

JAA and Lichfields for Wates Developments Limited
Representor No RN/547 and RN/1063
Ashford Borough Local Plan Examination
Issue 4
To be debated 18.04.2018

Issue 4:**Is the housing requirement justified and deliverable and has it been calculated in accordance with national policy and guidance?****i) What weight should be given to the new standardised methodology for calculating local housing need set out in the housing White Paper of February 2017 and the Government consultation of September 2017 on Planning for the right homes in the right places?**

4.1.1 Whilst we would suggest that only limited weight can be given to 'Planning for the Right Homes in the Right Places' as whole, we do consider the use of the DCLG household projections as the demographic starting point for assessing needs and the level of uplift being proposed in the standard methodology can be given more weight as they have been subject to consultation and remain unchanged in the recently published consultation draft new NPPF and PPG changes. Thus the standard methodology does serve as an clear indication that the market signals uplifts currently being applied in response to existing Policy (i.e. NPPF para 17 bullet point 3) are, in the Government's view, insufficient to address affordability issues. For example, the Ashford 2017 SHMA Update proposes a 5% uplift to the household projections to address market signals and affordability. Under the standard methodology, the uplift in an area with a median workplace affordability ratio of 8.7 (i.e. Ashford) would be 30%. The standard method local housing need figure is 989 dpa for Ashford– an increase of 20% over the current OAN figure of 825 dpa.

4.1.2 The draft PPG confirms that the standard methodology should form the starting point, but that local authorities should consider uplifts for other factors (e.g. strategic infrastructure, employment, affordable housing delivery), so it is possible (indeed necessary) that some areas will need to be doing even more than indicated by the standard methodology. It is also important to note that:

- The transitional arrangements in Annex 1 of the draft NPPF are clear (para 210) that if a submitted plan is withdrawn or otherwise does not proceed to adoption, the policies in the revised Framework will apply to any subsequent plan;
- If the plan is found sound, it will need to be reviewed within 5 years and be based on the new methodology. Therefore even if the Local Plan's housing figure does not increase to meet the standard method need during this iteration of the plan, it is inevitable that in the very near future the Council will need to plan for more homes than the current emerging Local Plan (i.e. during its review). In the meantime, the adopted Plan will not be meeting its identified standard methodology), local housing need with consequential impacts in the local housing market.

ii) Is the housing market area suitably defined having regard to the PPG on Housing and economic development needs assessments (ID02a-011-20140306)?

No comment

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iii) Is the figure of 754 households per annum justified as the starting point for establishing objectively assessed need and has it been properly derived from the 2014 population and household projections?

4.3.1 Yes. The 2014-based household projections for Ashford project an increase from 47,977 households in 2011 to 63,056 households in 2031, an average increase of 754 households per annum, equivalent to 786 dpa (when a second home/vacancy rate is applied). Utilising this figure conforms to PPG ID 2a-015 and is justified as the starting point for establishing OAN.

iv) Is the vacancy allowance of 4.2% a suitable one?

4.4.1 Yes. It is standard practice for assessments of housing need to take into account an allowance for second homes and dwelling vacancy to reflect the fact that not all dwellings are occupied 100% of the time. At the time of the 2011 Census, there were 49,806 household spaces, of which 2,019 had no usual residents, implying a vacancy rate of 4.1%.

v) Should any demographic adjustment be made to the household projections due to specific local circumstances (ID02a-017-20140306)?

4.5.1 Yes. The household projections should be adjusted to take into account changes in the migration relationships between London and Ashford. ¹

4.5.2 In addition Planning Practice Guidance (PPG) indicates in paragraph 2a-015 that some adjustments may need to be made to take account of the fact that failure to meet housing needs in the past has suppressed household formation resulting in a lower level of household growth.

4.5.3 Attached at appendix 1 is a table that sets out ABC's housing delivery since 2006. As can be seen the cumulative shortfall against the submitted plan is significant at -1911 dwellings.

4.5.4 The PPG (ID2a-019) is clear that past under delivery should be reflected within the market signals adjustment made within the OAN (the 'rate of delivery' signal). Such past under-delivery also affects the other market signals indicators and together they inform the level of market signals uplift to be applied; a properly derived OAN will already reflect past under-delivery.

4.5.5 Whilst this would suggest that an adjustment to the demographic projection is appropriate, any adjustment to address a) suppressed household formation and b) market signals and affordability of housing, should be set at a scale which addresses both of these symptoms of poor housing delivery.

¹ See response to question viii below and Lichfields SHMA Update review paragraphs 3.3-3.5.

vi) Have employment trends in the Strategic Employment Options Report (EBD04) been properly taken into account (ID02a-018-20140306) and is the selection of a baseline economic growth scenario justified?

4.6.1 Put simply – no.

4.6.2 The Strategic Employment Options Report was prepared in 2012, against a very different economic context (i.e. in the immediate aftermath of recession). Its baseline employment forecast was for 12,400 jobs 2010-2030 (Figure 8.5). The 'Downside Risks' scenario forecast 8,100 jobs, the 'Enhanced Productivity' scenario 14,300 and the 'Enhanced Performance' scenario 15,900 jobs (Figure 8.5).

4.6.3 A previous version of the SHMA (Ashford August 2014 SHMA) concluded that the higher scenarios (Enhanced Productivity and Enhanced Performance) might require higher housing provision but that this was a policy choice for the Council (August 2014 SHMA para 2.33). The 2017 SHMA Update made no reference to these higher forecasts, and only assessed the baseline employment growth scenario. It concluded that the population growth in the 2014-based SNPP would be sufficient to support this level of growth².

4.6.4 It is considered that the enhanced scenarios should have been reflected in the SHMA update and assessed in the SA.

vii) Has the housing need number suggested by the household projections been adequately adjusted to reflect appropriate market signals relative to local or national averages as per ID02a-019 & 020-20140306? Is the proposed upward adjustment of 5% reasonable and is the impact of this figure or a higher one on overall stock growth relevant in determining objectively assessed need?

4.7.1 Put simply – no the OAN has not been adequately adjusted to reflect appropriate market signals relative to local or national averages; the proposed upward adjustment of 5% is unjustified and unreasonable; and whilst overall stock growth is not directly relevant in determining OAN, it is a useful benchmark for considering what scale of delivery might improve affordability.

4.7.2 The PPG sets out a two staged approach to market signals; 1) to determine whether an uplift is required (ID 2a-020 paragraph 1) and then, if determined that an uplift is appropriate, 2) to set the uplift at a scale which on reasonable assumptions [and consistent with the principles of sustainable development] could be expected to improve affordability (ID 2a-020 paragraph 3).

4.7.3 We agree with the Council on part 1, i.e. that an uplift for market signals is required in Ashford (this is confirmed by the Council at paragraph 8.12 of the 2017 SHMA Update).

² See 2017 SHMA Update para 7.4

- 4.7.4 However, we do not agree that the Council has adjusted the housing need number adequately, at a scale which on reasonable assumptions, could be expected to improve affordability, as required by the PPG. As shown in Table 13 of the Ashford SHMA Update (January 2017) affordability in Ashford has risen more sharply in a short period compared to nationally. Similarly Figure 6 shows house prices in Ashford are rising faster than the Kent average.
- 4.7.5 The Council's basis for its 5% uplift is comparisons with Eastleigh and Uttlesford³ and a number of other areas where a market signals uplift was not accepted altogether (2017 SHMA Update para 9.4). However, as set out in Lichfields' July 2017 SHMA review (para 3.24-27), the comparators in the SHMA appear to demonstrate examples which go against the grain of the PPG (i.e. not applying uplifts despite evidence to show an uplift is required), with no context given, and in many cases the examples are now significantly out-of-date. They have been superseded by a number of more recent Inspector's findings which apply more significant uplifts (e.g. Mid Sussex and Waverley amongst others⁴).
- 4.7.6 The Council also then considers historic rates of housing growth in Ashford (and the housing market area, Kent and England), as shown in the 2017 SHMA Update Table 17. However, the clear flaw in this approach is that the NPPF is clear that local authorities should 'significantly boost' the supply of housing, i.e. deliver substantially more than what has been delivered in the past. At a local and national level it is necessary that historic housing delivery rates increase in order to reach the Government's target of 300,000 dpa and for there to be any reasonable prospect of an improvement in affordability.
- 4.7.7 Lichfields July 2017 SHMA review considered what scale of uplift might be expected to improve affordability and whether this could be expected to occur. Based on comparators (using a similar approach to the Council), up to a 15% uplift would be appropriate (see paragraphs 3.26-28). The SHMA review also contained a review of the housing growth rates in adopted Local Plans (adopted post-NPPF) – these provide a far more useful benchmark as to what level of growth is 'reasonable' (compared to looking at historic growth rates in Ashford, as the Council has done)– this is shown in Table 3.1 of the representations. When taking into account stock growth rates seen elsewhere in post-NPPF adopted Plans, an uplift of at least 10% (giving a stock growth rate of 1.75% for Ashford) could reasonably be expected to occur. Stock growth is a relevant benchmark for assessing what is required by PPG ID2a-020 in respect of evidencing an uplift that could improve affordability and is therefore relevant in determining OAN.

³ See 2017 SHMA Update para 9.3

⁴ In Mid Sussex a market signals uplift of 20% was applied (Mid Sussex Local Plan Inspector's Report paras 19-20, 12th March 2018). In Waverley a market signals uplift of 25% was applied, in comparison to the 5% advocated in the GL Hearn SHMA for the area (Waverley Local Plan Inspector's Report paras 20-25, 01st February 2018).

4.7.8 The fact that the 5% upward adjustment is not sufficient to address market signals is highlighted by the Government's standard methodology, under which Ashford (with a median affordability ratio of 8.7) would be subject to a 30% uplift. For context, a national delivery of 300,000 dpa (the Government's national target) would represent a 44% uplift on the starting point household projections (c.215,000 dpa).

viii) Is the allowance for 442 dwellings over the plan period to cater for increased out migration from London justified and adequate? Is the figure part of the objectively assessed need and should it only be applied from 2017 onwards?

4.8.1 The Jan 2017 SHMA update includes some sensitivity analysis for migration from London, which results in the OAHN increasing from 786 to 828 dpa. (+42 dpa over the plan period). Table 1 of the ABLP includes provision for 442 dwellings as 'future proofing' associated with migration flows from London (but not accounting for any unmet need – ABLP para 3.20.3). This is equivalent to 34 dpa (2017-2030).⁵

4.8.2 The NPPF at paragraph 159 requires SHMAs to take into account migration, and the PPG ID 2a-015 sets out that assessments of need may require adjustments to take into account factors affecting local demography that may not be captured through past trends. As the official projections only draw on five year migration trends, capturing effects from London (based on migration returning to pre-recession trends) will require an adjustment.

4.8.3 In that context an allowance in Ashford to account for this appears reasonable, justified and indeed necessary (whether at +34 dpa or +42 dpa).

4.3.4 However we consider that this component is part of OAN (given it reflects changing local migration patterns) and is not a separate or additional element of the overall requirement (as currently indicated in the Plan). It should not be seen as a 'future proofing' and to do so would be a failure to take account of likely additional in-migration from London not captured in past trends. It should be seen as a component of the demographic-led need in Ashford with the resultant figure (828 dpa as identified in the SHMA) being the need upon which any uplifts for market signals should be applied⁶.

4.3.5 A similar adjustment (to the OAN figure) was recently deemed appropriate in the Waverley local plan examination⁷, highlighting the degree of influence London has on migration trends across the wider South East.

⁵ It is on this basis that ABC have calculated a requirement of 859dpa from 2017 (825 +34 (442/13) = 859

⁶ See Lichfields 2017 SHMA Review paras 3.3-3.5 & Lichfields 2016 SHMA Review paras 4.10-4.15

⁷ The Inspector accepted an additional 12 dpa should form part of the OAN for the Borough

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ix) Has an allowance been made for vacancy and second home ownership of existing and future housing stock?

4.9.1 Yes. As set out in our response under (iv) the use of 4.2% is appropriate, and it has been applied to future housing need in Ashford. This is evident from Table 20 of the Ashford 2017 SHMA Update, which shows that household growth of 754 households per annum equates to a housing need of 786 dpa. The SHMA's uplift for market signals is then applied to this figure of 786 dpa.

x) Has the Council adequately considered increasing the total housing figures in order to help deliver the required number of affordable homes in accordance with the PPG (ID 2a-029-20140306)?

4.10.1 No. Firstly, the Council's affordable housing needs assessment (368 affordable homes per annum) is flawed. As set out in Lichfields July 2017 SHMA Review the affordable housing needs assessment likely to be a significant underestimated due to it:

a) Being based on a zero net migration scenario⁸ when the NPPF at paragraph 159 is explicit that SHMAs should identify local housing needs, taking into account migration.

b) Not being updated to reflect subsequent projections which are showing higher household growth⁹.

4.10.2 Secondly, the Council has not considered an increase to help deliver the required number of affordable homes. It makes what in our opinion is a too low 5% upward adjustment for market signals which it quotes as being "*to improve affordability in the Borough*" (2017 SHMA Update 9.22); no reference is made to responding to affordable housing need. The 2017 SHMA Update at para 9.6 quotes the Kings Lynn high court judgments (which confirms that affordable housing need should have an 'important influence' on OAN). However, it is unclear how (or even if) affordable housing needs have had an influence on the OAN for Ashford.

4.10.3 As set out in Lichfields SHMA Review, even accepting the SHMA's affordable housing need assessment (which for the reasons set out above is likely to be an underestimate), based on the likely level of delivery, a total of around 1,500 dpa would be needed. This provides a strong and clear justification for increasing the OAN and housing delivery above that in the 2017 SHMA Update

4.10.4 In the context of the above, we note that assessing the implications to the changes to policy SP2 in the 2017 addendum to the SA, no assessment is undertaken of the merits of an alternative scale of development – i.e. one above that proposed by policy SP2. Furthermore we note that 'Meeting Objectively Assessed Need with a significant

⁸ See Ashford SHMA 2014 para 7.51

⁹ See Table 20 of the 2017 SHMA Update comparing the 2014-based projections and 2012-based projections showing a +65 households per annum increase.

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uplift to assist affordable housing provision' was deemed to be an unreasonable alternative, with para 3.6.19 of the SA advising:

'Overall the affordable housing need's evidence provides some justification for considering a modest adjustment to identified housing need to improve affordability. However, the objectively assessed need already includes a small uplift to accommodate the 'market signals' test as there is some limited evidence of reduced affordability of market property over time. A significant increase in the Local Plan housing target to meet affordable housing need is therefore not considered to be a necessary or reasonable alternative.'

- 4.10.5 The fact the idea of increasing the total housing figures in order to help deliver the required number of affordable homes has in effect been pushed aside demonstrates a plan that is not positively prepared or in accordance with national government guidance. The fact the SA does not include an objective that looks to assess the effects of the various scenarios on the provision of affordable housing despite the plans vision that Ashford Borough meet its housing and employment needs; and the sustainability objective of the plan *'to provide a mix of housing types and sizes to meet the changing housing needs'* is in our opinion a travesty given the affordability issues in the area.
- 4.10.6 The lack of any real consideration of the implications of increasing the total housing figures to help deliver the required number of affordable homes supports the need for a more substantial market signals adjustment to take on board the issue of affordability.

xi) Should the housing requirement be set out in policy as an annual average or should a stepped requirement be included?

- 4.11.1 There is in our opinion no justifiable reason to promote anything other than an annual average housing requirement in the ABLP. Furthermore it is in our opinion important that the annual requirement is set out in policy SP2, that the requirement refers to the whole plan period (2011-30) and not the residual requirement for 2017-30 (based on completions to 2017), as currently set out in SP2.¹⁰
- 4.11.2 Section 3.37 of the ABLP seems to infer that adopting an annual average target would, given the past shortfall in delivery lead to the need to identify a significant number of additional dwellings in the rural areas immediately, which it believes to be contrary to the SA and prejudicial to the character if the rural areas. Likewise paragraph 212 of the Housing Topic Paper suggests that *'a slavish adherence to the Sedgfield methodology for rectifying the shortfall will start to adversely affect the appropriate model for sustainable development in a Borough such as Ashford where the balance of sustainability weighs so heavily towards development in Ashford and*

¹⁰ At present policy SP2 looks to provide for 12,950 from 2017 – 2030 (the next 13 years). This equates to 996dpa which is 859 + backlog of 1,773 (based on 825 from 2011 – 2017 (not 848)) spread across remaining plan period (13 years) (Liverpool) which is 136 – so 859 + 136 = 996

its immediate surroundings if other short term deliverable sites there are not available'. It would appear that it is this that has led to no annual target being promoted in policy SP2 and the council promoting the Liverpool approach in the ABLP to its housing trajectory.

- 4.11.3 This whole approach is inconsistent with the aims and objectives of the NPPF – to boost significantly the supply of housing, and the very clear advice in PPG on the need to adopt the Sedgefield method to the 5 year housing land supply assessment unless there is a robust justification for not doing so. ABC have not provided a robust reason for failing to adopt an annual average housing requirement or for spreading the delivery of housing over the plan period as suggested in para 3.37.7 of the ABLP. The fact ABC have accepted they need to adopt a 20% buffer in calculating their 5 year housing land supply given persistent under-provision would support our view that they should use the 'Sedgefield method' to make up the shortfall as soon as is reasonably possible. Poor completion rates over the last 11 years should not be put forward as a credible reason for under-provision going forward.
- 4.11.4 Furthermore, the spatial strategy and SA acknowledge that delivering a proportionate amount of development away from Ashford is a sustainable approach to meeting the boroughs housing needs. Thus the assertions made in para 3.37 of the ABLP and paragraph 212 of the Housing Topic Paper fail to take into account the fact that further (proportionate) growth outside Ashford is sustainable and could bolster its housing land supply.
- 4.11.5 In this regard the situation is not in our opinion as dire as ABC would lead one to believe. Our assessment of the 5 year HLS situation, using ABC's proposed trajectory suggests that whilst utilising an annual average from 2011, adoption of the Sedgefield method and a 20% buffer would result in a shortfall of circa 500 dwellings in 2017/18 – 2022/23 and -20 for 2018/19 – 2023/24¹¹. Whilst the delivery targets adopted by ABC in their housing trajectory are open to debate, this nonetheless suggests that the implication of adoption of an annual average delivery rate and Sedgefield are not as dire as one would expect and in no respect justify a stepped trajectory.
- 4.11.6 The Government have established through PPG that: "Local planning authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible." Adopting both a stepped trajectory and the Liverpool approach would put off the delivery of much needed housing to later on in the plan period and is totally unjustified. All ABC need do is allocate a small number of small sites to address the backlog in the first five years. It's clear from the SHLAA that there are sites that could be reviewed in this regard – such as the Wates land at Appledore Road/Woodchurch Road.

¹¹ See response to Issue 5.

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JAA Appendix 4.1 – ABC housing delivery since 2006

Year	Requirement	Delivery	Shortfall	Cumulative shortfall	Cumulative shortfall against ABLP only
2006-7	1092 – CS	359	-733	-733	
2007-8	1092 – CS	566	-526	-1259	
2008-9	1092 – CS	536	-556	-1815	
2009-10	1092 – CS	501	-591	-2406	
2010-11	1092 – CS	555	-537	-2943	
2011-12	848 – ALP	633	-215	-3158	-215
2012-13	848 – ALP	284	-564	-3722	-779
2013-14	848 – ALP	137	-711	-4333	-1490
2014-15	848 – ALP	405	-443	-4876	-1933
2015-16	848 – ALP	1022	+174	-4702	-1759
2016-17	848 – ALP	696	-152	-4854	-1911 ¹²
Total		5694 (3177 since 2011-12)			
Annual average delivery rate		517.6 (529.5 between 2011/12 and 2016/17)			

¹² NB ABC suggest a shortfall of 1,773 from 2011 in the HTP based upon 825dpa