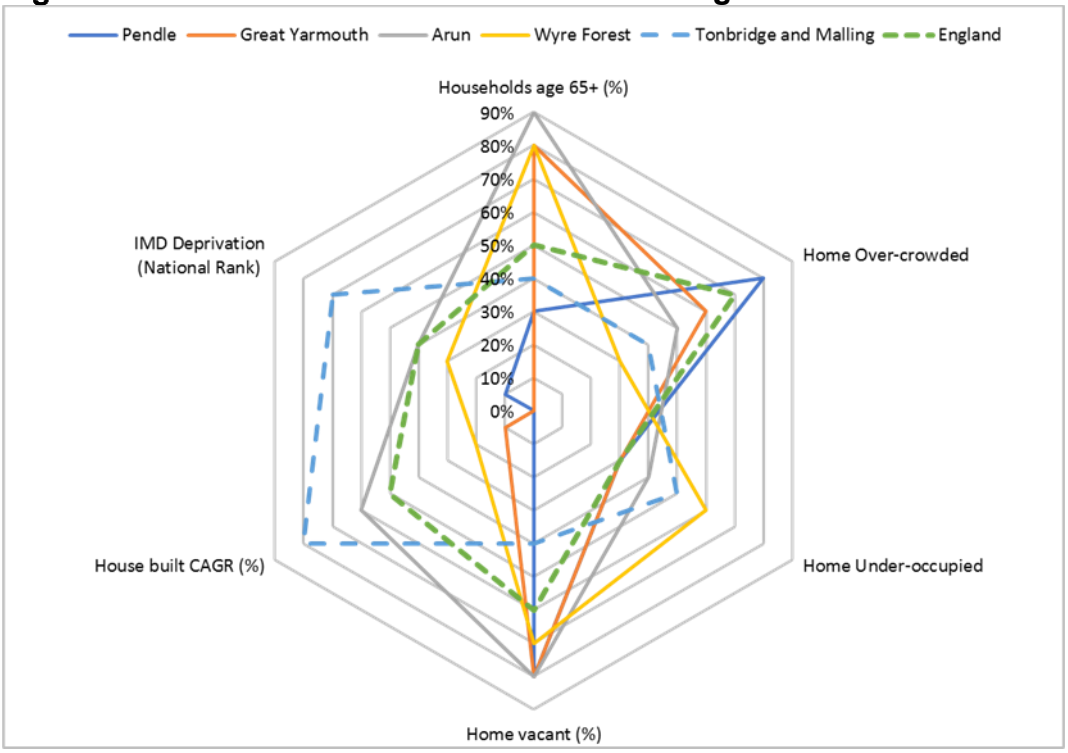
3.13 That said, the rate of vacancy and over-crowding in Tonbridge & Malling is lower than most of the councils which have been identified as over-heating.

Mis-aligned

3.14 These are areas that demonstrate a persistent misalignment between supply and demand for housing resulting in relatively high levels of over-occupation, dereliction, vacancy and lack of low-cost market homes for newly forming households.

3.15 These may be places that have experienced dramatic economic shifts that have changed the demographic profile of the area within a couple of generations but where the housing stock has not yet had time to adjust. This is evidenced by these places being relatively deprived (the lower the place of the council in the IMD, the more deprived the area).

Figure 4: Radar chart of councils with mis-aligned market



3.16 The councils in the chart show high levels of deprivation, vacancy and a lower CAGR. Three of the councils included on the basis that they show a relatively high proportion of older households and a higher home under-occupation rate. This points to a tendency not only for older people to remain in the family home but also a lack of choice in the local housing market, preventing them from "right-sizing" to a new home should they wish to do so.

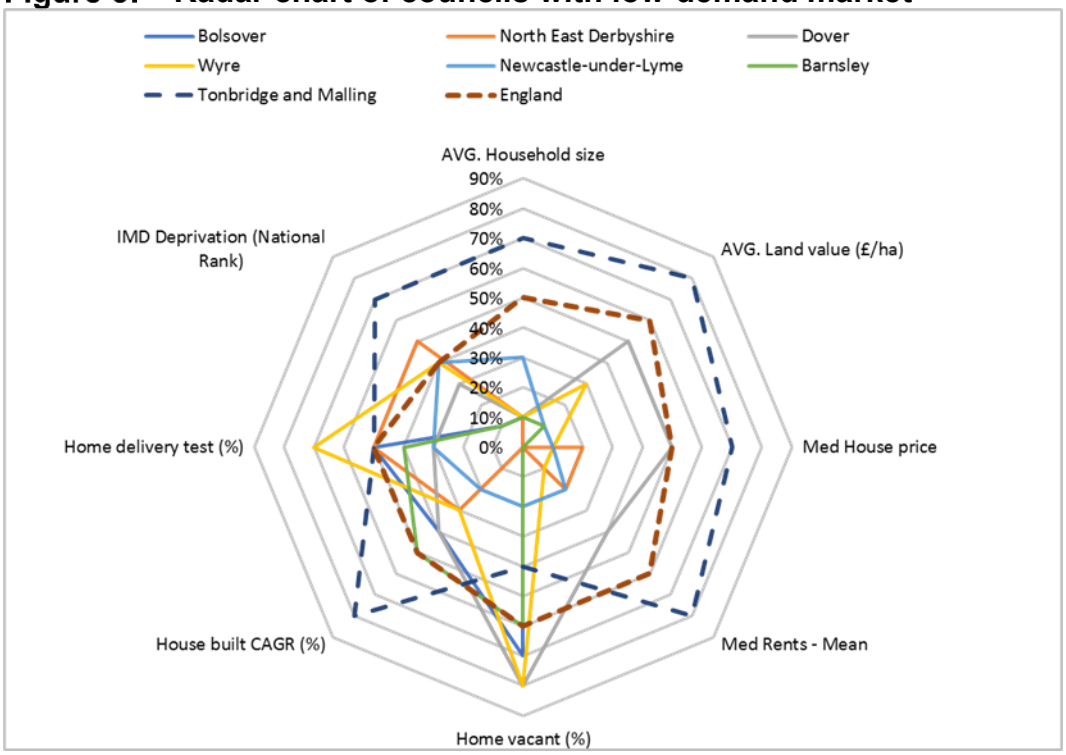
3.17 It's worth noting that some of the councils do not have an above-average proportion of households that are 65+ as expected, but rather show significant overcrowding within the population as a whole indicating supply is unable to fulfil the demand for housing from all age groups.

3.18 An example is Pendle in the North West which has a relatively low proportion of its population that are aged 65+ but a high level of home-overcrowding status and high home vacancy rate.

Low demand

3.19 These are areas where there is a low demand for homes; this is likely to lead to viability challenges for developers. These are likely to be areas with relatively weak labour markets and low housing delivery rates.

Figure 5: Radar chart of councils with low-demand market



3.20 As the above radar chart shows, councils in areas of weak market demand display lower land values, house prices, home rents and weaker CAGR.

3.21 Also, the households in these councils are on average smaller suggesting weaker local labour and jobs markets. This finding is reinforced by the relatively high rank in the IMD. These conditions are insufficient to support a strong CAGR.

National market types - summary

3.22 In summary, the data analysis has identified three housing market types (over-heated, misaligned and low demand). This provides a means of understanding housing dynamics across different local authorities in England.

3.23 Tonbridge & Malling has most in common with councils that are exhibiting an over-heated housing market. These tend to be grouped in the South East and Eastern regions of England. Examples identified in this study include Hart, Tunbridge Wells, Guildford, Mid Sussex, Chelmsford and Dacorum.

3.24 These local authorities exhibit relatively high house prices, rents, and Median Affordability Ratio. This points to strong demand and weakness in supply.

3.25 That said, Tonbridge & Malling exhibits modest over-crowding and a low rate of vacancies and a high CAGR compared to the other councils with which it is grouped. This indicates the TMBC has performed relatively well in meeting the high demand for homes within its area.

Macro-economic factors

3.26 In addition to presenting a series of market types, GL Hearn has examined a series of important macro trends that will affect all parts of the country, to a greater or lesser degree. These are:

1. the treatment of housing as an investment, as well as a place to live;
2. the growth of the private rented sector and build to rent;
3. the role of the planning system and the Government's planning reforms;
4. the impact of the COVID-19 Pandemic; and
5. the impact of Brexit.

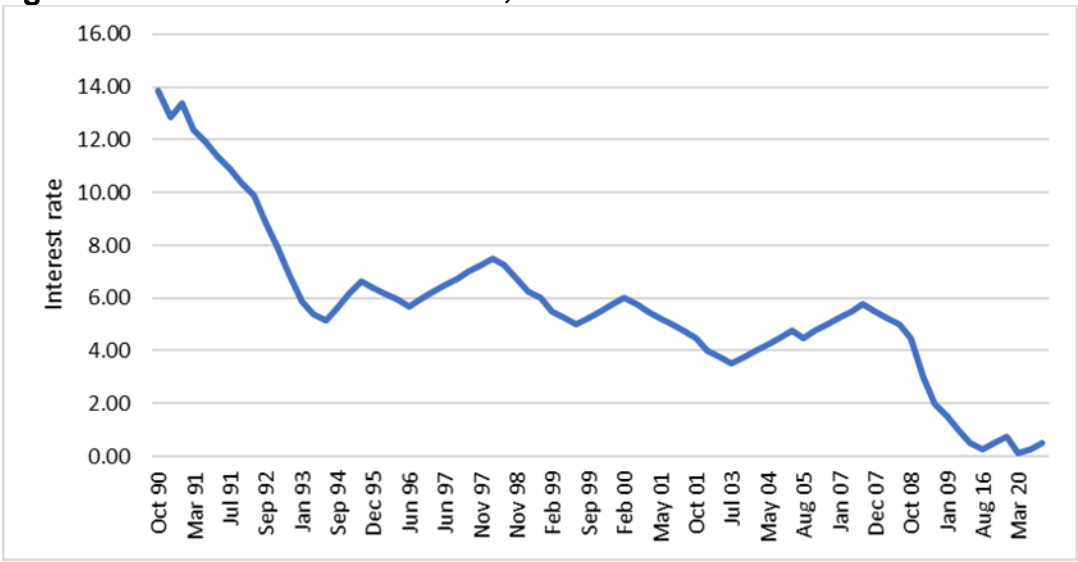
Investment Trends

3.27 Since the early 1990s, with a break during 2008/09 as a result of the financial crisis, England has seen increasing house prices in most parts of the country. This has out-stripped increases in rents. This phenomenon in part can be explained by the use of houses not just as a place to live, but also as an investment.

3.28 The relatively low-interest rates over this period have enabled a large number of households to become owner-occupiers. That said, this is restricted to the relatively wealthy who can raise a deposit and have a large enough income to afford a home based on a standard lending multiple of 4.

3.29 The table below shows interest rate decisions by the Bank of England's monetary policy committee between October 1990 and February 2022. The trend has been decisively downwards over the period to March 2020. That said, two increases in interest rates have brought the current position to 0.5% at the time of writing (March 2022).

Figure 6: Interest rate decisions, October 1990 to Feb 2022

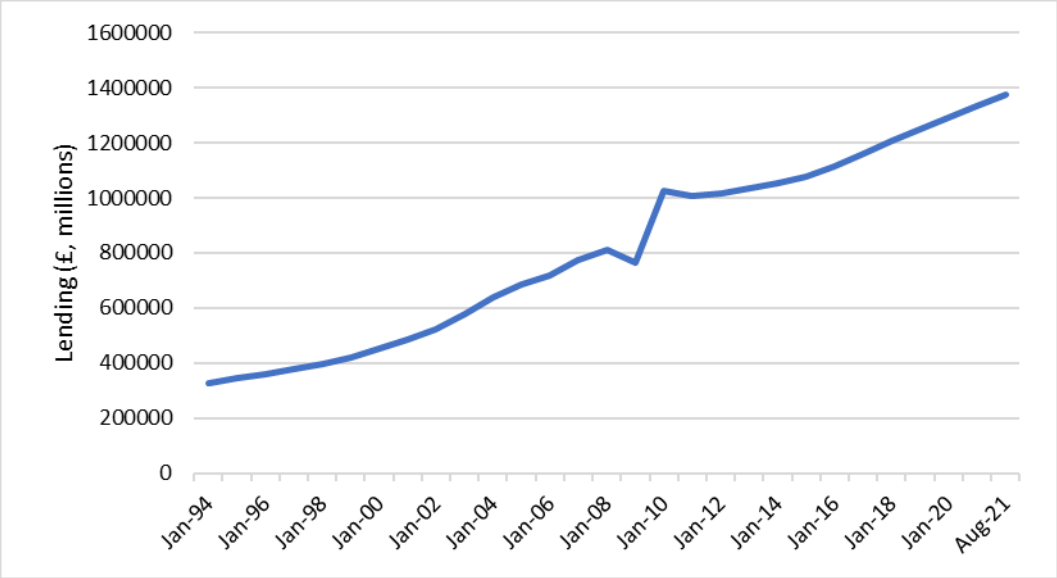


Source: Bank of England Database

3.30 The interest rate set by the Bank of England is the rate paid on funds borrowed from the Bank by other financial institutions in the money markets. For this reason, changes to the rated ripple through the market given it determines the threshold of profitability for mortgagors. The era of low rates has enabled these institutions to lend money at historically low borrowing rates.

3.31 The figure below shows the increase in lending by financial institutions secured against dwellings over the period since 1994. This shows that the overall value of lending, bar a brief fall in 2008/9 (reflecting the financial crisis), has seen a steady upward gradient, increasing more than three-fold over the period.

Figure 7: Total outstanding lending to individuals securing on dwellings by institutions



Source: Bank of England database

3.32 While this has allowed an increasing number of households to become owner-occupiers it has also created a surge in demand that, given the restrictions on building land in England, supply has not been able to meet. This has inevitably led to increasing house prices.[10]

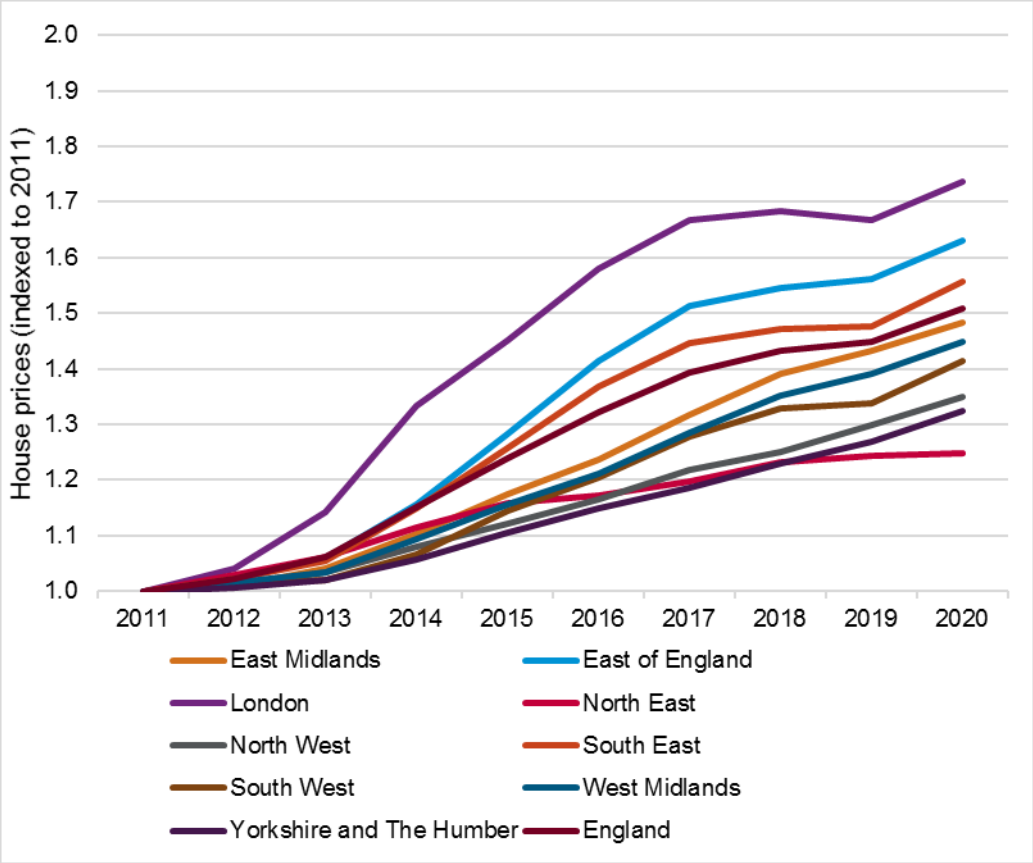
3.33 For households who have been able to buy, these circumstances have brought handsome returns. This has fed not only further demand but also the belief that a home is as much an asset on which a secure financial future may be built as it is a place to live.

3.34 Economists have noted that treating a home as an investment asset in this way causes a disconnect between house prices and the price households would otherwise be willing to pay for the right to live in the same home. This price equates to the rent paid on the dwelling.

[10] Ryan-Collins, J, Rethinking the Economics of Land and Housing, New Economics Foundation, page 117

3.35 The figure below shows changes in house prices in each region of England indexed to 2011. This shows that, over this period, house prices have grown substantially in all regions and by an average of 51% at the national level.

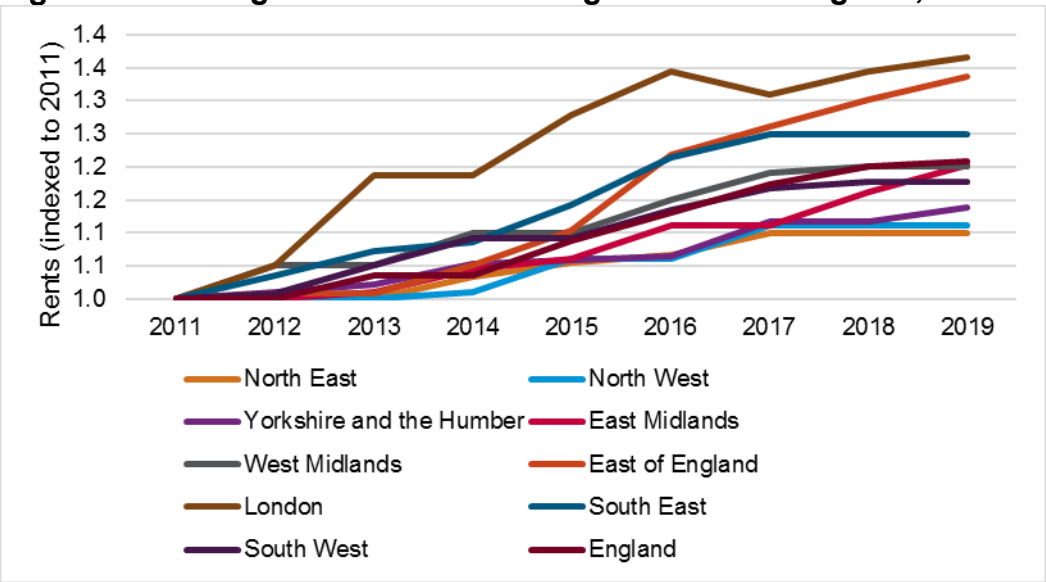
Figure 8: Change in median house prices England and the regions, 2011-2020



Source: ONS

3.36 The figure below shows the more modest increase in rents over the period. While they have increased, the growth, at around 21% for England, has been substantially less than for house prices. The difference can be explained by the added demand resulting from home buyers seeing their home as an asset that is both a safe store of wealth and one that will grow in value in future years.

Figure 9: Change in median rents England and the regions, 2011-2020



Source: VOA

3.37 The more modest increase in rents has led some commentators to suggest that the challenge of affordability that typifies the housing market in many parts of England is not due to lack of supply of dwellings, but rather because cheap credit has fueled a surge in demand from investors (both domestic and international). If this source of demand was choked off, house prices would sink back to a level more in line with households' willingness (and ability) to pay.

3.38 Economists have also noted the intrinsically contradictory nature of the Government's approach, seeking to sustain house price growth (for example by suspending Stamp Duty during the Pandemic) to protect the interests of existing homeowners on the one hand while encouraging the industry to deliver low-cost market homes on the other.

3.39 The answer has been to subsidise first-time buyers through demand-side measures such as Help-to-Buy. This has, however, further fueled house price increases resulting in fewer and fewer households being able to buy. The increase in the number of households in the PRS suggests the viability of this policy position is already under strain. Partly as a result of the concerns about households over-extending (one of the causes of the 2008/9 financial crisis) new institutional furniture designed to reduce volatility in the housing market has been introduced; the prudential regulation authority within the Bank of England.

3.40 This may result in a more conservative approach to boosting home ownership. Economists have, however, noted the trade-off faced by policymakers in encouraging home ownership and preserving stability within the financial system observing that if a more stable mortgage market remains a priority, home ownership seems unlikely to recover the highs of the early 2000s without further fiscal intervention in favour of first-time buyers or against landlords.[11]

3.41 As we have identified, Tonbridge & Malling is a high demand part of England. There is little doubt that the strength of demand for homes has been fueled in recent years by the phenomenon described in this section. For this reason, it is likely that the affordability challenge is unlikely to subside and the growth of both the private rented sector and demand for affordable homes will endure.

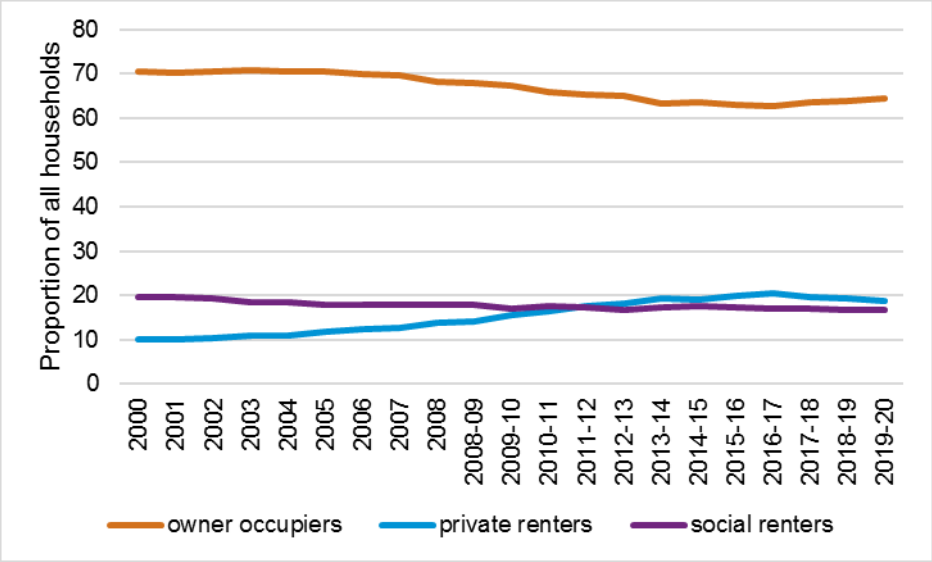
[11] Mulheirn, I, Tackling the UK housing crisis: is supply the answer? (2019) UK Collaborative Centre for Housing Evidence, page 39

Private Rent

3.42 As noted in the previous section, the consequence of increasing unaffordability of homes to buy has been the growth of the Private Rented Sector (PRS) in most parts of England. The figure below shows how the proportion of households living in different tenures has changed since the millennium.

3.43 Over the period, the proportion of those renting has risen from around 10% in 2000 to around 19% in 2020. This is an increase of 87%. In comparison, owner-occupiers have fallen from around 71% of all households to 65% and households in social rented accommodation have fallen from 19.5% to around 17%. That said, it is worth noting the proportion of households in owner-occupation has lifted since 2016/17. This can be explained by a number of factors including the increase in the number of homes supplied year on year since 2010 and the impact of the introduction of "affordable routes to home ownership" within the definition of affordable homes in the updates to the NPPF in 2021.

Figure 10: Change in tenure, England, 2000-2020



Source: English Housing Survey

3.44 The increase in the PRS can be linked to the decline in the affordability of home ownership together with the inability to generate affordable homes in enough numbers to meet demand. It is important to note that many households may not be on in the PRS by choice.

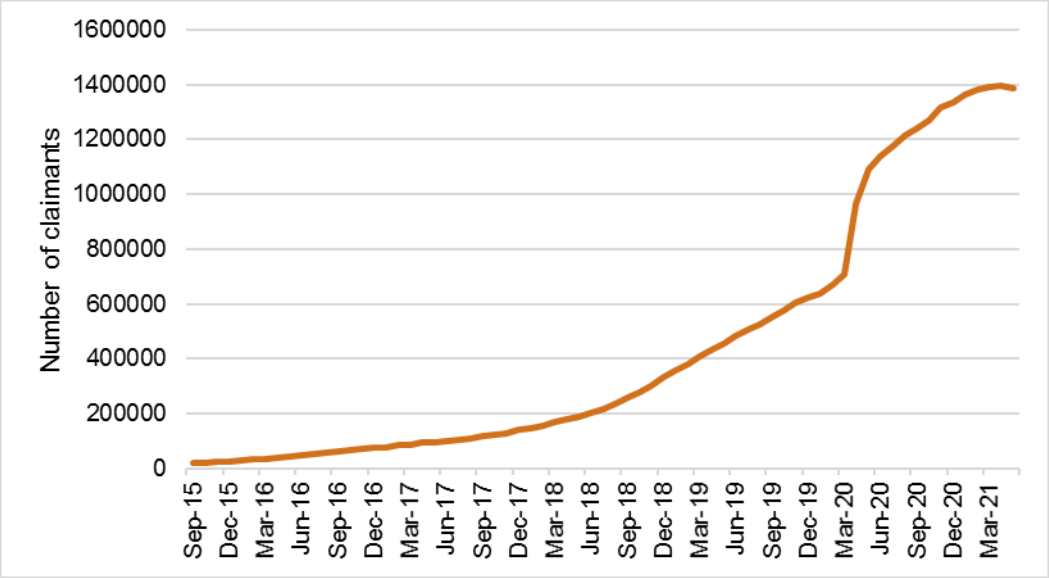
3.45 Moreover, as demand for PRS has grown, there are concerns that the private rents may be becoming unaffordable. This is likely to drive some households into accommodation that is sub-standard or poorly located (or both) leading to falls in social and economic welfare.

3.46 That said, the relevance of the PRS in housing policy at the moment is first as a form of low-cost market housing for households on median incomes and as a source of affordable housing for households in receipt of the housing support component of Universal Credit. Given the modest increases in rents in many parts of the country, this dual-purpose remains valid.

3.47 For example, as the supply of affordable housing (in particular social rented housing) has not been able to keep pace with demand, the PRS has to an extent been able to fill the void through the voucher system offered by Universal Credit. As shown in the figure below, households claiming the housing component of Universal Credit have increased substantially in recent years.

3.48 The figure below sets out the number of claimants for the housing component since its introduction in August 2015. While the rapid pace of growth can partly be explained by households transitioning to Universal Credit from Housing Benefit it is nevertheless true to say that the importance of PRS as a form of affordable housing has grown over time.

Figure 11: Number of claimants of the housing element of Universal Credit living in the PRS



Source: Department of Work and Pensions

3.49 This level of growth is reflected in the value of Universal Credit currently allocated to households living in the PRS. This is currently around £8.5bn per annum and overall support to private housing amounts to £83bn over five years to 20/21.[12]

3.50 That said, the reliance on a voucher system carries with it intrinsic weaknesses. One of which is that its value does not keep pace with changing market conditions. For example, in 2018 commentators argued that freezing Local Housing Allowance (LHA)[13] rates between 2016 and 2020 made access to private rented housing, particularly in London, increasingly unaffordable for households on low incomes.

[12] Chartered Institute of Housing, Dreams and Reality, Government finance, taxation and the private housing market (2018) page 3
[13] Local Housing Allowance (LHA) rates are used to calculate housing benefit for tenants renting from private landlords.

3.51 The Chartered Institute of Housing (CIH) commented in 2018 that "more than 90 per cent of LHA rates across Great Britain now fail to cover the cheapest rents, as they were originally designed to do" and that "LHA rates…have fallen so far behind even the cheapest rents that private renting has become unaffordable for most low-income tenants.[14]"

3.52 These concerns led to LHA rates increasing in 2020. While this was a positive move to improve affordability and re-establish the feasibility of the PRS as a form of affordable housing, it was pointed out that "the 30th percentile of market rents still left a majority of those potentially facing a drop in income due to the Pandemic with a shortfall in assistance"[15]. As a result, the CIH has observed that one of the biggest housing risks during the Pandemic has been increased evictions from the PRS and a subsequent surge in homelessness.[16]

3.53 As the importance of the PRS has grown over time, the quality of provision has been the subject of attention among policymakers. The necessity to develop a well-funded PRS able to offer high-quality accommodation has been observed[17]. This has led policy makers to consider the role of Build to Rent development in meeting housing needs.

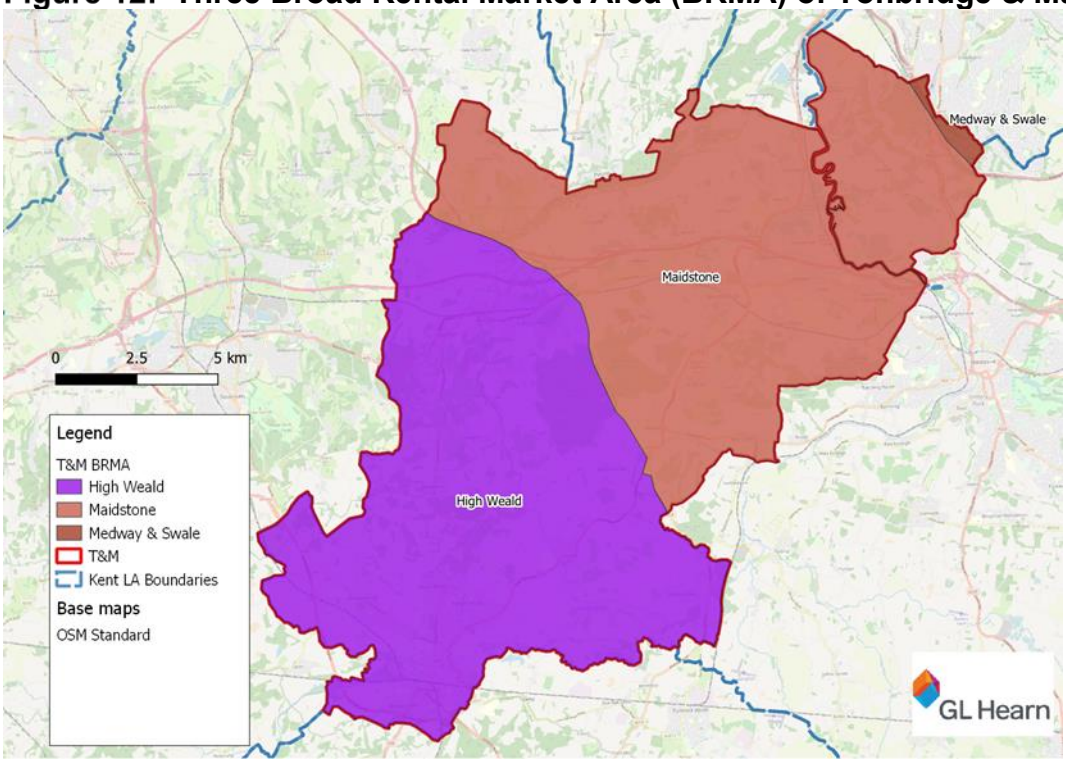
3.54 As noted, given affordability challenges, it is likely that the PRS will continue to form an important part of how Tonbridge & Malling enable households on median incomes to access low-cost market housing. It is also likely to form part of the supply of affordable housing through Universal Credit. That said, it will be important in future years to assess whether LHA rates are enough to enable households on low incomes to access homes suited to their needs.

[14] House of Commons Library, What is Affordable Housing? (2021) Page 34
[15] Pennington, J, New LHA rates: what do they mean? (2020) Shelter
[16] Chartered Institute of Housing, 2020 UK Housing Review Autumn Briefing Paper, page 9
[17] The Housing Forum, The ABC of Housing Growth and Infrastructure (2014) page 13

3.55 The LHA rates are categorised into five groups (CAT A to E)[18], depending on the number of bedrooms in the dwellings and whether the tenant must share use facilities with others.

3.56 Properties in Tonbridge & Malling are divided into three Broad Rental Market Area (BRMA)[19] for LHA calculations, including Maidstone, Medway & Swale and High Weald, as the map below shows.

Figure 12: Three Broad Rental Market Area (BRMA) of Tonbridge & Malling



Source: ONS

3.57 The table below compares the current lower quartile rent and the LHA in Tonbridge & Malling. The monthly rent data is presented together with the average LHA figure in the BRMAs of Tonbridge & Malling, categorised within the five rate groups.

[18] A - Shared Accommodation Rate, B - One Bedroom Rate, C - Two Bedroom Rate, D - Three Bedroom Rate, E- Four Bedroom Rate

[19] An area relating to access to facilities and services containing a variety of residential lettings across which LHAs are determined.

Table 4: Comparison of monthly LQ rent and LHA in Tonbridge & Malling (2021)

(Sizes)	Room only	Studio/1bed	2-bed	3-bed	4-bed
LQ Rent	£550	£638	£900	£1,200	£1,500
LHA	£379	£647	£822	£986	£1,318
LHA Coverage (%)	69.0%	101.5%	91.4%	82.1%	87.8%

Source: ONS, 2021 / VOA, 2021

3.58 The LHA coverage shows that the current LHA rate allows eligible LQ households to cover a large proportion of their expenditure on rents. This coverage ranged from 82% to 102% for the dwelling size of "Studio/1bed" to "4-bed". However, the current rates (in terms of the money households actually receive) are still insufficient to fully cover the rent of all eligible households.

3.59 The table below shows the CAGR of median and LQ rents of different sizes of dwellings in Tonbridge & Malling's PRS market between 2017 to 2021.

Table 5: Growth (CAGR) of PRS rent and Local Housing Allowance (LHA) in Tonbridge & Malling, 2017-2021

(Sizes)	Room only	Studio/1bed	2-bed	3-bed	4-bed
Mean Rent	10.71%	2.44%	2.02%	2.24%	-0.77%
LQ Rent	8.97%	1.53%	1.44%	3.39%	0.85%
LHA	5.50%	4.84%	4.69%	5.13%	4.23%

Source: ONS, 2021 / VOA, 2021

3.60 Based on the trends in recent years, except for shared accommodations ("Room-only"), the growth of average LHA rates of Tonbridge & Malling was able to follow both mean and LQ rent growth trends in the private rental market.

3.61 This indicates that the specified LHA rates of different sizes of dwellings (except for room-only) are able to follow the recent growth trend of PRS rents. As a consequence, this will attract more eligible LQ households to rent and live in the Borough since LHA covers a large proportion of their expenditure on rents and the yearly adjustment trend of LHA rates shows that is likely to cover more in the future.

The Planning System

3.62 The planning system has a key role to play in deciding how many, where and what type of new homes are built. It also decides what areas need to be protected or enhanced and assesses whether the proposed development is suitable and will benefit the economy and communities.

3.63 A report produced by the National Audit Office in 2019, however, remarked that "looking across the landscape, from the setting of the need for new homes to the reductions in local authority capability, the under-performing Planning Inspectorate and failures in the system to ensure adequate contributions for infrastructure, it is clear that the system is not working well. Given these problems, we cannot conclude that the planning system currently provides value for money in terms of delivering new homes effectively[20]".

3.64 A common criticism of the planning system is the restrictions imposed on the supply of housing land in areas of high demand. It is noted that, in these areas, releasing land for development can confer large social welfare gains. This may, however, require some relaxation of planning policy[21]. This chimes with the view of the current government that has diagnosed the planning system as central to the failure to build enough homes, particularly where housing need is at its most severe[22].

3.65 This has led to calls for fundamental reform. The planning system is, however, not only an economic phenomenon but also a political one. Part of the government's proposed planning reforms announced in August 2020, sought to move from a discretionary system to a zonal one specifically to reduce the capacity of local politicians to mount challenges to proposed developments once a planning application has been submitted. These proposals have, however, met with fierce resistance and are unlikely to be introduced in their original form.

[20] National Audit Office, Planning for new homes (2019) page 7
[21] Government Office for Science, Land Use Futures: Making the most of land in the 21st century, page 24
[22] House of Commons Library, Tackling the under-supply of housing in England, page 4

3.66 The uncertainty resulting from the discretionary system is therefore likely to remain. While this may be appropriate given the need to supervise development (and England's culture and political traditions) it is important to acknowledge that the risk of failure to secure planning on a percentage of their schemes is built into the system.

3.67 They mitigate this risk by assembling substantial land banks to ensure their ability to meet their production and financial targets. Moreover, the adoption of a conservative business model is commonplace based on drip-feeding new homes into the market in order to protect their margins.

3.68 The Green Belt is an enduring symbol for many of the highly politicised nature of the planning system. It safeguards large swathes of land much of which is perceived to be of poor quality in environmental terms. This same land is often located close to existing settlements; they are likely, therefore, to be relatively sustainable and attractive to households.

3.69 The economist Kate Barker observed "you should ask yourself about each piece of Green Belt, whether the planning purpose that caused it to be put in is as true today as it was originally. The sentence I disliked most in the original Green Belt policy, which was called PPG2, explained that the key characteristic of the green belt was its "permanence""[23].

COVID-19

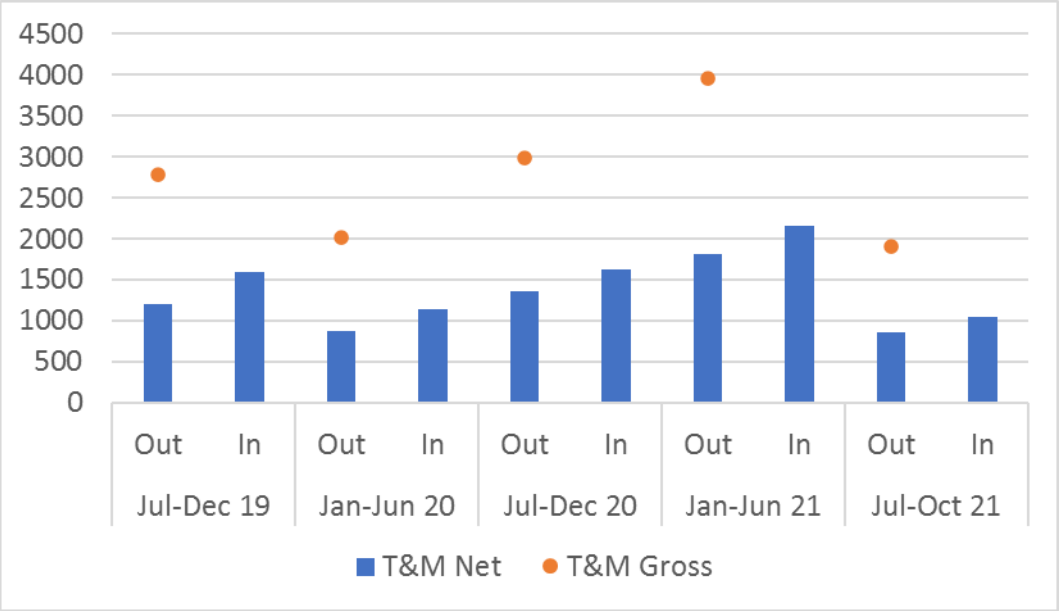
3.70 The different phases of the ongoing COVID-19 pandemic (the Pandemic) have seen dramatic changes in population mobility, both in terms of daily mobility to/from retail/recreation locations and workplaces, and in terms of domestic migration.

[23] House of Commons Library, Tackling the under-supply of housing in England, page 66

3.71 In order to investigate these trends, Royal Mail data have been collected from the period July 2019 to October 2021. These data are based on the Royal Mail post sector relocation records. Both net flows and gross flows of home movers within Tonbridge & Malling and the HMA are provided.

3.72 The figure below displays the gross and net relocation flows in Tonbridge & Malling. The data shows that the net inward flow is positive, suggesting the district is relatively popular. While the gross number of moves fell during the national lockdown periods of early 2020 and the second half of 2021, this trend endured.

Figure 13: Home movers, Tonbridge & Malling, July 2019 – October 2021

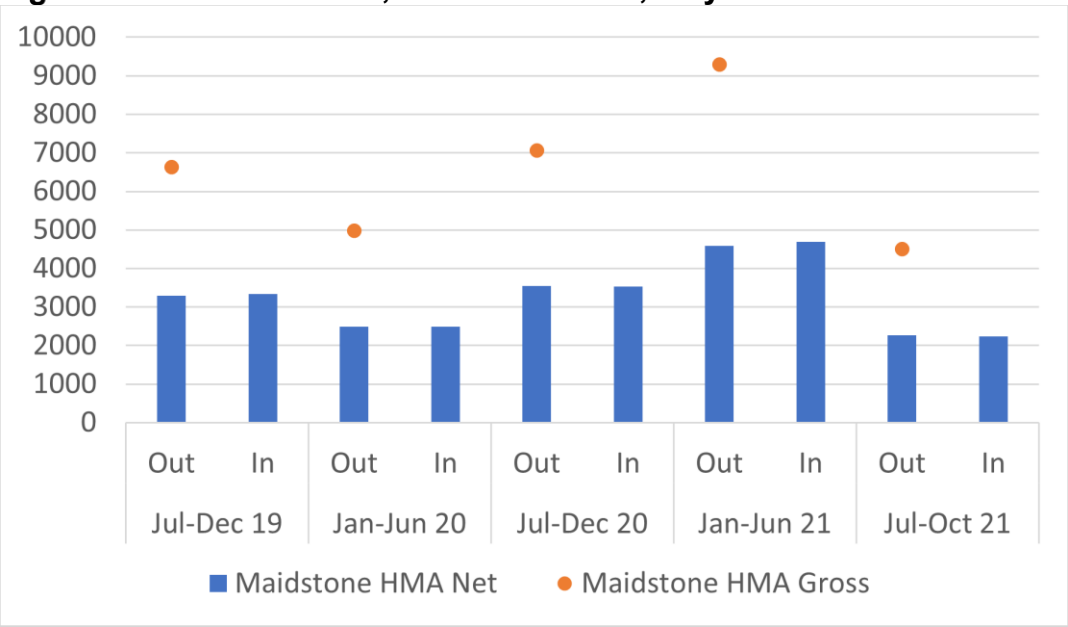


Source: GLH analysis of Royal Mail data, 2021

3.73 The figures below display the gross and net relocation flows in the two HMAs in which Tonbridge & Malling sits. Similar trends to the Borough can be observed in the Sevenoaks/Tonbridge/ Tunbridge Wells HMA as Tonbridge & Malling Borough level, suggesting its relative appeal within the South East and Greater London area.

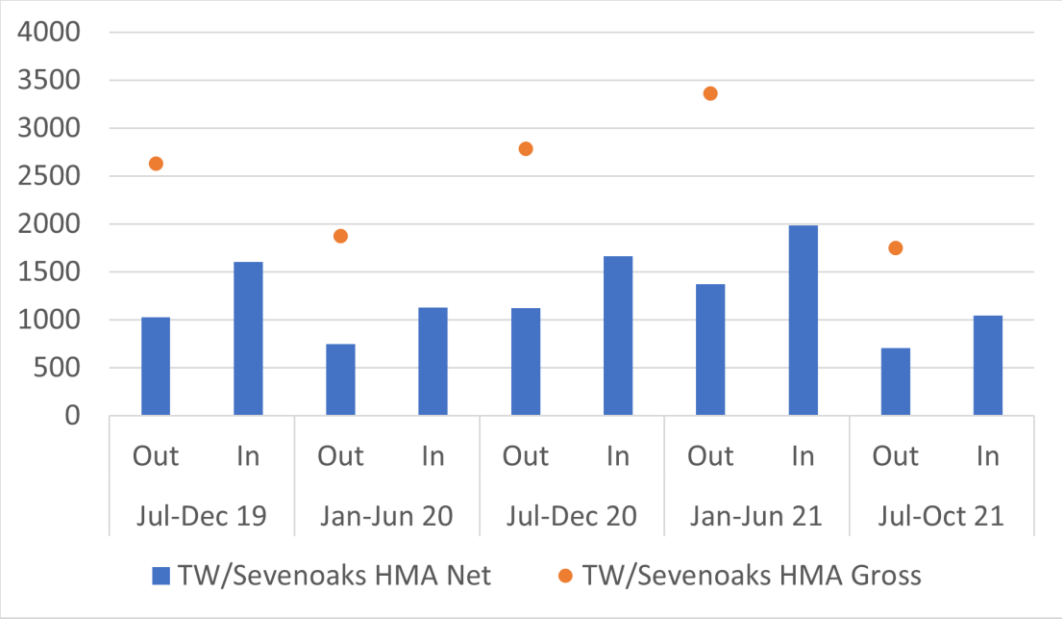
3.74 For the Maidstone HMA, the difference between the inflow and outflow of home movers are generally balanced during the Pandemic period.

Figure 14: Home movers, Maidstone HMA, July 2019 – October 2021



Source: GLH analysis of Royal Mail data, 2021

Figure 15: Home movers, Sevenoaks/Tonbridge/ Tunbridge Wells HMA, July 2019 – October 2021



Source: GLH analysis of Royal Mail data, 2021

3.75 It is also worth noting that the only discernable impact relating to the Pandemic is one of volume. In the period before the Pandemic (July – December 2019) the net inflow was positive; this has not changed significantly.

3.76 The suggestion from commentators that the Pandemic would encourage more people to move out of urban areas would suggest that the inward flow to the two HMAs would increase given the area's predominantly rural character and proximity to London. The data indicates this has not happened to any significant degree.

The impact of Brexit

3.77 Brexit has had a substantial impact on the operation of the housing market in England in two ways. Firstly, net international migration to the South East of England has become negative since the 2016 referendum. This is likely to be associated with the fall in migration from EU member states and an exodus of people from EU countries since the 2016 referendum. As a result, the labour market has become tighter enabling contractors and people working in the construction sector to charge more for their services.

3.78 Secondly, supply chains have become disrupted as a consequence of the EU/UK trade deal agreed on in December 2020. That said, it is difficult to disentangle the effects of Brexit from those of the Pandemic in this regard.

3.79 Be that as it may, the industry has reported substantial increases in the price of materials across a range of building products. This is reflected in the views expressed in the market survey carried out as part of this report.

3.80 The survey produced largely negative views when respondents were asked whether Brexit will be good for their business. Three respondents selected "neither agree nor disagree"; two disagreed; one respondent declined to answer. Of the seven respondents, one strongly agreed that Brexit would be good for their business.

3.81 Respondents identified both the issues with labour and supply shortages set out above:

> *"The impacts on availability and delivery of materials is largely due to Brexit" and that*
>
> *"In terms of supply chains and labour for construction Brexit has been and will be unhelpful".*

3.82 That said, one respondent was more optimistic:

> *"We acknowledge that there are obstacles and we anticipate that there will also be opportunities".*

Table 6: "Brexit will be good for my business"

Options	Responses
Strongly agree	1
Agree	0
Neither agree nor disagree	3
Disagree	2
Strongly disagree	0

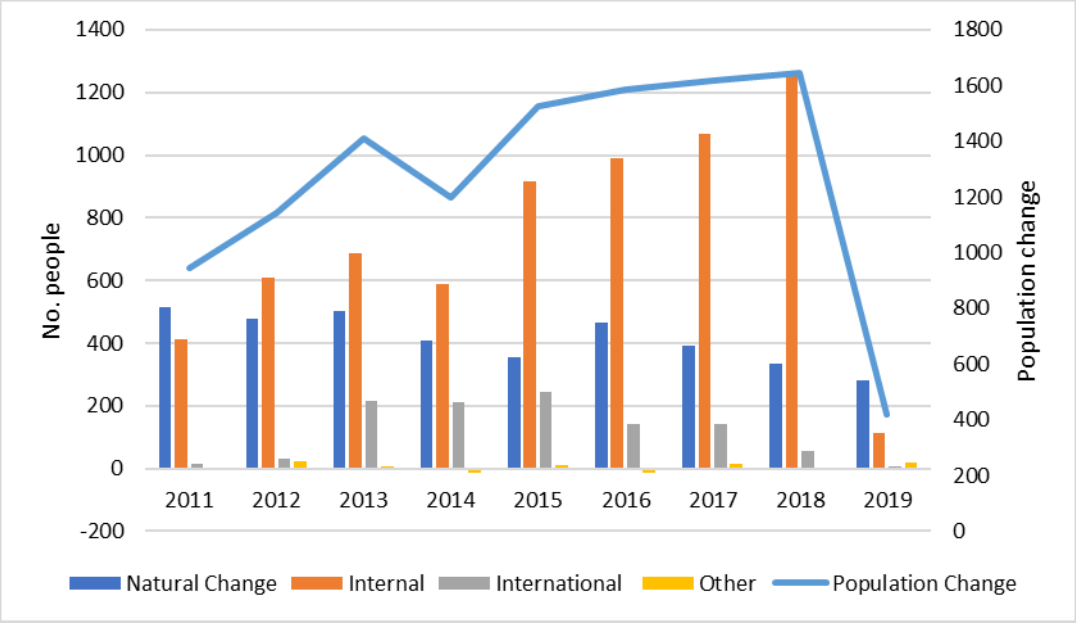
Source: GLH analysis of responses to the market survey

3.83 Each of these phenomena is considered below.

i. *Tightening labour market*

3.84 The figure below shows the components of population change in Tonbridge & Malling from 2011. This indicates that internal migration (the difference between births and deaths) and natural change have been the main drivers of population growth over the period.

Figure 16: Components of population change in Tonbridge & Malling, 2011-2019



Source: ONS

3.85 That said, from 2013 until 2015 international migration was a significant contributor to population growth in the Borough. However, since 2016, the year that the UK voted to leave the EU, international migration has fallen considerably and recorded the lowest figure in 2019 since this period started in 2011.

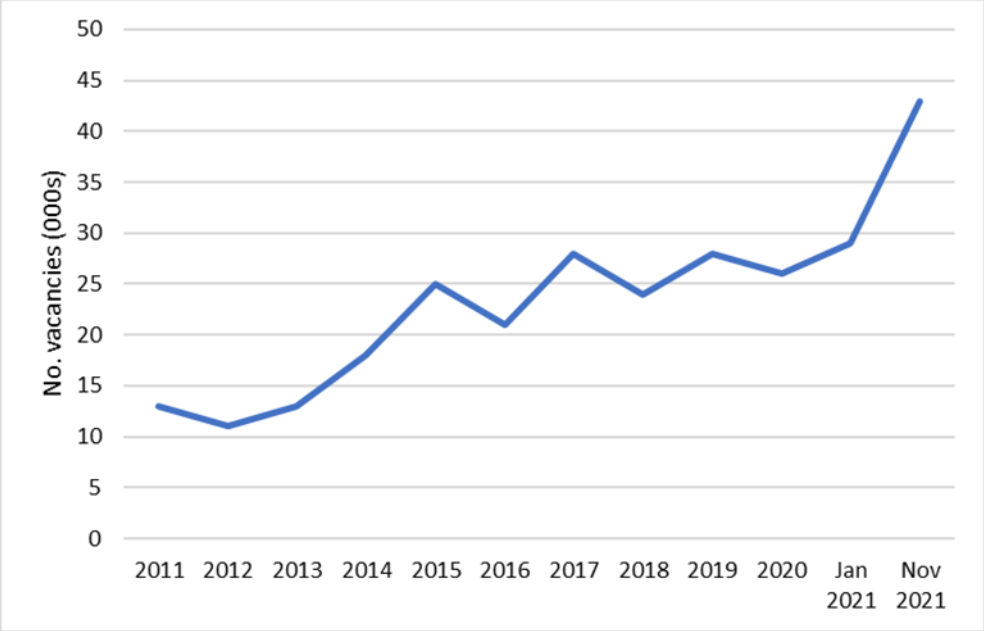
3.86 However, although there is a steady growth of population in Tonbridge & Malling since 2014, a sharp decrease in this trend is observed in 2019. This significant reduction in population growth is mainly caused by the decrease in internal migration. Since BREXIT officially came into effect in 2020, the decreased trends are likely to have contributed to a tightening of the labour market within this geography. Construction firms have complained of unavailable transport, a severe lack of materials and continued staff shortages among bricklayers, drivers, ground workers, joiners and plumbers.

3.87 A recent news report commented that "In terms of skills shortages, in some hotspots of activity where house building, refurbishment and infrastructure is buoyant, there have been shortages of skilled (and even unskilled) construction labour since Spring 2021. This has been exacerbated by the fall in EU labour." [24]

3.88 This analysis is supported by data relating to the number of vacancies in the construction sector. The has been a crisis of recruitment in the sector for some time; this is likely to have been exacerbated by the declines in population.

3.89 As shown in the figure below, while the period 2012 to the end of 2020 has seen a steady deterioration, 2021 has seen a large number of vacancies emerge. It has been reported that this has led to an increase in wages. Between February and July 2021, advertised wages in the construction sector rose faster than the rest of the UK economy, by 6.7 per cent in the period, compared to an average increase across all industries of 0.8 per cent, as demand for labour has increased.[25]

Figure 17: Vacancies in the Construction Sector



Source: ONS, VACS02 Vacancies by industry

[24] Tories' manifesto pledge to build 300,000 houses a year now 'almost impossible'
[25] Construction salaries rise more than any other sector

3.90 Also, there has been widespread commentary on shifts in the labour market with many workers re-considering their working lives in the wake of the Pandemic and some exiting the labour market altogether. Furthermore, the illness itself has resulted in a large number of workers being unavailable to work. A report in the housing sector press reported labour shortages due to workers becoming infected. This has an effect on prices for projects."[26]

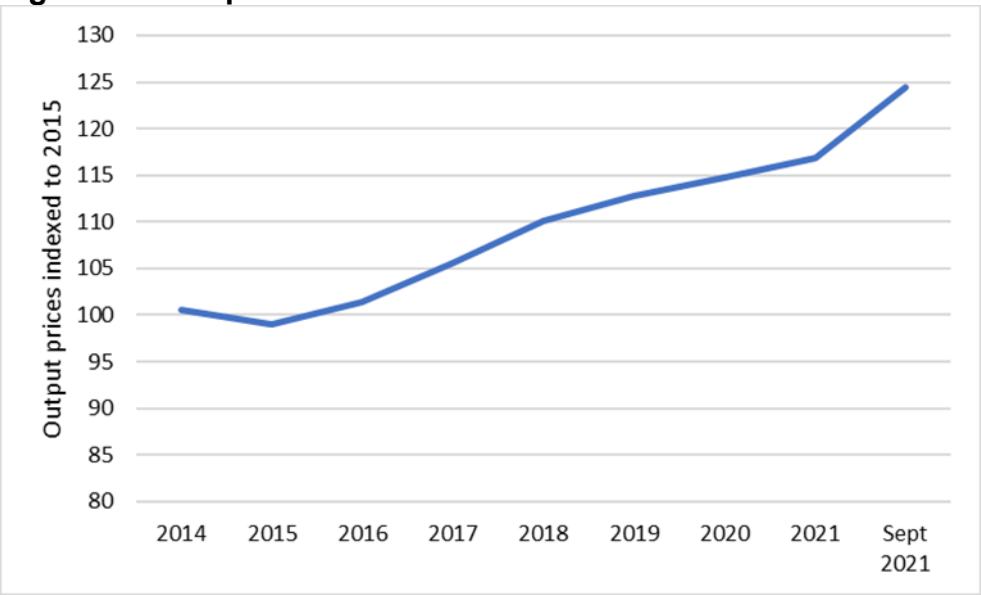
3.91 In the market survey, five out of seven respondents felt that their capacity to bring forward development had been affected by labour shortages, with one respondent reporting that labour costs have increased by up to 30%.

ii. *Supply of materials*

3.92 The figure below shows the change to the Output Price Indices (OPI) for Construction since 2015. The OPI measures the price level of work being executed in a given period. It is also worth noting that during 2021, prices have risen particularly strongly, suggesting the impact of the Pandemic on the supply of building materials.

[26] How are social landlords being impacted by supply chain shortages?

Figure 18: Output Price Indices for Construction 2014-2021



Source: ONS, Construction Output Price Indices

3.93 Tom Titherington, chief investment and development officer at Sovereign Housing Association[27] is reported to have reined in its development ambitions in the short-term due to increasing costs.

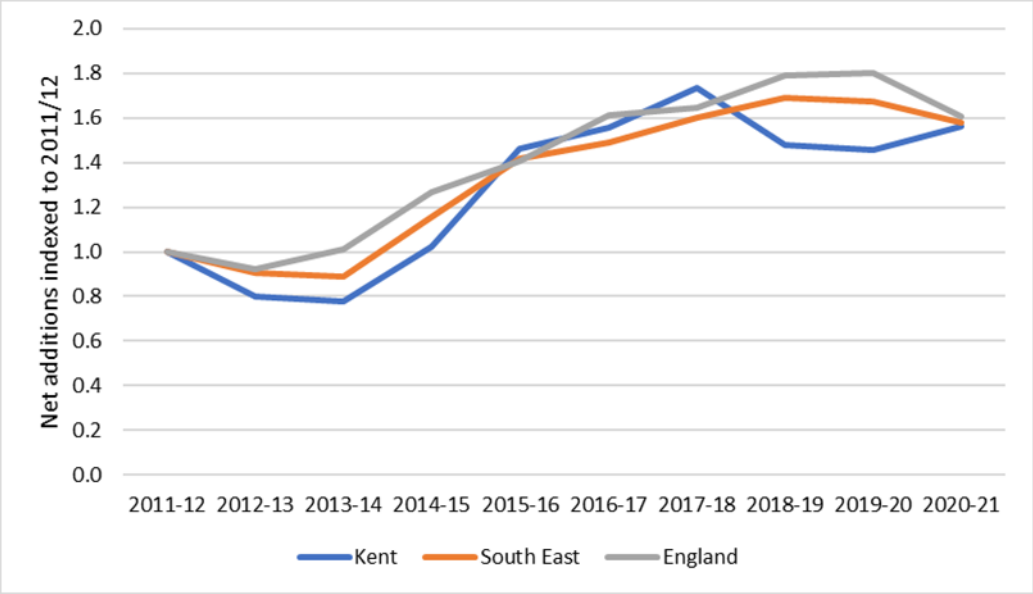
> *"Most of our contracts are fixed price so theoretically the price increases don't come to us but the supply chain issues and the absence of certain materials at certain points of time have really pushed out the delivery programme."*
>
> *"While we don't think that our numbers will be bad, it is clear we will not hit the 1,900 homes that we intended at the beginning of this year. It is hard to have certainty more than a couple of months ahead and the whole industry is unclear on future materials availability and labour supply."*[28]

3.94 In the market survey, five out of seven respondents felt that their capacity to bring forward development was affected by materials shortages. Reasons given were, firstly, delays in deliveries; secondly, added costs in the supply chain; thirdly, increased costs creating viability issues; and fourthly; rising costs impacting on completion dates.

[27] Sovereign is a Registered Provider with an estate of around 60,000 dwellings.
[28] Ibid

3.95 It is therefore worth noting the impact on the rate at which new homes are built. The figure below shows net new additions to the building stock for Kent, the South East of England and England over the last decade, indexed to 2011.

Figure 19: New additions to housing stock, Kent, South East and England (2011-2021)



Source: ONS (Table 122)

3.96 This charts the recovery of the housebuilding industry since the financial crisis of 2008/9. Between 2013/14 and 2015-16 there was a rapid pick-up of construction activity. Thereafter, activity has plateaued and declined from a peak of activity over the period from 2017/18 to 2020/21.

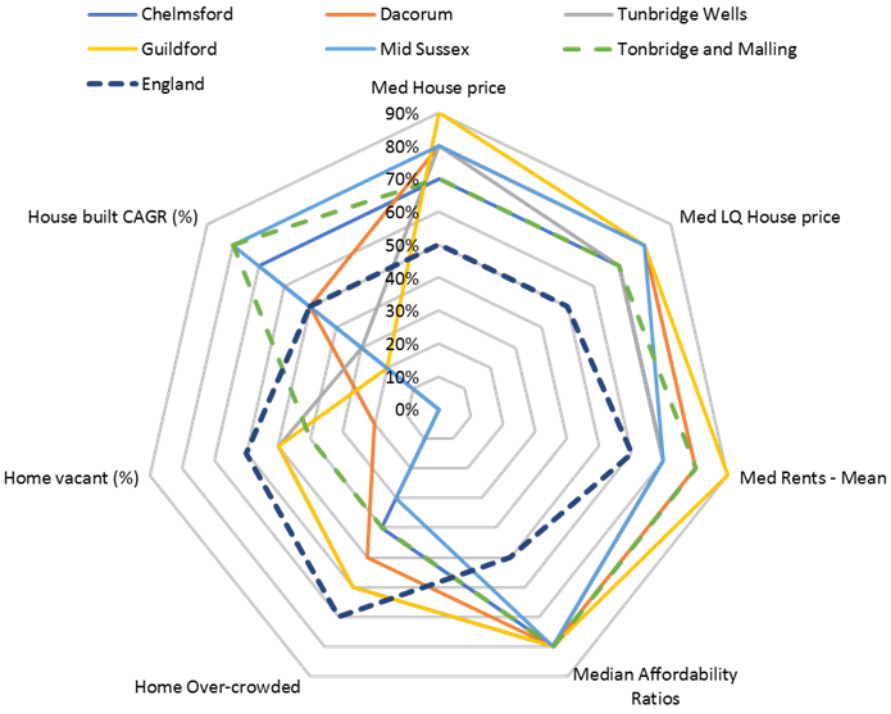
National Housing Market - Summary

Councils comparative analysis

3.97 A comparison of councils across England identifies three housing market types. These are “over-heated”, “misaligned” and “low demand”. This provides a means of understanding housing dynamics across different local authorities in England.

3.98 Tonbridge & Malling falls into the "over-heated" market type. These tend to be grouped in the South East and Eastern regions of England. Examples include Hart, Tunbridge Wells, Guildford, Mid-Sussex, Chelmsford and Dacorum.

Figure 20: Councils with overheated housing market



3.99 These local authorities exhibit relatively high house prices, rents, and Median Affordability Ratio (MAR). They are likely to have strong demand and a supply of homes to the market that struggles to meet this demand.

3.100 That said, Tonbridge & Malling exhibit modest over-crowding; a low rate of vacancies and a high compound annual growth rate compared to the other councils with which it is grouped. This indicates that TMBC has performed relatively well in meeting the high demand for homes within its area.

Macro-economic factors

3.101 The study reviews a number of factors that have influenced the housing market at the national level.

i. *the treatment of housing as an investment, as well as a place to live;*

3.102 The era of low-interest rates in the UK has led to a growth in home ownership. The perception of a home as an investment asset causes a disconnect between house prices and the price households would otherwise be willing to pay for the right to live in the same home.

3.103 The rent payable on the dwelling can be used as a proxy for the latter given it reflects the market price for the “consumption” of housing services.

3.104 If the investment driver of demand was choked off, it is likely that house prices would sink back to a level more in line with rents.

3.105 Tonbridge & Malling is a high demand part of England. There is little doubt that the strength of demand for homes has been fueled in recent years by investment activity.

3.106 For this reason, it is likely that the affordability challenge will endure and the growth of both the Private Rented Sector (PRS) (a trend associated with the unaffordability of “for sale” products) and demand for affordable homes will remain high.

ii. *the growth of the private rented sector and build to rent;*

3.107 Worsening affordability has led to the growth of the proportion of households living in the PRS in recent years. Between 2000 and 2020 the proportion of those renting has risen in England from around 10% to around 19%.

3.108 Its role in the provision of affordable housing has also grown. This is partly a result of the weak delivery of affordable homes but also through the function of Universal Credit as a voucher system that enables households on low incomes to access accommodation.

3.109 Given affordability challenges, it is likely that the PRS will continue to form an important part of how Tonbridge & Malling enable households on median incomes to access low-cost market housing.

3.110 It is also likely to form part of the supply of affordable housing through Universal Credit. Based on the current Local Housing Allowance (LHA) rates of Tonbridge & Malling, the allowance does not fully cover the LQ households' expenditure on paying rents.

3.111 That said, except for shared accommodation, although the specified LHA rates of different sizes of dwellings are able to follow the recent growth trend of PRS rents, it will be important in future years to monitor whether the LHA growth rate continues to follow the growth of LQ rents. This is so as to keep track of whether households on low incomes to access homes suited to their needs.

3.112 Based on the trends in the past six years, the average LHA rates of Tonbridge & Malling have increased in line with both mean and LQ rent trends in the private rental market. That said, LHA rates (in terms of the money households actually receive) are insufficient to cover the rent of all eligible households.

iii. *the role of the planning system;*

3.113 The planning system performs the essential role of balancing the competing demands of the need for development with protecting the environment.

3.114 That said, it is argued that sometimes this balance is out of kilter as a result of the policy that is no longer fit for purpose remaining in place. This imposes unnecessary restrictions on development and, as a result, diminishes households' socio-economic welfare.

iv. *the impact of the COVID-19 Pandemic;*

3.115 The data gathered on domestic house moves at the Borough level suggests that Tonbridge & Malling is relatively popular. While the gross number of moves fell during the national lockdown[29] period of early 2020 and the second half of 2021, the balance has been consistently in favour of households moving into the area.

3.116 The same trends are observed at the two HMA levels, particularly Sevenoaks/Tonbridge/ Tunbridge Wells HMA. That said, the balance of net inflows to outflows has not changed from trends observed before the pandemic hit. This suggests that the prediction that the pandemic would trigger outflows from urban areas may be exaggerated.

[29] The lock-downs were government initiatives that places severe restrictions on people's movement designed to reduce the spread of the COVID-19 virus.

v. *The impact of Brexit*

3.117 Brexit has impacted the housing market in England by:

- reducing net international migration resulting in a “tighter” labour market; and
- disrupting supply chains.

3.118 The housing market survey conducted as part of this report produced largely negative views when respondents were asked whether Brexit will be good for their business, with respondents citing both these issues.

3.119 Construction firms have complained of unavailable transport, a severe lack of materials and continued staff shortages among bricklayers, drivers, ground workers, joiners and plumbers.

3.120 These reports are supported by data relating to the number of vacancies in the construction sector. This has led to an increase in wages.

3.121 After recovery of house-building activity in Kent over the period 2013/14 to 2015/16 activity has plateaued and declined over the period from 2017/18 to 2020/21.

3.122 Taken together, these factors have a profound impact on the growth of the dwelling stock in Tonbridge & Malling. They are likely to reduce the capacity of the market to respond to surges in demand (i.e. dampening supply), placing increasing pressure on affordability.

4 HOUSING MARKET AREA

4.1 The National Planning Policy Framework (NPPF) states that Local Planning Authorities (LPAs) and county councils are under a legal duty to co-operate with each other on strategic matters that cross administrative boundaries[30].

4.2 Planning Practice Guidance (PPG) sets out that the appropriate geography that should indicate which LPAs are likely to need to work together to address these issues is the Housing Market Area (HMA).[31]

4.3 The project team has therefore carried out the necessary analysis to identify the HMA(s) into which Tonbridge & Malling falls. In so doing, this report revisits the conclusions arrived at by GL Hearn in the Strategic Housing Market Assessment (SHMA) (March 2014).

4.4 PPG relating to how to HMAs can be defined was updated in March 2019. The relevant extracts are set out below and inform the approach adopted in this report.

> *"A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:*
>
> - The relationship between housing demand and supply across different locations, using **house prices and rates of change in house prices.** This should identify areas that have clearly different price levels compared to surrounding areas.
> - **Migration flow and housing search patterns**. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).

[30] NPPF, para 24
[31] PPG (Plan-making) Ref ID: 61-038

- **Contextual data such as travel to work areas, retail and school catchment areas.** These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use)."[32]

4.5 The 2014 SHMA found that there were "two distinct HMAs operating in the West Kent area: one focused on Maidstone and the other focused on Sevenoaks, both of which exert influence on Tonbridge & Malling[33]".

4.6 That said, it also found there were "shared flows with North Kent (particularly Medway) which are likely to be characteristic of particular localised interactions. We also identify some interactions with parts of South East London (particularly in regard to net migration flows)".[34]

4.7 This report has therefore gathered relevant evidence to assess the conclusion that Tonbridge & Malling falls into two HMAs (Sevenoaks and Tunbridge Wells (West Kent) HMA and the Maidstone HMA), remains true.

4.8 As noted in the 2014 SHMA, housing markets are dynamic and will change in response to shifts in economic conditions, for example, the provision of new infrastructure and the growth (and decline) of centres of employment.

4.9 The relevant data to interrogate whether there have been any significant shifts that have implications for the structure of the HMA have been set out below.

House Price Differentials

4.10 House prices have been analysed using

- average house prices from Zoopla's Zed Index (ZZI); and
- the latest ONS data-sets recording median and lower-quartile house prices.

[32] PPG (Plan-making) Ref ID: 61-018
[33] 2014 SHMA, page 30
[34] 2014 SHMA, page 30

4.11 The findings from this analysis have also been discussed with local agents, housebuilders and Registered Providers (RPs) to provide a sense-check before settled conclusions are arrived at.

ZZI

4.12 According to ZZI, Sevenoaks, Edenbridge and Tunbridge Wells command the highest house prices in Kent. These areas have average house prices of around £580,000. This is consistent with the findings in the 2014 SHMA, which found that the highest residential values in Kent are in the West of the county.

4.13 The mid-range value band includes areas with house prices between £343,000 and £405,000. This includes towns such as Ashford, Gravesend, Dartford, and Maidstone.

4.14 The lower value house prices range from £330,000 to £189,000, with the lowest house price found in Queenborough in Swale.

Table 7: Average house prices – small areas, Kent, 2021

Area	Avg. price paid	Area	Avg. price paid
Sevenoaks	£634,758	**Herne Bay**	£350,997
Edenbridge	£558,678	**Deal**	£350,480
Tunbridge Wells	£548,615	**Birchington**	£346,619
Cranbrook	£538,211	**Ashford**	£343,489
Tenterden	£487,384	**Belvedere**	£330,326
West Malling	£486,189	**Greenhithe**	£328,707
Westerham	£483,154	**Erith**	£323,838
Longfield	£479,217	**Romney Marsh**	£322,301
Tonbridge	£465,168	**Dover**	£321,969
Whitstable	£431,425	**Rochester**	£319,494
Broadstairs	£405,337	**Sittingbourne**	£315,558
Hythe	£376,973	**Swanscombe**	£313,970
Maidstone	£373,941	**Folkestone**	£311,915
Swanley	£372,682	**Gillingham**	£310,143
Rainham	£372,369	**Snodland**	£304,180
Canterbury	£370,880	**Ramsgate**	£301,100
Faversham	£359,373	**Margate**	£286,920
Sandwich	£358,065	**Westgate-on-Sea**	£280,017
New Romney	£357,796	**Chatham**	£279,136
Dartford	£355,964	**Sheerness**	£272,542
Gravesend	£355,442	**Queenborough**	£188,636
Aylesford	£353,561	**-**	-

Source: Zoopla Zed Index, House prices in Kent, 2021

4.15 It is helpful to divide Kent into the four sub-areas of East, Mid, West and North Kent.

- East Kent includes Canterbury, Dover, Folkestone & Hythe (formerly Shepway) and Thanet;
- Mid-Kent comprise Ashford and Maidstone;
- West Kent contains Sevenoaks, Tonbridge & Malling and Tunbridge Wells; and
- North Kent is made up of Dartford, Gravesham, Swale, and Medway.

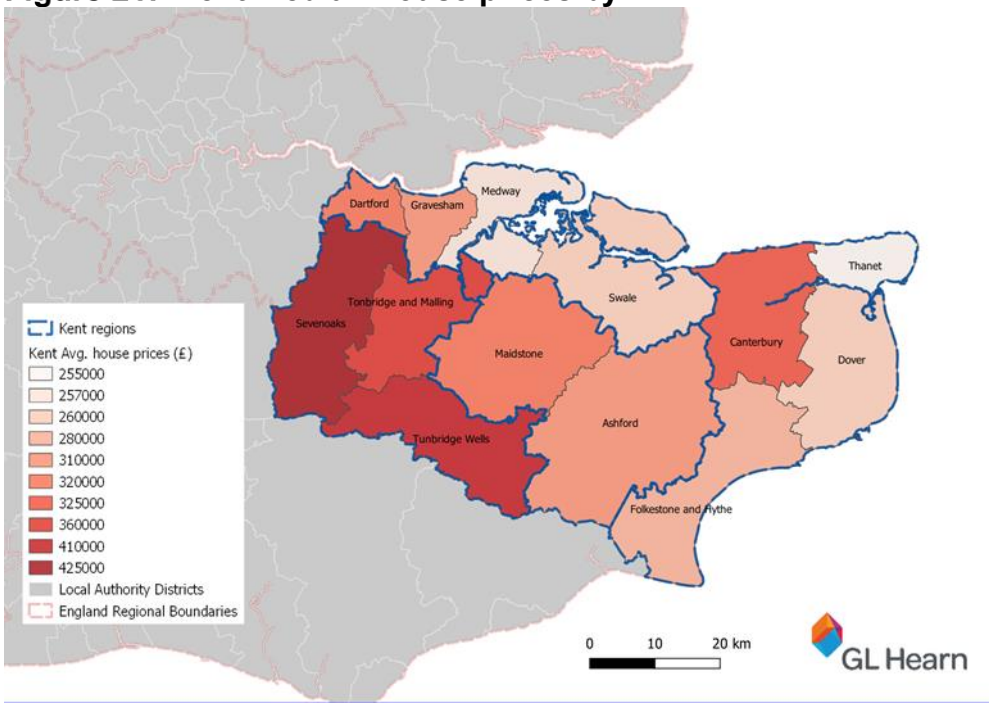
4.16 These price differentials highlight a significant gap between West Kent and East/North Kent regions with an average price in West Kent of £398,333, while in East and North Kent it is £280,000 and £286,750 respectively. The price in Mid-Kent is slightly higher than in East/North Kent regions, with £315,000 on average. However, the price gap is still substantial.

ONS

4.17 Similar results to the analysis of the ZZI data are found from ONS house prices for councils in Kent, with higher house prices seen in West Kent. The highest median house prices in the county are in Sevenoaks, Tunbridge Wells and Tonbridge & Malling with prices of £425,000, £410,000 and £360,000 respectively.

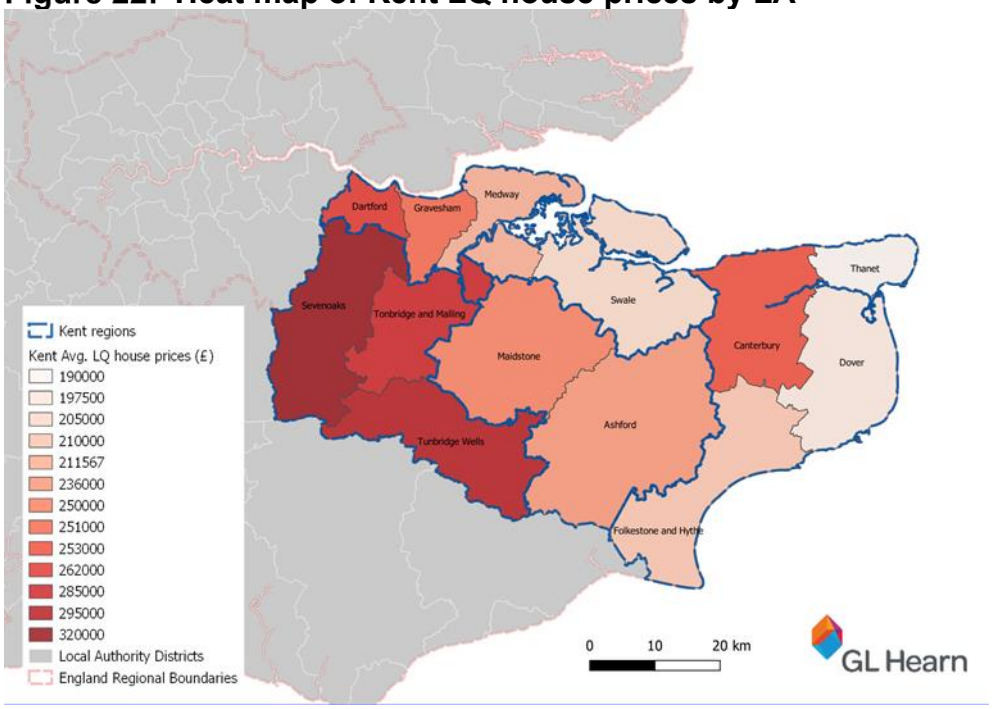
4.18 The lowest median house prices were found in Swale (£260,000), Medway (£257,000), and Thanet (£255,000).

Figure 21: Kent median house prices by LA



Source: ONS median house prices, 2020

Figure 22: Heat map of Kent LQ house prices by LA

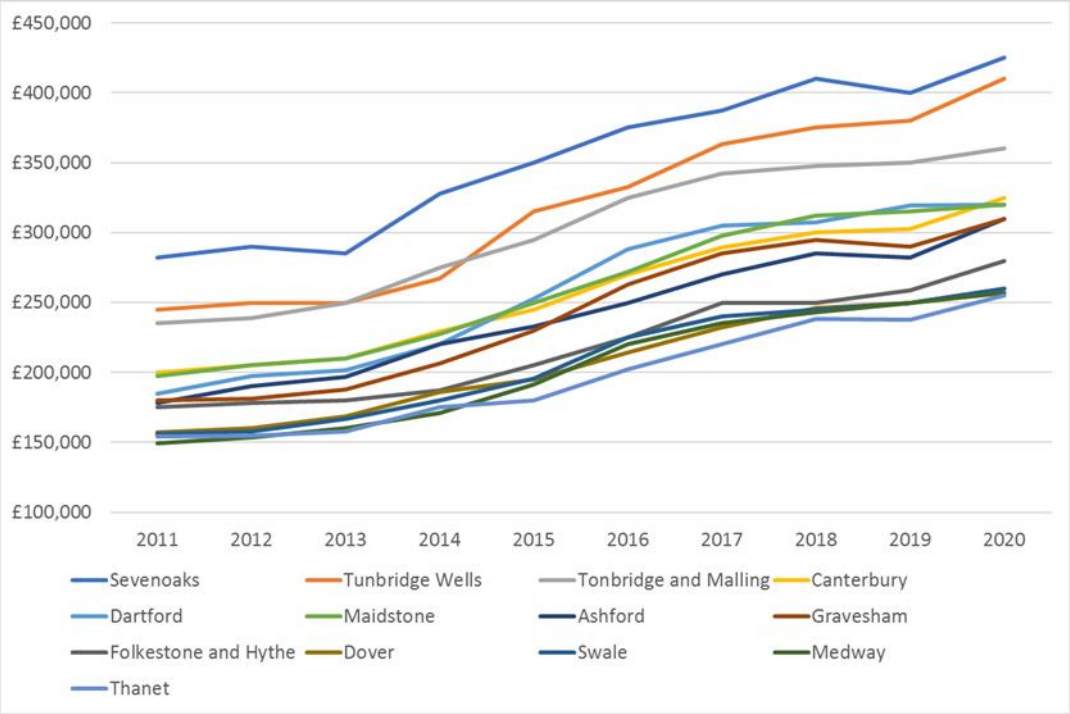


Source: ONS LQ House prices, 2020

4.19 The largest percentage changes in house prices between 2011 and 2020 were 74% in Ashford, 73% in Dartford, and 72% in Gravesham. The lowest percentage change was in Sevenoaks (51%), followed by Tonbridge & Malling (53%), and Folkstone and Hythe (56%).

4.20 The lowest percentage changes were for the higher/medium-priced property areas, while the highest percentage changes were for the mid-range value band.

Figure 23: Median House prices by LA 2011-2020



Source: ONS median house prices 2011-2020

Migration flows

4.21 Migration flows reflect households' movements between areas and thus are a key factor in considering the geography of housing markets. Using ONS, Land Registry transactions and Royal Mail home movers statistics, internal migration flows between relevant local authority areas have been identified to arrive at measures of migration self-containment. A low level of self-containment will point to a strong set of relationships with some adjoining authorities.

4.22 Therefore, to verify whether the functional housing market inter-relationships of Tonbridge & Malling with other councils determined in 2014 SHMA remains robust, ONS internal migration flow data has been analysed between relevant councils over the period 2014 to 2020. Both gross and net migration flows are considered.

4.23 Internal migration estimates are primarily based on data that flag up when people change their address with their doctor. For data from mid-2017 to mid-2020, internal migration estimates have used the combination of three administrative data sources, including the Patient Register (PR), the Personal Demographic Service (PDS) from NHS Digital and Higher Education Statistics Agency (HESA) data, which sets a proxy for internal migration within England and Wales and for cross-border flows from England and Wales to Scotland and Northern Ireland.

4.24 From mid-2012 to mid-2016, the NHS Central Register (NHSCR) was used in combination with the PR and HESA data. However, in February 2016 the Central Health Register Inquiry System was turned off, so data for within-year moves and cross-border flows are now sourced from the PDS.

4.25 The ONS internal migration flows typically describe larger flows between authorities that are close to, or border, one another and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/metropolitan authorities would support stronger flows than two smaller ones.

4.26 Taking this into account, a standardized analysis of flows has been undertaken considering the combined population of different authorities. Thus, the migration flow comparison is expressed with per combined 1,000 population to standardize the interaction scale between two larger population regions and two smaller population regions.

4.27 The table below shows gross migration flows between local authorities in Kent and Medway (aggregated with both directions) per annum, the gross flow per combined 1,000 population, and the net flow (from local authority 1 to authority 2) between mid-2014 and mid-2020.

Table 8: Average Combined Migration Flows in Kent and Medway (2014-20)

Local Authority 1	Local Authority 2	Combined Population in 2020 ('000s)	Gross Flow per Annum	Gross flow per 1,000	Net Flow (L2 to L1) per Annum
Tonbridge & Malling	Maidstone	303.98	2187.98	7.20	634.75
Dartford	Gravesham	219.55	1387.54	6.32	312.89
Ashford	Folkestone and Hythe	243.03	1526.67	6.28	345.41
Tonbridge & Malling	Tunbridge Wells	250.88	1383.92	5.52	403.05
Folkestone and Hythe	Dover	231.13	1242.65	5.38	208.38
Medway	Swale	428.64	2087.23	4.87	261.23
Sevenoaks	Tonbridge & Malling	252.90	1231.00	4.87	113.17
Thanet	Canterbury	307.32	1455.56	4.74	267.14
Dover	Canterbury	283.53	1300.03	4.59	102.27
Medway	Maidstone	450.38	1922.98	4.27	159.92
Swale	Canterbury	315.48	1247.11	3.95	416.62
Dartford	Sevenoaks	233.36	916.67	3.93	169.94
Gravesham	Medway	385.50	1355.77	3.52	115.78
Tunbridge Wells	Maidstone	290.55	908.90	3.13	78.04
Thanet	Dover	260.05	907.60	3.49	174.11
Maidstone	Ashford	301.86	914.72	3.03	104.03
Medway	Tonbridge & Malling	410.71	1239.14	3.02	190.61
Canterbury	Medway	443.95	831.06	1.87	205.26

Source: ONS, Internal migration, Table Year ending 2014-2020

4.28 In line with the 2014 SHMA and the sub-county division, the analysis shows that the housing market relationship between local authorities of East Kent and West Kent are still weak, registering limited annual flows per 1,000 people.

4.29 The table below identifies the internal migration flows of Tonbridge & Malling in relation to all other local authorities in Kent and Medway to understand the strength of the relationships.

Table 9: Internal migration flows of Tonbridge & Malling

Tonbridge & Malling	Local Authority	Gross Flow per Annum 14-20	Combined Population 2020 ('000s)	Flow per Annum / 1,000 pp
Tonbridge & Malling	Maidstone	2187.98	303.98	7.20
Tonbridge & Malling	Tunbridge Wells	1383.92	250.88	5.52
Tonbridge & Malling	Sevenoaks	1231.00	252.90	4.87
Tonbridge & Malling	Medway	1239.14	410.71	3.02
Tonbridge & Malling	Gravesham	304.25	239.09	1.27
Tonbridge & Malling	Dartford	246.63	244.76	1.01
Tonbridge & Malling	Swale	281.12	282.24	1.00
Tonbridge & Malling	Ashford	259.77	262.19	0.99
Tonbridge & Malling	Canterbury	233.55	297.55	0.78
Tonbridge & Malling	Folkestone & Hythe	125.94	245.15	0.51
Tonbridge & Malling	Thanet	96.35	274.08	0.35
Tonbridge & Malling	Dover	79.40	250.28	0.32

Source: ONS, Internal migration, Table Year ending 2014-2020

4.30 Among the other local authorities in Kent, the internal migration pattern of Tonbridge & Malling has a strong relationship with the following councils:

- Maidstone in Mid-Kent (7.20 moves per 1,000);
- Tunbridge Wells in West Kent (5.52 moves per 1,000); and
- Sevenoaks in West Kent (4.87 moves per 1,000).

4.31 Compared with the "Flow per 1,000" listed in 2014 SHMA, the migration relationship of Tonbridge & Malling with the four local authorities listed above have slightly strengthened.

4.32 The relationship between Maidstone and Tunbridge Wells (3.13 per 1,000) has increased compared with 2014 SHMA (2.58 per 1,000), but the relationship between Maidstone and Sevenoaks is still weak.

4.33 Nevertheless, the 2014 SHMA finding, that housing market dynamics in West Kent (including Tunbridge Wells and Sevenoaks) are influenced by Maidstone in Mid-Kent, remains true.

4.34 This confirms (as found in the 2014 SHMA) that Tonbridge & Malling falls within two distinct markets, one focused on Maidstone and the other focused on Sevenoaks and Tunbridge Wells.

4.35 It is also worth noting that there are strong internal migration relationships between the areas that make up North Kent and Medway. Several local authorities have seen relatively high levels of domestic migration between each other.

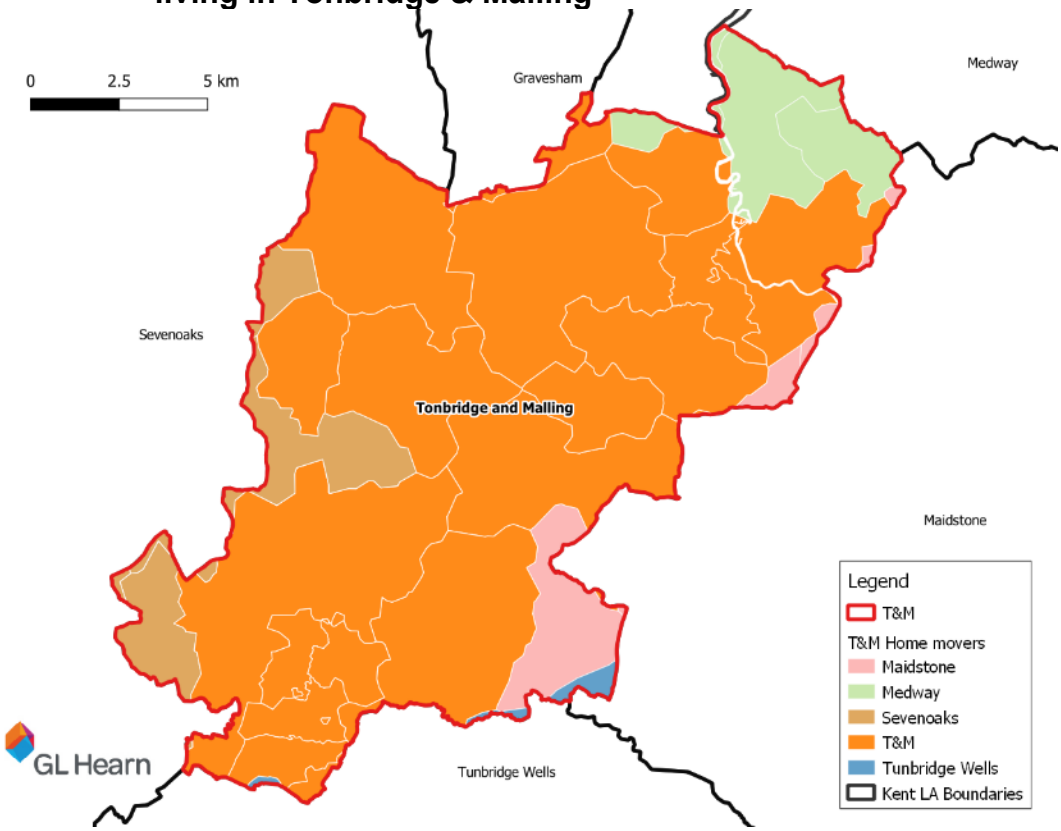
4.36 In terms of net migration flow in North Kent and Medway, there is relatively strong movement between Dartford and Gravesham and between Swale and Medway. Also, based on the standardized flow, there is a strong gross flow within North Kent and Medway councils.

4.37 Regarding the net flow between North and East Kent, there is a strong relationship between Swale and Thanet and Canterbury, which also demonstrates a strong gross flow in both directions.

4.38 The HMA geographies in which Tonbridge & Malling falls can also be evidenced through Royal Mail home movers data which records the origin and destination postcode of households moving home in England.

4.39 Based on the Royal Mail data, the map below shows that the majority of households' moves are within Tonbridge & Malling itself. However, the influence of Sevenoaks and Maidstone can be detected on the West and East flanks of the Borough respectively. This reinforces the finding that Tonbridge & Malling falls into two HMAs.

Figure 24: Representation of home movers by LA origin and destination living in Tonbridge & Malling



Source: GLH analysis of Royal Mail data, 2021

Self-Containment

4.40 The ONS internal migration flow evidence confirms that Tonbridge & Malling has strong relationships with three local authorities. These are Maidstone, Sevenoaks and Tunbridge Wells. These councils account for between 44 to 45 per cent of gross domestic migration between mid-2014 to mid-2020. It is worth noting that this data does not include domestic migration within Tonbridge & Malling itself. If including this would increase the level of self-containment further.

4.41 Royal Mail (RM) home movers are assessed based on post sector relocation records. The self-containment level of the HMA to which Tonbridge & Malling belongs is 48%. This figure is calculated by dividing the home movers within the HMA by all the Kent home movers.

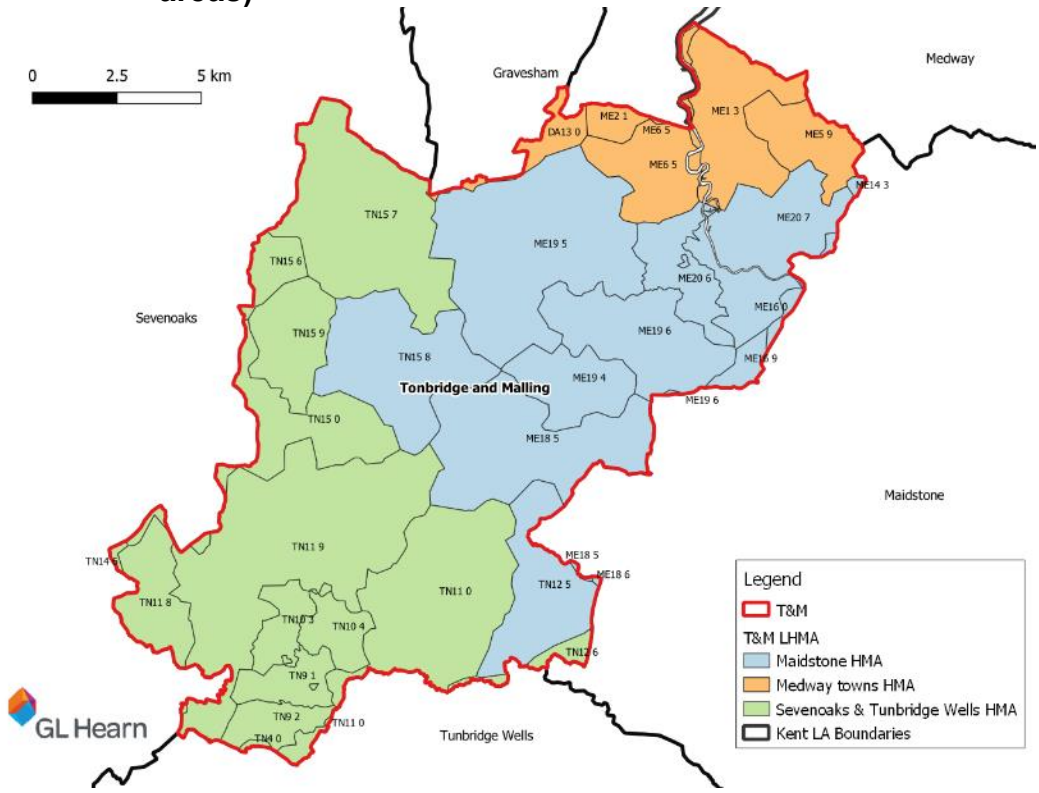
4.42 In a distinction from the 2014 SHMA (which used ward level analysis) this study uses RM post sector areas as boundaries to define the local housing market influence at a more disaggregated level.

4.43 The map below identifies two distinct HMAs operating in the West and Mid-Kent areas. Apart from the relocation within post sectors of Tonbridge & Malling, the home movers also show a strong relocation flow[35] to post sectors of adjacent local authorities.

4.44 This confirms the findings of ONS domestic migration. Both HMAs exert influence on Tonbridge & Malling, with one focused on Maidstone and the other focused on Sevenoaks and Tunbridge Wells.

[35] Post sectors of adjacent local authorities that fall within the top-five home movers' flow of post sectors of Tonbridge & Malling.

Figure 25: Influence of different HMAs on Tonbridge & Malling (by post sector areas)



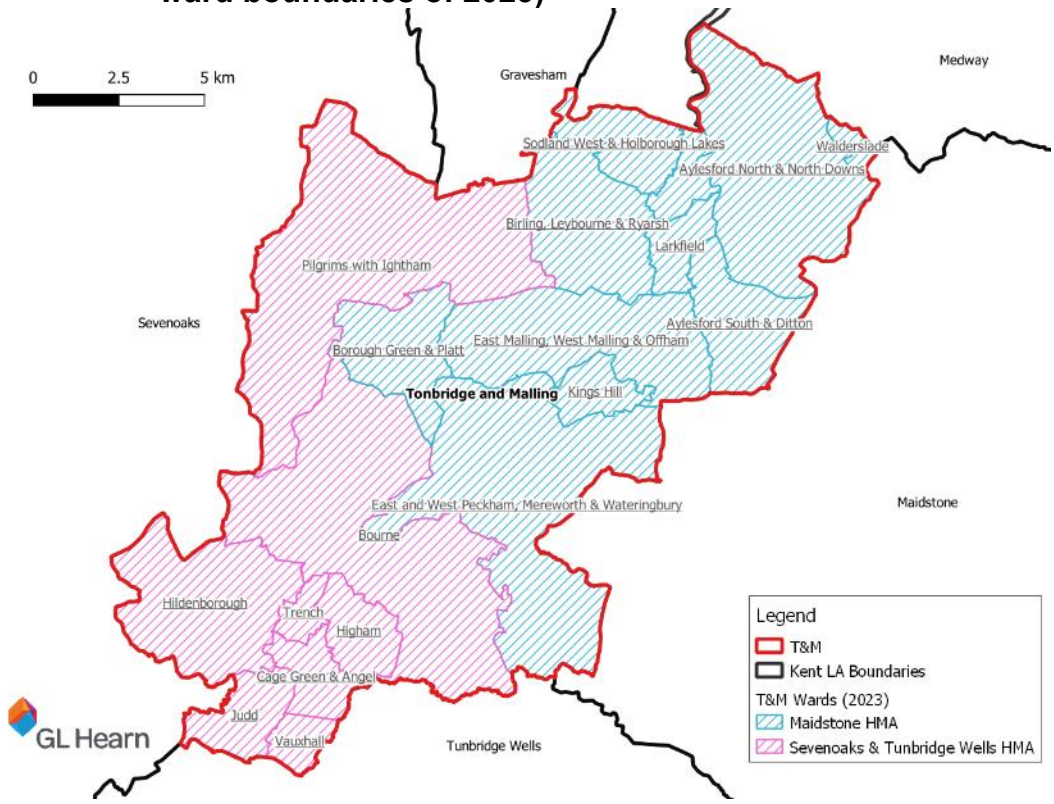
Source: GLH analysis of Royal Mail data, 2021

4.45 Although there is limited domestic migration between Tonbridge & Malling and other parts of Kent, consistent with 2014 SHMA, the RM home movers data indicates some shared flows with Medway Council in North Kent.

4.46 Based on ONS internal migration and the RM home movers data, it has been possible to identify the boundary of the two distinct HMAs operating in Tonbridge & Malling. This makes use of the new ward boundaries that come into effect in 2023.

4.47 The map below presents the "best-fit" of the two HMAs (the Maidstone HMA and the Sevenoaks/Tonbridge/Tunbridge Wells HMA) using a geolocating method[36] to identify the intersection of RM post sector boundaries and the new 2023 ward boundaries.

Figure 26: Two HMAs that exert influence on Tonbridge & Malling (by new ward boundaries of 2023)



Source: GLH analysis of Royal Mail data and TMBC inputs, 2021 to 2022

4.48 The map above shows the split of the two HMAs across the Borough, which differs slightly from that identified in the 2014 SHMA. The latest RM home movers' data shows that the ward "Borough Green & Platt" has a stronger relationship with the Maidstone HMA than with the Sevenoaks, Tonbridge and Tunbridge Wells HMA (Postcode sector 'TN15 8' having 18% home movers to Maidstone and 16% to Sevenoaks and Tunbridge Wells).

[36] QGIS geoprocessing tool (Intersect)

4.49 The map above shows the split of HMAs that has been used in the analysis of the chapters to follow to identify the influence of relevant HMAs on different parts of Tonbridge & Malling.

Tonbridge & Malling Commuting and Travel to Work

4.50 Commuting flows provides important evidence of the functional and market relationships between various authorities. The most up-to-date data has been gathered to understand the functional and market relationships within Kent.

4.51 The most recent commuting data available is the Annual Population Survey published in 2011. Therefore, in this section, the analysis largely reproduced that provided by the 2014 SHMA report by GL Hearn.

4.52 Also, the latest contextual data regarding how the COVID-19 pandemic impacts travel to work patterns published by ONS in June 2020 has been provided to supplement the analysis of the influence of London.

4.53 Similar to the ONS internal migration flow analysis, we adopted the “standardized” flow based on the working-age population.

4.54 This process has highlighted the strong interactions between Maidstone and Tonbridge & Malling (with daily flows of almost 80 per 1,000 working-age population) as well as between Tonbridge & Malling and Tunbridge Wells (daily with 59 flows per 1,000), adding further weight to this district being split across two separate markets. It is also worth noting that Tonbridge & Malling and Maidstone have daily combined flows of 13,900.

Table 10: Combined Commuting Flows (Annual Population Survey 2011)

Authority 1	Authority 2	Combined Daily Flow	Working Age Population ('000s)	Flow per 1,000
Maidstone	Tonbridge & Malling	13900	174.6	79.6
Tonbridge & Malling	Tunbridge Wells	8700	148.0	58.7
Dover	Folkestone and Hythe	7920	135.1	58.6
Dover	Canterbury	8470	165.5	51.2
Canterbury	Swale	8990	182.8	49.2
Maidstone	Medway	12770	273.1	46.8
Dover	Thanet	6260	148.9	42.0
Maidstone	Swale	7670	185.2	41.4
Canterbury	Thanet	6300	176.8	38.1
Ashford	Folkestone and Hythe	5230	139.9	37.3
Sevenoaks	Tonbridge & Malling	4990	146.5	34.1
Medway	Tonbridge & Malling	7030	249.5	28.2
Maidstone	Tunbridge Wells	4610	171.6	26.8
Medway	Swale	6940	260.1	26.6
Ashford	Canterbury	4390	170.3	25.8
Sevenoaks	Tunbridge Wells	3480	143.5	24.2
Maidstone	Ashford	2620	172.7	15.2
Canterbury	Medway	1270	270.7	4.7

Source: Census 2011, Table WU03UK

4.55 In line with the internal migration flow data, the travel to work relationship between Maidstone and Sevenoaks/Tunbridge Wells is more modest.

4.56 Also, there is a relatively weak commuting relationship between Ashford and Maidstone with combined daily flows of 2,720 (or 15.4 flows per 1,000). This evidence suggests these two districts fall within separate markets instead of a joint housing market. The boundary between the two districts has set up the boundary of two distinct housing market areas.

4.57 The 2014 SHMA evidence also highlights the strong interrelationships between the various Canterbury/East Kent authorities, with LA pairings of Dover/Folkestone & Hythe, Dover/Canterbury, Canterbury/Swale and Dover/Thanet all demonstrating amongst the top flows per 1,000 working-age population.

4.58 While a relationship does exist between Ashford and Canterbury, it is relatively mild compared to those described in the previous paragraph. Similarly, while commuting flows continue to show a certain functional relationship between Ashford and Folkestone & Hythe (37 flows per 1,000), they also show that Folkestone & Hythe has a closer economic/employment relationship with Dover (59 flows per 1,000). This evidence will support the views of independent East Kent and Ashford HMA, although some partial overlap is acknowledged including the areas of Ashford between Canterbury/Folkestone & Hythe.

4.59 Between Mid and North Kent, we also observed very high commuting traffic between Maidstone and Medway (12,770 people per day). Although this may not be surprising considering the size of the total working population in these two regions, the commuting relationship between Maidstone and Medway is still notable in the standardized data (47 flows per 1,000). A comparison of flows in 2011 and 2001 shows that the significance of this relationship has hardly changed in a decade.

Self-Containment

4.60 Based on commuting flow analysis of flows, we evaluated the level of employment self-containment which exists between individual authorities and groupings of authorities.

4.61 From an analysis of the data at the county level, it is apparent that East, Mid and West Kent are distinct HMAs. However, certain local authorities in North Kent demonstrate commuter relationships with both sides of Kent, such as Maidstone with Mid-Kent and Swale with East Kent.

4.62 In East Kent, we can see that many of the individual authorities display high self-containment. Folkestone & Hythe has high and consistent levels of self-containment in terms of both inward and outward commuting (at 73% and 77% respectively) as does Ashford (66% and 67%). We consider these dynamics lend further support to these areas being belonging to one HMA.

4.63 Local authorities of West Kent, particularly Tonbridge & Malling, exhibit a lower level of self-containment on both supply and demand sides at 49% and 45% respectively. Travel to work evidence suggests that the Borough has strong relationships with adjoining authorities.

4.64 The adjoining authorities that should be considered as part of the HMA of Tonbridge & Malling on the basis of strong commuting flows[37] are Maidstone, Tunbridge Wells and Sevenoaks. However, since the travel-to-work relationship between Maidstone and Sevenoaks/Tunbridge Wells is more modest, this suggests that there should be separate HMAs between West Kent and Mid-Kent.

4.65 Commuting flow data exhibits the strong network interactions between West Kent authorities (Sevenoaks, Tonbridge & Malling and Tunbridge Wells).

4.66 That said, Maidstone in Mid-Kent exhibits a strong commuting relationship with Tonbridge & Malling, while other West Kent authorities show less significance with the Mid-Kent authorities.

4.67 Consequently, the commuting relationships between the local authorities of West and Mid-Kent support an argument that two distinct HMA areas exist; these are,

- Maidstone – Tonbridge & Malling
- Sevenoaks – Tunbridge Wells – Tonbridge & Malling

[37] Larger that 30 internal migration flows per 1,000 population

4.68 Tonbridge & Malling falls into two housing market areas with one located within West Kent and one in relation to Mid-Kent.

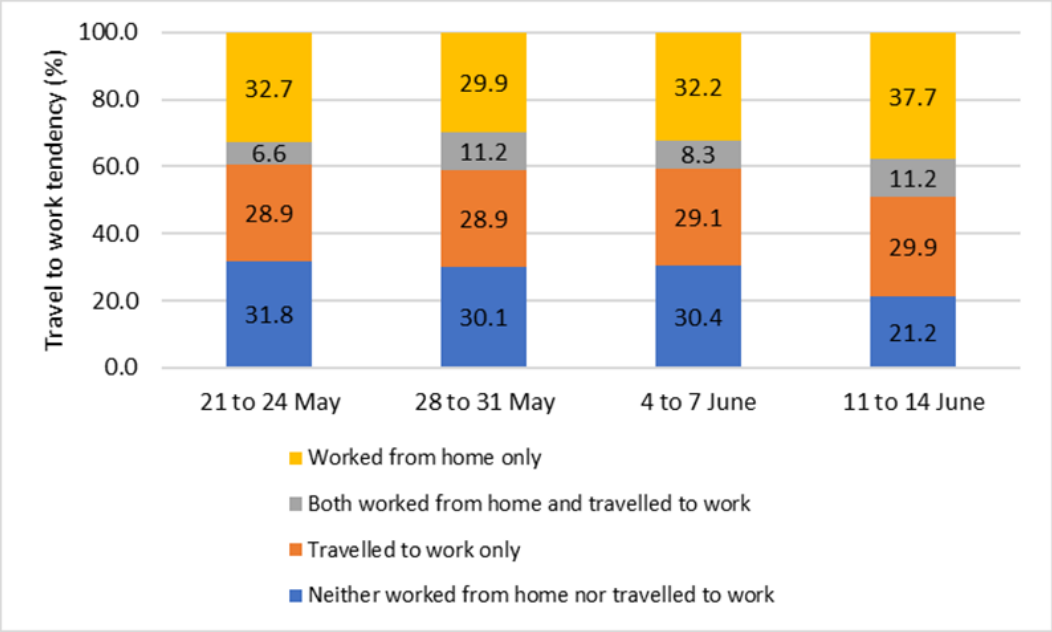
The London Influence

4.69 The 2014 SHMA analysed the commuting relationships between the Kent local authorities and London. In particular, several local authorities such as Maidstone, Ashford and Tonbridge & Malling were observed to have significant commuting flows into London boroughs.

4.70 The 2014 SHMA analysis indicates a strong relationship with the north Kent area showing large daily in-flows to London from Dartford, Medway and Gravesham. However, it should be noted that local changes in transport links and accessibility in recent years may have influenced these commuting flows.

4.71 To update the London influence on commuting patterns, an updated analysis in June 2020 with the COVID-19 impacts on “Travel to work by location of workplace” is supplemented.

Figure 27: More people in employment back at work, either at home or at their workplace (Great Britain, 11 to 14 June 2020)



Source: ONS – "Travel to work by location of workplace"

4.72 Based on the above figure, the report has highlighted the major changes in commuter travel patterns due to the pandemic period. Many workers stopped going to the workplace, either because they were furloughed, started working from home, or in some cases lost their jobs.

4.73 As a result, the number of people visiting the workplace has dropped sharply. Therefore, the evidence suggests that commuter flows between the Kent local authorities with London have weakened during the pandemic. In the medium term, however, there is likely to be some return to the status pre-pandemic.

4.74 However, the reduced commuter flow is subject to the government's lockdown or work-from-home measure. The long-term effect of how these commuter relationships on the housing market area requires further review once the pandemic situation is relieved or measures being lifted.

Housing Market Area - summary

4.75 To arrive at an assessment of the HMA in which TBMC sits, an analysis has been conducted looking at housing prices differentials, domestic migration flow and daily commuting flow self-containment.

House prices

4.76 Drawing on the Office of National Statistics (ONS) and the ZZI[38], the analysis of house prices has shown the following,

- a significant difference in price levels between West and East/North/Mid Kent.
- The towns and local authorities that have the highest house prices are in West Kent while those in the mid-range and lower-range groups are principally in North and East Kent.
- Areas in councils in mid-range to lower-range house price groups have seen significant changes in house prices.
- In the mid- to higher-range house price group, changes are relatively modest (for example Tonbridge & Malling and Sevenoaks).
- The latest house price differentials confirm the housing market relationship between Tonbridge & Malling and Sevenoaks. This is consistent with the 2014 SHMA findings.

4.77 The evidence of ONS internal migration flow has highlighted,

- the strong relationships of Tonbridge & Malling with Maidstone, Sevenoaks and Tunbridge Wells. The analysis of ONS internal migration data from mid-2014 to mid-2020 shows the level of self-containment of migration within these authorities is around 45%.

[38] An index of house prices provided by Zoopla

- This is broadly consistent with Royal Mail Home Movers data that points to a self-containment level of the HMA of 48%.
- That said, the data shows gross internal migration flows between Tonbridge & Malling and the four authorities (Maidstone, Medway, Sevenoaks and Tunbridge Wells) has slightly strengthened compared with 2014 SHMA findings.
- Despite the shifts that have been identified the ONS internal migration data for the period 2014-2020 data supports the conclusion that Tonbridge & Malling is influenced by two distinct HMAs, one related to Maidstone and one focused on Sevenoaks and Tunbridge Wells.

4.78 The analysis of commuting flow data reveals the following findings,

- East and Mid-/West Kent form two distinct HMAs. A number of local authorities in North and Mid-Kent show a relationship with both East and West Kent.
- Tonbridge & Malling exhibits a relatively low level of commuting self-containment in terms of both out- and in-ward travel to work journeys.
- Tonbridge & Malling falls into two housing market areas, West Kent (with Sevenoaks and Tunbridge Wells) and Mid-Kent (with Maidstone).
- Due to the Covid-19 pandemic (the Pandemic), commuter flows between the Kent local authorities with London boroughs is expected to weaken in future years since the work-from-home trend.

4.79 The analysis concludes that Tonbridge & Malling falls into two local HMAs; one with Maidstone and another with Sevenoaks , Tonbridge and Tunbridge Wells. This is determined by the findings of domestic migration, commuting relationships and house prices.

5 DELIVERY OF HOMES

5.1 The final three chapters of this study provide a stepped analysis that identifies what level of housing delivery may be achievable in the Borough over the period for which robust data is available.

5.2 On account of the councils that comprise the two HMAs into which Tonbridge & Malling falls (Sevenoaks/Tonbridge/Tunbridge Wells HMA and Maidstone HMA) being at different stages of the plan-making process, this data is limited to the five-year period from 2021/22 to 2025/26.

5.3 Following a request made to the councils for data related to completed homes as well as their forward trajectory, this chapter presents the forecast supply of homes over this 5-year period for each council and compares this with the historic build-out rates (BOR) to determine whether this rate of supply is feasible.

5.4 The starting premise of this analysis is that historic BOR provide a strong indication of the capacity of a given market to "absorb" [39] new homes. The following councils provided this data:

- Medway Unitary Authority;
- Sevenoaks District Council;
- Tonbridge & Malling Borough Council; and
- Tunbridge Wells Borough Council.

5.5 The completions data for Maidstone were not available. The data for all other councils covers the period from 2011/12 to 2020/21.

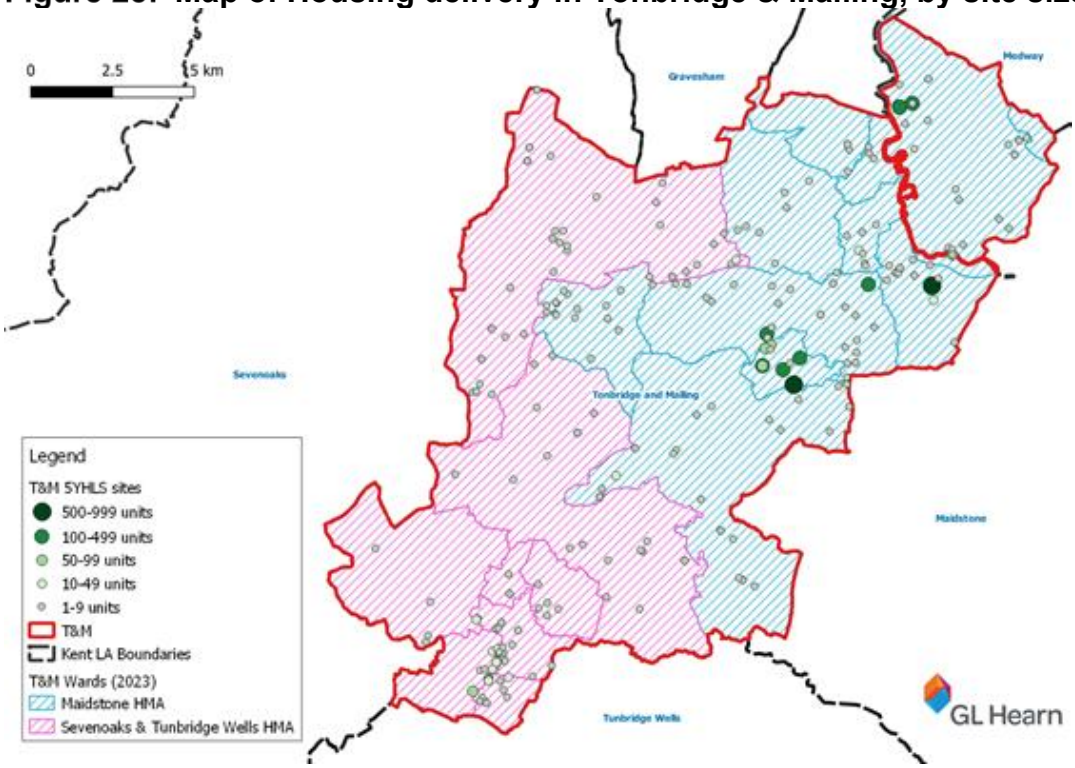
[39] This means the rate of take up of new dwellings in the market by occupiers at a price that is acceptable to suppliers.

Forecast supply of homes

5.6 As noted, Tonbridge & Malling falls into two HMAs, with some wards in the Maidstone HMA and others in the Sevenoaks/ Tonbridge/Tunbridge Wells HMA (S/T/TW HMA).

5.7 In order to provide an accurate analysis of delivery, it has been necessary to apportion TMBC's total supply to each area. This has been done by identifying the location of each site using QGIS software. The map below shows the housing delivery in Tonbridge & Malling.

Figure 28: Map of Housing delivery in Tonbridge & Malling, by site size



Source: TMBC

5.8 This indicates that most larger sites are located within the Maidstone HMA. In the S/T/TW HMA most of the sites are smaller with a capacity of between 1 and 9 units.

5.9 The proportion of housing units in each relevant HMA are set out in the table below.

Table 11: Share of total housing delivery falling into the two HMAs (Tonbridge & Malling)

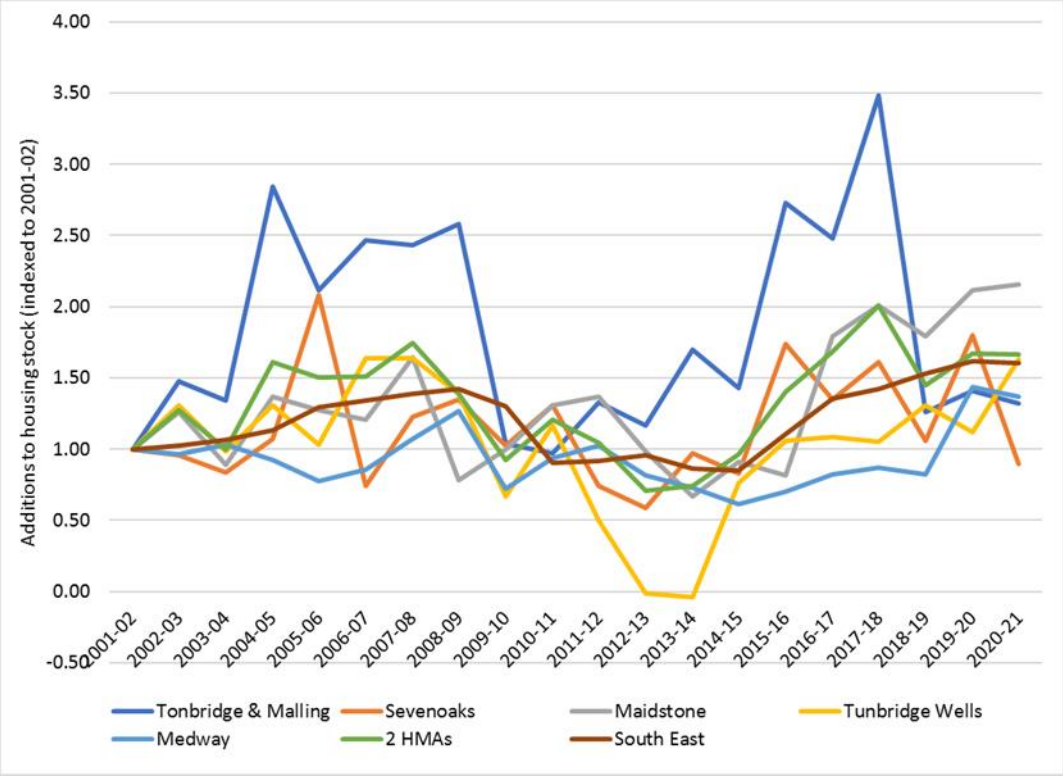
Geography	2021/22	2022/23	2023/24	2024/25	2025/26	Total 5YHLS	% of 5YHLS
Wards of Maidstone HMA	496	468	771	462	173	2,370	84.6%
Wards of S/T/TW HMA	172	63	171	9	18	433	15.4%
Tonbridge & Malling total	**668**	**531**	**942**	**471**	**191**	**2,803**	**100%**

Source: TMBC

5.10 The chart below sets out net additions to the stock of homes within those councils that make up the two HMAs.

5.11 The data has been indexed to 2001/02 to show patterns over the period. This suggests the rate of growth year on year in the number of homes in Tonbridge and Malling has been volatile compared with that of other councils. That said, it has also achieved a level of delivery over the period that is significantly above the trend line for the two HMAs as a whole.

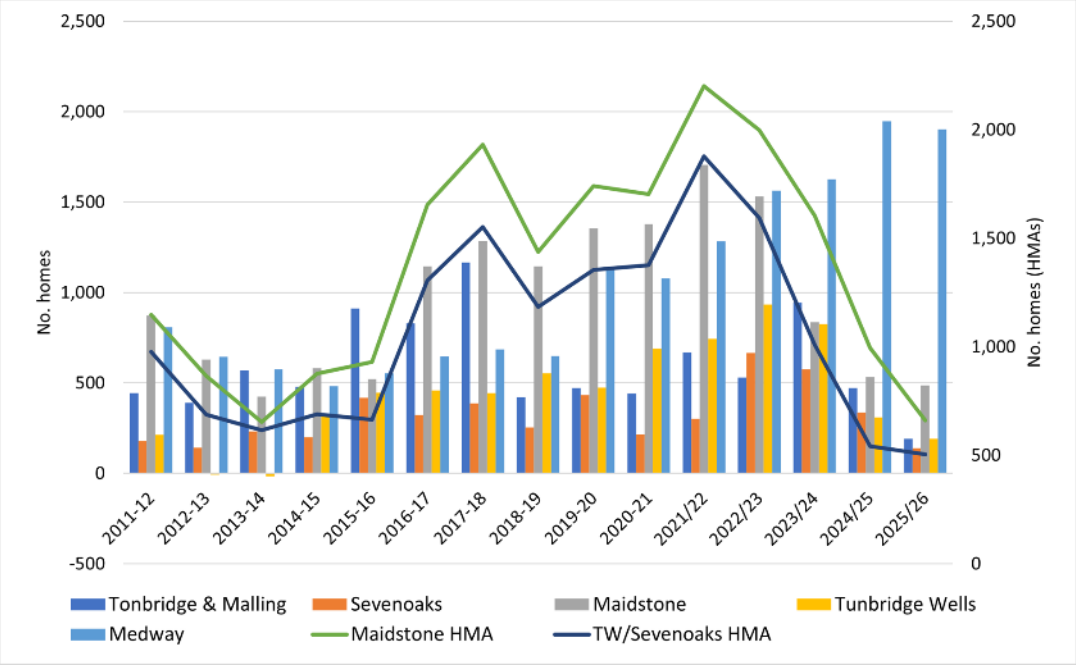
Figure 29: Change in the stock of homes in two HMAs and South East region, 2001-2021



Source: ONS housing supply net additional dwellings, (Table 118 and 122)

5.12 The figure below examines the expected delivery of homes within the two HMAs over the period 2021-26 against the rate of supply achieved in the period 2011/12 to 2020/21.

Figure 30: Net additions to housing stock, 2011-21 and expected supply of new homes 2021-2026



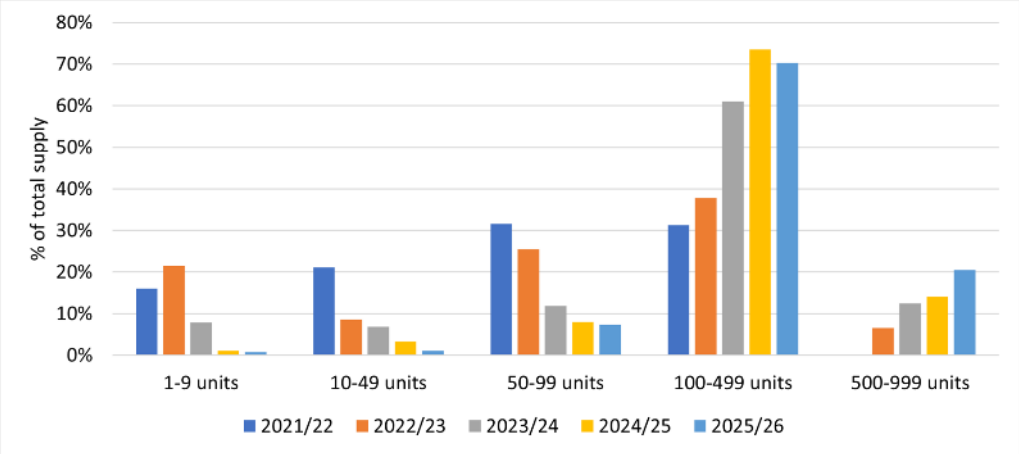
Source: ONS, (Table 122), Local Authority pipeline data

5.13 The trend lines for the two HMAs over the period 2021/22 to 2023/24 indicate that a high rate of delivery of new homes is forecast over this period compared to the rates that have been achieved in these authorities over the period 2018/19 – 2020/21.

5.14 Beyond the period 2021/22 to 2023/24 supply is expected to fall with only Medway showing a level of supply that is high relative to levels achieved in earlier years.

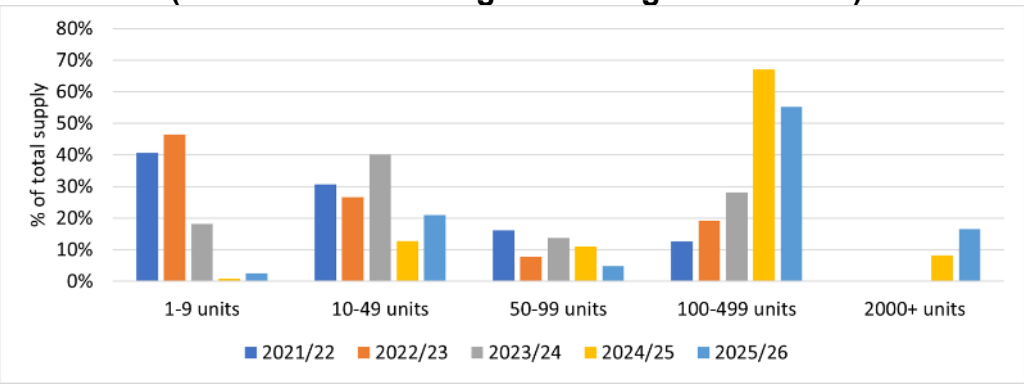
5.15 The figures that follow examine how the housing land supply breaks down in terms of site size. The supply at the HMA level suggests a balance between sites of different sizes in 2021/22 and 2022/23. Thereafter, there is an increasing reliance on larger sites with a capacity of more than 100 units in both HMAs.

Figure 31: Housing land supply by site size, 2021-2026 (Maidstone HMA)



Source: councils' housing land supply pipeline

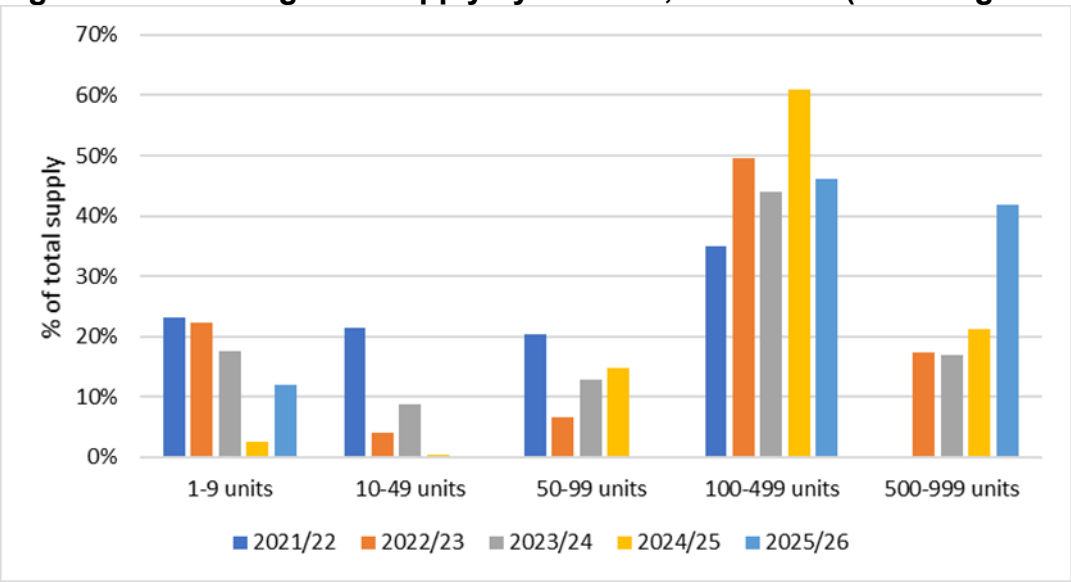
Figure 32: Housing land supply by site size, 2021-2026 (Sevenoaks/Tonbridge/Tunbridge Wells HMA)



Source: councils' housing land supply pipeline

5.16 The data for Tonbridge & Malling reveals a not-dissimilar pattern, although the reliance on larger sites is asserted by 2022/23. This does raise concerns about the level of diversity within the Council's housing land supply. A balance between sites of different sizes is associated with a more resilient BOR.

Figure 33: Housing land supply by site size, 2021-2026 (Tonbridge & Malling)



Source: Tonbridge & Malling housing land supply pipeline

5.17 The table below sets out the division of the capacity of sites in the land supply of Medway, Sevenoaks, Tonbridge & Malling and Tunbridge Wells into greenfield (GF) and sites on previously developed land (PDL). This does not include Maidstone for which this data has not been made available.

Table 12: Division of land in councils' land supply between GF and PDL sites

Area	Total capacity	GF	PDL	Mix/ Unknown	GF (%)	PDL (%)
Medway	9,141	2,551	6,366	224	28%	70%
Sevenoaks	2,658	559	2,021	78	21%	76%
Tonbridge & Malling	4,307	1,546	2,739	22	36%	64%
Tunbridge Wells	11,411	8,095	2,500	816	71%	22%
Maidstone HMA[40]	2,368	850	1,500	18	36%	63%
S/T/TW HMA[41]	14,186	8533	4840	813	60%	34%
Both HMAs	27,517	12,751	13,626	1,140	46%	50%

Source: council housing land supply data

5.18 Medway, Sevenoaks and Tonbridge & Malling councils are heavily reliant on sites on PDL to deliver new homes. It is worth noting this can come with complications such as demolition and land contamination. It is also associated with slower BOR than GF sites. At the HMA level, the Maidstone HMA is more reliant on sites on PDL while the S/T/TW HMA is more reliant on sites on GF.

5.19 It is worth noting that, in the housing market survey, when asked what types of housing PDL (compared to GF) suits, the most popular responses were terraced houses and flats. Sites on PDL are deemed to be unsuitable for bungalows or sheltered/extra care housing for the elderly. This is likely to be to do with the low density associated with the former and the increased construction costs with the latter. These factors may undermine the viability of development on PDL sites that, typically speaking, are more complex to bring forward than GF sites.

5.20 Also, the majority of respondents felt developments on PDL are likely to be more attractive to first-time buyers and single households. They felt brownfield sites are less attractive to retirees, the elderly, and empty nesters.

5.21 With this in mind, the balance of types and sizes of homes in those areas with a bias towards sites on PDL may struggle to fulfil policy objectives related to the delivery of housing for larger households and older people.

[40] Only the relevant wards in Tonbridge & Malling
[41] Including Tunbridge Wells, Sevenoaks and relevant wards in Tonbridge & Malling.

Build-Out Rates (BORs)

5.22 In this study a "guide" BOR has been calculated based on the average BOR achieved on sites completed over the period 2011/12 – 2020/21 within the two HMAs. The purpose of the guide BOR is to test whether the expected BOR that underpin the trajectory of councils' 5YHLS are robust (this is discussed further in Chapter 6).

5.23 The completed sites have been split both into size bands of 10-49 units; 50-99 units; 100-499 units; 500-999 units; and 1000-1499 units and type (GF or PLD) in order to identify BOR associated with sites of different sizes and types. Sites of 1-9 units were excluded as they typically build out in less than 1 year and are therefore unhelpful in arriving at the "guide" BOR that sets an annual BOR.

5.24 Lichfield's "Start to Finish" study (2020) presents the average BOR at a national level. This was used to qualify our data. Where there is limited data (i.e., where there are not enough sites in a particular size range to reach a robust conclusion) the average BOR set out in Lichfield's report is used through a "mid-point" approach[42].

5.25 The table below displays the expected BOR for GF and PDL sites broken down by site sizes across the four local authorities[43] at the HMA level. It also displays the number of data points that were available for each size band. This enables us to determine if the sample size is large enough for the results to be robust.

[42] This is the median value between the average BOR from the TMBC's completed sites data and the average BOR reported in the Lichfield's study.
[43] Tunbridge Wells, Sevenoaks, Tonbridge & Malling and Medway

Table 13: Average BOR (greenfield and PDL) by site size 2011-2021 (Two HMAs across the four local authorities[44])

Site size	PDL Data points	PDL Avg. BOR (units/year)	GF Data points	GF Avg. BOR (units/year)
10-49 units	154	18	28	16
50-99 units	36	31	8	23
100-499 units	31	61	15	43
500-999 units	2	81	0	0
1000-1499 units	3	94	0	0

Source: councils' data

5.26 The average BOR for PDL is slightly quicker than the average BOR for GF sites. It is worth noting that this contrasts with the Lichfield study which found that GF sites tend to have a faster BOR than those on PDL. This, however, applies mainly to large sites.

5.27 That said, the relatively fast BOR of PDL sites in the HMAs could indicate that the housing market, particularly in urban areas, has high demand relative to supply.

5.28 For site sizes 10-49, 50-99, and 100-499, there are a good number of data points. This ensures that the BOR based on historic completions is robust. However, there were insufficient data points[45] for the larger site sizes of 500-999 and 1000-1499 units.

[44] Tunbridge Wells, Sevenoaks, Tonbridge & Malling and Medway
[45] Less than five samples

5.29 The table below presents the guide BOR for GF and PDL sites of different sizes in those wards in Tonbridge & Malling that fall into the Maidstone HMA.

Table 14: Average BOR (greenfield and PDL) by site size, Tonbridge & Malling – wards relevant to Maidstone HMA, 2011-2021

Site size	PDL Data points	PDL Avg. BOR (units/year)	GF Data points	GF Avg. BOR (units/year)
10-49 units	29	18	0	N/A
50-99 units	15	29	0	N/A
100-499 units	9	55	0	N/A
500-999 units	1	91	0	N/A
1000-1499 units	2	81	0	N/A

Source: Council data

5.30 The table below presents the guide BOR for GF and PDL sites of different sizes in those wards in Tonbridge & Malling that fall into the S/T/TW HMA.

Table 15: Average BOR (greenfield and PDL) by site size, Tonbridge & Malling – wards relevant to Sevenoaks/Tonbridge/Tunbridge Wells HMA, 2011-2021

Site size	PDL Data points	PDL Avg. BOR (units/year)	GF Data points	GF Avg. BOR (units/year)
10-49 units	21	18	0	N/A
50-99 units	4	37	0	N/A
100-499 units	3	64	0	N/A

Source: Council's data

5.31 The Council data showed that all the sites on GF land completed over the period 2011-21 were on sites with a capacity of between 1-9 units. Therefore, there are no data-points available within either geography for GF sites.

5.32 Also, only three completed sites are above 500 units. In these circumstances, it is appropriate to apply the guide BOR from the HMA level for the purposes of assessing whether the Borough's current 5YHLS is achievable[46]. This is set out in the table below.

Table 16: Adjusted BOR by site size at HMA level using mid-point approach

Site size	Adjusted BOR (PDL)	Adjusted BOR (GF)
500-999 units	70	68
1000-1499 units	114	107

Source: Council's data, Lichfields

5.33 In summary, the table below presents the guide BOR that, as noted, will be employed (in the next chapter) to assess the robustness of the expected supply of homes in future years in the councils that fall within the two HMAs.

Table 17: Guide BOR of local authorities in the two HMAs

Site size	PDL Guide BOR (units/year)	Greenfield Guide BOR (units/year)
10-49 units	**18**	**16**
50-99 units	**31**	**23**
100-499 units	**61**	**43**
500-999 units	**75**	**68**
1000-1499 units	**101**	**107**

Source: GLH calculations

5.34 In the case of Tonbridge & Malling specifically, given TMBC has no past completion data points for GF sites larger than 10 units between 2011 to 2021, the "guide" BOR for these sites will rely on the HMA average level (as set out in the table below)

[46] These BORs have been arrived at using the "mid-point" approach as described earlier in the chapter.

Table 18: Guide BOR of Tonbridge & Malling

Site size	PDL Guide BOR (units/year)	Greenfield Guide BOR (units/year)
10-49 units	18	16
50-99 units	30	23
100-499 units	57	43
500-999 units	80	68
1000-1499 units	94	107

Source: GLH calculations

Compound Annual Growth Rate

5.35 The Compound Annual Growth Rate (CAGR) of the housing supply is used to assess the relative growth rates of the housing stock within different geographies over a certain period of time. It is used in this study as an indicator of the capacity of the housing market in Tonbridge and Malling and the two HMAs to absorb projected housing supply within these areas.

5.36 It is also used to eliminate large fluctuations in the data and to compare the rate of growth between different geographies.

5.37 In order to enable comparisons to be drawn, the CAGR was calculated for each council in the HMAs, the average of two HMAs, the South-East region and England.

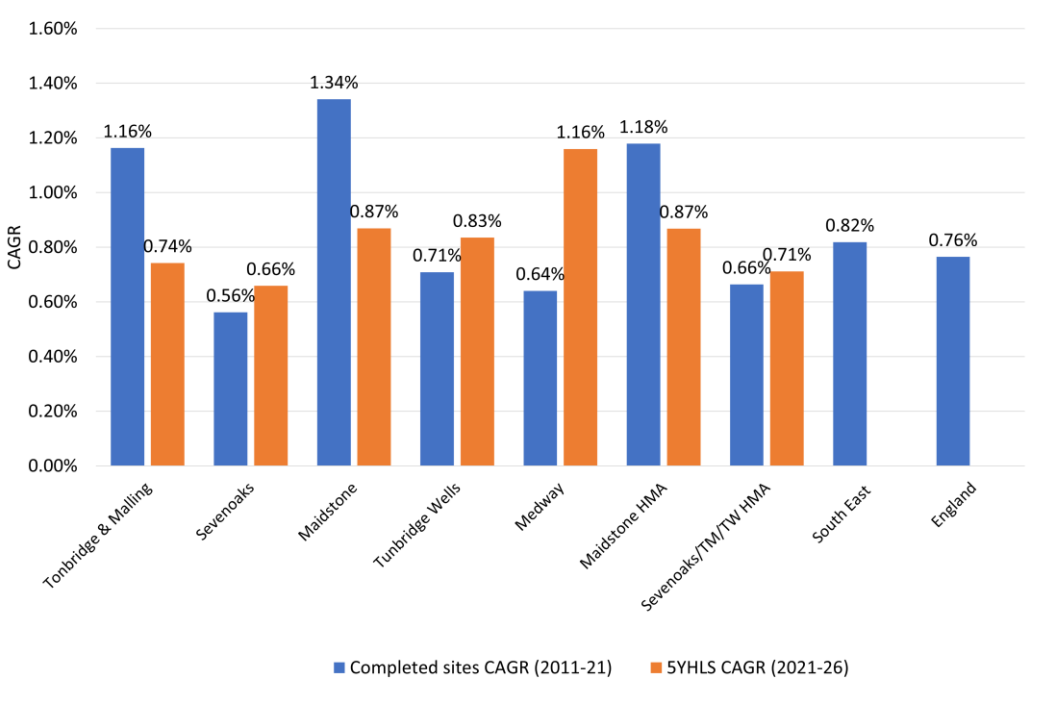
5.38 The CAGR can also be used to identify where it may be feasible to increase housing delivery in the future by identifying areas that have a CAGR that is significantly lower than the average within their HMA.

Capacity to deliver homes over the period 2021-26

5.39 The figure below sets out the CAGRs for the councils within the HMAs together with the average for the two HMAs for two periods, a historic CAGR drawn from sites completed over the period 2011-2021 (the "completed sites" GAGR) and a CAGR that looks forward over the five-year period from 2021 to 2026 ("5YHLS" CAGR).

5.40 For comparison purposes, the CAGR for the South-East region and England is also provided.

Figure 34: Compound Annual Growth Rates, completed sites and 5YHLS, HMAs, the South East region and England



Source: ONS housing supply net additional dwellings, (Table 118 and 122), Census table KS401EW

5.41 The data suggest that the expected rates of growth in the 5YHLS for Tonbridge & Malling and Maidstone fall within the rates that have been achieved historically. Therefore, the completed sites CAGR for Maidstone HMA is 1.18% and the 5YHLS CAGR is 0.87%.

5.42 The reverse is true of Sevenoaks, Tunbridge Wells and Medway. Medway is a particularly extreme case in which the 5YHLS CAGR is 1.16% and the completed sites CAGR is 0.64%. This indicates that the rate of growth of new homes is expected to increase by 81% over the period 2021-26 compared with 2011-2021.

5.43 The 5YHLS and completed sites CAGR for S/T/TW HMA is 0.71% and 0.66% respectively. This indicates that, over this period, the 5YHLS trajectory is unlikely to be achievable.

5.44 The completed sites CAGR that has been achieved in Tonbridge & Malling Borough (1.16%) significantly exceeds the growth rates that have been achieved in South-East region and in England (0.82% and 0.76% respectively). This is indicative of the market strength in the Borough and the relative success with which it has been able to deliver new homes.

Capacity to deliver homes over the period 2021-40

5.45 This sub-section considers the capacity of local housing markets to absorb projected housing supply in Tonbridge & Malling and other local authorities in the HMAs over the period 2021-2040 (the Local Plan period).

5.46 The following analysis compares the CAGR of forecast housing supply based on based local housing need figures generated by the standard method set out in PPG[47] and the supply forecast by historic CAGRs over the period 2011-21 (the “completed sites” CAGR, as used in the analysis above).

5.47 The first step is to confirm the standard method-based local housing need figure (SM_LHNF) of each local authority in the HMAs. This is set out in the table below.

[47] PPG (housing and economic need) Ref ID: 2a-002

Table 19: Standard method-based housing need figure per annum (Local authorities in the HMAs)

Local authorities	LHNF (per annum)	Source
Tonbridge & Malling	839	TMBC
Sevenoaks	714	5YHLS (September 2021)
Maidstone	883	Adopted Local Plan 2017
Tunbridge Wells	678	LHNA (2019)
Medway	1,586	LHNA (2021)

Source: Various

5.48 Secondly, the SM_LHNF is used arrive at a total number of homes needed between 2021 and 2040.

5.49 Also, in order to progress the analysis, it has been necessary to apportion a share of TMBC's SM_LHNF of 839 dpa to each of the HMAs of which the Borough forms a part.

5.50 This has been done using the proportion of households that were living in each area as reported in 2011 Census[48]. This provides a reasonable basis on which to split the Borough's overall housing need figure of 839dpa into the two areas. This amounts to 478 for the Maidstone HMA and 361 for the S/T/TW HMA. The table below sets this out.

[48] This reflects the ward boundaries from May 2023 as opposed to those that existed in 2011

Table 20: Estimated housing need in each Housing Market Area

Local authority	Maidstone HMA	S/T/TW HMA
Tonbridge & Malling (Households 2011)	27,440	20,700
Tonbridge & Malling (% split)	57%	43%
Tonbridge & Malling (Estimated need)	478	361

Source: Council data; Census 2011

5.51 From this, a CAGR can be derived (the "standard method" CAGR). This can be compared with the completed sites CAGR (an indicator of achievable market absorption) to indicate whether the SM_LHNF is achievable for each HMA and the councils of which they are comprised.

5.52 The table below provides a comparison between the completed sites CAGR over the period 2011-21 and the standard method CAGR for the period 2021-2040.

5.53 The table shows that, with the exception of Maidstone, all the comparator geographies, including that of Tonbridge and Malling, may find it challenging, given current circumstances, to absorb their projected housing supply over the period 2021-40.

Table 21: The completed sites CAGR 2011-2021 and Standard Method CAGR 2021-40 variation

Geography	Completed sites CAGR	Standard method CAGR	Variation
Tonbridge & Malling	1.16%	1.33%	-12%
Tonbridge & Malling (Maidstone HMA)	0.90%	1.10%	-18%
Tonbridge & Malling (TW/Sevenoaks HMA)	0.90%	2.32%	-61%
Sevenoaks	0.56%	1.25%	-55%
Maidstone	1.34%	1.07%	25%
Tunbridge Wells	0.71%	1.16%	-39%
Medway	0.64%	1.21%	-47%
Maidstone HMA	1.18%	1.08%	9%
Sevenoaks/T/TW HMA	0.66%	1.33%	-50%

Source: Council's data

6 FUTURE HOUSING SUPPLY

6.1 In order to satisfy national policy, strategic policies should include a trajectory illustrating the expected rate of housing delivery over the plan period[49].

6.2 As part of the same data request described in Chapter 5, the trajectories of the councils that fall into the two HMAs of which Tonbridge & Malling forms a part (the Maidstone and S/T/T HMAs) were obtained.

6.3 As set out earlier, this data has been disaggregated by site size and type. This provides a baseline housing supply, showing the strength of supply of those authorities with whom TMBC shares a relationship.

6.4 From this baseline, a sensitivity test has been conducted using the "guide" BOR set out in Chapter 5 to test the "expected" BOR within the councils' trajectories.

6.5 Because councils generally rely on forecasts of annual completions provided by housebuilders and land promoters, these can sometimes be subject to "optimism bias"[50]. GL Hearn has applied the "guide" BOR to site-level capacity data in the housing trajectory to arrive at an adjusted trajectory for each council.

6.6 It is important to note that testing for optimism bias does not seek to challenge the basis of the councils' 5YHLS. It is acknowledged this has emerged through a thorough process of consultation with site owners and developers.

6.7 That said, it is of value to benchmark their advice on achievable BOR with reference to BOR that has been achieved on comparable sites. This is in line with PPG which requires that robust indicators of BOR are employed in arriving at the expected timescales and rates of development[51].

[49] NPPF, para 74
[50] "Optimism Bias" refers to the tendency of people to over-estimate the expected level of performance associated with a given project during project planning. An awareness of the risk posed by "optimism bias" to time (as well as cost) over-runs and the consequent need to mitigate these risks forms a standard aspect of project appraisals in the public sector.
[51] PPG (housing and economic land availability assessment) Ref ID: 3-022

6.8 Also, the fulfilment of the housing trajectory is dependent on developer sentiment as to the strength of the market for homes. Evidence shows that market completions correlate closely with economic growth but have substantially greater volatility.

6.9 For this reason, the views of local estate and letting agents, housebuilders, Registered Providers and planning advisers have been sought through a housing market survey to gain the insights of property professionals into market conditions and any obstacles they perceive in bringing forward development in the Borough and wider HMA.

6.10 As a result of this research, this report provides conclusions as to the potential future housing supply within those authorities that form the two HMAs.

6.11 In the case of Sevenoaks and Tonbridge & Malling, the trajectory data is limited to the first five years. It has not been possible to present the trajectory beyond this period for these two councils because they do not have up-to-date development plans in place.

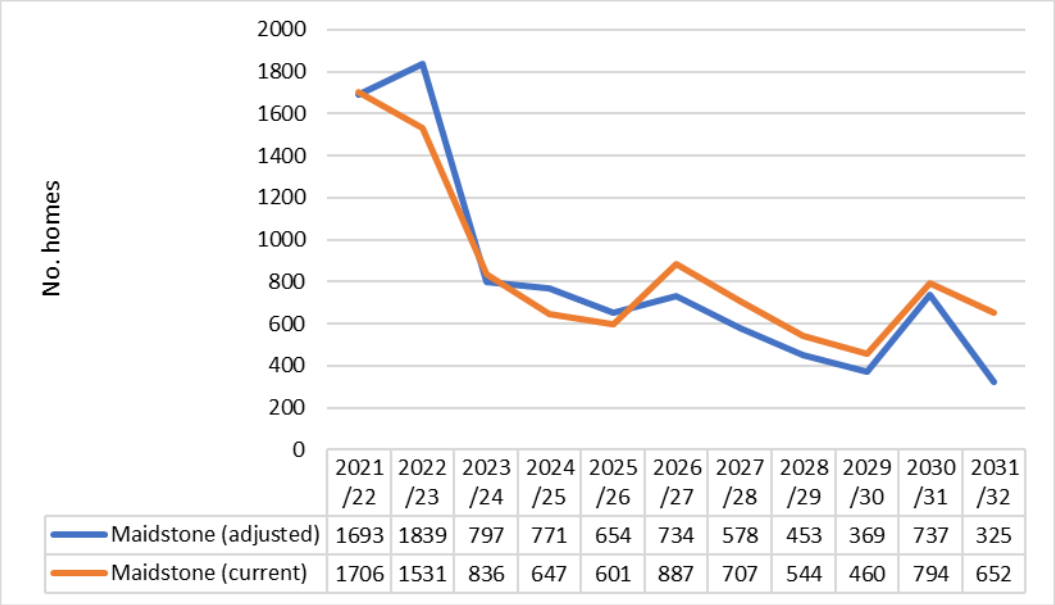
6.12 As noted in the previous chapter, based on a comparison of the standard method CAGR and the completed sites CAGR, local authorities in the Maidstone HMA, including relevant wards in Tonbridge & Malling, are unlikely to be able to absorb the projected future housing supply in full.

6.13 The figures to follow examine whether there is any evidence of optimism bias in the councils' 5YHLS. As explained in Chapter 5, the "guide" BOR has been calculated using BOR achieved on comparable sites over the decade from 2011/12 to 2021/22.

6.14 In the figures to follow, the "adjusted" trajectory has been determined by comparing the "expected" BOR within the councils' current 5YHLS with the "guide" BOR.

6.15 The graph below illustrates Maidstone's current and adjusted housing trajectory. The revised figures show that Maidstone's current housing trajectory shows little evidence of "optimism bias". It is likely to provide an accurate forecast of the rate of delivery in the area.

Figure 35: Maidstone housing trajectory, current and adjusted

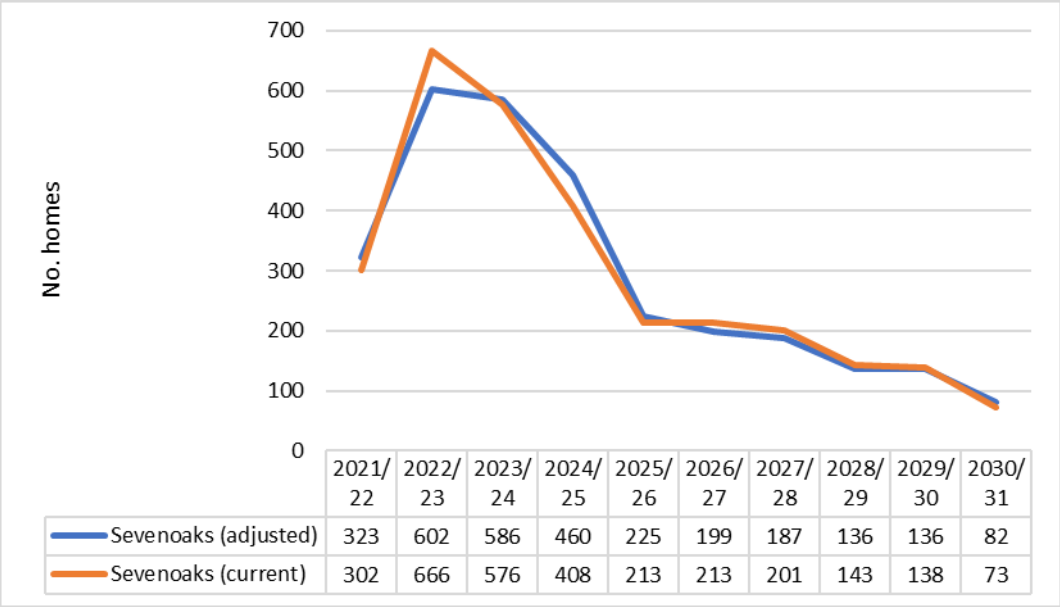


	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Maidstone (adjusted)	1693	1839	797	771	654	734	578	453	369	737	325
Maidstone (current)	1706	1531	836	647	601	887	707	544	460	794	652

Source: GLH analysis of Council's data

6.16 The figure below displays Sevenoak's current and adjusted housing trajectory. As with Maidstone, the sensitivity test suggests the Council's 5YHLS is likely to be accurate.

Figure 36: Sevenoaks housing trajectory, current and adjusted



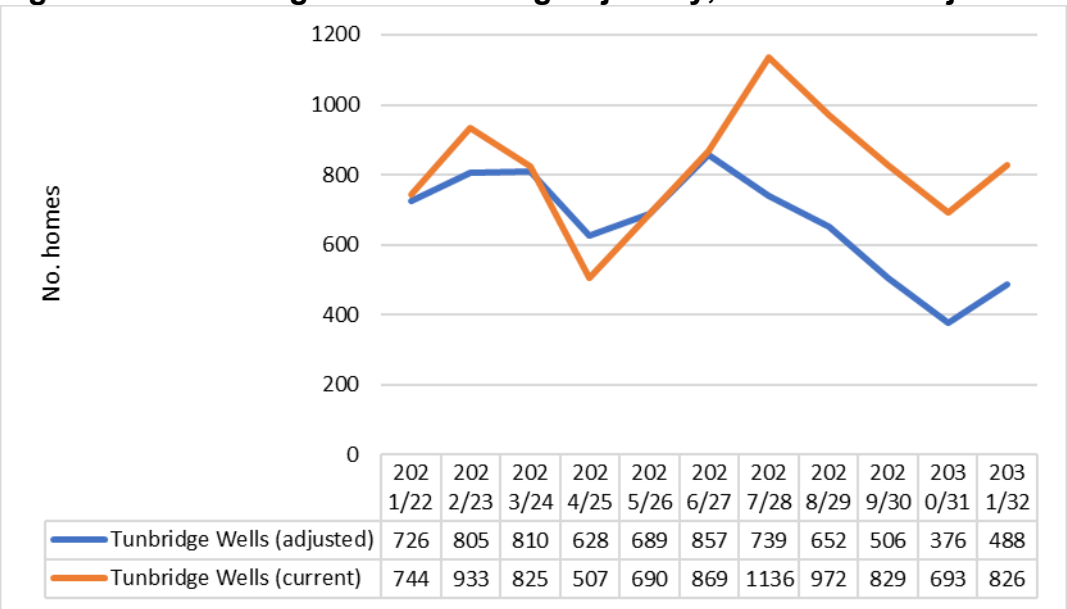
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Sevenoaks (adjusted)	323	602	586	460	225	199	187	136	136	82
Sevenoaks (current)	302	666	576	408	213	213	201	143	138	73

Source: GLH analysis of Council data

6.17 Tunbridge Wells' current and adjusted trajectory is illustrated below. The effect of the adjustment has been to reduce the degree to which supply is likely to fluctuate in the first five years. That said, in this period, the degree of "optimism bias" is slight. The analysis suggests 42 dwellings should be moved to the period beyond the first 5 years.

6.18 The next five-year period from 2026/7 to 2030/31 is in contrast with this initial period. The analysis has identified substantial "optimism bias" resulting in 1,368 dwellings being moved into future years.

Figure 37: Tunbridge Wells housing trajectory, current and adjusted



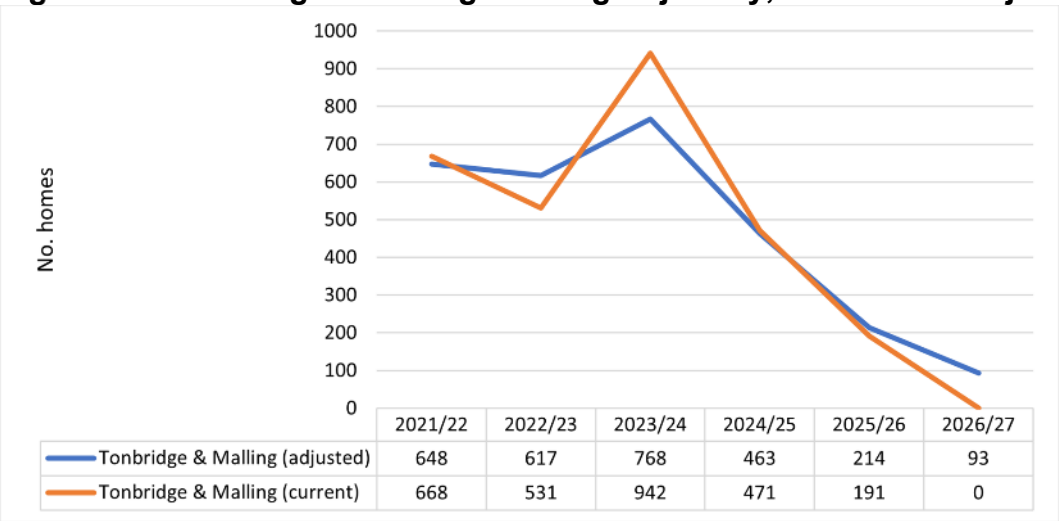
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Tunbridge Wells (adjusted)	726	805	810	628	689	857	739	652	506	376	488
Tunbridge Wells (current)	744	933	825	507	690	869	1136	972	829	693	826

Source: GLH analysis of council data

6.19 Tonbridge & Malling's current and adjusted housing trajectory is displayed in the graph below. As with Tunbridge Wells, "optimism bias" is detected within Tonbridge & Malling's housing trajectory.

6.20 The adjustment has resulted in, firstly, a softening of the degree of fluctuation over the period and, secondly, moving 93 units into future years. This should trigger consideration of whether it would be appropriate to strengthen the land supply pipeline over this period.

Figure 38: Tonbridge & Malling housing trajectory, current and adjusted



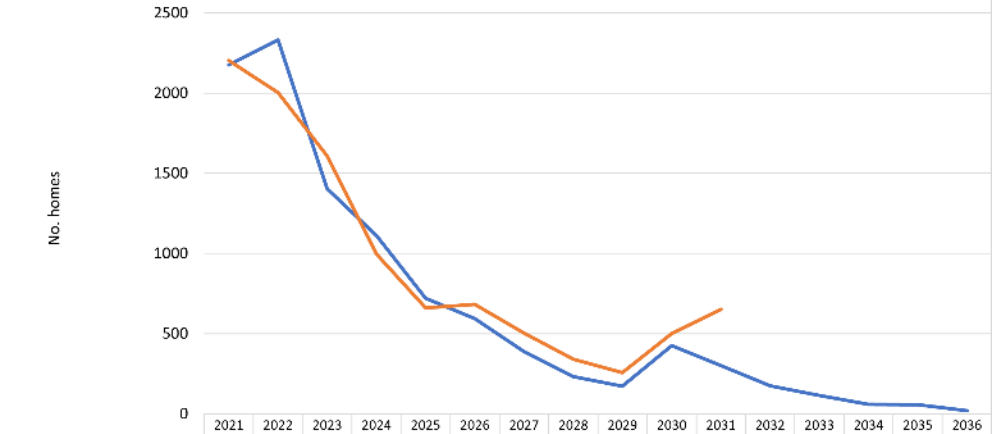
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Tonbridge & Malling (adjusted)	648	617	768	463	214	93
Tonbridge & Malling (current)	668	531	942	471	191	0

Source: GLH analysis of Council data

6.21 It is important to note, this tests the advice provided to TMBC by site owners and developers as to achievable BORs. The "guide" BOR provides TMBC with a means of critically assessing the accuracy of this advice and, if necessary, requiring the developer to demonstrate why, in their view, a relatively high BOR is achievable on the site in question.

6.22 Finally, the current and adjusted trajectory of 5YHLS sites of the two HMAs are displayed below, including the TMBC wards that fall into each. The 5YHLS sites in Tonbridge & Malling have been geo-located using QGIS software to identify the site location within the relevant HMAs based on the wards boundaries set out in chapter 4.

Figure 39: Housing trajectory of Maidstone HMA, current and revised



	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
Maidstone HMA (adjusted)	2176	2332	1402	1110	719	594	387	232	172	425	301	175	114	59	57	18
Maidstone HMA (current)	2202	2002	1607	995	660	683	503	340	256	500	652					

Source: GLH analysis of Council data

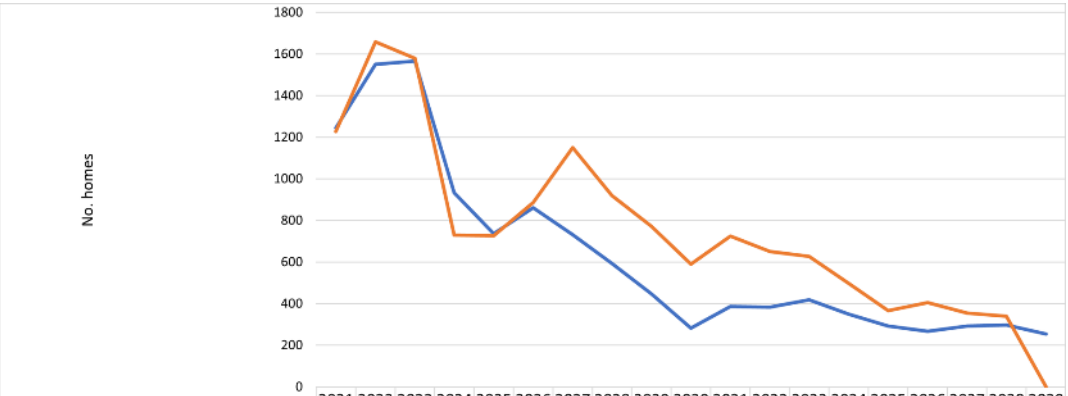
6.23 The analysis suggests that, for the sites in the 5YHLS that fall into the Maidstone HMA, the 5YHLS is achievable between the year of 2021/22 and 2025/26.

6.24 However, based on the housing supply trajectory provided by Maidstone Council, after applying the guide BOR, there is evidence of optimism bias in the 2026/27 to 2030/31. Correcting for optimism bias pushes a portion of supply into later years.

6.25 The figure below identifies the presence of optimism bias within those sites that fall into the S/T/TW HMA. Despite this, the data suggests that the 5YHLS is likely to be achievable.

6.26 However, in line with the Maidstone HMA, once optimism bias has been taken into account, the current housing trajectory is unlikely to be achievable between the period 2026/27 to 2030/31 and beyond.

Figure 40: Housing trajectory of Sevenoaks/Tonbridge/Tunbridge Wells HMA, current and revised



	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Sevenoaks/TM/TW HMA (adjusted)	1245	1550	1566	933	737	861	731	593	447	283	386	383	419	349	292	267	293	298	254
Sevenoaks/TM/TW HMA (current)	1227	1658	1579	729	726	887	1150	920	772	591	724	651	628	498	366	405	354	339	0

Source: GLH analysis of Council data

6.27 When developers and planning consultants were asked what the main obstacles for bringing forward development in Tonbridge & Malling were, they cited “land availability” and “satisfying policy”.

6.28 However, both developers and planning consultants agreed that the housing market environment in Tonbridge & Malling and Kent as a whole was attractive and had become stronger as a result of the Pandemic.

7 TESTING THE HOUSING TRAJECTORY

7.1 Bringing together the analysis from previous chapters, this part of the report arrives at conclusions as to what level of housing delivery might realistically be achievable in Tonbridge & Malling and the two HMAs over the next five years. It also forms a view on the period beyond the first five years on the basis of the evidence gathered.

7.2 Furthermore, it offers ways in which TMBC may achieve accelerated delivery of dwellings by leveraging its ability to intervene in the market for homes.

7.3 These recommendations are put forward taking into account that Table 6 of TMBC's Housing Delivery Test Action Plan (HDT AP) of July 2021, identifies a range of actions relating to supporting the development industry bring forward sites. These include being proactive in the use of Planning Performance Agreements and drafting Development Briefs for major sites[52]. This report does not, therefore, provide commentary on actions of a procedural nature that TMBC can do to de-risk development.

Market conditions

7.4 This study has found that the housing market in Tonbridge & Malling is to some degree "over-heated". This indicates a very high demand for homes. The challenge is therefore how supply may be strengthened in a way that is acceptable in planning terms to meet surges in demand.

[52] HDTAP, pages 19-23

7.5 This may include a re-evaluation of the socio-economic impact of planning policy to ensure the balance between the protection of valued landscapes and the provision of homes is properly understood. It may be that there are areas, possibly on or just beyond the boundaries of existing settlements, that would offer sustainable locations for development while preserving acceptable levels of environmental amenity.

7.6 Also, there is an important role for TMBC to ensure the long-term needs of the community are met by enforcing policy on dwelling mix. The housing market, if left unregulated, will provide those homes of a type, size and standard that will deliver on the short-term financial objectives of volume housebuilders. This may lead towards a narrow product range that will not support the maintenance of mixed and balanced communities.

7.7 Diversity of housing supply can also be supported through the allocation of a mix of types (in terms of location and whether they are GF or on PDL) and sizes of sites (in terms of unit capacity).

7.8 This is the theme addressed by the HDTAP. In terms of sizes of sites, the HDTAP finds that over three-quarters (78.6%) of housing completions during 2019/20 took place on sites of 500+ units. This does, however, fall to 49.1% of new homes expected to come forward on sites in TMBC's land supply pipeline[53].

7.9 As regards the division of sites into GF and PDL, regarding the TMBC sites within the Maidstone HMA, an imbalance in favour of PDL has been identified in this study (36% v 63%). Given sites in PDL typically come forward more slowly given their relative complexity, a more even balance could offer a route to faster delivery of new homes.

[53] HDTAP, page 9

7.10 A movement toward greater diversity of tenure could be achieved through supporting build to rent (BTR) development in town centre areas. This would also be instrumental in increasing the rate of delivery given that rented tenures are counter-cyclical to “for sale” schemes. Also, they are not subject to the practice of "drip-feeding" products into the market to maintain prices common in the “for sale” new-build market.

7.11 This policy would also support the delivery of low-cost market homes, an essential part of the supply that enables newly forming households to set up their first independent home.

7.12 Lastly, the onus should also be on maximising the delivery of affordable homes (subject to viability) as these are de-coupled from market conditions and can be built at pace with little concern for market absorption rates.

7.13 To this end, TMBC should consider the development of a First Homes policy given that the cap on the size of rural exception sites is likely to be lifted as part of the next round of planning reforms where they are used to bring forward First Home development.

Market survey

7.14 It is also worth noting the feedback from developers in the market survey when asked how TMBC could facilitate sustainable development in the Borough.

7.15 The comments that are germane to this study were that TMBC should

- “work more positively and collaboratively with developers to deliver sites, particularly those with outline consents"; and that
- "the demand for housing in the Borough cannot be met with brownfield land alone"; and that
- a greater variety of sites is called for with a Local Plan that supports "a variety of development typologies.”

Macro-economic factors

7.16 In terms of the macro-economic factors identified in this report, TMBC can mitigate those that have a negative socio-economic impact through the following measures,

- Improve access to suitable homes by households on median incomes by maximising the delivery of affordable homes and supporting institutional BTR developments in suitable contexts.
- Optimising the effectiveness of the planning system by ensuring planning policy reflects the most up-to-date evidence and removes policy quickly that is no longer justified by the evidence.
- Reducing the risk of under-supply associated with the impact of Brexit and the Pandemic by increasing the supply of building land. This may ease the price of development land, reducing risk for house-builders and enhancing viability.

Housing land supply

7.17 The analysis of the 5YHLS data of councils in the HMAs suggests the supply trajectory (based on assumptions around the BOR) are, generally speaking, robust.

7.18 That said, by arriving at the "guide BOR" based on completed sites, the exercise to remove "optimism bias" has identified that the expected BOR associated with some individual sites is overly ambitious.

7.19 In developing a robust trajectory, assumptions around BORs must reflect regression to the mean BOR achieved on completed sites, rather than rely solely on the site owners' and developers' forecasts.

First five years (2021/22 to 2025/26)

7.20 A comparison of the "5YHLS" CAGR with the "completed sites" CAGR reaches the following conclusions:

- Sites relevant to Maidstone HMA - 0.87% v 1.18% (variation of 0.31% in favour of the completed sites CAGR);
- Sites relevant to Sevenoaks/Tonbridge/Tunbridge Wells HMA - 0.71% v 0.66% (marginal variation of 0.05% in favour of the 5YHLS CAGR); and
- Sites of Tonbridge & Malling – 0.74% v 1.16% (variation of 0.42% in favour of the completed sites CAGR).

7.21 This suggests that the market within each of these geographies is likely to be able to absorb housing growth in line with the expected level of growth set out within the councils' 5YHLS.

7.22 That said, the position in the S/T/TW HMA is marginal. There is a risk, therefore, that the pace of delivery within this geography may be less than expected. This may happen, for example, if macro-economic conditions deteriorate over the period resulting in reduced market confidence.

The period 2021-40

7.23 A comparison of the standard method CAGR 2021-40 with that of the completed sites CAGR 2011-21 reaches the following conclusions:

- Sites within Tonbridge & Malling as a whole – 1.16% v 1.33% (variation of 12% in favour of the standard method CAGR). This suggests that the market is unlikely to absorb projected housing supply in this area in full. It would, therefore, be unrealistic to assume the Borough would be able to support a level of growth in-excess of the assessed need derived from the standard method.
- Sites in Tonbridge & Malling within the Maidstone HMA – 0.90% v 1.10% (variation of 18% in favour of the standard method CAGR). Consistent with the finding above, this suggests this area will not be able to absorb future housing supply in full.
- Sites Tonbridge & Malling within the S/T/TW HMA – 0.90% v 2.32% (variation of 61% in favour of the standard method CAGR). This suggests the market is very unlikely to absorb projected housing supply in this area in full.

7.24 Furthermore, the latest median workplace-based affordability ratio (MWAR) shows a deterioration in affordability in Tonbridge and Malling (from 11.93 in 2020 to 13.39 in 2021). That said, as a result of the cap built into the standard method, this change will not alter the Borough's SM_LHNF, which remains 839 dpa.

7.25 Be that as it may, the worsening MWAR is an indicator that the balance between supply and demand is worsening.

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