



Inspectors 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?

1. The Council considers that no weight should be given to the new standard methodology. At the time of writing it remains "draft." Transitional arrangements were proposed in the Planning for the Right Homes consultation, outlining that for plans such as this one, the examination should progress using the current approach/ method (i.e. that in the PPG). This has been carried forward in Paragraph 209 in the NPPF consultation draft text.
2. The standard methodology takes household growth and applies an adjustment to take account of market signals based on the latest median affordability ratio. The Draft Planning Practice Guidance text (p27) makes it clear that the past under-delivery is reflected in the affordability adjustment.
3. Using the 2014-based household projections and a 2016 affordability ratio generates a requirement for 989 dpa looking forwards from 2016. Applying this to the remaining plan period from 2016 would generate a requirement for 13,846 homes.
4. The draft Local Plan has a housing target of 16,120 dwellings over the 2011-30 period. Net completions 2011-16 totalled 2,484 dwellings, resulting in a residual requirement for 13,636 dwellings.
5. The scale of the difference between the figures arising from the standard methodology and the plan requirement is thus very modest, totalling 210 dwellings (15 dwellings per annum, 2016-30).

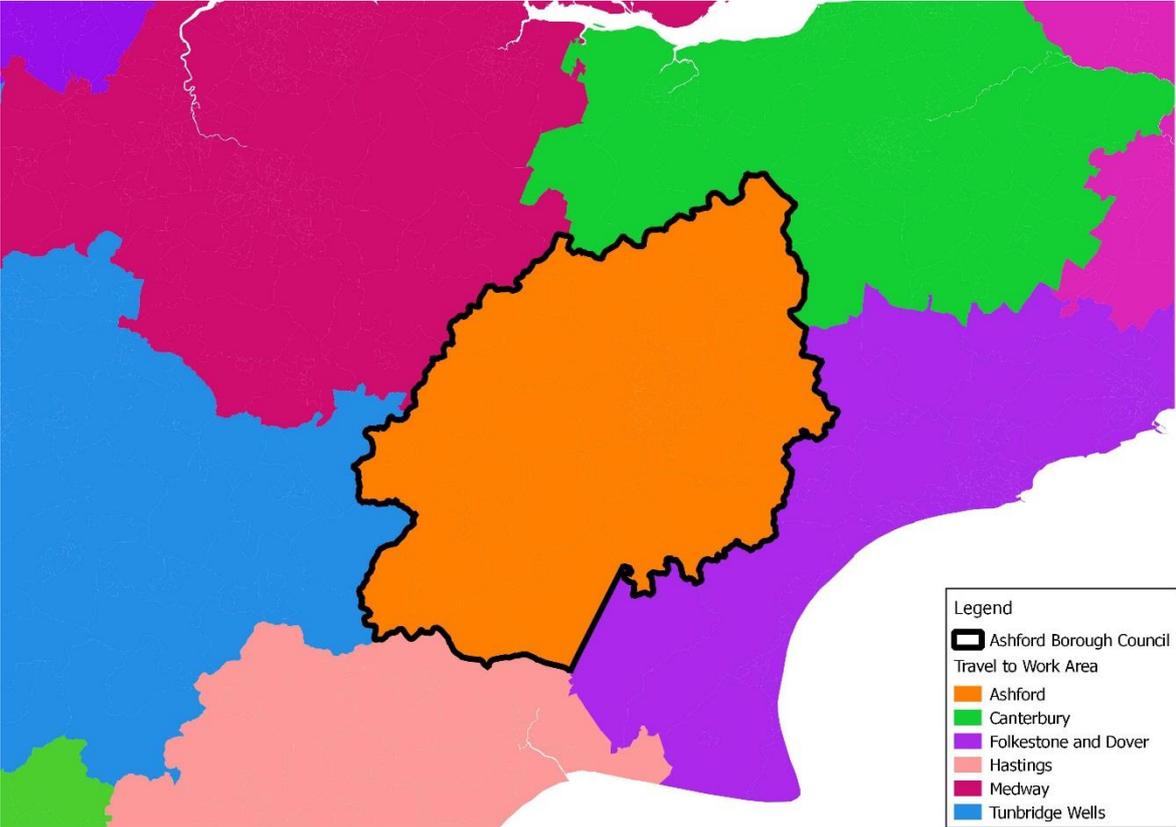
ii) Is the housing market area suitably defined having regard to the PPG on *Housing and economic development needs assessments* (ID02a-011-20140306)?

6. Yes. Chapter 2 in the 2014 SHMA (SD13) considered housing market geographies, considering existing research, house prices, migration and commuting patterns in line with

the PPG. It concluded that the geography of housing markets identified in the national CLG/ CURDS Study was appropriate, with commuting and migration analysis in particularly pointing to a largely self-contained Ashford focused HMA, which was aligned relatively closely with the Borough boundaries.

7. ONS has subsequently defined Travel to Work Areas using 2011 Census data. These show an Ashford TTWA which aligns with the Borough boundaries, providing further support to the SHMA’s findings.

Figure 1 - Ashford Travel to Work Area



8. Evidence base studies in surrounding areas have also considered housing market geographies and, whilst recognising inter-relationships (as the Council’s evidence does), have not identified Ashford as within a common HMA.

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?
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9. Yes. It is derived from the 2014-based population and household projections as published. These projections see strong population growth in Ashford of 23.7% (2011-31) as shown in Table 1 on Page 5 in the 2017 OAN Report, compared to 19.2% across Kent and 16.2% across the South East. This results in household growth of 15,086 households, equivalent to 754 per annum (Table 6, p15).

iv)	Is the vacancy allowance of 4.2% a suitable one?
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10. Yes. The 2011 Census showed that in Ashford Borough the number of dwellings was 4.2% higher than the number of households. This figure has been held constant in deriving figures for housing need looking forwards. It takes into account that, at any time, a small proportion of the housing stock will comprise vacant and second homes.

v)	Should any demographic adjustment be made to the household projections due to specific local circumstances (ID02a-017-20140306)?
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11. No. The 2017 OAN Report considered population growth and migration relative to historical trends in Sections 2 and 3, and household formation assumptions in Section 5.
12. Migration in the shorter-term in the ONS 2014-based population projections was consistent with recent trends, with some lowering of the rate of net migration to Ashford in the longer-term reflecting assumptions regarding falling international migration in ONS' national population projections (see Para 3.2 and Figure 3 in the 2017 OAN Study). Projected population growth was stronger than in the 2012-based SNPP and that expected across wider geographies – with 23.7% population expected in Ashford, compared to 19.2% across Kent and 16.2% across the South East (Tables 1 and 2 in the 2017 OAN Study).
13. GL Hearn interrogated household formation rates for different age groups, and considered whether adjustments would be appropriate. It found that whilst household formation amongst those in their late 20s and early 30s fell between 2001-11, the CLG Household Projections were expecting a return to 2001 levels. Increasing household formation was also shown for those aged 35-44. It found that household formation rates of younger households were notably higher than in many other parts of the South East region (Para 5.7). GL Hearn concluded on the basis of the evidence that no demographic adjustment was therefore warranted.

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?
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14. Yes. The Strategic Employment Options Report sought to explore a number of different scenarios for Ashford's economy. Cambridge Econometrics' advice at that time was that the Downside Risks Scenario at that time was the most likely assessment of economic performance (EDB04, Para 10.5). This saw employment growth of 9,200 jobs, 2011-30.
15. The higher "enhanced performance" and "enhanced productivity" scenarios sought to consider factors which could influence economic performance and potential policy choices (Para 6.2). However, the report did recognise that there were challenges in

achieving this, including in regard to trade with the European Union, retention and growth of manufacturing employment, to delivery of office floorspace in Ashford, and in respect of further development in Ashford Town Centre.

16. The SEOR Report was prepared in advance of the EU Referendum. There are inevitably uncertainties regarding medium- and longer-term economic performance at the current time associated with the future trading relationship which the UK is able to negotiate with the EU and other trading partners. Economic forecasts have been downgraded notably since the EU Referendum.
17. At a local level, it is taking time to develop the commercial office market in Ashford, with the first office building being delivered with the Council's support.
18. Cambridge Econometrics forecasts from Autumn 2017 show lower employment growth forecast across the South East region compared to the SEOR Report (0.8% pa vs 0.9%) and nationally across the UK (0.7% vs 0.8% pa). Set against this the 1.4 – 1.5% pa growth as envisaged in the Enhanced Performance and Productivity Scenario is not considered realistic.
19. The baseline economic scenario provides a positive but realistic scenario for economic growth, which envisages 1.0% pa growth in employment across the plan period.
20. As the 2017 OAN Study indicates, the 2014-based SNPP would support workforce growth of 13,200 persons (12,800, 2011-30). This exceeds the growth in jobs of 12,500 in the SEOR Baseline Scenario. The Study found no need to make upwards adjustment to migration/ housing need in drawing conclusions on the OAN.

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?
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21. The 2015 SHMA Update showed a deterioration in the affordability of market housing over the 2001-11 decade, as seen in many areas across the UK, but pointed to a fundamental shift in market conditions since 2007. The analysis showed:
 - Median house prices in Ashford which were slightly below the Kent average overall and for different types of homes, and notably below those in Maidstone and Tonbridge and Malling; but above the national average. Prices had increased relative to earnings over the longer-term; and rents had grown – albeit to a lesser extent in Ashford than other parts of Kent;
 - Comparatively strong levels of housing delivery across the three authorities considered (Ashford, Maidstone and Tonbridge and Malling);
 - A lower quartile affordability ratio of 8.15 in Ashford in 2013, which whilst above the national average, was modestly below average relative to other parts of Kent;
 - Growth in households living in over-occupied accommodation of 0.6pp and of people living in HMOs by 0.5pp between 2001-11, which was well below the increased seen at a regional and national level.

22. It considered that a modest uplift was warranted, and modelled an uplift of 1% through adjustments to household formation as a response to the market signals evidence.
23. By the time of the 2017 OAN Study, the evidence suggested that house price inflation has returned whilst wages had remained fairly static (as broadly has been the case nationally) resulting in a deterioration of the lower quartile affordability ratio to 9.6. However other evidence continued to point to a mixed picture, including land values which were 28% below the national average excluding London; with evidence that rental trends had been relatively flat with rental affordability better than in Maidstone or Tonbridge and Malling. The land value evidence did not point to a shortage of residential land or justify a particularly large market signals adjustment.
24. The affordable housing needs evidence showed a need for 368 affordable homes per annum. Taking account of the likely delivery of affordable housing in line with policy requirements, the 2017 Study indicated that in theory between 920 – 1840 dwellings per annum would be required (2013-30) to meet the affordable need in full.
25. Market signals and affordable housing evidence are appropriately considered together, given the interactions between them, whereby entry level housing costs influence the affordable housing need. By implication, an improvement in the affordability of market housing over time will reduce the level of affordable housing need.
26. The High Court has set out in *Kings Lynn & West Norfolk v SSCLG and Elm Park Holdings* [2015] that affordable housing needs should be addressed in determining the OAN, but that neither the Framework nor PPG suggest that they have to be met in full, essentially as in practice this would often generate a figure for which there is little or no prospect of delivering in practice (see 2017 OAN, Para 9.8-9.11).
27. In defining OAN, the PPG sets out in ID 2a-003-20140306 that “*Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.*” The consideration of the deliverability of the OAN figure is reasonable on this basis.
28. Furthermore in respect of adjustment for market signals, the PPG outlines in ID 2a-020-20140306 that this should be set at a level which is reasonable. The consideration of the growth implied by the demographic projections, the Council contends, is logically an influence on what adjustment is reasonable.
29. The 2014-based household projections show population growth of 23.7% in Ashford, which is significantly higher than the average rate of growth expected across the South East (16.2%) or England (14.6%) (2017 Study, Table 1). Two thirds of this is driven by net in-migration to the Borough, with the level of net migration expected over the plan period 29% higher than in the 2012-based Projections. The household projections already build in increases in household formation amongst younger households (2017 Study, Figure 5).
30. The Borough has seen rates of housing delivery over the last decade which are within the top 10% of local authorities nationally (Housing Topic Paper, p12). The demographic evidence shows that this has contributed to strong net migration to Ashford.
31. The upward adjustment of 5% in response to the market signals and affordable housing evidence in the 2017 OAN Study was assessed as appropriate in this context, with the assessment concluding that a higher uplift was unlikely to be deliverable (Para 9.19). As the table on Page 12 of the Housing Topic Paper shows, there are only three authorities nationally which have sustained a 1.6% pa growth in housing stock or above over the last

decade, two of which are in Central London. This is consistent with the conclusion of the Sustainability Appraisal (SD02) at para. 3.6.19 that a significant increase in the Local Plan housing target to meet affordable housing need was not considered to be a reasonable alternative for the purposes of assessment.

32. The Council considers that a higher level of housing delivery than planned for would be undeliverable in a sustainable way. (see the response to Issue 5 iv).

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?
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33. The allowance for additional migration from London is not part of the OAN. The ONS demographic projections already take into account in-migration from other areas, including London, and are dynamic projections which take account of how demographics in other areas from which people move to Ashford are expected to change.
34. The SHMA modelled a London migration scenario as a sensitivity analysis to consider potential issues of alignment with the 2013 London SHMA, which formed the basis of the current London Plan (“the FALP”). This was planning for housing provision in London of 49,000 homes per year. The modelling assumptions reflected uncertainty regarding how migration from London would change as the economy and housing market emerged from recession and modelled an increase in migration from 2017 forwards as this was the approach adopted in the GLA 2013-based Demographic Projections/ 2013 SHMA.
35. The Greater London Authority (GLA) has since published and consulted on a new draft London Plan, and updated its evidence base. The 2017 London SHMA identifies a need for 66,000 homes a year; and the plan identifies capacity within London for 65,000 homes pa and proposes to plan for this level of provision, essentially meeting London’s needs within London.
36. The GLA has published alongside the 2017 London SHMA demographic projections for areas outside of London which align with the draft London Plan evidence base. These (Central Scenario) expect household growth of 13,700 between 2011-31, equating (including an allowance for vacant homes) to a housing need of 714 dpa. This is below with the demographic need set out in the 2017 OAN Report (786 dpa), and there is therefore no need for an adjustment in drawing conclusions on the OAN.
37. The Council is aware that these issues have been considered at other local plan examinations in the South East region. Other authorities have not been required by Inspectors to make adjustments for higher migration from London. The Maidstone Inspector’s Report of July 2017 (Para 108) considered similar issues, noting that no request had been made from the GLA or any other authority to accommodate unmet needs; and that it is possible that a future increase in in-migration from London could place pressure on areas beyond the Green Belt such as Maidstone which have transport links, but concluded that this was a matter which should be considered in the first review of the plan when policy provisions for housing become clearer.
38. Nonetheless the Council considers that planning for an uplift of 442 dwellings is a sound planning approach which accepts the high quality of the Borough’s transport links to the capital, as well as the wider market signals and affordable housing evidence in the SHMA. It represents positive planning.

ix)	Has an allowance been made for vacancy and second home ownership of existing and future housing stock?
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39. Yes it has. The modelling assumes no changes in the proportion of vacant/second homes in the existing stock, and has applied an uplift of 4.2% to household growth to account for a proportion of vacant and second homes in housing stock delivered over the plan period.

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)?
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40. The evidence base shows a need for 368 affordable homes per annum (2013-30). Table 18 in the 2017 OAN Study shows that to meet this in full would require between 920-1840 dpa, depending on the proportion of affordable housing delivered.

41. With 30% affordable housing delivery, a 56% uplift on the demographic need of 786 dpa would be required to 1227 dpa to meet the affordable housing need in full.

42. The Council has given consideration to uplifting the requirement in response to the affordable housing needs evidence in line with the *Kings Lynn* judgment, as detailed in Section 5 of the Council's Housing Topic Paper.

43. The majority of affordable housing is delivered on mixed tenure schemes and influenced by residential development viability. To meet the affordable housing need in full at 30% affordable housing provision would require 2.4% pa growth in housing stock, which is essentially above what any areas nationally has consistently delivered over the last decade (see Housing Topic Paper, p12).

44. Any upward adjustments within an OAN calculation would deliver additional market and affordable housing. Market housing provision which reduces market housing costs over time will reduce the scale of affordable housing needs.

45. The 5% upward adjustment in the 2017 OAN Study would contribute to provision of additional affordable housing and was considered to be the upper limit of what can be considered achievable. The Council has also taken into account the affordable housing need in its decision to include the additional 442 dwellings in the housing requirement. Increasing housing provision to levels at which there is no realistic prospect of delivery would not be an effective way of addressing affordable housing needs.

xi)	Should the housing requirement be set out in policy as an annual average or should a stepped requirement be included?
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46. The Local Plan does not set out an annual housing figure that is required to meet the housing requirement over the plan period. However, Table 1 of the Local Plan on page 18 clearly sets out that the plan's overall OAN is 15,675 dwellings which equates to 825 dwellings per year over the plan period (2011-2030). Should it be deemed necessary in

terms of providing clarification for this figure to be incorporated into policy then the Council would have no objection.

47. With regards to incorporating a stepped housing requirement into the Local Plan, the Council do not believe this approach is necessary as a means of meeting future housing need. The Council's evidence, as demonstrated through the Housing Topic Paper (SD08), explains that many of the sites in the Local Plan are now starting to come forward and deliver housing completions, whilst the advice from developers and housebuilders to the Council indicated by the responses in Appendix 2 to the Housing Topic Paper clearly suggests a desire to start new housing sites soon. This is reflected in the housing trajectory of the Submission Local Plan which shows the expectation of an increase in housing completions. Furthermore, as set under the response to Issue 5 (viii), the Council is confident that the future housing windfall assumptions are realistic and deliverable.
48. In addition, the key potential strategic infrastructure constraint of M20 Junction 10a will soon be resolved as the scheme is now under construction and will be opened to traffic in 17 months time. This timeframe is reflected in the housing trajectory and therefore not of itself sufficient justification for a stepped housing requirement in the Plan.
49. However, the Council does consider that it would be beneficial to provide some greater flexibility surrounding how any housing shortfall is met over the plan period. This is dealt with in response to question iv) above.