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Ashford Borough Council

**ASHFORD STRATEGIC HOUSING
MARKET ASSESSMENT**

JANUARY 2017



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

Ashford Borough Council
Final Report

January 2017

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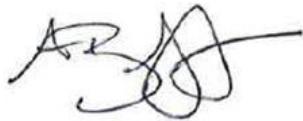
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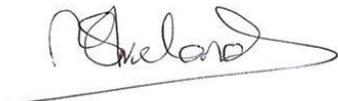
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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1. INTRODUCTION

- 1.1 The latest set of (2014-based) subnational population projections (SNPP) were published by the Office for National Statistics (ONS) in May 2016. In July 2016, the Department for Communities and Local Government (CLG) published new 2014-based household projections. These projections replace the respective 2012-based projections.
- 1.2 Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2014-based national population projections. They are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.
- 1.3 This report seeks to interrogate the 2014-based population and Household Projections and consider the potential implications for household growth and housing needs in the Borough of Ashford. Government Planning Practice Guidance (PPG) on Housing and Economic Development Needs Assessment is clear that the latest projections should be the start point for assessing overall housing need.
- 1.4 The analysis in this report uses the 2014-based population projections to estimate household growth and hence housing need by using key assumptions about household formation (headship) rates from the 2014-based household projections.
- 1.5 The analysis looks at housing need over the period from 2011-31 to be consistent with previous study carried out for the Borough. Because the projections are 2014-based, this essentially means that data for 2011-14 is fixed by reference to published population estimates (from ONS).
- 1.6 The report is split into a number of sections considering a range of different outputs related to the new projections. These are summarised below:
 - Section 2: Overall Population Growth;
 - Section 3: Components of Population Growth;
 - Section 4: Age Structure Changes;
 - Section 5: Household Growth Projections;
 - Section 6: Housing Need;
 - Section 7: Economic-Led Housing Need;
 - Section 8: Housing Market Signals and Affordable Housing Need;
 - Section 9: Implications of Housing Market Signals and Affordable Housing Need on OAN;
 - Section 10: Conclusions.

2 OVERALL POPULATION GROWTH

- 2.1 This section sets out the projected population growth in the 2014-based SNPP and compares the findings to the 2012-based SNPP figures.
- 2.2 The table below shows projected population growth from 2011 to 2031 in Ashford and a range of comparator areas. The data shows that the population of Ashford is projected to grow by around 28,100 people. This is a 23.7% increase, which is notably above the projected increases in Kent, the South East, and across England (which range from 14.6% to 19.2% growth). This is likely in part to reflect the town's historic Growth Area status.

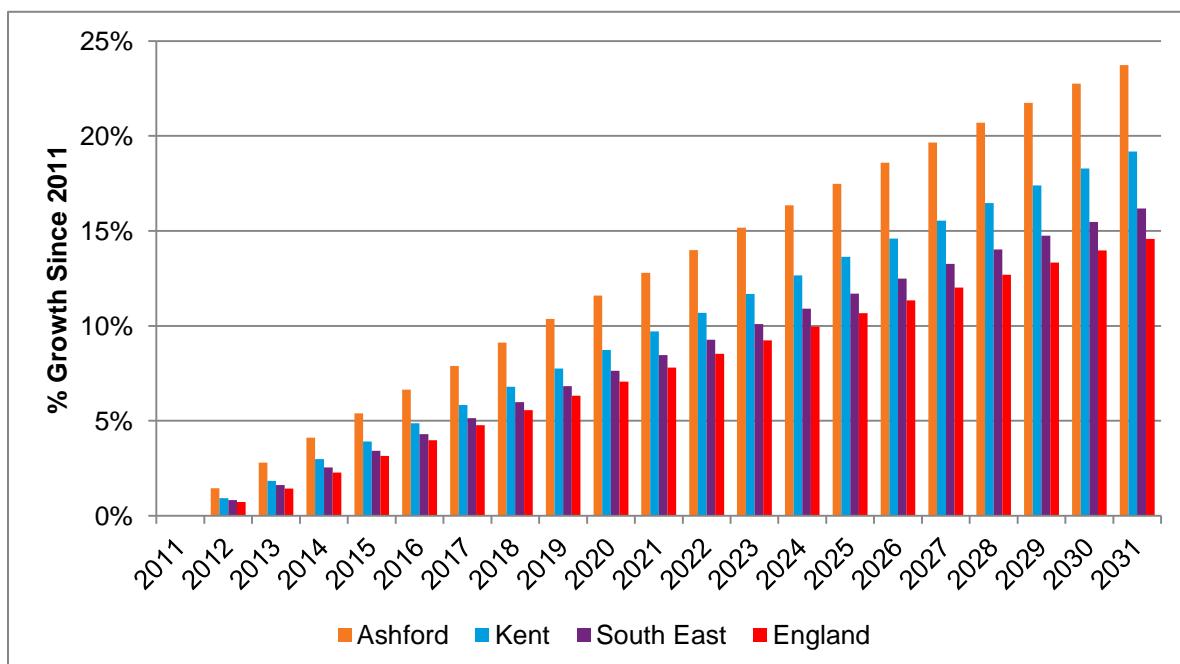
Table 1: Projected Population Growth (2011-31) – 2014-based SNPP

	Population 2011	Population 2031	Change in population	% change
Ashford	118,405	146,503	28,098	23.7%
Kent	1,466,466	1,747,776	281,310	19.2%
South East	8,652,784	10,053,159	1,400,375	16.2%
England	53,107,169	60,853,179	7,746,010	14.6%

Source: ONS

- 2.3 Figure 1 shows the projected population growth over the period 2011-31 as a percentage increase of the 2011 population. This shows the year-on-year growth rate in Ashford has been considerably and consistently higher than the Kent, South East, or England growth rates.

Figure 1: Cumulative Population Growth % (2011-2031)



Source: ONS

- 2.4 Ashford's growth rate of 23.7% over the 2011-31 period is the sixth highest ranked local authority across the 67 South East local authorities. Across the Region the average projected growth rate is 15.9%. The authority with the highest growth rate in the South East is Aylesbury Vale whose population is projected to grow by 27.5% over the period 2011-31, while the region's lowest projected growth rate is 6.7% in West Berkshire.
- 2.5 It is also possible to compare the 2014-based SNPP with the previous full set of projections (a 2012-based SNPP). This comparison is shown for Ashford in the table below. The 2014-based projections show a population growth of 28,098 over the period 2011-31. This increase is 3,081 (12%) higher than the population growth forecast in the 2012-based projections.
- 2.6 The projected level of growth in Ashford shown in the 2014-based SNPP is equivalent to a population increase of 23.7% over 2011 figures. For comparison, the previous projections showed a population growth of 21.1%.

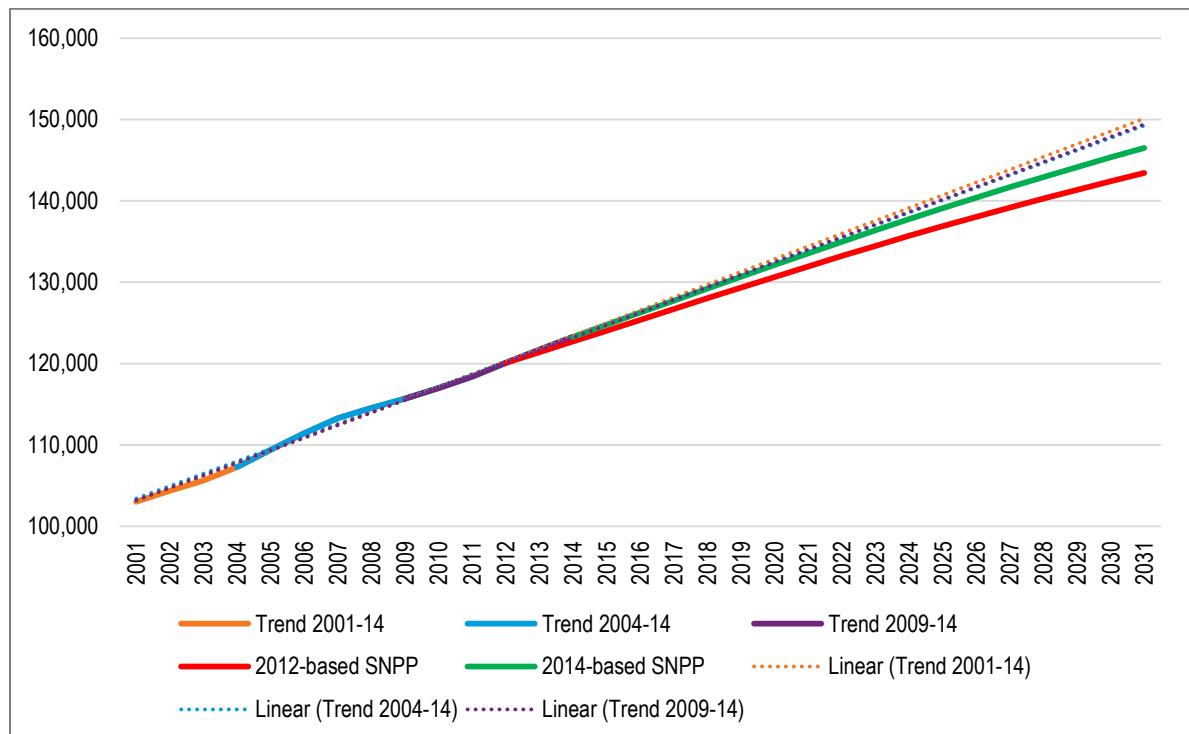
Table 2: Ashford Projected Population Growth (2011-31) – comparing projection releases

	2012-based SNPP	2014-based SNPP	Difference
Population Growth	25,017	28,098	+3,081
Population Growth %	21.1%	23.7%	+2.6%

Source: ONS

- 2.7 The chart below plots linear trend lines considering overall population growth for the past 5-, 10- and 13-years (a 5-year period is broadly the trend period used by ONS when constructing the SNPP). The data shows that the population is projected to grow at a level which is very slightly below past trends for the period to 2031. The rate of population growth is expected to reduce slightly over time (which is consistent with what is projected nationally). This is influenced by changes in the age structure of the Borough's population. Overall, the analysis shows a reasonable fit between past trends and the 2014-based SNPP.

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



Source: ONS

3 COMPONENTS OF POPULATION CHANGE

- 3.1 The 2014-based SNPP projects a 1,400 per annum increase in the population over the 2011-31 period. Around 34% of this is a result of projected natural increase (more births than deaths). This is lower than the proportion projected in the 2012-based SNPP (43%). The remaining 66% of population growth in the 2014-based SNPP is due to the projected net number of migrants – 55% due to internal migration and 11% due to international migration. The proportion of growth attributed to internal migration is higher in the 2014-based SNPP than was the case for the 2012-based version (47%). The proportion of growth due to international migration is the same for both projections (11%), but the expected level of net international (as well as internal net) migration is higher.

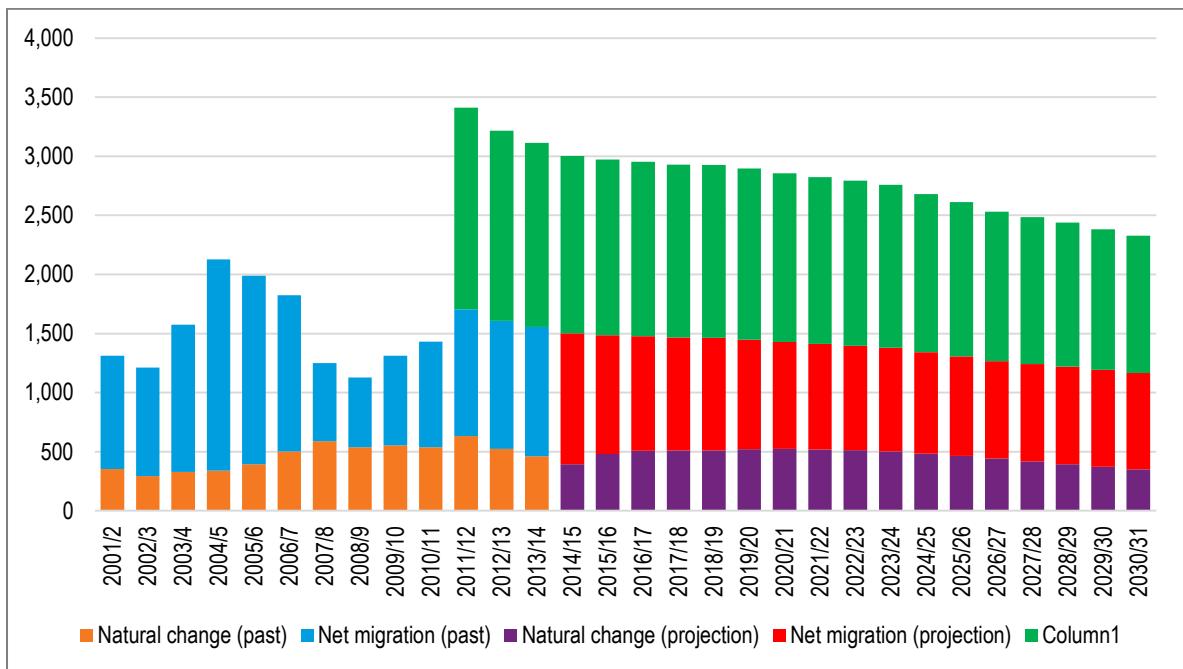
Table 3: Projected Components of population change – 2012- and 2014-based SNPP

	2012-based SNPP	2014-based SNPP
Natural Change	533	43%
Internal Migration	583	47%
International Migration	134	11%
Total Change	1,251	100%
		1,405
		100%

Source: ONS

- 3.2 Figure 3 overleaf brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that natural change is expected to increase slightly until about 2017, before levelling off and starting to fall from about 2022 onward, as the projection works through to 2031. Net migration is generally projected to fall over time, which is driven to a significant degree by national projections, which expect international migration to fall over the period 2020/21. Over the whole projection period (2014-31) the level of natural change is projected to be 465 per annum, with net migration averaging about 900 people each year, starting from around 1,107 in 2014/15 and decreasing to around 810 by 2031.

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

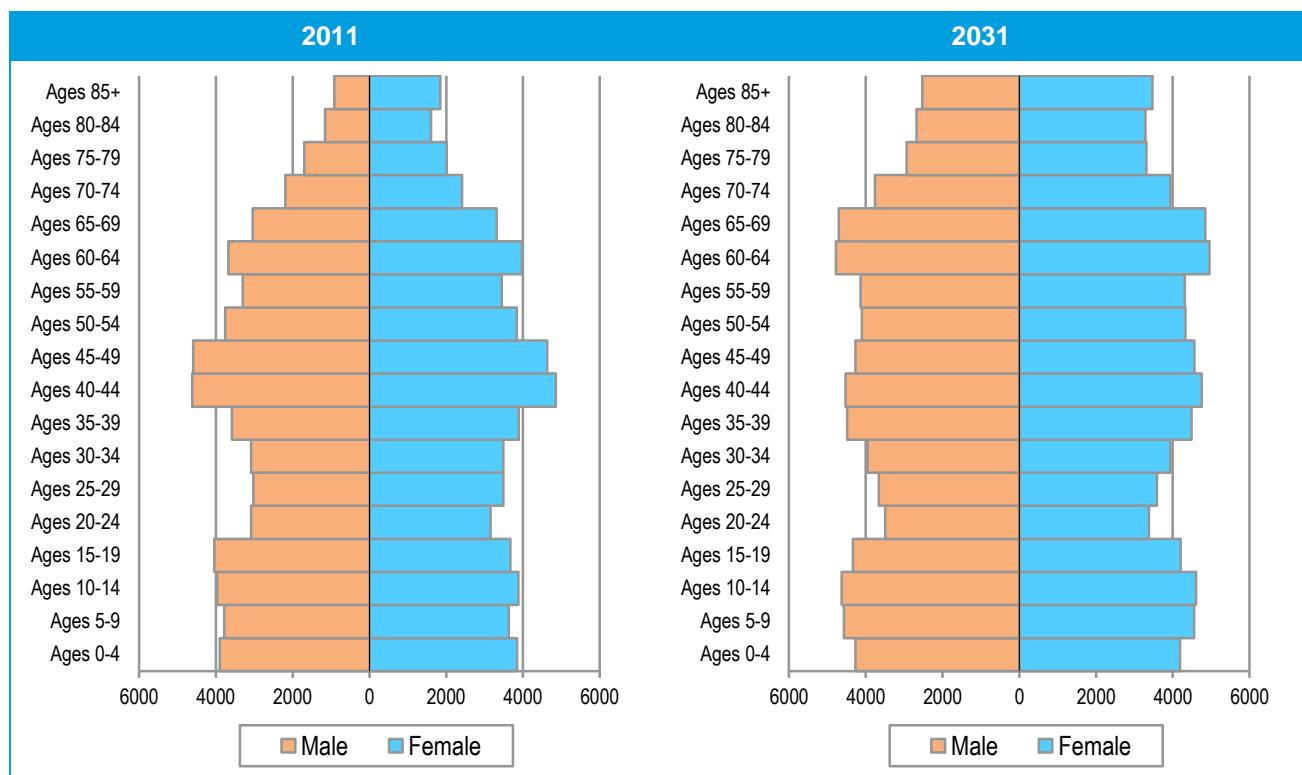


Source: ONS

4 AGE STRUCTURE CHANGES

- 4.1 With the overall change in the population will also come changes to the age profile. The figure below shows population pyramids for 2011 and 2031. The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over. In particular, the oldest age group (85+) shows an increase from 2,800 people to 6,000. A growing population towards the top of the pyramid reflects improving life expectancy.

Figure 4: Distribution of Population 2011 and 2031 – Ashford



Source: ONS

- 4.2 Table 4 summarises the findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2031 it is projected that there will be 35,400 people aged 65 and over. This is an increase of 15,300 from 2011, representing growth of 76%. The population aged 85 and over is projected to increase by an even greater proportion, 117%. Looking at the other end of the age spectrum the data shows that there are projected to be around 17% more people aged under 15 with increases also shown for most other age groups.

Table 4: Population Change 2011 to 2031 by five-year age bands – Ashford

Age group	Population 2011	Population 2031	Change in population	% change from 2011
Under 5	7,746	8,458	712	9.2%
5-9	7,418	9,124	1,706	23.0%
10-14	7,849	9,231	1,382	17.6%
15-19	7,715	8,536	821	10.6%
20-24	6,239	6,866	627	10.1%
25-29	6,507	7,247	740	11.4%
30-34	6,574	7,892	1,318	20.0%
35-39	7,473	8,970	1,497	20.0%
40-44	9,474	9,284	-190	-2.0%
45-49	9,224	8,833	-391	-4.2%
50-54	7,592	8,436	844	11.1%
55-59	6,753	8,453	1,700	25.2%
60-64	7,648	9,729	2,081	27.2%
65-69	6,353	9,546	3,193	50.3%
70-74	4,600	7,695	3,095	67.3%
75-79	3,715	6,245	2,530	68.1%
80-84	2,760	5,960	3,200	115.9%
85+	2,765	6,000	3,235	117.0%
Total	118,405	146,503	28,098	23.7%

Source: ONS

- 4.3 It is also useful to compare the age structure projections from the 2014-based SNPP with similar figures in the 2012-based version. The simplest way to compare the figures is to look at the age structure in 2031. This is shown in Table 5. The analysis shows that for the majority of age groups there is relatively little difference between the age structure in 2031 in the two projection releases – with some of the main increases being in the 20-39 and 65-79 age bands. Additionally, there is projected to be a lower level of population aged 85 and over by 2031 in the 2014-based SNPP. The difference between the projections for younger people (aged under 20) is fairly modest when compared with many age groups.

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

Age group	2012-based	2014-based	Difference	% difference from 2012-based
Under 5	8,309	8,458	148	1.8%
5-9	8,933	9,124	191	2.1%
10-14	9,088	9,231	143	1.6%
15-19	8,394	8,536	142	1.7%
20-24	6,667	6,866	199	3.0%
25-29	7,001	7,247	246	3.5%
30-34	7,650	7,892	242	3.2%
35-39	8,632	8,970	338	3.9%
40-44	9,154	9,284	129	1.4%
45-49	8,660	8,833	173	2.0%
50-54	8,181	8,436	255	3.1%
55-59	8,267	8,453	186	2.3%
60-64	9,561	9,729	168	1.8%
65-69	9,253	9,546	293	3.2%
70-74	7,414	7,695	281	3.8%
75-79	6,045	6,245	200	3.3%
80-84	5,860	5,960	99	1.7%
85+	6,353	6,000	-353	-5.6%
Total	143,422	146,503	3,081	2.1%

Source: ONS

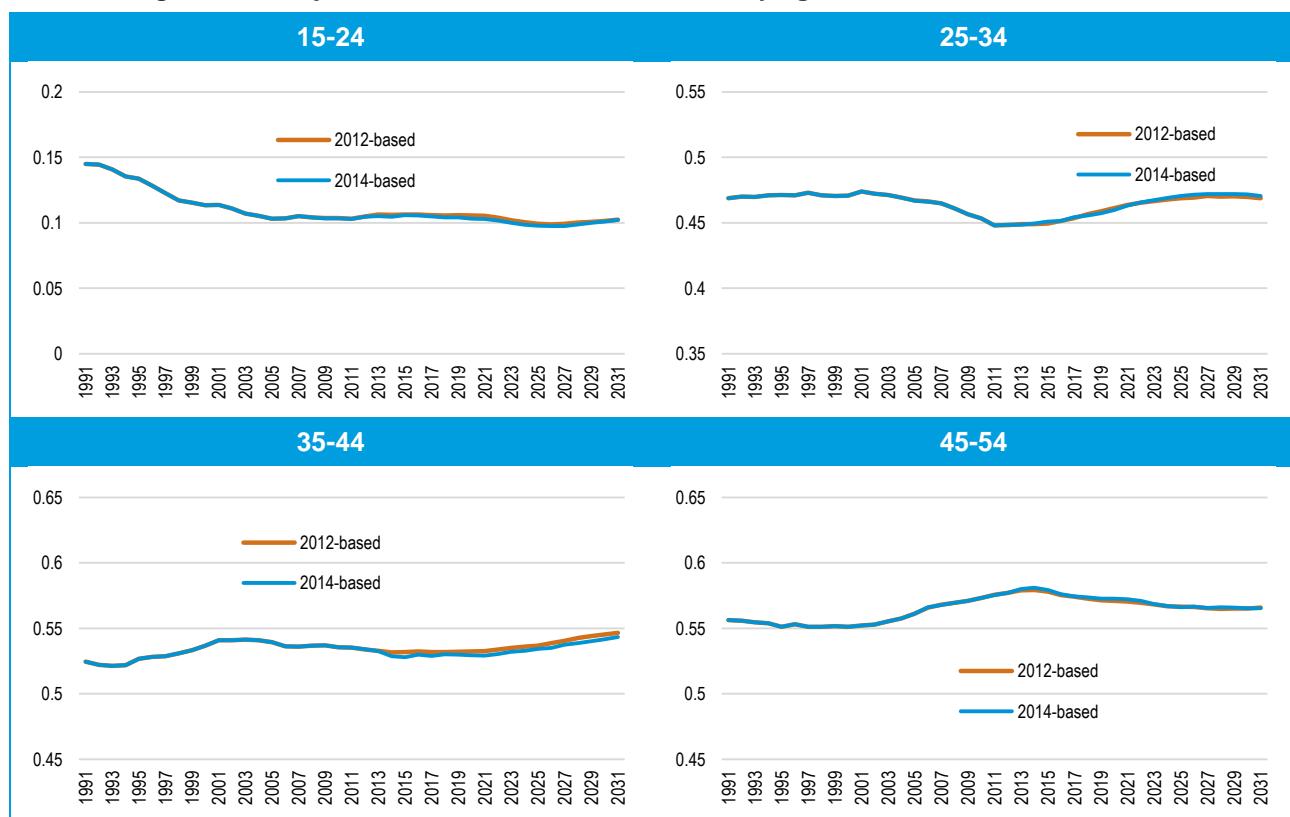
5 HOUSEHOLD GROWTH PROJECTIONS

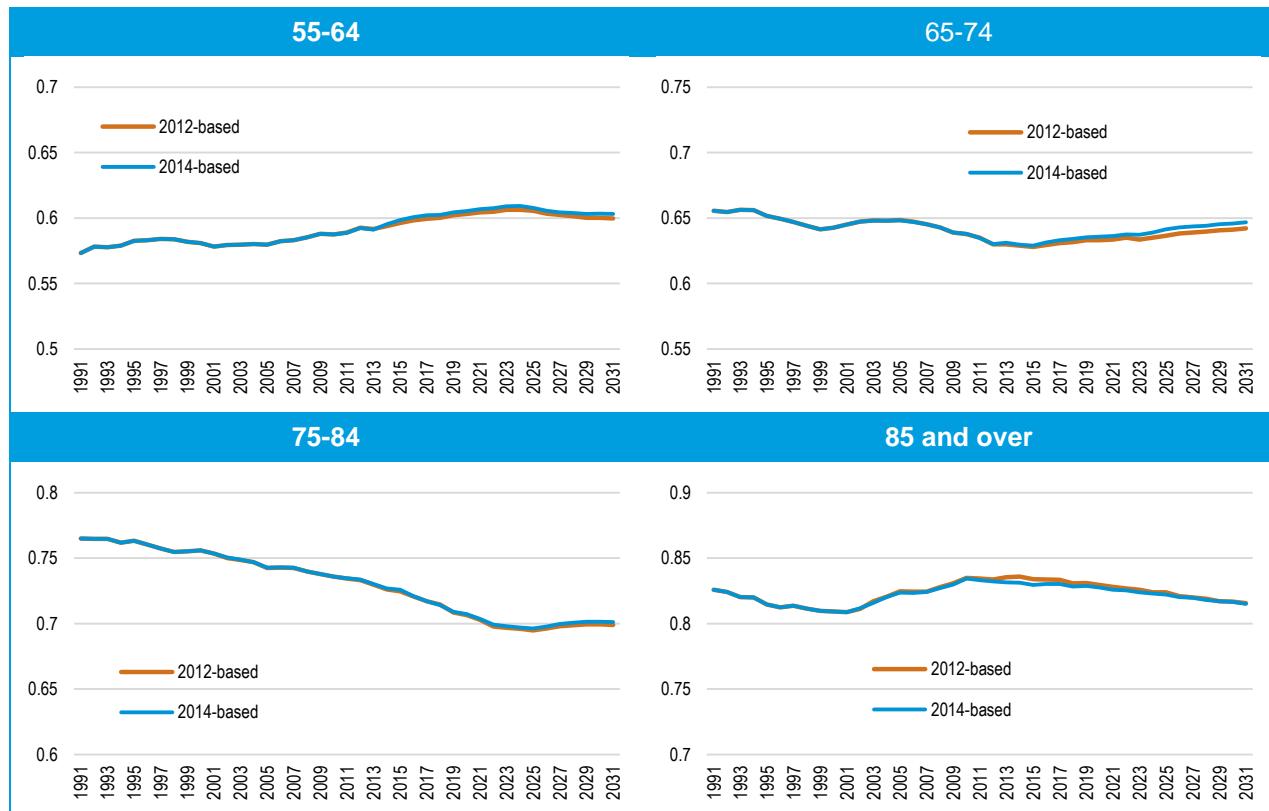
- 5.1 Having studied the population growth and the age-sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the areas. To do this, the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or the more widely used Household Reference Person (HRP)).
- 5.2 On 12 June 2016, CLG published a new set of household projections – the 2014-based household projections. The projections contain two core analyses. The Stage 1 household projections project household formation based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status.
- 5.3 The Stage 2 household projections considered household types and the methodology report accompanying the projections is clear that these projections are based on just two points – the 2001 and 2011 Censuses. Overall outputs on total household growth are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 headship rates when modelled against different population projections (due to differences in the age structure and therefore applicable to alternative scenarios).
- 5.4 Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth. This is for two key reasons:
- a) The Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011); and
 - b) The Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG household projections themselves.
- 5.5 It is useful initially to interrogate how the projections differ for various age groups. Figure 5 shows a summary of the headship rates used in the analysis (the actual data uses 5-year age bands for males and females separately).
- 5.6 It is evident from the analysis that household formation amongst households in their late 20s and early 30s fell over the 2001-11 decade. However, the household formation rate for this age cohort is projected to improve over the next 15 years, and by 2031 will have returned to the 2001 level. Similarly, the 35-44 year old cohort shows that although there has been a slight reduction in the

household formation rate since 2001, this is projected to improve and by 2031 the household formation rate for this cohort will have returned to 2001 levels.

- 5.7 This analysis suggests that since 2001 these younger age cohorts have seen a decline in household formation rates, which may have been influenced by the increased costs and declining affordability of housing. However, this is not being modelled forward in the household projections which show a reversal in this trend and show improving formation rates to 2031. Accordingly, there is no demographic basis to apply an adjustment to household formation rates in Ashford. However, the actual household formation rates for these in their 20s and 30s in Ashford are notably higher than many other parts of the region.
- 5.8 The figure below also compares the figures from the 2012- and 2014-based household projection releases (for Stage 1 figures). As can be seen there is very little difference between the figures in each of the releases.

Figure 5: Projected household formation rates by age of head of household – Ashford





Source: Derived from CLG data

- 5.9 By applying the above headship rates to the population growth figures, it is possible to estimate the projected household growth over the period 2011-31. This is shown in the table below. It should be noted that the analysis also takes account of the institutional population and information about this has also been drawn from the 2014-based CLG household projections.¹ The analysis shows a growth in households of 754 in Ashford over the period 2011-31.

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

	Households 2011	Households 2031	Change in households	Per annum
Ashford	47,971	63,058	15,086	754

- 5.10 We can compare the above household growth figures with the figures from the 2012-based SNPP figures (from in the 2015 OAN Report) as shown in the table below. In Ashford, the 2014-based SNPP is suggesting a 10% higher increase in households than the 2012-based SNPP.

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

	Households 2011	Households 2031	Change in households	Per annum
Ashford	47,998	61,773	13,775	689

¹ The institutional population aged under 75 is held constant in the projections. The proportion of over 75s in institutions is held constant, but absolute numbers allowed to grow.

6 HOUSING NEED

- 6.1 As well as providing estimates of household growth under different scenarios, it is also possible to make estimates of the number of additional homes to which this might equate. To do this a vacancy allowance is included in the data. For consistency with previous work, a vacancy allowance has been estimated from 2011 Census data and seeks to look at the uplift from occupied homes that should be applied to the data. For Ashford, the vacancy allowance is set at 4.2%. It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes.
- 6.2 The analysis shows an annual need for 786 dwellings when using the 2014-based SNPP compared to 718 with the 2012-based SNPP. For the full projection period, these figures represent a need of around 15,724 dwellings or the 2014-based SNPP compared to 14,354 dwellings for the 2012-based SNPP (2011-31).

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

	2014-based SNPP	2012-based SNPP
Ashford	786	718

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

	2014-based SNPP	2012-based SNPP
Ashford	15,724	14,354

7 ECONOMIC-LED HOUSING NEED

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

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

- 7.2 The 2015 OAN report considered the level of housing provision which might be needed to support the expected growth in jobs. In Ashford, the Baseline Economic Growth Scenario set out in the Strategic Employment Options Report identifies a need for 12,600 jobs over the period 2011-31. Considering double jobbing and commuting ratios, this equates to a forecast growth of 12,688 residents in employment.

Table 10: Growth in Residents in Employment to Support Economic Scenarios, 2011-31

	Employment Growth -	Growth in Residents in
	Baseline	Employment
Ashford	12,600	12,688

Source: Final Updated OAN Report, 2015

- 7.3 Table 11 sets out the level of growth in the workforce resulting from the 2014-based SNPP. This shows a projected growth in the workforce of around 13,200 persons in Ashford.

Table 11: Expected Workforce Growth in the 2014-Based SNPP

	2011	2031	Change
Ashford	58,110	71,337	13,227

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

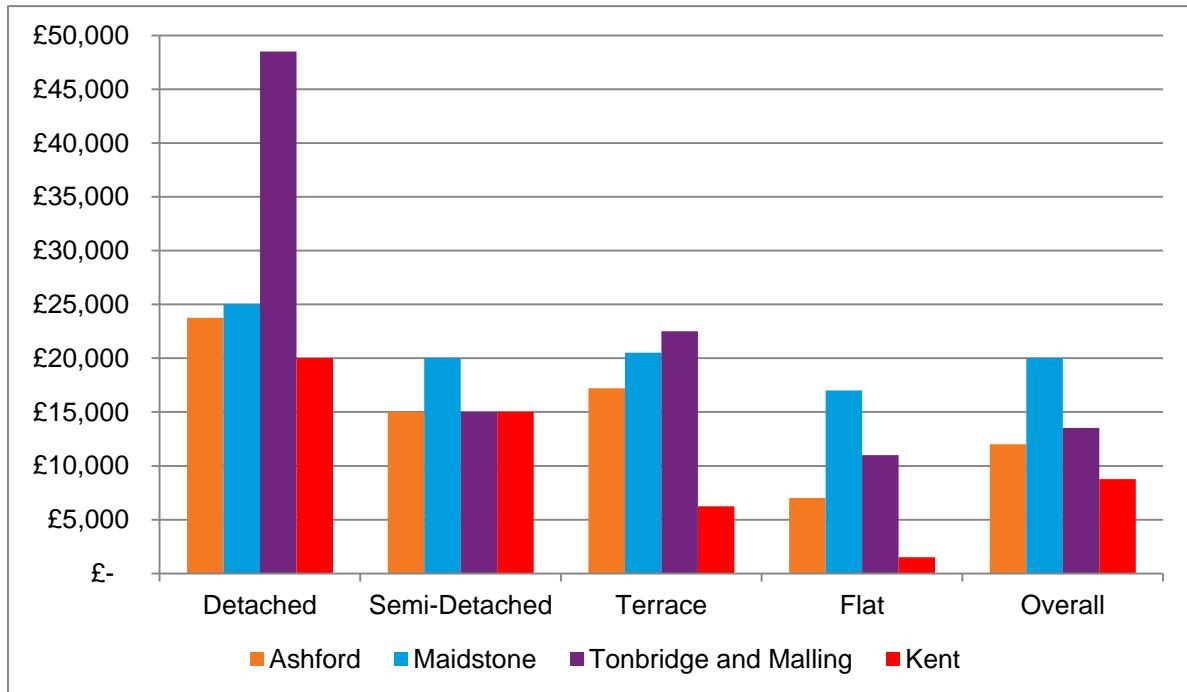
8 HOUSING MARKET SIGNALS AND AFFORDABLE HOUSING NEED

- 8.1 In this section, we consider the housing market in Ashford and scale of affordable housing need and consider whether, in line with PPG, an uplift to improve affordability should be considered in the calculation of OAN.

Housing Market Signals

- 8.2 The 2015 OAN study considered a range of housing market signals as set out in the PPG. In this section we provide an update to key indicators where there is new data available. The 2015 OAN study provided house price data to the end of 2014. Below, we provide updated data for 2015. This section sets out updated market signals for Ashford in comparison to trends in Maidstone, Tonbridge and Malling, and Kent.
- 8.3 Figure 6 shows the increase in median houses prices from 2014 to 2015 by dwelling type. Overall (for all dwelling types) the median price in Ashford increased by £12,000 (5.5%). This was a lower increase than seen in Maidstone or Tonbridge and Malling. All three authorities saw an increase above the Kent average of £8,750 (4.0%). Across England and Wales the median house price increased from £192,500 to £203,500 – a 5.4% increase.

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



Source: GLH Analysis: Land Registry Price Paid Data

- 8.4 In terms of sales volumes, the 2015 report showed that there had been a steep drop off in the number of house sales in 2008 following the 'credit crunch'; followed by a slow recovery through to

2014. Table 12 sets out the sales volumes for 2014 and 2015. This shows that the number of sales in Ashford has continued to grow strongly into 2015 (by 18.6%). This increase is considerably higher than that seen in Maidstone or Tonbridge and Malling. However, its lower than the increase and across Kent as a whole (28.4%). It points to a recovery in housing market activity, following the substantial drop off induced by the Credit Crunch.

Table 12: Sales Volume – 2014 to 2015

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

Source: GLH Analysis: Land Registry Price Paid Data

- 8.5 The lower quartile affordability ratio shows the ratio between lower quartile house prices and lower quartile earnings. The latest data at the date of publication of the 2015 OAN report provided provisional figures up to 2013. In Ashford the provisional 2013 figure was 8.15 (i.e. lower quartile house prices were 8.15 times lower quartile annual earnings). This is lower than the Maidstone or Tonbridge and Malling figures, but higher than the national figure.
- 8.6 Since publication of the 2015 OAN report, affordability figures have been published up to 2015, as well as actual figures for 2013. The actual 2013 figures are higher than the provisional 2013 figures.
- 8.7 The 2015 lower quartile affordability ratio figures show that house prices have grown relative to earnings. In Ashford the 2015 ratio is 9.60 – again the lowest of the three authorities. This represents an increase of 1.10 on the 2013 figure. This level of increase was higher than that seen in Maidstone and across England, but lower than that seen in Tonbridge and Malling.

Table 13: Lower Quartile Affordability Ratio

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

Source: DCLG Housing Market Live Tables

- 8.8 DCLG published land value estimates for policy appraisal. Figures provided are for a ‘typical residential site’ as of March 2015. This shows that the estimated value of a typical residential site in Ashford is £1,506,000. All three authorities are well below the England average (£6,900,000) but this is skewed by very high values in London. Excluding London, the England average is

£2,100,000 – higher than the Ashford figure. This suggests that there is not a shortage of residential land in the Borough.

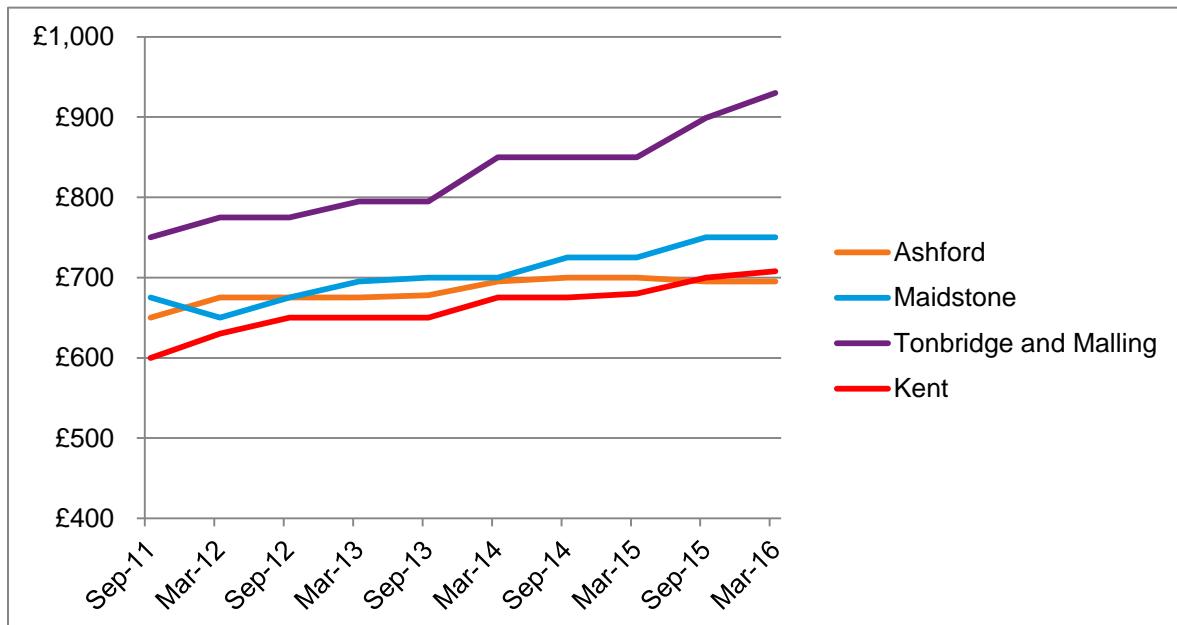
Table 14: Estimated Land Values

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

Source: DCLG Land Value Estimates

- 8.9 In terms of rental values, the 2015 study reported median rental values for September 2014. The latest published data is for March 2016. In Ashford, the September 2014 figure was £700 pcm, while the March 2016 median rent had fallen slightly to £695 pcm. During this period Maidstone, Tonbridge and Malling, and Kent all saw increases in rental values.

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



Source: Valuation Office Agency

- 8.10 We have examined rental costs relative to earnings. This draws from rental data published by the Valuation Office Agency (VOA, March 2016) and full-time resident earnings data from the Annual Survey of Hours and Earnings (ASHE, 2015). Comparing these datasets, we can calculate the median rental affordability ratio.
- 8.11 Analysis of the data shows that in Ashford the Rental Affordability Ratio is 29.2%, which is the lowest of the three authorities.

Table 15: Rental Affordability Ratios

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

Source: VOA and ASHE

- 8.12 The updated market signals evidence set out above show that housing affordability remains an issue in the Borough as in many parts of South East England but that prices overall and relative to incomes, are lower than surrounding areas and a number of other parts of Kent. The housing market signals suggest that, in accordance with PPG, an uplift to the demographic projections could be considered appropriate.

Affordable Housing Needs

- 8.13 The other necessary consideration in determining the scale of an affordability uplift for the calculation of OAN affordable housing need. We have not re-assessed affordable housing need as part of this study.
- 8.14 The Ashford SHMA (GLH, 2014) identifies a net need from 6,253 households between 2013-30, equating to a need from 368 households per annum.
- 8.15 The emerging *Ashford Local Plan Regulation 19 Version* includes affordable housing policy HOU1 which sets out a variable affordable housing target rate:
- 20% in Ashford Town;
 - 30% in Ashford Hinterlands; and
 - 40% across the rest of the Borough.
- 8.16 We can therefore deduce the total number dwellings required to be delivered in the Borough to ensure full delivery of the affordable housing need of 368 dpa. The variable affordable housing policy means that this could range from 920 dwellings per annum if a 40% rate is achieved, to 1,840 dwellings per annum if a rate of 20% is achieved. In order to deliver the level of housing need resulting from the 2014-based SNPP (786 dpa), a Borough-wide rate of 47% would be required.

Table 16: Ashford – Range of Housing Needed to Support Affordable Housing Delivery

Affordable Need	Affordable Housing Policy	Total dwellings
368	20%	1,840
368	30%	1,227
368	40%	920

9 IMPLICATIONS OF HOUSING MARKET SIGNALS AND AFFORDABLE HOUSING NEED ON OAN

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

Implications of Housing Market Signals

9.2 The updated market signals show that housing affordability remains an issue in Ashford. House prices and private rental prices have increased in the past year and the affordability ratio between house prices and earnings has worsened.

9.3 However changes in market signals over this period need to be considered alongside housing delivery. Over the 2011-15 period, net completions averaged 365 dpa. This is less than half of the demographic need shown here in 786 dpa. This under-delivery will be ‘made up’ within the plan period moving forwards.

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

9.2 There is however no guidance as to what an appropriate upwards adjustment should be instead the PPG sets out that it should be “at a level that is reasonable”. There have been a number of inspectors reports which have examined what is “reasonable”. These are set out below. It is also relevant to consider the relative scale of household growth implied by the demographic projections.

Inspectors' Views on Market Signals Uplifts

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

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

9.4 It should be noted that there are also a number of inspectors who have not suggested any need for an uplift due to market signals, despite in some circumstances evidence to suggest there was. These include:

- Mendip (October 2014 – Appendix 7) – *'these findings indicate that trends in Mendip sit fairly comfortably alongside county, regional and national trends and do not, therefore, justify an upward adjustment of the housing numbers that came out of the housing projection'*
- Crawley (May 2015 – Appendix 8) – *'I am not convinced that the market signals uplift is justified by the evidence, for the various indicators reveal a situation in Crawley which is not as severe as in other North West Sussex authorities, and one that has not worsened in recent years'* (this is an interesting case given that the Council themselves had suggested an uplift for market signals)
- Cornwall (June 2015) – *'National guidance is that a worsening trend in any relevant market signal should result in an uplift. But for the reasons given below I do not consider that I should require such an uplift to be made for Cornwall at this time'* (this one is also interesting given that it was the same inspector as Eastleigh)
- Stratford-on-Avon (June 2016) – *'It does not follow that a further uplift in land supply would have a discernable effect on reducing house prices and/or rents. Even if the housing requirement were to be doubled the effect on local house prices might still not be discerned because, given the District's excellent communication links, in-migrants might still be attracted to the area from elsewhere. Even the main proponent of this approach fairly recognises that Stratford would be expected to continue to be a higher priced area given its attractive qualities as a residential location, such that it would take a step change in housing supply as part of a much wider effort in order to tackle price inflation. It is not appropriate to treat Stratford as the testing ground for a macro-economic theory that potentially has significant environmental effects.'*

Implications of Affordable Housing Need

9.5 The identified affordable housing need suggests that there is a Borough-wide need for 368 affordable dwellings. Based on current affordable housing policy this would require an overall delivery of 920-1,840 dwellings per annum in order to deliver the required level of affordable housing.

Kings Lynn v Elm Park Holdings (July 2015)

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

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

- 9.8 He continued by noting that the scale and mix of housing is '*a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgement*'. Crucially, in paragraph 35 of the judgment he says that the '*Framework makes clear that these needs [affordable housing needs] should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice*'. This is an important point, given the previous judgements in Satnam and Oadby & Wigston. And indeed in relation to Oadby and Wigston he notes that '*Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG*'.
- 9.9 Therefore, this most recent judgement is clear that an assessment of affordable housing need should be carried out, but that the level of affordable need shown by analysis does not have to be met in full within the assessment of the FOAN. But should still be an important consideration *in determining the FOAN*.
- 9.10 The approach in Kings Lynn is also similar to that taken by the inspector (Simon Emerson) to the Cornwall Local Plan. His preliminary findings in June 2015 noted in paragraph 3.20 that '*National guidance requires consideration of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites.*' A number of similar conclusions have been drawn at other local plan examinations.
- 9.11 It seems clear from this that the expectation is that it may be necessary, based on the affordable needs evidence to *consider* an adjustment to enhance the delivery of affordable housing, but that this does not need to be done in a "mechanical way" whereby the affordable need on its own drives the OAN.

Considering an Affordability Uplift to OAN

- 9.12 It is important to consider how housing market trends and the affordable housing need relate through to demographic projections in considering, as the Planning Practice Guidance recommends, whether there is a case for adjusting levels of housing provision in effect to improve affordability over the longer-term.

- 9.13 However, the uplift should not increase OAN to a figure which the planning authority has little or no prospect of delivering in practice. We have therefore considered a range of potential uplifts and considered the housing delivery rates which would be entailed by each of the uplifts.
- 9.14 It is important to consider this issue in Ashford's historic context. Ashford was a designated growth area between 2004-10. Since 2001, the Borough has seen relatively high levels of housing delivery, as shown in Table 17. This shows an annual growth rate in the number of dwellings in Ashford of 1.3% over the period 2001-2015. This is higher than growth rates in either Tonbridge and Malling or Maidstone and is well above the Kent and national averages.
- 9.15 The 2001-2015 period is bisected by the 'credit crunch' in 2008. The pre-recession period (2001-2008) saw strong growth in the economy and this is reflected in strong housing delivery. Over the 2001-2008 period Ashford saw an average growth rate of 1.6% per annum. This is higher than growth rates in either Tonbridge and Malling (1.4%) or Maidstone (1.3%) and is well above the Kent (1.2%) and national (0.9%) averages over this period. For context, this ranks Ashford 15th (within the top 5%) among all local authorities in England.
- 9.16 In the years following 2008 the country entered recession and housing delivery rates dropped. While the economy has since improved, the annual average delivery rate for this period is notably lower. Ashford has an annual average housing delivery rate of 0.9% over this period. This is slightly lower than Tonbridge and Malling and Maidstone (both 1%), slightly higher than Kent (0.8%), and above the national average (0.6%).

Table 17: Annual Growth Rates in the Number of Dwellings – 2001-2015

	2001-2015	2001-2008	2008-2015
Ashford	1.3%	1.6%	0.9%
Tonbridge and Malling	1.2%	1.4%	1.0%
Maidstone	1.1%	1.3%	1.0%
Kent	1.0%	1.2%	0.8%
England	0.7%	0.9%	0.6%

Source: CLG Table 125

- 9.17 Over the period from 2011 to 2015, there was a net delivery of 1,459 dwellings in Ashford (an average annual growth rate of 0.7%). The table below sets out the growth rate required over the rest of the period to 2031 to meet the dwelling growth resulting from the 2014-based SNPP.
- 9.18 This shows that the dwelling need resulting from the demographic starting point (the 2014-based SNPP) would require an annual growth rate of 1.5%. Comparing this to the historic growth rates in Table 18 shows that this is a high delivery rate.

- 9.19 Table 18 also shows the implications of a 5% and 10% affordability uplift on Ashford's dwellings per annum figure and the required annual growth rate entailed by this. A 5% uplift would increase Ashford's annual housing figure to 825 dwellings per annum. This would require a delivery rate of 1.6% which represents an optimistic growth rate similar to that seen in the Borough over the 2001-2008 period and well above the Borough's post-recession delivery rate. The implications of a 10% affordability uplift are also shown. This would require a delivery of 865 dwellings per annum – an annual growth rate of 1.7% which is beyond even the rates achieved in Borough in the pre-2008 period. This analysis suggests that a 5% upward adjustment to improve affordability would be optimistic but any higher uplift would likely not be deliverable.
- 9.20 The housing need required to meet the Borough's affordable housing need equates to an average annual growth rate of 2.4% - well above anything achieved historically. Clearly this would not represent a deliverable uplift.
- 9.21 It is also relevant to consider if an upward adjustment is made, whether there are additional people and households to occupy new homes. Table 18 also shows the dwelling need arising from an alternative scenario – the 'London Migration Scenario'. This projects housing need in Ashford based on the GLA's assumptions regarding migration into and out of London, which differ slightly from ONS's assumptions. Details of the London Migration Scenario are set out in Appendix A of this report. The London Migration Scenario shows a need for 828 dwellings per annum – which is only slightly higher than the 2014-based SNPP with 5% affordability uplift. This adds further justification for adopting a 5% affordability uplift in calculating Ashford's OAN.

Table 18: Potential Affordability Uplifts

	Dwellings per Annum	Annual Growth Rate 2015-31
2014-based SNPP (with no uplift)	786	1.5%
2014-based SNPP with 5% Affordability Uplift	825	1.6%
2014-based SNPP with 10% Affordability Uplift	865	1.7%
Uplift Required to Meet Affordable Housing Need in Full	1,227	2.4%
London Migration Scenario	828	1.6%

- 9.22 Given the analysis above, we therefore conclude that Ashford's housing OAN is 825 dwellings per annum. This is based on the 2014-based SNPP with a 5% uplift to improve affordability in the Borough.

Table 19: Ashford's Objectively Assessed Housing Need

	Dwellings per Annum
2014-based SNPP (with no uplift)	786
Affordability Uplift	39
Affordability Uplift %	5%
Objectively Assessed Need (OAN)	825

10 SUMMARY & CONCLUSIONS

- 10.1 This report has reviewed the 2014-based Sub-National Population Projections and Household Projections and the impact that these have on the Borough of Ashford in terms of projected population, household growth and dwelling needs.
- 10.2 A summary of the findings of this report is set out in the table below. This sets out the population growth, household growth, and demographic-led housing need for Ashford for the 2014-based SNPP and provides a comparison to the 2012-based SNPP figures.

Table 20: OAN Summary Table

	Period	2014-based SNPP	2012-based SNPP	Difference
Population Growth	2011-31	28,098	25,487	2,611
Household Growth	2011-31	15,086	13,775	1,311
	Per Annum	754	689	65
Demographic-Led Housing Need	2011-31	15,724	14,354	1,370
	Per Annum	786	718	68
Objectively Assessed Housing Need	2011-31	16,500	14,532	1,968
	Per Annum	825	727	98

- 10.3 Overall, the 2014-based SNPP shows a higher overall level of population growth for Ashford: 1,968 persons higher than the 2012-based SNPP – roughly 13% higher. In terms of age structure, the two projections are fairly similar if slightly higher for the majority of age groups, however the 2014-based SNPP shows the number of people aged 85 and over is projected to be 5.6% lower by 2031 than was projected in the 2012-based SNPP.
- 10.4 The differences in age structure impacts on household growth rates, the 2014-based SNPP suggests a 9% higher increase in households in Ashford than the 2012-based SNPP.
- 10.5 This translates into a higher level of demographic-led housing need of 786 dwellings per annum resulting from the 2014-based SNPP. This is 68 dwellings per annum higher than the 2012-based SNPP (718 dpa).
- 10.6 This represents the demographic starting point for considering OAN. It shows a substantial 23.2% growth in the Borough's population (2011-31). In accordance with PPG, we next considered whether it would be appropriate to consider any uplifts to account for economic growth or to improve housing affordability.
- 10.7 We have considered whether the population growth of the 2014-based SNPP is sufficient to support economic growth in the Borough. To do this we have used the same methodology as the 2015 OAN Update report, which concludes that the 2012-based SNPP was sufficient to meet economic growth needs. The 2014-based SNPP produces an expected workforce growth of 13,227 over the period

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

- 10.8 We have provided an updated analysis of housing market signals. These show that housing affordability remains an issue in Ashford. In accordance with PPG, an uplift to improve affordability should be considered.
- 10.9 This report has not re-assessed affordable housing needs. The 2014 SHMA identifies an affordable housing need of 368 dpa. Assuming an affordable housing delivery rate of 40% would require an overall housing delivery of 1,227 dpa in order to ensure affordable housing needs are met in full. Again, this suggests that an uplift to improve affordability should be considered.
- 10.10 We have assessed historic housing delivery rates in Ashford. The 2014-based SNPP (with no uplift) would require a high housing delivery rate. We have also considered the future delivery rates which would be required if affordability uplifts of 5% and 10% over and above the demographics are applied. The analysis suggests that an affordability uplift of 5% is appropriate in Ashford.
- 10.11 This results in an identified OAN for Ashford of 825 dwellings per annum resulting from the 2014-based SNPP. This is 98 dwellings per annum higher than the 2012-based SNPP.

Appendices

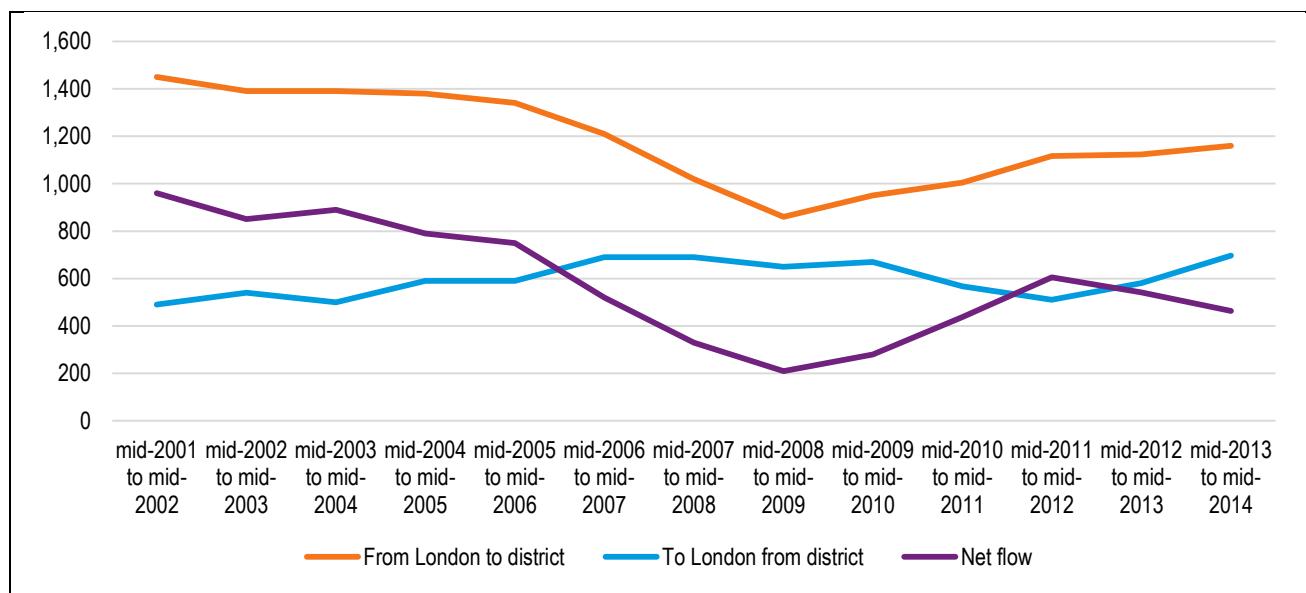
APPENDIX A: Sensitivity Analysis: Migration to/from London

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

As a result of this, the GLA developed a series of population and household projections with different assumptions about migration. The Central scenario (which underpins the current London Plan) made the assumption that after 2017, migration levels would revert back to pre-recession levels. The GLA in effect took a midpoint between pre- and post-recession migration statistics and assumed a 5% uplift in out-migration and a 3% decrease in in-migration² to present how they saw migration dynamics potentially changing as the economy moved beyond recession.

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

Figure 8: Interrogating Migration flows between London and Ashford



Source: GLA/ONS

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

The table below outlines the differences between migration in the pre-2008 period, and that over the 2009-14 period which has fed into the 2014-based SNPP. The analysis shows net migration decreasing by an average of 261 people per annum.

Table 21: Migration to- and from- London and Ashford

	From London to district	To London from district	Net flow
mid-2001 to mid-2002	1,450	490	960
mid-2002 to mid-2003	1,390	540	850
mid-2003 to mid-2004	1,390	500	890
mid-2004 to mid-2005	1,380	590	790
mid-2005 to mid-2006	1,340	590	750
mid-2006 to mid-2007	1,210	690	520
mid-2007 to mid-2008	1,020	690	330
mid-2008 to mid-2009	860	650	210
mid-2009 to mid-2010	950	670	280
mid-2010 to mid-2011	1,005	567	438
mid-2011 to mid-2012	1,116	511	605
mid-2012 to mid-2013	1,124	581	542
mid-2013 to mid-2014	1,160	696	463
Pre-2008 average	1,311	584	727
SNPP average	1,071	605	466
Difference	241	-21	261

Source: GLA/ONS

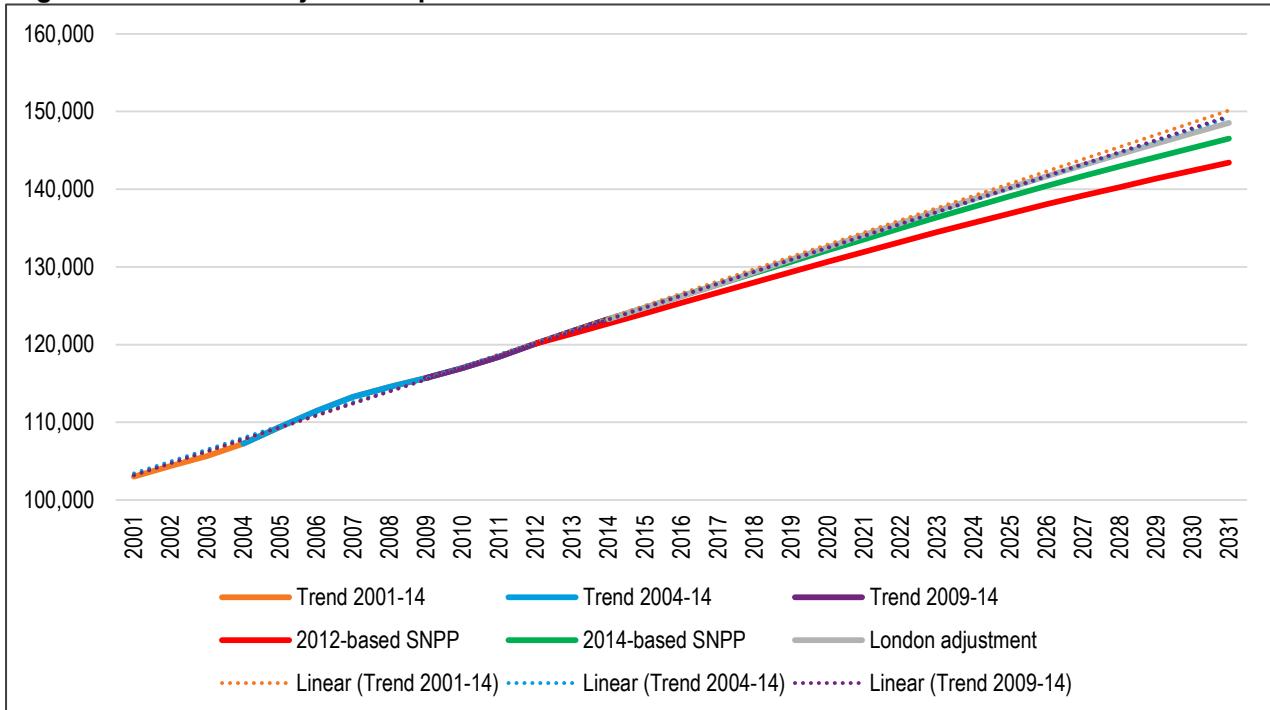
On the basis of the information above, we have developed an alternative population projection to provide a sensitivity analysis to the SNPP. This projection uses a similar assumption to the GLA modelling; i.e. for an adjustment to be made to migration levels post-2017 at a level which is half of the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

The table below shows overall population growth from this alternative projection. This shows population growth of 25.4% between 2011-31 (compared to 23.7% in the 2014-based SNPP projection).

Table 22: Projected Population Growth (2011-2031) –London Migration Sensitivity Analysis

	Population 2011	Population 2031	Change in population	% change
Ashford	118,405	148,537	30,132	25.4%

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

Figure 9: Past and Projected Population Growth – Ashford

Source: ONS

We have next applied the household formation rates from the 2014-based Household Projections to these population projections, and applied consistent assumptions on vacant and second homes, to derive figures for growth in households and dwellings. The identified housing need rises by around 5%, with the data showing a need for 828 dwellings per annum.

Table 23: Projected Household Growth and Housing Need 2011-31 – London Migration Sensitivity Analysis

2014-based headship rates	
Households 2011	47,971
Households 2031	63,853
Change in households	15,882
Per annum	794
Dwellings (per annum)	828

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