

# Strategic Planning, Sustainability & Transport Committee

9<sup>th</sup> June 2015

Is the final decision on the recommendations in this report to be made at this meeting?	<b>Yes</b>
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## Strategic Housing Market Assessment Update – implications of the 2012-based household projections

<b>Final Decision-Maker</b>	SPS&T Committee
<b>Lead Director or Head of Service</b>	Rob Jarman, Head of Planning & Development
<b>Lead Officer and Report Author</b>	Sarah Anderton, Principal Planning Officer (Spatial Policy)
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	all

### This report makes the following recommendations to the final decision-maker:

1. That the Strategic Planning, Sustainability and Transport Committee agrees the updated objectively assessed need for housing (2011-31) is 18,560 dwellings, equating to 928 dwellings/annum;
2. That the Strategic Planning, Sustainability and Transport Committee agrees the updated assessed need for 980 care home places (2011-31), equating to 49 places/annum
3. That the Strategic Planning, Sustainability and Transport Committee notes that the SHMA Update report is part of the evidence base of the emerging Local Plan

### This report relates to the following corporate priorities:

- Keeping Maidstone Borough and attractive place for all
- Securing a successful economy for Maidstone Borough

### Timetable

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	n/a
Council	n/a
Other Committee	SPS&T Committee 9 <sup>th</sup> June 2015

# Strategic Housing Market Assessment Update – Implications of the 2012-based household projections

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 In September 2014, Cabinet agreed that the objectively assessed need for housing is for some 18,600 dwellings for the period 2011-31.
  - 1.2 In February 2015, the Department of Communities & Local Government (CLG) published updated household projections for local authority areas. National Planning Practice Guidance<sup>1</sup> directs that the CLG household projections should form the starting point estimate for overall housing need and that wherever possible local needs assessments should be informed by the latest information.
  - 1.3 This report presents the implications of these latest projections and latest practice for the borough's objectively assessed housing need and care home needs figures.
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## 2. INTRODUCTION AND BACKGROUND

### Background

- 2.1 The Council's Strategic Housing Market Assessment (SHMA) was completed in January 2014. The firm G L Hearn were commissioned jointly by Maidstone, Ashford and Tonbridge & Malling Borough Councils to undertake an assessment for each authority, following the same methodology for each. The Maidstone SHMA found there to be an 'objectively assessed need' for some 19,600 additional dwellings in the borough between 2011 and 2031. Cabinet agreed this figure as the basis for determining future housing provision at its meeting on 27<sup>th</sup> January 2014.
- 2.2 Subsequently, the Office for National Statistics (ONS) published 2012-based sub-national population projections (SNPP) in May 2014. G L Hearn were commissioned by the 3 authorities to produce an Addendum report to the SHMA to consider the implications of this updated information for each of the boroughs' objectively assessed need figures. For Maidstone borough, this resulted in a revised need requirement of 18,600 dwellings (930dpa) which was agreed by Cabinet on 10<sup>th</sup> September 2014. Cabinet also formally agreed the methodology underpinning the SHMA. The Addendum also quantified the future need for care home places at 930 additional places (2011 – 31).
- 2.3 In February 2015, the Department of Communities & Local Government (CLG) published updated household projections for local authority areas. National

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<sup>1</sup> Para 15, Housing and Economic Development Needs Assessments

Planning Practice Guidance<sup>2</sup> (NPPG) directs that the CLG household projections should form the starting point estimate for overall housing need and that wherever possible local needs assessments should be informed by the latest information. In this knowledge, the 3 authorities have again commissioned G L Hearn to report on the implications of the new projections for housing and care home needs.

- 2.4 All three reports, the SHMA (January 2014), SHMA Addendum (August 2014) and SHMA Update (2015) will form part of the evidence base of the Local Plan. The objectively assessed need figure is a measure of the need ('demand') for new housing. It is distinct from the Local Plan's housing target, which is yet to be agreed, which takes into account site availability and development constraints.

### **SHMA Update**

- 2.5 This latest report provides a 'sensitivity analysis' of the previous work which takes account of the more recent demographic information. The NPPG indicates that new projections do not necessarily render existing evidence out of date<sup>3</sup>. The latest report assesses the degree to which the new projections and demographic evidence are materially different from the SHMA. In reaching their conclusions, G L Hearn has also been cognisant of the most recent practice in assessing housing needs and how recent Local Plan Inspectors' Reports have responded to such assessments.
- 2.6 The SHMA Update report is included in Appendix I.
- 2.7 Importantly, the same process has been followed in preparing the SHMA Update as in the preceding reports;
- Household projections are the starting point. These are trend based projections that are an indication of the number of households which would form if recent demographic trends continue. They are statistically robust and based on nationally consistent assumptions.
  - The projections are tested against factors which may have influenced population change and/or household formation.
  - These factors are set out in the NPPG; household suppression, migration, market indicators, affordable housing supply and availability of working age people to support the economy<sup>4</sup>
  - The NPPG directs that "a worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections"<sup>5</sup> (emphasis added)

### **Market/Affordability Signals**

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<sup>2</sup> Para. 15, Housing and Economic Development Needs Assessments

<sup>3</sup> Para. 16, Housing and Economic Development Needs Assessments

<sup>4</sup> Paras 15 & 19, Housing and Economic Development Needs Assessments

<sup>5</sup> Para. 21 Housing and Economic Development Needs Assessments .

- 2.8 The NPPG<sup>6</sup> specifies the type of market factors which should be interrogated to determine whether an adjustment is required. Land prices, house prices, rents, affordability, rate of development and over-crowding are all specified.
- 2.9 The market evidence shows that since 2001 housing costs have increased notably (overall and relative to earnings) and the affordability of market housing has declined. The extent of overcrowding and house sharing has increased with growing number of households in the private rented accommodation.
- 2.10 Also as with the previous SHMA reports, more detailed analysis of the ‘raw’ demographic data reveals that for Maidstone household suppression is being projected forwards in the 2012-based CLG projections i.e. that households which would otherwise have formed have been inhibited from doing so. This is specifically the case for the 25-34 age group. A declining number of households of this group are projected to form than would be expected. This gives a significant indication that external factors are limiting the extent to which young people can move into their own accommodation.
- 2.11 The NPPG<sup>7</sup> outlines that where market signals point to affordability problems, including access to affordable homes, an upwards adjustment should be made to increase housing numbers, set at a ‘reasonable’ level. G L Hearn has used analysis of the household formation rates to quantify the adjustment and to root it back to the demographic projections.

	No. dwellings (2011-31) <sup>8</sup>
2012-based CLG household projections	17,660 (883dpa)
2012-based CLG household projections with market uplift	18,560 (928dpa)

- 2.12 This denotes only a marginal change from the previously agreed OAN of 18,600 dwellings.

### **Migration from London**

- 2.13 The Further Alterations to the London Plan (FALP) were agreed by an Inspector in January 2015. The Greater London Authority (GLA) applied its own household projections through the FALP process, arguing that ONS/CLG projections project forward from a period of recession (2007-12) and that migration from London will, in actuality, be higher as the economy recovers. The FALP Inspector accepted the GLA’s analysis on this point but also required that the FALP be subject to an early review.
- 2.14 As a sensitivity analysis, the SHMA Update considers the implications that applying the GLA assumptions on migration would have on the demand for housing in Maidstone borough.

<sup>6</sup> Para 19, Housing and Economic Development Needs Assessments

<sup>7</sup> Para 20, Housing and Economic Development Needs Assessments

<sup>8</sup> Includes allowance for vacancy

	No. dwellings (2011-31) <sup>9</sup>
2012-based CLG household projections with London migration sensitivity analysis	18,560 (928dpa)
2012-based CLG household projections with market uplift + London migration sensitivity	19,460 (973dpa)

### Care Home Needs

- 2.15 The Update report has additionally considered the expected growth in institutional population arising from the latest CLG projections and thereby derived the implications for the future care home needs in the borough. The SHMA Addendum revealed a need for some 960 care home bedspaces (2011-31) equating to 48 spaces per annum. The latest work indicates a very modest change to this figure to 980 bedspaces (2011-31), equating to 49 spaces per annum.

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### 3. AVAILABLE OPTIONS

- 3.1 The preceding section sets out a summary of the analysis of the implications of the latest CLG projections by the Council's expert consultants. The commentary advises on the need to respond positively to the evidence of market factors in deciding on the borough's objectively assessed need for housing.
- 3.2 The analysis also addresses the potential implications of increased migration from London. Again this is a factor to be considered in agreeing the 'objectively assessed need' for housing.
- 3.3 A 'do nothing' option would be to not consider the implications of the latest CLG projections at all. This would be considered imprudent. The Local Plan Inspector and objectors to the Local Plan will themselves draw on this latest information. Early consideration of this new information gives the opportunity for the Council to assess and then act on the implications in an informed and rational manner.

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### 4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The process prescribed in the NPPG has been followed in looking at the latest demographic information and considering the implications of these updated projections for the borough's 'objectively assessed need' for additional homes. The process is the same as the 3 authorities followed in the previous Strategic Housing Market Assessment reports.
- 4.2 Analysis of the projections shows clear evidence of household formation suppression amongst the 25-34 age group. The defined market indicators which must be considered, and which the Local Plan Inspector will also have to

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<sup>9</sup> Includes allowance for vacancy

examine, also show a worsening position. This directs the need for the figure for OAN to include the market adjustment set out in the preceding section.

- 4.3 It is recommended that the figure of 18,560 (equating to 928dpa) be agreed as the 'objectively assessed need' for housing (2011-31).
- 4.4 The SHMA Update has also quantified the increase in demand for housing that there would be if, as predicted by the GLA, migration from London is higher than projected by the ONS (in the Sub National Population Projections). Clearly the influence of migration to/from London will continue to impact on the demand for housing in all SE authorities to a greater or lesser degree. London is a world city generating a significant demand for additional workforce which in turn puts an upward pressure on housing. At this point in time however, there is some uncertainty about whether and when the increased demand predicted by the GLA, rather than that projected by the ONS, will come to fruition. In December 2014 the Uttlesford Local Plan Inspector for example noted that it is uncertain whether mechanisms will emerge to address the complex issues raised by the FALP and what types of solutions may be instituted.
- 4.5 In these circumstances the Committee is requested to note the implications of the GLA projections set out in the report. It is recommended that Maidstone's OAN does not include an additional uplift for the impacts of London migration. Officers will advise the Committee if the case to make any such an adjustment changes.

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## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 Previous Cabinet consideration of the objectively assessed need figure is set out in the background section to this report. In common with other evidential documents supporting the Local Plan, the SHMA is not subject to specific consultation.

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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The SHMA update will be available for public inspection on the evidence page of the Council's website. The agreed objectively assessed housing need figures and care homes need figure are integral to the planning for these uses in the emerging Local Plan.

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## **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The SHMA Update is part of the evidence base of the Local Plan. The Local Plan impacts positively on both the Council's	Sue Whiteside, Team Leader

	Corporate Priorities.	(Spatial Policy)
<b>Risk Management</b>	The objectively assessed need figure and care home need figure have been assessed by expert consultants in the field and has been undertaken with adjoining authorities to a common methodology.	Sue Whiteside, Team Leader (Spatial Policy)
<b>Financial</b>	The cost of commissioning the SHMA update has been accommodated within the Local Plan budget.	Zena Cook (Section 151 Officer)
<b>Staffing</b>		Rob Jarman, Head of Planning & Development
<b>Legal</b>	The evidence base for the Local Plan should be sufficiently robust to prevent challenge	Kate Jardine, Solicitor, Team Leader, Planning
<b>Equality Impact Needs Assessment</b>		[Policy & Information Manager]
<b>Environmental/Sustainable Development</b>		Sue Whiteside, Team Leader (Spatial Policy)
<b>Community Safety</b>		Sue Whiteside, Team Leader (Spatial Policy)
<b>Human Rights Act</b>		Sue Whiteside, Team Leader (Spatial Policy)
<b>Procurement</b>		Zena Cook (Section 151 Officer)
<b>Asset Management</b>		Sue Whiteside, Team Leader (Spatial Policy)

## 8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: SHMA Update – Implications of the 2012-based household projections.

## 9. BACKGROUND PAPERS

None