



DECEMBER  
2020

# Review of Local Housing Needs

## Final Report

Iceni Projects Limited on behalf of  
Tunbridge Wells Borough Council

December 2020

ICENI PROJECTS LIMITED  
ON BEHALF OF TUNBRIDGE  
WELLS BOROUGH COUNCIL

### **Iceni Projects**

London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH  
Glasgow: 177 West George Street, Glasgow, G2 2LB  
Manchester: 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: [iceniprojects.com](https://www.iceniprojects.com) | e: [mail@iceniprojects.com](mailto:mail@iceniprojects.com)  
linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: @iceniprojects

**Review of Local Housing Needs**  
FINAL REPORT



---

# CONTENTS

1.	EXECUTIVE SUMMARY.....	1
2.	INTRODUCTION.....	5
3.	NATIONAL POLICY AND GUIDANCE .....	7
4.	STANDARD METHOD FIGURES FOR TUNBRIDGE WELLS.....	21
5.	EXAMINING DEMOGRAPHICS .....	27
6.	ADJUSTMENTS TO IMPROVE AFFORDABILITY.....	51
7.	DELIVERABILITY CONSIDERATIONS.....	59
8.	THE LINK BETWEEN HOUSING AND ECONOMIC GROWTH .....	74

---

# 1. EXECUTIVE SUMMARY

- 1.1 This Study has sought to consider whether the Government's standard method provides an appropriate assessment of housing need to take forwards as part of the Tunbridge Wells Local Plan. It considers whether it provides an appropriate assessment of housing need, and whether there are exceptional circumstances to deviate from it.
- 1.2 The standard method should be understood as a formula, prescribed by Government, to calculate the scale of housing need in an area to inform plan making. It is not a target, but an assessment of need using a Government-prescribed approach. It is then for the plan-making process to test whether there are reasons why it may be appropriate to plan for higher levels of housing provision; or that there are significant strategic constraints to development which justify a lower level of provision. There is an important distinction within this between the assessment of need – the first stage of the process – and the (second stage) process of determining if and how this need can be met. The focus of this report is on considering the need itself, and whether the market might support the level of housing delivery implied by it.
- 1.3 The method results in a minimum Local Housing Need in Tunbridge Wells Borough for 11,526 homes over the plan period from 2020-37, equivalent to 678 dwellings per annum. This is influenced by the application of a cap to ensure deliverability; with the uncapped calculation indicating a need for 12,597 homes (741 dpa).
- 1.4 Councils can only deviate from the 'standard method' for calculating housing need if they can demonstrate there are exceptional circumstances justifying it. The "exceptional circumstances" test in the NPPF is a relatively high bar and would require the Council, should it wish to advance an alternative figure as its assessment of its housing need, to demonstrate (based on locally-specific evidence) that there is something wrong or inappropriate with the standard method calculation for the Borough – a reason as to why it is necessary to move away from the "standard method" formula; and then to put forward a credible alternative calculation of what its needs would be, which would withstand scrutiny through the examination process.
- 1.5 Reference is also made to the very recent Government consultation on proposals to amend the standard method formula, which if implemented in the form proposed would result in a need for 15,181 dwellings over the plan period (893 dpa), although there is evident potential for the Government to adjust the formula in response to the consultation; and/or for the Local Plan to progress under transitional arrangements using the current approach.

---

### **Do Exceptional Circumstances exist to advance an alternative assessment of need?**

---

- 1.6 The report has considered whether exceptional circumstances exist which might justify an alternative assessment of housing need that would withstand scrutiny at a future Local Plan Examination. Iceni conclude that they do not.
- 1.7 The report has examined a range of demographic information. More recent population projections for Tunbridge Wells project lower population growth than the 2014-based population projections which currently feeds into the standard method. This is a function in particular of weaker natural change, with women having fewer children and higher levels of deaths than predicted in the 2014-based SNPP. These are however not factors unique to Tunbridge Wells but reflect wider national trends. While the latest official household projections do indicate a slowing rate of household growth, these are seen as a consequence of under-supply nationally, as reflected by higher affordability ratios. Iceni do not consider that they therefore provide a locally-specific rationale for deviating from the standard method. There is not any locally-specific evidence which suggests that the Borough's population has been over-estimated, or convincing information that it has been under-estimated.
- 1.8 Levels of net migration in the 2014- and 2018-based SNPP are relatively similar, but the analysis shows net migration to the Borough is likely to have been influenced by historic housing delivery; which has been lower in comparative terms than in a number of neighbouring authorities. The 2016- and 2018-based ONS Household Projections roll forward trends seen in the 2001-11 period in which affordability deteriorated significantly and can be assumed to have constrained household formation. They do not provide a suitable basis for strategic planning and do not provide a justification for moving away from the 2014-based Household Projections which the PPG directs should be used.
- 1.9 Iceni's analysis does not suggest that there are any particular issues with the data used to generate the affordability ratio by ONS which feeds into the standard method.
- 1.10 The PPG makes clear that one of the reasons why an affordability uplift is applied in the standard method is that past housing supply may have constrained the ability of people to move to an area. The influence of historical supply on the population and household projections justifies the inclusion of an uplift to the household projections. The extent to which this will improve affordability in Tunbridge Wells will be influenced by the extent to which housing supply and delivery is increased across the wider region as well as London. It seems unlikely that if Tunbridge Wells BC increased supply on its own that this would have a material effect on affordability given the clear inter-relationship in market terms between the Borough and surrounding areas and its broader relationship to London. There are also wider macro-economic factors that will influence overall housing affordability and demand including wider economic trends, interest rates and access to mortgage finance. A material change in the supply-demand dynamic across the wider South East is necessary; but Government policy requires each authority to play its part in this (whilst achieving sustainable development).
- 1.11 Iceni conclude that the data underpinning trends and projections for Tunbridge Wells would not identify an exceptional circumstance that would justify moving away from the Standard Method.

---

### **Would a higher housing need than identified by the Standard Method be achievable?**

---

- 1.12 The evidence from stock growth rates achieved in the Borough historically, and those in other parts of the region suggest that an area with Tunbridge Wells' market characteristics – of relative high house prices, attractive places and good schools with good transport connectivity to London – should be able to sustain the levels of housing delivery implied by the current capped (1.20% pa) and the uncapped standard method (1.30% pa) scenarios at a Borough-wide level 1.2 – 1.3% pa leaving aside development constraints.
- 1.13 To put this in context, to achieve the Government's target of 300,000 new homes nationally by the mid-2020's, (which is equivalent to 1.2% stock growth pa), its consultation proposals envisage a much higher level of housing delivery for Tunbridge Wells which would see the stock growth at 1.54% pa. This is a level which few authorities have sustained over a market cycle and would therefore be much more challenging to deliver.
- 1.14 However, the extensive part of Tunbridge Wells Borough which is affected by strategic development constraints, in particular the High Weald AONB, means that development is concentrated in a more limited area of the Borough and the potential of the market to support high levels of housing delivery in those parts of the District which are outside of the AONB needs to be considered.
- 1.15 It is evident that housing delivery in Tunbridge Wells Borough is expected to be concentrated in and around Paddock Wood and at the new settlement proposed at Tudeley, based on current planning assumptions. The analysis undertaken indicates that this results in relatively high levels of housing delivery relative to what has been seen in Tunbridge Wells historically, however considered against wider benchmarks it does not necessarily look unachievable from a market capacity perspective. This is particularly the case when consideration is given to the development strategy being pursued in the adjoining district of Tonbridge and Malling in its submitted Local Plan which focuses growth to 2030 in the Kings Hill and West Malling area and the Medway Gap, with quite limited growth proposed at or adjoining Tonbridge itself. The situation is similar for Royal Tunbridge Wells.
- 1.16 There is thus relative limited market competition arising from significant development schemes at Tunbridge Wells or Tonbridge to growth at Paddock Wood and Tudeley, and this influences capacity within the sub-regional market.
- 1.17 Iceni's analysis indicates some short-term potential market capacity issues over the period to 2025, but there is potential for the market to 'smoothen out' delivery of what appears to be more a trajectory of the 'deliverability' of sites over the plan period as a whole.
- 1.18 The analysis confirms that the growth rates implied by the current standard method –of 678 dpa for Tunbridge Wells Borough – can be achieved from a market capacity perspective with the emerging development strategy, subject to this smoothing out. The higher, uncapped need may also be achievable, notwithstanding this would involve a further significant increase over recent building rates.

- 
- 1.19 The cap is included within the standard method calculation to ensure that the minimum local housing need figure is as deliverable as possible. The Planning Practice Guidance sets out that where the minimum local housing need is subject to a cap, consideration can still be given to whether a higher level of need can realistically be delivered to help prevent authorities from having to undertake an early review. The analysis in this report indicates little market capacity to accommodate additional growth in either the east or the west of the Borough in the short- and medium-term to 2030.
- 1.20 If the uncapped need was to be planned for through the Local Plan, there would be potentially difficult decisions to make as to where additional growth could be sustainably located taking account of environmental and infrastructure considerations. The Sustainability Appraisal provides the appropriate forum through which to balance the potential economic and social benefits of additional housing against the potential environmental harms which could arise, and should therefore test a growth scenario for higher housing provision aligned to the uncapped housing need of 741 dpa.
- 1.21 However the evidence of limited market capacity to accommodate additional growth to 2030 indicates that it would not be unreasonable for the Council to adopt the capped standard method need, having regard to the concentration of growth potential in the west of the borough the fact that it will be a 'minimum' requirement, and the benefits to housing delivery of getting an up-to-date plan in place as soon as possible. The potential for additional allocations to increase delivery in the longer-term, particularly post 2030, could then be addressed through an early review of the Local Plan. Such an approach would allow coordination with the longer-term development strategy in the area with Tonbridge & Malling BC.
- 1.22 For information, it is pointed out that the scale of growth envisaged by the Government's proposals for reform of the standard method – equivalent to an average of 893 dwellings per annum - would be very challenging to deliver indeed. There is however no current certainty as to how the Government will move forward with adjustments to the standard method for calculating housing need.

### **Aligning the Strategy for Homes and Jobs**

---

- 1.23 It represents good planning practice to seek to align the strategy for housing and employment in local plans. The analysis suggests that the minimum local housing need of 678 dpa would support provision of between 9,500 – 9,900 additional jobs over the plan period to 2037. The uncapped housing need for 741 dpa would support provision of between 11,100 – 11,600 jobs over the plan period. The figures set out in this report can feed into the consideration of the economic strategy within the Local Plan and alignment of this and provision for housing.

---

## 2. INTRODUCTION

- 2.1 Tunbridge Wells Borough Council (“TWBC”) is in the process of preparing a new Local Plan to guide development in the Borough. The Council’s Local Development Scheme envisages publishing the draft Local Plan in Spring 2021 for consultation, prior to the submission of the Plan to the Secretary of State for independent examination.
- 2.2 The Council consulted on a full draft Local Plan between September and November 2019. Respondents to this consultation raised a range of issues regarding the calculation of Local Housing Need using the Government’s ‘Standard Method’ as well as comments regarding the Borough’s ability to meet housing need.
- 2.3 The Council has commissioned Icen Projects (“Icen”) and Justin Gardner Consulting to review Tunbridge Wells’ Local Housing Need. There are five research questions which form the focus of this Review. These are as follows:

### Core Research Questions

1. Having regard to PPG advice, are there exceptional circumstances for departing from the Standard Method using the 2014-based household projections and, if so, in what way?
2. Given that the borough’s housing need is capped, could a higher level of need realistically be delivered - as the PPG expects to be considered – taking account of housing market factors (as opposed to development constraints)?
3. Are there any significant implications in terms of demographic characteristics of households associated with either the application of affordability uplift or any recommended variation to the use of the Standard Method?
4. Recognising that household projections do not take account of constraints on supply which may have limited (and will in the future still limit, to some extent) household formation and moves, what would a reasonable estimate of the total number of “concealed households” in the borough over the Plan period that an uplift should look to accommodate be calculated, drawing on available information?
5. If there is any material change in the level of assessed local housing need, whether this has implications for the amount of planned employment land release that has been identified following the Council’s Economic Needs Study, and the nature of these?



- 
- 2.4 The focus in responding to Question 2 above is on whether market capacity would allow for higher housing delivery. The Council's Development Constraints Study<sup>1</sup> sets out the significant coverage of strategic constraints to development which include that 69% of the Borough falls within the High Weald Area of Outstanding Natural Beauty and 22% in the Green Belt with other areas susceptible to flooding, or influenced by ecological, biodiversity, archaeology or heritage designations. These are overlaid by the Council through the plan-making process in bringing together different elements of the evidence base.
- 2.5 In respect of the implications on employment land release, the intention of this Study is not to update the employment land evidence. It however provides information regarding potential growth in labour supply to inform any further consideration of the level of employment land provision which might be provided alongside wider market/commercial factors.
- 2.6 During the course of commissioning of the Review, the Government published a consultation on *Changes to the current planning system* which proposes revisions to the standard method formula. The Government's proposals are therefore also considered within the Review. It should be noted however that these are 'consultation proposals' and therefore the formula could well change as a result of consultation responses which the Government receives.

### **This Report**

---

- 2.7 This report is submitted as a "confidential draft" for comment. The remainder of the report is structured as follows:
- Section 3: National policy and guidance;
  - Section 4: Standard method figures for Tunbridge Wells Borough;
  - Section 5: Examining demographics;
  - Section 6: Examining the affordability adjustment; and
  - Section 7: Deliverability considerations.
- 2.8 The analysis is brought together in the upfront Executive Summary.

---

<sup>1</sup> [https://www.tunbridgewells.gov.uk/\\_data/assets/pdf\\_file/0007/343807/Development-Constraints-Study\\_October-2016.compressed.pdf](https://www.tunbridgewells.gov.uk/_data/assets/pdf_file/0007/343807/Development-Constraints-Study_October-2016.compressed.pdf)

---

---

### 3. NATIONAL POLICY AND GUIDANCE

#### Evolution of the Standard Method

---

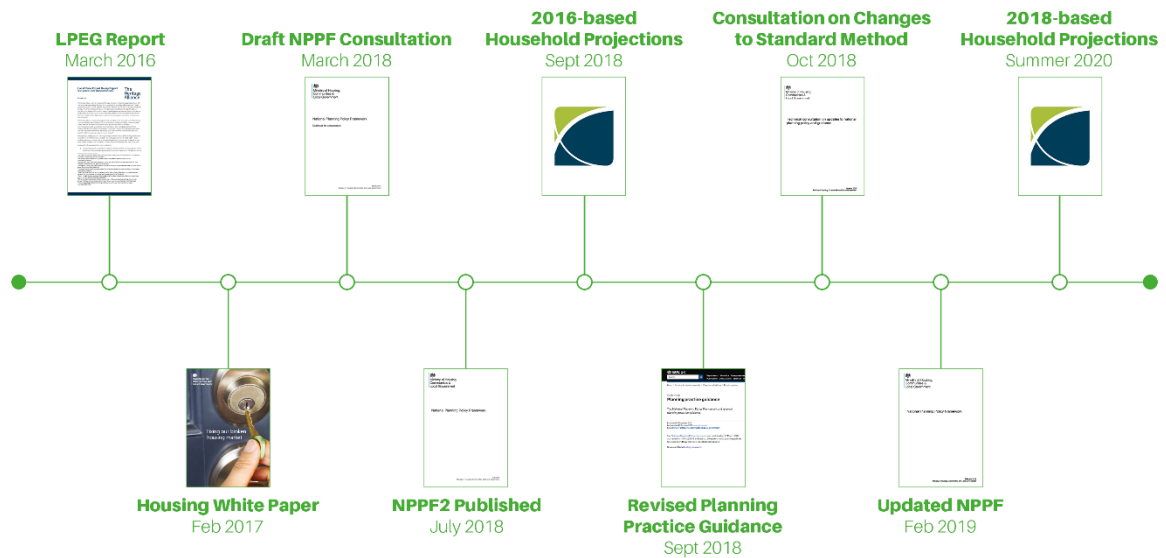
- 3.1 Through revisions to national planning policies, the Government has changed the process for how local authorities are expected to assess their housing need. It implemented a new “standard method” for assessing housing need through a revision to the National Planning Policy Framework (NPPF) in July 2018. This replaced the process of defining an area’s ‘objectively assessed housing need’ (OAN) under the 2012 NPPF and associated Planning Practice Guidance (PPG) which was the approach considered in the Council’s 2015 Strategic Housing Market Assessment (SHMA) and 2017 SHMA Update.
- 3.2 The new standard method was informed by a review of the plan-making progress which the Government commissioned a number of experts – the Local Plans Expert Group (LPEG) – and which reported to Government in March 2016.<sup>2</sup> LPEG identified that agreeing housing needs was one of the principal difficulties affecting the plan-making process and that the preparation of Strategic Housing Market Assessments (SHMAs) had “*become one of the most burdensome, complex and controversial aspects of plan making.*” It recommended a shorter, simplified standard methodology for assessing housing need, with the aim of saving time and resources and removing what Government considered to be unnecessary debate; with the aim that this would speed up plan-making process.
- 3.3 Government endorsed these sentiments in its 2017 Housing White Paper and initiated a process of reviewing national planning policies and the process for calculating housing need, which culminated in the publication in July 2018 of a revised National Planning Policy Framework (NPPF) and associated changes to Planning Practice Guidance. This introduced the standard method for assessing housing needs. Figure 2 below provides an overview of the evolution of the ‘standard method.’ The mechanics of the calculation of housing need using this are set out in Section 4.

---

<sup>2</sup> Local Plans Expert Group Report to the Secretary of State

<https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>

**Figure 2: Evolution of the Standard Method**



- 3.4 The standard method was designed around the Government's 2014-based Household Projections, with the aim of meeting 300,000 homes nationally. At the time of its original conception, the method generated this level of housing provision using the 'uncapped' figures generated for local authorities across England. Taking account of the cap, it generated provision for around 270,000 homes a year.
- 3.5 Taking account of the latest data, Icenl calculates that nationally the standard method now generates a minimum need for 263,300 homes across England. This takes account of the operation of the cap. The 'uncapped' need generated is for 293,950 homes.
- 3.6 The Government's core ambitions in reforming the method were to establish an approach which was **simpler, quicker and more transparent** than the approach to calculating OAN which it replaced, with the aim of speeding up plan-making. In doing so, the assessment takes account of less specific local information; but also removes much of the scope for 'professional judgement' in what scale of housing provision should be sought in a local authority.
- 3.7 Since the preparation of these (2014-based) household projections, Government has transferred responsibility for preparing official household projections to the Office for National Statistics (ONS). ONS made a number of methodological changes to how household growth was projected in its 2016-based Household Projections, which were released in September 2018.<sup>3</sup> The overall result when

<sup>3</sup> These equally affect the 2018-based Household Projections which ONS released in June 2020

---

these were inputted to Government's standard method formula was to reduce significantly the aggregate level of housing need across England (to around 213,000 homes).

3.8 Government consulted on changes to standard method in Autumn 2018.<sup>4</sup> It set out its views on the way forward in February 2019<sup>5</sup>, concluding that the 2014-based Household Projections (around which the method was designed) should continue to be used to provide the demographic baseline within the assessment. Government's argument was that:

- Household projections are constrained by housing supply: if new homes are not supplied, households are unable to form; and the projections are trend-based;
- The historic under-delivery of housing means there is a case for public policy supporting delivery in excess of household projections, even if those projections fall;
- Other things being equal, a more responsive supply of homes through local authorities planning for more homes where we need them will help to address the effects of increased demand, such as declining affordability, relative to a housing supply that is less responsive.
- Population changes are only one aspect of the driver for housing supply. Rising incomes, changing social preferences and factors such as real interest rates and credit availability contribute to demand for housing.

3.9 Government set out on this basis that its judgement was that there is no need to change its aspirations for housing supply (to deliver 300,000 homes pa). It set out that the continued use of the 2014-based Household Projections provided stability and certainty for the planning system.

3.10 The Government's response however set out that "*over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establishing a new approach that balances the need for clarity, simplicity and transparency for local communities with Government's aspirations for the housing market.*" It set out that it looked forward to working with ONS to develop greater confidence in household projections ahead of the publication of the next projections. The Government's response confirmed that 2016-based Household Projections should not be used as a reason for justifying lower housing need.

3.11 Iceni would note here that the methodological approach taken by ONS in developing the 2016-based Household Projections have been rolled forward and used in its 2018-based Household Projections;

---

<sup>4</sup> MHCLG (Oct 2018) *Technical consultation on updates to national planning policy and guidance*

<sup>5</sup> MHCLG (Feb 2019) *Government response to the technical consultation on updates to national planning policy and guidance*

---

and thus in effect the Planning Practice Guidance directs that neither set of projections should be used in the standard method.

- 3.12 The standard method set out in Planning Practice Guidance at the current time has evolved on the basis set out above. **The standard method should be understood as a formula, prescribed by Government, to calculate the scale of housing need in an area to inform plan making. It is not a target, but an assessment of need using a Government-prescribed approach. It is then for the plan-making process to test whether there are reasons why it may be appropriate to plan for higher levels of housing provision; or that there are significant strategic constraints to development which justify a lower level of provision.**
- 3.13 **There is an important distinction within this between the assessment of need – the first stage of the process – and the (second stage) process of determining if and how this need can be met.** Strategic constraints such as AONB and Green Belt coverage and infrastructure capacity go to the issue of whether the need can be met and what the housing target should be, rather than what the need itself is. This distinction has been clearly made in a number of cases in the Planning Court.

#### **National Planning Policy Framework (NPPF)**

---

- 3.14 The NPPF sets out the Government's planning policies for England and how they should be applied. It sets out how local plans should be produced. It was last updated in February 2019.
- 3.15 The NPPF sets out that the purpose of the planning system is to contribute to the achievement of sustainable development (Para 7). A presumption in favour of sustainable development is set out in Para 11. For plan-making this means that:
- a) *plans should positively seek opportunities to meet the development needs of the area, and be sufficient to adapt to rapid change;*
  - b) *strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, unless:*
    - i. *the application of policies in this Framework that protect areas or assets of particular importance provide a strong reason for restricting the overall scale, type of distribution of development in the plan area; or*
    - ii. *the adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework as a whole.*
- 3.16 Policies in the NPPF which protect areas or assets of particular importance are defined in Footnote 6 in a closed list. They include habitat sites, SSSI, Green Belt, Local Green Space, AONB, irreplaceable habitats, designated heritage assets and areas at risk of flooding. These issues

---

however go to whether the need can be sustainably accommodated, rather than to what the need is (which is the focus of this report).

- 3.17 Strategic policies within plans are expected to set out an overall strategy for the pattern, scale and quality of housing (Para 20) and to look ahead over a minimum of 15 years from adoption (Para 22). They are expected to be informed by effective and on-going cooperation on relevant cross-boundary issues which in many areas includes issues associated with housing and infrastructure provision.
- 3.18 Plans are examined against four “soundness tests” set out in Para 35 in the Framework. To be positively prepared, a Plan must provide a strategy which, as a minimum, seeks to meet the area’s objectively assessed needs and is informed by agreements with other authorities on issues of unmet need where it is sustainable to do so. Footnote 19 states that in respect of housing, such needs should be assessed using a clear and justified method, as set out in Para 60.
- 3.19 Consideration of unmet need from other areas is an important part of the plan-making process, but is not an issue which is considered within this report.
- 3.20 Para 60 states that *“to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning practice guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should be taken into account in establishing the amount of housing to be planned for.”*
- 3.21 Para 65 states that *“strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.”*
- 3.22 The term “local housing need” is defined in the NPPF Glossary (Annex 2) as *“The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 60 of this Framework).”*
- 3.23 Whilst there is a presumption that the standard method is used to calculate housing need in the NPPF, it is not a requirement. An alternative approach can be used by a Council as part of the plan-making process, but to do so, the Council would need to demonstrate that the are “exceptional circumstances” for doing so and put forward and justify an alternative approach through the local plan examination.

---

### Demonstrating Exceptional Circumstances

The “exceptional circumstances” test in the NPPF is a relatively high bar. In Iceni’s view it requires the Council, should it wish to advance an alternative figure as its assessment of its housing need, to demonstrate that there is something wrong or inappropriate with the standard method calculation for the Borough – a reason as to why it is necessary to move away from the “standard method” formula; and then to put forward a credible alternative calculation of what its needs would be, which would withstand scrutiny through the examination process. Iceni consider that to do so it would need to be demonstrated that there were locally-specific factors as to why applying the standard method formula was inappropriate and which are not factors which could be applied to a range of authorities.

- 3.24 Iceni is aware of few authorities who have successfully demonstrated that the standard method figure is too high. In Oxfordshire, Oxford City and South Oxfordshire have demonstrated that it is appropriate to plan for higher levels of housing provision to support the Oxfordshire economy and take account of the Growth Deal with Government.

### **Planning Practice Guidance**

---

- 3.25 Government has published Planning Practice Guidance (PPG) online which should be used to help interpret national planning policies. The relevant guidance to assessing overall housing need is set out in the first part of the guidance section on *Housing and economic needs assessment*.<sup>6</sup>, last updated in July 2019.
- 3.26 The PPG defines housing need as an unconstrained assessment of the number of homes needed in an area, which is intended to be established at the start of the plan-making process, before consideration is given to land availability and the extent to which the need can be met.<sup>7</sup>
- 3.27 The standard method is intended to be used to identify the minimum number of homes to be planned for, in a way which addresses the projected household growth and historic under-supply. The method involves a three-step process which we have summarised in the diagram below.

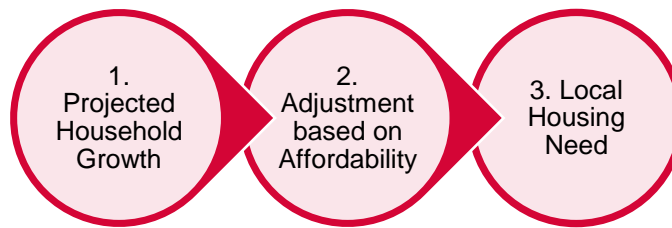
---

<sup>6</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#housing-need>

<sup>7</sup> ID: 2a-001-20190220

---

**Figure 10: Overview of the Standard Method for calculating Local Housing Need**



- 3.28 The first step is to establish a demographic baseline of household growth. This is to be taken directly from published household projections, with the Government directing use of the 2014-based Household Projections in the methodology at the current time. Projected annual average household growth over a 10-year period from the current year is calculated.
- 3.29 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of affordability characteristics of the area. This uses the published ONS ratio of median house prices to median (workplace based) earnings ratio for the most recent year for which data is available. The PPG is clear that the affordability adjustment is applied as household growth on its own is an insufficient indicator of future housing need as the past availability and delivery of housing can have constrained the ability of people to move to an area or to form households; and it is important that need responds to price signals and starts to address housing affordability, consistent with Government's policy objective with significantly boosting the supply of homes.<sup>8</sup>
- 3.30 Specifically, the PPG says that *'for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent'*. The equation to work out the adjustment factor is as follows:

$$\text{Adjustment factor} = \left( \frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

---

<sup>8</sup> ID 2a-006-20190220



---

3.31 The final step in the standard method is to consider whether the affordability adjustment should be capped. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan. The second situation is where plans and evidence is more than five years old, and in such circumstances the cap is applied at 40% above either the projected household growth or the housing requirement in the most recent plan (where this exists), whichever is the higher.

3.32 Government's Planning Practice Guidance<sup>9</sup> is clear that the cap affects the minimum local housing need figure, but does not affect the actual scale of housing need; and therefore in circumstances where a cap is applied, a Council would in effect need to test whether a higher level of housing provision can be accommodated, or to consider an early review of a local plan. Specifically, the Guidance outlines:

*"Where the minimum annual local housing need figure is subject to a cap, consideration can still be given to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies."*<sup>10</sup>

3.33 The standard method provides a minimum starting point in determining the number of homes needed. Paragraph 2a-010<sup>11</sup> in the PPG states that:

*The Government is committed to ensuring more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides the minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.*

*This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:*

---

<sup>9</sup> ID: 2a-007-20190220

<sup>10</sup> ID: 2a-007-20190220

<sup>11</sup> ID: 2a-010-20190220

- 
- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
  - *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
  - *authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.*

3.34 There are however no obvious 'growth strategies' or major strategic infrastructure improvements which specifically affect Tunbridge Well District. Hence, subject to any consideration of unmet housing needs from elsewhere, the various circumstances set out in the PPG where it may be appropriate to plan for a higher housing need figure than the standard method do not apply to Tunbridge Wells.

### **Consultation on Proposed Revisions to the Standard Method**

---

3.35 The Government launched a consultation on *Changes to the current planning system* in August 2020 which includes consultation on changes to the standard method for assessing local housing need.

3.36 The consultation reaffirms Government's ambitions in introducing the standard method – "*to make the process of identifying the level of [housing] need in an area simple, quick and transparent*" in a context in which prior to this local authorities were spending time and money estimating need and these numbers were heavily contested at examination. It set out that "*the standard method is designed to cut this time and ensure that the plan-making process focuses on how and where the homes can best be built, rather than time-consuming debates about the number of homes*" (Para 11).

3.37 It sets out that household projections, used in the current method, have attracted criticism for their volatility, and the way in which they can result in artificially low projections in some places, where overcrowding and concealed households suppress the numbers. It sets out that they cannot in isolation forecast housing needs as they project past trends forward (Para 12). It proposes reforms to the method which place greater emphasis on affordability, with its intentions (Para 14) being to:

- Ensuring the method is more agile using up-to-date data and smoothing out potential areas of volatility so that the basis on which local authorities are expected to plan for is more predictable;
- Achieve a better distribution of homes where homes are identified in more high demand areas and in emerging demand areas across the country (such as the Northern Powerhouse). This will help avoid issues where This will help avoid issues where unaffordable areas in high demand are planning for low numbers of homes due to past trends of suppressed household formation.

- 
- Be consistent with the Government's ambition for a housing market that supports 300,000 homes by creating a method with a suitable overall national number that enables achievement of this aim.

3.38 The consultation also sets out the Government's thinking regarding the relationship between the standard method and housing delivery. It sets out in Para 9 under the heading 'the role of the standard method in strategic plans' that

*"By directing that sufficient land should be released ... the amount of need identified by the standard method has a direct influence on how many homes will be built in the future. It does not ensure that the homes are actually built - that is reliant on wider market conditions and targeted government interventions to support the market. However, identifying sufficient land so that the market is not prevented from delivering the homes that are needed is vitally important to prevent the under-delivery of the past from continuing to happen.*

*The overall level of need identified by the standard method therefore needs to be sufficient to ensure that land supply does not become a limiter in achieving national supply aspirations."*

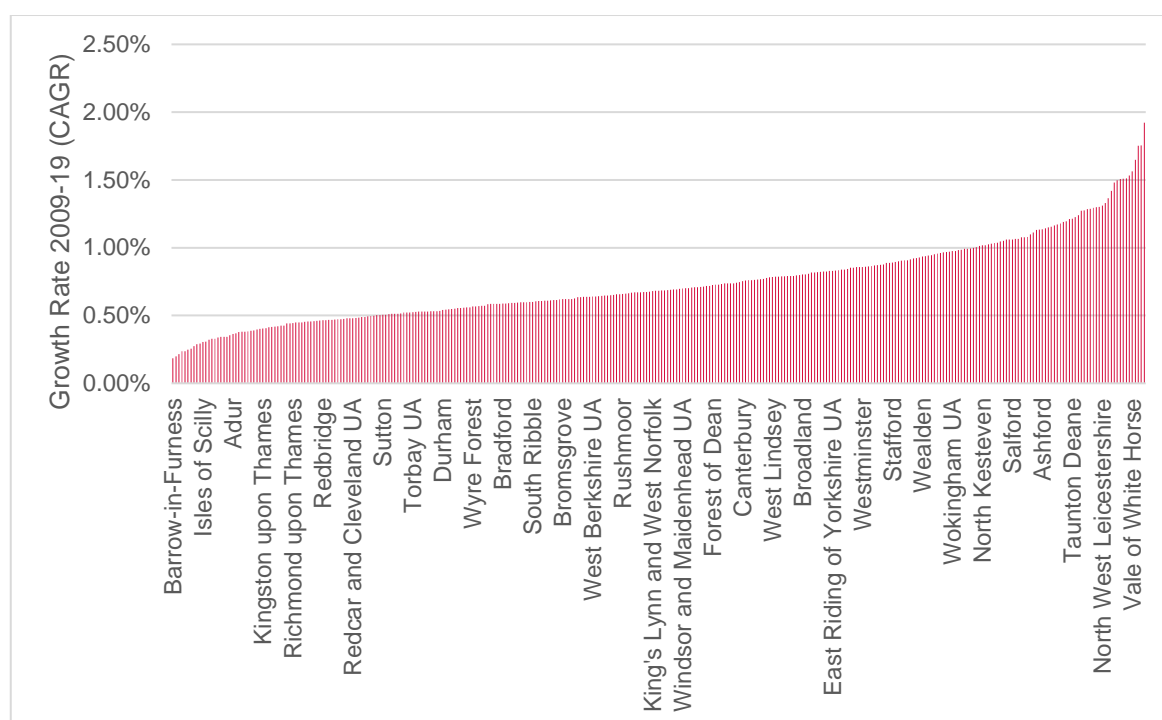
3.39 This suggests that Government intends the method to inform the level of land allocated for development which is a slightly different issue to what is or can be delivered. It is suggesting that the Government is not requiring councils to assess deliverability through the plan-making process. This is, to some degree, a subtlety different focus somewhat from the current method and NPPF. In particular the current NPPF soundness tests envisage that to be effective, a plan should be 'deliverable over the plan period.'

3.40 The Consultation Paper sets out that the Government has based the proposed new approach on a number of principles (Para 17) which include: ensuring that the new standard method delivers a number of homes nationally that is consistent with the commitment to plan for the delivery of 300,000 homes a year; achieving a more appropriate distribution of homes; and targeting more homes into areas where they are least affordable. The distribution between English regions in the Government's proposals is thus particularly influenced by affordability.

3.41 The proposed methodology therefore makes two changes. Firstly it introduces a baseline level of housing stock growth into the first step of the calculation – such that the baseline is whichever is the higher of projected average annual household growth over the last 10 years, using the latest household projections, or 0.5% existing housing stock in the local authority. 0.5% stock growth per annum is therefore set as a floor level for housing provision in this first stage.

- 3.42 The Government's consultation sets out that the introduction of stock into the method is intended to help provide stability, as it does not vary significantly over time as household projections can do; and will ensure that all areas, as a minimum, are contributing a share to the national total proportionate to the size of their current housing market. The issue is whether 0.5% stock growth is the appropriate floor level, as in Icen's experience there are few authorities which have delivered below this level. The chart below shows that there are 66 local authorities nationally which have seen growth of less than 0.5% pa over the 2009-19 period representing 20% of areas.

**Table 3.1 Housing Delivery expressed as Growth in Housing Stock, English LPAs 2009-19**



Source: Icen's analysis of MHCLG Live Table 125

- 3.43 Secondly, it proposes the introduction of two stage affordability adjustment which would include consideration of the degree to which affordability has changed over the last 10 years of published data. In effect it proposes that a first percentage adjustment is calculated using the existing formula as now; but then a further percentage adjustment is added to this based on the degree to which the affordability of housing has changed over the past 10 years. The effect of this second adjustment is that where affordability has improved, the affordability adjustment applied falls; whereas where it has worsened, it decreases.
- 3.44 The principal effect of the change is to – in the Government's words – “to deliver greater overall emphasis on affordability than in the current standard method.” Government's view is that additional homes are needed in particular in areas with more acute affordability issues.

3.45 The precise formula proposes is as follows:

$$\begin{aligned} & \text{Adjustment Factor} \\ &= \left[ \left( \left( \frac{\text{Local affordability ratio}_{t=0} - 4}{4} \right) \times 0.25 \right) \right. \\ & \quad \left. + \left( (\text{Local affordability ratio}_{t=0} - \text{Local affordability ratio}_{t=-10}) \times 0.25 \right) \right] \\ & \quad + 1 \end{aligned}$$

Where  $t = 0$  is current year and  $t = -10$  is 10 years back.

3.46 The Government also proposes to remove the cap with Government's explanation that "the Government is clear that in order to significantly boost the supply of homes and address the past undersupply as quickly as possible, a step change is needed. Capping the level of need is not compatible with this aim. In no longer applying a cap, the resultant housing need is the level of need that authorities should be planning to release land for, according to their specific circumstances" (Para 39). This appears also to reflect a view that there is a distinction between what land supply should be identified; as separate from what might be delivered with a need to ensure that land supply does not constrain higher delivery.

3.47 It should be noted that at the current time these revised proposals are 'for consultation' and it is by no means certain that they will be introduced in their current form. They could be amended to take account of consultation responses and Government's engagement with Councils, MPs and the industry. Icen's view is that some adjustments to the method could well be taken forward by Government; or indeed it might decide not to adjust the method at this point in time but await implementation of the wider planning reforms suggested in the Planning White Paper. In this report we have however sought to consider the key research questions as they relate to the consultation proposals.

#### Relevance of the Consultation Proposals for revising the Standard Method

The Government's consultation on Changes to the Current Planning System envisages that there would be transitional arrangements put in place whereby plans at an advanced stage of preparation could progress using the current standard method. The Government proposals, set out in Para 43 in the Consultation Document, envisage that authorities already at a Regulation 19 stage would be given 6 months to submit their Plan; whilst those which haven't reached this stage would be given 3 months to publish the Plan for consultation (Reg 19) and then a further 6 months to submit it for Examination.

Tunbridge Wells BC's current Local Development Scheme envisages consulting on the Pre-Submission (Reg 19) Version of the Local Plan in March-April 2021, and submission of the Plan to the Secretary of State for Examination in July 2021. It seems likely on this basis that Tunbridge

---

Wells Local Plan could well progress under transitional arrangements using the 'current' standard method formula.

---

---

---

## 4. STANDARD METHOD FIGURES FOR TUNBRIDGE WELLS

- 4.1 This section sets out the standard method figures for Tunbridge Wells, and how these have been derived. We address both the current method, and the Government's proposals for changes to the calculation.

### Current Standard Method Figure

---

- 4.2 At the current time, the standard method results in a minimum Local Housing Need for 678 homes a year. Over a 2020-37 plan period, equating to 17 years, this would result in a minimum local housing need for 11,526 homes. We work through the steps in deriving this below.

#### Step 1: Household Growth

- 4.3 Step 1 involves considering projected household growth over the next 10 years. Using the current year (2020) as the base year, MHCLG's 2014-based Household Projections show household growth of 4,843 over the next 10 years in Tunbridge Wells Borough. The method sets out that this then needs to be converted to an annual figure, by dividing it by 10. An annual household growth of 484 a year is thus shown.

**Table 4.1 Projected Household Growth in Tunbridge Wells District, 2020-30**

	<b>Tunbridge Wells</b>
<b>Households, 2020</b>	51,450
<b>Households, 2030</b>	56,293
<b>Household Growth, 2019-19</b>	4,843
<b>Annual Average Household Growth</b>	484

Source: MHCLG 2014-based Household Projections

#### Step 2: Affordability Adjustment

- 4.4 The next step in the process is to calculate what (uncapped) affordability adjustment would be applicable. This is based on applying the formula (as set out in Para 3.30) to the median workplace-based house price to income ratio.
- 4.5 The latest published affordability ratio is a 2019 figure, published by ONS in March 2020.<sup>12</sup> Table 5c within the ONS dataset shows a median affordability ratio of 12.48 in Tunbridge Wells in 2019.

---

<sup>12</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>



- 4.6 The affordability ratio is well above the benchmark of 4 set out in the standard method, and the application of the formula within the method generates a 53% uplift. If this is applied to the projected household growth, an uncapped housing need of 741 homes a year is shown.

**Table 4.2 Step 2 Local Housing Need**

<b>Local Authority</b>	<b>Tunbridge Wells</b>
<b>Step 1: Projected Household Growth</b>	484
<b>Median workplace-based affordability ratio, 2019</b>	12.48
<b>Adjustment factor</b>	53%
<b>Step 2 housing need figure</b>	741
<b>Uncapped Local Housing Need</b>	741 dpa

### **Step 3: The Cap**

- 4.7 Whether and how a cap is applicable to derive a minimum local housing need figure depends on the status of the current strategic plan in an area.
- 4.8 Tunbridge Wells Core Strategy was adopted in June 2020 and is thus more than 5 years' old and the Council has not reviewed the housing requirement (and found it not to require updating) within the five years' post adoption. The cap which is therefore applicable is therefore 40% above whichever is the higher of:
- The projected household growth for the area over the 10-year period identified in step 1; or
  - The average annual housing requirement figure set out in the most recently adopted strategic policies.
- 4.9 40% above the Local Plan housing requirement would result in a cap figure of 420 dpa. However, a higher figure is generated by projected household growth calculated in Step 1, which is therefore applied generates a minimum Local Housing Need of 678 dpa.

**Table 4.3 Step 3 Cap Calculations**

	<b>Tunbridge Wells</b>
<b>Housing requirement in last adopted plan</b>	300
<b>Cap @ 40% above Household Growth (Step 1)</b>	678
<b>Cap @ 40% above Last Adopted Plan</b>	420
<b>Higher Figure</b>	678
<b>Cap figure to be applied</b>	678
<b>Minimum Local Housing Need, per annum</b>	678 dpa

---

4.10 Applying the cap, the minimum Local Housing Need is of 678 dpa in Tunbridge Wells. This equates to a minimum need for 11,526 homes over the 17 year plan period to 2037.

4.11 The PPG however sets out in Para 2a-007<sup>13</sup> that:

*“the cap reduces the minimum number generated by the standard method, but does not reduce housing need itself. Therefore strategic policies adopted with a cap applied may require an early review and updating to ensure that any housing need above the capped level is planned for as soon as is reasonably possible. Where the minimum annual local housing need figure is subject to a cap, consideration can still be given to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies.”*

4.12 Therefore, as part of the plan-making process the Council needs to test whether it can deliver the uncapped need for 741 dpa, which generates a need for 12,597 homes over the plan period to 2037.

### **Government’s Proposals for Adjusting the Formula**

---

4.13 The Government’s consultation proposals for amending the standard method, if implemented, would result in a minimum local housing need for 893 dwellings per annum (dpa), equivalent to 15,181 dwellings over the plan period to 2037. This is almost a third (32%) greater than the minimum LHN calculated using the current standard method formula.

4.14 The basis of the calculation is set out below.

### **Setting the Baseline**

4.15 The baseline figure is the higher of the projected average annual household growth over the next 10 years (as for the current standard method) or 0.5% pa growth in the housing stock, whichever is the higher.

4.16 The ONS 2018-based Household Projections envisage household growth of 347 per annum (Table 4.4 below). This is higher than 0.5% of Tunbridge Wells Borough’s current dwelling stock (257 dwellings) and is thus the projected household growth is taken forward in the calculation.

4.17 It is notable that the 2018-based Household Projections show projected household growth which is 27% lower than in the 2014-based Projections. This is considered further in Section 4.

---

<sup>13</sup> ID: 2a-007-20190220

**Table 4.4 Projected Household Growth in Tunbridge Wells District, 2020-30**

	<b>Tunbridge Wells</b>
<b>Households, 2020</b>	49,872
<b>Households, 2030</b>	53,346
<b>Household Growth, 2020-30</b>	3,474
<b>Annual Average Household Growth</b>	347

Source: ONS 2018-based Household Projections

**Table 4.5 Comparing Dwelling Stock Baseline and Household Growth**

	<b>Tunbridge Wells</b>
<b>Dwelling Stock, 2019</b>	51,339
<b>0.5% of Stock</b>	257
<b>Higher of Household Growth and 0.5% Dwelling Stock</b>	347

#### **Affordability Adjustment**

- 4.18 In the second stage of the proposed approach, an affordability adjustment is then applied to the projected household growth. The first stage adjustment is consistent with the current approach and produces an uplift factor of 53% based on the current median house price-to-earnings ratio. A further 104% adjustment is then added to this based on the extent to which affordability has worsened between 2009 and 2019, generating a combined adjustment factor of 157%. Applied to the household growth of 484 pa, this generates the minimum Local Housing Need of 893 dpa.

**Table 4.6 Affordability Adjustment and Local Housing Need in the Government's Proposals**

<b>Local Authority</b>	<b>Tunbridge Wells</b>
<b>Step 1: Projected Household Growth</b>	484
<b>Median workplace-based affordability ratio, 2019</b>	12.48
<b>1<sup>st</sup> Stage Adjustment factor</b>	53%
<b>Median workplace-based affordability ratio, 2019</b>	8.32
<b>Median workplace-based affordability ratio, 2009</b>	12.48
<b>Change in affordability ratio, 2009-19</b>	4.16
<b>2<sup>nd</sup> Stage Adjustment factor</b>	104%
<b>Combined Affordability Adjustment</b>	157%
<b>Minimum Local Housing Need (dpa)</b>	893 dpa

- 4.19 The scale of uplift applied, at 157%, means that there is little relationship between the projected household growth for Tunbridge Wells and the resultant LHN figure. The formula should really be interpreted as a means which the Government proposes to use to distribute its ambition to deliver at least 300,000 homes nationally by local authority (as opposed to a 'bottom up' assessment of need). In doing so the formula focuses particularly on the relative affordability of areas and the degree to

---

which affordability has worsened over the last decade, with areas which are less affordable and have seen a notable deterioration expected to achieve a stronger supply response and expected to plan to accommodate higher housing provision.

- 4.20 As set out in Section 3, the figures arising in this calculation are 'consultation proposals' and there is no certainty that the Government will implement changes to the standard method in this form. In fact, there has been substantial opposition raised, including in Parliament, to the appropriateness of the proposed formula.

#### The Standard Method Figures for Tunbridge Wells

The current standard method generates a minimum local housing need for 11,526 dwellings over the 2020-37 plan period (678 dpa); but this is influenced by the application of a cap and the Council therefore needs to consider through the plan-making process the ability to deliver the uncapped need of 12,597 dwellings (741 dpa) and whether this, or another figure, would be a more appropriate housing target.

The Government has consulted on proposals to amend the standard method formula, which if implemented in the form proposed would result in a need for 15,181 dwellings over the plan period (893 dpa) although there is evident potential for the Government to adjust the formula in response to the consultation; and/or for the Local Plan to progress under transitional arrangements using the current approach.

The next sections of the report moves on to consider whether there are locally specific factors which mean that the standard method calculation of need is not appropriate for Tunbridge Wells.

---

---

## 5. EXAMINING DEMOGRAPHICS

- 5.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections, with a view to considering whether there are any locally specific factors which mean that the use of the 2014-based Household Projections in the standard method calculation are not justified in Tunbridge Wells and there are exceptional circumstances which justify an alternative approach.
- 5.2 The analysis considers the 2018-based, Sub-National Population Projections (SNPP) and the 2018-based Household Projections (SNHP) – both ONS data releases and the most recent projections available at the time this report was drafted. The analysis also looks at the most recent ONS population estimates which date to mid-2019 and alternative data about trends in past population growth (specifically looking at Patient Register data in this instance). It also considers the 2014-based Sub-National Household Projections as the Planning Practice Guidance directs that these are the baseline projections which should be used in the standard method (and around which the method was developed).
- 5.3 The analysis below looks at some key statistics about demographic trends in Tunbridge Wells; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow.

### **Current Population Structure**

---

- 5.4 The table below shows the population profile of Tunbridge Wells in five-year age bands compared with a range of other areas. The data shows a comparable age structure when compared with other areas (County, region and nationally) although there are some specific notable differences. In particular the data from Tunbridge Wells shows a higher proportion of people aged in their 40s and early 50s, along with a high proportion of children aged about 9 to 17 (these two findings are likely to be linked). The data also suggests lower proportions of people aged from about 18 up to early 30s – this will at least in part be as a result of people moving from the area for the purposes of further education (e.g. to go to University).

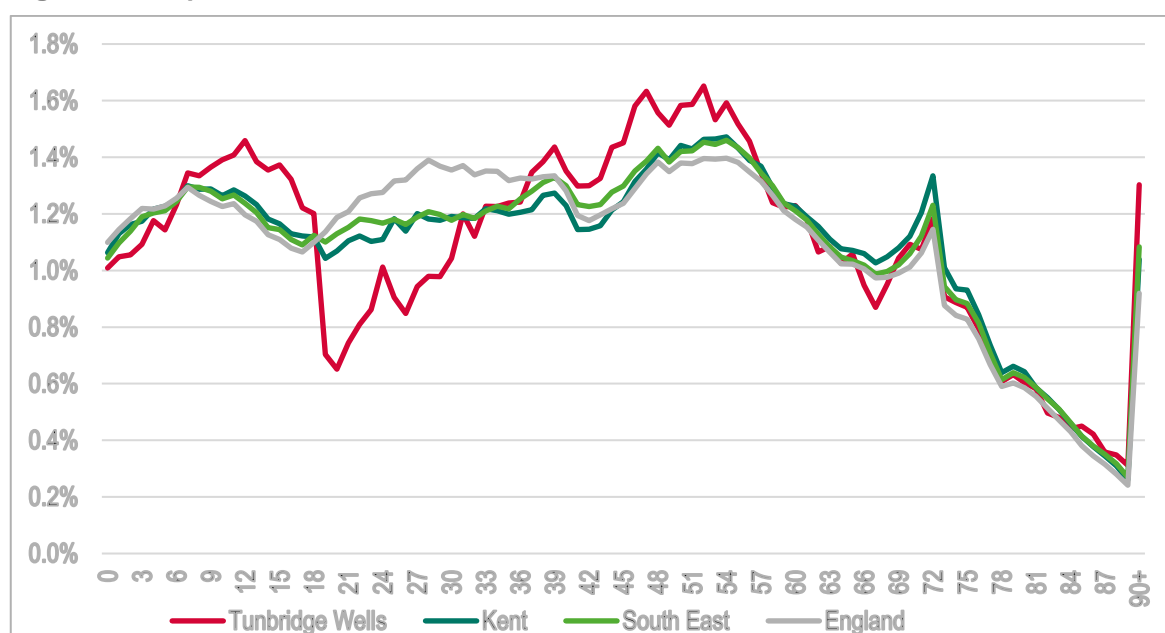
**Table 5.1 Population Profile, 2019**

	Tunbridge Wells		Kent	South East	England
	Population	% of popn	% of popn	% of popn	% of popn
0-4	6,388	5.4%	5.7%	5.7%	5.9%
5-9	7,623	6.4%	6.4%	6.3%	6.3%
10-14	8,308	7.0%	6.2%	6.1%	6.0%
15-19	6,911	5.8%	5.6%	5.6%	5.5%
20-24	4,843	4.1%	5.5%	5.8%	6.2%
25-29	5,525	4.7%	5.9%	5.9%	6.8%
30-34	6,905	5.8%	6.0%	6.0%	6.8%
35-39	7,892	6.6%	6.2%	6.4%	6.6%
40-44	7,968	6.7%	5.9%	6.3%	6.1%
45-49	9,184	7.7%	6.7%	6.9%	6.6%
50-54	9,435	7.9%	7.3%	7.2%	6.9%
55-59	8,054	6.8%	6.7%	6.7%	6.5%
60-64	6,632	5.6%	5.8%	5.6%	5.5%
65-69	5,782	4.9%	5.3%	5.1%	5.0%
70-74	6,106	5.1%	5.6%	5.3%	4.9%
75-79	4,286	3.6%	3.8%	3.7%	3.4%
80-84	3,091	2.6%	2.7%	2.7%	2.6%
85+	3,791	3.2%	2.7%	2.8%	2.5%
All Ages	118,724	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

- 5.5 The differences between Tunbridge Wells and other areas can more clearly be seen in the figure below. This identifies that the population of the Borough is relatively high in age bands in the 40s and early 50s. The figure also shows the impact of the student population.

**Figure 5.1: Population Profile, 2019**



Source: ONS mid-year population estimates

- 5.6 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with other areas, Tunbridge Wells has a similar age structure in terms of the proportion of the population in these three broad categories.

**Table 5.2 Population in Key Age Groups, 2019**

	Tunbridge Wells		Kent	South East	England
	Population	% of popn	% of popn	% of popn	% of popn
Under 16	23,949	20.2%	19.5%	19.3%	19.2%
16-64	71,719	60.4%	60.3%	61.2%	62.4%
65+	23,056	19.4%	20.2%	19.5%	18.4%
All Ages	118,724	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

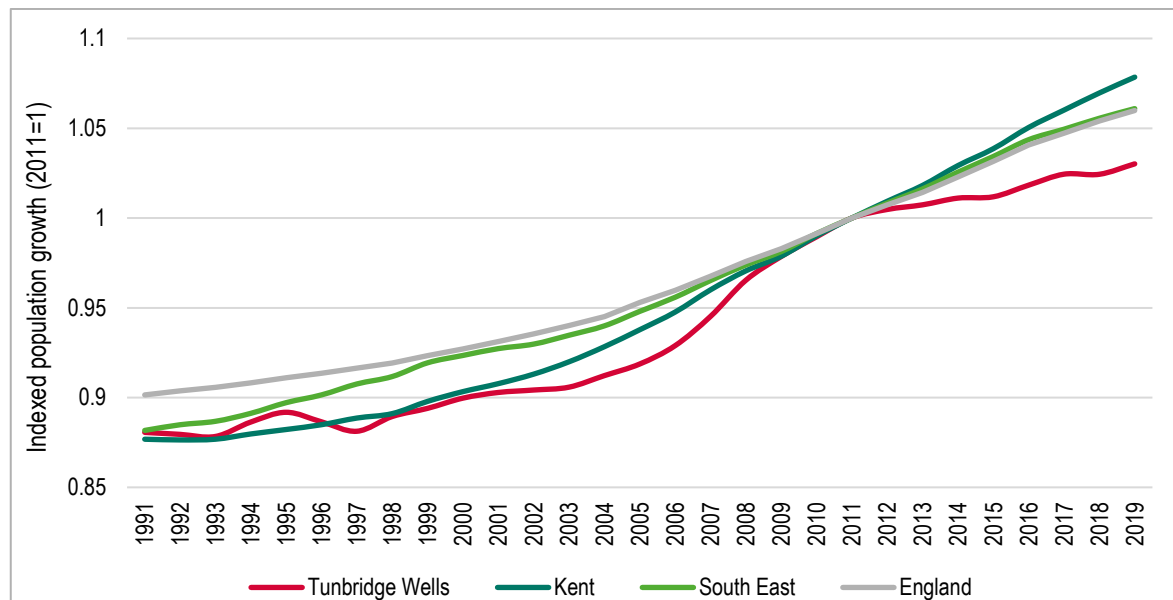
### Past Population Growth

- 5.7 The figure below considers population growth in the period from 1991 to 2019 – the data has been indexed to 2011 to reflect changes since the last Census. The analysis shows over the 8-year period from 2011 that the population of Tunbridge Wells has risen slowly in comparison with other locations. In 2019, it was estimated that the population of the Borough had risen by 3% from 2011 levels, this is in contrast with an 8% increase across the County and a 6% rise across the region and nationally.
- 5.8 Over the longer-term (looking at the 1991-2011 period) the data suggests relatively strong growth in the population of the Borough. Population growth over this period was in-line with that seen in the



County and region, and above the equivalent level of England as a whole. Population growth in Tunbridge Wells was particularly strong in the 2003-2011 period.

**Figure 5.2: Indexed Population Growth, 1991-2019**



Source: ONS mid-year population estimates

- 5.9 The figure below provides the same information for Tunbridge Wells and all neighbouring authorities (data just from 2011). This shows the Borough as having the lowest population growth of the local authorities considered over the period since 2011.

**Figure 5.3: Indexed Population Growth, 2011-19**



Source: ONS mid-year population estimates

---

## Components of Population Change

---

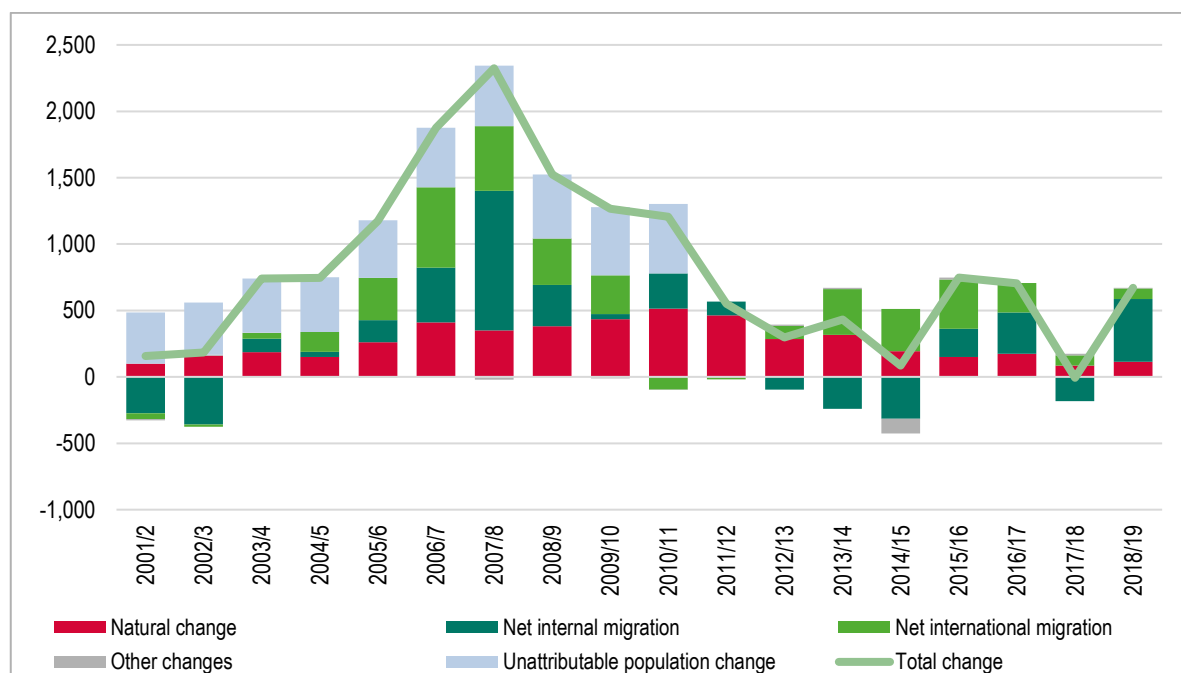
- 5.10 The table and figure below consider the drivers of population change 2001 to 2019. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated. UPC relates to the 2001-11 period.
- 5.11 The data shows a varying level of natural change throughout the period, although all years show positive figures (i.e. more births than deaths). Natural change increased from 2001 up to around 2011 and has since been falling, roughly reaching 2001 levels by 2019.
- 5.12 The main driver of population change in most years is net in-migration, both internal (domestic) and international migration. Both components of migration have been highly variable with internal migration varying from an out migration of 359 people in 2002/3, up to a net in-migration of 1,051 people in 2007/8. The ONS data suggests that internal migration has been relatively low in the past few years: for the last six years the data shows a level of net internal in-migration of just 44 people per annum on average.
- 5.13 International migration is also a positive component of population growth, with a positive number of people moving to the Borough from abroad in all years since 2012. Over the past six years international migration has averaged 236 people per annum (net).
- 5.14 The data also shows a positive level of UPC, suggesting that between 2001 and 2011, ONS may have underestimated population growth within population estimates (and this was corrected once Census data had been published). If this underestimation of population growth is a systematic problem with ONS data, then it could be the case that population estimates to 2019 are also underestimated and it should be clarified that levels of UPC for the intercensal period are relatively high in the context of overall population change in the Borough.

**Table 5.3 Components of Population Change, mid-2001 to mid-2019 – Tunbridge Wells**

	Natural change	Net internal migration	Net inter-national migration	Other changes	Other (unattributable)	Total change
2001/2	100	-275	-42	-11	385	157
2002/3	160	-359	-16	7	392	184
2003/4	187	101	43	2	408	741
2004/5	150	38	150	-5	413	746
2005/6	262	165	319	-5	434	1,175
2006/7	411	411	605	-2	450	1,875
2007/8	350	1,051	486	-20	457	2,324
2008/9	381	311	349	1	481	1,523
2009/10	435	39	291	-11	512	1,266
2010/11	514	265	-95	-2	524	1,206
2011/12	464	104	-18	0	0	550
2012/13	285	-95	98	10	0	298
2013/14	316	-240	344	11	0	431
2014/15	193	-315	319	-112	0	85
2015/16	150	212	371	14	0	747
2016/17	173	312	223	-4	0	704
2017/18	86	-182	77	12	0	-7
2018/19	113	474	80	3	0	670

Source: ONS

**Figure 5.4: Components of Population Change, mid-2001 to mid-2019 – Tunbridge Wells**



Source: ONS

---

## Other Measures of Past Population Growth

---

- 5.15 The analysis above has focussed on data from the ONS mid-year population estimates (MYE). It is possible to contrast estimates of population growth in this source with other measures – the main one being the Patient Register (PR). The table below shows estimated population growth in both the MYE and the PR – data is shown for Tunbridge Wells, Kent the South East region and England.
- 5.16 For Tunbridge Wells the Patient Register source is particularly interesting as it suggests a notably higher level of population growth than the MYE (6.0% compared with 3.0%). Whilst other areas studied also show higher increases in the PR source, the gap between the sources in Tunbridge Wells is notable.
- 5.17 Whilst this information is mainly included for reference purposes, it shows that if anything population growth in the Borough is likely to have been under-estimated in the past 8-years. This would then feed into future projections (which are trend based) and potentially show future levels of population growth that are lower than true trends would suggest. The finding of population estimates being lower than actual population growth would be consistent with analysis for the 2001-11 period although to be clear, the analysis below is far from conclusive and does not provide a robust basis for making adjustments to the ONS population projections.

**Table 5.4 Comparing ONS mid-year population estimates with estimates of population from the Patient Register**

		2011	2019	Change	% change
Tunbridge Wells	MYE	115,260	118,730	3,470	3.0%
	Patient Register	113,770	120,640	6,870	6.0%
Kent	MYE	1,466,460	1,581,600	115,140	7.9%
	Patient Register	1,501,320	1,631,100	129,780	8.6%
South East	MYE	8,652,820	9,180,170	527,350	6.1%
	Patient Register	8,937,030	9,723,520	786,490	8.8%
England	MYE	53,107,200	56,286,990	3,179,790	6.0%
	Patient Register	55,312,750	60,288,290	4,975,540	9.0%

Source: ONS

- 5.18 The Patient Register is one of the sources which ONS takes into account in developing its Mid-Year Population Estimates, but what ONS does is to interrogate these alongside other data sources including data from the Higher Education Statistics Agency on student moves.

## 2018-based Sub-National Population Projections

---

- 5.19 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and

---

migration which are constrained to the assumptions made for the 2018-based national population projections.

5.20 The 2018-based SNPP contain a number of assumptions that have been changed from the 2014-based version (which feeds into the standard method). These assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared 185,000 in the 2014-based projections and 165,000 in the 2016-based projections. This is based on a 25-year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.89 in the 2014-based projections; and
- Life expectancy increases are less than in the 2014- and 2016-based projections as a consequence of the continued limited growth in life expectancy over recent years.

5.21 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection
- an alternative internal migration variant
- A 10-year migration variant

5.22 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only. Previous (and future) versions of the SNPP based projections of internal migration on 5 year trends.

5.23 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

5.24 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.

- 5.25 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based projection (regardless of the variant studied) shows projected population growth that is lower than the previous (2016-based) version and substantially lower than the 2014-based SNPP. The 2018-based SNPP (principal variant) projects population growth of 4.8%, compared with 10.0% in the 2014-based release. The comparison with the 2014-based SNPP is particularly important as it underpins the 2014-based SNHP which is used in the Standard Method.

**Table 5.5 Projected population growth (2020-2037) – Tunbridge Wells – range of SNPP Releases**

	Population 2020	Population 2037	Change in population	% change
2018 (principal)	118,848	124,602	5,754	4.8%
2018 (alternative internal)	118,508	122,330	3,822	3.2%
2018 (10-year trend)	119,068	125,608	6,540	5.5%
2016-based	118,631	125,299	6,668	5.6%
2014-based	119,747	131,756	12,009	10.0%

Source: ONS

- 5.26 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the principal projection can be used for further interrogation. Whilst there are some serious concerns with this projection (mainly due to it being based on just 2-years' worth of internal migration data), it is the case that it is the middle of the three projections for Tunbridge Wells and also it's the projection to be used in the consultation proposals for revising the Standard Method. Hence analysis below looks at the principal variant, but not without some reservations.
- 5.27 The table below shows projected population growth in the 2018-based SNPP for Tunbridge Wells and a range of other broad areas. This clearly shows a lower projected level of growth in the area than other locations. In particular, for the whole of Kent (over the 2020-37 period) ONS projects for population to increase by 11% - more than double the figure for Tunbridge Wells.

**Table 5.6 Projected population growth (2020-2037) – 2018-based SNPP (principal projection)**

	Population 2020	Population 2037	Change in population	% change
Tunbridge Wells	118,848	124,602	5,754	4.8%
Kent	1,596,058	1,764,505	168,448	10.6%
South East	9,235,982	9,774,466	538,484	5.8%
England	56,678,470	60,571,681	3,893,211	6.9%

Source: ONS

- 5.28 The table below shows the same information but comparing Tunbridge Wells with all of its neighbouring local authorities. This again shows a low projected level of population growth with four of the six neighbouring areas projected to see population growth that is more than double that of Tunbridge Wells (which is the lowest of the seven areas). It is clear that the population projections for Tunbridge Wells are comparatively very low.

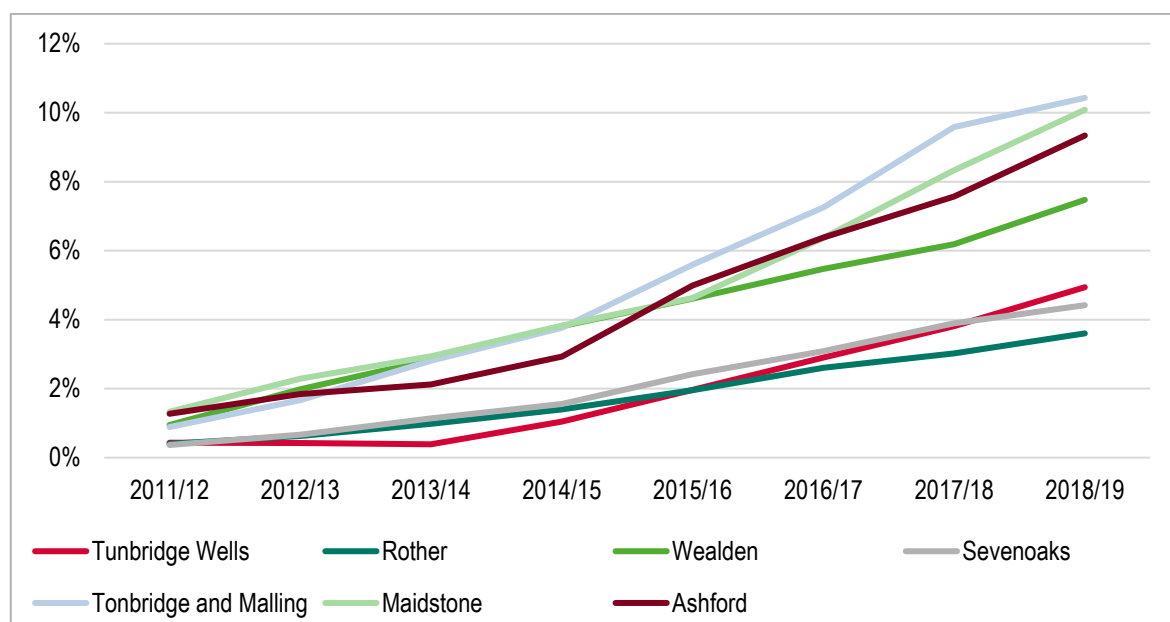
**Table 5.7 Projected Population Growth (2020-2037) – 2018-based SNPP (principal projection)**

	Population 2020	Population 2037	Change in population	% change
Tunbridge Wells	118,848	124,602	5,754	4.8%
Rother	97,304	108,010	10,707	11.0%
Wealden	162,447	176,187	13,740	8.5%
Sevenoaks	121,415	128,219	6,804	5.6%
Tonbridge & Malling	133,233	149,838	16,605	12.5%
Maidstone	174,062	197,299	23,237	13.3%
Ashford	132,420	151,114	18,695	14.1%

Source: ONS

- 5.29 The ONS projections are trend based and will therefore to a considerable extent link to past levels of population growth – for Tunbridge Wells data in this section has previously shown that the Borough has a very low level of trend growth in comparison to neighbouring areas. It is possible that lower growth is to some extent linked to past housing delivery (as providing homes would provide opportunities for households to move to the area and influence net migration).
- 5.30 The analysis in Figure 5.5 below therefore looks at changes to the housing stock since 2011 (using data from MHCLG Live Table 125). This shows that Tunbridge Wells has seen a relatively low level of housing growth, although unlike past population growth, there are two areas when changes to the stock have actually been slightly lower (Sevenoaks and Rother). These are also areas that have seen lower population growth and points to the possibility that housing delivery may have had an impact on past population growth and hence future (trend-based) projections. At the same time, it is acknowledged that Rother, which has had lower housing growth has had more than twice the population growth of Tunbridge Wells, suggesting that household size and structure must play a part in respective changes.

**Figure 5.5: Indexed Change to Housing Stock since 2011**



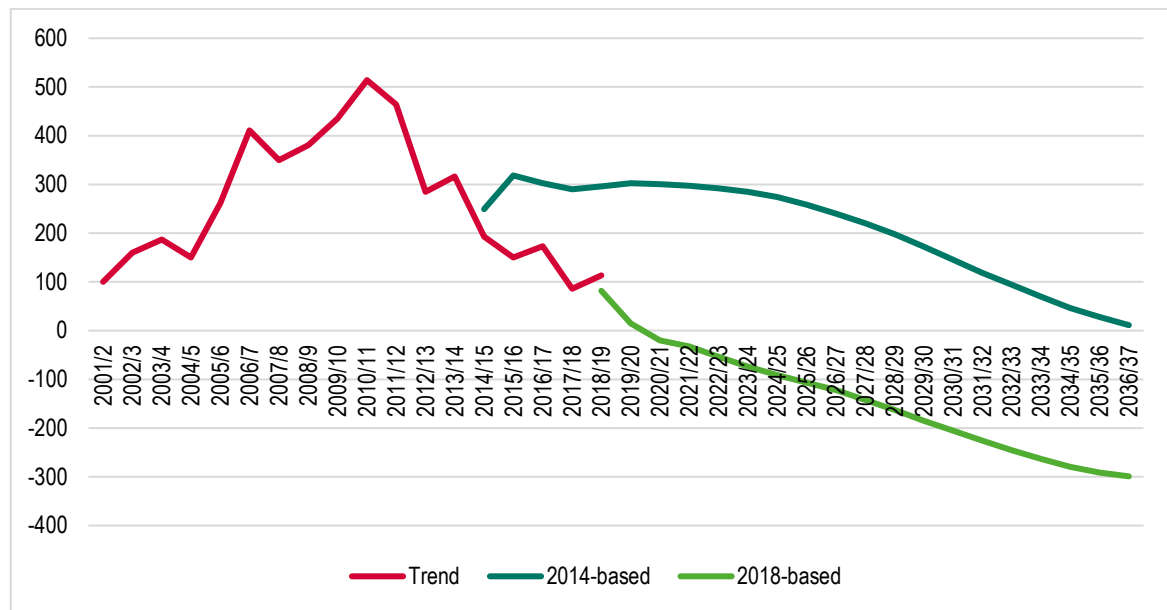
Source: MHCLG Live Table 125

### Comparing 2014- and 2018-based SNPP

- 5.31 The analysis above showed that projected population growth in the 2014-based SNPP is somewhat higher than in the 2018-based version. It is of interest to see what reasons there are for the differences. Essentially this means looking at the components of population change - natural change (births minus deaths) and migration.
- 5.32 The figure below shows past trends in natural change and also projected figures from both the 2014- and 2018-based projections. From this it is clear that natural change has been declining and the 2018-based SNPP project this to continue in the future. For the 2014-based SNPP, natural change is projected to be somewhat higher and can already be seen to be too high in comparison to estimates made by ONS since 2014.
- 5.33 Given that the latest projections build in trends towards lower fertility rates and lower improvements to life expectancy, the difference between the two projections is to be expected and does point to the 2018-based projections being more realistic in terms of a trend based projection. It should however be noted that the trends observed for Tunbridge Wells below are not unique to the Borough and are replicated for most local authorities across the country.



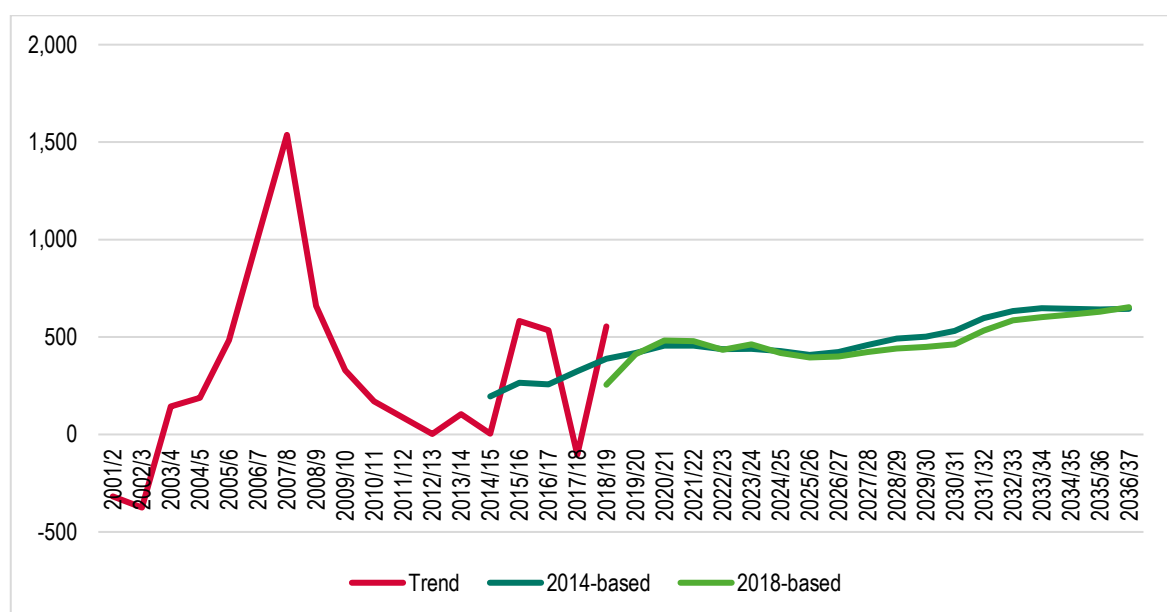
**Figure 5.6: Past trends and projected natural change in Tunbridge Wells**



Source: ONS

- 5.34 For migration, the analysis below looks at trends in net migration, this combines figures for internal, cross-border and international migration. In Tunbridge Wells, it is clear from the figure that projected migration levels are pretty similar regardless of the projection studied and it is therefore arguable that a fairly consistent trend can be observed. This would suggest (as with the analysis for natural change) that the 2018-based SNPP are broadly sound from a demographic perspective – however, the projections would not be taking into account the possibility that migration (and population growth) may to some extent have been suppressed by housing delivery levels.

**Figure 5.7: Past trends and projected net migration in Tunbridge Wells**



Source: ONS

- 5.35 The chart above does also show the widely varying levels of net migration on a year by year basis and it is of interest to see how overall averages vary in different projections and by time period. The table below shows a trend analysis and also projected levels of net migration from the 2014- and 2018-based projections. This again shows figures from the two projections as being fairly similar and that projected migration is slightly above past trends – this will in part be due to the ONS projections showing an increase in net migration moving forward, which in turn will be linked to the age structure and how this is projected to change. This increase will also reflect interactions between Tunbridge Wells and other areas. Overall, the projected levels of migration do not look unreasonable in the context of past trends and do not suggest that there is anything wrong with the projections developed by ONS.

**Table 5.8 Trend and projected levels of net migration (different time periods and projections)**

	Trend	2014-based	2018-based
15-years	410	489	465
10-years	226	442	435
5-years	314	442	454

Source: ONS

#### Conclusions on Population Trends

More recent population projections for Tunbridge Wells project lower population growth than the 2014-based SNPP which currently feeds into the standard method. This is a function in particular of weaker natural change, with women having fewer children and higher levels of deaths than predicted in the 2014-based SNPP. These are however not factors unique to Tunbridge Wells but reflect wider national trends. They do not therefore provide a locally-specific rationale for deviating from the standard method.

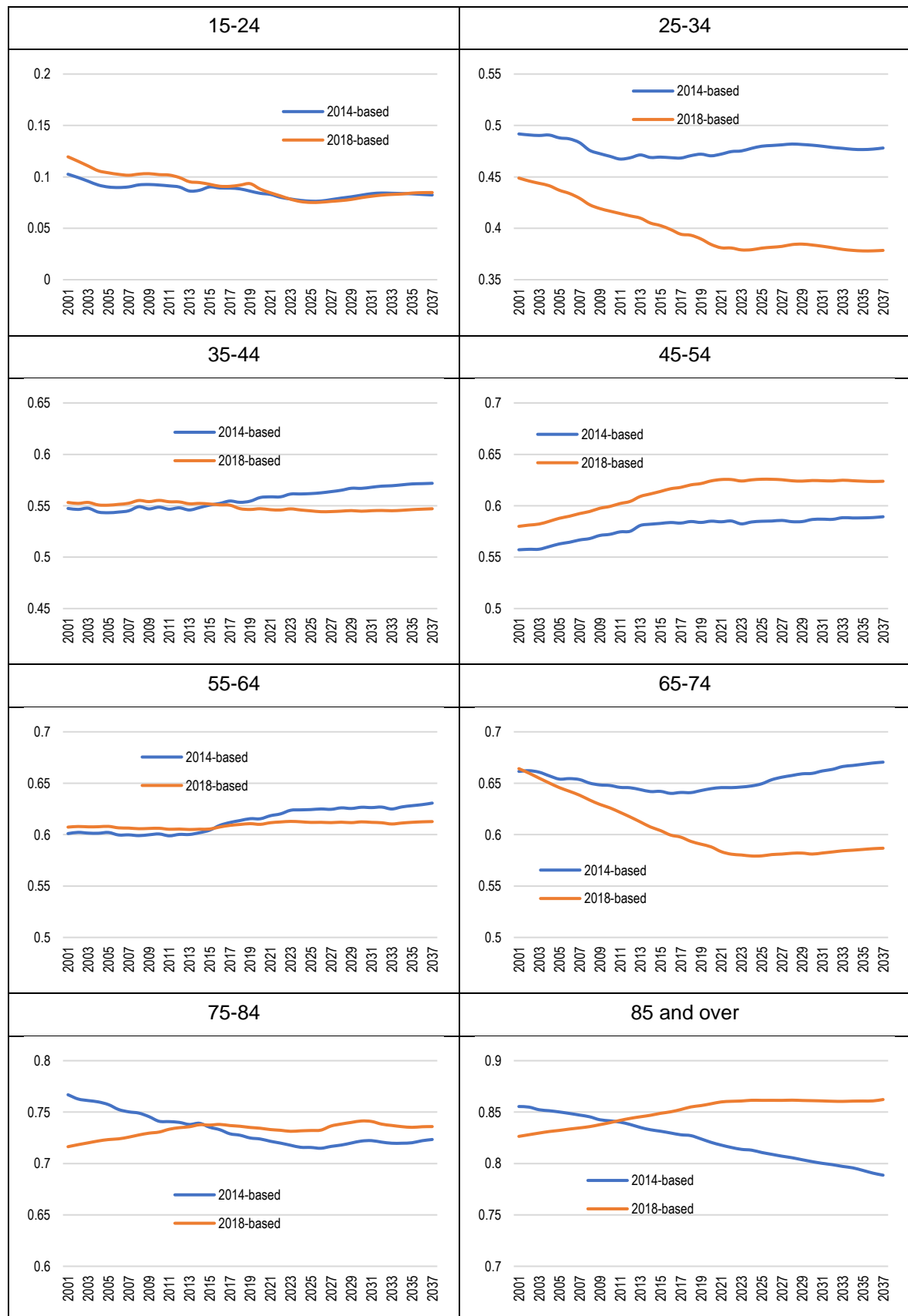
Levels of net migration in the 2014- and 2018-based SNPP are relatively similar, but the analysis shows net migration to the Borough is likely to have been influenced by historic housing delivery; which has been lower in comparative terms than in several neighbouring authorities. The PPG makes clear that one of the reasons why an affordability uplift is applied in the standard method is that past housing supply may have constrained the ability of people to move to an area.

#### **Household Formation Trends**

- 5.36 Household projections are derived by applying age and sex-specific assumptions on the proportion of people who would be a household representative to the projected changes in an area's population.

- 
- 5.37 The latest household representative rates (HRRs) are as contained in the ONS 2018-based subnational household projections (SNHP). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism: this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time. The 2018-based SNHP project household formation over the 2011-21 period on the basis of these trends, and then hold household formation (by age and sex) constant, at the 2021 levels, thereafter.
- 5.38 In Iceni's view, a projection based on just two data points is subject to a wide potential error margin as where these two points are can have a significant influence on the trend.
- 5.39 This suppression of household formation within the latest projections can be seen in the figure below, and particularly for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting this forward as far as 2021 (following which the rate is held broadly stable). The figure also shows the 2014-based projections, and in this case the suppression from 2001 to 2011 does not appear to be carried forwards in the projections.
- 5.40 This trend is again not unique to Tunbridge Wells and indeed the apparent constraint in the 25-34 age group is one of the key reasons why Government has not supported using household projections since the 2014-based release within the Standard Method calculations.

**Figure 5.8: Projected Household Representative Rates by age of head of household – Tunbridge Wells (2018-based SNHP)**



Source: Derived from ONS and CLG data

---

### Considering Concealed Households

- 5.41 Given this apparent suppression, it is reasonable to consider what the impact would be of reversing the apparent suppression and the 2018-based SNHP data has been used to create a scenario where the reduction in the HRR for the 25-34 age group is reversed so that between 2021 and 2031 it returns to the level seen in 2001 (a time when this age group was arguably less constrained). A similar adjustment has also been made for the 16-24 and 35-44 age groups although these are pretty minor.
- 5.42 Therefore, rather than rejecting the 2018-based SNHP outright due to the potential for the projections to include a degree of suppression, the data has been used to build a scenario where the suppression is reversed – this is expected to help deal with concealed households within the Borough. Two scenarios are modelled:
- Using 2018-based SNHP where data from the SNHP is used as published (2018-SNHP); and
  - Using the 2018-based SNHP with an adjustment to younger age groups to 'correct' for apparent suppression in household formation (2018-uplift)
- 5.43 The table below shows estimates of household growth with each of the two HRR scenarios, the table also shows an estimate of the number of additional dwellings this might equate to. All of the figures link to population growth in the 2018-based SNPP (principal projection).
- 5.44 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.
- 5.45 The analysis shows an overall housing need for 339 dwellings per annum (dpa) across the Borough when using the 2018-based SNHP as the underlying household projection. This figure increases to 416 dpa with an adjustment to the formation rates of younger households. Over the full projection period this is an uplift of 1,270 households – which as noted would be expected to contribute to dealing with concealed and suppressed households in the Borough.
- 5.46 It should be noted that the table below is not seeking to identify the housing need for the Borough but simply to consider the extent to which households may have been excluded from securing their own self-contained accommodation. The evidence does suggest that housing delivery has to some degree constrained population growth and therefore needs would be expected to be higher than as based on the data below.

**Table 5.9 Projected housing need – range of household representative rate assumptions – Tunbridge Wells (linked to 2018-based SNPP)**

	Households 2020	Households 2037	Change in households	Per annum	Dwellings (per annum)
2018-SNHP	49,872	55,462	5,590	329	339
2018-uplift	49,872	56,732	6,860	404	416

Source: JGC Demographic Projections

- 5.47 The difference between these two projections arises from the adjustments made within the projections to address suppression of household formation and growth in concealed households; with the analysis suggesting that to address this would result in an uplift of 1,270 households.
- 5.48 If instead of gradually improving the formation rates of the younger population to deal with suppression, as the above analysis does, it is possible to model an immediate return to less constrained rates. Whilst this is not realistic to expect, it will help to establish the current number of concealed/suppressed households. In the 2018-based projections, it is estimated that there are 49,872 households in Tunbridge Wells in 2020, with an immediate return to less constrained rates this figure would increase to 51,147 – a difference of 1,275 households (virtually identical to the 1,270 figure calculated when improving rates gradually over time).
- 5.49 The scale of suppressed households shown from this form of analysis is not dissimilar to the numbers of concealed and overcrowded households identified in the Council's 2018 Housing Needs Study which identified 1,460 overcrowded and concealed households who were intending on moving in the next 5 years.
- 5.50 The Council specifically asked about the ability of the affordability uplift to meet the needs of local people whose needs may be concealed. In this context, it is noted that the affordability uplift under the current (capped) standard method equates to 194 dwellings of the 678 dwellings pa (484 being the household projection). Over the plan period, this is 3,298 additional dwellings, suggesting that, at least in numerical terms, the uplift would readily provide for this element of concealed local need that is not pickup up by the household projections.
- 5.51 In addition, an analysis has been carried out below to consider what the Standard Method housing need would be if the 2018-based SNPP is used along with HRRs from the 2014-based SNHP. This is shown in the table below and calculates a need for 672 dwellings per annum (down from 741 dpa when just using the 2014-based SNHP). Whilst the need figure is lower, this is as a result of the population projections having lower levels of natural change (and in particular a higher level of deaths) than in the 2014-based projections. This in turn is a national finding and does not point to there being any exceptional circumstances in Tunbridge Wells that would point to a lower need figure being used.

**Table 5.10 Projected housing need using Standard Method with 2018-based SNPP and 2014-based HRRs – Tunbridge Wells**

	Tunbridge Wells
Households, 2020	50,994
Households, 2030	55,386
Household Growth, 2020-30	4,392
Step 1: Projected Household Growth	439
Median workplace-based affordability ratio, 2019	12.48
Adjustment factor	53%
Step 2 housing need figure	672
Uncapped Local Housing Need	672 dpa

Source: Range of sources

#### Conclusions on Household Formation Trends

The 2016- and 2018-based ONS Household Projections roll forward trends seen in the 2001-11 period in which affordability deteriorated significantly and constrained household formation. They do not provide a suitable basis for strategic planning on the basis and do not provide a justification for moving away from the 2014-based Household Projections which the PPG directs should be used.

Analysis of the suppression of household formation and growth in concealed households suggests that to address this would result in an uplift of 1,270 households. This would be captured within the affordability uplift in the standard method.

#### **Standard Method Dwelling-led Projections**

- 5.52 The current standard method results in a minimum local housing need of 678 dwellings, with an uncapped local housing need for 741 additional homes pa. The Government's consultation proposals would see this increase to 893 dpa. It can be seen from the analysis above, that even by taking a fairly positive approach to HRRs there would not be the level of household growth required to fill the number of homes in each case. It realistic to therefore expect that delivery of housing in line with these levels of provision would result in some additional net migration to Tunbridge Wells Borough as well.
- 5.53 Demographic scenarios have been developed that both improves household formation and increase migration to project how population and household structures might change with average delivery of 678, 741 or 893 homes each year (2020-37). This approach is consistent with that set out in the PPG (2a-006) which recognises that areas may have seen an underrepresentation of need within

---

household projections due to household formation being constrained, or where there are insufficient homes to allow people to move to an area. The PPG says:

*An affordability adjustment is applied as household growth on its own is insufficient as an indicator of future housing need because:*

- *household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
- *people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.*

5.54 This recognises that the affordability adjustment can be expected to support a combination of additional household formation and net migration to an area. Both of these are addressed in considering the demographic implications of the Standard Method.

5.55 Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the respective housing need figures (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2018-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:

- Base population in 2019 from the latest mid-year population estimates;
- Population rolled forward to 2020 using fertility, mortality and migration data in the 2018-based SNPP;
- Household representative rates from the 2018-based SNHP with an adjustment for suppression in younger age groups (aged up to 44); and
- The migration profile (by age and sex) in the same proportions as the 2018-based SNPP (principal projection)
- The table below shows the same information for a projection linking to 678 dwellings per annum – which is the capped local housing need figure.
- Population change 2020 to 2037 by five-year age bands – Tunbridge Wells (linked to delivery of 678 dwellings per annum)



- 5.56 Housing delivery in line with the capped minimum local housing need (678 dpa) would support population growth of 16,700 (14.0%) over the plan period. This compares to population growth of 5,800 in the SNPP as published.

**Table 5.11 Population change 2020 to 2037 by five-year age bands – Tunbridge Wells (linked to delivery of 678 dwellings per annum)**

	Population 2020	Population 2037	Change in population	% change from 2020
Under 5	6,260	6,826	567	9.1%
5-9	7,536	7,191	-345	-4.6%
10-14	8,502	7,898	-604	-7.1%
15-19	6,697	7,368	670	10.0%
20-24	4,801	5,238	436	9.1%
25-29	5,645	7,083	1,438	25.5%
30-34	6,740	7,145	405	6.0%
35-39	7,822	8,094	273	3.5%
40-44	8,126	8,786	660	8.1%
45-49	9,126	9,643	517	5.7%
50-54	9,292	9,621	329	3.5%
55-59	8,422	9,128	706	8.4%
60-64	6,806	8,162	1,355	19.9%
65-69	5,690	8,365	2,675	47.0%
70-74	6,212	7,972	1,760	28.3%
75-79	4,472	6,129	1,657	37.1%
80-84	3,200	4,632	1,432	44.7%
85+	3,827	6,597	2,771	72.4%
Total	119,176	135,879	16,703	14.0%

Source: Demographic projections

- 5.57 A higher level of population growth is derived if the uncapped local housing need (741 dpa) is delivered (19,400 additional people). This projection shows stronger growth in what might be considered as 'working-age' groups and children. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups.

**Table 5.12 Population change 2020 to 2037 by five-year age bands – Tunbridge Wells (linked to delivery of 741 dwellings per annum)**

	Population 2020	Population 2037	Change in population	% change from 2020
Under 5	6,260	7,054	794	12.7%
5-9	7,536	7,371	-165	-2.2%
10-14	8,502	8,030	-472	-5.6%
15-19	6,697	7,481	784	11.7%
20-24	4,801	5,431	630	13.1%
25-29	5,645	7,348	1,703	30.2%
30-34	6,740	7,423	684	10.1%
35-39	7,822	8,340	519	6.6%
40-44	8,126	8,991	865	10.6%
45-49	9,126	9,809	683	7.5%
50-54	9,292	9,753	461	5.0%
55-59	8,422	9,239	817	9.7%
60-64	6,806	8,257	1,450	21.3%
65-69	5,690	8,456	2,766	48.6%
70-74	6,212	8,048	1,837	29.6%
75-79	4,472	6,181	1,710	38.2%
80-84	3,200	4,667	1,466	45.8%
85+	3,827	6,654	2,827	73.9%
Total	119,176	138,534	19,359	16.2%

Source: JGC Demographic Projections

- 5.58 Table 5.13 below show the same information for a projection linking to 893 dwellings per annum. As would be expected this shows higher population growth again and also more growth within younger age groups.

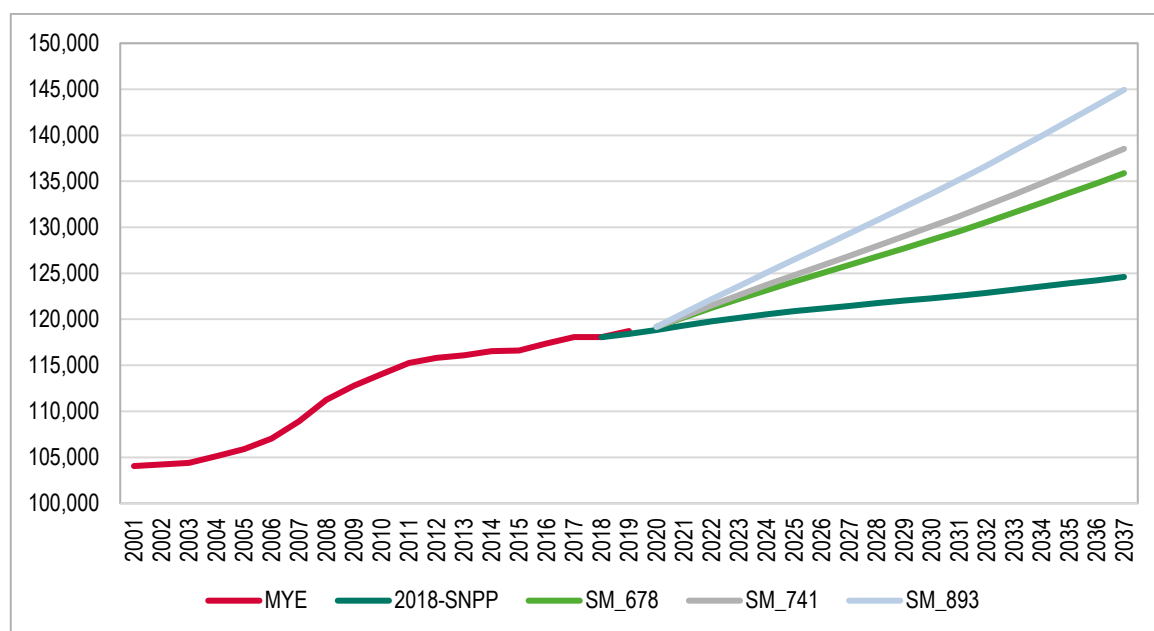
**Table 5.13 Population change 2020 to 2037 by five-year age bands – Tunbridge Wells (linked to delivery of 893 dwellings per annum)**

	Population 2020	Population 2037	Change in population	% change from 2020
Under 5	6,260	7,604	1,344	21.5%
5-9	7,536	7,805	270	3.6%
10-14	8,502	8,349	-153	-1.8%
15-19	6,697	7,755	1,058	15.8%
20-24	4,801	5,898	1,097	22.9%
25-29	5,645	7,988	2,343	41.5%
30-34	6,740	8,095	1,355	20.1%
35-39	7,822	8,934	1,113	14.2%
40-44	8,126	9,486	1,360	16.7%
45-49	9,126	10,210	1,084	11.9%
50-54	9,292	10,072	780	8.4%
55-59	8,422	9,506	1,084	12.9%
60-64	6,806	8,486	1,680	24.7%
65-69	5,690	8,675	2,985	52.5%
70-74	6,212	8,233	2,021	32.5%
75-79	4,472	6,307	1,836	41.1%
80-84	3,200	4,750	1,549	48.4%
85+	3,827	6,790	2,963	77.4%
Total	119,176	144,942	25,767	21.6%

Source: Demographic projections

- 5.59 The figure below plots past estimates of population growth along with various projections (from the 2018-based SNPP) and also when linking to the Standard Method. This analysis would suggest that the Standard Method (either current or consultation) would project a higher level of population growth than recent trends or the published SNPP. However, the level of growth is broadly in line with older past trends, particularly as seen between about 2007 and 2011. This supports the realism of the standard method figures.

**Figure 5.9: Comparing Dwelling-led Projections to Past Population Growth**



Source: Derived from ONS data

### **Does the Demographic Evidence therefore provide ‘exceptional circumstances’ to move away from the Standard Method?**

- 5.60 Paragraph 60 of the NPPF states that ‘*To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals*’. On this basis it is worth reflecting on whether or not there are any such circumstances.
- 5.61 In interpreting the NPPF it is considered that exceptional circumstances would entail considering such questions as to whether or not the underlying projections are demonstrably unsound and also to consider if the projections build in a degree of suppression of household formation. This latter point could be considered as part of the market signals noted in the quote above, but that would also be expected to more widely consider issues such as the local affordability of housing.
- 5.62 In the case of Tunbridge Wells, there is little doubt that the latest (2018-based) projections show a much lower projected population growth than the 2014-based version (i.e. the one underpinning the Standard Method). However, the analysis does suggest that lower population growth may at least in part be due to low housing delivery in the Borough. When benchmarked against neighbouring local authorities but population growth and housing delivery look to be low. It is not therefore considered that the higher level of population growth associated with the older projections is an exceptional position.

- 
- 5.63 That said, the lower population growth in more recent projections looks to entirely be due to lower levels of natural change (births minus deaths) and whilst the latest data is probably more realistic in terms of recent trends, it is also a reflection of national trends, and not specific to Tunbridge Wells. Therefore, again there is nothing exceptional in a local context.
- 5.64 Moreover, it is also the case that the demographic projections (2018-based subnational household projections (SNHP)) do appear to be building in a degree of suppression, whereby younger households have not been able to form independent households at the same sort of rate as seen in the past (taking 2001 as a benchmark for when the housing market was less constrained). There is clearly a case based on this that higher housing delivery could be supported to help younger people form independent households.
- 5.65 **Overall, we do not consider that the data underpinning trends and projections for Tunbridge Wells would identify an exceptional circumstance that would mean moving away from the Standard Method.**
- 5.66 However, in modelling the potential impact of the Standard Method on the growth in the local population it is clear that a substantial uplift on a trend-based position could be expected. Whilst Tunbridge Wells may be able to attract enough people to support such an uplift, it is the case that other authorities (neighbouring and across the wider South East) will also be expected to see some uplift. Given that there may arguably be a finite number of people to fill additional homes nationally, it will therefore be important to monitor housing delivery and population growth moving forward.

---

## 6. ADJUSTMENTS TO IMPROVE AFFORDABILITY

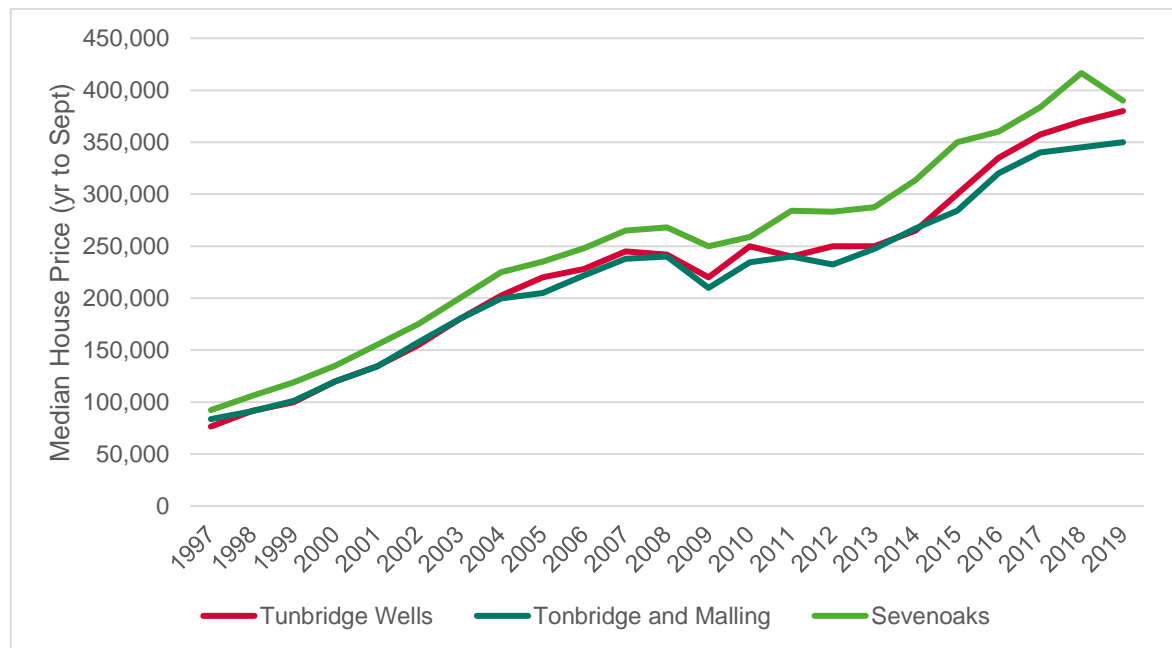
- 6.1 In this section we move on to examine the affordability adjustment. We first consider whether there are any issues with the underlying data; and then appraise the extent to which this scale of evidence would address levels of concealed and overcrowded households locally.

### **Is the data correct?**

---

- 6.2 The affordability adjustment is calculated using ONS ratios of house prices to workplace-based earnings. They are calculated by taking average house prices from ONS House Price Statistics for Small Areas for the year to September; and then dividing this by gross full-time individual annual earnings for those in full-time work (calculated on a place of work basis) using data from the ONS Annual Survey of Hours and Earnings (ASHE). The earnings data provides a snapshot of earnings as at April in the year; with the house price data used covering a period of year where April sits in the middle of the period used.
- 6.3 The house price data from which the affordability ratio is drawn points to a sustained increase in house prices between 1997 and 2007 but shows house prices falling between 2007 and 2009. The 2009 position is thus a low point for house prices within the wider economic cycle.
- 6.4 House price remained relatively stable between 2007-2014, but as the housing market begun to pick up from 2014 onwards prices in Tunbridge Wells have grown with the median house price reaching £380,000 in the Year ending September 2019. Compared to the other authorities in the same Housing Market Area, this sits between the median value in Sevenoaks (£390,000) and that in Tunbridge and Malling (£350,000). The house price value used in 2019 thus looks reasonable.
- 6.5 The use in the proposed Government methodology of a 10 year period to consider changes in the affordability ratio picks a period which potentially takes the low point of one market cycle and the high point (or near to the high point of another). This may lead to a higher adjustment at the current time than were the calculation to be undertaken again in say a couple of years' time. This is not however a factor that is 'unique' to Tunbridge Wells.

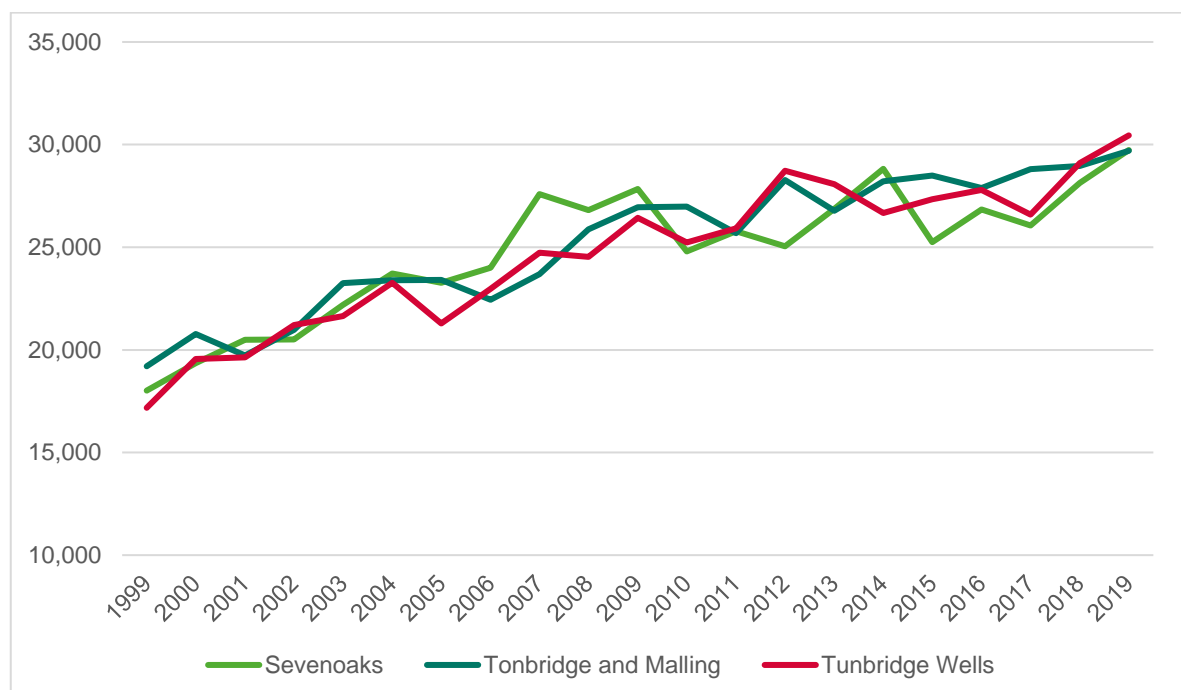
**Figure 6.1: Changes in Median House Price in Tunbridge Wells and adjoining Authorities**



Source: ONS House Price Statistics for Small Areas

- 6.6 The snapshot data on gross annual earnings can be quite volatile over time, based on a sample survey. The 2019 figure for Tunbridge Wells is however 4.6% above that in the previous year (2018) and is relatively similar to those of the other HMA authorities, suggesting that it is a reasonable assessment of earnings. The 2009 data however represent a peak of earnings in that decade, which does not suggest that it was under-estimated.

**Figure 6.2: Trends in Gross Annual Earnings (Workplace-based)**



Source: Annual Survey for Hours and Earnings

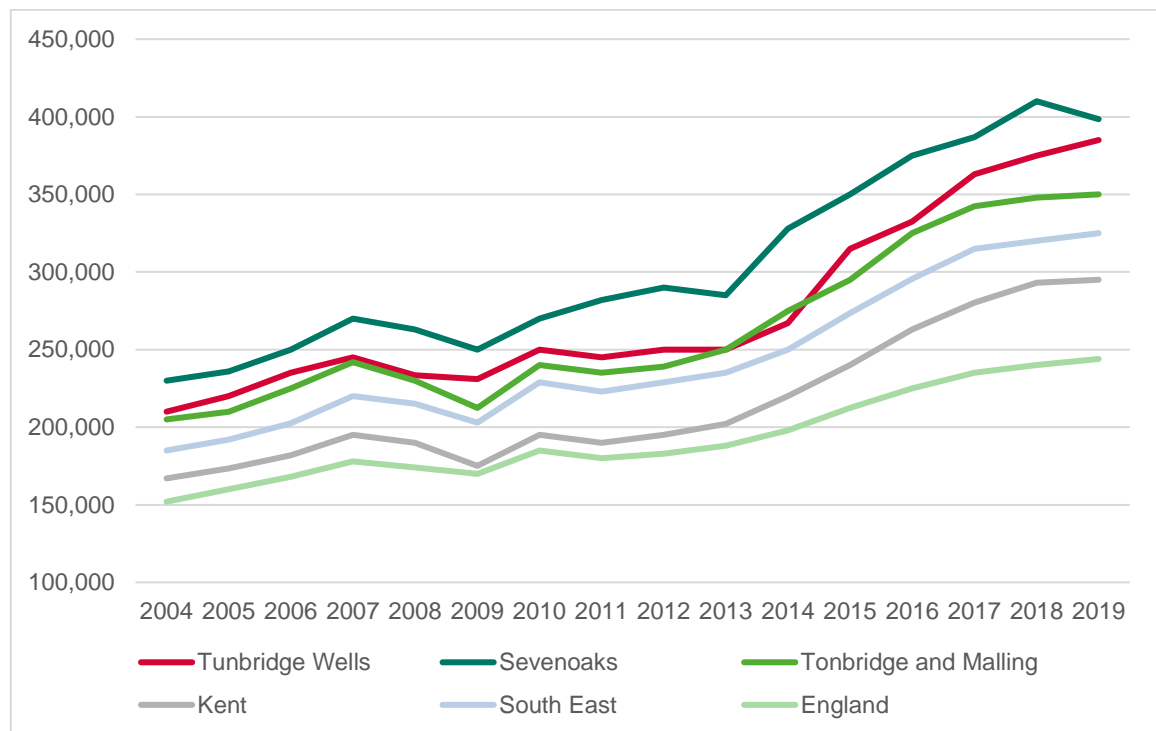
### Affordability Ratio Data

Iceni's analysis does not suggest that there are any particular issues with the data used to generate the affordability ratio by ONS which feeds into the standard method.

### Will the uplift applied improve affordability?

- 6.7 The more specific question is the degree to which the uplift applied, and associated increase in housing supply, will improve affordability within Tunbridge Wells.
- 6.8 A long-term analysis of price trends shows a strong similarity between trends in Tunbridge Wells to those across the West Kent Housing Market Area more widely, and with regional trends.<sup>14</sup> Over the more recent 5 year period however, Tunbridge Wells has seen stronger relative house price growth. Our analysis suggests this is in part a reflection of the mix of units sold over the last couple of years.

**Figure 6.3: Trends in Median House Prices, 2004-2019**



Source: Iceni analysis of ONS Small Area House Price Statistics Dataset 9 data

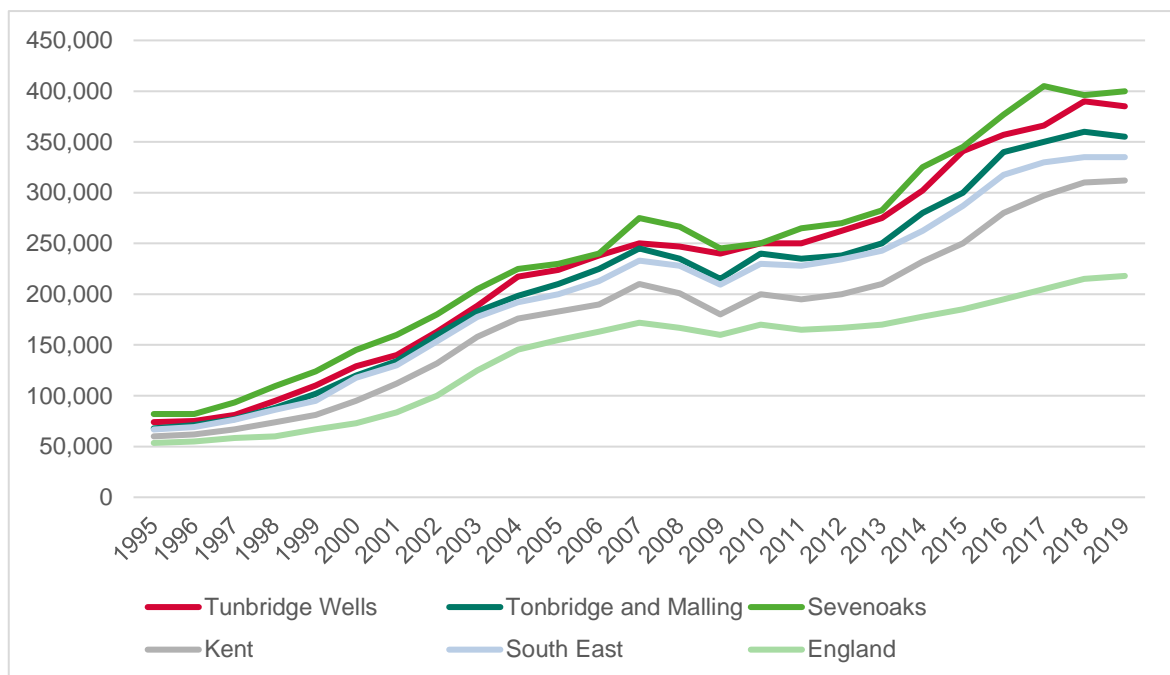
<sup>14</sup> There is a correlation coefficient of 0.997 in price trends compared to the South East and 0.998 compared to Kent



6.9 Over the 15 year period considered, price growth in nominal terms at 83% was thus relatively similar to that seen across Kent (77%) and the South East (66%), albeit notably stronger than that seen nationally across England (60%).

6.10 If prices for semi-detached properties are considered, so as to remove the influence of the mix of properties sold, the similarity between trends seen in Tunbridge Wells and those in other parts of the HMA and wider regional trends is evident. In contrast, a clear distinction can be drawn to trends seen nationally – in particular since 2013. A correlation coefficient of over 0.99 is evident compared to those in the other HMA authorities, Kent and the wider South East.

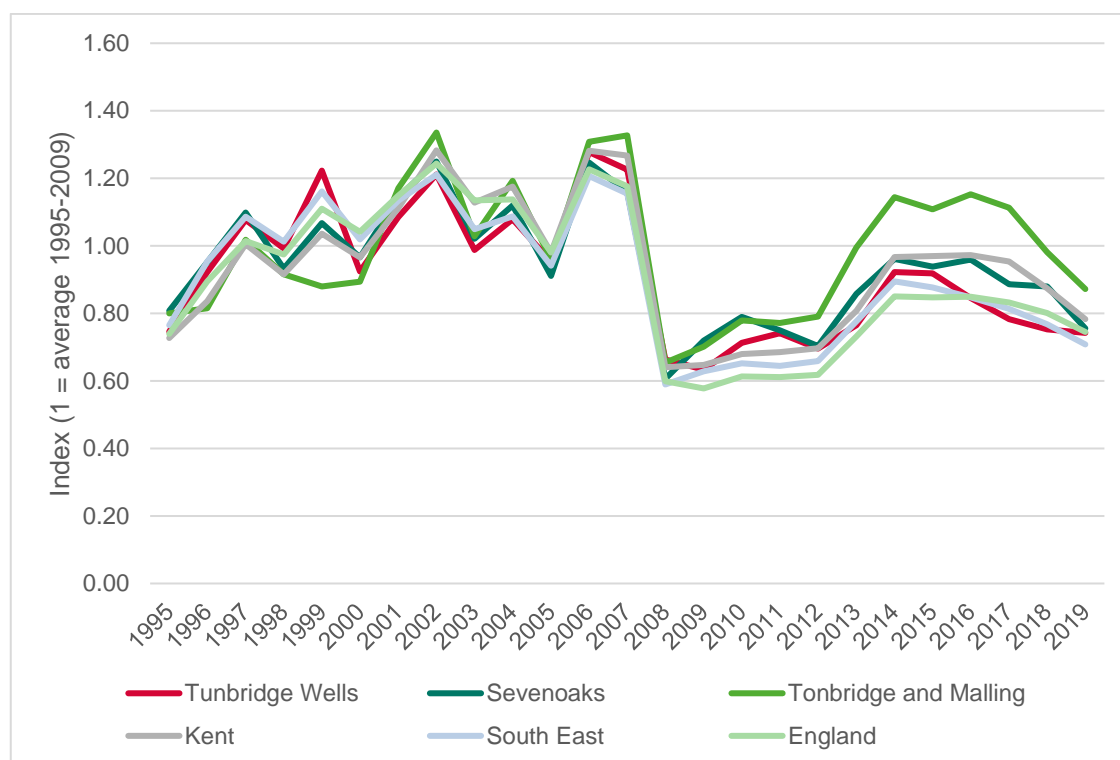
**Figure 6.4: Trends in Prices of Semi-Detached Stock, 2004-19**



Source: Icenii analysis of ONS Small Area House Price Statistics Dataset 9 data

6.11 A similar strong correlation with national and regional trends can be seen if sales data is considered. In the graph below we have analysed sales trends relative to average sales per annum between 1995-2009. Sales volumes in Tunbridge Wells have closely followed national and regional trends.

**Figure 6.5: Sales Trends, 1995-2019**



Source: Icen analysis of ONS Small Area House Price Statistics Dataset 6 data

- 6.12 The influence of stronger mortgage availability on sales in the period prior to the credit crunch in 2008 is evident; with a period of more subdued housing market activity ensuring through to 2013 when the Bank of England's Funding for Lending scheme and improve mortgage finance availability helped to support market recovery and the Government introduced support for the new-build market through the Help-to-Buy Equity Loan scheme. Strong house price growth ensued 2016-19 as market demand recovered quicker than supply (which is less elastic). Between 2016-19, sales volumes have fallen and price growth has begun to flatten influenced by market and economic uncertainties in part related to the UK's withdrawal from the EU, associated weaker economic performance, fiscal changes (including the introduction of a 3% additional rate of Stamp Duty to investment purchases from April 2016 and changes to tax relief for residential landlords).
- 6.13 Nonetheless the evidence does also point to housing supply playing an influence on price dynamics, including both at a regional and local level. Tunbridge Wells' comparatively weaker housing supply in recent years correlates with somewhat stronger house price growth than neighbouring authorities within the HMA over the last 5 years; and a weaker supply position relative to demand across the Greater South East correlates with stronger house price growth and weakening affordability relative to the position nationally across England.
- 6.14 The analysis above suggests that supply growth can play a part in moderating future house price increases but that this is more likely to play out across a housing market area, and in particular at a wider county and regional level, than for individual local authorities. This implies that if Tunbridge

---

Wells BC alone was to increase housing delivery, the effect on prices (and thus housing affordability) could well be weak; but if the Borough increased housing delivery alongside neighbouring authorities and those across the wider region it could help to moderate house price inflation and improve affordability – at least in real terms – over time.

- 6.15 The analysis does however point to house prices being more elastic than supply, whereby demand is able to respond more quickly to economic and fiscal changes than supply, influenced by the complexities of the planning system and time-lag between for instance planning applications being conceived and submitted and delivery of homes on the ground. This emphasises the importance of considering longer-term trends.
- 6.16 Turning specifically to Tunbridge Wells, the affordability uplift in the standard method equates to delivery of 3,300 (194 pa) additional homes, relative to those derived from the base household projection, of 8,230 over the plan period. This increases to 4,370 homes when the uncapped LHN is considered. Our Section 5 analysis has shown that potentially around 1,270 additional households might be formed through addressing ‘suppressed household formation’ implying that 2,000 households (rounded) might relate to additional in-migration if the capped need is delivered, or 3,100 if uncapped.
- 6.17 In reality, the extent to which additional housing provision addresses the needs of concealed households will be influenced by what housing is built and the affordability of this for concealed households locally. Icenio do consider that there is scope for additional in-migration to the Borough relative to historic trends given the influence which more limited housing supply will have had on historical trends, the Borough’s accessibility and transport links to London<sup>15</sup> (and the house price differential relative to values in London) and the effect which Covid-19 is having on the housing market at the current time with a high number of households seeking to upsize to larger properties with outdoor space/gardens and space to facilitate home-working.

#### Improving Affordability

The influence of historical supply on the population and household projections justifies the inclusion of an uplift to the household projections. The extent to which this will improve affordability in Tunbridge Wells will be influenced by the extent to which housing supply and delivery is increased across the wider region as well as London. It seems unlikely that if Tunbridge Wells BC increased supply on its own that this would have a material effect on affordability given the clear

---

<sup>15</sup> The 2011 Census showed 7,900 residents commuting to London with the 2018 Housing Needs Study reporting significant demand from London-based families looking to move to the area due to the quality of the town and historic villages, strong school performance and the direct rail link

---

inter-relationship in market terms between the Borough and surrounding areas and its broader relationship to London. A material change in the supply-demand dynamic across the wider South East is necessary; but Government policy requires each authority to play its part in this (whilst achieving sustainable development).

---

---

---

## 7. DELIVERABILITY CONSIDERATIONS

7.1 This section of the report turns next to the question of whether the housing need proposed by the standard method is in effect ‘achievable.’

7.2 As set out in Section 3, the current standard method sets out a minimum Local Housing Need (LHN) for 11,500 homes to 2037. This however is based on the application of a ‘cap’ which the Planning Practice Guidance says is applied “to help ensure that the minimum local housing need figure calculated by the standard method is as deliverable as possible.” The PPG however goes on to state that:

*“The cap reduces the minimum number generated by the standard method, but does not reduce housing need itself. Therefore strategic policies adopted with a cap applied may require an early review and updating to ensure that any housing need above the capped level is planned for as soon as is reasonably possible.*

*Where the minimum annual local housing need figure is subject to a cap, consideration can still be given to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies.”<sup>16</sup>*

7.3 Taking this into account, the Council must consider whether a higher level of need can realistically be delivered, and in particular whether the uncapped need figure of 12,600 homes could be delivered over the plan period. In particular it seeks to consider the question posed by the Council whether “given that the borough’s housing need is capped, could a higher level of need realistically be delivered - as the PPG expects to be considered – taking account of housing market factors?”

7.4 Table 7.1 below sets out three scenarios for housing need. The first two relate to the current standard method formula; with the third relating to the Government’s consultation proposals for reform of this.

**Table 7.1 Standard Method Scenarios**

Scenario	Minimum Need per Annum	Total Need, 2020-37
A. Current Minimum LHN	678	11,526
B. Current Uncapped LHN	741	12,597
C. Proposed Revised SM LHN	893	15,181

---

<sup>16</sup> ID: 2a-007-20190220

7.5 There are two potential questions which arise as to the deliverability of the uncapped standard method figure of 12,600 homes. The first is whether there is sufficient market capacity to deliver this scale of development over the plan period to 2037. This is specifically considered in this report.

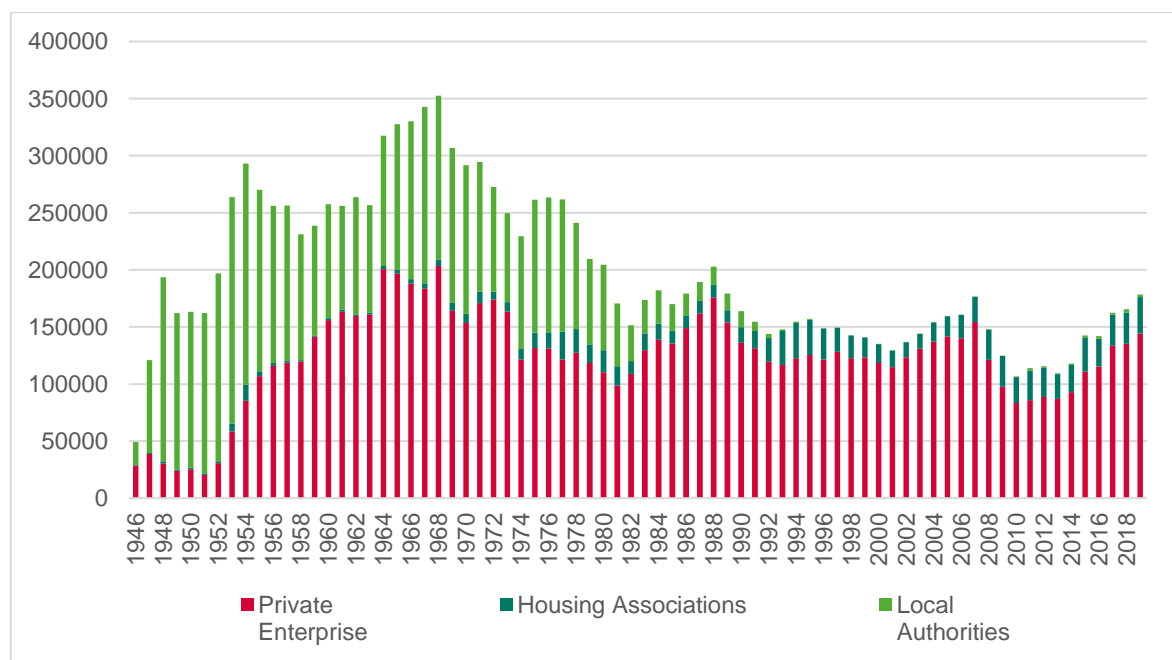
7.6 The second is whether development constraints such as the extent of Green Belt or AONB, or of infrastructure constraints. These are clearly relevant factors in assessing the housing requirement but are dealt with in other parts of the Council's Local Plan evidence base and will be brought together in setting out the Pre-Submission Version of the Plan. The focus of the analysis herein is to consider whether there is sufficient *market capacity* to support the pace of housing delivery proposed by the standard method.

### National Housebuilding Trends

7.7 Figure 7.1 below profiles housebuilding across England since 1946. Housing delivery is evidently cyclical, related to the wider economic cycle. Over the last 80 years, housebuilding trends were strongest in the 1950s, 60s and 70s. These were periods where there was a strong programme of housebuilding by the public sector – principally influenced by development by local authorities and New Town Corporations.

7.8 Considering more recent trends, the most recent delivery peak was in 2007. The level of private sector housing delivery achieved in 2007 at 154,000 has been exceeded in just 15 of the preceding 50 years.

Figure 7.1: Trends in Housebuilding in England, 1946-2018



Source: MHCLG Live Table 244

- 
- 7.9 In interpreting Figure 7.1, what also needs to be borne in mind is that strong delivery in the 1950s, 1960s and 1970s was set against a significant number of demolitions. The actual changes in dwelling stock have been much more stable than the data would suggest.
- 7.10 A significant housebuilding programme by local authorities and housing associations clearly supported high overall housing delivery through the 1960s and 1970s. Private sector delivery was higher (relative to the early 2000s) but less notably so. Over the 1960s and 1970s, housing associations and local authorities delivered 43% of completions; with the private sector delivering 57%. In the decade from 2005 to 2014, these figures were 18% and 82% respectively.
- 7.11 Since 1980, delivery of new homes by housing associations and local authorities has been notably more limited. Development of homes by local authorities fell from a peak of 154,500 across England in 1967 to 74,840 in 1980; equal to a decline of more than half. By 1987 it had fallen to 16,620 and fell further through during the course of the Thatcher and Major Governments to delivery of just 290 homes across England in 1997. This was only partly offset by delivery of new homes by housing associations. This was an important contributing factor to the overall decline in housing delivery from the late 1960s peak.
- 7.12 Housing delivery in 2019 has reached 178,300 homes, the highest achieved since 1988; but still remains below the Government's ambitions. Net additions to the housing stock is a different measure which takes account of conversions and changes of use and has seen achievement of 241,000 dwellings in 2019.
- 7.13 Government has set out, most recently in the Planning White Paper<sup>17</sup>, its ambition to deliver a housing market that is capable of delivering 300,000 homes annually across England. The standard method has been framed by this ambition. What is important however is to understand that for many areas this means that housing delivery will need to substantially exceed what has been achieved in recent years.

### **Scenarios Considered**

---

- 7.14 In this section of the report, Iceni has sought to consider the market capacity to deliver following scenarios for housing provision. The scenarios range from provision of 11,500 to 15,200 homes over the 17 year plan period (2020-37).
- 7.15 To assess the realism of delivery we consider what these scenarios would imply in terms of the rate of growth in the housing stock. We use this as it allows us to compare performance relative to other

---

<sup>17</sup> MHCLG (Aug 2020) *Planning for the Future: White Paper*



local authorities in similar market areas/circumstances, rather than just restricting the comparison to past delivery within the Borough itself.

**Table 7.2 Housing Need Scenarios Considered**

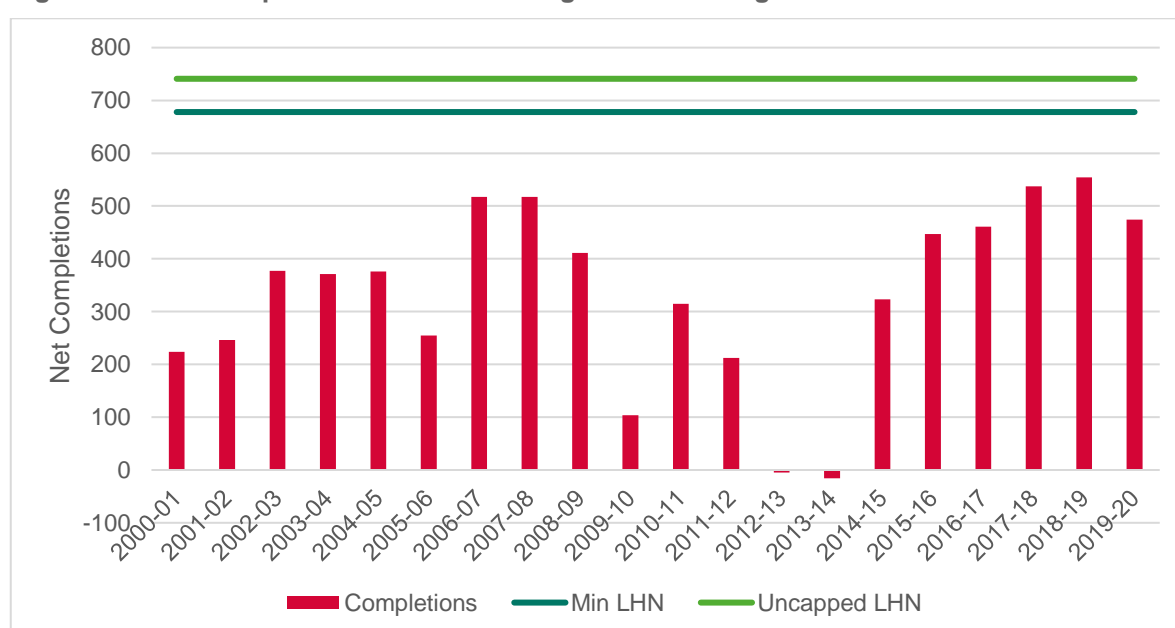
Scenario	Minimum Need per Annum	Total Need, 2020-37	Implied CAGR
<b>A. Current Minimum LHN</b>	678	11,526	1.2%
<b>B. Current Uncapped LHN</b>	741	12,597	1.3%
<b>C. Proposed Revised SM LHN</b>	893	15,181	1.5%

- 7.16 IcenI have calculated the rate of growth in housing stock which be implied by each of the housing need scenarios in Table 7.2. This ranges from 1.2% pa for the current minimum LHN to 1.5% pa if the proposed revisions to the standard method are considered.

### Past Completions Levels in the Borough

- 7.17 Net completions in the Borough over the period since 2006 is plotted in Figure 5.2 below. Looking back to 2006, net completions have peaked at between 500-550 homes pa. Completions levels are clearly influenced by the economic cycle; but have also been influenced by historical planning policies and land supply. Of course, 2006-8 was the peak of a housing market cycle.
- 7.18 The Council adopted a Core Strategy in June 2010 which set a housing requirement for 6,000 homes over the 2006-26 plan period equivalent to 300 dpa. Net housing completions over the period since 2006 have equated to 337 dpa. This slightly exceeds the Core Strategy target.

**Figure 7.2: Net Completion Trend – Tunbridge Wells Borough**



Source: TWBC Monitoring Data/ IcenI

- 
- 7.19 The Council adopted a Site Allocations DPD in July 2016. It is clear that there was been an upward trend in delivery of housing since this point; but the Site Allocations DPD was identifying sites to meet the Core Strategy housing requirement of 300 dpa. An upturn in delivery is common immediately around and post the adoption of a Local Plan as the sites allocated within it are brought forward for development.
- 7.20 Historical housing delivery since 2000 has consistently been well below the standard method figures, albeit that the Council has not been planning to deliver these higher figures.
- 7.21 In this context where historical housing delivery has been framed by past local plans, and the scale of land identified for development within them, this alone cannot be regarded as a good measure of what the market might be capable of delivering moving forwards.

### **Assessment of Potential Housing Need Scenarios**

---

- 7.22 To provide an assessment of the market capacity of the Borough to deliver the housing need scenarios set out in Table 7.2 above, we have sought to appraise the realism of the proposed stock growth rates through comparing the stock growth rate implied by each of the scenarios to the rates of stock growth achieved in a) surrounding authorities, and b) the best performing locations within the region.
- 7.23 The rates of development seen in some of Tunbridge Wells' neighbouring areas provide an indication of what level of housing growth might be achievable from a market capacity perspective.
- 7.24 Table 7.3 sets out historical regional and national delivery performance. Tunbridge Wells achieved stock growth of on average 1.3% pa over the 2004-9 period with an average of 1.1% pa stock growth achieved over the 2001-11 period (despite the impact of the credit crunch and associated market downturn in the latter years). This suggests that the current minimum LHN scenario of 678 dpa which is equivalent to 1.2% pa stock growth would be readily achievable considered at a borough-wide level.
- 7.25 This level of housing provision is also consistent with the rate of stock growth which would be implied across England by the Government's ambition to deliver 300,000 homes pa (1.2% pa). As Table 7.3 shows it is however above that achieved at a national or regional level in recent years. Tunbridge Wells is however a higher value market close to London, and therefore should reasonably be able to support higher housing delivery than seen nationally.

**Table 7.3 Stock Growth Rates compared to Regional Averages**

	<b>2001-19</b>	<b>Highest 5 yr CAGR</b>
<b>Tunbridge Wells</b>	0.9%	1.3%
<b>South East</b>	0.8%	1.0%
<b>East of England</b>	0.9%	1.0%
<b>London</b>	0.8%	0.9%
<b>England</b>	0.8%	0.9%

Source: Icen analysis based on MHCLG Live Table 125

- 7.26 Next, Icen has sought to appraise how the proposed housing need scenarios for the Borough would compare to the growth in housing stock achieved in surrounding authorities. The differential performance of different authorities is influenced, at least in part, by historical planning policies and land supply release.
- 7.27 Ashford, Maidstone and Tunbridge and Malling have all sustained an average delivery rate of 1.2 – 1.3% pa over the 2001-19 period providing further evidence that Tunbridge Wells could reasonably achieve 1.2% pa stock growth from a market capacity perspective.
- 7.28 In Ashford, housing delivery peaked at 1.8% pa in the 2001-6 period with 1.5% pa stock growth achieved over the 2001-11 decade as a whole (which included periods of stronger and weaker market conditions) albeit that it formed part of a Government-designated ‘growth area’ for much of this period which supported investment in infrastructure. It is notable that Ashford, with the substantial investment associated with the establishment as a (former) regional hub and Ashford International Station, has achieved 1.3% pa growth over an economic cycle.
- 7.29 In Tonbridge and Malling, delivery rates of 1.5 – 1.8% pa were achieved over 5 year periods between 2002-9 and between 2013-18. This authority did not however benefit from growth area status.
- 7.30 Maidstone has seen delivery rates vary (using 5 year averages) between 1.0 – 1.4% over the period since 2001, with the strongest delivery rates seen in the 2014-19 period – in part influenced by sites allocated in its 2017 Local Plan coming forwards.

**Table 7.4 Stock Growth Rates compared to Adjoining Authorities**

	<b>2001-19</b>	<b>Highest 5 yr CAGR</b>
<b>Ashford</b>	1.3%	1.8%
<b>Maidstone</b>	1.2%	1.4%
<b>Rother</b>	0.6%	0.8%
<b>Sevenoaks</b>	0.6%	0.7%
<b>Tonbridge and Malling</b>	1.3%	1.8%
<b>Tunbridge Wells</b>	0.9%	1.3%
<b>Wealden</b>	0.8%	1.0%

Source: Icen analysis based on MHCLG Live Table 125

- 7.31 In Table 7.5, we have broadened out the analysis to consider delivery rates across some of the better performing local authorities in the South East to consider what these show regarding which might be achievable. Over the 2001-19 period delivery rates across these authorities have typically fallen in the 1.0 – 1.5% pa range; but considering shorter-time periods notably higher housing delivery rates of 1.5 – 2.0% per annum have been achieved, with the strongest delivery at 2.3% seen over the last 5 years in the Vale of White Horse in Oxfordshire following the adoption of its Local Plan.
- 7.32 Some of the highest growth rates have been seen in authorities which are slightly more affordable; however Icenii would note that Horsham District in West Sussex has sustained 1.8% pa stock growth in the 2014-19 period (having adopted a new Local Plan in 2014) and has similar market characteristics to Tunbridge Wells.

**Table 7.5 Stock Growth Rates in Best Performing South East Local Authorities**

	<b>Median House Price (Yr to Sept 2019)</b>	<b>2001-19</b>	<b>Highest 5 yr CAGR</b>
<b>Maidstone</b>	£310,750	1.2%	1.4%
<b>Eastleigh</b>	£300,000	1.0%	1.4%
<b>Wokingham</b>	£416,000	0.9%	1.5%
<b>Eastbourne</b>	£245,000	0.8%	1.5%
<b>Basingstoke &amp; Deane</b>	£307,000	1.1%	1.5%
<b>Hart</b>	£392,000	1.0%	1.5%
<b>Slough</b>	£325,000	1.1%	1.6%
<b>West Oxfordshire</b>	£340,000	1.1%	1.6%
<b>Folkestone and Hythe</b>	£260,000	0.9%	1.6%
<b>Test Valley</b>	£350,000	1.1%	1.7%
<b>Tonbridge and Malling</b>	£350,000	1.3%	1.8%
<b>Horsham</b>	£378,000	1.2%	1.8%
<b>Ashford</b>	£280,000	1.3%	1.8%
<b>Aylesbury Vale</b>	£334,995	1.2%	1.8%
<b>Milton Keynes</b>	£285,000	1.5%	2.0%
<b>Cherwell</b>	£315,000	1.1%	2.0%
<b>Vale of White Horse</b>	£340,000	1.3%	2.3%
<b>Tunbridge Wells</b>	£380,000	0.9%	1.3%

Source: Icenii analysis based on MHCLG Live Table 125

#### Implications of Stock Growth Rates Analysis

The evidence from stock growth rates achieved in the Borough historically, and those in other parts of the region suggest that an area with Tunbridge Wells' market characteristics – of relative high house prices, attractive places and good schools with good transport connectivity to London – should be able to sustain the levels of housing delivery implied by the current capped and

---

potentially the uncapped standard method scenarios at a Borough-wide level (1.2 – 1.3% pa) leaving aside development constraints.

The Government's consultation proposals however envisage a higher level of housing delivery which would see the stock growth at 1.5% pa. This is a level which few authorities have sustained over a market cycle and would therefore be more challenging to deliver.

However the extensive part of Tunbridge Wells Borough which is affected by strategic development constraints, in particular the High Weald AONB, means that development is concentrated in a more limited area of the Borough and the potential of the market to support high levels of housing delivery in those parts of the District which are outside of the AONB needs to be considered. We consider this further below.

---

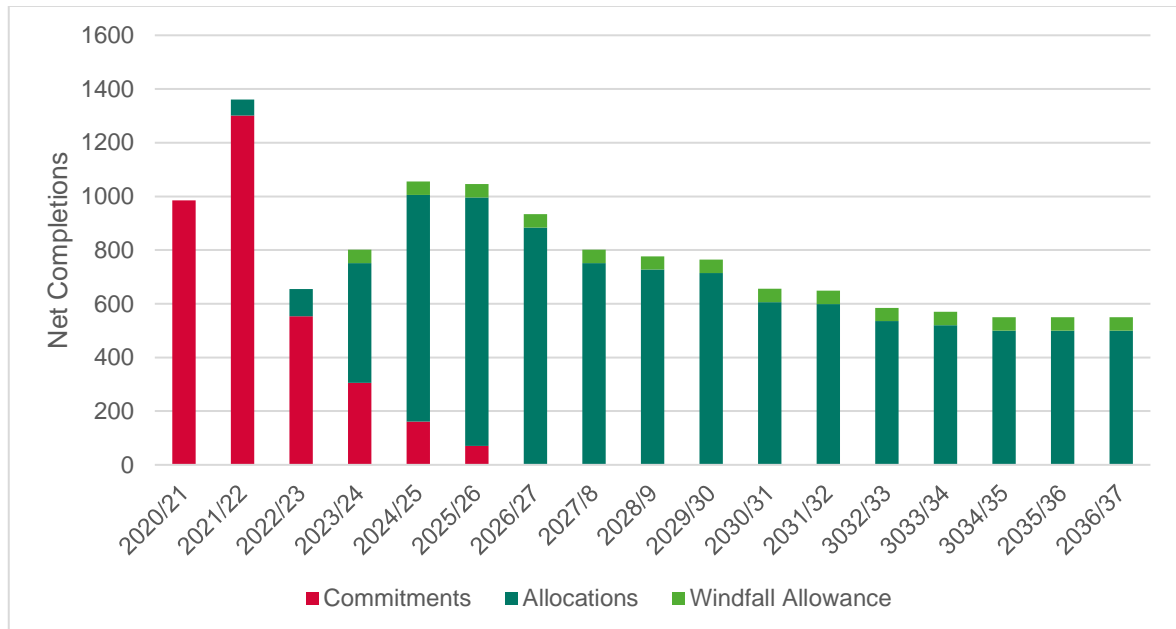
### **The Proposed Housing Trajectory**

---

- 7.33 Icení has next sought to consider the potential trajectory of delivery of housing within Tunbridge Wells Borough. To do so we have:
- Taken the latest base housing trajectory data from the Council, dated September 2020, which provides information on the expected phasing of delivery of sites with planning consent (i.e. commitments);
  - Overlaid the expected delivery timescales of sites identified in the Regulation 18 version of the Plan based on information within the 2019 Housing Supply and Trajectory Topic Paper. We have overlaid this on the base trajectory;
  - Incorporated an assumption that small site windfalls deliver 50 dwellings per annum from 2023 onwards, in line with that assumed in the 2019 Housing Supply and Trajectory Topic Paper.
- 7.34 The implied trajectory is set out in Figure 7.3 below. This supports delivery of 13,290 dwellings over the plan period, an average of 782 dpa. This would equate to a supply-side buffer of 15% on the 678 dpa minimum Local Housing Need, but a buffer of 5.5% on the uncapped LHN figure of 741 dpa. Delivery is expected to peak at 1,360 dwellings in 2021/2 but with average delivery of 972 dwellings over Years 1-5, before falling to 864 dpa and 602 dpa in the subsequent five year periods (Years 6-10 and 11-15).
- 7.35 The particularly high completions envisaged in Year 2 look to be potentially overly optimistic, particularly given the wider economic backdrop which could arise, but there is the potential for individual years' delivery to be smoothed out.

- 7.36 Over five year periods, the housing delivery is relatively “front loaded” with the trajectory implying growth in the housing stock of 1.8% pa over the first five year period, 1.5% pa over Years 5-10 (2025-30) and 1.0% pa over Years 11-15.

**Figure 7.3: Borough-wide Housing Trajectory**

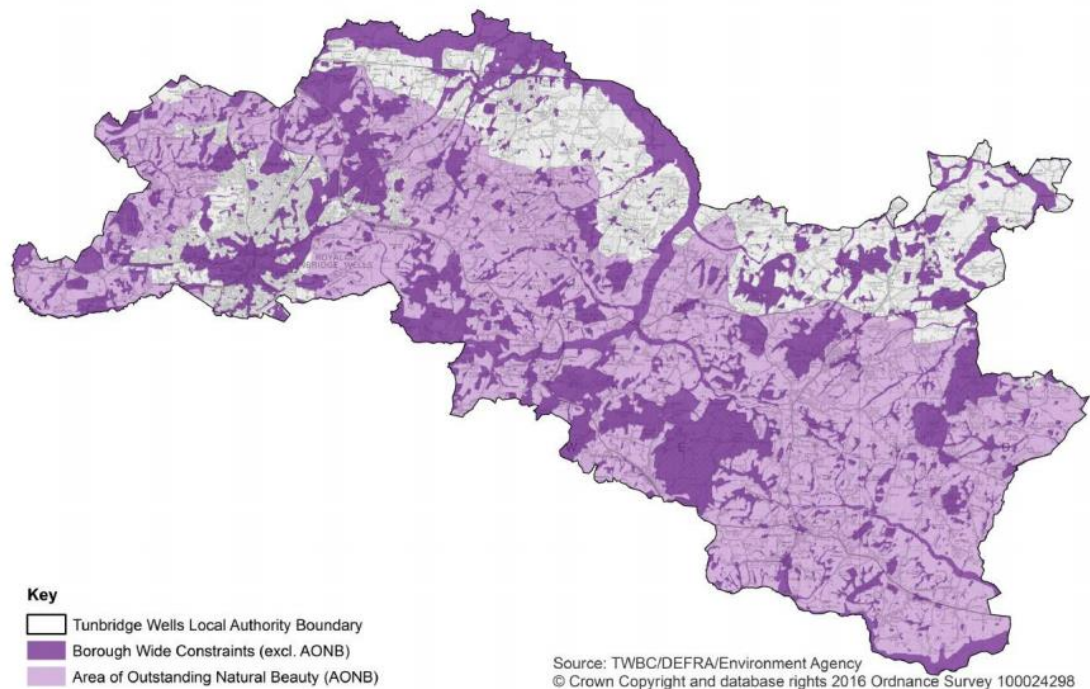


- 7.37 The particular question which arises is whether the very high delivery rates in Years 1-5 can be achieved given the potential for housing market conditions to weaken in the short-term as unemployment rises as a result of the Covid-19 pandemic and Government support, such as through the Stamp Duty holiday, finishes. It is important to make a distinction here between potentially “deliverable supply” in terms of what could be delivered, which is influenced by planning, and what the market may in fact achieve, which is influenced by wider market conditions.

#### **Local Sub-Market Capacity and Cross-Boundary Issues**

- 7.38 The more specific issue which arises relates to the extent to which housing delivery can be achieved in the concentrated areas of the Borough which are free from nationally significant constraints, in particular the AONB. The map below shows the significant geographical spread of constraints in the Borough. It is important to remember that Green Belt is however a policy rather than environmental constraint which can be amended through the plan-making process.
- 7.39 Strategic development in the Borough is likely to be focused in a relatively concentrated area in the north of the Borough, to the north of the AONB on this basis.

**Figure 7.4: Strategic Development Constraints in Tunbridge Wells**



Source: TWBC Development Constraints Study 2016

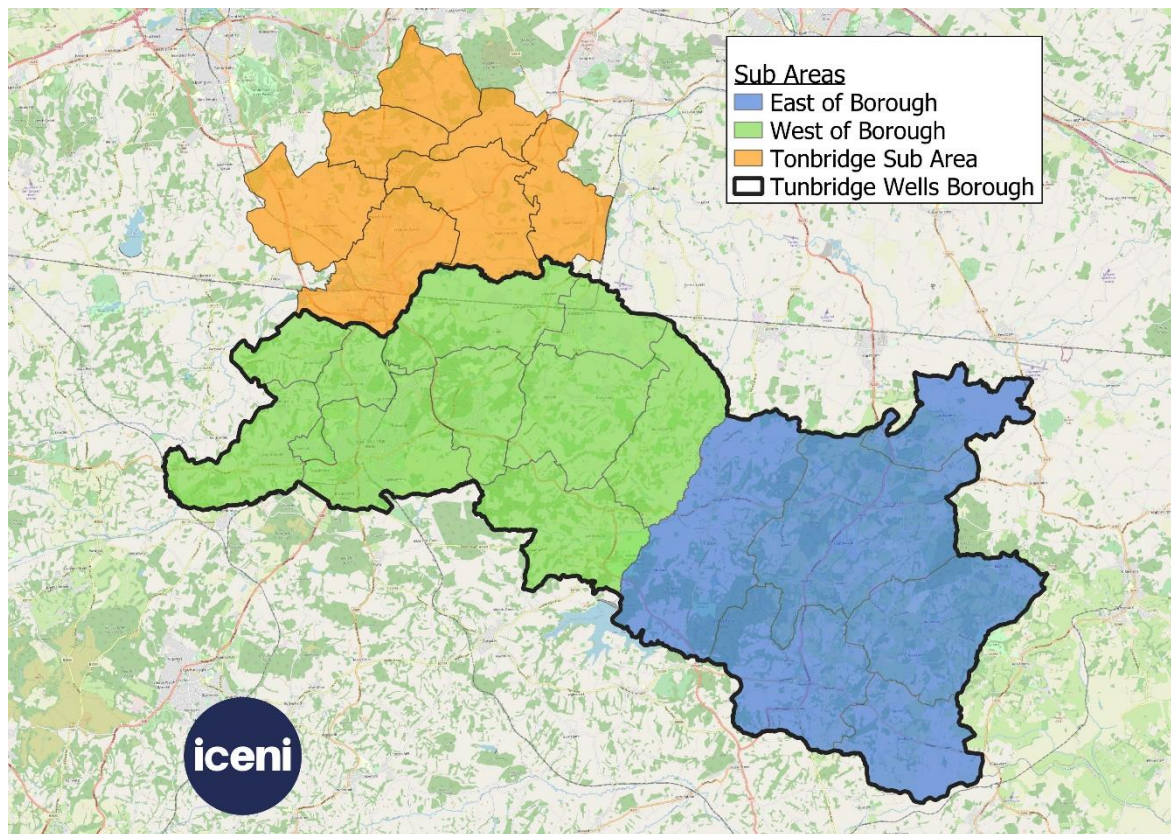
- 7.40 The Council's emerging Local Plan envisages a new garden settlement of c. 2000 dwellings over the plan period to 2037 at Tudeley, together with additional strategic development at Paddock Wood. At Paddock Wood delivery of between 3,250 - 3,600 dwellings is envisaged from additional allocations together with existing commitments for 990 dwellings. The question which thus in particular arises relates to the degree to which a high level of development can be delivered in a relatively concentrated area.
- 7.41 The extent of delivery in Tudeley and in/around Paddock Wood will however be influenced by what housing delivery is expected in the immediate surrounding area and the nearby towns of Tonbridge and Tunbridge Wells. Tudeley is for instance just 2 miles from the centre of Tonbridge, and less than 5 miles from Tunbridge Wells; whilst Paddock Wood is 6 ½ miles from the centre of Tunbridge and c. 7 ½ miles from the centre of Tunbridge Wells.
- 7.42 Iceni has therefore sought to consider market capacity issues within the local sub-market, which we have defined – in discussions with TWBC – as including the western part of Tunbridge Wells



---

Borough<sup>18</sup> together with the south-western part of Tonbridge and Malling District.<sup>19</sup>The geography of this area, and east/ west split of the Borough are shown in Figure 7.5 below.

**Figure 7.5: Sub-Area Geographies used in this Report**



---

<sup>18</sup> We have defined this as including the following wards: Bidborough, Brenchley and Matfield, Capel, Five Oak Green, Horsmonden, Lamberhurst, Paddock Wood, Pembury, Royal Tunbridge Wells, Rusthall, Southborough and Speldhurst. These areas see a stronger commuting inter-relationship with Paddock Wood, Tonbridge and Tunbridge Wells than other larger employment centres.

<sup>19</sup> The Tonbridge Sub-Market as defined in the TMBC 2017 Housing Delivery Study



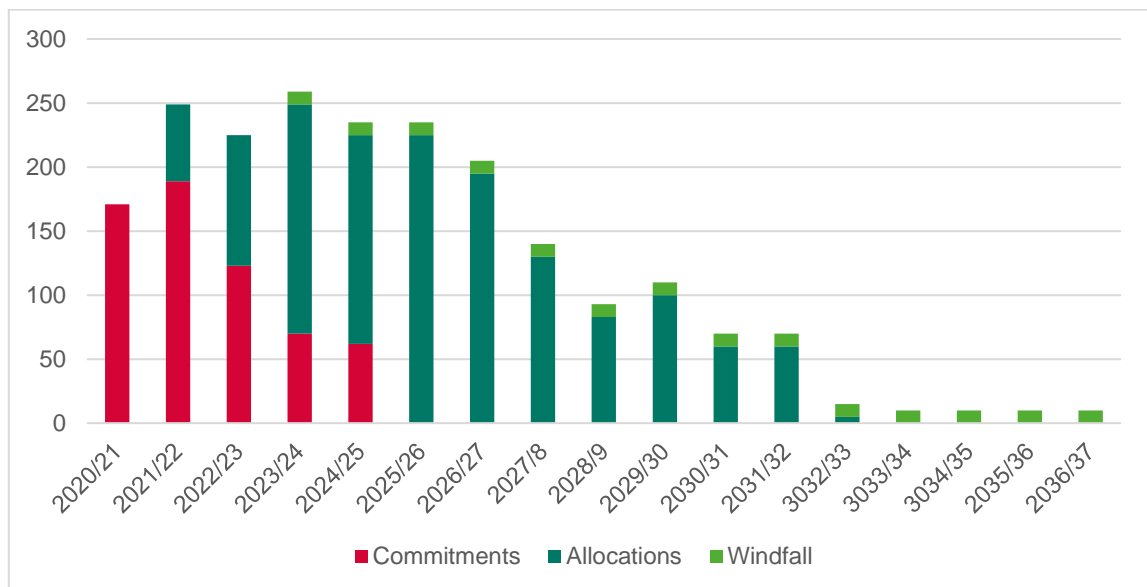
- 7.43 Figure 7.6 shows the housing trajectory for this 'West of the Borough' area. Projected housing delivery is strongest over the initial five year period at 744 dpa over Years 1-5, before falling to 708 and 567 dpa in subsequent 5 year periods.

**Figure 7.6: Housing Trajectory – West of the Borough**



- 7.44 The equivalent trajectory for the 'East of the Borough' is shown in Figure 7.7. This sees housing delivery averaging 225 pa to 2027, before falling off thereafter.

**Figure 7.7: Housing Trajectory – East of the Borough**



- 7.45 IcenI has appraised what these levels of housing delivery represent in terms of growth rates in the housing stock. This is shown in Table 7.6. This needs to be considered alongside the actual rate of completions implied, which is considered in Table 7.7.

**Table 7.6 Implied Housing Stock Growth – East and West of the Borough**

	<b>2020-25</b>	<b>2025-30</b>	<b>2030-35</b>	<b>2035-37</b>		<b>Plan Period</b>
<b>West of Borough</b>	1.7%	1.5%	1.1%	1.0%		1.4%
<b>East of Borough</b>	2.6%	1.6%	0.3%	0.1%		1.3%
<b>Tunbridge Wells Borough</b>	1.8%	1.5%	1.0%	0.9%		1.4%

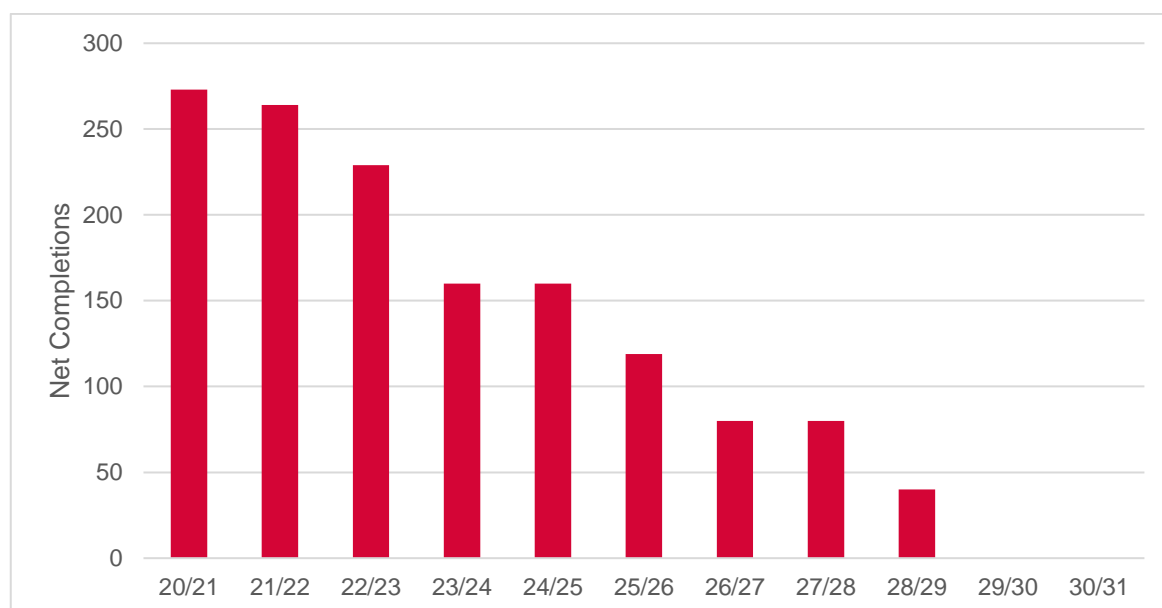
Source: Icen analysis

**Table 7.7 Implied Average Annual Completions – East and West of the Borough**

dpa	<b>2020-25</b>	<b>2025-30</b>	<b>2030-35</b>	<b>2035-37</b>		<b>Plan Period</b>
<b>West of Borough</b>	744	708	52305	540		657
<b>East of Borough</b>	228	157	35	10		125
<b>Tunbridge Wells Borough</b>	972	864	602	550		782

- 7.46 The stock growth implied over individual five year periods for both parts of the Borough generally falls within the parameters which have been seen over similar timescales for a number of the surrounding authorities and others within the region (as set out in Tables 7.4 and 7.5). In general we do not therefore foresee particular challenges to delivery of these levels of development; not least given the potential for some reprofiling of the trajectory related to economic conditions. In both cases, the profile of delivery over the plan period could thus shift without necessarily resulting in reduced delivery over the plan period to 2037 as a whole.
- 7.47 The potential exception to this is the high growth envisaged in Years 1-5 in the eastern part of the Borough; this appears highly optimistic and appears to reflect assumptions about short build-out periods for the relatively smaller sites proposed in the AONB, rather than overall market capacity. This should be reviewed for the final version of the Local Plan. It could be addressed through some reprofiling of the trajectory; and the absolute numbers of completions implied is reasonably modest and spread over a relatively wide geographical area.
- 7.48 These conclusions are reinforced when consideration is given to the trajectory of housing delivery in Tonbridge and its immediate surroundings. This sees relatively limited housing delivery post 2023.

**Figure 7.8: Indicative Trajectory – Tonbridge Sub-Area**



Source: Trajectory data supplied by TMBC

- 7.49 Bringing together a combined trajectory for the Tonbridge Sub-Area and the West of Borough area within Tunbridge Wells, the evidence (see Table 7.8 below) suggests that current trajectories assume relatively strong housing delivery in the 2020-25 period which would be equivalent to 1.5% pa stock growth, but this falls to 1.1% pa over the subsequent 2025-30 period. Tonbridge and Malling's draft Local Plan has a plan period to 2031. This influences the weaker current trajectory envisaged beyond 2030. The average growth of 1.3% pa shown over the period to 2030 across this area looks to be achievable from a market capacity perspective.

**Table 7.8 Annual Stock Growth Rates for Cross-Boundary Tunbridge Wells and Tonbridge Sub-Market**

	2020-25	2025-30	2030-35
<b>West of Borough and Tonbridge</b>	1.5%	1.1%	0.8%

#### The Geographical Concentration of Completions

It is evident that housing delivery in Tunbridge Wells Borough is expected to be concentrated in and around Paddock Wood and at the new settlement proposed at Tudeley, based on current planning assumptions. The analysis undertaken indicates that whilst this results in relatively high levels of housing delivery relative to what has been seen in Tunbridge Wells historically, considered against wider benchmarks it does not look unachievable from a market capacity perspective. This is particularly the case when consideration is given to the development strategy being pursued in the adjoining district of Tonbridge and Malling which focuses growth in the Kings

---

Hill and West Malling area and the Medway Gap, with quite limited growth proposed at or adjoining Tonbridge itself. The situation is similar for Royal Tunbridge Wells.

There is thus relative limited market competition arising from significant development schemes at Tunbridge Wells or Tonbridge to growth at Paddock Wood and Tudeley, and this influences capacity within the sub-regional market.

Our analysis indicates some short-term potential market capacity issues over the period to 2025, but there is potential for the market to 'smoothen out' delivery over the plan period as a whole; and the analysis does not suggest that the growth rates implied by the current standard method minimum LHN figure of 678 dpa for Tunbridge Wells Borough – could not be achieved from a market capacity perspective with the current proposed development strategy. The uncapped need of 741 dpa may be achievable, but if the additional +1,000 homes are also focussed in the western area, this may become more challenging..

As set out above, the scale of growth envisaged by the Government's proposals for reform of the standard method would be much more challenging to deliver.

---

---

## 8. THE LINK BETWEEN HOUSING AND ECONOMIC GROWTH

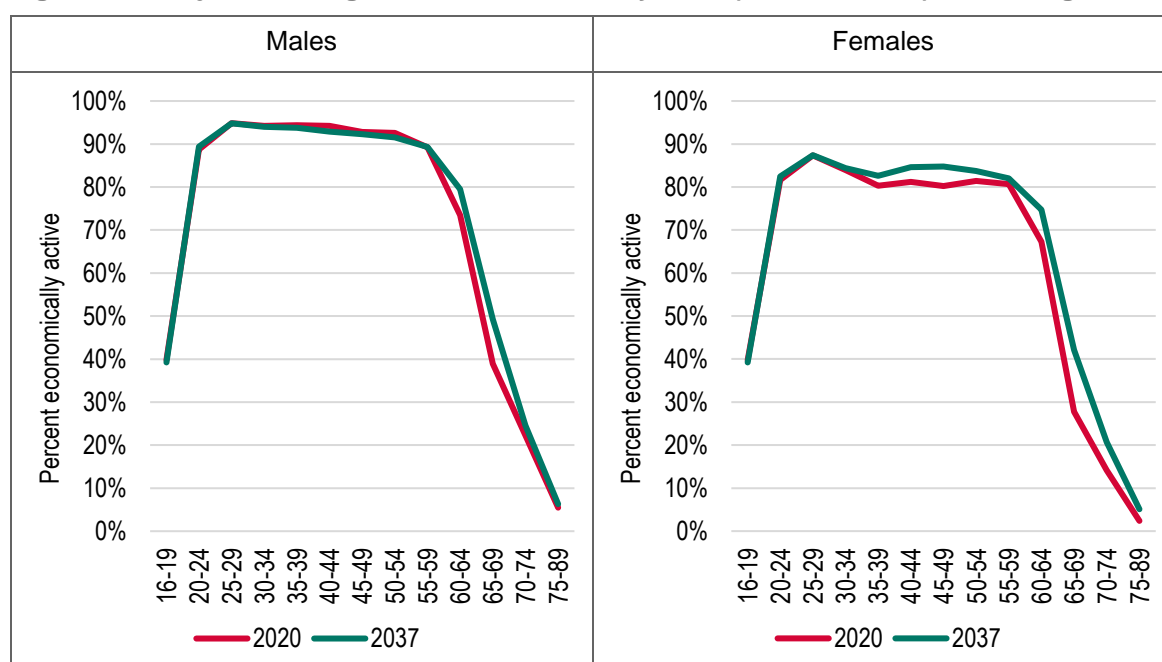
- 8.1 Before the Standard Method, and under the previous PPG, it was conventional for housing needs studies to consider the link between housing and economic growth, and indeed the 2015 SHMA did so. In this section we model what level of workforce and potential employment growth would be implied by the different scenarios for housing need.
- 8.2 To look at estimates of the labour supply job growth which could be supported, a series of stages are undertaken. These can be summarised as:
- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);
  - Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and
  - Bringing together this information will provide an estimate of the potential job growth supported by the population projections.
- 8.3 We work through this process in this section using a consistent approach to that in the 2015 SHMA and 2017 SHMA Update.

### **Growth in Resident Labour Supply**

---

- 8.4 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) July 2018 Fiscal Sustainability Report. This is now a standard modelling approach for assessments such as this.
- 8.5 The figure and table below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups. This will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

**Figure 8.1: Projected changes to economic activity rates (2020 and 2037) – Tunbridge Wells**



Source: Based on OBR and Census (2011) data

**Table 8.1 Projected changes to economic activity rates (2020 and 2037) – Tunbridge Wells**

	Males			Females		
	2020	2037	Change	2020	2037	Change
16-19	39.8%	39.2%	-0.6%	39.7%	39.2%	-0.5%
20-24	88.7%	89.4%	0.7%	81.6%	82.5%	0.8%
25-29	94.8%	94.8%	0.0%	87.4%	87.4%	0.0%
30-34	94.2%	94.0%	-0.2%	83.9%	84.4%	0.4%
35-39	94.4%	93.8%	-0.6%	80.3%	82.6%	2.3%
40-44	94.2%	92.9%	-1.3%	81.2%	84.6%	3.4%
45-49	92.8%	92.3%	-0.6%	80.2%	84.7%	4.5%
50-54	92.6%	91.6%	-1.0%	81.4%	83.7%	2.3%
55-59	89.2%	89.3%	0.1%	80.6%	82.0%	1.3%
60-64	73.5%	79.5%	6.0%	67.3%	74.7%	7.5%
65-69	39.0%	49.3%	10.4%	27.7%	42.1%	14.4%
70-74	22.2%	24.5%	2.3%	14.1%	20.7%	6.6%
75-89	5.5%	6.3%	0.8%	2.4%	5.1%	2.7%

Source: Based on OBR and Census (2011) data

8.6 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Borough – this is set out in the table below. The analysis shows that there would be an increase in the economically active population for all of the demographic scenarios: the minimum LHN figure of 678 dpa generates growth in the economically-active population of 9,500 (a 15% increase), whilst the uncapped LHN would show a potential increase of 11,100 economically active residents (an 18% increase over 17-years).

**Table 8.2 Estimated change to the economically active population (2020-37) – Tunbridge Wells**

	Economically active (2020)	Economically active (2037)	Total change in economically active
2018-SNPP	62,370	65,312	2,942
SM_678dpa	62,523	72,025	9,502
SM_741dpa	62,523	73,610	11,087
SM_893dpa	62,523	77,435	14,911

Source: Derived from demographic projections

### Linking Changes to Resident Labour Supply and Job Growth

8.7 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

### Commuting Patterns

8.8 The table below shows summary data about commuting to and from Tunbridge Wells from the 2011 Census. Overall, the data shows that the Borough sees a small level of out-commuting for work with the number of people resident in the area who are working being about 4% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).



---

**Table 8.3 Commuting patterns in Tunbridge Wells**

	Number of people
Live and work in Local Authority (LA)	22,088
Home workers	8,177
No fixed workplace	5,016
In-commute	20,132
Out-commute	22,349
Total working in LA	55,413
Total living in LA (and working)	57,630
Commuting ratio	1.040

Source: 2011 Census

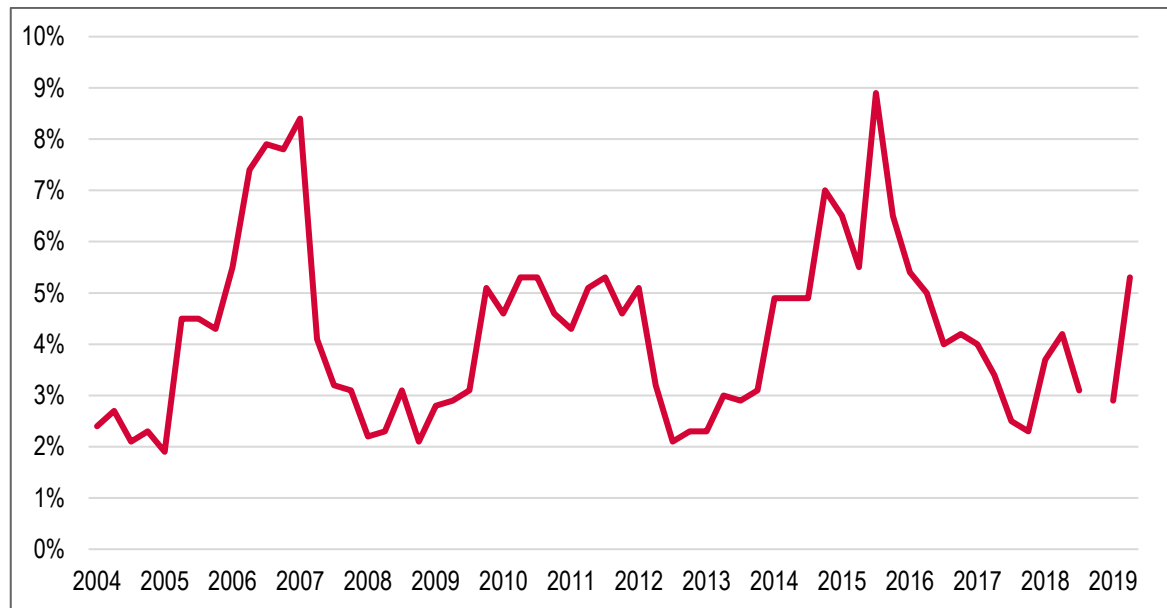
- 8.9 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. It is arguable that some changes to the commuting ratio could be modelled although keeping the ratio constant is considered to be a reasonably balanced approach to use, but it does mean that estimates of potential job growth should be treated with some degree of caution.
- 8.10 By way of sensitivity analysis, a further assumption is to assume there is a 1:1 relationship between in- and out-commuting. In housing need terms this is essentially to make the assumption that there will be a balance between the number of additional homes and a changing number of jobs.

### **Double Jobbing**

---

- 8.11 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the Borough that typically between about 4.2% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

**Figure 8.2: Percentage of all people in employment who have a second job (2004-2019) – Tunbridge Wells**



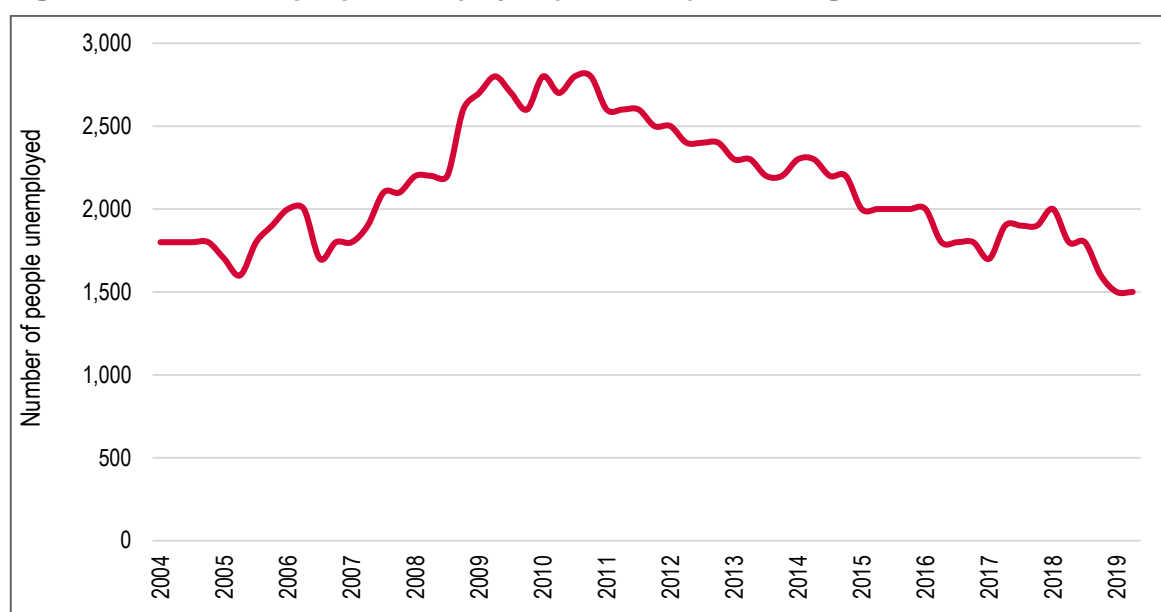
Source: Annual Population Survey (from NOMIS)

- 8.12 For the purposes of this assessment it has been assumed that around 4.2% of people will have more than one job moving forward. A double jobbing figure of 4.2% gives rise to a ratio of 0.958 (i.e. the number of jobs supported by the workforce will be around 4.2% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

## Unemployment

- 8.13 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. The figure below shows the number of people who are unemployed and how this has changed back to 2004. The analysis shows a clear increase in unemployment until about 2009 and that since 2011, the number of people unemployed has dropped notably – by 2019, the number of unemployed people was back close to the level observed in 2004. This would indicate that there may be limited scope for further improvements and for the purposes of analysis in this report it has been assumed that there are no changes to the number of people who are unemployed moving forward from 2020 to 2037 – although it should be recognised that there is likely to be a short-term impact due to COVID-19 and that the data below largely pre-dates this.

**Figure 8.3: Number of people unemployed (2004-2019) – Tunbridge Wells**



Source: Annual Population Survey (modelled unemployment data)

### Jobs Supported by Growth in the Resident Labour Force

- 8.14 Table 8.4 below shows how many additional jobs might be supported by population growth under each of the demographic scenarios. For all scenarios the number of jobs supported would be positive. Looking at linking to an LHN of 678 dwellings per annum, it is concluded that around 9,500 additional jobs could be supported, with higher figures when looking at higher LHN estimates.

**Table 8.4 Jobs supported by demographic projections (2020-37) – Tunbridge Wells (Census commuting)**

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2018-SNPP	2,942	2,829	2,954
SM_678dpa	9,502	9,136	9,540
SM_741dpa	11,087	10,660	11,131
SM_893dpa	14,911	14,338	14,971

Source: Derived from a range of sources as described

- 8.15 The table below shows the same analysis, but with assumption that there will be a 1:1 relationship between jobs and the number of economically active residents who are working. This shows that a very slightly higher number of jobs might be supported. This is because the Census-based assumptions assume that a small (net) proportion of new economically active residents in the area would work outside of the Borough.

**Table 8.5 Jobs supported by demographic projections (2020-37) – Tunbridge Wells (1:1 commuting)**

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2018-SNPP	2,942	2,942	3,072
SM_678dpa	9,502	9,502	9,921
SM_741dpa	11,087	11,087	11,576
SM_893dpa	14,911	14,911	15,570

*Source:* Derived from a range of sources as described

- 8.16 Attempts to link housing delivery with estimates of the number of jobs supported should be treated with some caution, not least because there are a number of assumptions made which do have alternatives (e.g. the choice of economic activity rate data and possible changes to commuting dynamics). Additionally, it should be noted that the Standard Method projection is partly arrived at by improving household formation, alternatively it could be assumed that additional housing delivery will drive a higher level of in-migration; this in turn would see estimates of labour-supply growth increase.
- 8.17 The overall conclusion from this analysis should be that the projected levels of population growth would support a notable increase in jobs. However, caution should be exercised when looking at the precise figures due to the number of assumptions being made.

#### Labour Supply Growth

The analysis suggests that the minimum local housing need of 678 dpa would support provision of between 9,500 – 9,900 additional jobs over the plan period to 2037. The uncapped housing need for 741 dpa would support higher jobs growth, of between 11,100 – 11,600 jobs over the plan period. The figures set out in this section can feed into the consideration of the economic strategy within the Local Plan and alignment of this and provision for housing.