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Ashford Borough Council

**ASHFORD STRATEGIC HOUSING
MARKET ASSESSMENT**

JANUARY 2014



Ashford Strategic Housing Market Assessment

Ashford Borough Council

Final Report

January 2014

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[Appendices \(Separate Document\)](#)

APPENDIX A:	DEMOGRAPHIC PROJECTION METHODOLOGY, INPUTS AND ASSUMPTIONS
APPENDIX B:	DETAILED STAKEHOLDER WORKSHOP FINDINGS

Quality Standards Control


The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

This document must only be treated as a draft unless it is has been signed by the Originators and approved by a Business or Associate Director.


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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

Context

- 1.1 GL Hearn (GLH) and Justin Gardner Consulting (JGC) have been jointly commissioned by Ashford Borough Council, Maidstone Borough Council and Tonbridge & Malling Borough Council to develop a Strategic Housing Market Assessment (SHMA) covering the respective housing markets in the area. This report presents the findings specific to Ashford. The purpose of the SHMA is to develop a robust understanding of housing market dynamics, to provide an assessment of future needs for both market and affordable housing and the housing requirements of different groups within the population.
- 1.2 The SHMA covers Ashford's Housing Market Area (HMA). It has been prepared alongside similar SHMAs for the Maidstone and Tonbridge housing market areas. This report deals with the specific needs of the Ashford HMA.
- 1.3 The SHMA responds to and is compliant with the requirements of both the National Planning Policy Framework (the NPPF) and the CLG's SHMA Practice Guidance (the Guidance) published in August 2007. It also responds to the relevant requirements of the draft National Planning Practice Guidance published in August 2013. It provides a 'policy-off' assessment of future housing requirements, with the intention that this will inform future development of planning policies across the sub-region and within its constituent local authority areas.
- 1.4 In considering overall housing requirements, the SHMA considers housing need and demand; however this needs to be brought together with a range of other considerations in informing policy decisions regarding future housing supply. The report does not set housing targets.
- 1.5 The SHMA also provides specific evidence and analysis of need and demand for different sizes of homes, to inform policies on the mix of homes (both market and affordable).

National Policy Framework

- 1.6 The Coalition Government has reformed the policy framework for strategic planning, particularly on issues such as housing. Regional strategies have been revoked (the South East RSS was revoked in April 2013) and responsibility for planning on cross-boundary issues has been returned to local authorities.
- 1.7 The primary legislation to support this is the 2011 Localism Act which now imposes a 'duty to cooperate' on local authorities, requiring them to "engage constructively, actively and on an on-

going basis” with the other authorities and relevant bodies. The Duty to Cooperate is applied as both a legal and soundness test to which development plans must comply.

- 1.8 National policies for plan-making are set out within the *National Planning Policy Framework*¹. This sets out key policies against which development plans will be assessed at examination and to which they must comply.

National Planning Policy Framework (NPPF)

- 1.9 The National Planning Policy Framework (NPPF) was published in March 2012. Compliance of existing Local Development Documents becomes a key issue from April 2013 onwards.
- 1.10 The Framework sets a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted. The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:
- Meets household and population projections, taking account of migration and demographic change;
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
 - Caters to housing demand and the scale of housing supply necessary to meet this demand.
- 1.11 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries.
- 1.12 Paragraph 181 sets out that LPAs will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination.
- 1.13 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy, and this is an issue which has been emerging in a range of recent Core Strategy / Local Plan Inspector’s Reports and representations made to emerging Local Plans. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

¹ CLG (March 2012) *National Planning Policy Framework*

- 1.14 In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision are removed as are national brownfield development targets.
- 1.15 In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies would need to be considered alongside other factors including infrastructure contributions – a ‘whole plan’ approach to viability. Where possible the NPPF encourages local authorities to work up Community Infrastructure Levy (CIL) charges alongside the local plan.

Draft National Planning Practice Guidance

- 1.16 The Government published Practice Guidance on undertaking Strategic Housing Market Assessments in 2007^[1]. The approach in this report takes account of this Guidance.
- 1.17 New draft Guidance was issued by Government in August 2013 on ‘Assessment of Housing and Economic Development Needs’^[2] as part of its review of planning practice guidance. This is relevant to this SHMA in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing.
- 1.18 The draft Guidance defines “need” as referring to ‘the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.’ It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints.
- 1.19 The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need, the starting point for establishing the need for housing should be the latest household projections

^[1] CLG (August 2007) *Strategic Housing Market Assessments, Practice Guidance*

^[2] CLG (August 2013) *Assessment of Housing and Economic Development Needs – Draft Guidance*

published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these are 2011-based 'Interim' Household Projections^[3].

- 1.20 It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where there market signals point to supply being constrained relative to long-term trends or other areas in order to improve affordability.
- 1.21 Evidence of affordable housing needs is also relevant, with the draft Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.
- 1.22 In regard to economic evidence, the draft Guidance indicates that job growth and economic forecasts should be considered, and that an increase in housing provision should be considered where there is evidence that labour supply in the housing market area might result in unsustainable commuting patterns or reduce the resilience of local business. It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.

Changes to National Housing Policies

Housing Strategy for England

- 1.23 In November 2011 the Government published *Laying the Foundations: A Housing Strategy for England* (HM Government, Nov 2011). This outlines the Government's ambition to stimulate housebuilding, not least to support economic recovery. It identifies a number of initiatives to support this, including:
- [New-build Indemnity Scheme](#) – providing Government-backed 95% mortgages for new-build properties;
 - [Growing Places Fund](#) – providing funding for infrastructure which unblocks housing and economic growth;
 - [Initiatives to Kick-Start Stalled Developments](#) – including proposals to allow reconsideration of planning obligations; a 'Get Britain Building' Investment Fund to provide development finance; and 'build now, pay later' deals with public sector land; and
 - [Custom Homes Programme](#) – with short-term project finance support for individuals looking to build their own homes.
- 1.24 The Strategy includes initiatives to support growth and investment in the Private Rented Sector, including new 'build-to-let' models and a review of barriers to investment. It also indicates that the

^[3] These are interim projections rather than official statistics

Government is looking at supporting greater innovation and competition between social landlords, including encourage new private entrants to the sector, and potential new approaches to funding in the medium-term.

- 1.25 The Strategy also included proposals for [Reinvigorating the Right-to-Buy](#) by raising the discounts available to tenants, but with a commitment to build a new 'replacement' home for affordable rent for every home lost. It also identified a funding stream to support local authorities in [bringing empty homes back into use](#).
- 1.26 The Great Britain Building Fund and Growing Places Fund provide funding to unblock stalled schemes. The Government is also advising local authorities to renegotiate existing S106 agreements where these provide a hindrance to development, including allowing developers to appeal decision for a three year period to April 2016.
- 1.27 Since the 2011 Housing Strategy the Government has introduced a number of additional measures to try to kick-start the housing market. Of particular relevance is the new "[Help to Buy](#)" scheme introduced in the 2013 Budget. This provides two schemes aimed at increase the supply of low-deposit mortgages and new housing:
- [Help to Buy Equity Loan](#) – a new-build only scheme which expands the existing FirstBuy scheme to provide an equity loan of up to 20% of the value of a home through an equity loan. The scheme will run until April 2016 and buyers will require only a 5% deposit;
 - [Help to Buy Mortgage Guarantee](#) – a similar scheme where buyers will require a 5% deposit and the Government will provide guarantees underpinning the 95% mortgage from a commercial lender. This scheme is available for both new-build and existing homes.
- 1.28 These schemes are expected to have a real impact at stimulating effective market demand for homes as they target some of the key challenges which have restricted access to owner occupation - difficulties for households in securing mortgage finance and high loan-to-value ratios.

Localism Act – Housing Reforms

- 1.29 The Localism Act has introduced a number of reforms affecting the management of social housing. These reforms are summarised below:
- [Allocations Policies](#)
- 1.30 The Localism Act gives councils greater flexibilities in deciding who qualifies to go onto housing waiting lists (through their allocations policies) and how they treat tenants who want rather than need to move. Local Authorities can thus revise their allocations policies, should they wish to do so, to prevent people with no 'need' for affordable housing from joining housing registers.

Tenancies

- 1.31 The Localism Act has introduced changes to social housing tenancies, giving both local councils and Registered Providers (RP's) the flexibility to grant fixed term tenancies (as well as lifetime tenancies) should they decide to do so. Shorter tenancies are considered to be one way of making better use of the existing social housing stock in meeting housing need. Specific local policies are expected to be set out in local authority's tenancy strategies.

Reform of Homelessness Legislation

- 1.32 Under reforms to Homelessness legislation, councils will be able to bring the statutory homelessness duty to an end with an offer of suitable private rented housing. This could potentially assist in the use of private sector housing stock in meeting affordable housing needs. Specific local policies are expected to be set out in local authority's tenancy strategies.
- 1.33 The Government has also recently introduced a new [nationwide home swap scheme](#) to support mobility in the social sector.

Welfare Reforms

- 1.34 The Welfare Reform Act received Royal Assent in March 2012. It introduces a number of new reforms which impact upon housing provision and need, particularly in the social sector.

Household Benefit Cap

- 1.35 The Welfare Reform Act introduces restrictions on how much Housing Benefit working-age households in social rented properties can claim from April 2013, based on the size of the household. The Government estimates that the change of policy will impact on 670,000 households nationally – 32% of all working-age households in receipt of Housing Benefit. The policy change is focused on reducing the Government's benefit bill, increasing mobility in the social rented sector and making better use of the existing social housing stock.

Shift towards Universal Credit

- 1.36 Universal Credit, which brings together existing benefits into a single payment, is due to be phased in from October 2013. A movement towards universal credit to provide one streamlined payment is likely to end the payments of housing benefit directly to landlords in some instances. Coupled with the caps on growth in LHA levels, this may over time make tenants on benefits less attractive to landlords. It could result in some moderating of growth in benefit claimants in the private rented sector, although this will depend on overall dynamics within the sector.

Changes to Local Housing Allowance

- 1.37 Low income households living in the Private Rented Sector are able to claim Local Housing Allowance (LHA) to assist in meeting their housing costs. LHA is determined in relation to rents in the Broad Rental Market Area (BRMA) in which a property lies.
- 1.38 In April 2011 the Government changed how LHA is calculated, shifting this from median rents in the BRMA to the 30th percentile. It has also introduced caps on LHA payments: £250 a week for a 1-bed property or shared accommodation, £290 a week for a 2-bed property, £340 a week for a 3-bed property and £400 a week for properties with 4 or more bedrooms. The Act also indicates that increases in LHA rates from 2013 will be restricted to growth in inflation as measured by the Consumer Price Index (CPI).

Key Implications

- 1.39 It is for the Council to determine its own housing requirements in preparing a new Local Plan, based on robust evidence and the specific circumstances which affect development potential within the Borough.
- 1.40 The NPPF indicates that Council may need to demonstrate that where possible 'identified development needs' can be met. This will include working with other local authorities where Housing Market Areas cross administrative boundaries to address any under-provision against identified development needs.
- 1.41 The Council can set out affordable housing policies within a local plan, but these must be justified in terms of evidence of housing need and take account of the funding available and viability of development. Developer contributions to affordable housing will need to be considered alongside contributions to wider infrastructure. The National Planning Policy Framework provides greater policy freedoms regarding development densities, levels of brownfield development, exceptions policies and site size thresholds for affordable housing. These can be considered through the local plan.
- 1.42 The development of a new local plan provides the Council with the opportunity to reassess its policies regarding the level and distribution of housing development, and the types of housing and affordable housing policies it wishes to adopt.
- 1.43 The Council needs to maintain a tenancy strategy which outlines its policies regarding the types of tenancies it wishes social housing providers to grant. This could include fixed-term tenancies which

might improve the use of existing affordable homes in the Borough in meeting priority housing needs. It can also set out policies regarding affordable rented homes, priced at 80% of market rents (inclusive of service charges).

Report Structure

1.44 The remainder of this report is structured in the following way:

- Chapter 2: Defining the Housing Market Area
- Chapter 3: Housing Stock and Supply Trends
- Chapter 4: Housing Market Dynamics
- Chapter 5: Demographic and Economic Context
- Chapter 6: Projections for Future Housing Needs
- Chapter 7: Affordable Housing Need
- Chapter 8: Need for Different Sizes of Homes
- Chapter 9: Housing Needs of Particular Groups
- Chapter 10: Conclusions on Overall Housing Needs

1.45 To supplement the main report, Appendix A sets out the detailed demographic projections methodology and assumptions. Appendix B summarises the findings of the Stakeholder Workshop held in July 2013.

2 DEFINING THE HOUSING MARKET AREA

2.1 The National Planning Policy Framework (NPPF) makes clear that in planning for housing provision, local authorities should work together at a 'housing market area' level. The starting point in planning for housing is that objectively assessed needs for the housing market area should be met within it. The first question is therefore, what housing markets does Ashford Borough sit?

Approach to Defining Housing Market Areas

2.2 The draft planning guidance defines a housing market area as a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.

2.3 The guidance indicates that local planning authorities can use a combination of approaches to identify relevant housing market areas, recognising that there is no single comprehensive source of information. The guidance suggests three primary information sources:

- Patterns of house prices and rates of change in house prices, which provides a 'market based' reflection of housing market boundaries
- Population and household migration flows, which reflect the preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflects the spatial structure of the labour market and the functional relationships between places where people work and live.

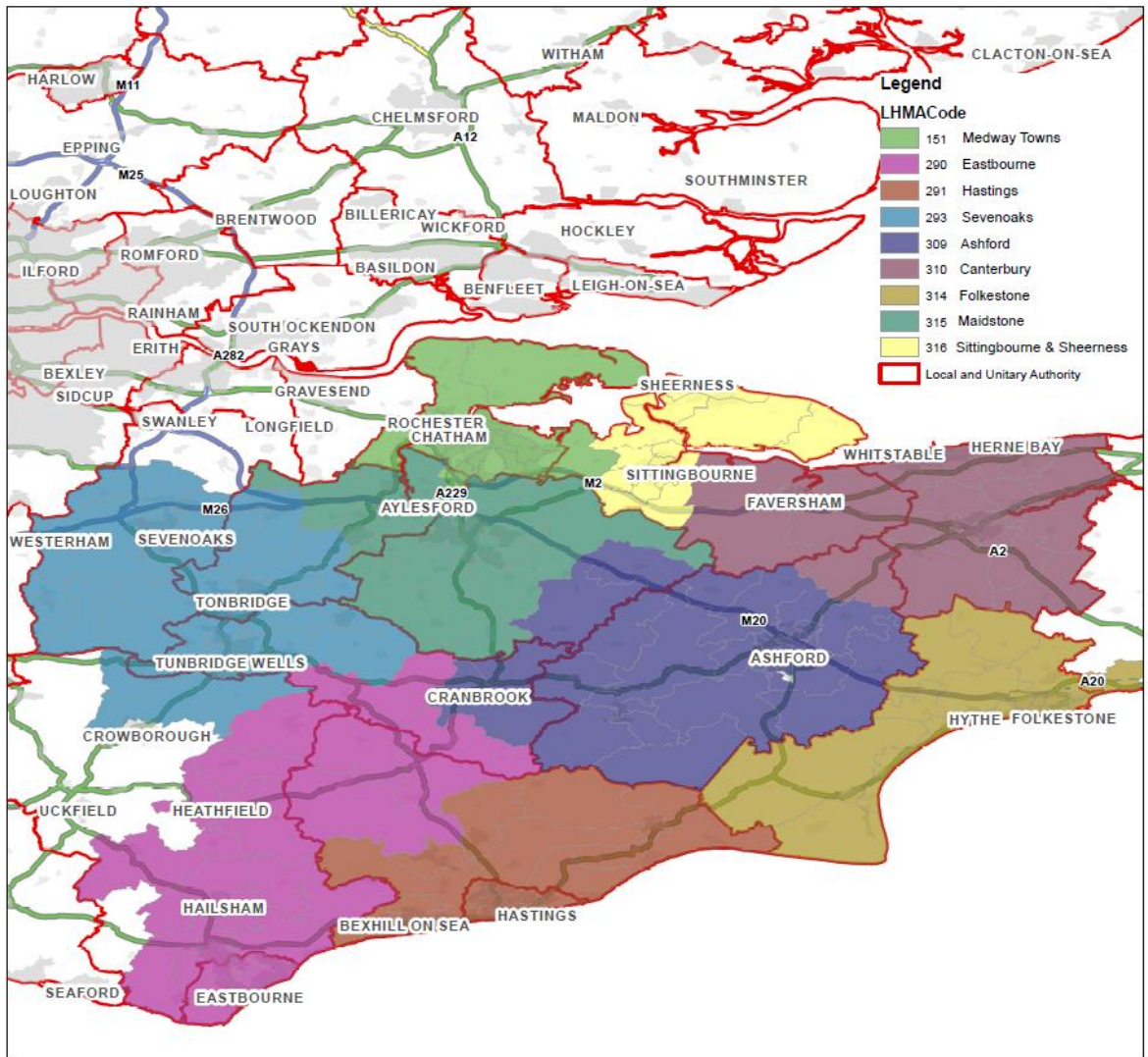
2.4 The Government Guidance made it clear that these sources of information can reflect different aspects of household behaviour and that there is therefore no 'right or wrong' set to use in identifying housing markets; the focus is on considering what is appropriate in a local context. It also makes clear that markets are *dynamic* and can thus change over time; and that there can be some overlap between market areas.

National Research on Defining Housing Market Areas

2.5 CLG published research in 2010 which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and house prices (standardised for differences in housing mix and neighbourhood characteristics).

- 2.6 This was brought together to define a three tiered structure of housing markets, as follows:
- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
 - Local Housing Market Areas – based on 50% migration self-containment; and
 - Sub-Markets – which would be defined based on neighbourhood factors and house types.
- 2.7 The research defines two strategic housing market areas, one focused on London and the other on Ashford and Dover. The London SHMA covers the entire London area as well as significant parts of Essex, Kent, Surrey and Hertfordshire. Whilst this is clearly too large an area to sensibly approach an assessment of housing need and demand, it does demonstrate the influence of London on market behaviours and movement patterns throughout much of the South East. The Ashford and Dover SHMA is more focused, particularly covering the local authority areas of Ashford and Shepway as well as parts of Dover and Maidstone.
- 2.8 Within these strategic HMAs, the CLG Research also defined a number of local housing market areas. Those around the Ashford/Maidstone/Tonbridge & Malling area have been mapped in Figure 1 below. It should be noted that these are based on 2001 Census analysis (which is now somewhat dated) however 2011 Census origin/ destination statistics are unlikely to be available until 2014 to allow this local-level analysis to be updated.

Figure 1: CLG-defined Local Housing Market Areas



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2.9 The map demonstrates that there are a number of CLG defined local HMAs which could have relevance to the study, both in relation to Ashford Borough and also the wider study area (including Maidstone and Tonbridge & Malling). These are:

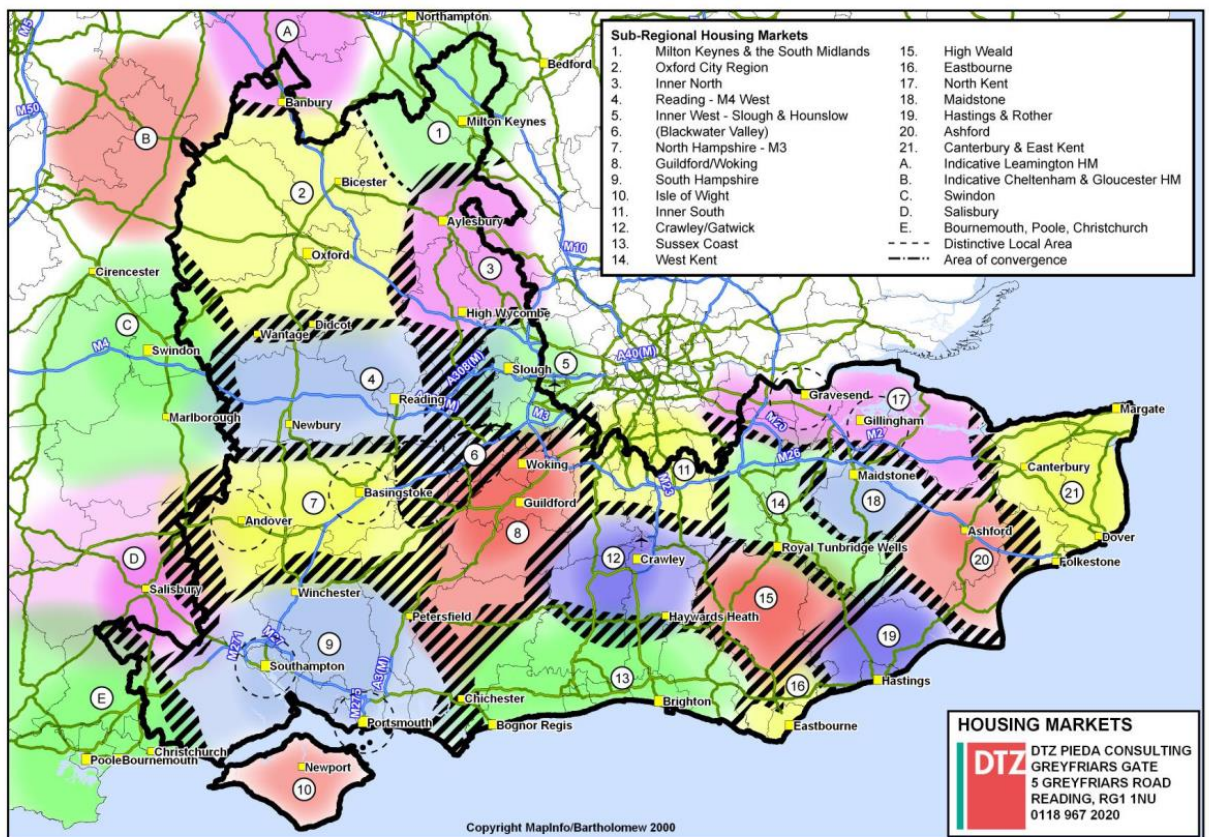
- Sevenoaks – which is mainly centred on Sevenoaks but covers the western parts of Tunbridge Wells and southern wards of Tonbridge & Malling;
- Maidstone – which is focussed primarily on Maidstone but covers the northern wards of Tonbridge & Malling;

- Ashford – which covers Ashford, the eastern parts of Maidstone and the westernmost parts of Tunbridge Wells;
- Canterbury – which is focussed on Canterbury includes Thanet and covers parts of Swale as well as the northern tip of Ashford (one ward);
- Medway Towns – which covers Medway but also parts of Tonbridge & Malling.

Regional Research on Housing Market Areas

2.10 A regional study was undertaken by DTZ for the South East Regional Assembly and Homes and Communities Agency in 2004 to define housing market areas across the South East: these were subsequently incorporated into the South East Plan. The DTZ study identified five key housing markets in the Kent area:

Figure 2: Housing Market Areas in the South East (DTZ/SEERA)



2.11

- **North Kent** – covering the areas of Swale, Medway, Gravesham, Dartford, the northern tip of Sevenoaks and stretching into the London Borough of Bexley. The study identified a distinct “chain” of household movements with this north Kent market;

- **Canterbury and East Kent** – focussed on the areas of Dover, Shepway, Thanet, Canterbury. This area was driven by the travel to work areas of Folkestone, Dover and Canterbury as well as significant household movements between Shepway and Dover;
- **Ashford** – predominantly contained to boundary of Ashford District given the area’s high-degree of self-containment, although recognising some overlap with Canterbury and East Kent (particularly in respect of Shepway);
- **Maidstone** – focussed on Maidstone but also extending into Tonbridge and Malling, reflecting strong household and work flows identified between the two areas. The study identified little cross-border movement between Ashford and Maidstone, which was attributed to the fact that both are strong employment centres in their own right; and
- **West Kent** – comprising primarily the districts of Sevenoaks, Tunbridge Wells and Tonbridge & Malling. It was recognised that there was significant overlap between the West Kent and Maidstone areas, particularly due to the “sharing” of Tonbridge & Malling.

2.12 We next move on to consider the appropriate housing market geographies through the interrogation of migration and commuting patterns and house price trends.

Migration Flows

2.13 Migration flows reflect households’ movements between areas, and thus are a key factor in considering the geography of housing markets. To test the definition of the housing market area, and to understand functional housing market inter-relationships across local authority boundaries, we have analysed ONS data on internal migration flows between relevant local authority areas over the period 2006 to 2011. We have considered both gross and net flows.

2.14 ONS internal migration statistics record flows between local authorities, based on information from NHS Patient Re-registrations. This typically shows larger flows between authorities which are close to, or border, one another and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

2.15 Taking this into account we have sought to standardise the analysis of flows to take account of the combined population of different authorities. The table below shows gross migration flows per annum between mid-2006 and mid-2011. The figures are expressed per combined 1,000 population:

Table 1: Average Combined Migration Flows (2006-11)

Authority 1	Authority 2	Gross Flow per Annum	Combined Population ('000s)	Flow per 1,000
Maidstone	Tonbridge & Malling	1850	276.9	6.68
Maidstone	Medway	1720	264.0	6.52
Ashford	Shepway	1310	226.6	5.78
Tonbridge & Malling	Tunbridge Wells	1250	236.3	5.29
Dover	Shepway	1110	219.9	5.00
Sevenoaks	Tonbridge & Malling	1100	236.5	4.65
Medway	Swale	1780	401.2	4.44
Canterbury	Thanet	1180	285.0	4.14
Dover	Canterbury	1010	262.3	3.85
Canterbury	Swale	1080	286.9	3.76
Dover	Thanet	740	246.1	3.00
Medway	Tonbridge & Malling	1100	386.0	2.85
Maidstone	Ashford	770	274.2	2.81
Sevenoaks	Tunbridge Wells	610	230.6	2.65
Ashford	Canterbury	710	269.0	2.64
Maidstone	Tunbridge Wells	700	271.0	2.58
Maidstone	Swale	680	292.1	2.33
Canterbury	Medway	670	415.5	1.61

- 2.16 The analysis demonstrates a complex set of interactions between authorities across the Kent and Medway. Strategically, it identifies that relationships between East Kent and West Kent authorities are generally weaker, most registering very limited flows per 1,000 people. There is however, more significant overlap between East and West with the North and particularly the Medway towns.
- 2.17 At around a relatively modest 2.80 flows per 1,000 people, the evidence suggests that on the whole there is little integration between Ashford and Maidstone, with the relationship likely to be characterised more by localised interactions. This supports the view of both the CLG and DTZ research that the two areas largely fall within separate markets.
- 2.18 In East Kent, migration flows demonstrate a very distinct chain of high flows and mutual interactions between the authorities of Canterbury, Thanet, Dover and Shepway. This lends support to their definition as a single market area. However, flows of 5.78 per 1,000 people between Shepway and Ashford are significant and indicate a degree of overlap and integration between Ashford and East Kent. There are similarly flows between Ashford and Canterbury; however, at 2.64 per 1,000 people, these are far more modest.
- 2.19 Amongst authorities in West Kent, the migration patterns demonstrate that Tonbridge & Malling has very strong relationships with both Maidstone (6.68 per 1,000) in one direction and Sevenoaks/Tunbridge Wells (4.65 and 5.29 per 1,000 respectively) in the other. However, the relationship between Maidstone and Tunbridge Wells/Sevenoaks are weak, with limited migration

flows between these areas. This lends support to the view that the “West Kent” area is characterised by two strong influences, with Tonbridge & Malling sitting at these two distinct markets.

- 2.20 We can also see strong “gross” relationships between Maidstone and to a lesser extent Tonbridge & Malling, with the Medway area to the north, with average combined annual flows of 1720 and 1100 respectively. This supports the recognition in previous research of a strong overlap between these two areas which needs to be considered further through analysis of commuting patterns.

Commuting and Travel to Work

Commuting Flow Patterns

- 2.21 Commuting flows also provide important evidence of the functional and market relationships between various authorities. We have analysed commuting data from the 2011 Annual Population Survey. The evidence presents similar findings to the migration data but also raises some important considerations in the definition of relevant housing markets for the study.
- 2.22 There are two sources of information regarding commuting dynamics – detailed information from the 2001 Census (which is now somewhat dated) and more recent data (but based on a survey of people in employment) from the 2011 Annual Population Survey (APS). Neither source is perfect. We have considered and assessed commuting flows using both sources; but report initially on flows using the 2011 APS.
- 2.23 Particularly notable through this analysis is the weak commuting relationship between Ashford and Maidstone with combined daily flows of only 2,720 (or 15.4 per 1,000). This suggests that based on economic/employment drivers; there is strong justification for the two districts falling within separate markets.
- 2.24 The evidence also highlights the strong interrelationship and interaction between the various Canterbury/East Kent authorities, with pairings of Dover/Shepway, Dover/Canterbury, Canterbury/Swale and Dover/Thanet all registering amongst the top flows per 1,000 working age population. Whilst there is some relationship between Ashford and Canterbury, it is particularly modest relative to the relationships identified above. Similarly, whilst commuting flows continue to show some functional relationship between Ashford and Shepway (37 flows per 1,000), they also demonstrate that Shepway is far more closely related to Dover in economic/employment terms (59 flows per 1,000). This evidence would support the view of separate East Kent and Ashford markets, albeit recognising some localised overlaps.

- 2.25 The strongest “gross” commuting links seen are between Tonbridge & Malling and Maidstone (combined flows of 13,900 daily), reinforcing the integration between these two areas. We have again undertaken a similar process to “standardise” flows according to working age population. This continues to highlight the strong interactions between Maidstone and Tonbridge & Malling (with daily flows of almost 80 per 1,000 working age population) as well as between Tonbridge & Malling and Tunbridge Wells (daily flows of 59 per 1,000), adding further weight to this district being split across two separate markets. As with migration flows, functional travel to work relationships between Maidstone and Sevenoaks/Tunbridge Wells are at best modest.
- 2.26 We also see very high commuting flows (12,770 people daily) between Maidstone and Medway. Whilst this is perhaps unsurprising given the size of the combined working population in these two areas, the commuting relationship between Maidstone and Medway is still notable in the standardised figures (47 per 1,000). Comparing 2011 with 2001 flows suggests that there has been little change in the significance of this relationship over the past decade.

Table 2: Combined Commuting Flows (2011)

Authority 1	Authority 2	Combined Daily Flow	Working Age Population ('000s)	Flow per 1,000
Maidstone	Tonbridge & Malling	13,900	174.6	79.6
Tonbridge & Malling	Tunbridge Wells	8,700	148.0	58.7
Dover	Shepway	7,920	135.1	58.6
Dover	Canterbury	8,470	165.5	51.2
Canterbury	Swale	8,990	182.8	49.2
Maidstone	Medway	12,770	273.1	46.8
Dover	Thanet	6,260	148.9	42.0
Maidstone	Swale	7,670	185.2	41.4
Canterbury	Thanet	6,300	176.8	38.1
Ashford	Shepway	5,230	139.9	37.3
Sevenoaks	Tonbridge & Malling	4,990	146.5	34.1
Medway	Tonbridge & Malling	7,030	249.5	28.2
Maidstone	Tunbridge Wells	4,610	171.6	26.8
Medway	Swale	6,940	260.1	26.6
Ashford	Canterbury	4,390	170.3	25.8
Sevenoaks	Tunbridge Wells	3,480	143.5	24.2
Maidstone	Ashford	2,620	172.7	15.2
Canterbury	Medway	1,270	270.7	4.7

Self-Containment

- 2.27 Based on analysis of flows, we have also tested the level of employment self-containment which exists between individual authorities and groupings of authorities.

- 2.28 In East Kent, we can see that many of the individual authorities display high self-containment. Shepway has high and consistent levels of both supply and demand-side self-containment (at 73% and 77% respectively) as does Ashford (66% and 67%). We consider these dynamics lend further support to these areas being considered as distinct and broadly district-centric market areas.
- 2.29 Tonbridge & Malling exhibits a far lower level of self-containment on both supply and demand sides at 49% and 45% respectively. This confirms that, in economic and employment terms, there is little rationale for a Tonbridge focussed market. In Maidstone we find that 63% of those living in the District worked within it; and 60% of those working within the District also live within it.

The London Influence

- 2.30 It is important to consider further afield and in particular the relationship with London. Given the influence of London, most areas throughout Kent, including Maidstone, Ashford and Tonbridge & Malling all experiencing some level of daily commuting flows into authorities within London.
- 2.31 The table below sets out the daily commuting flows from authorities in the Kent area into London. It particularly indicates a strong relationship with the north Kent area with particularly large daily inflows to London from Dartford, Medway and Gravesham. However, there are also strong flows from areas in West Kent, in particular Sevenoaks but also Tonbridge & Malling. This is perhaps unsurprising given they are geographically closest to London; however, this distinct dynamic does need to be considered when drawing together thoughts on the housing market areas. Flows with Ashford are more modest.

Table 1: Daily commuting inflows to London (2001)

Area of residence	Gross inflows to London
Ashford	3,248
Canterbury	2,659
Dartford	16,666
Dover	789
Gravesham	9,836
Maidstone	7,132
Medway	17,578
Sevenoaks	17,411
Shepway	1,371
Swale	4,724
Thanet	1,293
Tunbridge Wells	7,202
Tonbridge and Malling	8,514

Source: Census 2001

2.32 It should be borne in mind that this analysis is based on commuting data from the 2001 Census (the most recently available and nationally complete dataset). As such, local changes in transport links and accessibility over the past decade may have influence these flows. This is particularly likely to be the case with areas such as Ashford and along the north Kent corridor given the influence of the High Speed 1 (HS1) Rail Link. This has significantly improved journey times from Ashford to London.

House Price Differentials

2.33 We have sought to analyse house prices using Zoopla's Zed Index (Dec 2013) and heat maps². This clearly demonstrates that the highest residential values in Kent are found in towns in West Kent which have strong transport links to London and the M25. The highest values (over £460,000) are found in Sevenoaks and Chislehurst; whilst a number of other towns in West Kent command house prices of over £300,000 including Tunbridge Wells, West Malling and Tonbridge. Values are similar to nearby centre in South East London such as Bexley and Orpington.

2.34 We find a second value band which includes towns with house prices generally between £225,000 - £250,000. This includes Canterbury, Broadstairs, Maidstone, and Faversham.

2.35 There is then a number of towns with lower values across the County, but focused on the Medway Town and in East Kent. Values in these towns are under £200,000. This includes Deal, Rochester, Folkestone, Dover, Sheerness, and Ramsgate.

2.36 Ashford sits between these value bands with an average house price using this index around £218,000. Tenterden is more expensive, with an average price of £337,000.

2.37 In broad terms, the house price differentials again highlight a distinction between West Kent, and North / East Kent. It highlights that there is a distinction in house price terms between Maidstone and the Medway Towns.

² See <http://www.zoopla.co.uk/heatmaps/>

Table 2: House Prices, Zoopla Zed Index, Dec 2013 (Source: Zoopla Zed Index³)

Area	Average Price Paid	Area	Average Price Paid	Area	Average Price Paid
Sevenoaks	£486,775	Canterbury	£244,849	Birchington	£191,774
Chislehurst	£460,585	Welling	£227,381	Rochester	£188,362
Cranbrook	£373,721	Broadstairs	£227,070	Romney Marsh	£187,093
Westerham	£349,882	Maidstone	£226,510	Sittingbourne	£185,094
Tenterden	£337,321	Sandwich	£223,888	Folkestone	£184,608
Tunbridge Wells	£328,723	Ashford	£217,987	Snodland	£183,704
Edenbridge	£328,117	Faversham	£217,168	Erith	£173,852
Orpington	£324,517	Swanley	£215,318	Gillingham	£171,485
West Malling	£320,789	Dartford	£211,649	Belvedere	£171,106
Tonbridge	£314,233	New Romney	£210,666	Dover	£163,492
Bexley	£301,616	Aylesford	£206,268	Westgate-on-Sea	£161,417
Longfield	£296,559	Gravesend	£206,097	Chatham	£160,064
Sidcup	£252,318	Rainham	£202,530	Swanscombe	£156,623
Whitstable	£247,870	Deal	£198,661	Sheerness	£154,625
Bexleyheath	£246,467	Herne Bay	£193,758	Ramsgate	£154,373
Hythe	£245,224	Greenhithe	£192,454	Margate	£146,687

Drawing the Analysis Together

Strategic Conclusions

- 2.38 The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). However, as the draft Planning Practice Guidance recognises, there is no “hard and fast” approach for defining a housing market area and, in practice, many housing market areas overlap.
- 2.39 Whilst there are a somewhat complex set of relationships at play across Kent, our analysis broadly confirms that the structure of housing markets in the Kent and Medway area identified through the CLG research remains a broadly sound foundation for analysis of housing markets. In particular, commuting and migration patterns continue to support a largely self-contained HMA which predominantly focusses on the borough of Ashford.
- 2.40 According to the CLG housing markets, only a small part of the borough of Ashford (a single ward) falls outside of the Ashford HMA (and instead lies within the Canterbury HMA). Given this relatively minor interaction, the focus of this report will be on the housing needs arising in Ashford Borough.

³ For index methodology see <http://www.zoopla.co.uk/property/estimate/about/>

Analysis of socio-economics, housing stock and market trends will focus primarily on the borough of Ashford, but will refer to wider HMA or regional trends where appropriate.

2.41 Whilst the analysis supports an Ashford-centric Housing Market Area, there are inevitable overlaps. As recognised in the CLG work, there is a localised interaction between the northern part of Ashford and the Canterbury market. In addition, commuting and migration data also indicates that the Borough shares functional relationships with Shepway and Maidstone. Whilst, our analysis of the wider context indicates that these interactions are likely to be characterised by strong localised interactions rather than widespread market integration, they should nonetheless be recognised and considered as part of the Duty to Cooperate.

Housing Sub-Markets

2.42 Within the Ashford area, we have sought to define sub-markets which have common characteristics in regard to their housing mix/price dynamics and socio-economic composition, or where there is an established 'policy' rationale for doing so. These areas are built up from groupings of wards.

2.43 Given the strategic nature of the study, we consider the following housing sub-markets to be appropriate, identifying where appropriate key villages and settlements within the area:

- Ashford Town (comprising wards which fall principally within the Ashford Urban Area);
- Ashford Rural North (including the villages of Charing, Chilham, Challock and Wye);
- Ashford Rural South (including the villages of Tenterden, Rolvenden and Appledore);
- Ashford Rural West (including the villages of Biddenden, High Halden, Pluckley and Bethersden); and
- Ashford Rural East (including the villages of Hamstreet, Aldington, Bilsington, Brabourne and Woodchurch).

Table 3: Ward Composition of Ashford Sub-Markets

Sub-Market	Constituent Wards
Ashford Town	Aylesford Green, Bybrook, Boughton Aluph & Eastwell, Beaver, Bockhanger, Godington, Great Chart & Singleton North, Washford, Stanhope, Victoria, Norman, Stour, Park Farm East, Park Farm South, North Willesborough, South Willesborough, Highfield, Kennington, Little Burton Farm
Ashford Rural North	Downs North, Charing, Wye, Downs West,
Ashford Rural West	Biddenden, Weald Central, Weald North
Ashford Rural East	Saxon Shore, Weald South, Weald East
Ashford Rural South	Rolvenden & Tenterden West, Tenterden North, Tenterden South, St Michaels, Isle of Oxney

3 HOUSING STOCK AND SUPPLY

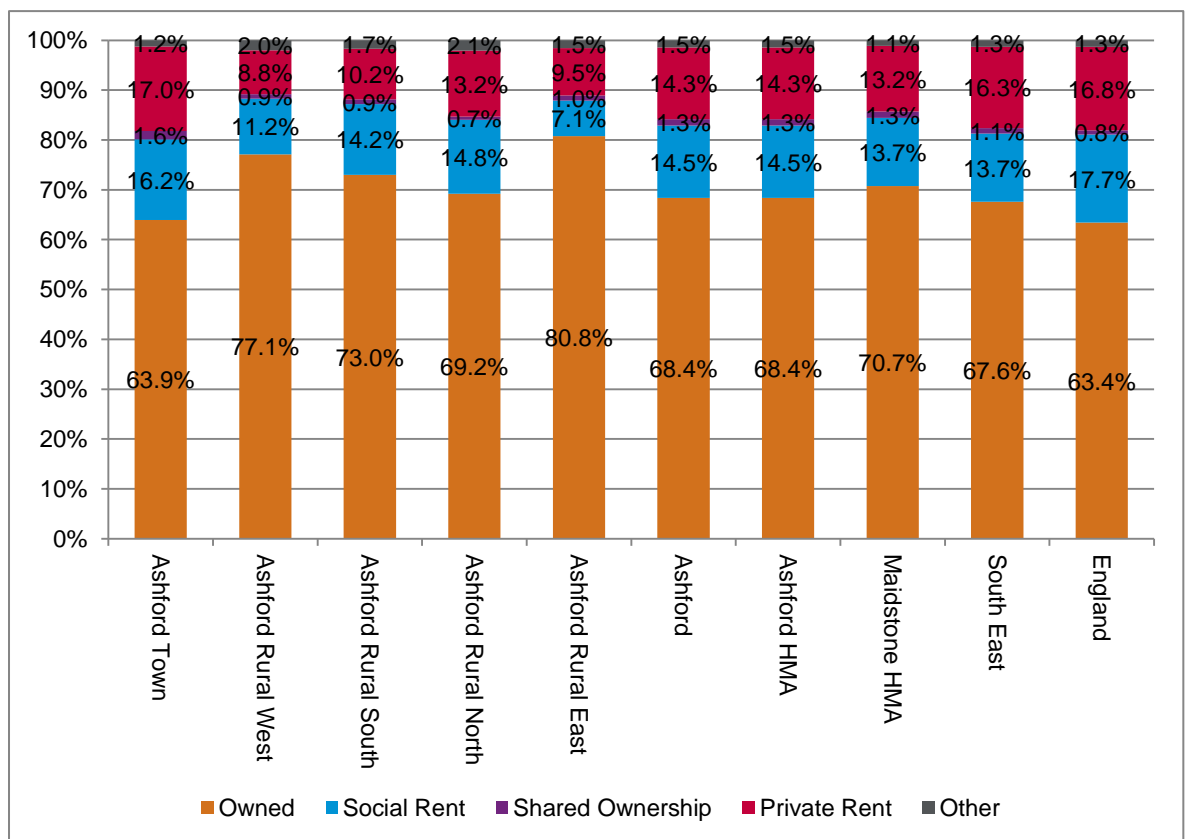
3.1 Although new housing will be delivered in Ashford Borough over the coming years, much of the housing stock in the area in 2030 already exists now; and it is thus important to understand the current “housing offer” and how this has been changing. This will provide the initial underlying analysis of what gaps in the offer new-build development might fill.

3.2 In this section we profile the current housing offer, considering the profile of stock of different types, sizes and tenures of homes, how this has been changing and how it varies across the relevant authorities as well as the various sub-markets within Ashford.

Tenure Profile

3.3 A detailed profile of tenure mix can be gleaned from the 2011 Census. This shows that, as a whole, the tenure mix in Ashford Borough is broadly aligned with that of the Ashford HMA and the wider South East. Around 70% of households live in owner occupied accommodation, with around 15% social rented and 15% private rented. Like much of the country, the shared ownership sector is limited at only 1% of stock; however, the sector is slightly more prevalent in Ashford than the South East more generally.

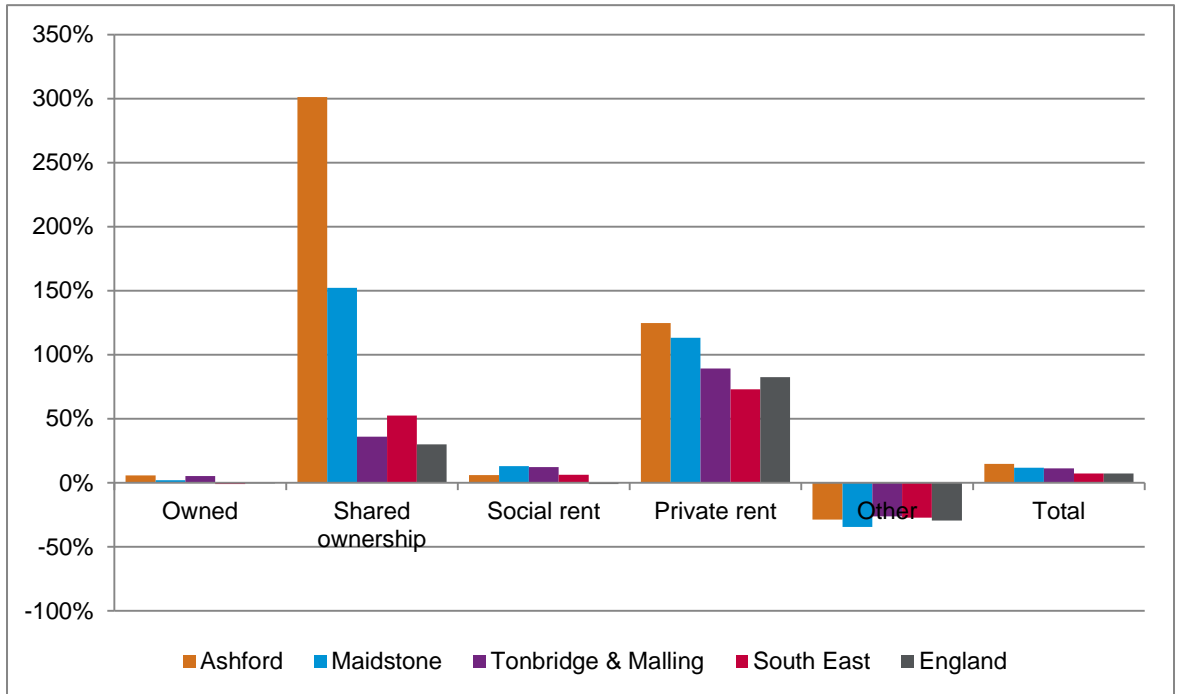
Figure 3: Detailed Tenure Profile, 2011 (%)



Source: Census (2011)

- 3.4 There is however some variation across the different sub-areas within Ashford. Within Ashford town, the percentage of households in social rented accommodation stands at around 16%, significantly above the borough and South East averages. This is perhaps unsurprising given its more urban nature. However two of the more rural sub areas: Ashford rural south (14.2%) and Ashford rural north (14.8%); also have a reasonably high representation of social rent sector. The Ashford rural east sub area has a particularly low representation of social rent tenure at only 7.1%.
- 3.5 The proportion of owner occupied households in the Ashford town area (63.9%) is lower than the Ashford HMA average (68.4%) but is nonetheless still above the national average (63.4%). In the more rural sub areas, owner occupation is significantly more prevalent, with all areas above the regional average. Owner occupation is particularly high in the Ashford rural east sub-market, representing more than 80% of the total stock.
- 3.6 The private rented sector is also significantly more prevalent in the Ashford town area than other sub-markets, and at 17%, is indeed higher than the regional and national average. Again, this is typical of more urban areas.
- 3.7 Comparing data from the 2001 and 2011 Census shows that there have been some marked changes in the tenure profile in Ashford over the past decade. Overall, the total stock in Ashford borough has grown at a slightly faster rate than all comparator areas at 12%. However, two particular tenures stand out. The shared ownership sector has grown by more than 300% over the past decade, albeit starting from a relatively low base point. This growth is more than double that seen in nearby Maidstone and more than six times that seen at a regional level.
- 3.8 The private rent sector has also grown relatively significantly across the country over the past decade; however, it has grown at an even faster rate across the three study authorities. Ashford in particular has seen the sector grow by around 120% over the past decade from just over 3,000 properties to more than 6,800.

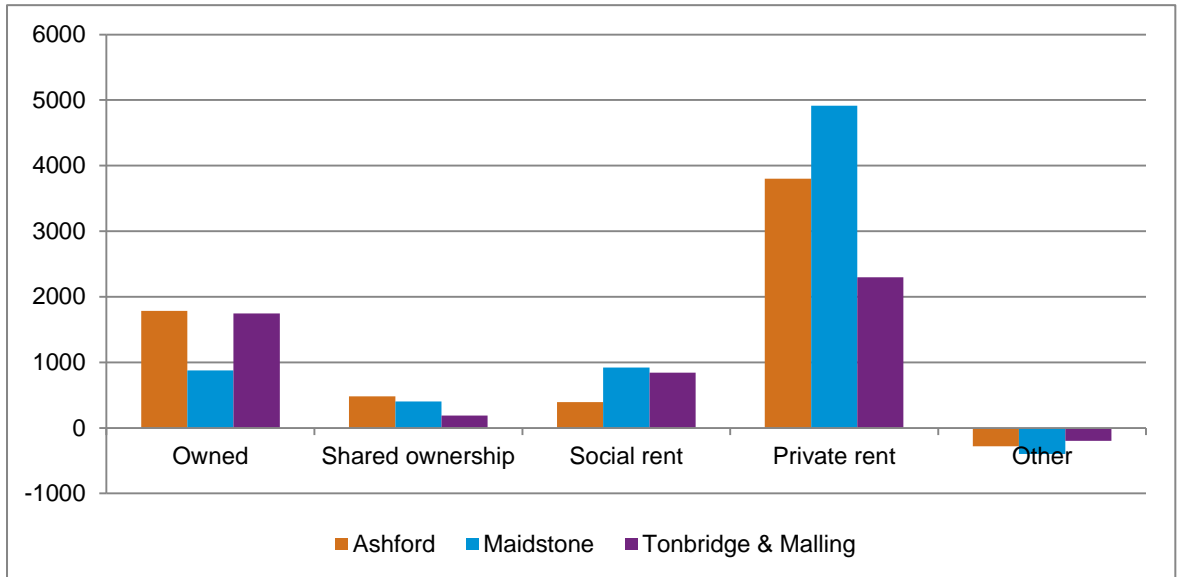
Figure 4: Change in Tenure Profile (%), 2001 – 2011



Source: Census 2001 & 2011, GLH Analysis

- 3.9 We have also considered absolute changes in tenure across the three study authorities. This particularly demonstrates the substantial growth in private rented properties across the three authorities, with Ashford and Maidstone in particular seeing growth of around 4,000 and 5,000 private rental properties respectively. There have also been relatively significant gains in the owner occupied stock, particularly in Ashford and Tonbridge & Malling which have both seen the sector increase by around 1,750 properties over the past decade.
- 3.10 Whilst there has been quite substantial growth in percentage terms in the shared ownership sector, actual net gains to the stock have been relatively small. In Ashford, around 480 shared ownership properties have been added to the stock over the past decade.

Figure 5: Change in Tenure Profile (stock numbers), 2001 – 2011



Source: Census 2011 and 2001, GLH analysis

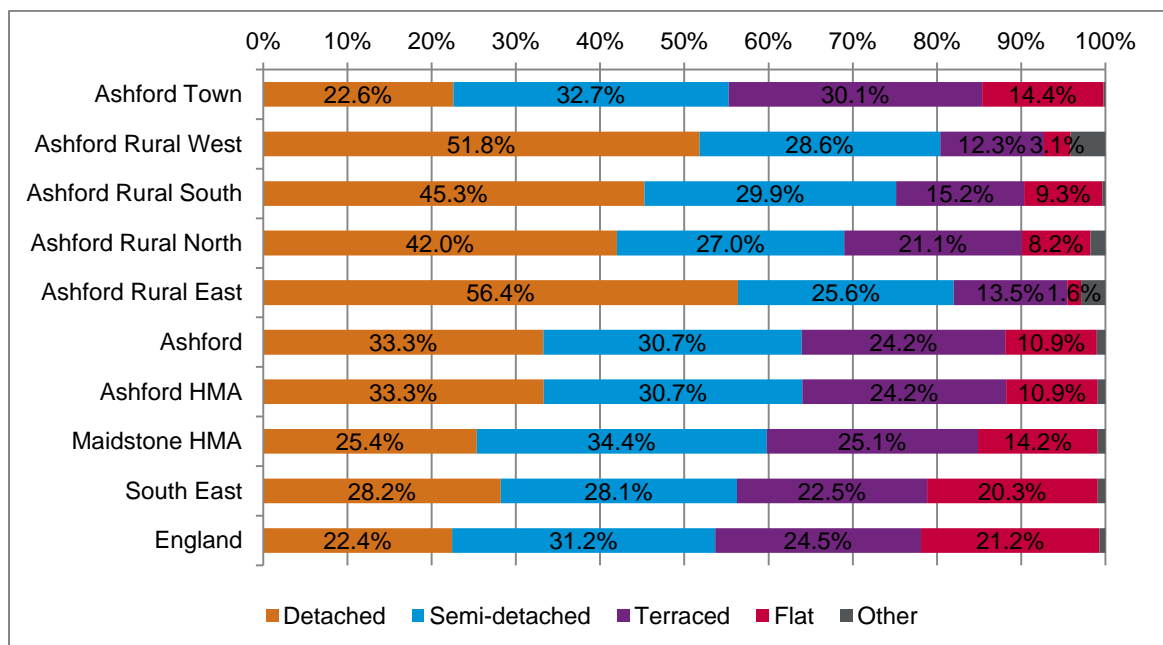
House Types

- 3.11 Overall, Ashford borough has a broadly well balanced mix of house types; however, the data suggests a market geared more towards family homes. The borough has an above average proportion of both detached and semi-detached housing (33% and 31% respectively) when compared to national and regional figures. There is little difference between the mix in Ashford and the Ashford HMA (unsurprising given the relatively minor geographical difference between the two). However, there are some notable differences when compared to the Maidstone HMA, not least in respect of the proportion of detached housing which is far lower in Maidstone HMA than in the Ashford. This lends additional support to the two areas being different markets.
- 3.12 What is particularly apparent is the limited proportion of flatted properties in Ashford which at 11%, is almost half that seen at the regional and national level. Even in Ashford town, the densest of the sub-markets, flats represent only 14% of properties. The Ashford HMA has a significantly lower proportion of flatted properties than we see across the Maidstone HMA.
- 3.13 Looking at the different sub-markets, we can see the difference in house type profile between the more urban Ashford town sub-market and the other sub-areas in the borough. The stock within the Ashford town sub-area is skewed more towards denser unit types with the area having a far higher representation of terraced (30%) and flatted (14%) properties compared to the borough average and a correspondingly lower proportion of detached properties (albeit this is still similar to the

national average). Looking at the profile in Ashford town as a whole, it is actually reasonably well balanced and well placed to serve a variety of market segments.

3.14 The remainder of sub-areas in Ashford are dominated by detached and semi-detached units, which across each of four rural areas (rural north, rural west, rural east and rural south) represent between 70 and 80% of the total stock, far above the average across the HMA as well as regional and national comparisons. In all three, there is very little flatted accommodation, but this is particularly the case in Ashford rural east (1.6%) and Ashford rural west (3.1%). Whilst this may point to some scope to diversify stock in this sub-area, this would need to be set against what the “market expectations” are for these more rural sub-markets.

Figure 6: Profile of Dwelling Stock by Type, 2011



Source: Census (2011)

Housing Size

3.15 The housing offer across Ashford, and the Ashford HMA, is dominated by mid-larger sized properties, with around two thirds of stock comprising three or more bedrooms. This is higher than the levels of three-bed plus properties seen across the South East and England generally, and represents a mature market, generally well suited towards provision for families. The size mix in Ashford is akin to that seen in the adjacent Maidstone HMA.

3.16 Within the various sub-markets, there is some variation in the housing size mix. However, the urban-rural variation is somewhat less pronounced in Ashford, perhaps owing to the impact of some of the larger service centres such as Tenterden, Charing and Wye.

- 3.17 As we would expect, Ashford town has a higher proportion of small properties (1 and 2 bedrooms) than any other sub-area at around 35%. However, in two of the more rural sub-areas (rural north and rural south), the representation of smaller properties is also around 33%, consistent with the HMA average. Ashford town also has a far higher proportion of three bedroom properties than any other sub-area at 46%, and indeed a level far above the regional and national averages. Looking at the mix profile as a whole, we would again suggest Ashford town is relatively well balanced and capable of serving a range of markets.

- 3.18 In the rural sub-areas in Ashford, larger properties are more dominant. Within the rural east and rural west areas in particular there is a significant dominance of 4 bedroom plus properties, which represent around 35% of the total stock, markedly above the borough, HMA and regional average. When three bedroom properties are added in, the percentage rise to 73% and 74% respectively. Given this profile, and the demographics of these areas, there may be some rationale for increasing the proportion of smaller units, both with respect to encouraging downsizing (enabling older households to remain within their communities) and providing more affordable homes for newly forming households within the area.

- 3.19 The other two rural areas (rural south and rural north) also see above average proportions of 4 bed plus properties; however, they do have a more balanced size mix with a reasonable representation of smaller properties. This is perhaps due to the fact that they are home to some of the larger service centres; however, at any rate they are better positioned to serve a variety of markets.

Table 4: Size of Homes, 2011

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms
Ashford Town	8.7%	25.8%	45.9%	15.5%	4.0%
Ashford Rural West	4.6%	22.3%	38.2%	22.4%	12.5%
Ashford Rural South	8.0%	24.2%	39.1%	20.2%	8.3%
Ashford Rural North	6.9%	25.9%	39.0%	18.9%	9.2%
Ashford Rural East	3.6%	22.3%	38.7%	25.2%	10.2%
Ashford	7.5%	25.0%	43.0%	18.0%	6.4%
Ashford HMA	7.6%	24.9%	43.1%	18.0%	6.3%
Maidstone HMA	8.9%	25.9%	42.3%	17.3%	5.4%
South East	11.6%	26.2%	38.9%	17.0%	6.0%
England	11.8%	27.9%	41.2%	14.4%	4.6%

Source: Census (2011)

Overcrowding and Under Occupation

- 3.20 Studying levels of overcrowding/under occupation in the housing stock is an important part of the SHMA. It is particularly useful as an indicator of both housing need and possible mismatch between households and house sizes.

- 3.21 Data about overcrowding is available from the 2011 Census based on the 'bedroom standard'. This is defined by the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationships of the household members) and the number of bedrooms available to the household. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.

- 3.22 The table below shows that Ashford has low levels of overcrowding (3.0%); below both the regional (3.8%) and England (4.8%) average. This low percentage of overcrowding is consistent with the profile of generally mid-larger properties discussed above.

- 3.23 Overcrowding in Ashford is slightly higher in the Ashford town sub-market. However, at 3.7%, this is still below the regional average. Given the more urban character of this sub-area compared to others in the borough, this is somewhat as to be expected.

- 3.24 Across Ashford, we see above average levels of under occupation compared to the national (and even regional) picture. The situation is particularly notable in the more rural sub-areas where under occupation rises to in excess of 90% in most cases.

- 3.25 Like much of the South East, this phenomenon is particularly borne out of ageing demographics and reasonable affluence which particularly drive "empty nester" households. Given the demographic profile of these areas, this could continue to rise in future, reducing liquidity in the market for larger properties in the area. Whilst the encouragement of downsizing is an inexact science (and driven as much by attitude as stock availability), there may be an argument for increasing the supply of attractive smaller homes in these areas but with the product focussed on the types (houses rather than flats) and quality of units which are attractive to older households.

Table 5: Overcrowding and Under Occupation, 2011

	Overcrowded (No.)	Under occupied (%)	Overcrowded (%)
Ashford town	1,051	70.4%	3.7%
Ashford rural west	82	82.7%	2.1%
Ashford rural south	33	91.4%	1.1%
Ashford rural north	23	91.5%	0.8%
Ashford rural east	38	90.6%	1.0%
Ashford	1,430	75.0%	3.0%
Ashford HMA	1,525	75.5%	2.9%
Maidstone HMA	2,733	72.8%	3.4%
South East	133,570	70.7%	3.8%
England	1,060,967	68.7%	4.8%

Source: Census (2011)

- 3.26 The 2001 Census did not include an occupancy calculation based on bedrooms and as such it is not possible to draw a direct comparison in this regard. However, we have compared the room

based occupancy measure from the 2001 and 2011 Census. This shows an increase in overcrowding from 4.5% in 2001 to 5.2% in 2011, equivalent to 584 additional overcrowded households. However, this increase is broadly similar to the change seen across the South East and England more generally over the past decade. In terms of sub-areas, much of the growth in overcrowding has been seen in the Ashford Town Sub-Market which is perhaps unsurprising given its more urban characteristics. It is important to note however that the room based occupancy standard has limitations in respect of identifying true overcrowding (and is likely to over-estimate any growth).

Vacant and Second Homes

3.27 The 2011 Census provides data on the number of households with no usual residents which can be used as a proxy for vacancy and second homes. The data indicates that there are just over 2,000 vacant properties or second homes in Ashford equivalent to 4.1% of the dwelling stock. This is only slightly above the average for the South East (4.0%) but below the national average (4.3%). We therefore consider that issues associated with vacancy/second homes do not feature significantly in the Ashford market.

3.28 Looking at sub-area level, it is apparent that the proportion of vacant/second homes is higher in the more rural sub-areas, in some cases rising to almost 6%. This is not atypical, but in the long run may present an issue for community development and stock availability in the more rural parts of the borough.

Table 6: Vacant and Second Homes, 2011

	Households with no usual residents	Total households	% Vacant/Second Homes
Ashford	2,019	49,806	4.1%
Kent	29,162	634,800	4.6%
South East	148,710	3,704,173	4.0%
England	980,729	23,044,097	4.3%

Source: Census (2011)

Key Implications

3.29 The housing “offer” and market in Ashford is characterised by:

- A dominance of owner occupation (like much of the South East) with more than 70% of households in this tenure.
- A rapidly growing Private Rented Sector (PRS), with around 15% of households across the borough living in this sector. The sector has grown at a faster rate in Ashford than the regional and national average (and even adjoining areas) over the past decade. The PRS in the borough is most strongly represented in the Ashford town sub-area.

- A housing stock which, overall, is focussed towards mid-to-larger properties of three bedrooms plus and particularly detached properties.
- A particularly low representation of flatted type properties compared to the regional average and even adjoining districts and HMAs. This is even the case in the most urban part of the borough.
- A relatively well balanced housing mix in Ashford Town Sub-Area (in terms of both size and type) with the market likely to be capable of serving many market segments.
- Some variation amongst the four rural sub-areas with two having a reasonable balance, in terms of property mix (Rural South and Rural North); whilst the others (Rural East and Rural West) are far less diverse and focussed heavily on large detached properties.
- Low levels of overcrowding (at borough and sub-market) level compared to regional and national averages.

3.30 Tentatively, we consider there to be some indication of a need for diversification of housing offer in Ashford. There is some evidence of a need to provide small and medium-sized homes, both within the most accessible parts of the Ashford town sub-area as well as in some of the larger villages. This would not only support a reduction in under-occupation (and thus greater liquidity of larger properties) but would also ensure that “accessible” options exist for small/newly forming households. In the more rural sub-areas, we consider this provides a continuing rationale for rural exceptions.

4 HOUSING MARKET DYNAMICS

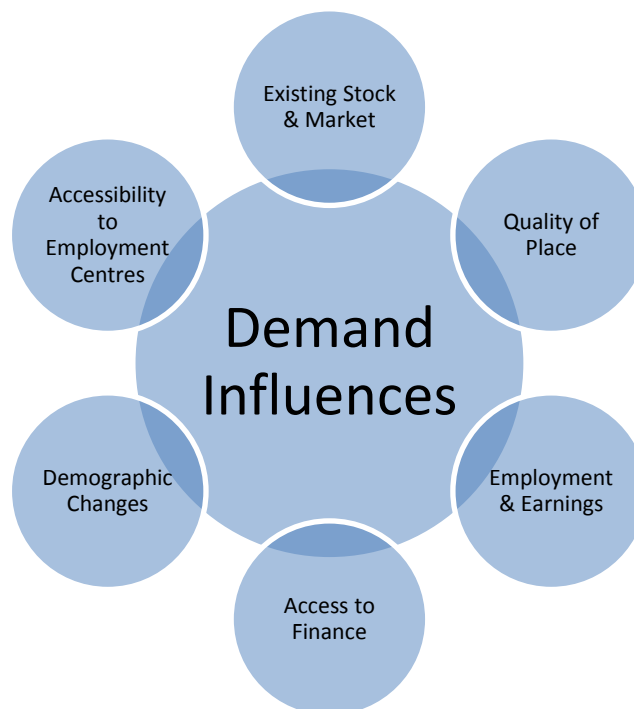
4.1 We have sought to analyse housing market dynamics using a combination of quantitative and qualitative research. This section, initially reviews housing market dynamics including national and macro-economic drivers and local prices and sales performance. This is then developed at a micro-level to qualitative perspective on local housing market conditions, drawing on discussions with local estate and letting agents.

Overview of the UK Housing Market and Economy

Conceptual Framework

4.2 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the diagram below:

Figure 7: Understanding Housing Demand



Source: GL Hearn

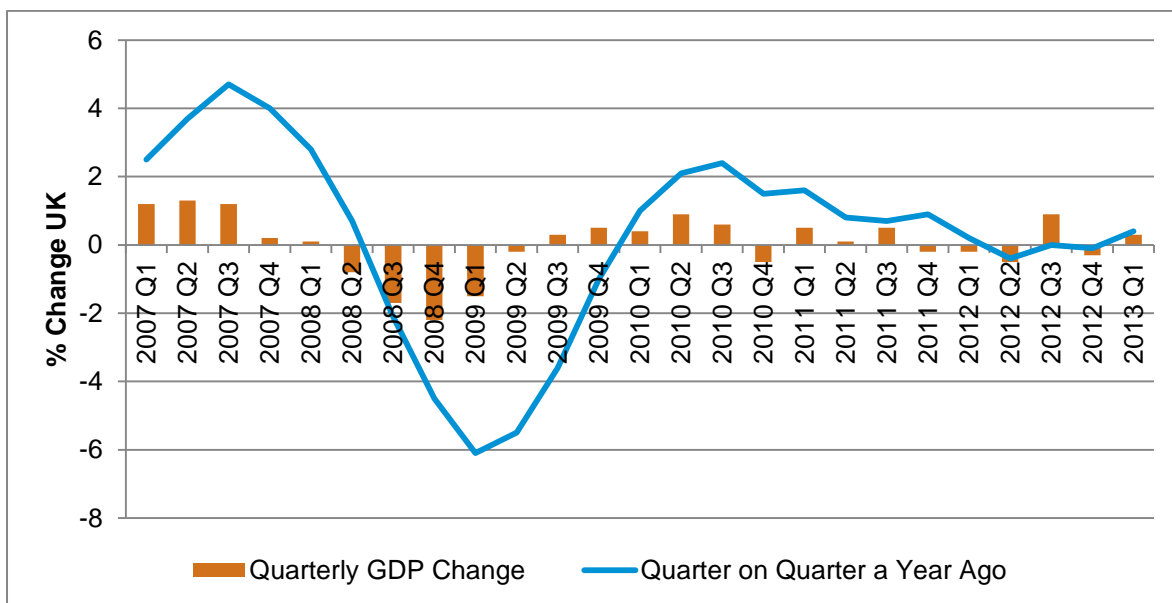
- 4.3 At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level). In the recent recessionary period, these macro conditions have been particularly prominent in driving the housing market.
- 4.4 The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).
- 4.5 Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products.
- 4.6 There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. The importance of these local factors is perhaps more pronounced in stable or healthy economic times, when mortgage availability and market liquidity are far less of a constraint on activity. These include:
- quality of place and neighbourhood character;
 - school performance and the catchments of good schools;
 - the accessibility of areas including to employment centres (with transport links being an important component of this); and
 - the existing housing market and local market conditions.
- 4.7 These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced and consequently reinforces to some degree the existing stock profile. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.
- 4.8 Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding the Macro-Level Dynamics

- 4.9 Macro conditions have been the primary driver of housing markets nationally over recent years. Since late 2010, we have seen negative trends in consumer spending and investment, with growth in the economy (at the macro-level) driven by exports and government spending. Coupled with this, inflation has been running above long-term trends and Government targets over much of this period.

4.10 As a result, the UK has seen both deep recession and weak recovery (relative to previous recessions). As Figure 11 indicates during the course of 2012 there was minimal growth in the UK economy. 2013 has however seen the situation start to improve.⁴

Figure 8: UK Economic Growth, 2007-2013



Source: ONS

4.11 The Office for Budget Responsibility Economic Forecast (March 2013) anticipates modest economic growth in 2013, though Q2 growth of 0.6% may lead these forecasts to be revised in the autumn. The forecasts imply return to longer-trend growth in 2016-17, and do not assume a recovery of the growth that failed to happen between 2008 and 2012. Employment grows slowly but unemployment only declines relatively slowly, and thus constraints on labour market confidence and household income is likely to remain.

Table 7: Office for Budget Responsibility, March 2013 Economic Forecasts

	Percentage change on a year earlier (unless otherwise stated)						
	Outturn			Forecast			
	2011	2012	2013	2014	2015	2016	2017
Output at constant market prices							
Gross Domestic Product (GDP)	0.9	0.2	0.6	1.8	2.3	2.7	2.8
GDP Level (2011 = 100)	100.0	100.2	100.8	102.6	105.0	107.8	110.8
Output gap (% of potential output)	-2.7	-2.7	-3.6	-3.7	-3.4	-2.9	-2.3
Expenditure components of GDP at constant market prices							
Household consumption	-1.0	1.0	0.5	1.2	1.7	2.4	2.8
Business investment	3.1	4.9	1.9	6.1	8.6	8.6	8.6

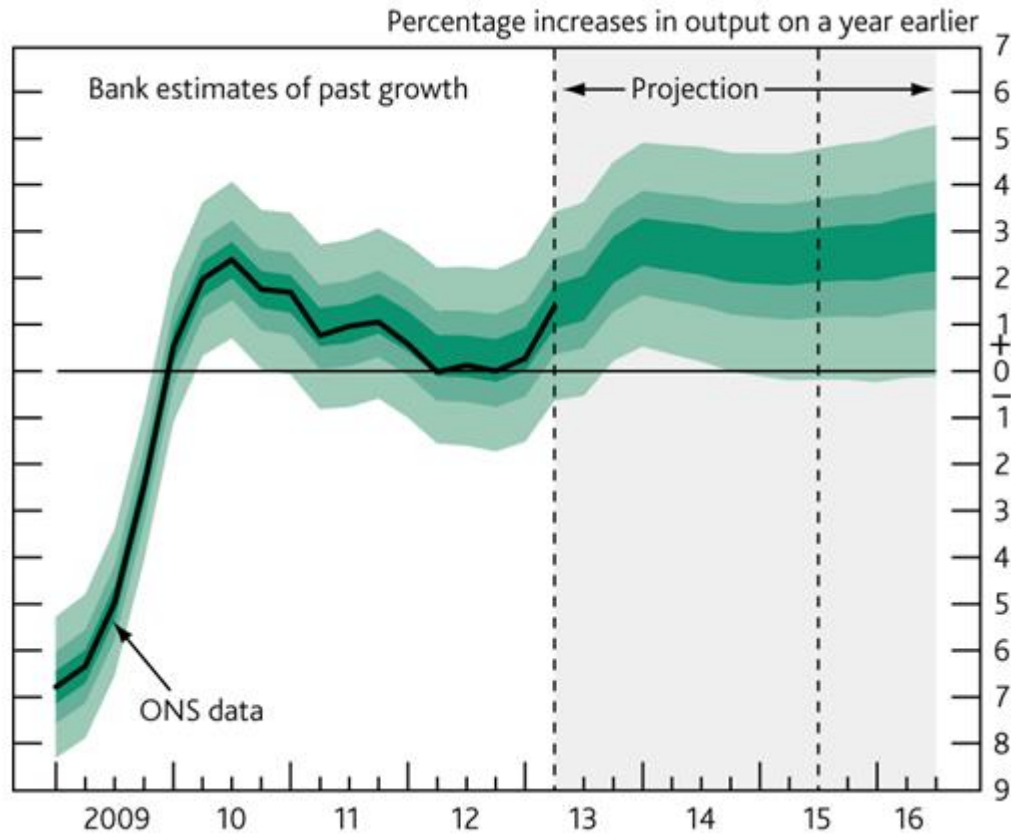
⁴ With for instance the content data indicating 0.7% growth in GDP in Q2 2013.

General government consumption	-0.1	2.6	0.4	-0.7	-0.4	-1.0	-1.8
General government investment	-26.2	2.7	2.6	5.0	1.8	-1.5	-1.2
Net trade	1.2	-0.8	0.1	0.1	0.1	0.1	0.1
Inflation							
CPI	4.5	2.8	2.8	2.4	2.1	2.0	2.0
Labour market							
Employment (millions)	29.2	29.5	29.8	29.9	30.1	30.3	30.5
Average earnings	2.3	2.1	1.4	2.7	3.6	4.0	4.0
ILO unemployment (% rate)	8.1	7.9	7.9	8.0	7.9	7.4	6.9
Claimant count (millions)	1.53	1.59	1.58	1.63	1.59	1.48	1.38

Source: Economic and Fiscal Outlook, Office for Budget Responsibility, March 2013

- 4.12 The Bank of England in their August 2013 Inflation Report also present forecasts of economic growth for the UK in the form of a fan chart (indicating the range of different possible growth rates). This serves to illustrate the depth of the recession of 2008-9, the speed of recovery from negative growth, but the poor growth performance of the economy 2010-12. This suggests that growth is considered likely to be in the range 2.0% to 3.3% over the next 3 years, broadly the historic trend rate of economic growth of the UK economy.

Figure 9: Bank of England GDP Forecasts, August 2013



Source: Inflation Report, Bank of England, August 2013

- 4.14 London has been leading the UK economic recovery followed by the South East England. The three boroughs: Ashford, Maidstone and Tonbridge & Malling will all benefit from growth in output and jobs in London, as will much of Kent and the South East. The extent of the growth felt by these areas will be driven by the degree to which their labour markets are integrated with London, both in terms of a physical sense (i.e. connectivity) and in a socio-economic sense (i.e. skills and occupational levels); however, it will ultimately feed through to varying degrees into household incomes and employment levels at the local level and boost demand for market housing (for sale and for rent) directly, and by restoring confidence among home buyers and sellers.
- 4.15 However, there remain significant uncertainties in the global economic environment that increase the chance of a less than robust recovery, and the long term possibility of a lower long term average growth rate than the UK has experienced for the last three decades. There are two major uncertainties, one which derives from the external economic environment and one from UK economic issues.
- 4.16 The first uncertainty surrounds the future pattern of growth in the Eurozone, the UK's largest trading partner. Much of the Eurozone is still depressed. The International Monetary Fund in its April 2013

World Economic Outlook forecast that the Eurozone economy would shrink by 0.3% in 2013 and grow by only 1.1% in 2014. Slow growth in the Eurozone will hold back growth in the UK economy. Uncertainties also exist about the scope for China to maintain its past rate of economic growth, and there are always risk to global growth from disruptive events such as wars and disasters.

- 4.17 The second uncertainty surrounds the UK policy environment and public financing. The UK Government debt has increased year by year as a percentage of GDP over the past decade and massively so since 2008-09. It has yet to start falling as a percentage of GDP or in absolute terms. If governments continue to prioritise debt reduction, this implies continued austerity in terms of public spending throughout the rest of the decade, compared to the decade to 2010. Under such a scenario it is the private sector that must generate additional wealth and jobs. The capacity of the private sector to deliver such growth is uncertain. There is little sign to date of the economy becoming rebalanced with greater volume of export sales.

Summary of Past Performance and Prospects

- 4.18 In summary, the UK economy experienced a period of consistent and strong growth throughout the early 2000s and up to 2007, generating confidence both in terms of business and investment but also within the labour market. Following the recession in 2008-09, performance throughout the economy has been fragile and inconsistent and the anticipation amongst national forecasts is that UK economy will recover gradually over the next five years, without posting significant growth. The real debate within the economy also surrounds whether growth will return to the long run rate of growth observed during the early to mid-2000s (2.3% p.a.), or whether it will settle at a more modest trend rate of growth moving forward.
- 4.19 There is the added challenge, relevant to the housing market, that if this rate of growth and associated employment growth is significantly higher than other countries in the EU, the UK may continue to experience relatively high levels of net in-migration from other parts of the EU.
- 4.20 The national and regional context will have an important bearing on economic and employment growth in Maidstone Borough. This in turn will have an impact on wages, household incomes and general confidence in the employment markets which are important factors in determining patterns and scale of housing demand. Faster growth and high employment growth can be expected to raise household incomes, and encourage in-migration and boost housing demand, relative to what it would otherwise be; however, forecasts from the OBR indicate that improvements in labour market conditions over the next five years are likely to be modest with levels of employment and unemployment expected to improve gradually rather than sharply.

- 4.21 However, even were the study area to under-perform in terms of economic development compared to the rest of the South East; provided growth in London in particular continues, it is likely that the borough would still experience a degree of housing pressure, reflective of the labour market integration between Kent and London.

Impact of the Recession on the Housing Market

- 4.22 The impact on the recession on the housing market can be easily demonstrated. The chart overleaf shows the numbers of residential property transactions in England between 2006 and 2012 of more than £40,000. For the past five years the volume of transactions has been running at more than 40% below the volumes of 2006 and 2007. Uncertainty and lack of mortgage lending has meant that owner occupiers have stayed put in their existing homes, rather than trading up or down. They may have done so through choice, or because they could not get a mortgage, or they could not find a buyer for their property at an acceptable price.
- 4.23 The practical implication of this is that turnover in the housing market is much lower than has historically been the case, even acknowledging that 2006 and 2007 were particularly active years. Less movement tends to constrain the demand for new homes; even if people wish to buy a new home, in a market with low sales volumes they find it less easy to find a buyer than when the market is more active. This slows down sales and reduces the overall demand for new homes compared to what it would be in a more buoyant market.

Mortgage Availability

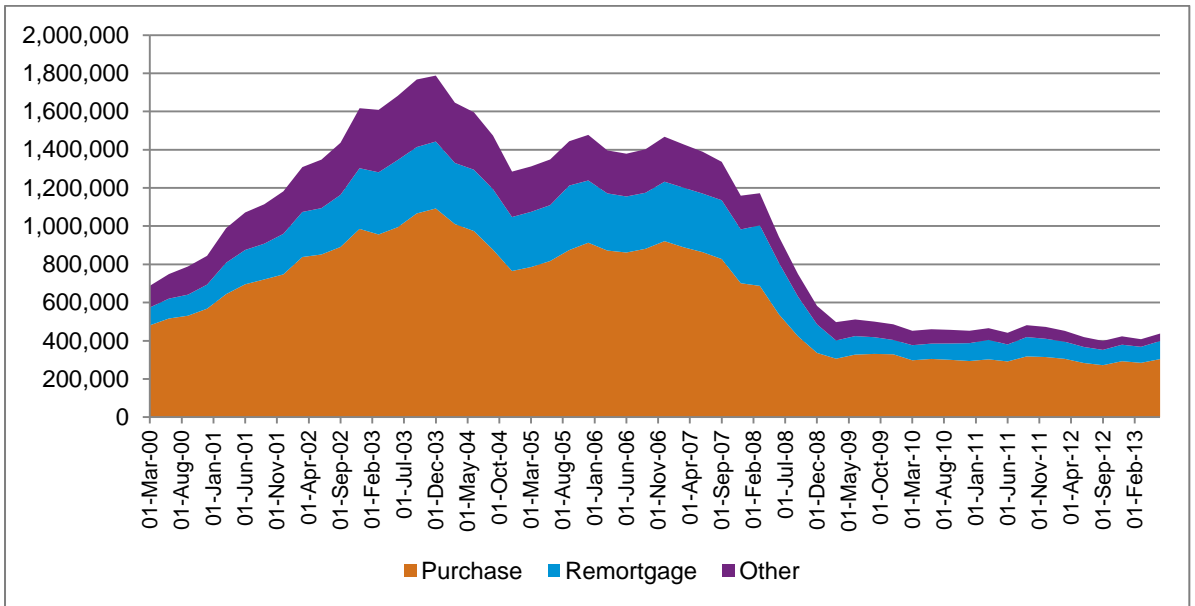
- 4.24 One of the key triggers to the historically low levels of demand is the historically low levels of mortgage lending – although to some extent a lack of buyer confidence has also played its part.
- 4.25 As the chart overleaf demonstrates, levels of lending across the UK grew consistently throughout the early 2000s, peaking at around 1.8 million loans in the final quarter of 2003. Numbers of loans then stabilised in the period to late 2007 at around 1.4 million.
- 4.26 However, the downturn in the world economy was led to a large extent by the sub-prime lending crisis in the United States and, from the onset of the economic downturn there was a ‘credit crunch’ with banks increasing the inter-bank lending rate (LIBOR). However, more significantly, banks sought to adjust their exposure to risk by adopting much more cautious lending practices to customer lending (including home purchasers, landlords, residential investors and developers). This sharply reduced liquidity in the financial markets and credit available and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased ‘barriers’ to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.

4.27 There are a number of reasons why lenders have been reluctant to lend on the scale they did before 2008:

- The number of mortgage lenders has fallen, with significant players such as Northern Rock and Bradford and Bingley having exited the market, and with further concentration in the banking and building society sector through bank rescues (e.g. HBOS taken over by Lloyds, various building societies acquired by the Nationwide). Fewer lenders means less competition in the mortgage market. Many smaller lenders have withdrawn from the UK market.
- Tighter regulation has meant that all banks and building societies have had to hold more core capital at a time when many have had to write off significant amounts of debt or make financial provisions for bad debts. Write offs on loans made before the downturn have particularly been made in relation to commercial property lending, but lenders have also made write offs in relation to loans related residential development and mortgages. Tighter regulation and more prudent lending practice has largely done away with interest only mortgages and self-certified mortgages.
- Access to wholesale finance for mortgage lenders has shrunk considerably, as lenders have repatriated funds to their country of origin. Issuance of Residential Mortgage Back Securities (RMBS), which was a key means by which mortgage lenders could 'sell on' mortgages and free up their balance sheet to make further loans, has almost disappeared completely. For a period of time before government stepped in to increase access to funding, mortgage lenders were competing for retail deposits.

4.28 As a result of these tight lending criteria and more cautious practices, loans secured on residential property fell significantly during 2008 from a level of around 1.4 million to less than half a million. As the figure below demonstrates, there has been virtually no evident recovery in lending since 2010; with the number of loans on residential properties flat during the past few years. Over this period, ability to raise finance has functioned as a significant constraint on effective demand for market homes whereas in the period to 2007, it acted as a significant driver of effective demand.

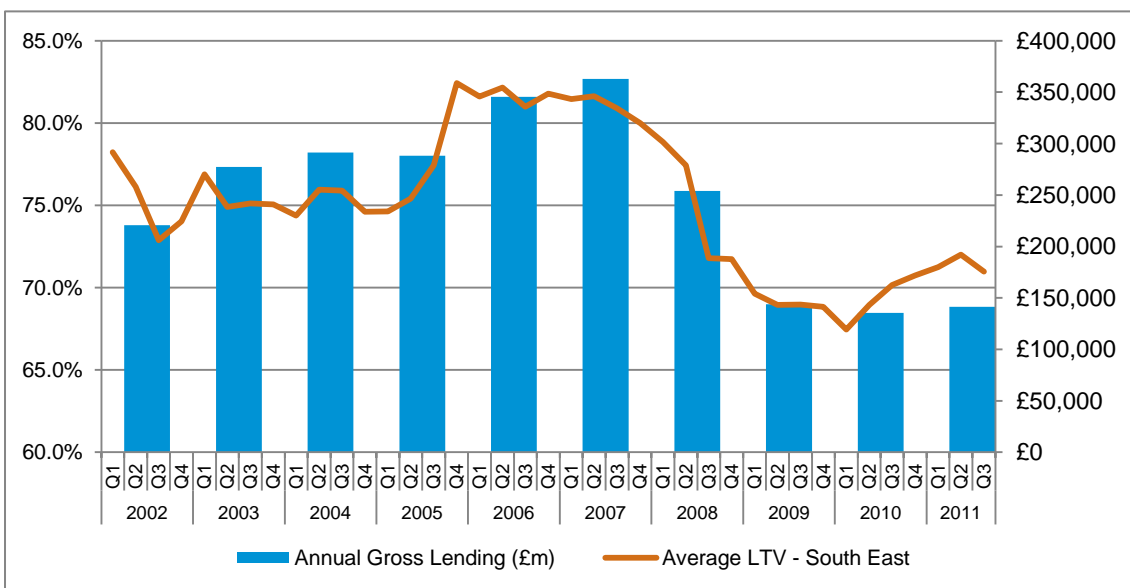
Figure 10: Number of Loans Secured on Residential Property by Purpose (2000 Q1-2013 Q2)



Source: Bank of England

4.29 The impact on first-time buyers (FTB) has been particularly notable. Advances to first time buyers at the peak of the market represented approaching 85% LTV; however, this fell sharply post-2008 and in 2011 stood at around 73%. There has however been a gradual improvement in the proportion of FTB with a deposit of 10% or less (albeit that for these loans the interest rates charged are often punitive), with 25% of FTBs putting down a deposit of 10% of less in early 2013.

Figure 11: Trends in Gross Mortgage Lending and First Time Buyer LTV Ratios (2002-2011)



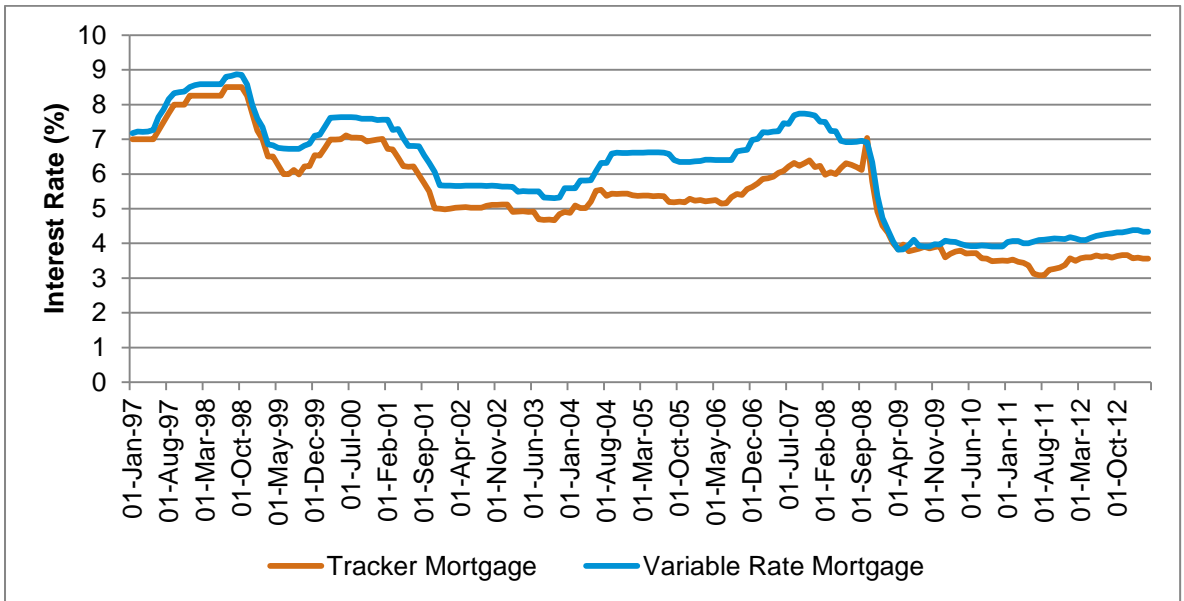
Source: Council for Mortgage Lenders

- 4.30 Key issues affecting the ability of households and investors to secure mortgage finance are:
- Savings and Capital: the ability to raise a deposit;
 - Earnings and Interest Rates: affecting the ability to afford repayments;
 - Lending Criteria: key criteria which have to be met to secure finance.
- 4.31 Over the past three years the Government and the Bank of England has sought with limited success to improve access to mortgages and stimulate bank lending to both businesses and to individuals seeking mortgages. The Bank of England introduced a new scheme, Funding for Lending (FfL) in July 2012. FfL provides cheap funding to banks and building societies to support lending to businesses and to mortgage borrowers. Unlike previous schemes, banks are incentivised to lend, and there has been much reportage that this is flowing through into mortgage lending. FfL certainly seems to have reduced the cost of new mortgages, but as shown in the figures above, even up to 2013 there is no evidence of a significant upturn in the overall value or volume of mortgage lending for home purchase.
- 4.32 It does seem probable that over the second half of 2013, the data will show an increase in mortgage lending, due to the combined effect of Funding for Lending and the new build equity purchase aspect of Help to Build (discussed below). Press reports of increases in mortgage lending often focuses on short term increases in lending by means of quarter by quarter or annual comparisons, which ignore the huge drop in mortgage volumes and values since 2006-07.
- 4.33 Thus reported increases in mortgage lending compared to a year ago are welcome signs of a recovering housing market; but they can often ignore the sheer scale of the decline in mortgage lending after 2007. It will take many quarter by quarter increases in lending for mortgage lending volumes, by number and value, to recover to the levels of 2002-06.

Mortgage Costs

- 4.34 For those with a sufficient deposit, housing is now actually relatively affordable given the reductions in the value of homes since the peak of the market in 2007 and low interest rates by historic standards. Figure 10 demonstrates the trend in mortgage interest rates over the past 15 years.

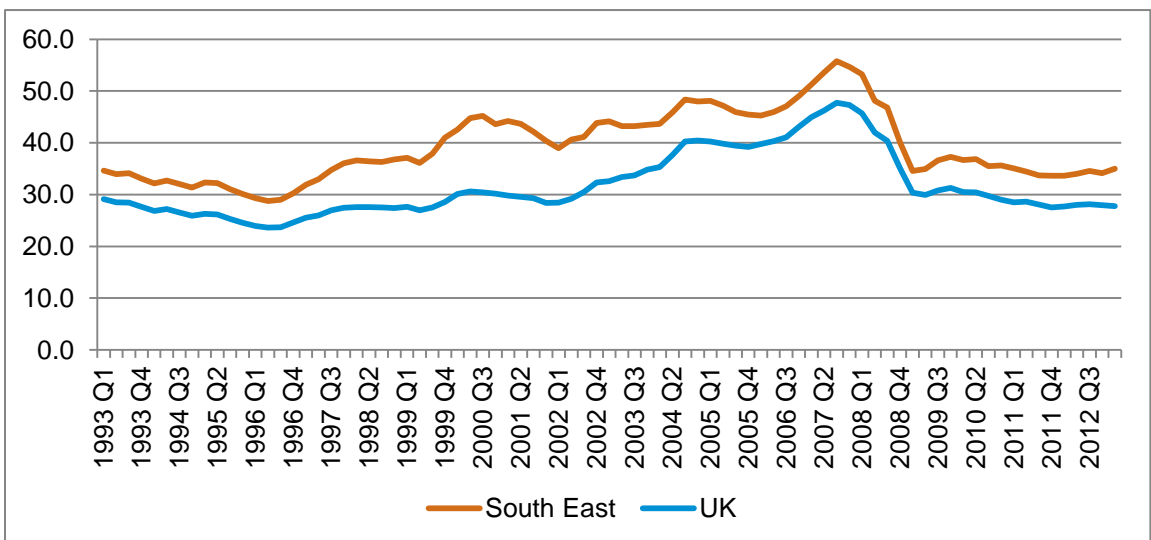
Figure 12: Interest Rates



Source: Bank of England Statistics

4.35 A key indicator of the affordability of market housing is the balance between housing costs (i.e. mortgage payments) and incomes. Data for Q1 2013 shows that, whilst in the South East (35%) mortgage repayments account for a far greater proportion of salary than across the UK (27.8%), this is significantly down on the peak of the market in Q3 2007 when mortgage repayments were on average 55.8% of gross income across the region. In actual fact, by this measure housing is now as “affordable” as it was in the late 1990s.

Figure 13: Mortgage Payments as a % of Monthly Income



Source: Halifax House Price Index

- 4.36 We can therefore see that the key constraint on the market is not the affordability of housing (in terms of the ability of households to cover mortgage repayments⁵), but the ability of households to raise a sufficient deposit and to meet lending criteria to secure mortgage finance.
- 4.37 Market performance is also influenced by investment activity - that is properties bought to be rented privately. The recession significantly quelled such activity as investors faced the same lending constraints as individual purchasers. However, more recent evidence suggests that the buy-to-let sector is experiencing some growth, with the Council for Mortgage Lenders indicating that by the end of March 2013 buy-to-let lending accounted for 13.4% of total outstanding mortgage lending in the UK - up from 13% the previous quarter and 12.9% at the end of the first quarter of 2012. This is partly related by improved access to finance but is likely to be particularly focussed in major cities (particularly London) where demand from overseas investors remains strong. With growth in rents over the last few years and lower capital costs for house purchases, housing represents an improved investment proposition. There is evidently occupier demand from a combination of demographics, limited new-build and restrictions on home purchases.
- 4.38 In addition to “buying activity”, data also shows that mortgage possessions have been falling (no doubt supported by low interest rates). The Council of Mortgage Lenders in February 2013 stated that the number of possessions held by lenders in 2012 was at the lowest level for 5 years⁶. The trend in mortgage arrears is also downwards.

National Housing Supply Trends

- 4.39 With the housing market significantly subdued by past standards, it is no surprise that new house-building starts and completions in England have fallen dramatically. Housing starts in England over the period 2000-07 averaged 163,000 p.a. Over the past 5 years they have averaged 101,000 p.a., a 38% decline with no evidence to March 2013 of a substantive recovery. Housing completions fell less dramatically following the financial crisis, but have fallen by 46% in the period 2009-12 compared to the period 2000-08, with average annual completions falling from 168,000 pa to 91,000 pa in England as a whole.
- 4.40 Levels of housing starts have increased in England in Q2 of 2013 by some 7,350 homes compared to the same quarter in 2012; but completions in the first half of calendar year 2013 have been some 8,600 lower than in the first half of 2012. The increase in housing starts in England Q2 2013 is starting from a low base (29,500) compared to the typical rate of housing starts per quarter between 2003 and 2007 of 43,000.

⁵ Notwithstanding that there are likely to be some repossessions associated with high unemployment
⁶ <https://www.cml.org.uk/cml/media/press/3422>

Prospects for Housing Market Recovery

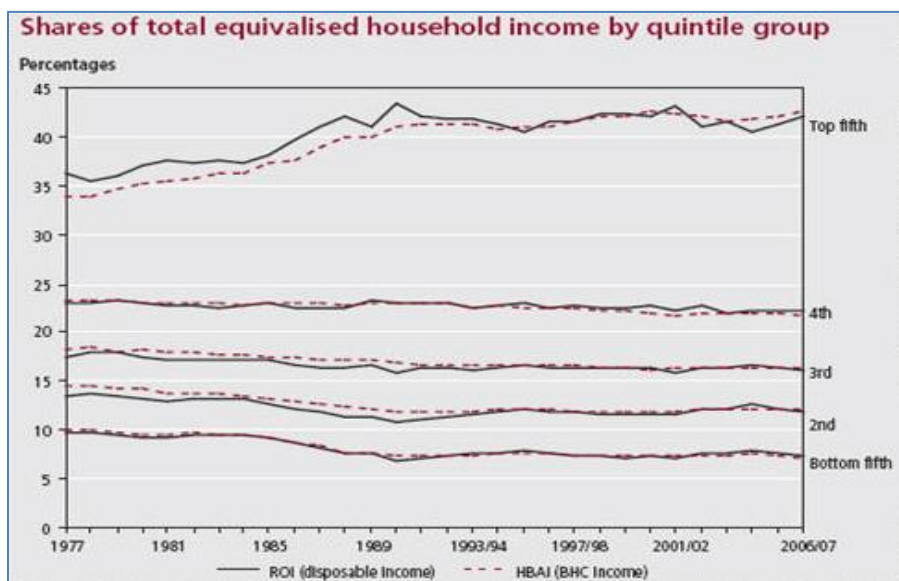
- 4.41 In developing policy for Local Plans it is relevant to consider the pace at which new homes will be built in the future. This is a function of the availability of land but is also determined by the general market environment in which new development will come forward. Land is a necessary, but not sufficient, requirement to secure development of new homes. It is important to acknowledge that anticipating the strength of demand for new homes over anything more than a 5 year period is challenging. However, some elements of the economic, financial and political environment can be anticipated over the next 10 years.
- 4.42 The prospects of economic recovery have been discussed previously in this section. Broadly it is reasonable to expect the period to 2020 to be characterised by recovery from the economic recession, though with potential downside risks. The study area will benefit from the fact that London and the South East will lead the UK recovery being the regions with the strongest economies.
- 4.43 The macro-economic context has an important bearing on levels of house-building in at least four important dimensions.
- The level of growth in the economy affects household incomes. These are closely linked to earnings. Demand for new homes is boosted when household incomes are growing.
 - A faster growing economy will generate enhanced confidence among potential home buyers and confidence among house-builders to invest in increasing supply.
 - The macro-economic environment has a significant impact on the ability and willingness of mortgage lenders to lend to home buyers and of banks to lend to house-builders to expand supply.
 - The macro-economic environment has a major impact on the public finances and the ability of government to provide direct funding to support house-building
- 4.44 Below we discuss the key issues in relation to the dimension listed above.

Household Incomes

- 4.45 In general it can be said that, if average household income increase, the demand for housing will increase. This applies both in terms of the number of homes required: wealthy nations are characterised by having on average fewer people per household than poorer nations; and in terms of the size and type of home. Residents of richer nations are likely to buy or rent larger and better quality homes than those of poorer nations.
- 4.46 However, the distribution of wealth and income in a nation also has a bearing on the type of housing requirement and in particular on the demand for market homes, the balance of renting and owner occupation and the need for subsidised housing. Changes in the economies of advanced nations have led to increasing income inequality over time.

4.47 The figure overleaf shows how, over time, the share of overall household incomes captured by those in the richest 20% of households has increased, while those households with the lowest 20% of household incomes are over time receiving an increasingly smaller proportion of total household incomes. The 2nd bottom and 3rd bottom quintile groups are also receiving a declining share of all household income.

Figure 14: Household Income by Quintile



Source: The distribution of household income 1977 to 2006/07, Statistics Commission, December 2008

4.48 Though the chart only goes up to 2006-07, various studies indicate that the pattern evident from the 1970s has continued. Reductions in welfare payments over the past three years are likely to have reduced the incomes of the lower quintile. However a major drive of change is the growth of the hour glass economy – an economy with a good number of highly paid jobs, a large number of low paid jobs, but shrinkage of the number of jobs paying middling wages.

4.49 The implication of this trend is that the requirement for affordable housing is likely to continue to rise, and particularly so if house prices increases faster than average incomes.

Mortgage Lending and Interest Rates

4.50 It seems probable that mortgage lending volumes will increase slowly as the economy recovers and through government initiatives (discussed in further detail below). However it seems likely that there will be a long-lasting change in lending practices so that there will be no return to the volumes of mortgage lending of the mid 2000s. This will be the product of a number of factors:

- Tighter regulation of banks and building societies associated with the Basel III banking rules, which will require banks to hold more core capital and limit leverage
- Tighter regulation of mortgage lending set out in the FSA's Mortgage Market Review will require all borrowers to prove their income, and tougher criteria relating to interest only mortgages
- On-going concerns about the capitalisation of banks and their exposure to sovereign debt is likely to continue to inhibit use of wholesale funding to allow enhanced mortgage lending

4.51 Offsetting these effects, it is probable that the effects of the Government's Funding for Lending scheme will start to be apparent in mortgage lending statistics in due course. This will give a boost to mortgage lending in the current constrained environment. Already there is evidence that the scheme has reduced lending costs for those taking out mortgages. The Help to Buy mortgage guarantee scheme to be launched early in 2014 for a three year period will also boost mortgage lending if implemented.

4.52 Also on the positive side, the Bank of England looks set to keep interest rates low for as long as economic weakness persists. The new Governor has stated he intends that interest rates will stay at 0.5% until unemployment falls to 7%, which the Bank does not expect until mid-2016. This will help both those who have mortgages and new borrowers, by reducing the cost of servicing mortgages. It is also expected to boost buy-to-let investment supported by cheap mortgages. However when mortgage rates do rise, this will dampen demand for mortgages, though this is likely to be offset by the beneficial effects of more robust economic growth.

Government Intervention in the Housing Market

4.53 The Coalition Government has introduced a variety of initiatives to boost the housing market, but it is important to remember in assessing these that capital funding for affordable housing in the current spending review period (2010-2014) was reduced by around 60% measured on an annual basis, compared to the previous Spending Review Settlement. Many of the new initiatives have involved guarantees and loans which, while helpful, do not compensate for the reduction in grant funding for affordable housing.

4.54 The 'Help to Buy' scheme announced in the March 2013 Budget in particular needs to be assessed in terms of the contribution it will make to boosting the demand for housing nationally and whether this will be reflected in the study area. The Help to Buy initiative consists of two elements:

- Help to Buy Option 1 is essentially a replacement for the existing First Buy scheme but with much wider eligibility criteria. It is an equity loan scheme targeted at buyers of new homes, with provision of additional government funding for the provision of equity loans. The scheme came into operation in April 2013 and First Buy has been discontinued.
- Option 2 of the Help to Buy scheme entails the provision by Government of a mortgage guarantee to mortgage lenders. The intention is that the scheme will encourage mortgage lenders to lend at high loan to value ratios – up to 95% of the value of a property – by providing

a guarantee against possible losses. The aim is that this will allow those with only a 5% deposit to buy homes. It is planned to come into operation early in 2014.

- 4.55 Wessex Economics' appraisal of the two schemes is that Option 1 will have the more positive impact on housing supply, because it is limited to those buying new homes. Prior to the launch of Help to Buy, the house-building industry was already reporting that between a quarter and a third of sales were associated with government supported schemes such as First Buy and New Buy.
- 4.56 The house-builders have also reported strong interest in the Help to Buy Option 1 scheme in its first 4 months of operation, and CLG has indicated that there have been 10,000 reservations for house purchase using the scheme. While the scheme is not wholly additional (it replaces and rebrands funding for First Buy), it will support an element of additional demand for new homes. It also helps the house-builders since they will no longer tie up their own capital in equity loans that in the past they have part funded.
- 4.57 It would appear that the scheme has been launched at just a point in time when consumer confidence has started to return to the market, and the Funding for Lending scheme is starting to feed through into the greater availability of mortgage lending. Take up seems likely to be significant, but the house-building sector will respond in part by increasing output, in part by taking advantage of firmer pricing for small units to increase profits.
- 4.58 The Government announced in the Spending Review a further £1.3bn for Help to Buy Option 1 in 2015-16 and states that by 2015-16 the scheme is expected to have supported 74,000 new build sales (c 24,650 pa equivalent to 30% of current levels of private sector house-building completions).
- 4.59 In contrast Help to Buy Option 2 will have uncertain effects on the new build housing market, since the scheme can be used to underpin purchase of any house, existing or newly built, up to a value of £600,000. The details of the scheme have still to be worked out, and it will not be launched until early 2014. It is intended to run for a three year period. The equivalent New Buy scheme, which was targeted on new homes, got off to a slow start in 2012.
- 4.60 It is not clear how the scheme will contribute to boosting housing supply, other than freeing up turnover in the housing market. In the past 5 years, low levels of housing transactions, and the relative absence of first time buyers, has made it more difficult for those wanting to buy a new home, to find a buyer for their existing home.
- 4.61 The lack of any obvious linkage between the Option 2 Help to Buy scheme, has led a number of commentators including staff from the Office for Budget Responsibility, the Governor of the Bank of England, and the IMF to express concerns that the scheme may inflate house prices rather than add to supply. However, the launch of Option 1 has caught the public imagination and this,

combined with an improving economy, could lead to significant take up of the scheme – provided an agreement on the detail can be reached with lenders.

The Spending Review

- 4.62 The slow growth of the economy has led the Government to regularly revise its plans for debt reduction. The implication is that, assuming deficit reduction is pursued by whatever government is in power, there will be little scope to increase direct government expenditure on supporting housing development. The Government announced its spending review on 26th June 2013. The next general election is scheduled for May 2015.
- 4.63 The Coalition Government have identified cuts of £11.5 bn in departmental expenditure for 2015-16, with a number of departments facing cuts of in excess of 20% of their 2010-11 baseline budget.
- 4.64 Of course much government support for house-building comes out of capital budgets. The new announcement in the Spending Review was that £3.3 bn of new funding would be provided for affordable housing between 2015-16 and 2017-18, to support the delivery of 165,000 new homes. This represents £20,000 per affordable home. This, along with announcement on the rent regime for affordable homes, gives the current affordable rent programme an extension of 3 years.
- 4.65 Notwithstanding the Chancellor's indication that he will increase capital expenditure by £3.3 billion pa from April 2015, this will only go some way to offsetting the reductions in the housing capital budget made in 2010. By 2015 the shortfall in overall capital spending compared to the baseline 2009-10 figure will be some £42 billion.

The Behaviour of the Development Industry

- 4.66 It is important to appreciate that identifying land through local planning processes does not guarantee that land comes forward on a sufficient scale to increase the overall supply of new homes. Development land is a necessary, but not sufficient, condition to expand the supply of new homes. Viability considerations may constrain allocated land for new house-building coming forward. Likewise the behaviour of landowners and developers may mean that land that has been allocated for development is only developed at a pace consistent with maximising returns, rather than maximising the volume of new homes built.
- 4.67 It is also important to note that, at the national level, the house-building industry has lost capacity over the last five years. Virtually all the major house-builders have weathered the storm, and have refinanced their activities and have enjoyed significant recovery in share prices. However they have reduced their capacity compared to the years of peak output, and are likely to maintain their focus

on delivering profit, and will not chase volume if this comes at the expense of profit. Many medium and small house-builders have gone out of business.

- 4.68 The biggest loss of capacity has probably been among those developers who were active in developing apartment blocks in regional cities. The whole industry outside of London is now focused more on building houses than flats, with London and the Greater South East the most buoyant markets. Ashford, Maidstone and Tonbridge & Malling are part of this market area, and therefore the part of the country where developers are most interested in increasing the volume of new house-building. But house-builders will always be wary of increasing output if this reduces margins and exposes them to additional risk.

Overall Assessment of Housing Market Prospects

- 4.69 It is early days to say that the green shoots current seen are the start of a sustained recovery, but the better than expected growth figures for Q2 2013 have generated some optimism, and confidence itself is a factor that is likely to foster growth as businesses start to invest. There is evidence of emerging confidence in the house-building sector, with listed house-builders performing well in terms profits and share prices.
- 4.70 Wessex Economics' assessment of the overall housing market context for the next five years, are that sales volumes will pick up, indeed are already picking up, as the economy improves; as mortgage availability, supported by government measures, improves; and as buyer confidence recovers. The implication of these general improvements in the housing market is that demand for new homes will increase as a consequence. London and well-connected parts of the South East will lead the way; however, growth and recovery is in the main likely to be gradual rather than sharp.
- 4.71 It is reasonable to expect therefore that the overall level of private sector house-building will grow from the current historically low levels. However, this is likely to occur in a measure manner as house-builders seek to enhance profitability but minimise the risk of depressing sales values by putting too much supply into what are still relatively fragile market conditions. Overall capacity in the house-building sector is also less than in the period 2005-7 and this, coupled with a degree of uncertainty over market and demand prospects beyond current government initiatives (assuming the wider economy remains relatively muted) is also likely to instil a degree of longer-term caution and hold back a return to very high volumes of building.
- 4.72 The steady recovery of private sector house-building volumes may be in part offset by reduced output of affordable housing as funding for affordable housing remains constrained and possibly falls from current levels. Registered Providers may move into developing market rent or homes for

sale, but this will probably not fully compensate initially for reduced delivery of affordable homes. It will take time for Registered Providers to build their capability in these areas.

- 4.73 However along with increased delivery of new homes for sale, there will be an increased requirement for affordable housing. The distribution of household incomes in the UK is becoming more polarised over time, with an increased proportion of national income captured by those in higher income brackets and those in middle and lower income groups. On balance this increases the requirement for affordable housing over time, even when the overall wealth of the nation is increasing.
- 4.74 The London and Greater South East markets will continue to be the most robust markets, given that London and the South East outperforms the rest of UK in terms of economic growth, employment, earnings and historic housing wealth.

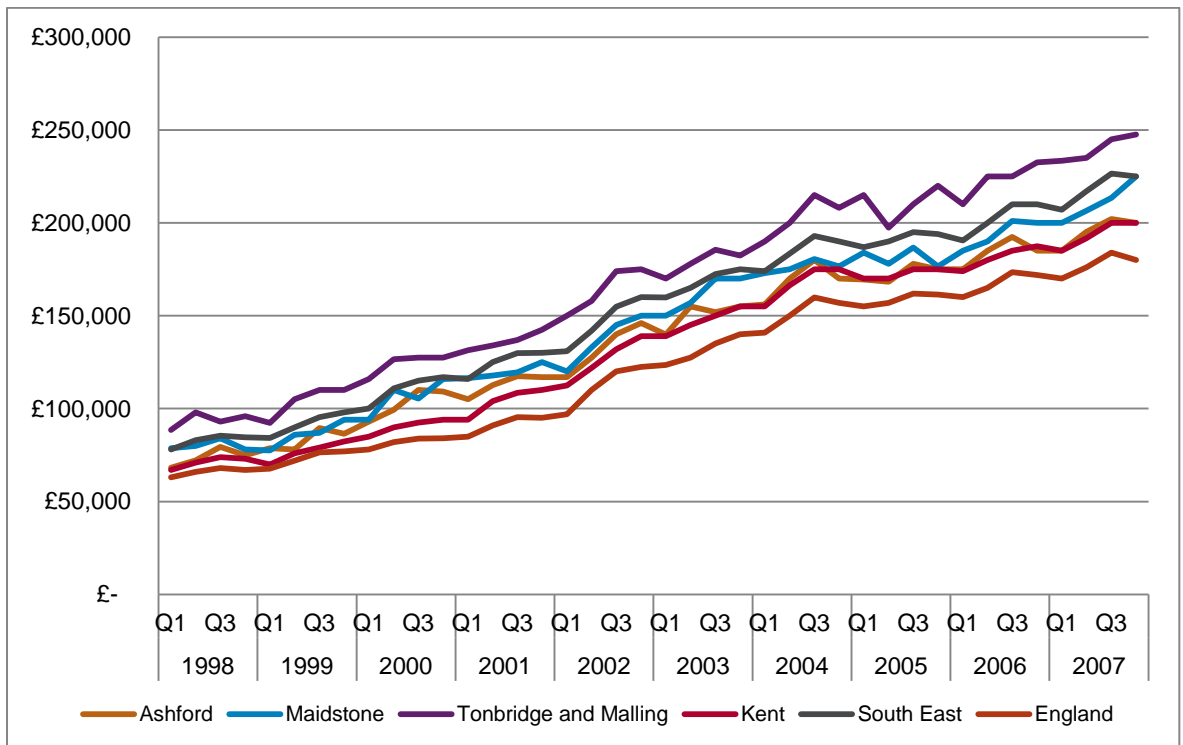
Local Market Dynamics: Demand Indicators in Ashford and Kent

House Prices and Trends

- 4.75 Across the borough of Ashford, the average (mean) house price in 2012 was £229,500 whilst the median was £190,000. Prices in the Ashford HMA (which includes the two wards of Maidstone Borough⁷), were slightly higher at £230,500 (mean) and £199,950 (median).
- 4.76 The figure below profiles house prices in Ashford and surrounding districts from 1998 to 2007 (i.e. the pre-recession decade). Over this period, Ashford experienced price growth of 19.3% per annum, slightly above the regional trend (18.8%) but slightly below the Kent average (19.9%).
- 4.77 Prices in the borough grew at a faster rate than comparator areas between 1998 and 2001, suggesting a comparatively greater supply/demand imbalance. However, price growth in the borough slowed significantly between 2001 and 2007 to around 12% per annum, significantly below the Kent average (17%) and surrounding areas such as Maidstone (14%). Whilst this may in part reflect the type of properties built, it also suggests that supply and demand in Ashford were more closely aligned than in comparator areas over this “boom” period.

⁷ Harrietsham and Lenham; and Headcorn wards.

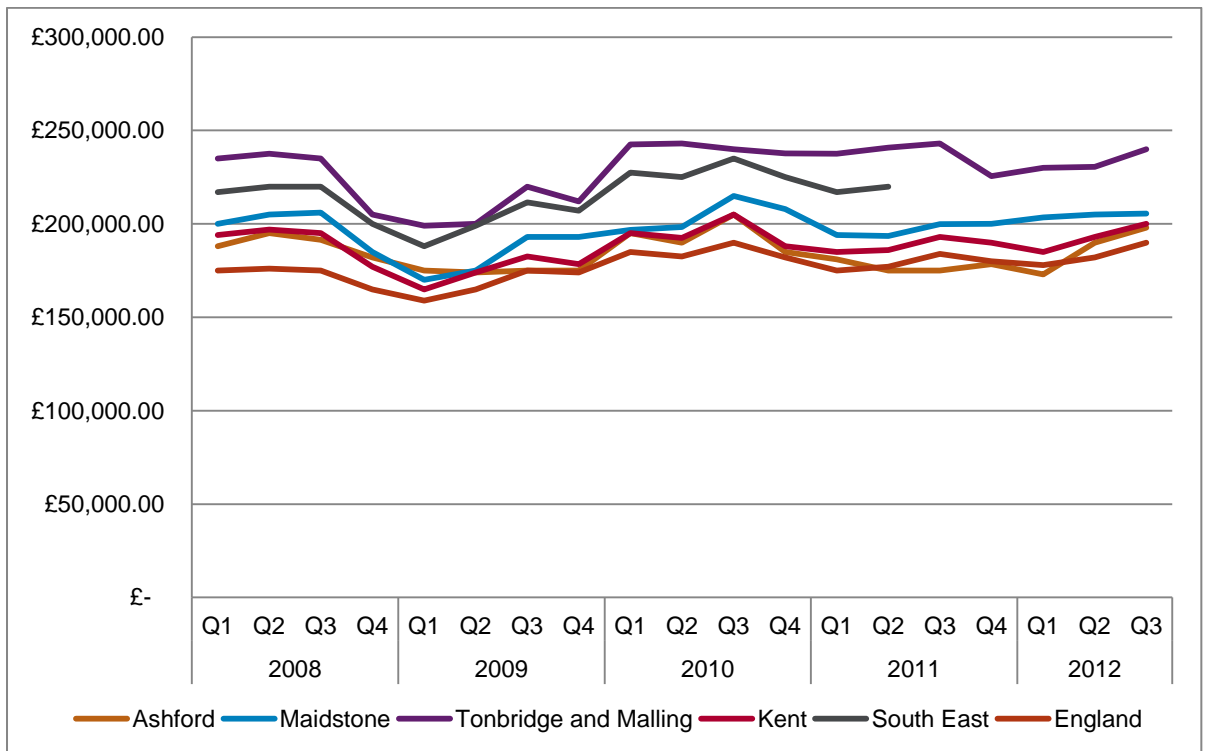
Figure 15: Median House Price Trends, 1998 - 2007



Source: CLG Table 582 – Median House Prices (Quarterly)

4.78 Since 2007 trends in house prices have naturally been very different, unsurprising given the economic backdrop. All areas posted notable price falls in late 2008/early 2009 at the onset of the recession. What is however notable from the chart is that the decline was not as steep in Ashford as it was in the adjoining study authorities (or the South East more generally), indicating perhaps greater resilience of the local market. Prices then rose slightly and plateaued; a pattern replicated across all areas. Compared to the peak in mid/late 2007, the median house price in Ashford late 2012 was around 3% down, however, this is broadly comparable to surrounding authorities in Kent. In real terms (stripping out inflation), housing has fallen in value in all areas reflecting higher supply than demand.

Figure 16: Median House Price Trends 2008 – 2012



Source: CLG Table 582 – Median House Prices (Quarterly) Data set for South East is no longer produced by DCLG

- 4.79 Table 8 overleaf shows the comparative average house price by housing type for Ashford borough and the wider HMA between April 2012 and March 2013. It shows that, across almost all house types, Ashford experiences very slightly lower prices than the HMA, suggesting that those parts of the HMA with Maidstone Borough have higher prices, thus “pulling up” the average. Relative to other types, there is also an evident “premium” for detached properties.
- 4.80 However, the table also demonstrates that prices in Ashford over the past year have been slightly below the regional average for all property types, and similarly lower than prices in the adjoining Maidstone HMA. This indicates that there may be somewhat less “heat” in the Ashford market.

Table 8: Mean House Prices (2012)

	Ashford		Ashford HMA		Maidstone HMA		South East
	Mean	Median	Mean	Median	Mean	Median	Mean
Detached	£333,800	£285,300	£336,000	£288,500	£382,600	£340,000	£363,900
Semi-detached	£197,300	£185,000	£202,800	£187,500	£228,300	£220,000	£206,900
Terraced	£169,300	£158,250	£173,800	£162,250	£186,400	£175,000	£163,100
Flat	£107,500	£137,000	£125,500	£109,000	£146,400	£136,000	£129,200
Overall	£229,500	£190,000	£230,500	£199,950	£235,300	£209,000	

Source: HM Land Registry/GLH Analysis

- 4.81 Differences in house prices across the sub-markets can also inform us about relative demand in different areas for different housing products. The table below indicates significantly lower prices in the Ashford Town Sub-Area compared to the Rural Sub-Areas. Whilst this is likely to be skewed somewhat by property types, we can also see that average prices in the town area across all property types are lower. This demonstrates to some extent the popularity of the major villages and services centres in Ashford with buyers.
- 4.82 Ashford Rural North (including Charing etc.) has the highest overall average house prices (mean). However, there are some interesting trends within the rural areas; for example Ashford Rural South has a particularly high average price for flats which at almost £230,000 is nearly £50,000 higher than any of the other sub areas, yet it has the lowest average prices for semi-detached properties of all of the rural sub-markets.

Table 9: Mean House Prices by Sub Area and Type (2012)

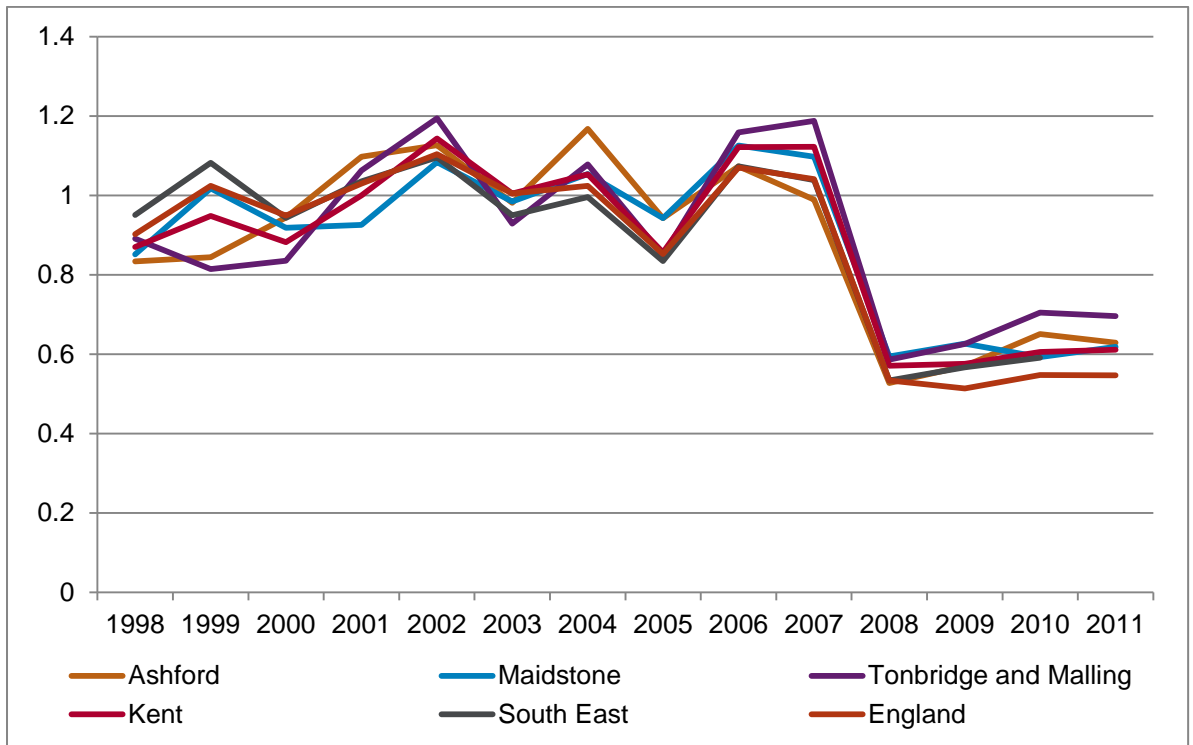
	Detached	Semi-detached	Terraced	Flats	Overall
Ashford Rural North	£431,500	£280,600	£264,300	£130,500	£350,200
Ashford Rural West	£424,400	£233,500	£160,200	£171,400	£331,600
Ashford Rural South	£426,800	£209,900	£241,200	£229,800	£332,900
Ashford Rural East	£380,200	£262,700	£192,000	-	£317,900
Ashford town	£252,700	£185,400	£156,300	£103,900	£183,000

Source: HM Land Registry

Sales Trends and Effective Demand

4.83 We next seek to look in further detail at the profile of sales as this represents an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. The chart below benchmarks annual sales across Ashford, adjoining districts and wider geographies over the 1998 to 2011 period. It uses an index where 1 is the average annual sales over the 1998-2007 decade (prior to the credit crunch).

Figure 17: Indexed Analysis of Sales Trends (1998 – 2011)



Source: HM Land Registry/ CLG Table 588

4.84 The graph shows the significant impact of the economic downturn and subsequent “credit crunch” on effective demand. Across Ashford and for that matter all of the comparator areas, the number of transactions halved between 2007 and 2008 as buyers withdrew from the market due to the economic uncertainties and lack of mortgage finance.

4.85 More importantly, since 2008 we have seen little evidence of meaningful recovery in sales in Ashford or indeed across the South East. More recent industry commentary suggests sales have picked up so far in 2013, primarily driven by Government backed initiatives such Help-to-Buy.

4.86 We have also analysed sales levels in the various sub-markets over the past year. The most significant transaction activity was understandably in the Ashford town area given its larger stock and more urban character. The area also saw a higher “turnover”, with around 11% of the owner

occupied stock changing hands over the past year. The more rural sub-areas experienced generally lower levels of stock turnover; however, there was a notably low turnover in the Ashford Rural East area.

Table 10: Sub-market sales volumes (2012)

	Sales	Owner Occupied Stock	Turnover (%)
Ashford Rural North	195	3,709	5.3%
Ashford Rural West	233	3,050	7.6%
Ashford Rural South	271	3,847	7.0%
Ashford Rural East	137	4,112	3.3%
Ashford town	1,997	17,967	11.1%

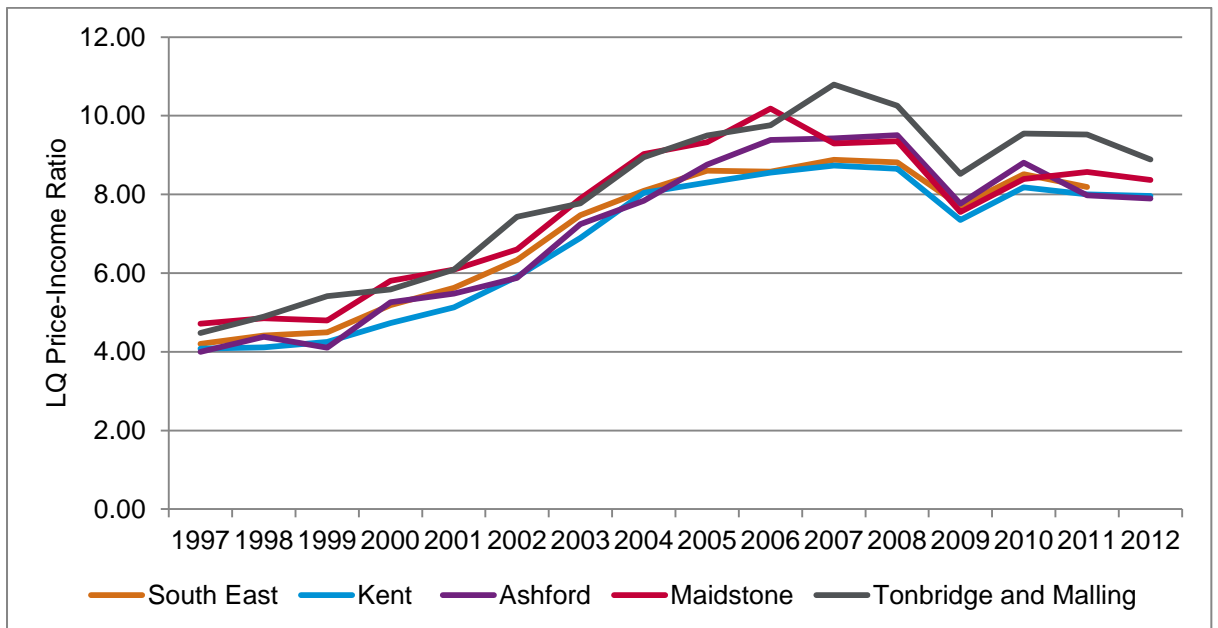
Source: HM Land Registry/GLH Analysis

Affordability of Market Housing

Price-Income Ratios

- 4.87 In line with the draft planning practice guidance, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and incomes. As a general observation, we can see that across all areas the affordability of property has worsened quite markedly over the past 15 years; however, the pattern of affordability across Kent quite closely mirrors that seen across the wider South East.
- 4.88 Lower quartile affordability in Ashford has also quite closely tracked the Kent and South East average across the analysis period with only limited divergence from the county trend, even during the height of the market in 2005 to 2007. In contrast, both Maidstone and Tonbridge & Malling saw affordability worsen at a more rapid rate than the Kent and South East average during the early to mid-2000s as the market “boomed”, suggesting that in a high demand market, these areas are likely to experience more acute affordability issues than Ashford.
- 4.89 Since the recession, affordability in Ashford has improved, with the ratio falling from a peak of 9.50 in 2008 to a current ratio of 7.90. Ashford is now comparatively more affordable than the Kent average (albeit marginally) and the two other study authorities, with Tonbridge & Malling experiencing the most acute affordability issues.

Figure 18: Lower Quartile Affordability Trend (1997-2012)



Source: CLG affordability ratio table

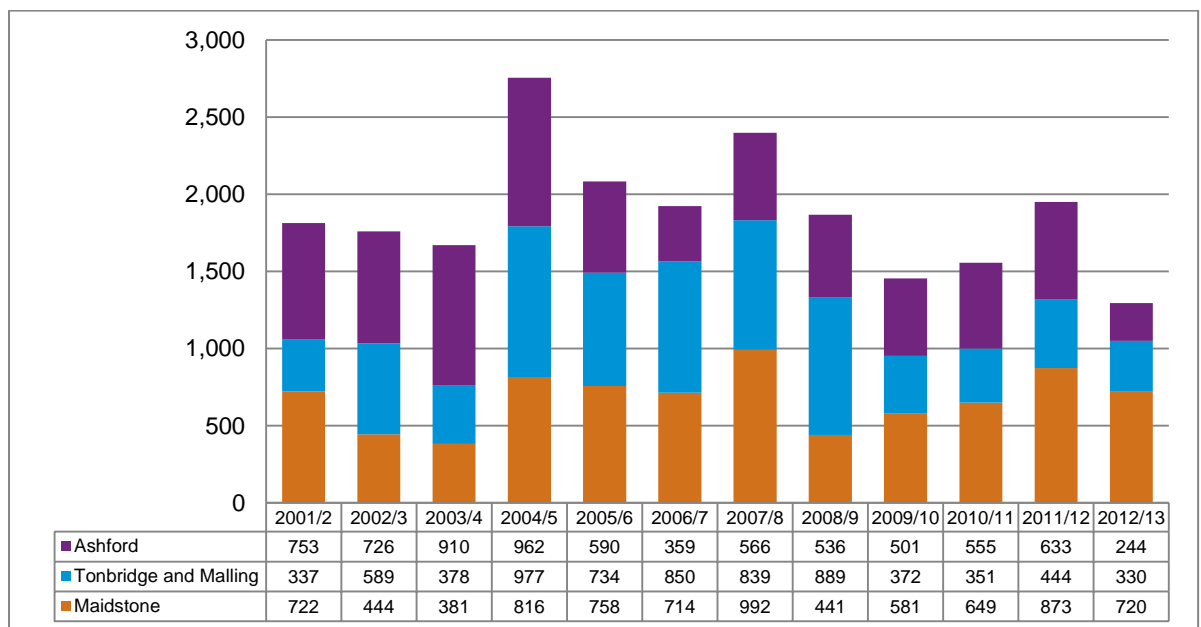
Rates of Delivery and Supply

- 4.90 The chart overleaf shows recent net housing completions in Ashford (as well as Maidstone and Tonbridge & Malling given the overlap in HMAs). We have considered the period since 2001/02 as this provides a meaningful timeframe and demonstrates supply across the market cycle.
- 4.91 Since 2001, a total of 21,222 net new homes have been delivered across the three authorities, equivalent to around 1,930 per annum. In spatial terms, this has been evenly split across the three authorities with Maidstone delivering 35%, Ashford 33% and Tonbridge & Malling 32% of the total.
- 4.92 In terms of trend, the number of net completions across the three districts has varied somewhat over the past 11 years. In the early 2000s, average delivery of around 1,750 homes per annum was sustained. This rose sharply in 2004/05 to in excess of 2,700 before stabilising at around 2,000 homes per annum in the period to 2008. This was a period characterised by high demand and liquidity in finance (both development and mortgage) and in our view is a good barometer of the capacity of the market and industry within the combined Ashford/Maidstone HMAs to deliver in a healthy economic environment.
- 4.93 It is at this point, we see the impact of the recession on housebuilding, with completions falling to less than 1,500 units in 2009/10 and only just above that figure in 2010/11, around 25% below the levels sustained during the “boom” period. Completions then picked up notably in 2011/12 to just

under 2,000 across the three authorities before dropping again in 2012/13 suggesting some on-going uncertainty in the market.

4.94 Looking at Ashford specifically, housebuilding has varied considerably on an annual basis over the past decade. Completions rose steadily in the early 2000s, peaking at 962 in 2004/05. Delivery then dropped off sharply for the next two years to a low point of approximately 360 in 2006/07. After this point, we see a slight improvement in delivery performance with completions stabilising at around 500-600 homes per annum in the five year period to 2011/12. However, the most recent data shows a substantial drop in completions in 2012/13 again illustrating a degree of on-going market uncertainty.

Figure 19: Net Completions 2001/2-2012/13



Source: Council Completions Data (from AMRs)/CLG completions data

4.95 In the period from 2006-13 there were 1,109 affordable housing completions in the Borough (data provided by the Council). This represents around a third of the total number of net housing completions shown in the table above.

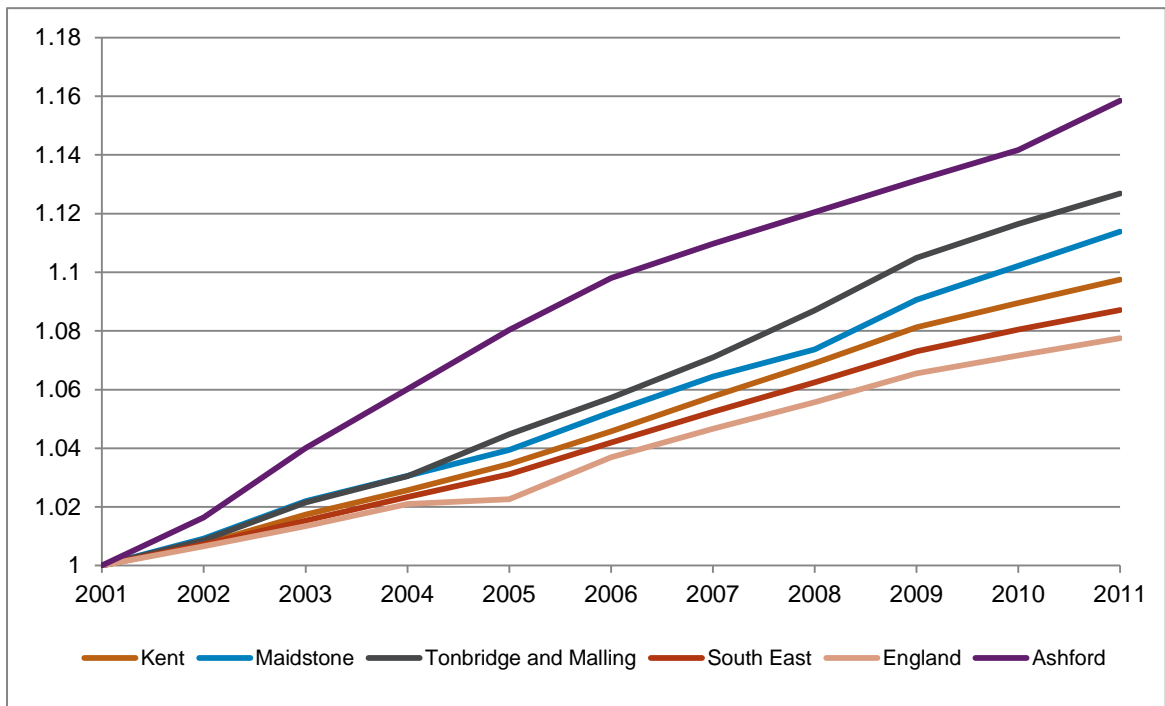
4.96 In line with guidance, it is particularly important to analyse the historic rate of development relative to planned supply. The table below sets out the compares recent delivery to planned supply across each of the three study authorities.

Table 11: Historic Supply Targets

	Targets	Planned supply (2001-13)	Actual delivery (2001-13)	Over/under-delivery
Ashford	3,500 (2001-2006) 16,770 (2006-2021)	11,326	7,335	-3,991
Tonbridge & Malling	2,200 (2001-2006) 9,000 (2006-2026)	5,350	7,090	1,740
Maidstone	2,300 (2001-2006) 11,080 (2006-2026)	6,178	8,091	1,913
Total		22,854	22,516	-338

- 4.97 This shows that across the three authorities as a combined study area, historic delivery has been broadly on par with planned targets with only slight under-delivery of 338 units. However, there is considerable difference in the performance of individual authorities. Whilst both Maidstone and Tonbridge & Malling have delivered significantly above planned levels, there has been significant under-delivery in Ashford against South East Plan targets in the initial years of the Plan, of almost 4,000 units over the analysis period to 2013.
- 4.98 This under-delivery in Ashford does however need to be set in context. As the table above shows, the borough was subject to substantial housing targets, particularly compared to the other study authorities, as part of its growth area status within the South East Plan. Substantial urban extensions were allocated to deliver the growth; however, with the onset of the recession, there was little market appetite to deliver the planned large scale growth.
- 4.99 In addition, it is also useful to consider the rate of growth in the overall housing stock. As the chart below demonstrates, despite this under-delivery, Ashford has experienced significantly higher growth in the housing stock over the past decade (1.58% p.a.) compared to surrounding areas and wider comparators such as Kent (0.97% p.a.). Based on our experience in similar studies, this growth rate is consistent with, if not slightly stronger than, the level which we would expect the market to support in an area with the market characteristics of Ashford. On this basis, there is little evidence that previously delivery would have suppressed household formation in Ashford over the recent past.

Figure 20: Housing Stock Growth (2001-2011: 2001=1.00)



Feedback from Estate and Letting Agents

- 4.100 To supplement the statistical analysis, GL Hearn has sought to discuss housing market dynamics in Ashford Borough with a selection of local estate and letting agents. This provides a qualitative assessment of market dynamics as at July 2013.
- 4.101 Estate agents have suggested to us that we have seen increased bank lending and buyer confidence in 2013, with some 'ripple effect' arising from London. In Ashford buyers include a mixture of local buyers and commuters. House prices have generally been relatively stable over the past year; but sales volumes are improving with houses selling better than flats and particular demand for 3-bed homes.
- 4.102 In Ashford semi-detached and detached properties, and those valued at under £300,000 are performing best. There is a shortage of 3- and 4-bed family homes for sale at the current time. Rental values in the town average £800 per calendar month (pcm).

Stakeholder Workshop: Headline Findings

- 4.103 To supplement the quantitative analysis of market signals, a dedicated stakeholder workshop with house-builders, registered providers and agents active in the local market was held in order to

derive an “on the ground” view of activity, demand and pricing in the local market. Headline findings are set out below and we include in Appendix B the detailed notes obtained from the session.

- The local market has experienced some recovery from the bottom of the market in 2007; however, recovery has been variable across different segments of the market and in different areas.
- Recovery in demand for family homes has been stronger (particularly small family homes) whilst flats remain muted. Higher value rural locations and areas traditionally linked with the London market recovering more strongly whilst some parts of Maidstone and Ashford are behind the curve.
- Future recovery is likely to be gradual; however, in higher value areas demand and pricing pressures could return to the market more rapidly.
- Improving access to mortgage availability will be critical to the market recovery. Help-to-Buy is greatly assisting and has boosted demand; particularly in terms of the return of first-time buyers.
- There is a need for greater choice in land supply with smaller
- The private rented sector continues to grow apace; however, there is a need to ensure it is aligned with need and that standards are maintained. Demand for older persons housing and retirement accommodation is also strong.

Key Implications

- 4.104 Housing demand can be understood through a number of influences including short-term macro-economic factors around employment and earnings through to longer-term changes in the demographic make-up of an area.
- 4.105 We have seen a fundamental shift in housing market conditions since 2007 driven by banks’ more cautious approaches to lending. Effective market demand has declined substantially; with sales evidence suggesting it was 40% down in 2012 on ‘normal’ market conditions seen in most of the decade to 2007. There is some evidence of a recovery in the market. An improving economic backdrop and the Government’s Help-to-Buy scheme in particular are having a positive short term impact on the new-build market.
- 4.106 As was the pattern across the country, prices in Ashford fell markedly in 2007/08; however, evidence does suggest the falls were less pronounced compared to adjoining areas (and the South East more generally), suggesting somewhat greater resilience in the local market. At any rate, evidence suggests that across all property types, average prices in the Ashford area are lower than those in the nearby Maidstone HMA and more generally across the South East.
- 4.107 For those who can afford a deposit, housing and mortgage payments are now as affordable as they were in the late 1990s due in large part to historically low interest rates. The latest evidence on lower quartile affordability also compares favourably to levels seen in the mid-2000s.

- 4.108 Differentials in prices and apparent demand for housing can also vary within quite small areas related to the quality of place such as schools and general environment. The impact of these drivers can be seen in Ashford for example through different pricing of homes in different areas. Price evidence at a sub-market level indicates the popularity of the borough's villages and service centres, with all of the rural sub-areas showing higher average prices than the main urban area.
- 4.109 The evidence indicates that Ashford Borough is comparatively more affordable than surrounding areas. There is no evidence of a divergence between the borough and wider comparator areas with the borough's lower quartile affordability ratio closely tracking the regional and county average over the past 15 years.
- 4.110 Whilst there has been significant under-delivery of housing (almost 4,000 units) against planned targets in Ashford over the past decade, this needs to be set into context. In particular, it is important to recognise that delivery of planned major urban extensions to meet the growth area targets has been stymied by a lack of market appetite during the recession. Furthermore, despite this under-delivery against target, growth in the housing stock in Ashford over the past decade (1.58% p.a.) has far outstripped surrounding areas and the Kent average (0.97% p.a.). Growth of this magnitude is consistent with, if not slightly stronger than, the level which would be expected given market characteristics of borough and as such there is little evidence that household formation is likely to have been suppressed in Ashford due to past under-delivery.
- 4.111 Overall, we do not consider that the market signals indicate the need for an upward adjustment to the overall housing numbers at a HMA or borough wide level.

5 DEMOGRAPHIC AND ECONOMIC CONTEXT

5.1 In this section, we consider the socio- economic characteristics of the HMA population as well as the characteristics of the economy and the labour market. The analysis here is focused on dynamics at a local authority level and sub-market area. Demographic projections and the derived housing requirements are discussed and presented in the following section.

Population and Population Change

5.2 The 2011 Census recorded that Ashford Borough had a population of almost 118,000, the lowest of the three adjoining study areas. The population of Ashford represents around 8% of the Kent population.

Table 12: Population, 2011

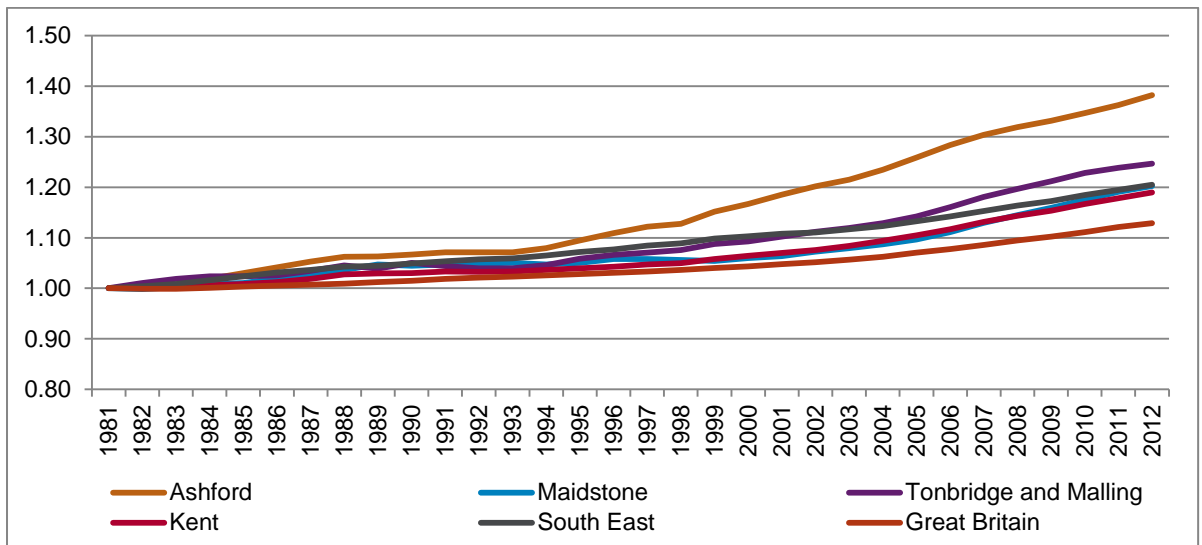
Population, 2011	
Ashford	117,956
Maidstone	155,143
Tonbridge and Malling	120,805
Kent	1,463,740
South East	8,634,750
England	53,012,456

Source: 2011 Census

5.3 We have benchmarked population change in Ashford since 1981 to understand how historic population growth in the borough compares to surrounding areas. What we can clearly see is that Ashford has seen comparatively (and quite substantially) higher historic growth in population, particularly since the early 1990s. The divergence from population growth levels seen across both Kent and particularly the wider South East is particularly notable with Ashford experiencing on average 1.45% population growth per annum over the past 20 years whilst Kent and the South East have experienced 0.76% and 0.70% respectively.

5.4 This comparatively high trend in population growth in Ashford somewhat belies the market and demand evidence which points to demand in Ashford being broadly comparable (if not slightly lower) than the surrounding two districts. Clearly, previous policies (particularly growth area status) will have been an important driver in this greater population growth, however; this comparative trend would indicate that there is unlikely to have been any notable household suppression in the Borough.

Figure 21: Population Change (1981-2011)



Source: ONS mid-year estimates

Age Structure

- 5.5 The population structure in Ashford borough broadly follows the structure encountered across Kent. People aged 0 – 19 years represent around 26% of the total population in Ashford, slightly above the regional (24.1%) and national average (24%). The proportion of over 65s in Ashford is comparable to the South East average at 23.4%.
- 5.6 Overall the population structure shows above average number of middle-aged families with children.

Figure 22: Population 5 Year Age Band

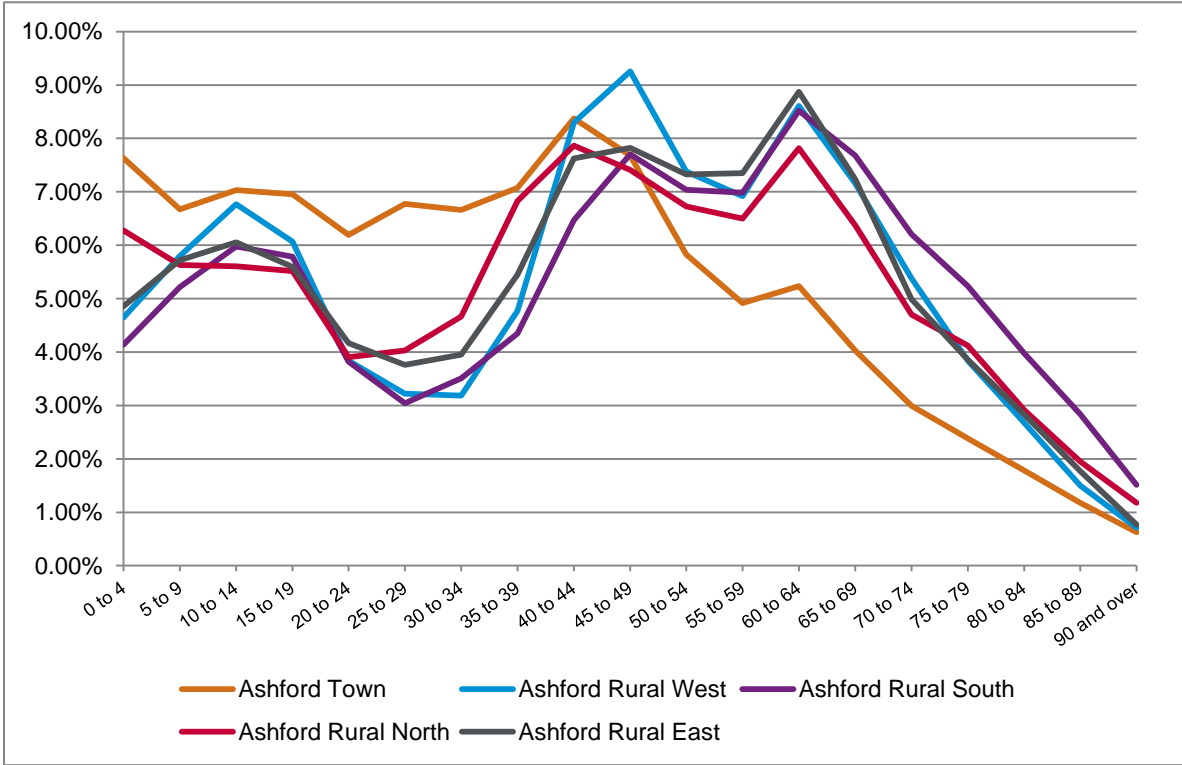


Source: 2011 Census

5.7 At a more local level, there is a clear difference in age profile across the various sub-markets. The Ashford town area has a far younger profile, with substantially higher proportions of its population in the under 35 age category (and most notably the 20 to 35 age category). This suggests a population geared towards younger households.

5.8 The comparison then switches in the over 50s age categories, with Ashford town having far lower proportions than the other sub areas. Population across the four rural sub-areas is dominated by those in the 40 to 70 age category, suggesting either more mature families or elderly households, typically those households likely to be (or approaching being) “empty nesters”. Ashford Rural South in particular has very high proportions of people aged over 85. This is an important dynamic when considered against the fact that the stock of housing in these areas is dominated by larger properties. This would not only suggest the benefit which could accrue from providing high quality smaller units to encourage downsizing in these areas (whilst enabling people to stay in their communities), but in Ashford Rural South in particular highlights the potential importance of delivering specialist housing.

Figure 23: Population by 5 Year Age Band – Sub Markets

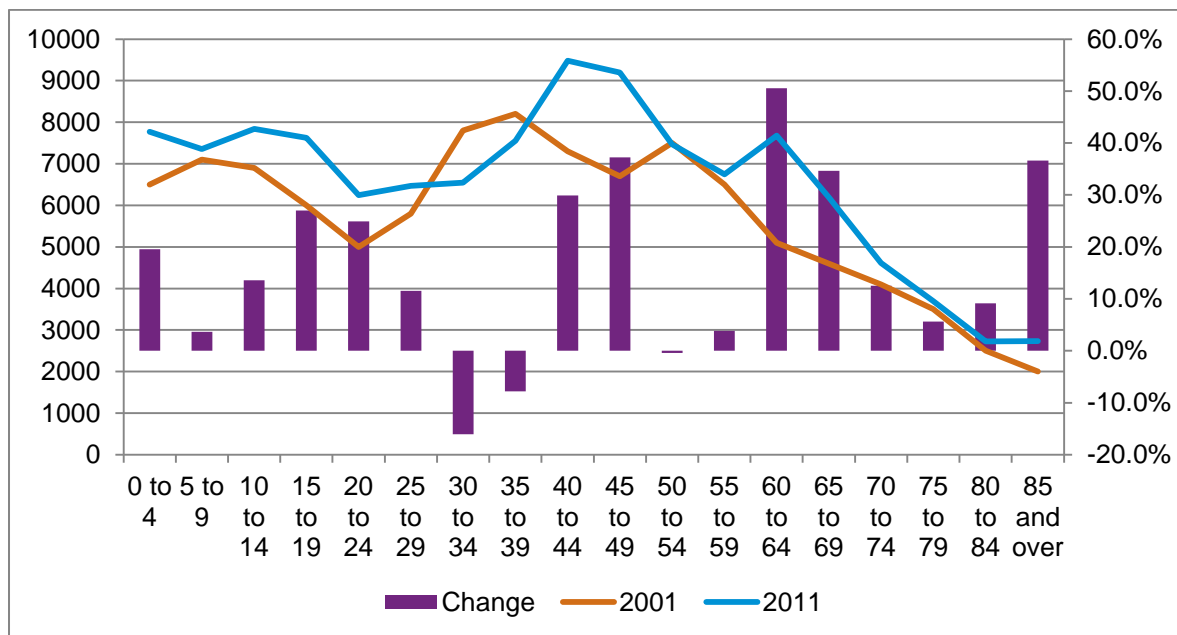


Source: 2011 Census

5.9 Since 2001, Ashford Borough has also seen increases in most age groups (simply as a function of population growth). However, there are particularly notable increases in those in the 60 to 64 and

65 to 69 age groups, as well as in the over 85s category, confirming a trend towards an ageing population. This has however been balanced to some extent by growth in younger age groups. It is also evident that there has been a decline in people aged 30 to 39 seen in the Ashford area, which is a function of the age structure.

Figure 24: Change in Population Structure in Ashford 2001 – 2011)



Source: 2011 Census

Ethnic Group

- 5.10 Table 12 below profiles the population by ethnic group from the 2011 Census. In Ashford, 90.5% of the population are White British/Irish. This is significantly higher than the corresponding figure for the South East region (86.2%) and England (80.9%), suggesting that the borough is not as ethnically diverse.
- 5.11 Comparing the population structure in Ashford to that of Kent, we can see that they are broadly similar, albeit again Ashford has a slightly higher proportion of White British/Irish residents.

Table 13: Population by Ethnic Group – Local Authorities

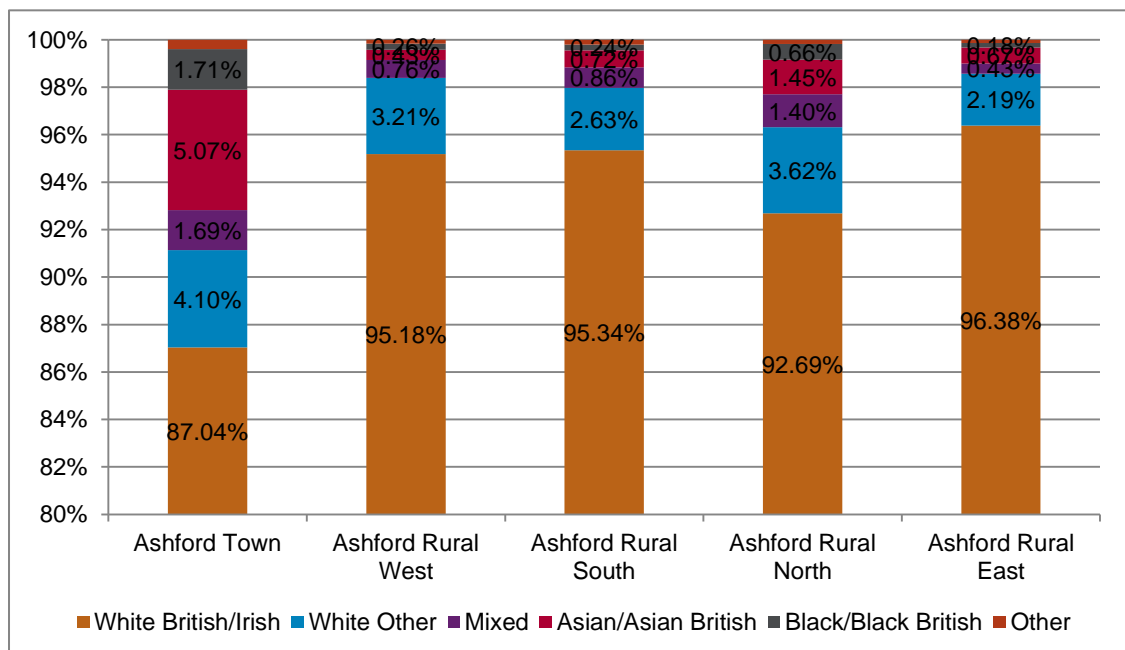
	White British / Irish	White Other	Multi Ethnic	Asian / Asian British	Black British	Arab / Other
Ashford	90.5%	3.2%	1.4%	3.4%	1.2%	0.3%
Maidstone	90.3%	3.8%	1.5%	3.2%	0.9%	0.3%
Tonbridge and Malling	93.4%	2.6%	1.4%	2.0%	0.3%	0.3%
Kent	90.1%	3.6%	1.5%	3.3%	1.1%	0.5%
South East	86.2%	4.4%	1.9%	5.2%	1.6%	0.6%
England	80.8%	4.6%	1.6%	7.8%	3.5%	1.0%

Source: 2011 Census

5.12 Looking at the submarkets within Ashford, Figure 25 below shows that the level of ethnic diversity is notably higher in Ashford Town than in the other sub-areas. However, Ashford town is still slightly less ethnically diverse than the regional picture. Most notably, Ashford town has a particularly high proportion of Asian/Asian British residents when compared to the other sub-areas and a greater representation even than the regional average. The proportion of Black/Black British residents in Ashford town is also similar to the regional average.

5.13 All of the more rural sub-areas have relatively low ethnic diversity with between 92.7% and 96.4% of the population being White British/Irish.

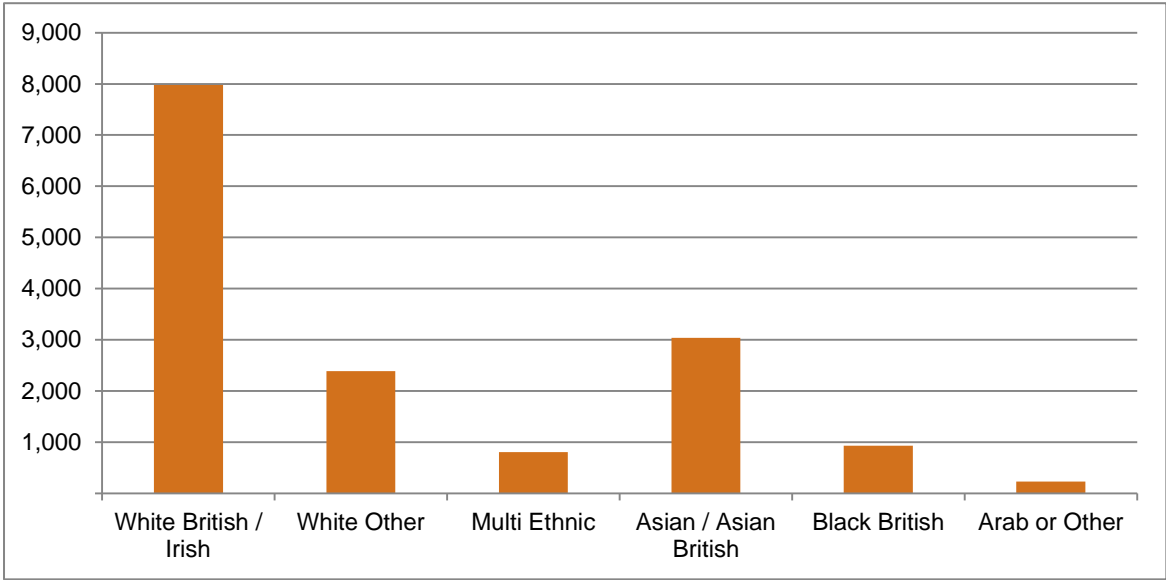
Figure 25: Population by Ethnic Group – Submarkets



Source: 2011 Census

- 5.14 Over the past decade, Ashford has become more ethnically diverse with the White British/Irish portion of the population falling from almost 96% in 2001 to around 90% in 2011.
- 5.15 The largest absolute increase in ethnic groups over the past decade was still seen in the White British/Irish (7,979 people); however, there was also large increases in the Asian/Asian British (3,035 people) and White Other (2,387 people) populations.

Figure 26: Change in Ethnic Composition (2001-2011)

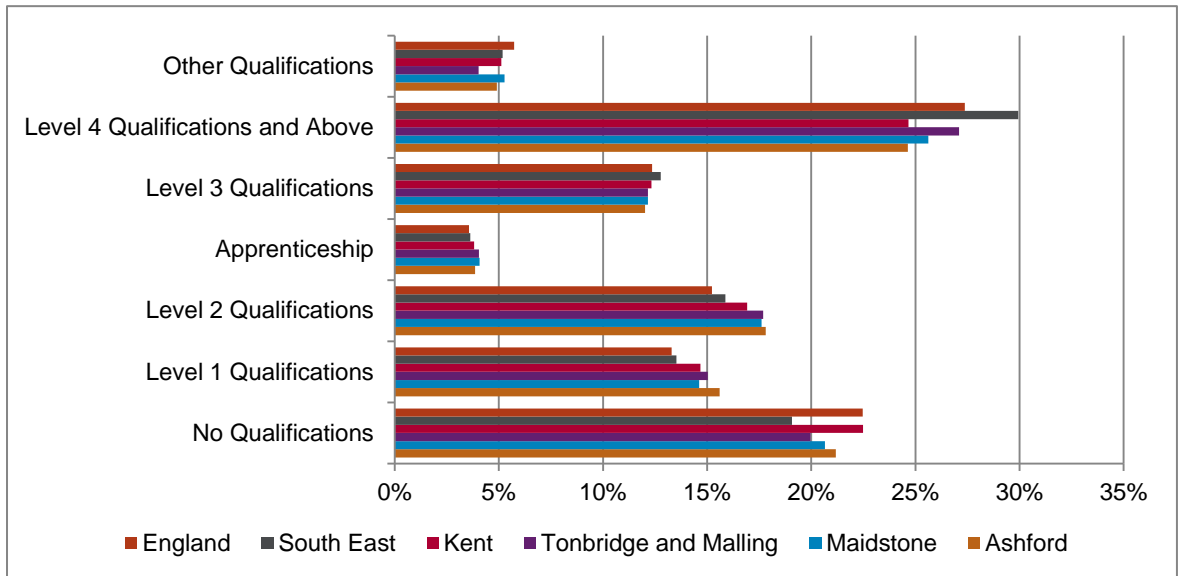


Source: 2001 and 2011 Census

Qualifications and Occupational Profile

- 5.16 The skills profile of Ashford is broadly similar to that seen across Kent. Almost one quarter of the population have the highest level of qualifications (Level 4 and above); similar to the County average but significantly behind the regional average at 30%. The proportion of residents in Ashford with degree-level qualifications is also behind the two other study areas (Tonbridge & Malling and Maidstone).
- 5.17 Ashford has a lower proportion of residents with no qualifications than the Kent and national averages; however it is slightly above the regional profile. The borough also has higher levels of lower qualified residents in terms of both Level 1 and Level 2 skills.

Figure 27: Highest Level of Qualification



Source: 2011 Census

5.18 There is correlation between the skills profile discussed above and the occupational profile of residents in Ashford. The proportion of Ashford residents occupied in process and elementary professions (18.2%) is above the regional average (15.4%) and akin to the national average (18.4%). The borough also has a slightly lower percentage of residents employed in managerial, professional and associate professional occupations (39.5%) than the South East average, which we would anticipate given the comparison in skills profile above. However, this figure is also less than the national average which stands at 41.2%.

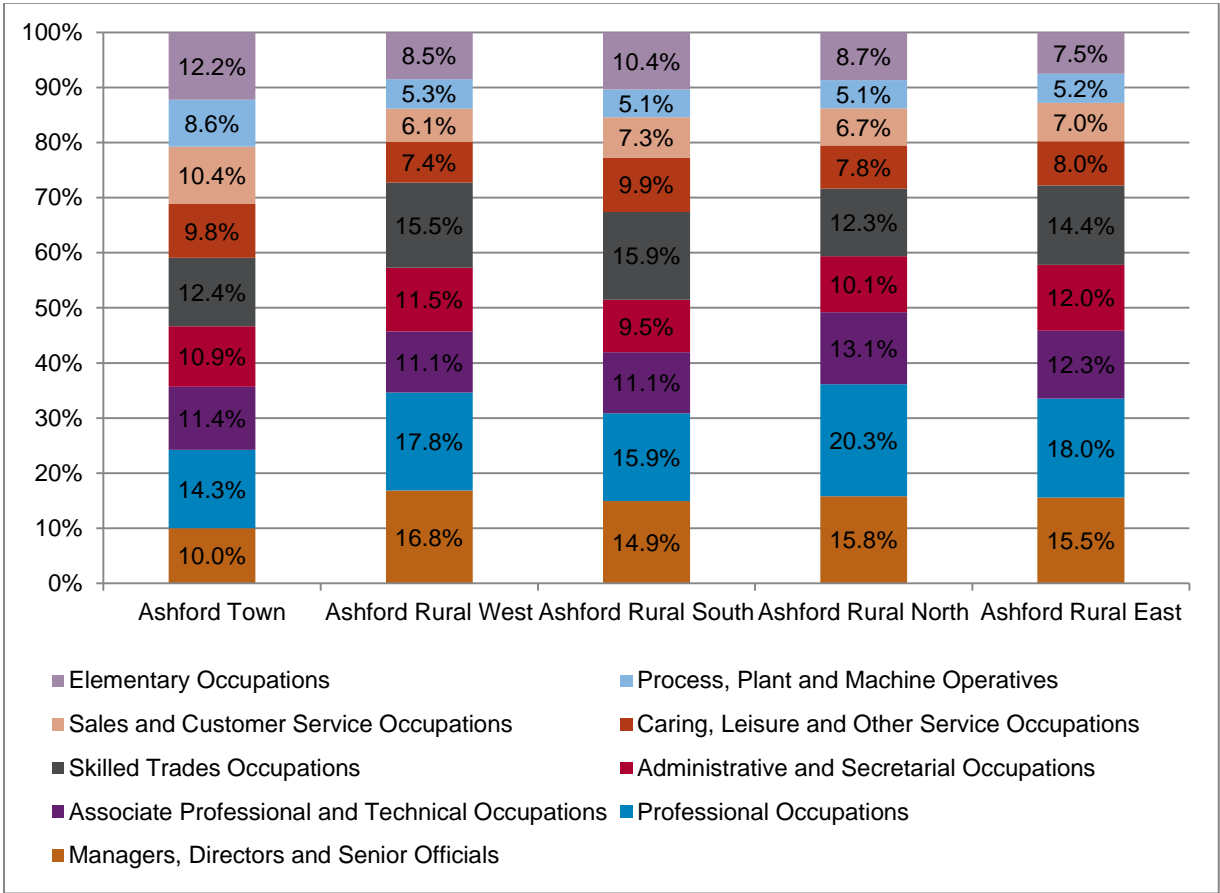
Figure 28: Occupational Profile

	Maidstone	Ashford	Tonbridge and Malling	Kent	South East	England
Managers, directors and senior officials	12.1%	12.2%	12.9%	11.5%	12.3%	10.9%
Professional occupations	16.4%	15.7%	17.1%	16.1%	18.7%	17.5%
Associate professional and technical occupations	14.1%	11.6%	14.0%	12.6%	13.8%	12.8%
Administrative and secretarial occupations	12.5%	10.9%	12.8%	11.7%	11.5%	11.5%
Skilled trades occupations	12.0%	13.2%	11.3%	12.2%	11.1%	11.4%
Caring, leisure and other service occupations	8.5%	9.2%	8.7%	9.8%	9.3%	9.3%
Sales and customer service occupations	7.6%	9.0%	7.6%	8.5%	7.9%	8.4%
Process, plant and machine operatives	6.3%	7.3%	5.9%	6.7%	5.7%	7.2%
Elementary occupations	10.6%	10.9%	9.7%	10.8%	9.7%	11.1%

Source: 2011 Census

5.19 Looking at the sub-market areas, we can see that working residents in the rural sub-areas tend to be employed in higher level, higher skilled occupations. All of the rural sub-areas have 15% or more of residents in Managerial occupations. Conversely, only 10% of residents in the Ashford town area are employed in managerial occupations, below even the national average. The town sees above average representation of elementary, sales and customer service and process, plant and medicine operative occupations.

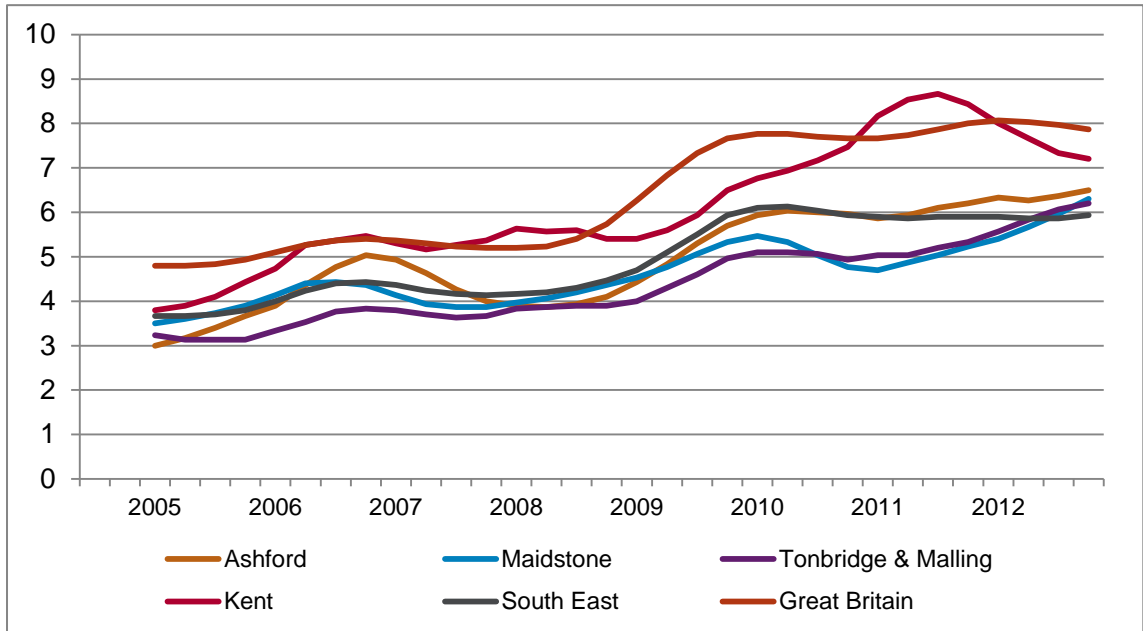
Figure 29: Occupational Profile - Submarkets



Unemployment Rate

5.20 The unemployment rate in Ashford has steadily risen since 2004/05, a pattern replicated across all of the comparison areas. The borough saw a particular peak in 2006/07, slightly before the recession, and then experienced a second increase in 2008/09 corresponding with the onset of the economic downturn. Since 2010, the unemployment rate has plateaued somewhat at around 6-6.5%, significantly above the 3% levels seen in 2004/05. Unemployment in Ashford is however below the Kent average which sits at 7.2%.

Figure 30: Unemployment (% Residents 16-64), 2004-2012 (three period moving average)

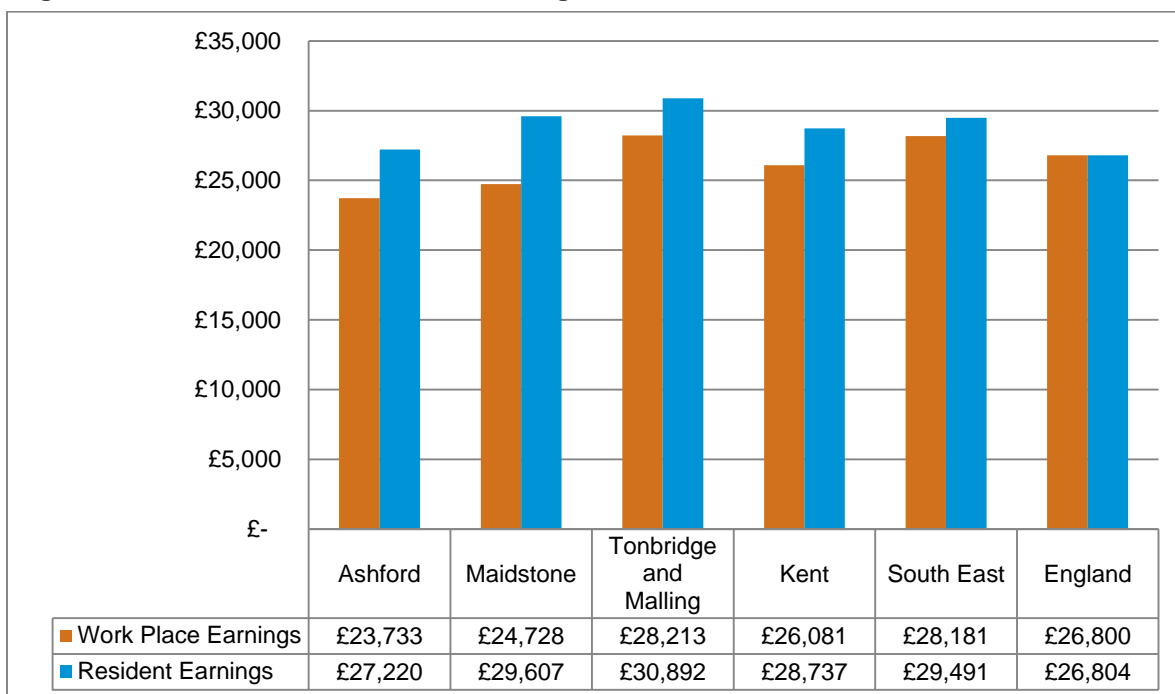


Source: Annual Population Survey

Earnings

- 5.21 Resident earnings in Ashford (£27,220) are below those seen in the other two study areas (Maidstone and Tonbridge & Malling) and similarly below the South East average (£29,491), somewhat reflecting the skills and occupation profile identified earlier. Average resident earnings are however above the national average.
- 5.22 It is possible to compare the incomes of full-time employed Ashford residents with those of people working in jobs located in the borough. At around £23,700 the median income of Ashford “workers” is about £3,500 lower than the median income of Ashford “residents”. Whilst not insignificant, it is notable that this “gap” is not as large as that seen in Maidstone, suggesting that Ashford has higher levels of self-containment, particularly of more skilled residents.
- 5.23 The fact that the earnings of those who live in Ashford are greater than those that work there does however mean that there is some risk of those in local employment (and thus contributing to the local economy) being marginalised from the housing market as they are less able to afford local properties. Higher earnings from those commuting out of the borough are somewhat distorting property prices in relation to local wage levels.

Figure 31: Work Place and Resident Earnings



Source: NOMIS/Annual Survey of Hours and Earnings

Key Implications

- 5.24 Demographic and socio-economic factors play an important part in influencing need and demand for housing.
- 5.25 The structure of the population in Ashford is broadly akin to that seen across the wider county. Like much of the South East, we see a pattern of ageing in Ashford, with the past decade seeing significant growth in a number of over 65 age categories and particularly the “oldest old”. This has somewhat been balanced by growth in children (i.e. those under 20).
- 5.26 Whilst the population profile of the Ashford town is symptomatic of an area characterised by younger families, the rural sub-markets show a markedly older population. All have particularly high levels of over 65 populations, which raise important questions when set against the profile of the housing stock in these areas (under-occupation, independence, downsizing). The proportion of those aged over 85 in Ashford Rural South needs to be considered particularly carefully in respect of both general needs housing and specialist accommodation.
- 5.27 Ashford is less ethnically diverse than the regional picture, with more than 90% of the population White British/Irish. However, the borough has become more diverse over the past decade, with particularly substantial growth in the Asian/Asian British ethnic group.

5.28 We see a reasonably well qualified population in Ashford, with the borough's skills profile broadly consistent with the county average (albeit slightly behind the regional average). This translates into a similar occupational profile, with almost 40% of the working age population employed in managerial, professional or associate professional occupations. There is some variation at sub-market level, with the rural sub-areas having far greater representation of residents in managerial roles. This is partly a reflection of quality of place and the higher average prices in these locations but may have implications for the ability of "local" workers in these areas to afford housing.

6 PROJECTIONS FOR FUTURE HOUSING NEEDS

Introduction

- 6.1 This section of the SHMA starts to consider the overall need for housing in Ashford Borough by interpreting demographic projections and considering how economic growth may influence future needs. The analysis is predicated on the requirements of the NPPF which says the scale of housing required should be based on meeting *'household and population projections, taking account of migration and demographic change'* (para 159).
- 6.2 In deriving overall conclusions on future housing needs, market signals and the need for affordable housing are also relevant. These factors are brought together in Section 10 of this report.

The Starting Point

- 6.3 In line with the draft guidance, the start point for any projection is reasonably an analysis of the most recent Government projections. At the time of writing these were the 2011-based 'interim' subnational population projections (SNPP) and the 2011-based 'interim' household projections from CLG (which are directly based on the SNPP). These projections are important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of data as it uses a 'multi-regional' model that studies migratory movements by age and sex between all local authorities in the Country. The SNPP is however limited by the accuracy of data underpinning it such as migration which is notoriously difficult to accurately measure – particularly at smaller area level.
- 6.4 The table below shows household growth in Ashford from the 2011-based CLG projections. The projections cover the 10-year period to 2021 which is the full period covered by CLG. For the whole period studied these projections suggest a 16.9% increase in households. This is substantially above the average growth expected in the South East (10.8%) and nationally (10.0%).
- 6.5 The CLG household projections show household growth in the borough of 811 homes per annum between 2011 and 2021. Allowing for a 3% vacancy rate, this indicates a requirement for 835 dwellings per annum.

Table 14: Projected household growth 2011-21 – CLG 2011-based household projections

Number of households (2011)	47,967
Number of households (2021)	56,075
Change in households (2011-2021)	8,108
Change per annum	811
% change (2011-2021)	16.9%
Dwelling requirement (inc. 3% vacancy)	835

Source: CLG 2011-based household projections

Taking Account of the Latest Demographic Evidence

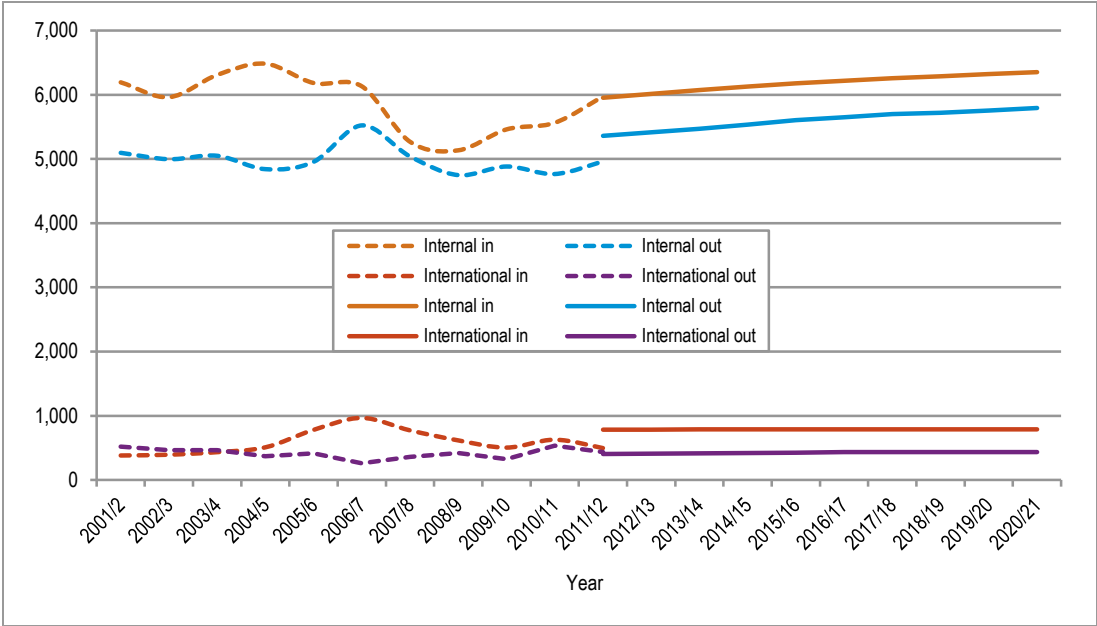
- 6.6 Whilst the figures in the household projections appear broadly reasonable in the context of regional and national comparisons, (in line with the guidance), the practice guidance directs plan makers to take account of the most recent demographic evidence, including population estimates prepared by the Office of National Statistics.
- 6.7 We have therefore examined the key local inputs feeding into the SNPP for Ashford in more detail, in particular seeking to reflect the 2011 Mid-Year Population Estimates (which incorporate data on components of change such as migration from 2001-11 and have been rebased to take account of Census population estimates) and the implications of the 2012 Mid-Year Population Estimates which were published in June 2013. Given the sensitivity around migration, we discuss our analysis in detail below.

Understanding Migration Patterns to/from Ashford

- 6.8 The figure below shows past trends in migration from 2001 to 2012 and how ONS is projecting this moving forward. The data shows over the past decade that there has generally been a level of net in-migration into the Borough (both internal migration from other parts of the Country and international migration). The figures are variable over time with both showing notable year-on-year variation.
- 6.9 In projecting forward ONS has recognised a net in-migration from other parts of the UK with the level of in-migration looking to be of about the right order of magnitude when compared with recent trends. The figures for out-migration are arguably quite high when compared with past trends. The projections also suggest a broadly constant gap between in- and out-migration although actual levels of each are projected to increase over time. We would consider that there is some logic to such a pattern given a growing population both within Ashford and other areas which in turn will increase the base of people who would be potential migrants.

6.10 For international migration a level of net in-migration is also projected although in-migration looks to be on the high side when compared with recent past trends. In this case projected levels of out-migration look to fit well with past trends.

Figure 32: Past and projected trends in migration – Ashford



Source: ONS

6.11 The differences between past trends and the projection may to some degree be explained by the fact that ONS used data from 2005 to 2010 for forward projections (due to this being the most up to date information available at the time) and this period may not be properly reflective of some of the more recent data recorded. Over the period 2005-10 the average level of migration was a net in-migration of around 977 people per annum whilst data for the 2007-12 period shows a net in-migration of around 788 people per annum.

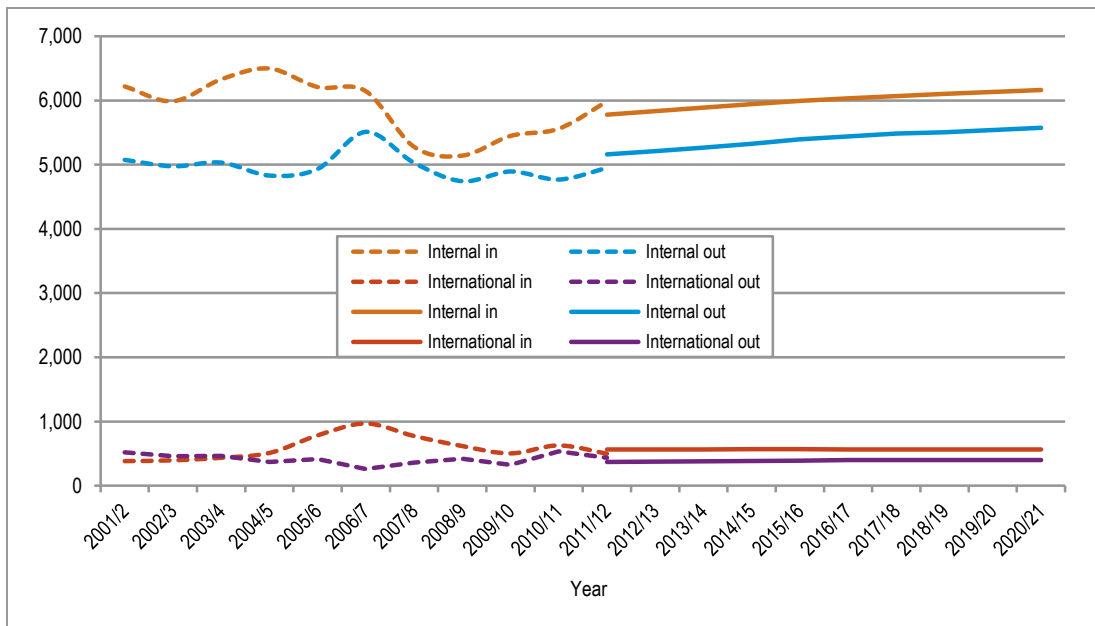
6.12 In addition, the SNPP were published before Mid-Year Population Estimates had been recalibrated to be consistent with population information in the 2011 Census. For Ashford this suggested over the decade to 2011 that population growth had been under-estimated by around 250 people. This is recorded by ONS as being within an ‘other unattributable’ population category. Whilst this under-estimation could be related to incorrect recording of the population (either in 2001 or 2011) or of special groups of the population (such as prisoners) it is considered that differences are most likely to be due to the under-recording of migration.

6.13 In Ashford over the period from 2001 to 2011 ONS data shows an average in the ‘other unattributable’ group of around 25 people per annum. Essentially this means that past recording of population change had under-estimated the growth of the population in the Borough by 25 people

per annum when compared with population data shown once 2011 Census data was published. In looking at past trends in migration we have therefore amended the figures as recorded by ONS to take account of this under-estimate of population growth (as noted above this difference is assumed to be due the recording of migration). For the 2012 data where no such adjustment is known we have assumed a figure of 25 to be appropriate (the average for the 10-years for which data is available).

- 6.14 The figure below therefore shows the likely past levels of in- and out-migration by type of migration. In making adjustments to the data shown in figure above it is assumed that any difference between the recording of past migration will be in relation to both in- and out-migration as well as by component.
- 6.15 The figure also shows how we have used this amended migration profile to project forward. Our assumption here is that the start position is strongly linked to the past trend data but as we move through time a greater weight is given to the SNPP estimates. We have noted that there is some logic to the SNPP figures and would consider that in the longer-term given interactions with other areas that migration profiles might return to the projected levels used by ONS. Hence our core projection has a different baseline start position (which is based on the average levels of migration seen in the past 5-years and then brought in line with the 2012 mid-year population estimates (as amended)) and then follows SNPP migration figures (suitably rebased) over the 19-year period to 2030.
- 6.16 This amended migration profile sees an average net in-migration to the Borough of 782 people per annum (2011-21) compared with a net in-migration of 942 in the SNPP. A lower level of net in-migration is more consistent with recent trends with all years since 2007/8 showing lower levels of net migration than for any year dating back to 2003/4.

Figure 33: Past and projected trends in migration (updated) - Ashford



Source: Derived from ONS data

6.17 The table below shows the outputs of our adjusted migration modelling when converted through into household growth (linked to headship rate assumptions in the 2011-based CLG household projections). The data now suggests household growth across the Borough of 15.4% over the decade.

Table 15: Projected household growth 2011-21 – based on amended Migration Levels

Number of households (2011)	47,967
Number of households (2021)	55,333
Change in households (2011-2021)	7,365
% change (2011-2021)	15.4%

Source: Projection Modelling

6.18 For these projections to be useful for planning purposes we have extended the projection period to 2030 following the methodology and assumptions set out in Appendix A. The outcomes of this are set out in the projection outputs section below.

Sensitivity Testing

6.19 In addition to carrying out the adjusted demographic projection for the remainder of the period to 2030, the draft planning guidance indicates that local planning authorities should consider carrying out sensitivity testing of assumptions to reflect local circumstances. In this regard, the guidance proposes two key issues which should be considered:

- Have household formation rates been suppressed historically?
- Will labour-force supply be sufficient to meet job projections?

6.20 We consider each of these in turn.

Have household formation rates been suppressed historically?

6.21 The figure below shows the estimated average household size in Ashford in 2001 and 2011 along with estimated household sizes derived from CLG projections. The data shows that household sizes have hardly changed over the past decade with whereas the 2008-based projections expected a moderate fall. This would seem reasonable given the strong housing delivery recorded in the Borough. Moving forward the 2011-based household projections expect to see a fairly rapid decline in average household sizes which generally tracks changes expected by the 2008-based projections.

6.22 In interpreting this data it is important to consider the extent to which household formation may have been constrained in the past (possibly due to mortgage finance constraints) and we have looked at this issue to develop the most realistic scenario moving forward.

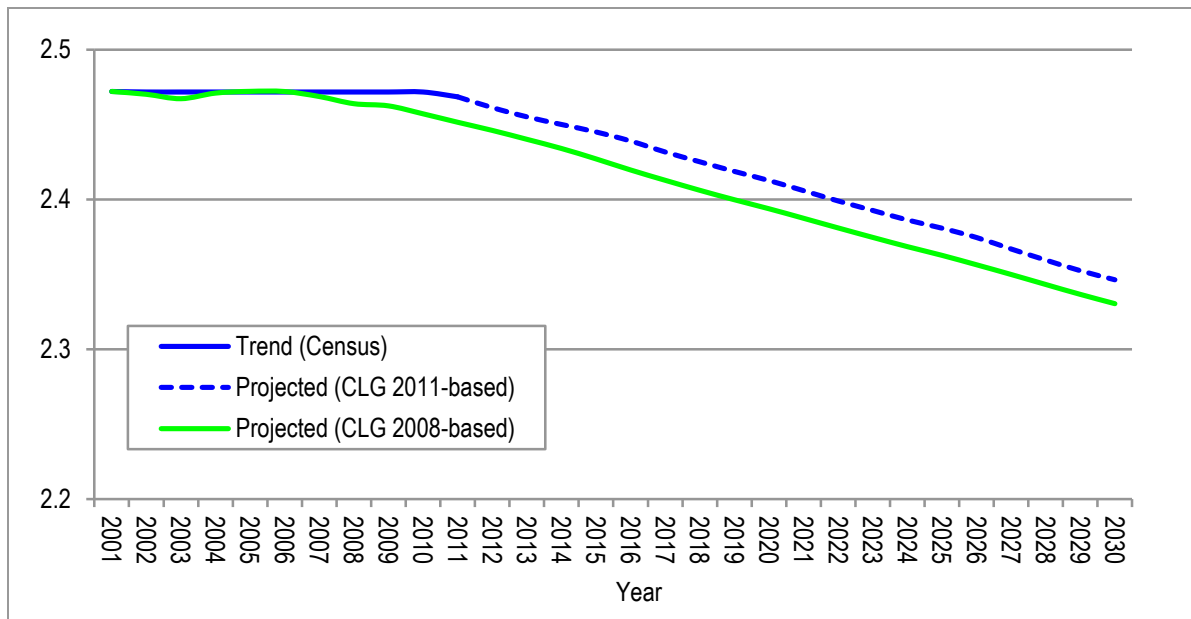
6.23 Whilst the average household size has remained static over the past decade, this does not per se suggest evidence of suppression of household formation. In actual fact, given how close the actual trend is to that assumed in the 2008-based projections (which can be considered to be largely unconstrained), this difference could well be explained simply by lifestyle and demographic changes. With significant housing growth achieved over the decade, with a focus on family housing, this may well have influenced trends in household sizes⁸. Moving forward the assumptions in the 2011 CLG projections are very much in line with the previous version and as a result we would consider that these figures provide a good basis for projecting forward.

6.24 For this reason, all projections use the headship rates from the 2011-based CLG household projections. Because these projections only go to 2021 it has been assumed that headship rates will continue to change on a linear basis from 2021 to 2030. This assumption looks reasonable when figures are contrasted with the 2008-based CLG projections.

6.25 For the purposes of the projection it is assumed that average household sizes start at about 2.47 in 2011 and reduce down to 2.35 in 2030 (although exact figures do vary depending on the projection being run).

⁸ There is broader evidence from a recent TCPA Study that part of the trend over this decade relates to the impact of international migration and associated impacts on household structures. As Figure 22 shows this has been a component of population change for Ashford

Figure 34: Past and projected trends in Average Household Size – Ashford



Source: Derived from ONS and CLG data

Will labour force supply be sufficient to meet job projections?

6.26 The next key test is the degree to which the household projections can be expected to support expected growth in employment. The projections developed include a number of scenarios for economic growth, relating to the Strategic Employment Options Report (GL Hearn, March 2012) prepared for the Council, together with the 2013 Update to the Baseline Projection within this.

6.27 The SEOR set out a number of scenarios for employment growth. These can be summarised as follows:

- Baseline Projection (PROJ 2 herein) – takes account of Cambridge Econometrics July 2011 regional forecasts, together with Ashford Borough’s economic structure and relative historical performance of sectors compared to the region;
- Downside Risks Scenario (PROJ 3) - updates the CE baseline projection to take account of macro-economic risks relating to weaker global prospects for growth, particularly in Europe; risks associated with a further credit crunch and the impacts of public spending restraints. This scenario also assumed for modelling purposes that population growth in Ashford Borough was consistent with forecasts for the South East and considers risks associated with the future of international rail services to Ashford. This scenario, based on the outlook in Spring 2012, was presented as in effect a ‘revised baseline.’
- Enhanced Performance Scenario (PROJ 4) – this scenario was built from the downside risks, but assumed a more positive economic future locally – capturing opportunities for economic growth within Ashford Borough. This included capturing competitive advantage associated with first-rate transport infrastructure, enhanced performance and growth of the office market, continuing growth in warehouse/ distribution activities, an increase in employment and output in the retail and leisure sectors linked to the regeneration of Ashford Town Centre, and capturing

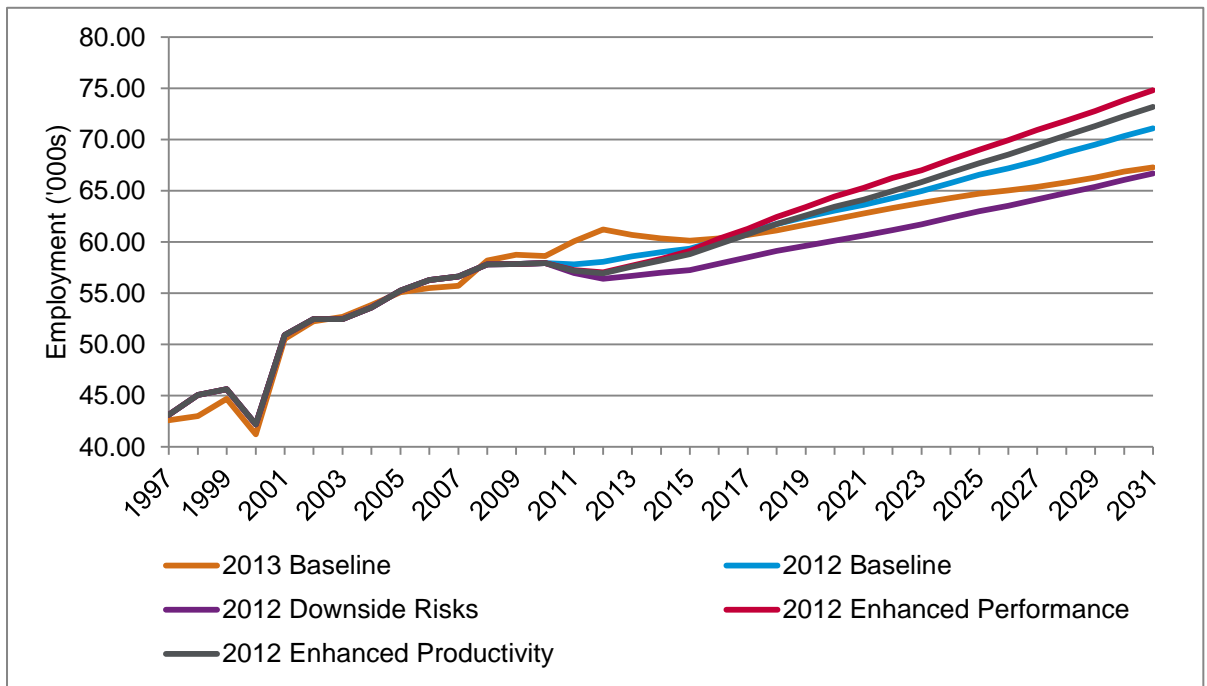
other economic growth opportunities including in IT and new media and for small business growth in the rural parts of the Borough.

- Enhanced Productivity Scenario (PROJ 5) – this scenario amends the Enhanced Performance Scenario to focus more explicitly on the *quality* of jobs and reducing the productivity gap between Ashford and the South East. It sees slightly more moderate employment growth overall, but a greater focus towards higher-value jobs.

6.28 In addition to modelling the four scenarios in the SEOR, a further economic scenario has been modelled based on Cambridge Econometrics' 2013 projections for employment in the Borough. This is based on CE's November 2013 forecasts for economic performance at the regional level. This scenario effectively updates PROJ 2 above. These updated projections take account of CE's expectation that economic recovery will take longer and in the longer-term economic growth rates will be slower than projected in their 2011 model. At a local level, the 2013 projections take account of data on local economic performance up to 2011 (compared to 2009 in the scenarios in the SEOR). This provides the basis of PROJ 6.

6.29 The SEOR Report and updated CE Projections Report set out the detailed differences between the various projections and forecasts. The chart overleaf plots the different scenarios for employment growth.

Figure 35: Scenarios for Employment Growth in Ashford



Source: Cambridge Econometrics

6.30 Table 15 below sets out the headline growth in jobs associated with each of the scenarios.

Table 16: Employment Growth in Each Economic Scenario, 2011-30

	Total Change in Jobs 2011-30	% Employment Growth, 2011-30
2013 Baseline (PROJ 6)	6,900	11.9%
2012 Baseline (PROJ 2)	12,600	21.7%
2012 Downside Risks (PROJ 3)	9,200	16.0%
2012 Enhanced Performance (PROJ 4)	16,600	28.7%
2012 Enhanced Productivity (PROJ 5)	15,200	26.2%

Source: Cambridge Econometrics

Projection Outputs

Population

6.31 The table below show the expected growth in population under each of the projection scenarios. With the updated SNPP projection (PROJ 1) which takes account of the latest migration and demographic information, we see population growth of about 21.4% over the 19-year period to 2030 – an increase of about 25,385 people. This compares to around 29,000 if we extent the ONS SNPP to 2030.

6.32 The economic projections show varying results. The 2012 CE baseline (PROJ 2) broadly aligns with the updated SNPP scenario, seeing population growth of around 25,800 people, equivalent to 21.8% over the period. Both PROJ 3 and PROJ 6 result in markedly lower population growth. The two “upside” economic scenarios, predicated on enhanced performance, generate greater population growth of around 33,500 people (PROJ 4) and 30,700 (PROJ 5).

Table 17: Population Estimates 2011 to 2030

	2011-2030	Per annum
2011 SNPP (extended to 2030)	29,027	1,528
	24.5%	1.3%
PROJ 1 – SNPP (updated)	25,385	1,336
	21.4%	1.1%
PROJ 2 – Cambridge Economics Baseline (2012)	25,821	1,359
	21.8%	1.1%
PROJ 3 – Cambridge Economics (Downside risks)	19,491	1,026
	16.5%	0.9%
PROJ 4 – Cambridge Economics (Enhanced performance)	33,473	1,762
	28.3%	1.5%
PROJ 5 – Cambridge Economics (Enhanced productivity)	30,695	1,616
	25.9%	1.4%
PROJ 6 – Cambridge Economics Revised Baseline (2013)	15,032	791
	12.7%	0.7%

Employment

- 6.33 The table below shows the estimated number of economically active people under each of the projection scenarios. For the main SNPP based projection we see an increase of 21.3%, which is broadly consistent with the labour force growth seen under PROJ 2.
- 6.34 The projections underpinned by the more positive/aggressive economic scenarios (PROJ 4 and PROJ 5) effectively require more substantial increases in labour force of around 16,600 economically people (28.7%) and 15,200 economically active people (26.2%).

Table 18: Economically Active Population 2011 to 2030

	2011-2030	Per annum
2011 SNPP (extended to 2030)	14,618	769
	25.2%	1.3%
PROJ 1 – SNPP (updated)	12,360	651
	21.3%	1.1%
PROJ 2 – Cambridge Economics Baseline (2012)	12,591	663
	21.7%	1.1%
PROJ 3 – Cambridge Economics (Downside risks)	9,249	487
	16.0%	0.8%
PROJ 4 – Cambridge Economics (Enhanced performance)	16,630	875
	28.7%	1.5%
PROJ 5 – Cambridge Economics (Enhanced productivity)	15,164	798
	26.2%	1.4%
PROJ 6 – Cambridge Economics Revised Baseline (2013)	6,895	363
	11.9%	0.6%

Housing Need

- 6.35 The final outputs are the housing need derived from each of the projections. At this point, it is worth bearing in mind the baseline CLG 2011 projections indicate a need for 835 homes per annum in Ashford.
- 6.36 The table below shows the projected growth in the number of households for each projection, applying a 3% allowance for vacancy. Household growth is expected to be stronger in proportionate terms than either population or employment growth. This is due to the ageing of the population and projected decreases in average household sizes over time. The ONS SNPP extended to 2030 shows a need for 15,314 homes over the period to 2030 (equivalent to 806 per annum). Our updated SNPP based projection – taking account of more up to date migration trends - shows a lower household increase of 27.9% or about 13,800 households over the period to 2030 (equivalent

to 726 per annum). This is broadly similar to the housing need under PROJ 2 (Cambridge 2012 Baseline) which results in a requirement for 735 homes per annum.

6.37 The stronger economic projections result in somewhat more significant housing need. Housing need under PROJ 5 are 833 per annum, which is closely aligned with the baseline CLG projections.

Table 19: Housing Need 2011 to 2030

	2011-2030	Per annum
2011 SNPP (extended to 2030)	15,314	806
	31.0%	1.6%
PROJ 1 – SNPP (updated)	13,799	726
	27.9%	1.5%
PROJ 2 – Cambridge Economics Baseline (2012)	13,965	735
	28.3%	1.5%
PROJ 3 – Cambridge Economics (Downside risks)	11,549	608
	23.4%	1.2%
PROJ 4 – Cambridge Economics (Enhanced performance)	16,885	889
	34.2%	1.8%
PROJ 5 – Cambridge Economics (Enhanced productivity)	15,825	833
	32.0%	1.7%
PROJ 6 – Cambridge Economics Revised Baseline (2013)	9,848	518
	19.9%	1.0%

7 AFFORDABLE HOUSING NEED

Introduction

- 7.1 In this section we discuss levels of affordable housing need in Ashford and the five sub-areas of the Borough.
- 7.2 Housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing.
- 7.3 Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.
- 7.4 Government guidance on Strategic Housing Market Assessments sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been used herein.
- 7.5 It should be recognised that in establishing housing requirements, evidence of both housing need and demand should both be considered. This section focuses specifically on assessing affordable housing need.
- 7.6 The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.
- 7.7 The housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet housing need.

Key Definitions

- 7.8 We begin by setting out key definitions relating to housing need, affordability and affordable housing.

Housing Need

- 7.9 Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

- 7.10 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

- 7.11 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing. The analysis also considers the future development pipeline.

Affordability

- 7.12 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:
- a. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 time multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;
 - b. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. CLG guidance suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. In the study area household incomes are generally slightly above the national average and so the 25% figure has been increased to 30% for affordability testing (noting that this is still likely to be below the level at which housing benefit can be claimed).
- 7.13 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of younger households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required to access the more attractive mortgage deals – albeit this situation will be improved by Government initiatives such as Help to Buy. However, in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact on the overall assessment of housing need is limited.

Affordable Housing

7.14 The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

“Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”*

7.15 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

“Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.”

7.16 Affordable rented housing is defined as:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.”

7.17 The definition of intermediate housing is shown below:

“Intermediate affordable housing is ‘Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.”

7.18 As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in the study area.

Survey of Local Prices, Rents & Affordability

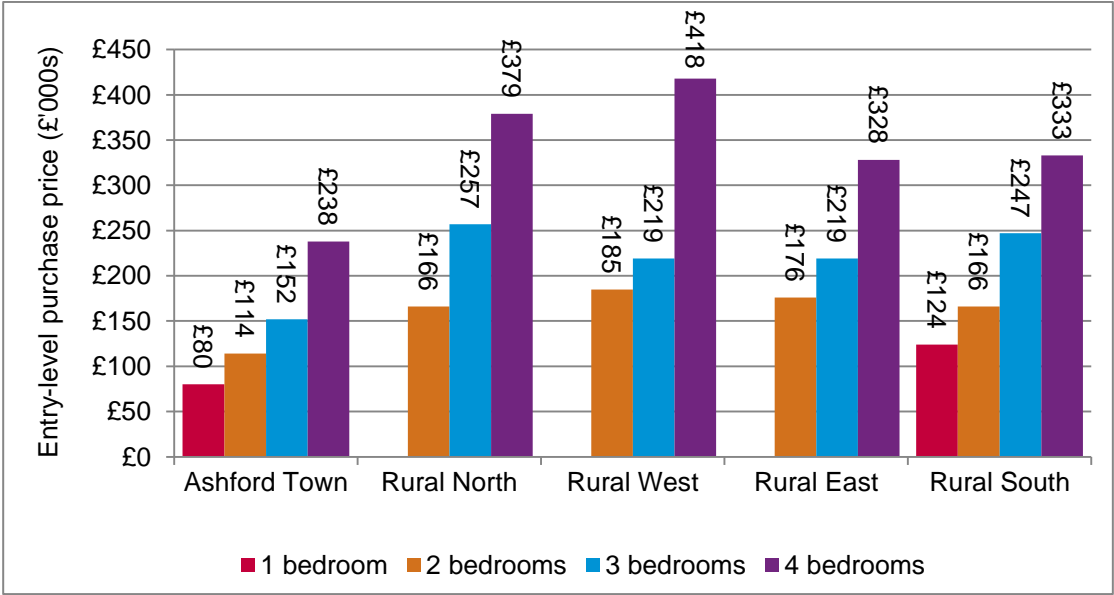
7.19 An important part of the assessment of housing need is to establish the entry-level costs of housing to buy and rent. This housing needs assessment then compares this with the incomes of households within the Borough to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a ‘housing need.’

7.20 In this section we establish the entry-level costs of housing to both buy and rent in each of the five sub-areas. Our approach has been to carry out a desktop survey using internet sources. We have assessed prices and rents for different sizes of properties from one to four bedrooms in each of the different locations.

7.21 The figure below shows estimated lower quartile property prices obtained from this search. The prices have been reduced slightly (on average by about 5%) to take account of the difference between asking prices and prices paid based on information from the Hometrack website.

7.22 The data shows some notable differences between areas with prices in Ashford Town being significantly lower than in any of the rural areas. Overall, prices are estimated to start at about £80,000 for a one-bedroom home in Ashford and rising to over £400,000 for four bedrooms in the Rural West area. The data excludes shared ownership, retirement and mobile/park homes for the purposes of analysis (although these have been included within the analysis of volumes of homes available by size). There was an insufficient supply of one bedroom homes in a number of areas for a robust estimate of costs to be derived.

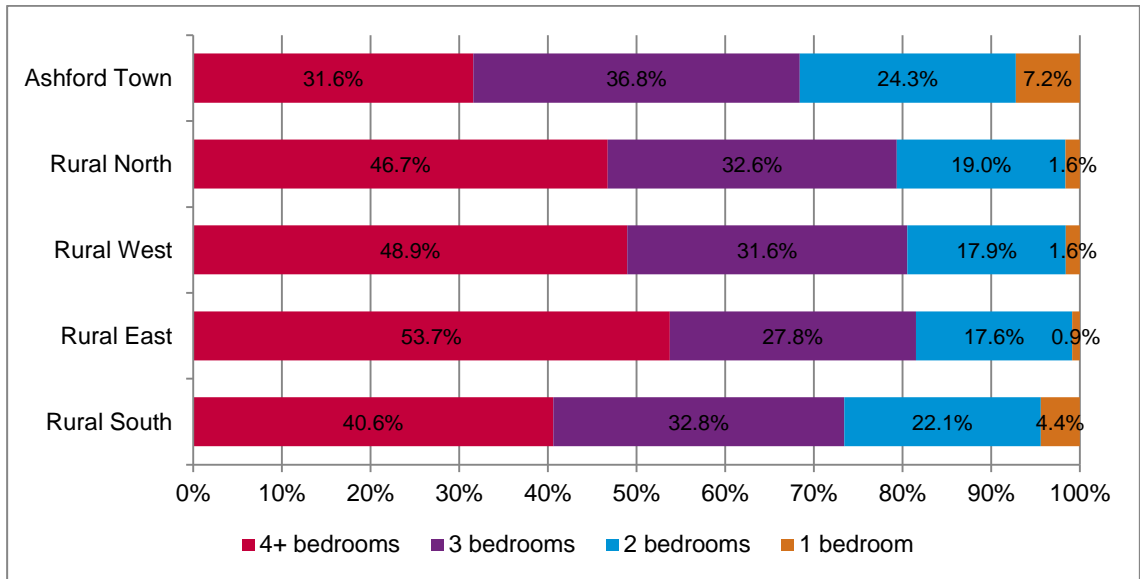
Figure 36: Entry-level Purchase Price



Source: Online Estate and Letting Agents Survey (July 2013)

7.23 The figure below shows the volume of properties for sale in each of the five areas. The data shows in all areas that properties for sale are concentrated on larger (3 or more bedroom) homes. Ashford Town and to a lesser extent Rural South have higher than average proportions of one- and two-bedroom homes whilst in Rural East over 80% of dwelling available for sale at the time of the market survey had three or more bedrooms (including over half being four or more bedroom homes).

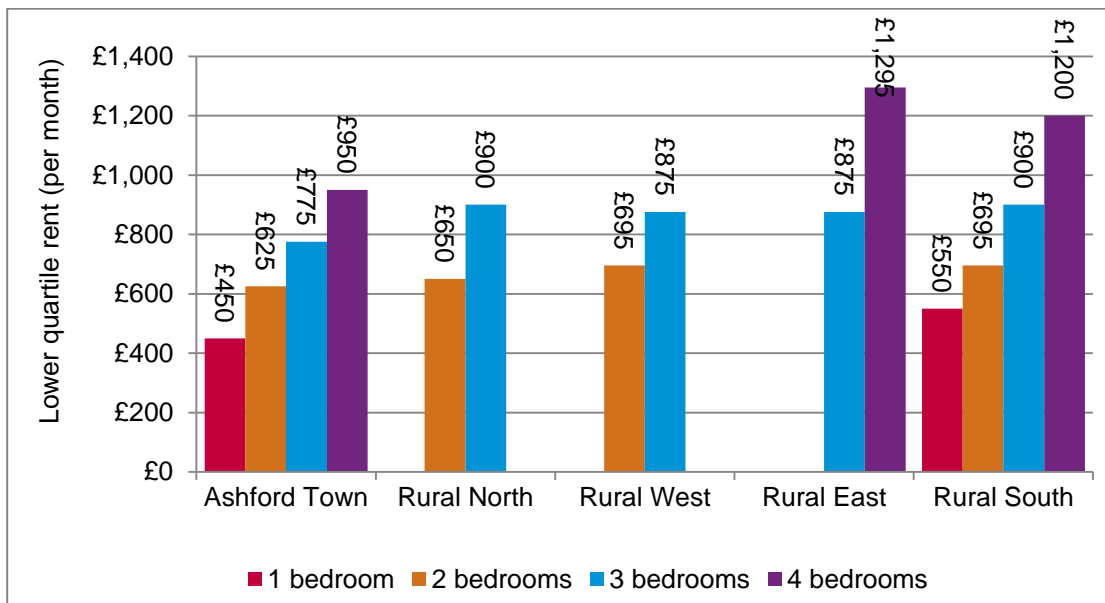
Figure 37: Volume of Properties Advertised for Sale



Source: Online Estate and Letting Agents Survey (July 2013)

7.24 The entry-level cost for private rented accommodation is presented in the figure below. This indicates that entry-level rents range from about £450 per month for a one bedroom home in Ashford Town up to around £1,300 per month for a four bedroom property depending on location. As with the sales prices, rent levels in the Ashford Town area are lowest with all of the rural areas showing higher rents (although differences between areas are not as stark as with sales prices). The volume of properties available to rent in a number of size categories in different locations has made it difficult to get a clear indication of rents.

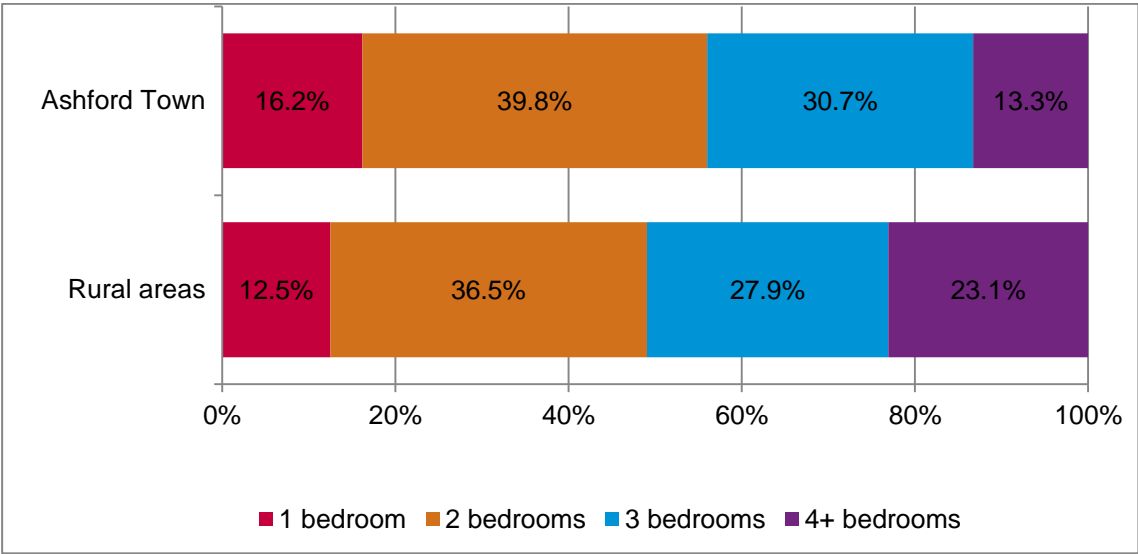
Figure 38: Entry-level Private Rents



Source: Online Estate and Letting Agents Survey (July 2013)

7.25 The figure below shows the volumes of properties available for rent in each of two different areas by size of property (the four rural areas have been merged due to low samples of data being available for this analysis). Compared with properties for sale the data clearly indicates a higher proportion of smaller homes being available to rent in all locations areas with 56% of rentals in Ashford Town having one- or two- bedrooms compared with 32% for sales.

Figure 39: Volume of Properties Advertised to Rent



Source: Online Estate and Letting Agents Survey (July 2013)

7.26 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the HMA. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.

7.27 The vast majority of homes in Ashford are in the Ashford Broad Rental Market Area (BRMA) although small parts of the District are within other BRMAs (Canterbury and High Weald). Below we have therefore provided details for the three main BRMAs.

7.28 Focussing on the Ashford BRMA, the data suggests some differences between LHA rates and the findings of our market survey. The most notable difference is in relation to one bedroom homes where the market survey suggested a lower quartile rent of about £450 per month but LHA rates are just over £500. For two- and three-bedroom homes the LHA levels for Ashford are slightly below those from the market survey.

7.29 Whilst there is consistency between the rents derived from our market survey and the LHA maximum levels available it does appear that there are differences when comparing rents in rural areas with the LHA (where our market survey is showing figures that are somewhat higher). This

suggests that it might be difficult for someone claiming LHA to access accommodation in the more rural parts of the Borough and would indicate that LHA is unlikely in all instances to be able to meet rent levels.

- 7.30 To the table below we have also added LHA rates for room only accommodation. In the Ashford BRMA, the amount able to be claimed for a room is around 55% of the figure for a self-contained one bedroom property. Single households under 35 are now only to claim the Single Room Rate.

Table 20: Maximum LHA payments by Size and Broad Housing Market Area

Size	Ashford	Canterbury	High Weald
Room only	£277	£317	£331
1 bedroom	£506	£511	£575
2 bedrooms	£600	£639	£750
3 bedrooms	£715	£767	£894
4 bedrooms	£950	£1,124	£1,431

Source: VOA data (July 2013)

Cost of Affordable Housing

- 7.31 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2012/13. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 21: Monthly Average Social Rent Levels

Area	1 bedroom	2 bedrooms	3+ bedrooms
Ashford	£350	£382	£409

Source: CORE (2013)

- 7.32 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being '*let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)*'. In the short-term it is likely that this tenure will replace social rented housing for new delivery, however, the tenure is initially only being trialled for four years and so this situation may change in the future.

- 7.33 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents.

- 7.34 The table below shows potential affordable rents at 80% of market cost by size of property (including service charge). The data shows that affordable rents are above social rents for all property sizes although in the case of one-bedroom homes in Ashford Town the differences are quite marginal. For smaller homes there will be less to gain in viability terms in providing homes at 80% of market rents.

- 7.35 For larger property sizes it is however the case that affordable rents will be notably higher than current social rents with the gap widening as property sizes get bigger. This suggests in viability terms that affordable rent might work for some sizes and locations – the affordability of such accommodation should however also be considered, including whether or not the affordable rent level will be within maximum LHA claim amounts. This latter point provides some support for providing affordable rent at below the 80% maximum (particularly for larger properties), but noting that this needs to be balanced against viability considerations.

Table 22: Cost of Affordable Rented Housing by Size and HMA (per month)

Area	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Ashford Town	£360	£500	£620	£760
Rural North	-	£520	£720	-
Rural West	-	£556	£700	-
Rural East	-	-	£700	£1,036
Rural South	£440	£556	£720	£960

Source: Derived from Online Estate and Letting Agents Survey (July 2013)

Gaps in the Housing Market

- 7.36 The table below estimates how current prices and rents in the study area might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). The data clearly indicates a gap between the costs of ‘entry-level’ market housing and the social rented sector – demonstrating the potential for intermediate and affordable rented housing to meet some of the affordable need.

Table 23: Indicative Income Required to Purchase/Rent without Additional Subsidy

Area	Lower quartile purchase price	Lower quartile private rent	Affordable rent	Lower quartile social rent
Ashford Town	£40,900	£25,000	£20,000	£14,200
Rural North	£76,000	£27,800	£22,200	£14,200
Rural West	£82,900	£30,000	£24,000	£14,200
Rural East	£72,000	£29,000	£23,200	£14,200
Rural South	£68,000	£29,000	£23,200	£14,200

Source: Online Estate and Letting Agents Survey (July 2013) and CORE

7.37 For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Income levels and affordability

7.38 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking;
- English Housing Survey – to provide information about the distribution of incomes (taking account of variation by tenure in particular);
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at differences between local authority area (but recognising that this source only provides data about people in employment); and
- ONS modelled income estimates – to assist in providing more localised income estimates (e.g. for sub-areas).

7.39 Drawing all of this data together we have therefore been able to construct an income distribution for each area. The table below shows how the distribution of income varies for each of the five locations. Incomes were found to be highest in the Rural West area and lowest in Ashford Town with a range when looking at the mean from £39,300 up to £45,600.

Table 24: Income levels by sub-area

Income band	Ashford Town	Rural North	Rural West	Rural East	Rural South	Borough
Under £10k	4.2%	3.7%	2.2%	2.5%	4.2%	3.8%
£10k to £20k	27.2%	26.4%	22.7%	23.5%	27.1%	26.4%
£20k to £30k	18.7%	18.4%	18.1%	18.0%	18.7%	18.6%
£30k to £40k	13.8%	14.0%	14.3%	14.3%	13.8%	13.9%
£40k to £50k	10.9%	10.9%	10.4%	10.5%	10.9%	10.8%
£50k to £60k	7.0%	7.5%	8.7%	8.6%	7.1%	7.4%
£60k to £80k	7.4%	7.7%	9.6%	9.1%	7.4%	7.8%
£80k to £100k	4.2%	4.3%	4.7%	4.7%	4.2%	4.3%
Over £100k	6.5%	7.2%	9.4%	8.8%	6.7%	7.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	£39,341	£40,636	£45,594	£44,538	£39,486	£40,539
Median	£29,922	£30,907	£34,678	£33,875	£30,033	£30,766

Source: Derived from ASHE, SEH, CACI and ONS data

- 7.40 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes, within each area, is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.
- 7.41 The table below shows that **across the various sub-markets in Ashford between 41% and 48% of households are estimated to be unable to access market housing on the basis of income levels depending on location**. Affordability looks to be best in Ashford Town with this area showing the lowest proportion unable to afford. The fact that private sector rents are typically lower in the Ashford Town area is the main reason for the lowest proportion of households being unable to afford being observed in this location.
- 7.42 It should be remembered that this analysis only considers income levels and not a full range of financial information (such as savings and equity). Across the Borough around 70% of households are already owner-occupiers it is clear that a proportion will have sufficient funds to be able to access housing were there to be a need to move home. The lack of information about savings and equity does not fundamentally impact on the overall housing needs analysis which is predominantly focussed on non-owners.

Table 25: Estimated Proportion of Household Unable to Afford Market Housing without Subsidy

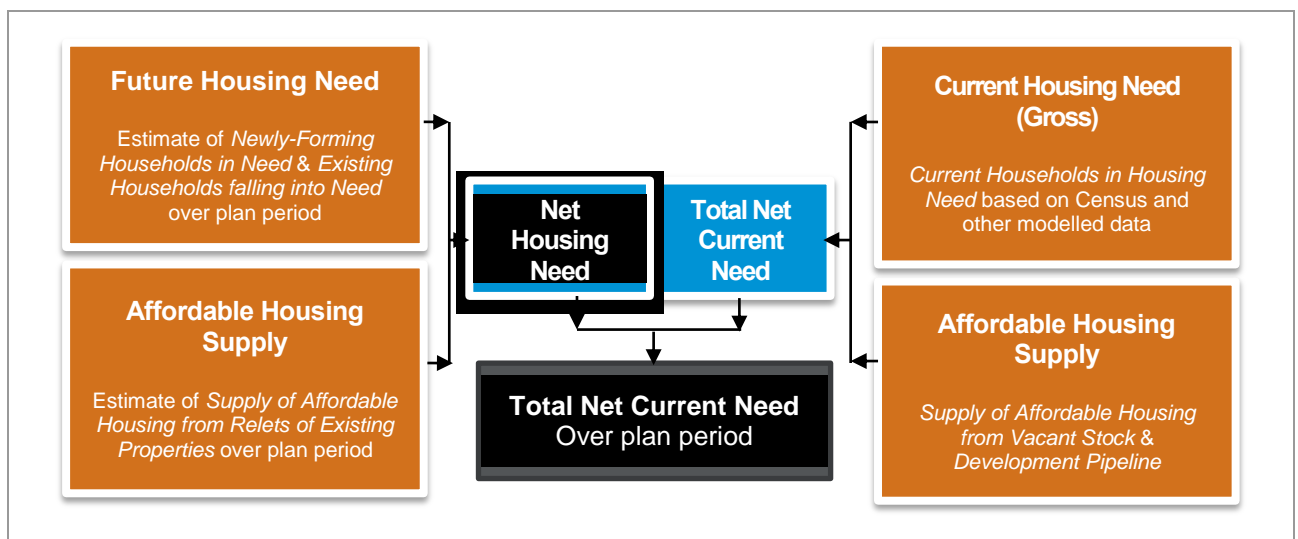
Area	Number unable to afford	Estimated households (2013)	% of households unable to afford
Ashford Town	12,576	30,414	41.4%
Rural North	1,897	4,240	44.8%
Rural West	1,758	4,094	43.0%
Rural East	2,238	5,272	42.5%
Rural South	2,634	5,459	48.3%
Borough	21,104	49,479	42.7%

Source: Online Estate and Letting Agents Survey (July 2013) and Income modelling

Housing Needs Assessment

7.43 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 40: Overview of Basic Needs Assessment Model



7.44 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need on an annual basis up to 2030 (to be consistent with the Council's plan period end date). Each of the stages of the housing needs model calculation are discussed in more detail below.

Assessing Current Unmet Need (Backlog)

7.45 In line with CLG guidance, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census along with an estimate of other needs which have been modelled

by comparing the tenure profile in each area with information from previous surveys about households in need. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.

- 7.46 The data modelling estimates housing unsuitability by tenure and from these figures households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and 90% of owners with a mortgage. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account.
- 7.47 At the time of the assessment there were an estimated 1,123 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers). This represents 2.3% of all households in the study area. The figure below shows the current locations of these households – the data suggests a higher level of unsuitability in Ashford Town with lower figures in all of the rural sub-areas.

Table 26: Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Ashford Town	834	30,414	2.7%
Rural North	67	4,240	1.6%
Rural West	60	4,094	1.5%
Rural East	72	5,272	1.4%
Rural South	89	5,459	1.6%
Borough	1,123	49,479	2.3%

Source: Census (2011) and data modelling

- 7.48 Our estimated level of backlog need is therefore 1,123. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect the fact that typically households living in unsuitable housing have an average income which is around 69% of the figure for all households in an area. Overall, around 40% of households with a current need are estimated to be likely to have sufficient income to afford market housing and so our estimate of the total backlog need is reduced to 677 households.

Table 27: Estimated Backlog Need by Sub-Area

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Ashford Town	834	59.4%	495
Rural North	67	62.8%	42
Rural West	60	61.0%	37
Rural East	72	60.5%	44
Rural South	89	66.2%	59
Borough	1,123	60.3%	677

Source: Census (2011), data modelling and income analysis

Estimating Newly Arising

7.49 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

7.50 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form each year over the period to 2031 and then applied an affordability test. This has been undertaken by considering the changes in households in specific 5-year age bands at specific points in the period relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation. This differs from numbers presented in the demographic projections which are for net household growth. The number of newly-forming households is limited to households forming who are aged under 45. This methodology is recognised in guidance as a robust method for assessing the number of newly forming households.

7.51 The estimates of gross new household formation have been based on outputs from our zero net migration projection. This projection has been chosen to ensure that in the modelling we are predominantly looking at locally generated needs (or at least that the needs of in-migrants are balanced against the needs of households moving out of the area). In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households - this figure is remarkably consistent across areas.

7.52 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment

suggests that overall around 51% of newly-forming households will be unable to afford market housing.

Table 28: Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Ashford Town	519	49.7%	258
Rural North	72	53.6%	39
Rural West	70	51.6%	36
Rural East	90	51.0%	46
Rural South	93	57.1%	53
Borough	844	51.2%	432

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

- 7.53 The second element of newly arising need is existing households falling into need. To assess this we have used information from CORE. We have looked at households who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. This has then been translated into an annual figure and an affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.
- 7.54 This method for assessing existing households falling into need is consistent with the SHMA Guidance (2007) which suggests that authorities should *'estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*.
- 7.55 The table below therefore shows our estimate of likely new need from existing households (per annum) by location. The data shows an additional need arising from 193 households, with a notably higher proportion of these being in Ashford Town when compared with other locations.

Table 29: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Ashford Town	131	67.8%
Rural North	18	9.2%
Rural West	12	6.4%
Rural East	10	5.2%
Rural South	22	11.3%
Borough	193	100.0%

Source: CORE/affordability analysis

7.56 Estimates of total future housing need which is likely to arise per annum are shown below, by combining the estimates of need arising from newly-forming households and from existing households falling into need. Total newly-arising need is estimated at 625 households per annum.

Table 30: Estimated Future Housing Need (per annum)

Area	Newly-forming Households in Need	Existing Households falling into Need	Total Newly-Arising Need (per annum)
Ashford Town	258	131	389
Rural North	39	18	57
Rural West	36	12	48
Rural East	46	10	56
Rural South	53	22	75
Borough	432	193	625

Calculating the Supply of Affordable Housing

7.57 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social relets and the annual supply of relets/sales within the intermediate sector. The analysis also includes the development pipeline supply.

Social rented housing

7.58 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CORE) to establish past patterns of social housing availability. Our figures include general needs and supported lettings but exclude lettings to new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

7.59 On the basis of past trend data it has been estimated that 272 units of social rented housing are likely to become available each year moving forward.

Table 31: Analysis of past social rented housing supply (past 5 years – per annum)

Total lettings	575
% as non-newbuild	73.8%
Lettings in existing stock	424
% non-transfers	64.2%
Lettings per annum	272

Source: CORE

7.60 The supply figure is for social rented housing only and whilst the stock of intermediate housing in the study area is not significant compared to the social rented stock it is likely that some housing

does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data. From this it is estimated that around 25 additional properties might become available per annum.

7.61 The total supply of affordable housing is therefore estimated to be 297 per annum. The table below shows the locations where supply is expected to arise.

Table 32: Supply of Affordable Housing by HMA (per annum)

Area	Social rented relets	Intermediate housing 'relets'	Total supply (per annum)
Ashford Town	186	19	205
Rural North	25	1	25
Rural West	17	1	19
Rural East	14	2	16
Rural South	30	2	31
Borough	272	25	297

Source: Derived from CORE and Census (2011) analysis

7.62 In addition to the supply from existing social rented and intermediate housing stock, we need to consider the anticipated supply of affordable housing from development schemes with planning consent. Data provided by the Council indicates that there are 555 affordable homes which are expected to be delivered (these are definite permissions where there is funding in place).

Net Housing Need

7.63 The table below shows our overall calculation of housing need. The analysis has been based on meeting housing need over the 17-year period from 2013 to 2030. Whilst most of the data in the model are annual figures the backlog has been divided by 17 to make an equivalent annual figure.

7.64 The data shows an overall need for affordable housing of 6,253 units over the next 17-years (368 per annum). This figure is reduced to 5,698 (335 per annum) once the development pipeline is included. The net need is calculated as follows:

$$\text{Net Need} = \text{Backlog Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 33: Estimated level of Housing Need (2013-2030)

	Per annum	17-years
Backlog need	40	677
Newly forming households	432	7,342
Existing households falling into need	193	3,283
Total Gross Need	665	11,302
Supply	297	5,049
Net Need	368	6,253
Supply from development pipeline	33	555
Net need including pipeline supply	335	5,698

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

7.65 Table 33 below shows the annualised information for individual sub-market. The analysis shows a need for additional affordable housing in all areas with Ashford Town seeing the highest need (about 58% of the total). It should be noted that these figures exclude potential supply from the pipeline of affordable housing.

Table 34: Estimated level of Housing Need (per annum)

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Ashford Town	29	258	131	418	205	213
Rural North	2	39	18	59	25	34
Rural West	2	36	12	51	19	32
Rural East	3	46	10	59	16	42
Rural South	3	53	22	78	31	47
Borough	40	432	193	665	297	368

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Putting the Affordable Needs Assessment into Context

7.66 The need assessment set out above concludes that there is a shortfall of 6,253 affordable homes over the period from 2013 to 2030, equivalent to 368 per annum (reducing to 335 per annum once the development pipeline is included). However there are a number of things that need to be remembered in interpreting the findings of the assessment.

7.67 The role of the needs assessment is specifically to identify whether there is a shortfall or surplus of genuine affordable housing product to provide for those households who cannot afford to meet their needs in the market: it does not look at all housing needs. There are therefore two key assumptions which underpin the model:

- All households are adequately housed in a home which they can afford (assuming no more than 30% of the households' gross income is spent on housing costs)

- All households in need are housed in a “genuine” affordable housing product (as defined by the NPPF)

7.68 Considering this, there are therefore three key factors and sensitivities which need to be considered in order to put the needs identified in the model into “real life” context:

- The extent to which households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and
- The role of the Private Rented Sector, supported by Local Housing Allowance, in providing accommodation for those identified as in need
- The possible future impacts of recently announced welfare reforms

7.69 It should be recognised that the assessment is also a ‘snapshot’ at a point in time. It is therefore particularly sensitive to the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Ashford, the stock of affordable housing (social rented) has increased by about 6% over the last decade although it has reduced as a proportion of all housing in the area. The turnover of the stock has also decreased over time. This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions.

7.70 The following sections discuss in detail the role of the private rented sector and the potential impact of welfare reforms.

Role of the Private Rented Sector in Meeting Housing Need

7.71 In considering the true dynamics of the local housing market, it is vitally important to consider the role played by the private rented sector (through the Local Housing Allowance (LHA) system) in meeting housing needs. The 2007 SHMA Guidance identifies that studies such as this should consider the size of the private rented sector and its ability to meet the needs of households “with an affordable housing need”, supported by Local Housing Allowance.

7.72 To do this, we have analysed data from the Department of Work and Pensions (DWP) in order to identify the number of households in the private rented sector who claim LHA to “top-up” their income. The data shows that, as of February 2013 it is estimated that there were 2,790 benefit claimants in the private rented sector in Ashford. Given that in some cases more than one claimant will live in a single household, we estimate that around 2,090 households in the private rented sector in Ashford are supported by LHA⁹. Comparing this to the total private rented sector stock in the borough (6,849) indicates that benefit claimants account for around 30% of the sector.

⁹ Assuming 75% conversion from claimants to households – national conversion figure derived from comparison of DWP and English Housing Survey data

- 7.73 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are “new lettings” each year (i.e. stripping out the effect of transfers) is around 12%. Applying this to the private rented stock in Ashford gives us an estimate of 820 private sector lettings per annum in the borough.
- 7.74 Of these lettings, we assume 30% are to benefit claimants, consistent with their representation in the total private rented stock, giving a total of 246 lettings per annum to LHA supported households.
- 7.75 As such, the overall estimated number of annual lettings in the LHA part of the PRS can be seen to account for just over two thirds of the total net annual need derived through housing needs analysis (excluding the affordable housing pipeline). Whilst the private rented sector is not recognised as a genuine affordable housing product, it is important to recognise that, in practice, the sector makes a significant contribution to meeting housing need and filling a shortfall in genuine affordable housing products.
- 7.76 The 2007 SHMA Practice Guidance does identify “using the private rented sector” as a legitimate policy response to housing need arising from the SHMA. Clearly, the extent to which the Council wishes to see this role in the future will clearly have implications for both affordable housing supply and by implication overall housing targets. However, this is ultimately a local policy decision which is beyond the scope of this study. We would however note the following considerations:
- The private rented sector continues to grow significantly (across Ashford and the South East) and given the stock of affordable housing locally as well as the future prospects in terms of grant funding for new affordable housing delivery the reality is that there is likely to be comparatively greater availability in the private rented sector moving forward.
 - However, the private rented sector provides less security than the affordable sector, standards can also be lower than for social rented properties and there are likely to be households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.
 - Some landlords may also move away from benefit supported households (or even the PRS generally) as demand improves within the market or due to uncertainties resulting from welfare reforms.

Impact of Welfare Reforms

- 7.77 The Coalition Government has heralded a period of considerable change by way of welfare reforms which will have an effect on local residents. The reforms are set against a backdrop of government spending cuts, which has seen funding levels drop, and an economic recession which has led to

changes to the country's housing market and how housing can be accessed. A summary of the welfare reforms and impacts are shown below:

- Reducing the Local Housing Allowance (LHA) from the median rent in a Broad Rental Market Area (BRMA) to the 30th centile and the abolition of the rate for 5 or more bedroom homes. These changes came in from April 2011 and will have meant some households seeing a reduction in housing benefit. There has also been a reduction in the number of homes available to rent at or below payment thresholds and potentially increased demand for lower cost properties. Households requiring larger (5 or more bedroom) homes have been disproportionately affected.
- Limiting payments for people under 35 to the shared room rate (up from 25) – from January 2012. This change has made it harder for Councils to place young single people in private rented accommodation and has seen a greater demand for shared housing.
- Up rating LHA in line with Consumer Price Index (CPI) instead of by reference to local rents. If rents increase at a rate above CPI then there will be a reduction in the number of properties with a rent below LHA maximum levels.
- Limiting Housing Benefit entitlements for working age people in social housing sector to reflect family size. The 'bedroom tax' is arguably the most controversial of the Government changes with households losing 14% of housing benefit if they have one spare bedroom and 25% for two or more. This change has already put considerable pressure on housing providers who are seeing a significantly increased demand for smaller (particularly one bedroom) homes. In the longer-term if the supply does not improve this change could see some increases in homelessness. This change was brought in from April 2013.
- A household benefit cap is being phased in from April 2013 which will limit the amount claimed in all benefits for working age (non-working) households to £500 per week for households with two or more people and £350 for single adults. For many households this will not make a difference to their ability to access housing; however larger households living in larger (more expensive) homes will be disproportionately affected.
- The move towards a Universal Credit is likely to end Housing Benefit payments direct to landlords, making benefit claimants potentially less attractive as tenants.

7.78 Whilst the full impact of the various current and proposed changes is difficult to quantify it is clear when taken together that a significant number of people and households will be affected. Given the levels of housing need identified set against the potential supply of affordable housing (from both the existing stock and new provision) it seems unlikely that the number of households in need will fall in the short/medium-term. Indeed the evidence suggests a likely growth in demand – particularly for private rented accommodation.

Need for Different Types of Affordable Housing

- 7.79 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. The main data sources for establishing housing need are Census data and projections of newly-forming households (along with local income and affordability estimates).
- 7.80 We have assessed requirements in the form of three income bands which have been associated with three different tenures of housing – intermediate, affordable rented and social rented. Households are considered able to afford intermediate housing if their income is greater than that required to rent at 80% of market rental costs (a figure which equates with possible affordable rent maximum costs) and the income falls below that required to access the market without subsidy. Although technically an intermediate product could be provided at below this level, the reality is that most intermediate housing is priced closer to market costs than social housing costs. Households whose income falls in the gap between intermediate housing and social rented housing are allocated to affordable rented housing with lower income households placed in the social rent group. The categories of affordable housing are described in the table below.

Table 35: Categories of affordable housing used for analysis

Housing type	Description
Intermediate housing	Assigned to households who can afford a housing cost at or above 80% of market rents but cannot afford full market costs
Affordable rent	Assigned to households who could afford a social rent without the need to claim housing benefit but would need to claim benefit to afford an Affordable Rented home (priced at 80% of market rental costs)
Social rent	Households who would need to claim housing benefit regardless of the cost of the property

- 7.81 In fact there will be a considerable overlap between these categories – the first would potentially represent households who could afford affordable rented housing without the need to claim housing benefit whilst the latter category (called social rent for analytical purposes) could have their needs met through affordable rented housing (with benefit assistance).
- 7.82 The table below shows our estimate of the number of households in need in each of the above categories and estimated net need levels (for the purposes of analysis the affordable and social rent figures have been combined). The data shows that across the borough some around one quarter of the need could be met through intermediate products priced at the 80% of market level without the need for benefit assistance.

7.83 The analysis in the table below excludes the ‘pipeline’ supply of affordable housing as we do not currently have detailed information regarding the tenure split of affordable housing expected to be delivered on commitments.

Table 36: Net Need for Different Types of Affordable Housing (per annum)

Area	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Ashford Town	75	19	56	343	186	157
Rural North	10	1	10	49	25	24
Rural West	9	1	8	41	17	24
Rural East	11	2	9	47	14	33
Rural South	13	2	11	66	30	36
Borough	119	25	94	546	272	274
% requirement	26%			74%		

Source: Housing Needs Analysis

Summary of Key Findings

7.84 The NPPF (and national guidance) sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. In assessing needs for affordable housing, we have adopted the methodology set out in the draft planning practice guidance.

7.85 In following this approach, we have identified a net affordable housing need in Ashford of 6,253 households over the period from 2013 to 2030, equivalent to 368 households each year (reducing to 335 if we include the affordable housing development pipeline). There is thus a significant need for new affordable housing in Ashford and we therefore consider the Council is justified in seeking to secure the maximum viable level of affordable housing.

7.86 However, whilst a significant quantitative shortfall is identified, there are in reality two key factors against which the assessment must be put into context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used in this report. Secondly, our evidence shows that in Ashford the private rented sector *currently* makes a significant contribution to meeting affordable housing needs with an estimated 246 lettings per annum in sector to households supported by LHA.

7.87 The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is plainly a local policy decision which is outside the scope of this study. However even if there was to be no further growth in LHA claimants in the sector this is likely to continue to make an important contribution to meeting needs.

7.88 The Council in determining policies for overall housing provision and for affordable housing in its new Local plan will need to consider these issues. Indeed, taking the Council’s current affordable

housing policy, the level of provision identified by the demographic requirements would enable the Council to address tenure imbalance and in particular, reduce the role of the private rented sector in meeting affordable needs over the plan period.

- 7.89 With respect to tenure mix, our assessment indicates a borough-wide mix target of 25% intermediate: 75% rent would be appropriate, with the rent composition slightly skewed towards social rent. We do however identify some localised variation at settlement level which could feed into neighbourhood plans.

8 NEED FOR DIFFERENT SIZES OF HOMES

8.1 As discussed in section 4, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.

8.2 In this section we consider in some detail the implications of demographic drivers on demand for different housing products. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes. This however needs to be brought together with an understanding of wider factors including:

- The need and opportunity to develop the housing offer;
- The findings of the housing needs analysis which provide a short-term view of requirements;
- Economic factors, such as trends in employment, overall and by occupation; and
- Local policy objectives.

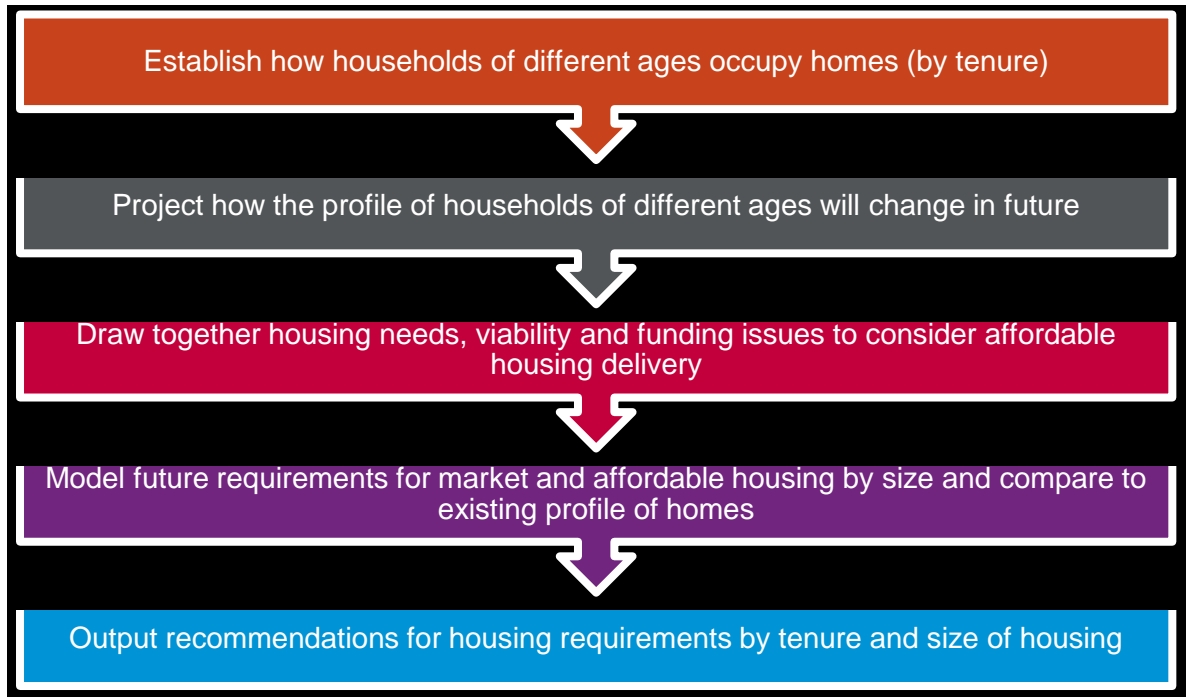
8.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For the purposes of this analysis we have looked at the demographic change as indicated in our projection linked to the 2011-based SNPP (updated) - delivery of around 13,800 additional homes from 2011 to 2030.

8.4 It should be noted that this projection will not necessarily be translated into policy but has been used to indicate the likely size requirements of homes moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar.

Methodology of Market Modelling

8.5 The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections and below we briefly discuss key information sources.

Figure 41: Approach to Housing Market Modelling



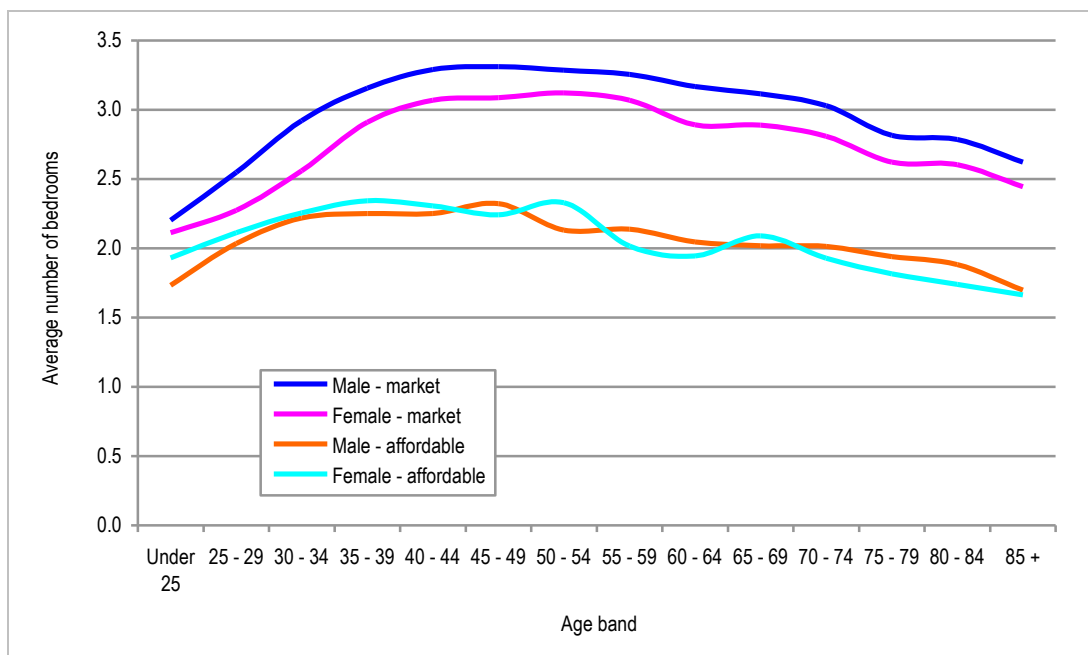
Understanding how Households Occupy Homes

- 8.6 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.
- 8.7 For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate into a need for smaller units. In the affordable sector this issue is less relevant in the affordable sector (particularly since the introduction of the 'bedroom tax') although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.
- 8.8 The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table

by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations). However, in applying these statistics, it should be noted that current demographic (and household) composition may have been skewed by the suppression of a particular type of household in the recent past (i.e. through lack of affordability or availability) and this may lead to the size needs of such households being masked in future projections.

8.9 The figure below shows an estimate of how the average number of bedrooms rooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-59 age groups. In the affordable sector this peak appears earlier. After sizes peak the average dwelling size decreases – possibly due to a number of people down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with no particular trend being seen in the affordable sector).

Figure 42: Average bedrooms by age, sex and tenure



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

8.10 As of 2011 it is estimated that there were 47,967 households living in Ashford. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2011, as shown in the table below. The table shows that an estimated 15.7% of households live in affordable housing with 84.3% being in the market sector (the size of the affordable sector

has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in 2011). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 72% having three or more bedrooms compared to 38% for affordable housing.

- 8.11 These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the. We have however translated the household projections into dwelling figures by including a 3% vacancy allowance when studying the final outputs of the market modelling.

Table 37: Estimate profile of dwellings by size (2011)

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	1,758	4.4%	2,057	27.2%	3,816	8.0%
2 bedrooms	9,395	23.2%	2,638	34.9%	12,033	25.1%
3 bedrooms	17,979	44.5%	2,555	33.8%	20,534	42.8%
4+ bedrooms	11,282	27.9%	303	4.0%	11,585	24.2%
Total	40,414	100.0%	7,553	100.0%	47,967	100.0%
% in tenure	84.3%		15.7%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

- 8.12 The housing market model has been used to estimate future requirements for different sizes of property over the next 19-years. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what mix of future housing will be in the market and affordable sectors.
- 8.13 The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The Housing Needs analysis in this report provides evidence of considerable housing need which would support any target although the viability of providing affordable housing will limit the amount that can be delivered. On the basis of information available we believe that 30% is probably about the maximum affordable housing delivery likely to be achieved in the current market and have developed projections on the basis of 30% of new delivery being in the affordable sector. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Mix Findings: Market Housing

- 8.14 As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 19-year period from 2011 to 2030.
- 8.15 The table and figure below shows estimates of the sizes of market housing required from 2011 to 2030 based on demographic trends for the whole of the Borough. The data suggests a requirement for homes for 9,378 additional households with the majority of these being two- and three-bedroom homes.

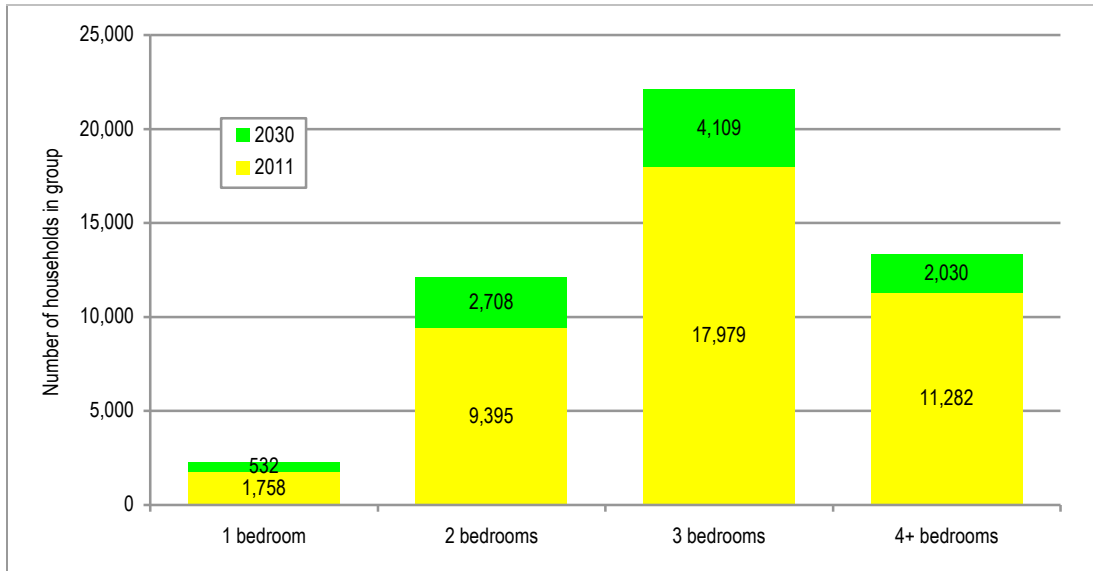
Table 38: Estimated Size of Dwellings Required (2011-2030): Market Housing

Size	2011	2030	Additional households 2011-2030	% of additional households
1 bedroom	1,758	2,291	532	5.7%
2 bedrooms	9,395	12,103	2,708	28.9%
3 bedrooms	17,979	22,088	4,109	43.8%
4+ bedrooms	11,282	13,311	2,030	21.6%
Total	40,414	49,792	9,378	100.0%

Source: Housing Market Model

- 8.16 The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 3% vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are projected to fall slightly in the future (which itself is partly due to the ageing of the population).

Figure 43: Impact of Demographic Trends on Market Housing Requirements by Size (2011-2030)



Source: Housing Market Model

- 8.17 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.
- 8.18 In the short-term we might expect stronger demand in relative terms for larger family homes as the market for smaller properties (i.e. those more commonly sought by first time buyers) is restricted by mortgage finance constraints. In this regard, monitoring of demand and particularly the impact of schemes such as Help to Buy locally will be important. However, over the 19-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).
- 8.19 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.
- 8.20 We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for

development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to ‘*identify the size, type, tenure and range of housing that is required*’.

8.21 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Housing

8.22 The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2011 and 2030 that around 69% of the requirement is for homes with one- or two-bedrooms with around 31% of the requirement being for larger homes with three or more bedrooms.

8.23 This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 39: Estimated Size of Dwellings Required (2011-2030): Affordable Housing

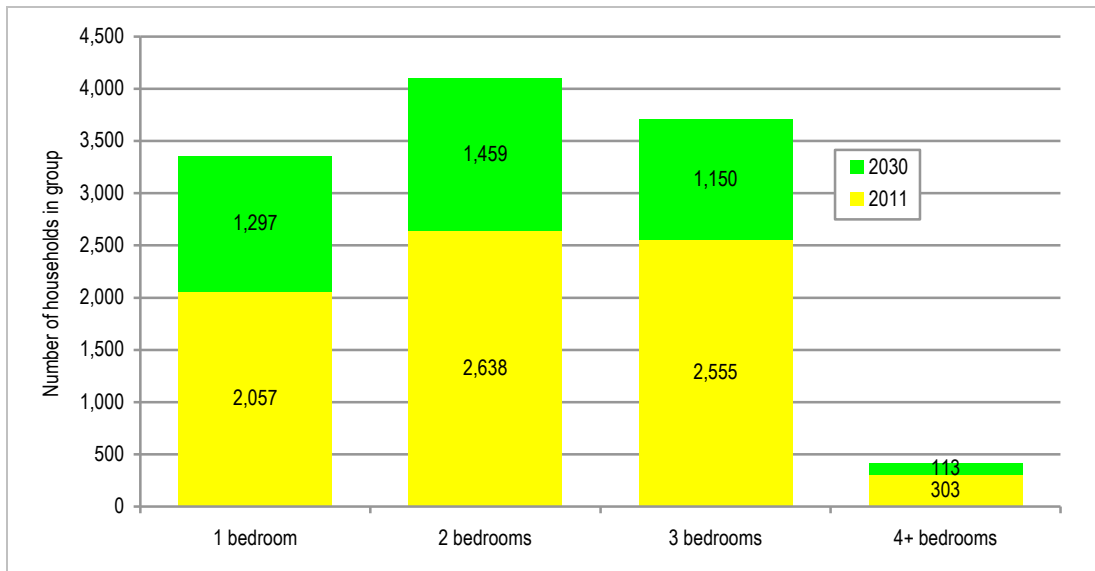
Size	2011	2030	Additional households 2011-2030	% of additional households
1 bedroom	2,057	3,354	1,297	32.3%
2 bedrooms	2,638	4,096	1,459	36.3%
3 bedrooms	2,555	3,705	1,150	28.6%
4+ bedrooms	303	416	113	2.8%
Total	7,553	11,572	4,019	100.0%

Source: Housing Market Model

8.24 The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2011 – the figures are based on households (i.e. before adding in a vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required – this makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the

analysis still identifies a requirement for more large units (particularly three bedroom accommodation).

Figure 44: Impact of Demographic Trends on Affordable Housing Requirements by House Size, 2011 to 2030



Source: Housing Market Model

Indicative Targets by Dwelling Size

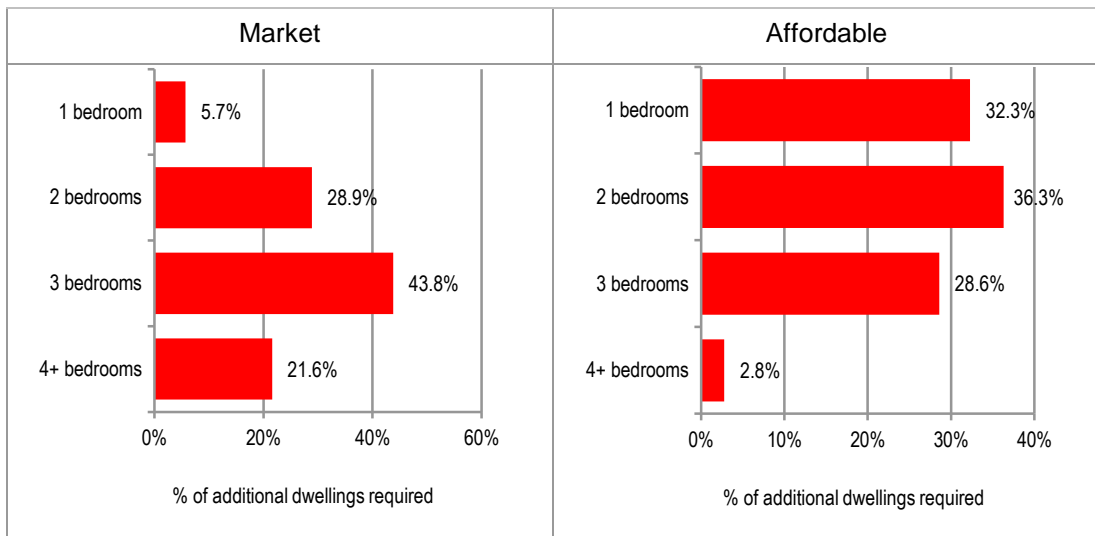
8.25 The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 3% vacancy allowance in moving from household figures to estimates of housing requirements.

Table 40: Estimated dwelling requirement by number of bedrooms (2011-2030)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	532	548	5.7%	1,297	1,336	32.3%
2 bedrooms	2,708	2,789	28.9%	1,459	1,503	36.3%
3 bedrooms	4,109	4,232	43.8%	1,150	1,185	28.6%
4+ bedrooms	2,030	2,090	21.6%	113	117	2.8%
Total	9,378	9,659	100.0%	4,019	4,140	100.0%

Source: Housing Market Model

Figure 45: Size of housing required (2011 to 2030)



Source: Housing Market Model

- 8.26 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.
- 8.27 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the 'bedroom tax'.
- 8.28 For these reasons we would suggest in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.
- 8.29 There are thus a range of which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a borough-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 25%-30%
- 2-bed properties: 35%-40%
- 3-bed properties: 25%-30%
- 4-bed properties: 5%-10%

8.30 Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.31 The need for affordable housing of different sizes will vary by area across the Borough and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

8.32 In the market sector we would suggest a profile of housing that broadly matches the outputs of the modelling. However, taking account of the impact of the ageing population and considering the local market dynamics, we would recommend a slightly stronger focus across the plan period on delivering smaller units than the pure modelling outputs suggest. In particular, this should include provision of small family homes and starter properties for young/newly forming households (although we recognise that current constraints on mortgage finance may serve to suppress such demand in the short-term). Provision of small units suited to older households needs and demands (particularly in terms of quality and lifestyle) to support downsizing also this deviation from the pure modelling figures. On this basis we would recommend the following mix of market housing be sought:

- 1-bed properties: 5%-10%
- 2-bed properties: 30%-35%
- 3-bed properties: 40%-45%
- 4-bed properties: 15%-20%

8.33 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we do not strongly believe that such prescriptive figures should be included in the plan making process and that the 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Sub-area Housing Market Modelling Outputs

- 8.34 Whilst the analysis above has focussed on outputs for Ashford as a borough, the data itself has been built up from analysis at a smaller area level. The tables below provide the outputs of this analysis in terms of the sizes of accommodation estimated to be required in each of the affordable and market sectors for the five different areas.
- 8.35 To a considerable degree the outputs show a reinforcing of the current housing offer in each area with high proportions of larger homes forecast to be required in areas which traditionally have provided larger housing units. This is largely a function of the expected demographic change in these areas and the fact that household types requiring larger homes are expected to continue seeking these locations; however, as the future demographic change is somewhat linked to past trends, the suppression of a particular type of household in the past (i.e. through a lack of supply of a certain type of property and/or lack of affordability) may lead to the size needs of such households being masked in future projections.
- 8.36 Given the ageing demographic in many of the more rural sub-markets, as well as the higher pricing levels of market housing, we would again promote a stronger focus on smaller units within the market sector (1 and 2 bedrooms) in these areas than the pure modelling would suggest, with a consequent dampening of the significant requirements for 4 plus bedroom properties seen in some areas (i.e. 30% in Rural West).

Table 41: Settlement level estimates of dwelling sizes (2011-30): Market Housing

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Ashford Town	6.1%	29.6%	47.2%	17.0%
Rural North	7.0%	29.6%	38.4%	25.0%
Rural West	3.9%	26.4%	39.9%	29.9%
Rural East	3.2%	27.2%	40.4%	29.2%
Rural South	6.2%	28.6%	40.5%	24.7%
Borough	5.7%	28.9%	43.8%	21.6%

Source: Housing Market Model

Table 42: Settlement level estimates of dwelling sizes (2011-30): Affordable Housing

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Ashford Town	34.6%	33.5%	28.1%	3.8%
Rural North	30.9%	45.5%	22.3%	1.2%
Rural West	22.1%	41.1%	35.2%	1.5%
Rural East	25.4%	38.7%	33.4%	2.6%
Rural South	36.5%	34.8%	27.2%	1.5%
Borough	32.3%	36.3%	28.6%	2.8%

Source: Housing Market Model

Summary of Key Findings

8.37 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (19-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

Table 43: Indicative requirements for different dwelling sizes (2011-30)

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	25-30%	40-45%	20-25%
Affordable	25-30%	35-40%	25-30%	5-10%

8.38 Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.39 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

8.40 The mix identified above should inform strategic Borough-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

8.41 There is some urban-rural variation in terms of mix requirements, with the modelling displaying a requirement for a generally larger profile of units in rural areas moving forward. However, given the ageing demographic and greater affordability pressures identified in the rural areas of the borough, there is again rationale for a more explicit focus on smaller (1 and 2 bedroom) units in the market sector moving forward, both to encourage and enable downsizing and also support new household formation.

9 HOUSING NEEDS OF PARTICULAR GROUPS

Introduction

- 9.1 We have established overall housing requirements for different sizes of properties over the next 19-years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.
- 9.2 Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.
- 9.3 The following key groups have been identified which may have housing needs which differ from those of the wider population:
- Older Persons;
 - People with disabilities;
 - Black and Minority Ethnic (BME) households;
 - Households with children
 - Young people

Housing Needs of Older People

- 9.4 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 19-years is expected to be the growth in the population of older persons.
- 9.5 Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).
- 9.6 The context to older persons housing provision can be summarised as below:
- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;

- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing requiring higher levels of support. However many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

9.7 Below we have provided some baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group due to the fact that some housing developments are specifically targeted at the over 55 age group.

Table 44: Older person population (2011)

Age group	Ashford		South East	England
	Population	% of popn	% of popn	% of popn
Under 55	83,811	70.8%	70.8%	72.0%
55-64	14,401	12.2%	11.9%	11.6%
65-74	10,953	9.3%	8.9%	8.6%
75-84	6,475	5.5%	5.8%	5.5%
85+	2,765	2.3%	2.5%	2.2%
Total	118,405	100.0%	100.0%	100.0%
Total 55+	34,594	29.2%	29.2%	28.0%

Source: ONS Mid-Year Estimates

9.8 The data shows that, when compared with both the region and England, the Borough has a similar proportion of older persons. In 2011 it is estimated that 29.2% of the population of Ashford was aged 55 or over compared with 29.2% in the South East region and 28.0% for the whole of England.

Future Changes in the Population of Older Persons

9.9 As well as providing a baseline position for the proportion of older persons in the Borough we can use published population projections to provide an indication of how the numbers might change in the future compared with other areas. The data provided below is based on the 2011-based SNPP which is the latest source available consistently across areas. The data is only taken to 2021 (due

to the timescales used by ONS although for Ashford this report does look at the changing age structure through to 2030).

- 9.10 The data shows that Ashford (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 55 and over expected to increase by 27% over just 10-years. This figure is higher than projected for both the region and England although to a considerable degree this will be due to a higher overall projected increase in the population.

Table 45: Projected Change in Population of Older Persons (2011 to 2021)

Age group	Ashford	South East	England
Under 55	8.6%	4.0%	4.4%
55-64	17.9%	15.7%	13.5%
65-74	25.3%	22.7%	20.3%
75-84	39.6%	26.2%	22.6%
85+	51.4%	40.4%	38.5%
Total	13.9%	9.3%	8.6%
Total 55+	27.0%	22.1%	19.4%

Characteristics of Older Persons Households

- 9.11 We have used 2011 Census data to explore in more detail the characteristics of older person households in Ashford (based on the population aged 65 and over). The first table below shows the number of households compared with the County, region and England. The data shows that in 2011 around 22% of households were comprised entirely of people aged 65 and over. This is slightly lower than the County and regional average but slightly above the equivalent figure for England.

Table 46: Pensioner households (Census 2011)

Pensioner households	Ashford	Kent	South East	England
Single pensioner	5,654	79,310	449,969	2,725,596
2 or more pensioners	4,653	58,524	329,263	1,851,180
All households	47,787	605,638	3,555,463	22,063,368
Single pensioner	11.8%	13.1%	12.7%	12.4%
2 or more pensioners	9.7%	9.7%	9.3%	8.4%
All households	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	21.6%	22.8%	21.9%	20.7%

Source: Census (2011)

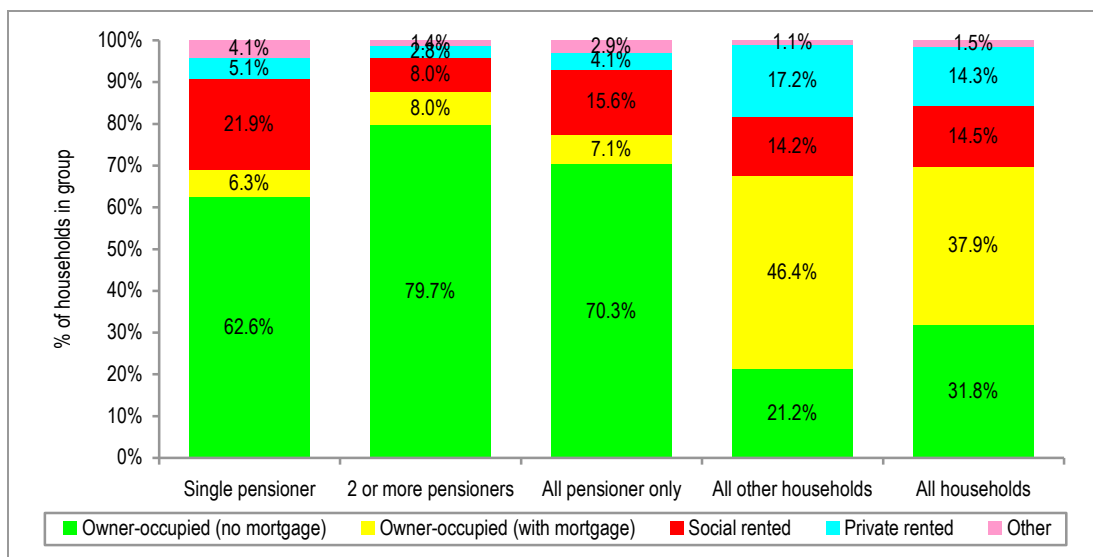
- 9.12 The figure below shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples).

The data shows that pensioner households are relatively likely to live in outright owned accommodation (70%) and are also slightly more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (4% compared with 14% of all households in the Borough).

9.13 There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector.

9.14 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population.

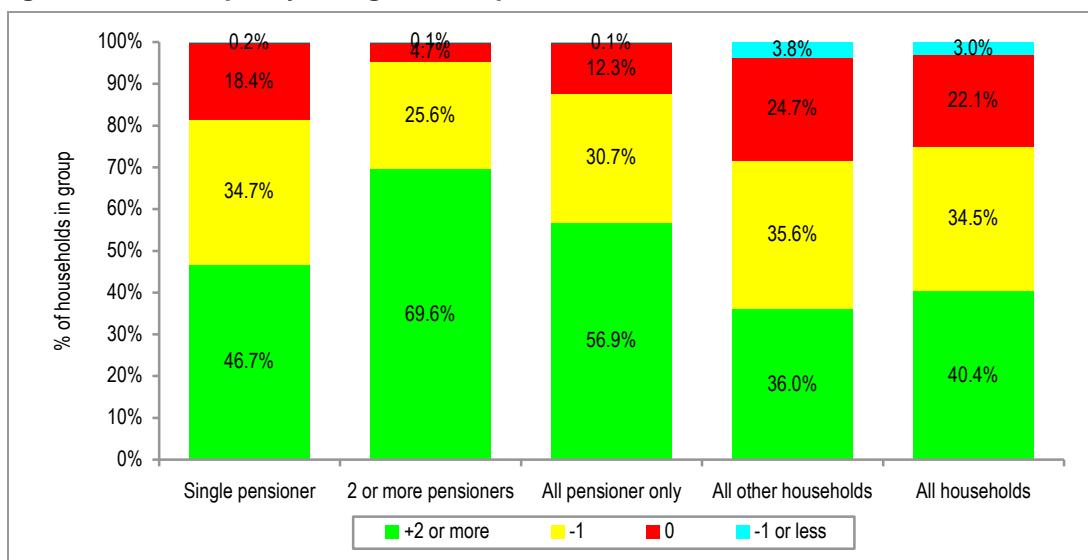
Figure 46: Tenure of older person households - Ashford



Source: 2011 Census

9.15 A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the Borough. In total 57% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 36% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 47: Occupancy rating of older person households - Ashford



Source: 2011 Census

9.16 It is of interest to study the above information by tenure. The figure below shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were around 300 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Table 47: Pensioner households with occupancy rating of +2 or more by tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	2,298	2,932	5,230
Social rented	190	97	287
Private rented	155	95	250
All tenures	2,643	3,124	5,767

Source: 2011 Census

9.17 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay.

Health-related Population Projections

- 9.18 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.
- 9.19 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.
- 9.20 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 106%) along with an 84% increase in the number with mobility problems.

Table 48: Estimated population change for range of health issues (2011 to 2030)

Type of illness/disability	2011	2030	Change	% increase
Dementia	1,405	2,895	1,490	106.0%
Mobility problems	3,691	6,796	3,105	84.1%

Source: Data from POPPI and demographic projections

- 9.21 We have also accessed data from the Housing LIN website's Strategic Housing for Older People (SHOP) analysis toolkit. This source estimates potential requirements for sheltered, extra care and residential care housing. A broad summary of the outputs for Ashford (using the SHOP standard settings) are shown in the table below.
- 9.22 The data suggests a current requirement for 1,191 units with an additional 2,239 expected to be needed over the period to 2030. In total (and excluding the figures for registered care) the Housing LIN data suggests a requirement for some 2,205 additional units of accommodation specifically for older people by 2030 with a roughly 70:30 split between affordable and market – given the 18-year period used by the Housing LIN data the figure represents some 123 units per annum.
- 9.23 The tenure split shown by the modelling is influenced by the current housing tenure profile; and we would expect in reality a greater proportion of demand for specialist elderly housing provision (such as sheltered and extra care) to be for market housing. This reflects the significant level of owner-

occupiers amongst older households, with equity within existing homes. The tenure split shown in the table below should thus be treated with caution.

- 9.24 Additionally, a general policy drive away from Registered Care to more independent living options may see a move towards providing extra-care rather than register care options.

Table 49: Estimated requirement for specialist housing

	Current need	Additional need (to 2030)	Total need
Sheltered – affordable	402	749	1,151
Sheltered – market	233	411	644
Extra care – affordable	211	199	410
Extra care – market	0	0	0
Registered care	345	880	1,225
TOTAL	1,191	2,239	3,430

Source: Housing LIN

- 9.25 Whilst this analysis should be treated as indicative given the number of assumptions feeding into it there is clearly a case for the Council seeking to provide additional ‘specialist’ accommodation for older persons as the population ages.
- 9.26 Housing provision within the sheltered and extra care categories shown would count towards housing numbers. Comparing the level of provision for these forms of housing, the level of need shown (2,205 homes to 2030) would represent 18% of the housing growth identified in the PROJ 1 demographic projection. Provision of residential care bed spaces do not count towards housing numbers as they do not fall within a C3 Use Class.

Summary of Findings on Older Person Households

- 9.27 The older person population of Ashford is about average when compared with national figures and is projected to increase significantly up until 2030.
- 9.28 Older persons are more likely to under-occupy homes. In the affordable sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Council may wish to consider providing support and incentives to social housing occupiers to downsize. This will help to release larger affordable homes for younger households. An analysis of older person households suggest that they are more likely to live in social rented housing (especially single pensioner households). With the projected increases in older persons there may therefore be additional pressure on the affordable housing stock from such households.
- 9.29 Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support

needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.

- 9.30 The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 106% growth in older population with dementia, and an 84% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS). Analysis of Housing LIN data suggests a requirement for around 123 additional sheltered/extra-care homes per annum to 2030 specifically to meet the needs of older people, with a particular need in the affordable sector. There is also a sizeable registered care requirement in addition to conventional housing; particularly given projected growth in older people with dementia and mobility problems, however, if this were adequately met, it could release stock for occupation by other households.

Housing Needs of People with Disabilities

- 9.31 This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although at the time of writing the level of available Census data was quite limited. It should also be recognised that an analysis of people with disabilities is somewhat linked with the above analysis about older people; however, there are other groups in population with disability related needs.
- 9.32 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across Ashford some 24% of households contain someone with a LTHPD. This figure is slightly lower than the equivalent figure for Kent but above the regional average. The figures for the population with a LTHPD again show a lower proportion when compared with County figures (an estimated 16.2% of the population of Ashford have a LTHPD).

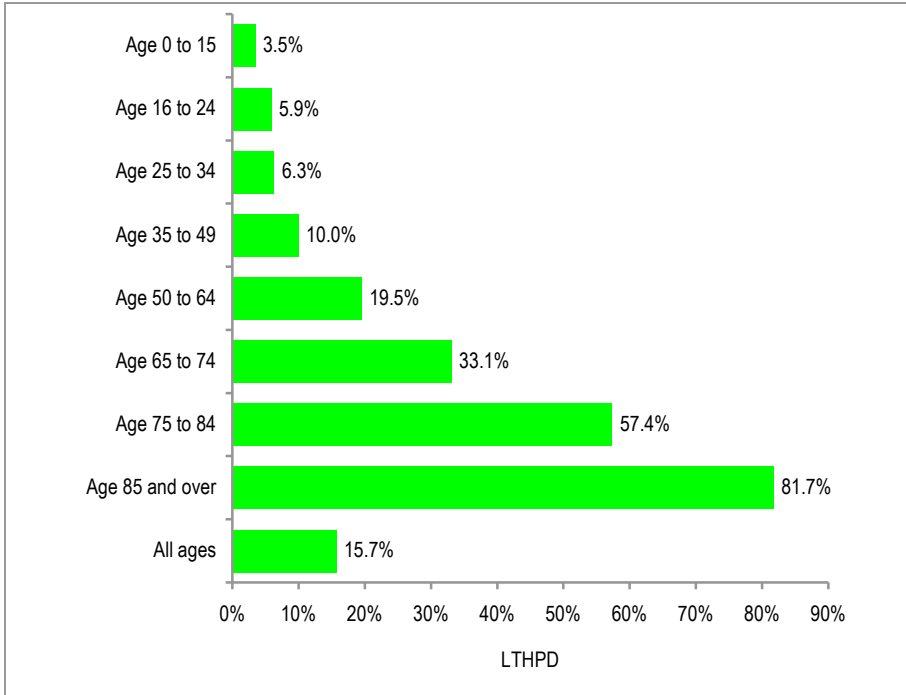
Table 50: Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Ashford	11,451	24.0%	19,085	16.2%
Kent	154,753	25.6%	257,038	17.6%
South East	839,086	23.6%	1,356,204	15.7%
England	5,659,606	25.7%	9,352,586	17.6%

Source: Census (2011)

9.33 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore the figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 82% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

Figure 48: Population with LTHPD in each Age Band



Source: Census (2011)

9.34 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our projection linked to the SNPP (updated) it is estimated that the number of people with a LTHPD will increase by around 8,750 (a 46% increase). The vast majority of this increase (86%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 30% of the total increase in the population projected by the demographic modelling.

The Adult Population with Disabilities

9.40 The tables below provide an indication of the size of the adult population with various disabilities and how this is expected to change over the period from 2012 to 2020 (which is the longest timeframe available from this source). The information is taken from the PANSI website and we have looked at learning disabilities, physical disabilities and mental health problems. The three

tables show that there is expected to be some increase in the number of people with each of these disabilities but that the increases are relatively small when compared with increases in health problems expected to be experienced as a result of the ageing population.

Table 51: Estimated Population Change in Population with Learning Disabilities

Age band	2012	2020	Change	% Increase
18-24	252	243	-9	-3.6%
25-34	336	391	55	16.4%
25-44	405	399	-6	-1.5%
45-54	404	430	26	6.4%
55-64	317	373	56	17.7%
Total	1,714	1,836	122	7.1%

Source: PANSI Website

Table 52: Estimated Population Change in Population with moderate or serious Physical Disability

Age band	2012	2020	Change	% Increase
18-24	381	369	-12	-3.1%
25-34	567	659	92	16.2%
25-44	924	907	-17	-1.8%
45-54	1,688	1,775	87	5.2%
55-64	2,086	2,444	358	17.2%
Total	5,646	6,154	508	9.0%

Source: PANSI Website

Table 53: Estimated Population Change in Population with Mental Health Problems (those aged 18-64)

Type of mental health problem	2012	2020	Change	% Increase
Common mental disorder	11,456	12,220	764	6.7%
Borderline personality disorder	321	342	21	6.5%
Antisocial personality disorder	244	263	19	7.8%
Psychotic disorder	285	304	19	6.7%
Two or more psychiatric disorders	5,102	5,453	351	6.9%

Source: PANSI Website

Summary of Findings on People with Disabilities

9.35 Currently 24% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2030 – this is largely linked to an ageing population. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

- 9.36 In the future the adult population with a range of disabilities is expected to increase only slightly (by around 7%-9%). This may however generate additional demand for specialist accommodation – particularly if there is any current mismatch in requirements and availability (and set against a backdrop of reduced funding).
- 9.37 Whilst this assessment does not specifically identify the housing needs of people with disabilities the data does suggest that there are a large proportion of people (and households) affected to some degree by disabilities. We would recommend that the Council:
- Promotes choice and control for people with disabilities - including providing opportunities for independent living
 - Delivers housing services as part of an integrated package of health and social care
 - Maintains an up-to-date record of properties with different adaptations (and a record of the demand for such homes)
 - Provide services for disabled people who are homeless (noting for example that having a physical disability is not necessarily a mandatory priority need reason for rehousing)
 - Ensure that people with disabilities are not disadvantaged when bidding for properties through Choice-Based Lettings

Black or Minority Ethnic (BME) Households

- 9.38 Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.
- 9.39 From 2011 Census data we find that around 9.9% of the population of Ashford came from a non-White (British/Irish) background. This figure is similar to that found across the County and somewhat lower than found across the region (13.9%); it is also about half the national figure (for England of 19%). The key BME group in Ashford is Other-White (which is likely to contain a number of Eastern European migrants) – the Other-White population makes up 3.2% of all people in the Borough which is significantly higher than any other group.

Table 54: Black and Minority Ethnic Population (2011)

Ethnic Group	Ashford	Kent	South East	England
White: British	89.4%	89.1%	85.2%	79.8%
White: Irish	0.6%	0.7%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.5%	0.3%	0.2%	0.1%
White: Other White	3.2%	3.6%	4.4%	4.6%
Mixed: White and Black Caribbean	0.5%	0.4%	0.5%	0.8%
Mixed: White and Black African	0.2%	0.2%	0.3%	0.3%
Mixed: White and Asian	0.4%	0.5%	0.7%	0.6%
Mixed: Other Mixed	0.3%	0.4%	0.5%	0.5%
Asian: Indian	0.8%	1.2%	1.8%	2.6%
Asian: Pakistani	0.1%	0.2%	1.1%	2.1%
Asian: Bangladeshi	0.2%	0.2%	0.3%	0.8%
Asian: Chinese	0.4%	0.4%	0.6%	0.7%
Asian: Other Asian	1.9%	1.2%	1.4%	1.5%
Black: African	0.8%	0.8%	1.0%	1.8%
Black: Caribbean	0.3%	0.2%	0.4%	1.1%
Black: Other Black	0.1%	0.1%	0.2%	0.5%
Other ethnic group: Arab	0.1%	0.1%	0.2%	0.4%
Any other ethnic group	0.3%	0.4%	0.4%	0.6%
Total	100.0%	100.0%	100.0%	100.0%
Total population	117,956	1,463,740	8,634,750	53,012,456
% non-White (British/Irish)	9.9%	10.2%	13.9%	19.3%

Source: ONS (2011 Census)

- 9.40 Since 2001 the BME population in the Borough can be seen to have increased significantly as can be seen in the table below. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of Ashford has risen by 15,295 over the 10-year period the increase in BME groups (all groups other than White (British/Irish)) has been 7,316 of this change (48% of the total). The White (British/Irish) population has increased 8.1% compared to an increase of 167% in BME groups (all combined).
- 9.41 Looking at particular BME groups we see that the largest rise in terms of population has been for Asian people – increasing by 3,035 over the ten years. In proportionate terms the greatest increase has also been in the Asian population which has increased by over 300% over the decade.

Table 55: Change in BME groups 2001 to 2011 (Ashford)

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	98,272	106,251	7,979	8.1%
White - Other	1,882	4,269	2,387	126.8%
Mixed	877	1,682	805	91.8%
Asian or Asian British	956	3,991	3,035	317.5%
Black or Black British	445	1,375	930	209.0%
Chinese and other	229	388	159	69.4%
Total	102,661	117,956	15,295	14.9%

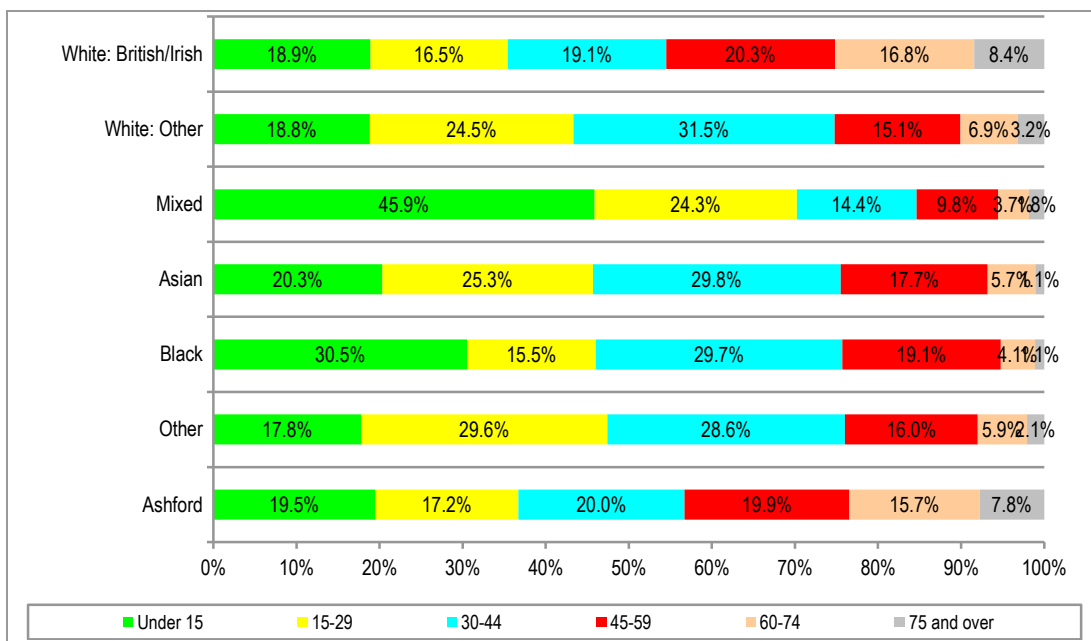
Source: Census 2001 and 2011

BME Household Characteristics

9.42 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the Borough. The figure below looks at the population age structure of six broad age groups using data from the 2011 Census.

9.43 The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 25% of White: British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 10% (including just 5% of the Black population).

Figure 49: Population age profile (2011)



Source: Census (2011)

9.44 We have used 2011 Census data to provide an indication of the characteristics of BME households. The first table below shows estimates of the number of households in each BME group. Whilst the data broadly follows patterns for population it is notable that BME households make up a lower proportion of total households when compared with population proportions. This suggests higher average household sizes for most BME groups (as shown in the last column of the table).

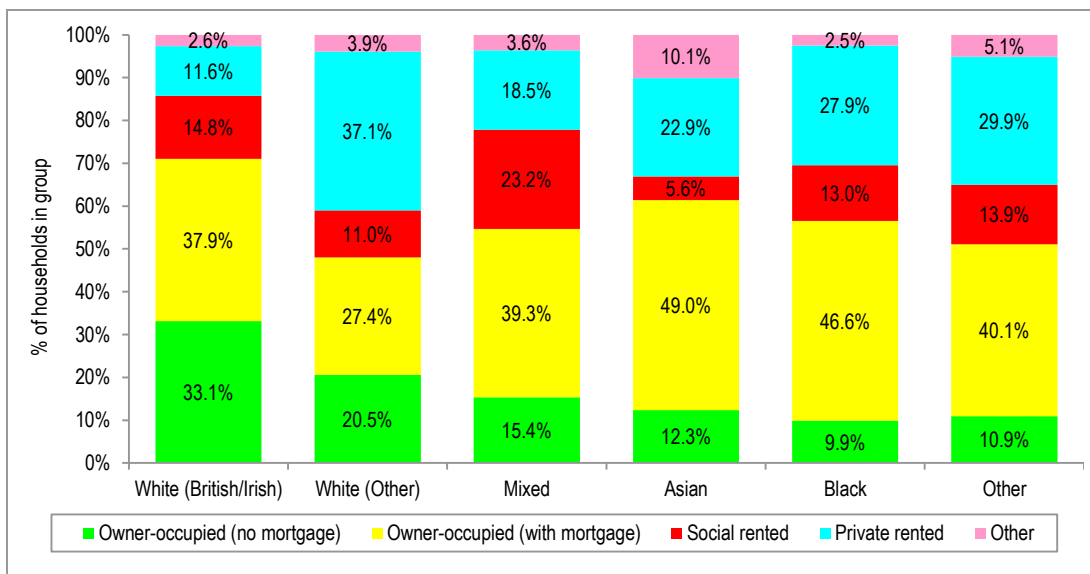
Table 56: Number of households by ethnic group (2011) and average household size

Ethnic Group	Households		Population		Average hh size
	No.	%	No.	%	
White: British/Irish	106,251	90.1%	44,126	92.3%	2.41
White: Other White	4,269	3.6%	1,538	3.2%	2.78
Mixed	1,682	1.4%	384	0.8%	4.38
Asian	3,991	3.4%	1,126	2.4%	3.54
Black	1,375	1.2%	476	1.0%	2.89
Other ethnic group	388	0.3%	137	0.3%	2.83
Total	117,956	100.0%	47,787	100.0%	2.47

Source: Census (2011)

9.45 There are notable differences between the household characteristics of BME households as against the White: British population. The figure below indicates that all BME groups are less likely to be owner-occupiers and far more likely to live in private rented accommodation. Arguably the starkest trend is the 37% of White (Other) households living in the private rented sector.

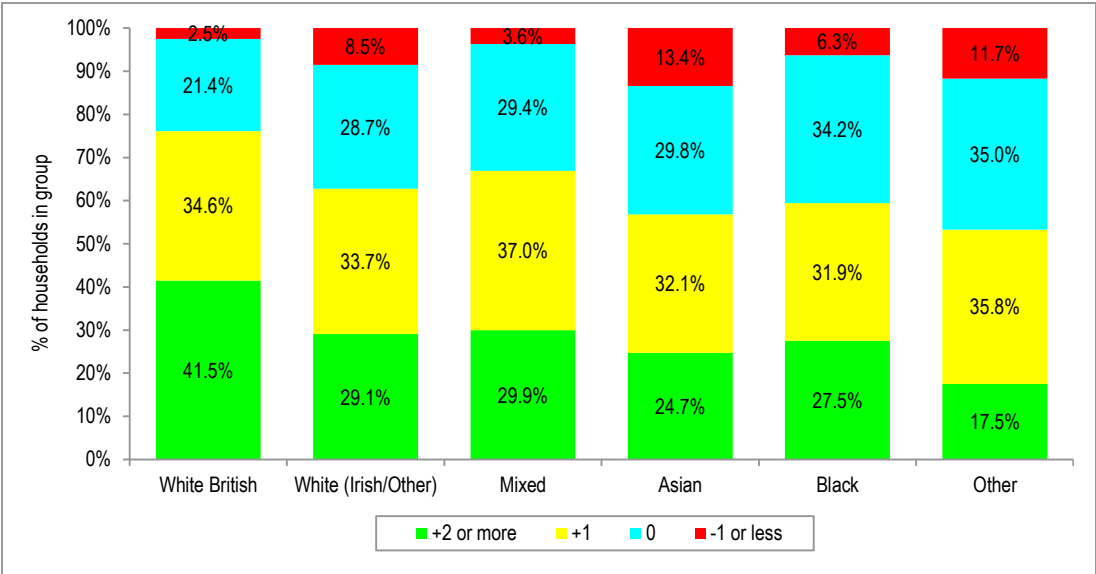
Figure 50: Tenure by ethnic group in Ashford



Source: 2011 Census data (from NOMIS)

- 9.46 The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the Borough shows a strong representation of LHA Claimants).
- 9.47 As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.
- 9.48 The figure below shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 13% of Asian and 12% of Other households are overcrowded - this compares with only 2.5% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 51: Occupancy rating by ethnic group in Ashford



Source: 2011 Census data (from NOMIS)

Summary of Findings on BME Households

- 9.49 The BME population in Ashford has grown strongly since 2001. The 2011 Census shows that BME groups make up 9.9% of the Borough’s population. The Asian and White: Other populations (which includes Eastern European migrants) have both grown notably.

- 9.50 BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings.
- 9.51 The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

Households with children (family households)

9.52 There are currently around 15,400 family households in Ashford (defined for the purpose of this assessment as any household which contains at least one dependent child) accounting for almost one third of all households, higher than the county and regional averages (both 29%). In addition, our baseline demographic projection (linked to the SNPP (updated)) suggests that the number of children (aged Under 15) is expected to increase markedly from 2011 to 2030 (an increase of around 4,000 people). Clearly then, ensuring the needs of families are met will need form an important part of future housing supply and strategy in Ashford.

Table 57: Households with dependent children (2011)

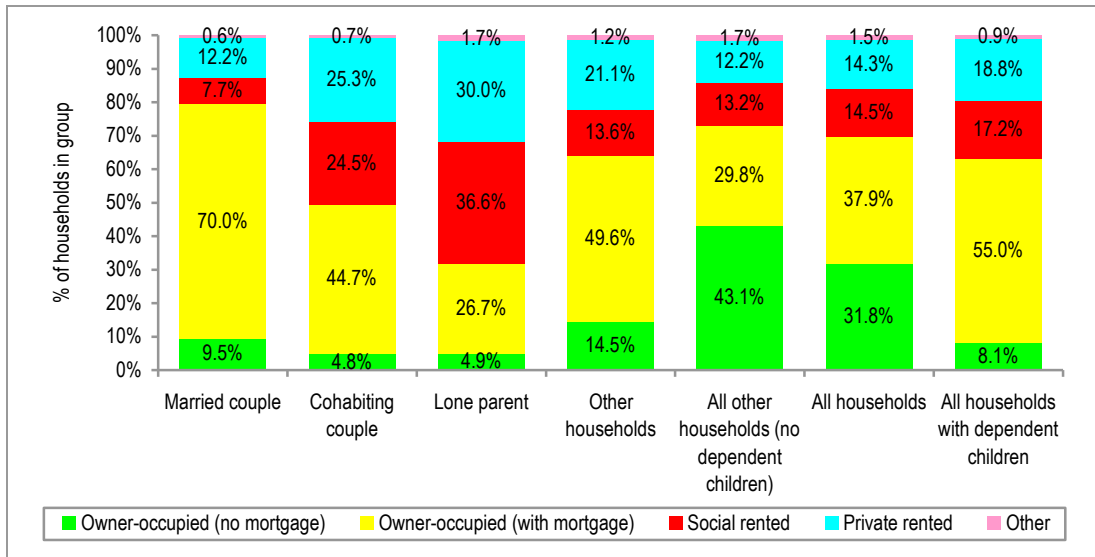
Household type	Number	%
Married couple	8,473	17.7%
Cohabiting couple	2,386	5.0%
Lone parent	3,408	7.1%
Other households	1,144	2.4%
All other households (no dependent children)	32,376	67.8%
Total	47,787	100.0%
Total with dependent children	15,411	32.2%

Source: ONS (2011 Census)

- 9.53 The figure below demonstrates that there are some considerable differences in tenure across the various family household types. In particular, we see very high levels of owner occupation (80%) within the married couple families, perhaps to be expected given these are most likely to be more established family units. This falls somewhat in cohabiting couple families, which are perhaps indicative of younger families, where owner occupation accounts for only 49% of households and even more so amongst lone parent families (32%).
- 9.54 The data also illustrates a markedly higher reliance on social rent and private rent tenures amongst cohabiting couple families but even more so within lone parent households. Whilst this will be in

part lifestyle preference, it is likely that this greater reliance will be largely borne out of difficulty accessing owner occupation due to affordability issues.

Figure 52: Tenure of households with dependent children - Ashford

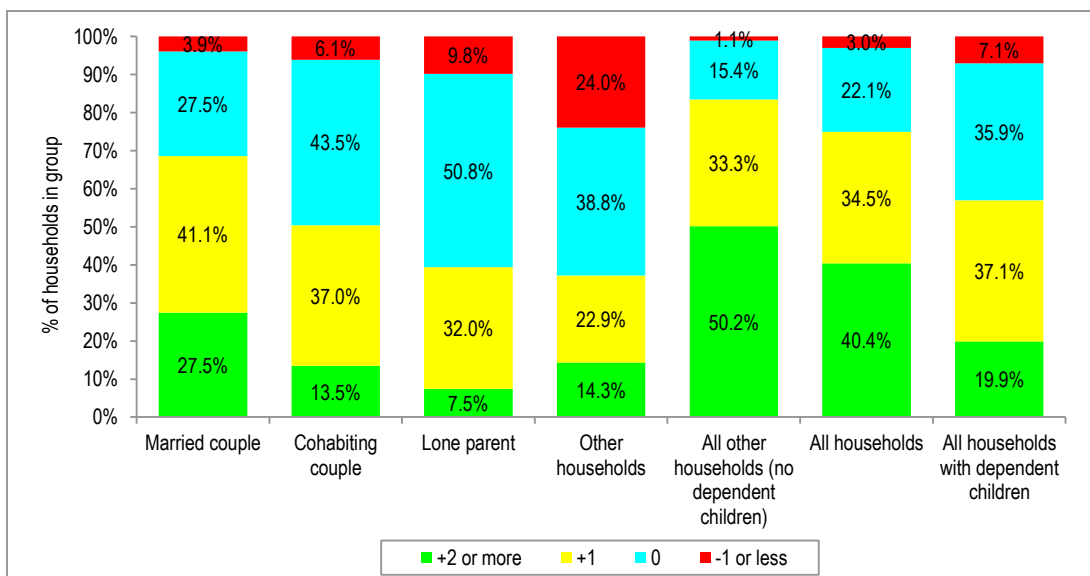


Source: 2011 Census

9.55 Overcrowding can be a key issue when considering whether the needs of family households (or households with children are adequately met). Data from the Census indicates that households with children are about seven times (7.1%) more likely than other households (1.1%) to be overcrowded.

9.56 The chart also further illustrates disadvantage amongst lone parent households, with almost 10% of such households overcrowded along with 24% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

Figure 53: Occupancy rating and households with dependent children



Source: 2011 Census data (from NOMIS)

Summary of Findings – Households with Children

- 9.57 Overall, the data available about family households suggests that this group may be quite polarised. Married couple households are likely to experience low levels of housing disadvantage, with high levels of owner-occupation and generally suitable accommodation (in terms of space needs), and thus in the main the needs of this group can be met through adequate provision in the market sector (as our mix requirements recommend).
- 9.58 Cohabiting couple households and particularly lone parent households experience higher levels of housing disadvantage. Both groups have greater reliance on social rented and private rented housing and generally experience higher levels of overcrowding than more established family types. Making adequate provision for a range of family sizes, including small units for young or lone parent households within the affordable sector will be an important part of meeting these needs. However, there is also a need to make sure “starter homes” for small families are also available within new market provision to ensure that those who wish and are able to owner occupy are not unnecessarily driven towards the private rented sector. Ensuring sufficient standards and security within the private rented sector will also be an important part of housing strategy for families/households with children.

Young people

- 9.59 Providing for the needs of younger person households is an important consideration for the Council. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. It is also important to consider the specific needs which may arise within this group, particularly in respect of young parents (especially young single parents).
- 9.60 The demographic projections (linked to the SNPP (updated)) suggest that in 2011 there were around 7,100 households headed by someone aged under 35 and that this is set to increase by around 600 over the period from 2011 to 2030.
- 9.61 As well as households headed by a younger person there will be others living as part of another household (typically with parents). The table below shows the number of households in the Borough with non-dependent children. In total, some 9% of households (4,400) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner

occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents.

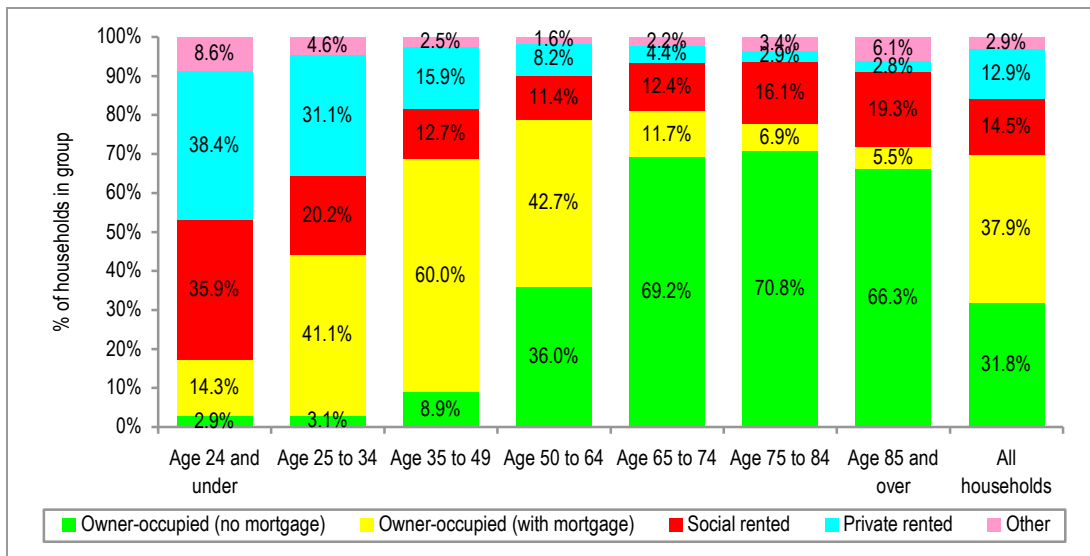
Table 58: Households with non-dependent children (2011)

Household type	Number	%
Married couple	2,744	5.7%
Cohabiting couple	242	0.5%
Lone parent	1,461	3.1%
All other households	43,340	90.7%
Total	47,787	100.0%
Total with non-dependent children	4,447	9.3%

Source: ONS (2011 Census)

9.62 Moving back to study households that are currently headed by a younger person (taken for this analysis as being aged under 34) we can use Census data to look at some key characteristics. The figure below shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

Table 59: Tenure by age of HRP - Ashford

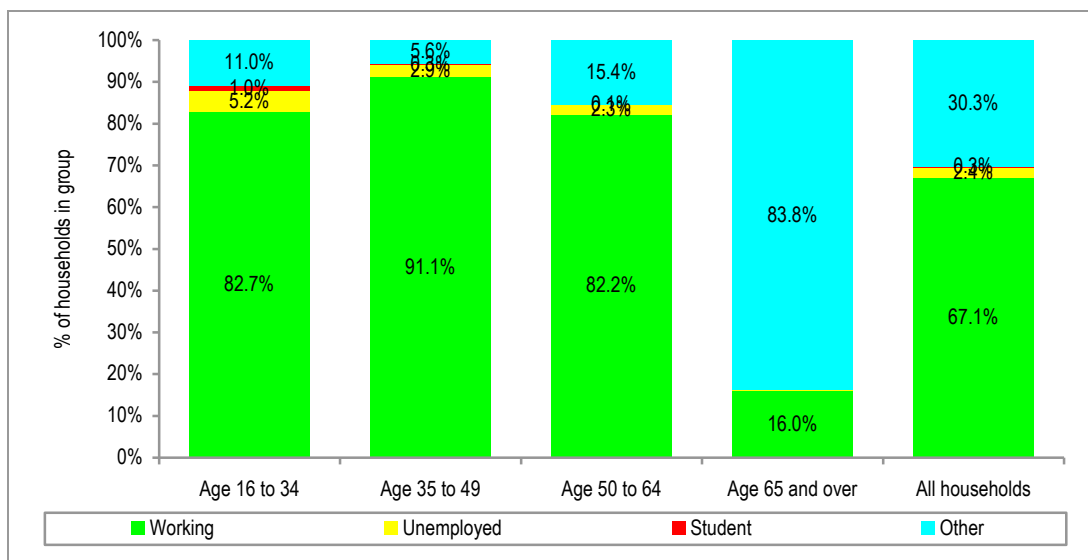


Source: 2011 Census

9.63 Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the table below (again based on the head of household/household reference person age). The data shows that whilst the vast majority of HRPs aged 16 to 34 are in employment there are a notable proportion unemployed or not economically active. A total of 5.2% of HRPs aged 16-34 are unemployed compared with a Borough-wide figure of just 2.4%.

9.64 The figure however does not tell the full story around unemployment as the data is based on people who are already living in their own household (or in this case are considered as the HRP or head of household). Additional Census data shows that of the population aged 16-24 who are economically active some 16% are unemployed.

Figure 54: Economic activity by age of HRP - Ashford



Source: 2011 Census

Summary of Findings – Young Person Households

9.65 Analysis of younger person households shows a high reliance on rented housing and particularly the private rented sector. Younger age cohorts may therefore be forced into private rented (including shared) housing as the only means of meeting their housing needs, aside from residing with parents, where they would not form a head of household. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for shared housing options (including HMOs) will help support younger households to access housing.

Summary of Key Findings

9.66 The key challenge with older person households will be scale – in particular how to meet the needs of on over 65 population which is expected to grow substantially by 13,600 people (67%) from 2011 to 2030. This will not only manifest itself within the mix of general needs housing but we also anticipate a requirement for additional levels of specialist care accommodation in both the market and affordable sectors.

9.67 The number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a more than doubling of the population aged over 85 from 2011 to 2030 with Census data

suggesting that 82% of this age group have some level of disability. However, there are other groups under this broad definition which generate specific housing needs and as such there is a need to consider adaptation (and adaptability) in both existing stock and new homes. Provision of more accessible types of accommodation, such as bungalows, may also be of benefit. There are also groups with mental and learning difficulties who are likely to generate a need for supported housing, both in terms of shared housing but also independent living units.

- 9.68 The BME population of Ashford is relatively small but has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.
- 9.69 Data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in Ashford over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met and that children are provided with a full range of opportunities (e.g. education) as they grow up.
- 9.70 Young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality, particularly in the shared housing sector (such as HMOs) given general trends of an increase in house sharing over time. The specific needs of young lone parents will also need to be considered.

10 CONCLUSIONS AND RECOMMENDATIONS

Housing Market Area

- 10.1 The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). However, as the draft Planning Practice Guidance recognises, there is no “hard and fast” approach for defining a housing market area and, in practice, many housing market areas overlap.
- 10.2 Whilst there are a somewhat complex set of relationships at play across Kent, our analysis broadly confirms that the structure of housing markets in the Kent and Medway area identified through the CLG research remains a broadly sound foundation for analysis of housing markets. In particular, contemporary commuting and migration patterns continue to support a largely self-contained HMA which predominantly focusses on the borough of Ashford.
- 10.3 According to the CLG housing markets, only a small part of the borough of Ashford (a single ward) falls outside of the Ashford HMA (and instead lies within the Canterbury HMA). Given this relatively minor interaction, the focus of this report is on the housing needs arising in Ashford Borough; albeit that the SMA has been prepared alongside similar studies covering the Maidstone and Tonbridge Housing Market Areas.
- 10.4 Whilst the analysis supports an Ashford centric HMA, there are inevitable overlaps. As recognised in the CLG work, there is a localised interaction between the northern part of Ashford and the Canterbury market. In addition, commuting and migration data also indicates that the borough shares functional relationships with Shepway and Maidstone. Whilst, our analysis of the wider context indicates that these interactions are likely to be characterised by strong localised interactions rather than widespread market integration, they should nonetheless be recognised and considered as part of the Duty to Cooperate.

Overall Housing Need

- 10.5 The NPPF (and draft guidance) sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. The draft guidance sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence.
- 10.6 In accordance with the draft planning guidance, the 2011-based SNPP and related CLG household projections have formed the starting point for our assessment. These projections indicate a requirement for around 835 homes per annum. There are two particular limitations with this

projection: it only covers the period to 2021 and our analysis suggests that there is robust justification to deviate from some of the assumptions underpinning the ONS/CLG work.

10.7 This leads us to PROJ 1. This projection is linked to the SNPP but, in line with the draft guidance, incorporates migration inputs which have been moderated to reflect the latest available demographic information; and consider a longer-term projection period to 2030. This indicates a requirement for 13,800 dwellings over the 2011 to 2030 period, equivalent to 726 per annum, which in our view is a robust starting point for housing requirements in Ashford.

10.8 The guidance then effectively sets out a number of tests which should be applied in order to consider whether there is a case to adjust the level of housing provision (particularly upwards relative to the demographic evidence). Paraphrasing the guidance, these tests can be broadly described as follows:

- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
- How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
- What do economic forecasts say about jobs growth? Is there evidence that an increase in housing numbers would be needed to support this?

10.9 We consider these in turn in order to derive an objective assessment of housing need.

Test 1: Has household formation been constrained? Is there a market rationale to increase supply?

10.10 The first of the above tests relates to whether there is evidence that household formation rates in the projections have been constrained. The headship rates in the 2011-based projections are based on trends between 2001 and 2011 – a period during which house prices rose substantially and affordability worsened. However, unlike many areas, when we compare this to the 2008 based headship rates for Ashford we see relatively little divergence. This tends to suggest that there has not been significant household suppression in Ashford over the recent past.

10.11 At a national level there is some evidence of a divergence in household formation rates linked to household structures associated with migrant households. However at a local level, there has been significant delivery of family housing in Ashford which might point towards some divergence from the headship trends in the CLG 2008-based Household Projections.

10.12 Market analysis also suggests that there has not been significant suppression of household formation in Ashford. Our analysis indicates that house prices in the borough are below surrounding

areas (and the regional level) for almost all house types and, during the “boom” period, grew at a notably slower rate than the county and regional average.

- 10.13 The evidence also indicates that the borough experiences less affordability pressure than surrounding districts and Kent more generally. Furthermore, whilst the borough has under-delivered against targets, growth in the housing stock over the past decade has been high relative to comparator areas and, at 1.58%, is consistent with, if not above, the level of growth which we would expect given the market characteristics. There are however some pressure signals at a sub-market level which ought to be considered in terms of mix requirements and distribution of housing in those specific areas.

Test 2: Is overall housing supply capable of meeting affordable housing needs?

- 10.14 The second test is to consider the ability of overall housing numbers to ensure affordable housing needs can be satisfied. Following the approach advocated by the draft Planning Practice Guidance, the net affordable housing need identified in Ashford is relatively substantial – 5,698 households over the period from 2013 to 2030, equivalent to 335 households each year. Clearly, the Council is justified in seeking to secure the maximum viable level of affordable housing in future.
- 10.15 However, whilst a significant quantitative shortfall is identified, there are in reality two key factors against which the assessment must be put into context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used in this report. Secondly, our evidence shows that in Ashford the private rented sector *currently* makes a significant contribution to meeting affordable housing needs with an estimated 246 lettings per annum in sector to households supported by LHA.
- 10.16 The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is plainly a local policy decision which is outside the scope of this study. However even if there was to be no further growth in LHA claimants in the sector this is likely to continue to make an important contribution to meeting needs.
- 10.17 The Council in determining policies for overall housing provision and for affordable housing in its new local plan will need to consider these issues. Indeed, taking the Council’s current affordable housing policy, the level of provision identified by the demographic projections would enable the Council to address tenure imbalance and in particular, reduce the role of the private rented sector in meeting affordable needs over the plan period.

Test 3: Will overall housing provision support forecast economic growth

- 10.19 In line with the draft guidance, we have also considered the implications of future economic and employment trends on housing requirements by modelling the housing which would be required to meet the level of employment growth forecast by the Council's commissioned forecasts.
- 10.20 The baseline 2012 CE forecast (PROJ 2) indicates an increase in labour supply of 12,600 people over the period to 2030 and modelling these forecasts through to housing numbers results in a requirement for 735 homes per annum, providing a marginal upside pressure on the baseline PROJ 1.
- 10.21 The 2013 revised CE baseline projection (PROJ 6) indicates a lower level of need equivalent to 518 homes per annum (1.0% per annum growth), as does the 2012 downside risk scenario (PROJ 3) (608 homes per annum, 1.2% per annum growth). These provide no rationale for an upwards adjustment to the demographic projections in PROJ 1.
- 10.22 The more positive economic scenarios – PROJ 4 and PROJ 5 require greater labour supply increases (16,600 people and 15,200 people respectively) and subsequently higher housing requirements. However these are based on delivery of a bold strategy to maximise economic growth in Ashford, and as we have previously set out, are regarded as particularly ambitious and could well be difficult to deliver given the wider economic context. The remodelled and updated 2013 baseline projections somewhat confirm this.
- 10.23 It should be noted however that the relationship between jobs and homes is complex, and will be influenced by changes to economic participation rates as well as commuting. The modelling assumptions are set out in Appendix 1 and assume further improvements in economic participation amongst women and in older age groups over time. Lower improvements may provide upside pressure on the associated housing figures.
- 10.24 Looking at the economic projections overall, there is in effect a policy choice for the Council. If it wishes to see a higher level of economic growth to a level which would need labour supply to increase by over 13,000 – there is a case for considering higher levels of housing provision to align with its economic aspirations. Such an upwards shift in housing provision may also provide the opportunity to address needs from other areas. However, we consider that the levels of economic growth considered in PROJ 4 and 5 are at a level which could well be difficult to deliver.

Overall Conclusion on Housing Needs for Ashford Borough

- 10.25 Drawing the range of evidence together, we conclude that a requirement of 720-730 homes per annum would be a reasonable objective assessment of need. This figure meets demographic needs, enables an ambitious level of economic growth (consistent with the PROJ 2 scenario) and is consistent with the growth which would be expected given the market dynamics and signals. An overall requirement at this level would also enable the Council to address tenure imbalances in the affordable sector and reduce reliance on the private rented sector.
- 10.26 The upside pressures which exist to this relate to the potential to meet affordable housing needs in full, more modest improvements in employment rates and the higher economic-driven scenarios. These issues should be considered in the development of the plan. There are also downside factors.
- 10.27 The basic premise of the draft Guidance is that, in assessing housing needs, baseline demographic needs must be met. As such, whilst the downside economic scenario and 2013 baseline projections indicate a lower level of growth and thus a lower housing requirement, planning to meet only the requirements identified by these scenarios would fail to address the borough's basic demographic needs. Both scenarios also represent a level of growth (1.0% and 1.2% respectively) which would fail to adequately address and reflect the market signals and housing market dynamics of Ashford.
- 10.28 In taking this forward, should the more pessimistic economic growth scenarios be borne out, there would be consequent implications for the labour market in Ashford. Essentially, job density in Ashford would reduce: this would likely manifest in changes to local commuting dynamics with levels of in-commuting reducing or levels of out-commuting increasing if current employment rates within the population were to be maintained.
- 10.29 It should be recognised that this is an objective, policy-off analysis and takes no account of land supply or development constraints within the borough. The NPPF and draft Planning Practice Guidance dictate that assessments are undertaken in this way. The assessment does not take into account any formally established unmet needs in adjoining authorities which might also need to be considered in translating the needs assessment in the SHMA into housing targets for the Borough.

Requirements for Different Types and Sizes of Housing and the Needs of Specific Groups

- 10.30 The NPPF also requires local planning authorities, through the SHMA, to identify the range of types and sizes of accommodation likely to be needed by the population in future, including that required by those groups with specific housing needs.
- 10.31 Our assessment of affordable housing needs indicates that, in delivering affordable units, a borough-wide mix target of 25% intermediate: 75% rent would be appropriate, with the rent

composition slightly skewed towards social rent. Any strategic policy should however retain a degree of flexibility both to take account of the settlement level variations which we have identified as well as any site specific issues with deliverability (i.e. grant funding availability).

- 10.32 In terms of size mix, our analysis (taking account of demographic trends and market evidence) concludes that the following represents an appropriate mix of affordable and market homes. It should however be noted that this analysis is at a point in time and that, over the plan period, there will be a range of factors which will influence demand for different sizes of homes, particularly demographic changes; growth in real earning/savings; housing affordability and wider economic performance.

Table 60: Indicative requirements for different dwelling sizes (2011-30)

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	25-30%	40-45%	20-25%
Affordable	25-30%	35-40%	25-30%	5-10%

- 10.33 In the affordable sector, we recommend that the focus of provision is on smaller properties. However, the recommended mix also recognises the role which delivery of larger family homes (3 and 4 bedrooms) can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 10.34 For market housing, we recommend that the focus of new provision is on larger properties (3 and 4 bedrooms) properties to serve the continued demand for family properties arising from existing growing households and those migrating into the borough. However, our recommendations also reflect a greater focus on 2 bedroom properties over the plan period than the pure modelling would suggest. This would serve to meet demand from newly forming households and younger families in the borough as well as demand from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- 10.35 The mix identified above should inform strategic borough-wide policies and help to inform the 'portfolio' of sites which are considered and ultimately allocated through the Local Plan process. However, we would again recommend that strategic policy retains a reasonable degree of flexibility to ensure that, in applying mix to individual development sites, appropriate regard can be given to the nature of the development site, the character and existing housing stock of the area as well as the most up-to-date evidence of need/demand.
- 10.36 Addressing the housing needs of older people will be a matter of some considerable scale in Ashford given the significant projected growth in the over 65 population over the plan period. The overall housing mix recommendations reflect this, account of this, particularly in respect of

delivering smaller units to encourage downsizing and enable older people to move into more manageable accommodation, however; it will be important to consider the quality and type of smaller units if this provision is to meet the specific needs and demands of this group. Our assessment also identifies a requirement for around 120 specialist sheltered or extra-care housing units per annum over the period to 2030, particularly in the affordable sector, to meet the needs of this group as well as a large registered care requirement (particularly owing to the growth in older people with dementia or mobility problems) which although distinct from conventional housing, could serve to release properties for occupation by other households.

- 10.37 Providing for households with children/families will also be an important consideration for housing supply and strategy in Ashford. The borough has higher prevalence of households with dependent children than the Kent average and our projections show a significant increase in children in the borough over the plan period. Whilst more established, married couple households experience limited housing disadvantage, it will be important to ensure that the needs of younger, and particularly lone parent households are met through suitable provision of smaller family homes in the market and affordable sectors as well as initiatives to ensure appropriate standards and security in the private rented sector.