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# HEARING STATEMENT

SESSION 2A – HOUSING NEEDS (2)

05 OCTOBER 2016 - AM

MAIDSTONE BOROUGH LOCAL PLAN EXAMINATION

EXAMINATION HEARING SESSIONS

PREPARED ON BEHALF OF

GLADMAN DEVELOPMENTS LTD (REPRESENTOR ID REF 19284/19289)

GLEESON DEVELOPMENTS LTD (REPRESENTOR ID REF 19261)

WATES DEVELOPMENTS LTD (REPRESENTOR ID REF 19218)

September 2016

**HEARING STATEMENT  
MAIDSTONE BOROUGH LOCAL PLAN EXAMINATION  
EXAMINATION HEARING SESSIONS OCTOBER 2016**

**SESSION 2A – HOUSING NEEDS (2)**

**Prepared on behalf of  
Gladman Developments Ltd, Gleeson Developments Ltd and Wates Developments Ltd**

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## **CONTENTS**

**PAGE NO.**

<b>1.0</b>	<b>INTRODUCTION</b>	<b>01</b>
<b>2.0</b>	<b>RESPONSE TO SESSION 2A – HOUSING NEEDS (2)</b>	<b>02</b>

## **APPENDICES**

**APPENDIX 1:** Extracts of Inspector's Reports in support of market signals uplift of between 10% and 20%

Word Count: 2,910 words (excluding Inspector's Questions and title pages)

## 1.0 INTRODUCTION

1.1 This Statement has been prepared by Barton Willmore (BW) on behalf of (in alphabetical order):

- Gladman Developments (Rep No. 19284/19289);
- Gleeson Developments (Rep No. 19261); and
- Wates Developments (Rep No. 19218).

1.2 An additional 18,560 dwellings (2011-2031), as identified by the Council, is considered too low and does not meet the full objectively assessed housing needs (OAHN) as required by the NPPF/PPG. BW has assessed the full OAHN for Maidstone Borough to be between 19,550 and 20,350 dwellings (equivalent to between 980 and 1,020 dwellings per annum (dpa)) which would:

- at least equal the housing need number implied by the latest demographic evidence (CLG 2014-based household projections);
- at least accommodate projected job demand;
- will contribute to meeting affordable housing need.

1.3 OAHN of between 19,550 and 20,350 dwellings updates BW's previous OAHN of 19,380 dwellings assessed within BW's '**Maidstone Borough Objective Assessment of Housing Need**' (March 2016) submitted to the Maidstone Local Plan Publication Draft Consultation in March 2016. BW's updated OAHN (contained within this Hearing Statement) takes account of the latest demographic evidence, namely the CLG 2014-based household projections published on 12 July 2016 after the close of MBC's Regulation 19 consultation. We understand MBC is to provide an updated Evidence Base within its Hearing Statements and we therefore reserve the right to comment on this at the Hearing Sessions if necessary.

## 2.0 RESPONSE TO SESSION 2A – HOUSING NEEDS (2)

*Qn2.1 Whereas the Framework seeks to meet needs in the housing market area, and the SHMA has acknowledged that these may include migration from London, would there also be migration from other Kent authorities if they cannot meet their own housing needs due to Green Belt and other constraints (including any migration from London deflected away from those authorities)?*

- 2.1 The 2014 Maidstone Strategic Housing Market Assessment (HOU 002) defined the Housing Market Area (HMA) in which Maidstone Borough is located, as incorporating the northern part of Tonbridge & Malling Borough, with the eastern part of Maidstone Borough being located within the Ashford HMA. Despite HOU 002, and subsequent updates (HOU 003 and 004) assessing OAHN for Maidstone Borough as a whole, there are clearly localised interactions with neighbouring Tonbridge & Malling and Ashford, along with Medway and Greater London (particularly southern London Boroughs which border Kent such as the London Borough of Bromley). Tonbridge & Malling Borough and Ashford Borough Councils also consider their Boroughs form separate HMAs and have assessed their OAHN in isolation from other authorities. However, Medway unitary Authority considers it belongs in a HMA with Maidstone along with Swale, Gravesham and Tonbridge & Malling, indicating inconsistency in local HMA definitions between some authorities.
- 2.2 Whilst HOU 002 identifies that the relationship between Maidstone and Tunbridge Wells/Sevenoaks is weaker<sup>1</sup> there is likely to be a displacement effect from West Kent authorities to Maidstone if they cannot meet their own needs. Table 1 below identifies that potentially there will be a significant level of unmet need arising from southern London Boroughs and West Kent authorities (and assuming that the Councils identified OAN targets are correct – which is still to be tested at their examinations):

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<sup>1</sup> HOU 002, Paragraph 2.15, Page 24.

**Table 1: Potential Unmet Need Arising From Neighbouring Authorities**

Local authority	Dwellings per annum			
	OAN starting point <sup>2</sup>	Council's OAN	Council's housing target	Potential unmet need
Ashford <sup>3</sup>	776	727	772	45
Bromley <sup>4</sup>	1,843	n/a	641	-1,202 <sup>5</sup>
Medway <sup>6</sup>	1,323	1,281	1,281	0
Sevenoaks <sup>7</sup>	505	620	165	-455
Tonbridge & Malling <sup>8</sup>	616	673	673	0
Tunbridge Wells <sup>9</sup>	493	648	290	-358

Source: Compiled by BW. See footnotes for sources.

***Qn2.2 If so, is it feasible to assess such cross-border needs before those authorities have identified their own housing targets?***

- 2.3 It is not possible to quantify unmet need from neighbouring authorities until their own housing needs and targets have been identified. Therefore we suggest that an early or partial review of the Local Plan is necessary to address unmet housing need arising from neighbouring authorities, not to deal with any under provision or allocation within Maidstone itself.

***Qn2.3 What implications would assessing such cross border movements have for the local plan timetable and for the delivery of other development?***

- 2.4 Assuming suitable flexibility can be drafted into the MBLP to accommodate the above scenario, it should not unduly delay the Plan or delivery of other development.

***Qn2.4 Should the matter be left to the first review of the Local Plan, by which time the other authorities should each have up-to-date local plans?***

- 2.5 See Qn2.2.

<sup>2</sup> Based on CLG 2014-based household projection converted to a dwelling requirement by applying an allowance for vacancy/ 2nd homes using CLG 2015 Council Tax Base data

<sup>3</sup> OAN taken from SHMA Update, June 2015. Housing target from Ashford Local Plan 2030 - Reg 19 (June 2016)

<sup>4</sup> Council's OAN not available. Housing target from The London Plan 2015

<sup>5</sup> In the absence of Council's OAN, calculated as difference between OAN starting point and Council's housing target

<sup>6</sup> OAN taken from SHENA, November 2015. Housing target from Issues and Options 2012-2035 (January 2016)

<sup>7</sup> OAN taken from Sevenoaks and Tunbridge Wells SHMA, Final Report, September 2015. Housing target from adopted Core Strategy (February 2011)

<sup>8</sup> OAN and housing target taken from Local Plan - The Way Forward, Reg 18 (September 2016 Draft) as OAN differs to that in SHMA Update (June 2015).

<sup>9</sup> OAN taken from Sevenoaks and Tunbridge Wells SHMA, Final Report, September 2015. Housing target from adopted Local Plan (March 2006)

***Qn2.5 Does HBF still seek a 10% adjustment?***

- 2.6 Whilst we cannot comment on behalf of the HBF, BW does not consider that the affordability uplift of 45 dpa applied in HOU 004 is sufficient to address market signals or affordability issues within Maidstone Borough. An increase of 45 dpa represents only a 5% uplift to the 2012-based starting point. As we set out later, when measured against the new starting point (2014-based) an increase of 45 dpa would result in only a 3% uplift.
- 2.7 BW's OAHN of between 980 and 1,020 dpa provides between a 9% and 13% uplift to the 2014-based starting point (900 dpa) by making adjustments to Household Formation Rates (HFRs). BW's uplift is therefore broadly consistent with the HBF's recommendation of 10% and is considered to respond more positively to market signals than HOU 004's 5% uplift.

***Qn2.6 If so, is there any evidence to support that percentage figure?***

- 2.8 There have been a number of Inspectors' recommendations for a market signals adjustment ranging from between 10 and 20%.
- 2.9 The Uttlesford Local Plan Inspector (December 2014) considered it 'appropriate to examine an overall increase of around 10%' <sup>10</sup> to the Council's proposed housing number to address market signals which included: median rents increasing faster than county and national averages – the same can be applied in Maidstone; and the affordability ratio being significantly above the county and national ratios – the same can be applied in Maidstone. The 10% uplift was to be applied alongside the headship rate adjustment.
- 2.10 The Eastleigh Local Plan Inspector (February 2015) recommended a 10% increase to the demographic-led OAN figure to address the 'modest' pressure of market signals<sup>11</sup>. In this example the affordability ratio had increased by 97% (Eastleigh Borough) and 92% (HMA). Maidstone has seen an 87% increase in its affordability ratio which is approaching the Eastleigh rates.
- 2.11 Furthermore, the more recent EiP decision in Canterbury (August 2015) suggested a 20% uplift for market signals given the scale of market signals pressure was greater than 'modest'<sup>12</sup>. Canterbury's affordability ratio increased by 89% - comparable to the Maidstone rate.

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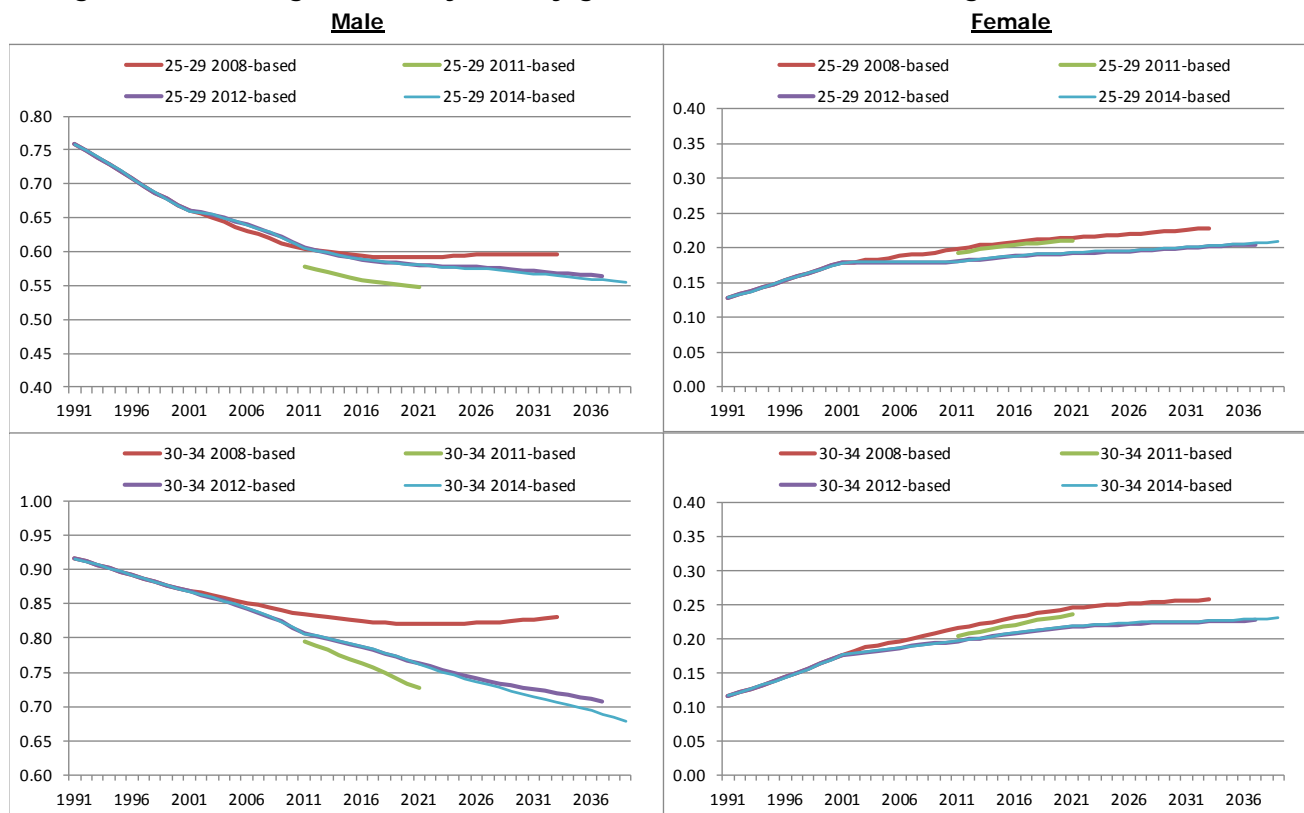
<sup>10</sup> Paragraph 1.10, page 3, Examination of the Uttlesford Local Plan: Inspector's conclusions, December 2014. See Appendix 1 of this report for extract.

<sup>11</sup> Paragraph 41, page 12, Eastleigh Borough Local Plan, Inspector's Report February 2015. See Appendix 1 of this report for extract.

<sup>12</sup> Paragraph 20, Canterbury District Local Plan, Note on main outcomes of Stage 1 hearings, August 2015. See Appendix 1 of this report for extract.

- 2.12 The adjustment made in HOU 004 appears to be based on adjusting formation rates back to 2001 levels. However, the adjustment is made to rates in both males and females, despite the female HFRs improving since 2001. The effect of this adjustment is therefore to suppress formation in females forming households. See Figure 1.

**Figure 1: HFRs aged 25-34 years by gender – Maidstone Borough**



- 2.13 In the context of market signals uplifts ranging between 10% and 20% applied to areas with comparable issues to Maidstone, it is considered BW's HFR adjustment to make an uplift of between 9-13% is appropriate.

***Qn2.7 Is the suppression of household formation only a symptom of unaffordability in which case why would it be assessed separately?***

- 2.14 Yes. BW considers suppressed household formation has been driven largely by unaffordability of the housing market. This is evidenced by greater suppression in the HFRs of those people aged 25-34 years (the group representing first time buyers) and to a lesser extent 35-44 year olds.
- 2.15 For this reason, BW does not consider separate adjustments are appropriate and BW's uplift of between 9% and 13% to address market signals (including affordability) is applied through an adjustment to HFRs.



***Qn2.8 Which other districts have used those higher percentages and how did they arrive at them?***

2.16 See Qn2.6 and Appendix 1.

***Qn2.9 Why has the Council not adopted the higher population projection indicated by the London migration sensitivity analysis?***

2.17 This is for the Council to answer. However, it is appropriate for the Council to take account of the London migration sensitivity scenario because increased migration flows from London will place further strain on the local housing market and increase affordability issues.

***Qn2.10 Does the Council accept that higher level of net migration from London would adversely affect the supply of available housing and affordability in Maidstone?***

2.18 There can be no dispute that a higher level of in-migration (and population growth) will place a greater strain on the local housing market (and housing supply).

***Qn2.11 What are the implications for Maidstone of the latest Household projections?***

2.19 The CLG 2014-based household projections project growth of 880 households per annum in Maidstone Borough over the period 2011-2031. Once an allowance is made for vacancy and second homes (considered by BW to be 2.11% based on the CLG 2015 Council Tax Base data) this results in growth of **900 dpa (2011-2031)**. This is an additional 30 dpa more than projected by the 2012-based series (870 dpa) or 600 dwellings over 20 years. See Table 2.

**Table 2: CLG household projections and resulting housing need – Maidstone Borough**

Series	2011	2031	2011-2031 (per annum)	Vacancy/ 2 <sup>nd</sup> home rate	2011-2031 (per annum)
	<i>Households</i>	<i>Households</i>	<i>Households</i>		<i>Dwellings</i>
2014-based	63,700	81,400	17,700 (880)	2.11%	<b>18,000</b> <b>(900)</b>
2012-based	63,700	80,700	17,000 (850)	2.11%	<b>17,400</b> <b>(870)</b>

Figures have been independently rounded to the nearest one hundred (annual figures rounded to the nearest 10) and may not sum

- 2.20 However, the PPG states that the latest household projections published by CLG should provide the starting point for assessing housing need (ID 2a-015) and may require adjustment to reflect factors affecting local demography and HFRs not captured in past trends (ID 2a-015 and 017). BW considers an adjustment is necessary for the reasons outlined below.

*Demographic Adjustments*

- 2.21 The 2014-based household projections are underpinned by the 2014-based SNPP which are based on migration trends from the period 2009-2014. Trends from this period are higher than over the period 2007-2012 that underpinned the 2012-based SNPP (hence the higher 2014-based starting point), because net migration to Maidstone has steadily been increasing year-on-year with the most recent year (2014-15) estimating the highest net inflow since 2001. Table 3 provides more detail.

**Table 3: Historic Components of Population Change – Maidstone Borough**

	Natural change	Net Migration	Other changes		Total change
			Total	UPC	
2001/02	178	901	143	79	1,222
2002/03	230	562	116	72	908
2003/04	318	580	98	82	996
2004/05	265	724	122	93	1,111
2005/06	305	1,530	119	105	1,954
2006/07	483	1,855	96	106	2,434
2007/08	536	1,407	39	120	1,982
2008/09	396	1,334	141	130	1,871
2009/10	474	1,476	195	136	2,145
2010/11	628	1,276	121	151	2,025
2011/12	615	911	7	0	1,533
2012/13	583	1,472	-27	0	2,028
2013/14	496	1,922	76	0	2,494
2014/15	556	2,141	-17	0	2,680
<b>Total 2001-15</b>	<b>6,063</b>	<b>18,091</b>	<b>1,229</b>	<b>1,074</b>	<b>25,383</b>
<b>Average 2001/15</b>	<b>433</b>	<b>1,292</b>	<b>88</b>	<b>77</b>	<b>1,813</b>
<b>Average 2007/12</b>	<b>530</b>	<b>1,281</b>	<b>101</b>	<b>107</b>	<b>1,911</b>
<b>Average 2009/14</b>	<b>559</b>	<b>1,411</b>	<b>74</b>	<b>57</b>	<b>2,045</b>
<b>Average 2010/15</b>	<b>576</b>	<b>1,544</b>	<b>32</b>	<b>30</b>	<b>2,152</b>
<b>Average 2005/15</b>	<b>507</b>	<b>1,532</b>	<b>75</b>	<b>75</b>	<b>2,115</b>

Source: ONS/BW

- 2.22 BW considers that a 10-year migration trend represents a more stable long-term picture. Applying this to the most recent period 2005-2015 increases the starting point estimate of need to 920 dpa.

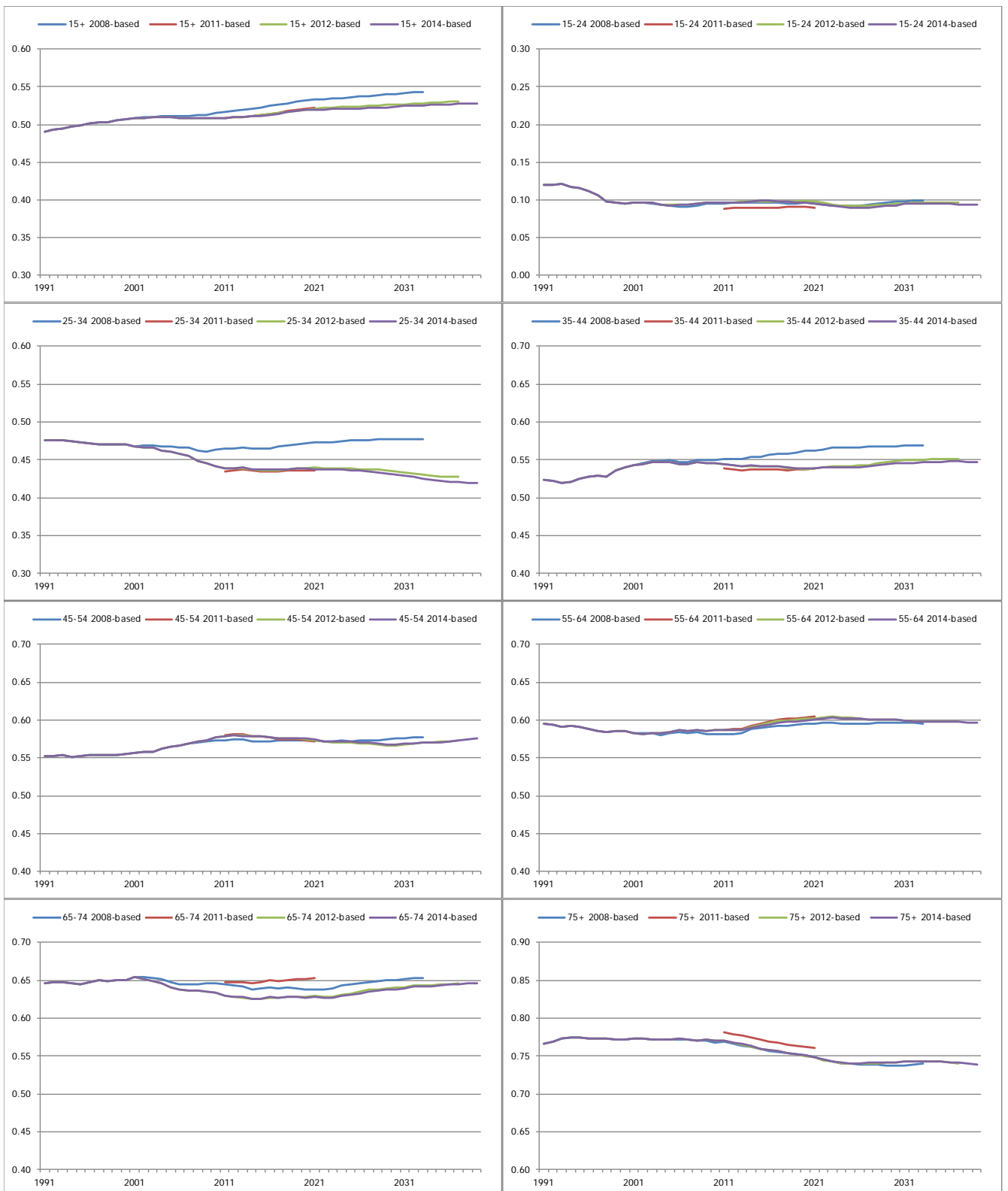
HFR Adjustments

- 2.23 BW considers that the 2014-based HFRs require adjustment to address suppressed household formation for those people aged 25-44 years. Figure 1 clearly illustrates that the projected 2014-based HFRs follow a similar trajectory to the 2012-based HFRs (albeit slightly worse for 25-34 year olds) which have been acknowledged by Inspectors<sup>13</sup> as projecting recessionary trends. Therefore, to plan on the basis of the 2014-based HFRs would *not* be in accordance with NPPF's objective to plan positively (paragraph 157) and significantly boost the supply of housing (paragraph 47).
- 2.24 Figure 1 identifies a very clear deterioration in the 2014-based HFRs of those people aged 25-34 years since 2001, as well as a flattening off in the HFRs of those aged 35-44 years and there remains a clear gap with the 2008-based HFRs. In this respect, it is important to note that the 2008 and 2014-based HFRs in all other age groups are more broadly aligned in contrast to those aged 25-44 years.

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<sup>13</sup> Cornwall Local Plan Examination (June 2015), Arun Local Plan Examination (February 2016)

**Figure 1: Comparison of HFRs for Maidstone Borough**



2.25 As the PPG does not prescribe how a HFR adjustment should be applied, BW has tested the application of three different adjustments including:

- a full return to 2008-based HFRs by 2031 for those aged 25-44 years;
- a return to 50% of the growth projected by the 2008-based HFRs by 2031 for those aged 25-44 years; and
- a return to 2001 HFRs (similar to the adjustment applied in HOU 004 to the 2012-based HFRs) but only for males aged 25-44 years).

2.26 The effect of such adjustments increases housing need to between 950 and 990 dpa based on the 2014-based SNPP and to between 980 and 1,020 dpa based on the 10-year migration trend. Table 4 summarises the BW HFR adjustments for ease of reference.

**Table 4: Housing Need (dwellings per annum) in Maidstone (2011-2031)**

HFRs	2014-based SNPP	10-year trend (2005-2015)
2014-based	900	920
50% return to 2008 (25-44yrs)	950	980
Full return 2008 (25-44yrs)	980	1,010
2001 return (males 25-44yrs)	990	1,020

Source: BW. Figures independently rounded to the nearest 10.

2.27 The Local Plans Expert Group (LPEG)<sup>14</sup> recommends that the higher of the SNPP or 10-year migration trend should be taken to represent demographic need. On this basis, demographic OAHN for Maidstone Borough is between 980 and 1,020 dpa.

#### Meeting Economic Growth

2.28 BW's assessment (undertaken using the POPGROUP demographic forecasting model) has identified that the 10-year migration trend projection would provide the resident workforce (taking account of commuting, unemployment and economic activity) to support growth of 800 jobs per annum (2011-2031). The 2014-based SNPP could support growth of 750 jobs per annum over the same period.

<sup>14</sup> Local Plans Expert Group (LPEG) Report to the Communities Secretary and to the Minister of Housing and Planning, March 2016

- 2.29 Both of these demographic projections would support job growth in excess of the Council's target of 720 jobs per annum<sup>15</sup> and also a triangulated average of past trends and economic forecasts from three independent forecasting houses as required by PPG (ID 2a-018).
- 2.30 On this basis, no further adjustment to demographic OAHN is required to support economic growth in Maidstone Borough.

*Market Signals Adjustment*

- 2.31 As discussed in response to Qn2.7, BW does not make a specific market signals adjustment because the HFR adjustment is considered to provide a sufficient uplift to the starting point estimate to address market signals issues. BW's OAHN of between 980 and 1,020 dpa provides between a 9% and 13% uplift to the 2014-based starting point which is considered appropriate in the context of market signals uplifts applied in areas with comparable issues to Maidstone.

*Bringing the Evidence Together*

- 2.32 To summarise, the implications for Maidstone Borough of the latest household projections is to increase the starting point estimate of housing need from 870 dpa to 900 dpa (2011-2031).
- 2.33 However, the 2014-based starting point of 900 dpa is underpinned by conservative migration estimates in the context of long-term trends and suppressed household formation for younger people (particularly those aged 25-44 years). **Addressing these issues, BW considers the full OAHN for Maidstone Borough to be between 980 and 1,020 dpa (2011-2031).** Table 5 summarises BW's assessment.

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<sup>15</sup> Policy SS1, Maidstone Borough Local Plan (Regulation 19), February 2016

**Table 5: BW's OAHN for Maidstone Borough (2011-2031)**

		<b>Maidstone</b>
A	CLG 2014-based SNHP (Households)	17,681 (884 pa)
	Vacant/Second Homes Adjustment	2.11%
	OAN STARTING POINT (Dwellings)	17,993 (900 dpa)
B	Housing Need: Adjusted HFRs (Dwellings)	19,019 to 19,794 (951 to 990 pa)
	Adjustment to A	+1,026 to + 1,801 (+51 to + 90 dpa)
C	Housing Need: Adjusted HFRs and Continuation of 10yr Migration Trends	19,552 to 20,353 (978 to 1,018 dpa)
	Adjustment to A	+1,559 to + 2,360 (+78 to + 118 dpa)
<b>=</b>	<b>DEMOGRAPHIC-LED HOUSING NEED (A+B+C)</b>	<b>19,552 to 20,353 (978 to 1,018 dpa)</b>
	Jobs supported by demographic-led OAN	14,964 to 16,037 (748 to 802 pa)
	Job Demand (Council target)	14,400 (720 pa)
	Job Surplus/Deficit	+564 to + 1,637 (+28 to + 82 pa)
<b>=</b>	<b>ECONOMIC-LED HOUSING NEED</b>	<b>19,552 to 20,353 (978 to 1,018 dpa)</b>
	(Adjustment to Demographic-led)	0
	Adverse Market Signals Observed?	Yes
	Subtotal OAN	978 to 1,018 dpa
	Average Delivery Rate 2006/07-2013/14	635 dpa
	Subtotal OAN vs. Recent Performance (%)	Between 54% and 60%
	Subtotal OAN vs. Starting Point (%)	Between 9% and 13%
	Further Increase Recommended? (Y/N)	No
<b>=</b>	<b>FULL OBJECTIVELY ASSESSED HOUSING NEED</b>	<b>19,552 to 20,353 (978 to 1,018 dpa)</b>

- 2.34 OAHN of between 980 and 1,020 dpa provides between a 9-13% uplift to the revised starting point and therefore is considered to provide a sufficient increase in housing supply to improve affordability without a further market signals uplift.
- 2.35 If the Council retains its current OAHN of 928 dpa, this would only provide a 3% uplift to the revised starting point – less than the 5% currently proposed which BW already consider to be insufficient (see Qn2.5 and 2.6).
- 2.36 BW's OAHN figure would also make a significant contribution towards meeting affordable housing need in Maidstone which PPG supports (ID2a-029).

- 2.37 However, an OAHN figure of between 980 and 1,020 dpa is required to meet the demographic and economic needs of Maidstone Borough alone, it would not address any unmet need from London or neighbouring authorities.
- 2.38 It is recommended a Main Modification is made to MBC's Housing target to at least 19,600 dwellings 2011 – 2031 (980dpa) and tested up to 20,400 dwellings (1,020 dpa).



**APPENDIX 1:**  
**EXTRACTS OF INSPECTOR'S REPORTS**  
**IN SUPPORT OF MARKET SIGNALS UPLIFT OF BETWEEN 10% AND 20%**

## **Examination of the Uttlesford Local Plan (ULP)**

### **Inspector's conclusions**

At the hearing on 3 December 2014 I summarised the conclusions I had reached about the soundness of ULP and cancelled further hearings. I indicated that I would write more fully before Christmas. These are my fuller conclusions.

#### **1 Objectively assessed need for housing (OAN)**

1.1 Para 47 of the National Planning Policy Framework (NPPF) requires that, in order to achieve a significant boost in housing supply, Local Plans should meet the full OAN for market and affordable housing in the Housing Market Area (HMA) as far as consistent with the policies in the NPPF.

1.2 Looking at the most recent (phase 6) demographic work by Edge Analytics using the SNPP-2012 data, the assumed net migration flows are somewhat lower than the annual average for Uttlesford over the period 2003/4-12/13 and more so compared with the average over the past 5 years. It has been argued that the SNPP-2012 projections underestimate the migration component, particularly the very recently experienced levels of net international migration. However, flows of this type can be dynamic and unpredictable. Overall I am not convinced that there is evidence to demonstrate the necessity in Uttlesford of departing from the current ONS approach to a national control total. However, I return briefly to the question of future migration from London in the final paragraph under this heading (ie the OAN).

1.3 The phase 6 work indicates an annual dwelling requirement of 508 based upon 2011 household formation rates or 549 using 2008 rates. The average of the two rates gives a requirement of 529pa. My view is that 529 represents an appropriately modelled demographic projection, allowing for some return towards very long-term pre-recession trends in household formation rates and avoiding embedding the post-recessionary conditions judged to have been reflected in the 2011 Census.

1.4 In itself, increasing the plan's provision by 6pa to 529pa would not be a major issue. However, Planning Practice Guidance (PPG) 2a-019 recognises that various factors may require some adjustment to be made to demographically-modelled household projections. PPG 2a-20 gives guidance on how plan makers should respond to such signals, indicating that comparisons should be made with longer term trends and that (where these worsen) upward adjustment will be

required to planned numbers compared with those based solely on household projections.

1.5 PPG 2a-020 suggests a number of market signals which should be taken into account. In terms of the median price of housing, Uttlesford is within the top 15% of local authority areas in England. The percentage change in the median price in the period 1998-2013 has been slightly below those for Essex and England but from a very much higher base. Turning to rental levels, only limited time-series information is available, but median rents are higher than Essex and England and have risen by 7% in the period Q2 2011 to Q3 2013 compared with 3% in Essex and 4% in England. Uttlesford is marginally outside the top 25% authorities in England in terms of rental levels.

1.6 The above housing cost factors are reflected in affordability issues. Measured in terms of the ratio between lower quartile house prices/lower quartile earnings, Uttlesford is within the top 10% least affordable local authorities, significantly above the ratios for Essex and England. A CLG live table shows UDC's ratio rising to a much sharper peak than these comparators (at about 12) just prior to the recession in 2007, before it fell and then resumed rising in the past few years whereas Essex and England have remained largely flat.

1.7 Turning to homelessness, the number/1000 households accepted as homeless and in priority need is modest in Uttlesford compared with Essex and England but a CLG live table shows that Uttlesford experienced a rise in the incidence per 1000 households between 2004/5 and 2012/13 whereas in the comparators the incidence more than halved.

1.8 PPG 2a-020 advises that any necessary upward adjustment in relation to market signals should be set at a level that is 'reasonable' and in scale with the strength of the indicators. Precision is not to be attempted in estimating the impact upon housing supply. Any uplift is to be on a scale which, on reasonable assumptions and consistent with the principles of sustainable development, could be expected to improve affordability.

1.9 In addition, PPG 2a-029 indicates that an increase in the housing provision in the plan should be considered where it could help to deliver the required number of affordable homes. The OAN is defined in the NPPF as including the full needs for both market and affordable housing. However, the best current available estimate of need for affordable housing is that expressed in the updated SHMA (2012), which identifies it as 54% of total need. Plainly that total could not be achieved through the operation of ULP policies HO7 & HO8 even if no viability issues arose to prevent delivery at 40/20% according to site size. However, it is clear there will be such instances (eg see below in relation to the example of Great Dunmow where policies 2-4 will require a significant number of affordable homes to be foregone in favour of education contributions).

1.10 A number of participants at the examination separately advanced cases for an increase in provision of about one-third on the basis of the above factors. That would bring provision to about 700pa, or an additional 3,500 dwellings during the plan period. I find no convincing evidence to support an increase on that substantial scale. I also accept that the objective of improving affordability could be difficult to achieve within the confines of one local authority area and that affordability is affected by many more factors than land supply. However, taking all the above factors in the round, 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% to about 580pa (an additional total of 1,120 dwellings).

1.11 Concerning the type of economic factors referred to in PPG 2a-018, the phase 6 work does not suggest that household growth scenarios based upon Uttlesford's forecast population of working age would exceed the housing provision in the plan based upon the East of England Forecast Model which is the one used in the Local Plan. Another scenario (Oxford Economics) shows a different outcome, but it is clear that a significant part of Uttlesford's expected employment growth will be focused on the airport where over 80% of employees are drawn from across a wide area outside Uttlesford. Evidence on the overall commuting patterns into and out of the District also makes it hard to draw any firm conclusion that housing provision on the above scale would hinder economic aspirations.

1.12 Finally, returning to an aspect of migration, Uttlesford has consistently been a recipient of in-migration from London and this will already be reflected in the migration assumptions behind the SNPP 2012 projections. The future unmet needs of London discussed in the Further Alterations to the London Plan may give added impetus to this potential pressure over coming years. However, it is unclear whether or what mechanisms will emerge to address this complex issue following the Mayor's overtures to authorities in the Greater South East, still less what kind of solutions (eg concentration at certain locations or wider dispersal) may be adopted. Pending wider consideration of this matter I am not convinced that it can bear much weight in assessing the OAN for Uttlesford as a single local planning authority among many within London's orbit.

## **2 Elsenham policy 1 – land north east of Elsenham**

2.1 This policy is by far the largest allocation in ULP, providing for 2,100 homes, a local centre (retail and employment uses and community and health buildings), primary education (and possibly secondary education, dependent upon future decisions concerning an existing school), and recreational uses. First included in the original options stages of the plan in 2006/7, the scheme has been described by the Council for much of the intervening period as a 'new settlement'. However, the submitted plan (para 22.1) describes it as 'a large strategic allocation' with 'the potential to expand in the future to continue to



The Planning Inspectorate

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# Report to Eastleigh Borough Council

by **Simon Emerson BSc DipTP MRTPI**

an Inspector appointed by the Secretary of State for Communities and Local Government

Date: 11<sup>th</sup> February 2015

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PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED)

SECTION 20

## **REPORT ON THE EXAMINATION INTO EASTLEIGH BOROUGH COUNCIL'S EASTLEIGH BOROUGH LOCAL PLAN 2011 - 2029**

Document submitted for examination on 15 July 2014

Examination hearings held between 10 and 13 November 2014

File Ref: PINS/W1715/429/4

35. The Framework requires planning authorities to meet the housing needs of their area including affordable housing needs. The availability of accommodation within the PRS where households are in receipt of the LHA is outside the control of the Council, being determined by the willingness of private landlords to let to tenants in receipt of the LHA. The operation of the LHA is determined by the government. I have no doubt that households in need of affordable housing readily perceive a substantial difference between these two types of housing for the reasons already given. Accordingly, affordable housing needs in Eastleigh Borough are at least 509 dpa and would be higher if a more cautious approach were to be taken to the proportion of income which it is assumed is reasonable to spend on housing.
36. Most of this need for 509 dpa is not additional to the 550 - 615 dpa arising from the demographic projections. It is a requirement for a distinct type of housing. I recognise that much of the need may be households in accommodation which is inadequate for their needs, but which may be adequate for other households. The SHMA's assessment takes account of the release of affordable units for those needing to move who are already in affordable housing (EBC/H4A, 8.32). Similarly, a move of a household from an unsuitable private rented unit to a suitable affordable unit would free-up that private rented unit, but such moves cannot happen unless affordable homes are available.
37. In relation to affordable housing provision over the plan period, the Council notes that 323 affordable units had been delivered between 2011-2014; existing planning permissions have secured a further 686 units; and on the basis of the percentages in policy DM28, a further 2,000 could be secured from future permissions, resulting in about 3,000 new affordable housing units over the plan period. This is the maximum likely to be delivered. Actual delivery might be less as it depends on the viability of specific sites to deliver at 35%. The Council's estimate equates to an average of 167 pa, substantially below the need for affordable housing and below even the SHMA's figure of 310 pa where the role of the PRS with LHA was assumed to be meeting part of the need.
38. The failure of the Council to recognise the true scale of need for affordable housing and therefore the consequential failure to consider how it might be addressed is a serious shortcoming.

#### *Market signals*

39. The Framework and Guidance indicate that household projections should be adjusted to take into account market signals. The Guidance refers to appropriate comparison of indicators both in absolute levels and rates of change. The SHMA (EBC/H4A, 6.90-6.97) highlights Eastleigh and Fareham among the core PUSH authorities as experiencing the highest median prices for most property types and where affordability issues are more acute. Overall, it concludes that market signals are not significant for most of the core authorities, but identifies modest market pressure in Eastleigh and Fareham.
40. Developer interests highlight a range of market signals (see, for example, Table 5.3 in Nathaniel Lichfield and Partners work for Gladman

Developments). Not all signals demonstrate that Eastleigh is worse than the national or regional/sub regional averages. But on some crucial indicators it is. Between 1997 and 2012, the affordability ratio for Eastleigh worsened by 97%. For the Southampton HMA and England the figures are 92% and 85% respectively (Barton Wilmore, Open House October 2014, Table 6.4, for Hallam Land). Time series rental data from the Valuation Office Agency is available only between 2011 and 2013, but indicates rents rising by 7.4% in Eastleigh compared with 4.4% nationally and 6.9% in Hampshire (Open House, paragraph 5.12). Overall, market signals do justify an upward adjustment above the housing need derived from demographic projections only.

41. 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 a 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.

#### *Accommodating economic growth*

42. Local Economic Partnerships (LEPs) are the lead body for promoting local economic development. In this case, it is the Solent LEP, which covers a similar geographic area to PUSH. I consider that a key test of the economic strategy of the Plan is compatibility with the intentions of the LEP, given its role, which includes control of substantial public funds to support economic development. The LEP's current strategy is the *Solent Economic Plan 2014-2020* (EBC/G1) published in March 2014. This sets out a number of economic aspirations, including job growth, drawn from economic projections provided by Oxford Economics (*Solent LEP Economic Outlook*, March 2014). This included a baseline forecast and preferred growth scenario. The LEP's Economic Plan mostly seeks to achieve the headline indicators of the preferred scenario (comparing p6 of EBC/G15 with 4.1 of the Economic Outlook).
43. An important element of the LEP strategy is the promotion of various key sites for economic development. There are seven key sites identified for 2015-2017. None are in Eastleigh Borough. There are a further five sites identified as *Future Pipeline Sites*. One of these, described as: *Ford site, Eastleigh Riverside and Southampton Airport* extends over a large area which straddles the boundary between Southampton City and Eastleigh Borough. The Ford factory which closed in 2013 is not in Eastleigh and its redevelopment is not dependent on any proposals within Eastleigh. The submitted Local Plan includes proposals for facilitating various types of economic development in this area: at Eastleigh Riverside (policy E9, mainly business areas for redevelopment), adjoining Eastleigh Riverside side (policy E10, 9.60 ha of greenfield land) and Southampton Airport (policy E12, including 21 ha of undeveloped land north east of the runway).
44. The site-specific merits of these three allocations and the requirements of each policy were not explored at the hearings in November. The main area of dispute/uncertainty concerns achieving a new access road to facilitate major greenfield development and the requirements to accommodate such a potential future road in any redevelopment of other areas. Because of the current uncertainty, the Council has not included the allocated greenfield

## **Canterbury District Local Plan**

### **Note on main outcomes of Stage 1 hearings**

#### ***Introduction***

1. There are two broad matters that are crucial to the next steps in my Examination, potentially affecting the timetable, including the Stage 2 hearings scheduled to commence at the end of September. Firstly, there are some matters of legal compliance, including those relating to the Sustainability Appraisal, which could impact on progress. Secondly, the Council has accepted on its own calculation that it does not have a 5-year housing land supply. It is considering as a matter of priority how that might be remedied having regard to the relationship between key sites, critical infrastructure and viability. However, my conclusions on, amongst other things, the appropriate figure for objectively assessed housing needs and the method of calculating the land supply will have implications for that work which the Council would need to take on board.
2. In that context, this note is limited to these matters, containing sufficient detail to explain my conclusions where it is necessary to do so at this point. My full reasoning will be included in my report to the Council. There are of course also a wide range of other matters considered under Stage 1 of the Examination, including aspects to which the Council is giving further attention. I have not dealt with those here as they will be addressed as appropriate in my report.

#### ***Sustainability Appraisal***

3. The Plan was submitted with a Sustainability Appraisal (SA), June 2014, prepared by AMEC Environment & Infrastructure Ltd. My principal consideration is whether it amounts to reliable evidence underpinning the selection of the spatial strategy and the allocated sites. The main comments relating to the SA concern the approach to the consideration of alternatives, whether a 'paper chase' is required to understand the SA, the selection of the preferred sites, cumulative effects of development and transport, and the description of the environmental characteristics of the area.
4. In 2010 the Council appraised 9 broad spatial strategy options in the Core Strategy SA. An option that combined elements of 5 of these was considered the most appropriate basis for further consideration. The Council then produced a Development Requirements Study (DRS) which included 10 different scenarios for the amount of development. These were appraised against the 16 SA objectives and a preferred scenario selected. Whereas the DRS was not accompanied by a compliant SA there was an appraisal in a Technical Note which used the same methodology as the subsequent SAs.
5. The quantum of development chosen from the DRS was substantially greater than that used in the initial spatial alternatives. Representations have been made suggesting that the preferred spatial option should have been revisited in that context. However, the Council undertook an appraisal of the Preferred Option Local Plan in 2013 which included two alternative



Canterbury is also seeking to meet its own needs and as such those of any local housing market areas are capable of being addressed.

18. The possibility that London may not be able to accommodate all its housing needs arose in the Report of the Inspector who examined the Further Alterations to the London Plan, published in November 2014. The Mayor/Greater London Authority have begun a process of dialogue with Councils in the South East in which Canterbury are participating and will no doubt continue to do so as appropriate. However, the aim of boosting significantly the supply of housing would not be best served by delaying the Plan until it is clear whether Canterbury should be in receipt of any unmet needs. This should be considered in a future review of the Plan if necessary.
19. The Plan provides for 15,600 dwellings over the period 2011 to 2031 - 780 dwellings per annum (dpa). This was initially based on Scenario E of the DRS undertaken in 2012 by Nathaniel Lichfield and Partners (NLP). In the context of the requirements of the Framework and the publication of 2012-based Sub National Household Projections (SNHP) in 2015, NLP undertook a Housing Needs Review (HNR) dated April 2015. The national Planning Practice Guidance (PPG) confirms that the SNHP are the starting point estimate of overall housing need. In the case of Canterbury this amounts to an annual increase of 597 new households between 2012 and 2031. Allowing for vacancy and second homes NLP convert this to 620 dpa and there is no evidence that would lead me to a different conclusion.
20. The PPG indicates that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals. The HNR identifies problems with house prices, rents and affordability in Canterbury compared to England and Kent. An uplift of 10% to reflect a modest pressure of market signals has been used by Inspectors in other examinations. However, here NLP conclude that the scale of market signal pressure is greater than modest, such that on reasonable assumptions the uplift should be more than 10% with 20% used by way of illustration to give a need figure of 744 dpa.
21. The HNR has updated two of the economic-led scenarios that were part of the 2012 Development Requirements Study. The housing need is increased to 717 dpa to bring it in line with the unconstrained projections of employment growth used in the earlier study and to 803 dpa to reflect the higher job growth associated with Scenario E.
22. The SNHP show lower rates of household formation than earlier national projections, most likely due to the reduced rates of household formation seen through the recession. To carry this trend forward might result in some needs not being addressed. To reflect this NLP have modelled a 'partial catch-up' scenario taking effect from 2018 assuming higher rates of household formation and resulting in a 6% increase in needs to between 744 and 853 dpa.
23. Following the approach set out in the PPG, the HNR identifies a range of affordable housing needs of between 490 and 740 dpa. To deliver this based on the proportion of affordable housing (30%) sought in the Plan would

require between 1,623 and 2,467 dpa, an amount far in excess of the overall needs identified in the HNR. There is no persuasive evidence that the housing market would support this scale of building. I consider that simply increasing housing provision in the Plan to these levels would not be an effective way of addressing affordable needs.

24. In the light of these considerations, NLP conclude that full OAN are likely to most reasonably fall with a range of between 744 and 853 dpa. 803 dpa is within the middle of the range and may be seen as an appropriate measure of full OAN. NLP indicate that this may be seen as equivalent to the 780 dpa scenario used to inform the requirement in the Plan.
25. While other projections of housing need, both higher and lower, were put before the Examination I am satisfied that the HNR is a technically competent and robust basis on which to determine the OAN and that the range it has identified has been justified. However, within that the amount of uplift to be applied to the starting point estimate is a matter of judgement. Although the Council's preferred figure of 780 dpa falls within the HNR range it does not flow from its results. The market signals uplift of 20% is a very significant one and there would be a degree of overlap between that and some of the other assumptions. In that context, figures in the upper end of the range would not be appropriate. The middle range figure of 803 dwellings identified by NLP would be almost 30% higher than the 620 dpa starting point.
26. Taking these factors in the round it seems to me that 803 dpa would achieve an uplift that took reasonable account of market signals, economic factors, a return to higher rates of household formation and affordable housing needs. Accordingly, it represents the full OAN for the Plan area. It should be rounded to 800 dpa for the purposes of the Plan – a further 400 dwellings over the Plan period (16,000 in total). I note that the Plan as submitted provides for sites in excess of that figure.

### ***Calculation of the 5-year housing land supply***

Overall position

27. On submission of the plan the Council calculated that it had 6.4 years supply of housing land. However, in May 2015 the Council and Kent County Council, as highway authority, agreed a position statement concerning the Sturry crossing and relief road. The effect of this would be that a number of the strategic housing allocations could not come forward until the relief road was constructed. Accordingly, taking account of various other adjustments, the Council recalculated the land supply as 5.26 years in its further statement on Main Matter 2 – Housing Strategy. However, following discussions at the hearings the Council revisited its calculation and some of the assumptions. The reworked figure shows about 4.2 years supply against the Council's OAN of 780 dpa and would self-evidently be less against my figure of 800 dpa.