Home Builders Federation

Matter 4

Tonbridge and Malling Local Plan Examination

Matter 4 – Objectively Assessed Needs (OAN) for Housing and Employment Land (Policies LP3, LP4 & LP38)

Main Issue Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national planning policy in relation to the overall provision for housing and employment land.

1. Does the Tonbridge and Malling Strategic Housing Market Assessment (SHMA) and its updates (HO4-HO7 & H01) appropriately define the housing market areas? If not, what are the consequences for the housing requirement figure in policy LP3?

No comment

2. Does the OAN figure in the Housing Need Update (January 2019) (HO1) take account of the most recent DCLG household projections, market signals, economic/jobs growth and the need for adequate levels of affordable housing to be provided?

We recognise that the local plan was submitted during the transitionary period as set out in paragraph 214 of the 2019 NPPF and is being examined under the 2012 Framework. However, we are concerned that that the lengthy post submission period due to the Council not having its full evidence base ready prior to submission means that if this plan is adopted it will be on the basis of a policy Framework that will be more than two years out of date. The difference in the Council's assessment of needs and that which the Council would be required to meet using the standard method is significant. The submitted local plan has a housing requirement of 694 dwellings per annum(dpa) compared to a local housing needs using the standard method of 846 dpa. This substantial difference gives an indication as to the level of delivery that the Government is seeking in the least affordable housing market areas. The decision to introduce the standard method provides evidence that the Government were concerned that the overall approach taken by Councils in their objective assessments of housing need was inadequate and would not improve affordability in the least affordable areas. As such any considerations as to the justification of TMBC's OAN must be undertaken with regard to the reasons why the Government introduced the standard method in 2018 and the level of delivery that would result from its application.

Household Projections

The Planning Practice Guidance published to support the 2012 NPPF stated in paragraph 2a-016 that:

> *"Wherever possible, local needs assessments should be informed by the latest available information. The National Planning Policy Framework is clear that Local Plans should be kept up to date. A meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued."*

On the basis of this paragraph the Council have revisited through HO1 the demographic projections in the previous update to the Strategic Housing Market Assessment (2016) using the 2016-based household projections to consider whether there has been a meaningful change. The conclusion in HO1 was that the difference between the 2014-based projections and the 2016-based projections was meaningful and that the latest iteration should be used. In our representations we cautioned against the use of the 2016 projections given that the Government had expressed concerns that these projections reflected the under delivery of housing in many areas and their use would just continue past trends. It is also important to recognise that the Government's transition period was introduced to allow Councils close to submission to use their existing evidence base to bring forward local plans in a timely manner. The expectation cannot have been that plans would still be examined under the 2012 NPPF some two years later using data that was published after the adoption of the standard method in the 2018 version of the NPPF.

However, if it is accepted that the latest evidence should be used then the inspector must give consideration to the publication of the 2018-based sub national population projections (SNPP). These projections were published in March 2020 and provide the latest projections with regard to future population growth. As with the 2016-based household projections these must be treated with some caution. The 2018 based SNPP projections uses a new methodology for assessing internal migration in order to address concerns regarding students. As such the trend data is taken from just two years rather than the five years that would normally be used.

Overall, the latest population projections show that for many areas' population growth is not expected to be as strong as the 2016 projections. This is unsurprising as the national projections show reduced population growth and given that the sub national projections are constrained to the total growth expected nationally. However, for Tonbridge and Malling the latest projections indicate that population growth will be higher than the 2016-based projections. Table 1 below provides a comparison between the 2016 and 2018-based and shows that population growth between 2018 and 2031 in the latest projections is circa 2,500 people higher than the 2016-based forecasts but still below the 2014-based forecasts.

Table 1: Population Projections for Tonbridge and Malling 2018 to 2031

Age	2018-based SNPP			2016-based SNPP			Difference
	2018	2031	Growth	2018	2031	Growth	
0-15	26,653	28,092	1,439	26,336	27,582	1,246	193
16-19	6,125	7,084	959	6,015	7,059	1,044	-85
20-24	6,250	5,938	-312	6,056	6,071	15	-327
25-29	7,037	6,447	-590	6,771	6,111	-660	70
30-34	7,137	7,489	352	7,121	6,903	-219	571
35-39	8233	9,126	893	8,111	8,646	535	358
40-44	8,616	10,501	1,885	8,519	9,793	1,274	611
45-49	9,968	10,325	357	9,881	9,587	-294	651
50-54	10,039	9,650	-389	10,060	9,266	-794	405
55-59	8,762	9,197	435	8,749	9,124	375	60
60-64	7,151	9,572	2,421	7,116	9,465	2,349	72
65-69	6,468	9,056	2,588	6,449	8,900	2,451	137
70-74	6,818	7,281	463	6,841	7,297	457	6
75-79	4,664	5,665	1,001	4,678	5,740	1,063	-62
80-84	3,496	5,172	1,676	3,493	5,257	1,764	-88
85-89	2,034	3,097	1,063	2,019	3,134	1,116	-53
90+	1,057	1,519	462	1,049	1,598	549	-87
Total	**130,508**	**145,210**	**14,702**	**129,265**	**141,534**	**12,269**	**2,433**

Source: ONS

What is also notable is that the 2018 SNPP shows a higher level of growth between the ages of 25 to 69 and as such there is likely to be an increase in the number of households within Tonbridge and Malling. Due to the delay it is now possible to consider how these have impacted on the ONS Household Projections arising from this changing data on population change The outcome of the 2018-based Household Projections (HHP) from this is set out in table 2 and shows that households growth is 95 households per annum higher than using the 2016-based projections over the same period.

Table 2: Comparison between ONS household projections for Tonbridge and Malling 2018 to 2031

	2018	2031	Household Growth	Annual Household growth
2018-based	52,178	59,816	7,638	587
2016-based	51,895	58,302	6,407	493
2014-based	52,315	60,176	7,861	605

These estimates use a starting point of 2018, the base date of the latest projections, and examine total growth between 2018 and 2031. If we were to apply the same approach as the Council and examine household growth from 2011 using the 2018-

based projections, then annual growth is virtually the same at 587. It is also notable that household growth is similar to that expected using the 2014-based household projections and would suggest that there is no significantly material difference between the latest projections and those used in the original study.

The ONS have also published alternative projections to provide an indication as to how variants in key inputs change the outcomes for household growth. The ONS have always been clear that the household projections only project forward what has previously occurred and make no assumptions for political or social change. As such these alternative scenarios provide a helpful indication as to the broad range of what could occur. These show that there is a significant range as to the potential outcomes, but all indicate that growth is currently expected to be higher than the 2016 projections. These are set out in table 3.

Table 3: Variant household projections for Tonbridge and Malling 2018 to 2031

	2018	2031	Household Growth	Annual Household growth	Annual growth 2011 to 2031[1]
High International Migration	52,178	60,377	8,199	631	615
Low international migration	52,178	59,253	7,075	544	559
Alternative internal migration	52,178	58,957	6,779	521	544
10-year migration	52,178	58,786	6,608	508	536
HRRs projected 2001 to 2043	52,178	59,130	6,952	535	553

The Council have helpfully provided additional evidence (ED55) in relation to these latest projections across the plan period of 2011 to 2031. Table 9 of ED55 show a broadly similar level of annual growth for the principal projection but higher growth for both the ten-year migration projection and the alternative internal migration projection. In addition, the Council have adjusted the Alternative Internal Migration projection to take account of Mid-Year Estimates (MYE) which results in a projected growth of 551 households per annum. What is evident is that each of these is significantly higher than the 512 households per annum growth between 2011 and 2031 using the 2016-based projections.

[1] From table 9 of ED55

However, what these alternative scenarios also indicate is that it is difficult to predict by how many households an area will grow over time and this is one of the primary reasons why the Government have advocated the use of the 2014-based household projections in the current Standard Method. They consider this set of projections to best reflect the outcomes they are seeking to achieve with regard to the number of homes needed to address under supply and affordability. Given the potential range in outcomes we continue to recommend that the most appropriate approach would be for the Council to use the 2014-based household projections as these best reflect Government ambitions for the number of homes required to meet needs and improve affordability.

Market signals

In their consideration of the 2016-based Household Projections (HO1) the Council proposed a 25% uplift in response to market signals. However, in ED55 the Council's consultants consider adjustments of 20% and 25%. We would suggest that the market signals continue to indicate the need for a 25% adjustment as suggested in the 2019 Housing Needs Update despite the recent improvement in the lower quartile affordability ratio reducing from 13.20 in 2018 to 11.49 in 2019. This is the only indicator that has improved and is still considerable higher than the lower quartile ratio 10.69 when the housing market peaked in 2007 prior to recession in 2008. We would suggest that Tonbridge and Malling face acute issues of affordability that continue to warrant an uplift of 25% as suggested in HO1.

Whilst we welcome the decision to increase the market signals adjustment, we are concerned that this was only been applied on the basis that the 2016-based demographic projections showed lower levels of household growth. The affordability concerns facing Tonbridge and Malling have always been present and warranted a far higher market signals adjustment and the Council should have prepared its SHMA on this basis from the start. Had the Council taken this approach it would now be planning for housing delivery that would be more aligned to current planning policy. However, the fact is that the Council's approach will continue to mean that the needs of the area and the worsening affordability of housing within this market are not being addressed.

Vacancy rate

ED55 outlines in Table 11 the outcomes of applying a vacancy rate on both the principal projections and alternative projections. In the conclusion the study states that a 3.8% vacancy rate has been applied to the baseline household projections to provide the need for new dwellings in the previous assessments. However, whilst this uplift appears to have been included in the 'Alternative Internal Migration Variant' this does not seem to have been applied to the 'Starting point' demographic need in Table 15. If the assessment set out in Table 11 were included the demographic need would by 609 and the application of this vacancy rate would lead to the higher estimate of need as 761 dpa not the 734 dpa as is concluded in the study.

Conclusions on OAN

ED55 concludes that the 2018-based household projections result in an OAN of between 715 dpa and 734 dpa which the Council do not consider to be a meaningful change from the OAN in the 2016 SHMA of 696 dpa. Whilst this represents an increase of between 19 and 38 dpa, over a twenty-year period this is between 380 and 760 homes across the plan period. In the context of the need to boost housing supply in line with the Government expectations we would consider this to be a meaningful change in housing needs and requires an upward adjustment to the Council's housing requirement. However, the inclusion of the vacancy rate to the principal projection increases the upper end 761 dpa – a more meaningful difference.

However, as set out above and in our representations we advocate the use of the 2014-based household projections as these, when uplifted sufficiently for market signals, are closer to the expectations of the Government's ambitions for boosting the number of homes required, an ambition that was again confirmed in paragraph 6 of the recent consultation 'Changes to the current planning system'[2]. The Council has indicated in the SHMA that the 2014-based household projections show a base need for 619 dwelling per annum (dpa)[3]. When the market signals uplift of 25% as recommended by the Council in HO1 is applied this results in an OAN of 774 dpa across the plan period.

<u>3. Is the housing target in the Local Plan appropriately aligned with forecasts for jobs growth?</u>

No comment

<u>4. Should policy LP3 say how many dwellings per annum are required? Do the Council have a up to date housing trajectory, similar to the one in appendix 3 of examination document OLP6 (Housing (OAN) Topic Paper)? If not, can one please be provided. Should such a document be included in the Local Plan?</u>

Yes. LP3 only sets out how many homes will be delivered through this local plan and not the annual requirement across the plan period. This is essential if the plan is to be effectively monitored in future. However, as stated above we consider that in order for the plan to be considered sound the plan period must be extended to 2036 to ensure that the Council is planning for the long-term development needs of the Borough.

We would also support the inclusion of a housing trajectory within the local plan. We recognise that this is not a requirement of the 2012 NPPF but given that such trajectories are now required it would provide assistance to those using the local plan to understand the Council's past delivery and future expectations.

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[2] https://www.gov.uk/government/consultations/changes-to-the-current-planning-system
[3] Household growth with a 3.8% adjustment for vacant properties.

5. Does the housing target take appropriate account of the need to ensure that the identified requirement for affordable housing is delivered?

Paragraph 2a-029-20140306 of PPG states that:

> *"An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."*

Whilst we recognise that it may not be possible for every authority to meet affordable housing needs, it is important for Councils to consider this paragraph in PPG and whether the level of affordable housing needs warrants an uplift to OAN. The Council state in paragraph 10.7 of the 2016 SHMA update that their need for affordable housing is 277 dpa which would require annual delivery to be 693 dpa based on 40% of all homes being delivered are affordable. If this proportion is to be delivered however would need every development to provide this proportion of the units delivered on site as affordable housing. Given that the proposed policy in the local plan is consistent with the Government's threshold for contributions and the viability evidence shows that a 40% requirement is not possible across much of TMBC means that more homes overall would be required to meet identified needs for affordable housing. We would suggest that this need for affordable homes and the Councils potential difficulties in meeting these needs suggests the need to increase housing delivery beyond the Councils proposed housing requirement.

6. The soundness of proposals for the land allocations in the Local Plan will be considered at Stage 2 of the Examination. However, on the basis of the Local Plan as submitted, is it realistic that they would provide for:

a. A supply of specific deliverable sites to meet the housing requirement for five years from the point of adoption?
b. A supply of specific, developable sites or broad locations for growth for years 6-10 from the point of adoption?

If you contend that the Local Plan would not provide for either (a) or (b) above (or both) could it be appropriately modified to address this?

Our comments are made on the basis of the evidence of supply set out in the Housing Topic Paper (OLP6) that was part of the evidence base submitted for examination and the updated housing supply position[4] which was published on the Council webpages in March 2020. However, we would expect that the delivery trajectory will need to be to be updated to take account of actual delivery from 2019/20 and the shift in delivery expectations on allocated sites due to the considerable delay to the adoption of the local plan should it be found sound.

On the basis of the Council's delivery expectations in OLP6 the Council can show a five-year land supply assuming adoption in 2020/21. This is set out in table 1 below.

[4]www.tmbc.gov.uk/__data/assets/pdf_file/0003/926760/Housing_Land_Supply_Position_2018-19_Final.pdf

Table 1: Five-year land supply based on trajectory in OLP6.

Method	Sedgefield with 5%	Sedgefield with 20%
Baseline five-year requirement 2020/21 to 2024/25	3,480	3,480
Backlog to 2019/20	0	0
Total 5-year requirement 2020/21 to 2024/25	3,480	3,480
Apply Buffer (5%/20%)	3,654	4,176
Supply 2020/21 to 2024/25	4,330	4,330
surplus/shortfall	676	154
Number of years supply at 2020/21	**5.93**	**5.18**

However, the latest data with regard to delivery in 2018/19 in table 1 of the Updated Housing Supply Position report combined with the delay to the examination means that delivery assumptions from submission in January 2019 cannot continue to be applied. Delivery in 2018/19 was substantially lower and there will inevitably be delay in the delivery of those sites allocated in this plan. The HBF cannot comment on individual sites, which will be for the Council and site promoters to consider and present evidence on in their hearing statements, but we have made a broad assumption that delivery will be delayed by at least a year. However, we recognise that this situation will vary from site to site. Some may be unaffected others may have longer lead-in times. For some sites this may need to be increased depending on the site and when it is due to come forward in the plan period.

In addition, we have removed 44 dpa windfall from the first two years following plan adoption to avoid the risk of double counting any extant permissions. However, we could not find any evidence to support the Council's windfall expectations. This must be provided if it is to be included at all in the council's land supply estimates.

The Council's latest data on supply from the position statement are set out alongside delivery expectations from sites to be allocated in the local plan and our own adjustments mentioned above are set out in appendix 1. These changes to supply have significant impacts on the Council's five-year land supply as can be seen in table 2 below. The five-year housing land supply on adoption falls from 5.93 years on adoption to 4.76 years based on a 5% buffer. The Council will therefore need to identify additional supply that can be delivered within the next five years in order to ensure that the plan is not considered to be out of date on its adoption.

Table 2: Five-year land supply based on adjusted supply.

Method	Sedgefield with 5%	Sedgefield with 20%
Baseline five-year requirement 2020/21 to 2024/25	3,480	3,480
Backlog to 2019/20	519	519
total 5-year requirement 2020/21 to 2024/25	3,999	3,999
Buffer applied (5%/20%)	4,199	4,799
Supply 2020/21 to 2024/25	3,997	3,997
surplus/shortfall	-202	-802
Number of years supply at 2020/21	**4.76**	**4.16**

What is also evident with regard to overall housing supply in TMBC is that identified supply during the plan period provides very little flexibility should there be any unforeseen and rapid changes in circumstance. We note that the Council undertook a call for sites which indicated, as set out in table 5 of the Strategic Land Availability Assessment 2018 that potential supply could be much higher and provide the necessary flexibility. However, rather than rely on unallocated sites to provide the necessary flexibility the Council should have looked to either allocate sites or identify reserve sites that could come forward quickly should there be a delay arising in any of the larger sites. In particular we would suggest that additional smaller sites are identified for inclusion in the local plan as these can come forward more quickly and provide the flexibility required of all local plans by paragraph 14 of the 2012 NPPF.

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Appendix 1. Adjusted Delivery expectations based on TMBC's Housing land supply position as at 31 March 2019

Year	Site with permission	small sites estimate	large sites windfall	Kings Hill Phase 3	Kings Hill	H'borough Quarry	Leybourne Grange	Peters Pit	Tonbridge Central	Local Plan Strategy	C2 to C3	Total
11/12	119				90	100	22		113			444
12/13	151				84	59	70		30			394
13/14	257				108	12	82		149			608
14/15	267				91	43	26		60			487
15/16	441				74	64	14		319			912
16/17	436				41	60	138	13	142			830
17/18	616				31	101	231	139	48			1166
18/19	128			29	27	61	71	67	39		33	455
19/20	81			67		87		183	19		12	449
20/21	187			203		34		222	67	78	13	804
21/22	106			144				207	68	674	19	1218
22/23	79	44						175	3	590	42	933
23/24	6	44						53		469		572
24/25		44								426		470
25/26		44								578		622
26/27		44								674		718
27/28		44								715		759
28/29		44								795		839
29/30		44								755		799
30/31		44								565		609
Total	**2,874**	**396**	**0**	**443**	**546**	**621**	**654**	**1,059**	**1,057**	**6,319**	**119**	**14,088**

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