

North Kent SHENA

Medway Integrated Growth Needs Assessment – Technical Note

Purpose of the Document

This Integrated Growth Needs Assessment (IGNA) has been prepared as the final stage of the North Kent Strategic Housing and Economic Needs Assessment (SHENA). It draws on the detailed baseline report and the technical information prepared within each evidence base document to confirm the future growth requirements identified for North Kent.

The SHENA's technical workstreams and evidence base reports deal with the future requirements for housing, employment floorspace and retail capacity for both Gravesham and Medway. They provide detailed analysis of key trends and drivers of future growth and use these to provide long term projections of need. Each sets out in detail the method and approach to forecasting and key assumptions made.

In drawing together the technical workstreams the IGNA considers the inter-play between these future needs and the implications these have (in combination) on the scale, nature and location of future growth.

The IGNA also highlights strategic issues and dependencies for realising the scale and nature of growth required within North Kent. It confirms what elements of the identified growth needs are likely to be contingent on other interventions and where they may require active intervention by Gravesham and Medway Councils and their partners

Importantly the IGNA is not intended as a defacto spatial strategy, nor does it model in detail infrastructure requirements or identify alternate sites to meet growth needs. However, it does provide strategic guidance on whether the currently identified portfolio provides the appropriate capacity and appropriate conditions for accommodating growth.

The intention is therefore to identify and coordinate place-specific requirements, highlighting where activities identified within the technical workstreams can be complementary and also considering where they may place competing pressures on land resources.

In coordinating place specific requirements it also provides high level guidance on the shared dependencies and hence potential requirements for intervention, including the approach to future policy development, key infrastructure needs and the approach to development delivery.

Strategic Findings, Key Influences and Drivers

The technical work has highlighted the strategic needs for both local authority areas to grow, driven by a range of internal and external factors. Given the relative scales of both Medway and Gravesham both demonstrate significant growth potential.

What has become clear is that the key driver of future growth will be the significant shift in population and demographic profiles of both Gravesham and Medway. In both areas the population change is driven by a mix of international migration, domestic migration and

(increasingly prominently) natural change - i.e. births outnumbering deaths within the existing population.

At the simplest level this forecast increase in population will drive a need for additional housing provision. This quantitative need will also be accompanied with qualitative needs to meet requirements of a diversifying population base, including specific provision to meet the needs of key sections of the population such as first time buyers, older persons and BME communities. As part of this overall housing need will be a considerable requirement for the provision of affordable housing, again there will be a general need but also specific requirements and products to meet specific needs groups.

Population growth is not solely influencing the need for housing, but is also forecast to have a positive impact on the economic prospects of the North Kent area. The delivery of new residential development through currently planned schemes will link strongly to the existing town centres, enhancing the scale of catchment and potential spend within each centre. Moreover, the diversification of the housing offer and delivery of new, high quality development is attracting a broader mix of residents, particularly linked to enhance commuting options. This not only enhances the spending power of the catchment but also diversifies the range of retail and leisure demand within the centres, creating new trading opportunities.

There are also opportunities for the population growth to drive further economic activity across a range of sectors, both directly through people seeking to locate their business close to where they live and indirectly through increased demand for a range of services. An increase in residents with high skills or active in higher level occupations could also, over time, increase business start-up rates as workers seek to align lifestyle and economic roles. With good connections to a range of markets the town centres in both Medway and Gravesham are likely to offer attractive locations for small businesses.

Population growth isn't likely to be the only driver of economic and employment growth, both areas have a range of existing drivers and potential interventions that are also likely to generate demand in the future.

The existing economic assets of Medway in particular are likely to drive future economic opportunity. The clusters of creative, digital and advanced manufacturing businesses in particular will be key components of the future economy as these sectors are driven by wider economic trends and increasing agglomeration opportunities. The growth in these high added value sectors will also link to key physical assets and opportunities including the Universities at Medway Engineering School and the growth plans for Rochester Airfield.

Economic growth could also be driven by new opportunities created by major investment in new infrastructure. The delivery of a new Thames Crossing alongside existing strategic road connections and accessibility to key markets in London and the South East could enable Medway to play a much enhanced role in the strategic distribution market which has, traditionally, been focussed in other parts of North Kent. A range of sectors could also be boosted by the delivery of London Paramount, largely through increased demand from supply chain activities.

Relationship with 'Neighbouring' Areas

Medway is a dynamic area, its proximity and connections to London mean there are a range of strategic linkages that intrinsically link its success to that of the capital but also mean it shares strategic relationships with neighbouring authorities. These relationships are not linear or consistent between areas or between markets and activities. The inter-actions in the housing

market are not mirrored within economic trends, whilst retail dynamics are particularly influenced by wider regional provision.

Influence of London

As within much of the South East and East of England London has a significant influence on Medway, particularly in terms of population migration and housing demand.

Migration data shows a clear trend for people moving out of London into Medway, indeed four of the top ten total migration 'contributors' to Medway's population are London Boroughs.

However, the inward moves are not reciprocated with similar moves from Medway into London, with only Greenwich appearing in the top 10 out-migration destinations for Medway residents. Indeed when net moves are considered, all but 2 of the net 'contributors' are London boroughs whilst none of the net losses are to London.

Allied to house pricing and market trends these migration patterns provide a clear demonstration of the impact of London's housing pressure, with a west to east migration along the Thames corridor. These factors distort local housing market trends, with a significant decoupling of the usual relationship between place of work and choice of place to live. Price pressures in London, improved rail connections and new housing stock have all contributed to a significant proportion of the population opting to live in North Kent and commute to London.

Housing Market

Leaving aside the influence of London and focusing on more local dynamics the housing market relationships are equally complex.

The definition of a housing market is based on understanding the relationship between local authority areas based on a range of indicators including migration, self-containment, travel to work and commuting patterns and housing market trends. Importantly for Medway there is not a definitive or constant relationship with any single or group of authorities across these indicators, reinforcing the complex relationships that exist. As such it is vital that the definition of the Housing Market Area is based on preponderance of evidence and the most consistent set relationships.

In terms of in-migration at the borough level Medway has the strongest relationships with Maidstone, Swale, Gravesham (all contributing 7% of total growth) and Tonbridge and Malling (contributing 5% of total growth), between them accounting for over a quarter of all who moved into Medway.

For out-migration the strongest relationships again with these four authorities, with 30% of moves out of Medway finishing in either Swale (10%), Maidstone (9%), Tonbridge and Malling (6%) or Gravesham (5%).

Unsurprisingly, based on these trends, the Aggregate Migration Flows (i.e. moves in + moves out – showing the total strength of relationship) again show the strength of the relationship between Medway and its four adjoining authority areas.

The strength of the relationship between these authorities and Medway (from the Medway perspective) is weaker when self-containment is considered, i.e. where the moves between Medway and these boroughs is considered as a proportion of all moves involving these boroughs to locations within the South East, East of England and London.

Overall self-containment in this sense is relatively consistent at c.70%, although the inclusion of Maidstone does weaken the relationship, decreasing the self-containment rate to 68%. Self-containment is highest when all 5 local authorities are considered together, reaching 71%. The inclusion of T&M has a disproportionate effect on the self-containment for the Medway HMA. This is a result of significantly higher levels of internal moves within T&M, which result in a high level of Borough level self-containment.

Given this the strongest self-containment relationship for Medway would appear to be with Gravesham and Swale, with marginally weaker linkages to Maidstone and Tonbridge and Malling.

Travel to work and commuting patterns also reinforce the strength of the relationship between Medway and the adjoining authority areas. The ONS produced Travel to Work Area (TTWA) maps highlight the influence of London, with its TTWA extending out across Kent as far as Medway. However, outside of Gravesham none of Medway's neighbours fall within this area.

The Travel to Work relationship identified by the ONS highlights a number of 'splits' across local authority areas. The Medway TTWA extends south into Maidstone and Tonbridge and Malling, however it doesn't capture the whole of both areas. Much of Maidstone is encapsulated in this TTWA (including the town of Maidstone itself) however only the north of Tonbridge and Malling is included, with the south and west of the borough forming part of the Tunbridge Wells TTWA.

Similarly, whilst the west of Swale (including Sheppey) is within the Medway TTWA the east of the borough towards and beyond Faversham falls within the Canterbury TTWA.

This analysis helps to refine borough level commuting pattern data which highlights Maidstone, Tonbridge & Malling and Swale as the key destinations for Medway residents for work (excluding London) whilst Swale, Maidstone, Tonbridge and Malling and Gravesham are key contributors to the Medway workforce.

Taking all travel to work data together suggests that the strongest relationships are between those parts of neighbouring authorities that are closest to Medway, i.e. the north of Tonbridge and Malling, the north of Maidstone and the west of Swale.

These broad relationships are relatively consistent with prevailing market signals and trends. Whilst there are understandable differences in the detailed levels of demand and values there are relatively clear commonalities in terms of the scale of value change between Medway, Swale, Gravesham and (to a lesser extent) Maidstone over the period 1996-2013. However, Tonbridge and Malling, Canterbury, Dartford and Sevenoaks demonstrated much strong value change over the same period suggesting there are different influences on the market in these areas.

Whilst these trends suggest relationships at the local authority level heat mapping current values helps to understand the current relationships at a sub-authority geography.



The heat map above shows the complex pattern of house prices in the area around Medway. Areas of high value tend to be clusters in two locations. Firstly in rural areas where properties tend to be larger and set within protected environments such as the AONB values are significantly higher than most urban areas. Secondly values are also higher in urban areas where there are clusters of new development (such as Chatham Maritime) or are close to stations on the North Kent Line.

Taking into account these fluctuations values are relatively closely related, or lying within similar value bands, for much of the area north of the M20 and even as far as the London-Maidstone rail line that runs through West Malling. South of this values become consistently higher and therefore have little or no relationship to predominant value bands in Medway.

Given all of these migration, travel to work and market indicators there is clearly a consistently strong relationship between Medway, Gravesham, Swale, Maidstone and Tonbridge and Malling which suggests these should form the Housing Market Area.

However, it needs to be recognised that whilst there are strong relationships these are not consistent across full local authority areas. Indeed, where data is available at a sub-authority

level a clear pattern emerges that indicates the core relationships area with only parts of Swale, Maidstone and Tonbridge and Malling.

For Swale the relationship is strongest in the west, not extending much beyond Sittingbourne which itself (as suggested in the Swale SHMA) has its own identity but still has key links to Medway. For Tonbridge and Malling the relationship is likely to be only with those areas to the north of West Malling and East Malling, albeit there are functional economic relationships with Kings Hill. For Maidstone again the strongest relationship is with the north of the borough, however again there are functional relationships between Medway and Maidstone town centre.

Overall, given the limitations of some data we would define the HMA as the five local authorities of:

- Medway;
- Gravesham;
- Swale;
- Maidstone; and
- Tonbridge and Malling.

However, we would consider the core relationships to cover a more focussed area, albeit this cannot be identified consistently across all datasets.

Retail

The other key regional linkages are within the retail sector where the Kent-wide hierarchy of centres is having a significant influence on the comparison goods offer within Chatham in particular.

Estimates within the retail study suggest that 60% of comparison goods expenditure by Medway and Gravesham residents is lost to centres outside of Medway, with Bluewater drawing the single largest amount, with almost 25% of all expenditure in Medway and Gravesham going to Bluewater, more than Gravesend and Chatham town centres combined.

However, expenditure is not solely lost to Bluewater, with significant shares lost to Maidstone, in particular to the town centre and some of the out of town retail parks in the north of the borough including Aylesford and more recently, Eclipse.

Spending in the leisure sector is also significantly influenced by the offer in other local authority areas and London. A significant share of spending on arts, dining and other entertainment in particular are lost to other locations, with dining in particular lost to Maidstone and Bluewater, suggesting some opportunities for the future for growth within Medway.

The Long Term North Kent Growth Requirements

The technical workstreams identified positive opportunities for growth across all sectors, with a need for new housing, employment land and retail floorspace being clearly identified. Full methodological explanations, data sources and key assumptions are set out in each report.

At the headline level this indicates the following requirements over the projection period (2012-2037):

Table 1 - Identified Growth Requirements

		Medway
Housing (number of dwellings) 2012 to 2037	OAN	32,025
	Affordable	17,389
Employment (sqm land requirement) 2012-2037	Office	50,152 - 51,967
	Industrial	163,198 - 163,914
	Warehousing	174,235 - 175,907
Retail (sqm floorspace requirement) 2015-2031	Convenience	10,500
	Comparison	34,900

N.B. Retail figures extend to 2031 due to modelling limitations beyond this period

This level of future requirement places clear pressure on land resources, requiring significant capacity to be provided to accommodate growth both in terms of its scale but also the nature and range of opportunities presented. A diverse portfolio of sites will be critical in order to provide a mix of housing types, accommodate the full range of employment opportunities and deliver additional retail space in locations where it will be successful.

Medway 'Plan Period' Growth Requirements

The figures presented above provide a long term view of growth requirements based on the full available projection period for each use. However, currently the preparation of the new Local Plan period for Medway is focussed on understanding and appropriately planning for growth over a shorter period to 2035.

To enable a clearer understanding of need over this period, and to provide a consistent and comparable set of requirements to support the preparation of the Local Plan, the table below sets out the housing and employment land requirements for the Plan Period from 2012 to 2035.

Given the nature of retail need forecasting and its reliance on a number of inter-linked variables it is not possible to forecast needs over the longer term with any degree of certainty, as such the projections presented run to 2031.

Table 2 - Identified Growth Requirements

		Medway
Housing (number of dwellings) 2012-2035	OAN	29,463
	Affordable	17,112
Employment (sqm land requirement) 2012-2035	Office	49,943
	Industrial	155,748
	Warehousing	164,263
Retail (sqm floorspace requirement) 2015-2031	Convenience	10,500
	Comparison	34,900

The Existing Capacity

Both Gravesham and Medway have a number of sites identified for growth and development. A significant proportion of these are brownfield opportunities, principally within the existing urban areas and are a legacy of the retrenchment of major industrial and military activity within the area. However, there are also opportunities for development outside of these, with a small number of 'greenfield' sites identified.

Medway are currently undertaking a Strategic Land Availability Assessment (SLAA) that will identify the key future sites capable of meeting the identified demand. There is also significant capacity identified within sites that benefit from existing planning permission, either as an outline or detailed consent. This permitted pipeline is shown below.

Table 3 – Development Pipeline with Planning Permission

	Housing Capacity (Units)	Employment Capacity (sqm)	Retail Capacity (sqm)
Medway	6,012	732,257	41,580
Lodge Hill	5,000	44,100	5,315

Source: Medway Council Monitoring Data, 2015

Medway's supply position in that there is a significant land supply already identified and permitted that offers significant capacity to accommodate development. Comparing projected demand and current supply suggests that:

- There is currently permitted (undeveloped) capacity to meet c.20% of the objectively assessed housing need. This rises to 37% if Lodge Hill is included;
- There is potentially an over-supply of B class employment floorspace;
- There is a small oversupply of retail floorspace.

However, these sites were identified under significantly different demand conditions and therefore alongside the potential quantitative need for housing there may be an ongoing qualitative need for other land capacity.

This is particularly true for B class employment where much of the land capacity (over 50%) lies within large industrial and distribution sites within the Hoo Peninsula, this provides limited capacity and choice for occupiers seeking other forms of space or to locate within the core urban area.

Similarly there are likely to be qualitative requirements for retail space, both to diversify the nature of units provided within the town centre but also to provide a convenience role and leisure offer within major new development sites.

Emerging Specific Growth Needs

Building on these quantitative and qualitative requirements set out above the technical work has identified the following specific qualitative needs.

Specific market and affordable housing to meet the needs of key groups in and of themselves and to create greater movement within the market:

- Older Persons – particularly good quality smaller units to encourage downsizing. The housing needs survey suggests few residents are in need of supported or extra care housing, although this may be a more hidden need.
- Young first time buyers – again focused on good quality smaller units, with the potential to locate within key urban areas. This may also require some level of purpose built student houses.
- BME groups – with a need for larger properties to accommodate multi-generational homes.

In employment terms, the current portfolio is unlikely to meet all qualitative requirements with a need to diversify the offer to help better align demand and supply and continue the economic evolution under way in the borough. To secure greater knowledge economy activity a focus will need to be placed on delivering well serviced, flexible office spaces close to town centres with good quality ICT connections. There will also be a need to ensure high quality 'hybrid' industrial space can come forward to support advanced manufacturing activity, this may need to extend beyond the space provided at Rochester Airfield.

Key steps also need to be taken to address the current under-trading of Chatham town centre. The nature of the stock offer is a key challenge with other centres (such as Hempstead Valley) showing that if good quality modern format stores can be provided there is demand from retailers. Enhancing the wider offer of the town centres will also help their vitality, particularly if greater leisure uses can be introduced.

Conclusions

In drawing together the findings of each technical workstream there are some key inter-linked themes that are beginning to shape the understanding of the qualitative requirements and potential geographic focus or priorities for growth in Medway.

In planning new capacity and making site allocation decisions the following factors should be considered:

Their ability to assist in the reinvigoration of the Town Centres

This should include the capacity to update and expand the retail offer through new, modern floorspace capable of accommodating new store formats. This should also seek to deliver more dining and leisure space.

The delivery of new town centre living options and new forms of workspace within Chatham in particular will help to diversify the town's offer and also attract a wider customer base for retailers. Schemes will need to be of good quality to attract residents and employees with higher disposable incomes that can be captured in the town centre and support a broader retail offer.

Moving forward major brownfield sites

Medway has a strong track record in delivering the regeneration of major brownfield sites, with major new development along the riverside at Chatham and Gillingham in particular helping to shift perceptions of both areas.

Looking forward meeting future housing delivery will require this momentum to be maintained and indeed increased to create new high quality residential developments to accommodate a

growing population. Where possible these should be well connected and integrated with the existing town centres, however they should in and of themselves provide a mix of uses and activities that complement the residential offer. This should include small convenience retail and potentially new workspace.

The provision of a diverse portfolio of sites

Whilst the major brownfield sites are a major part of the future supply they are complicated and expensive to develop and in many parts of the area this challenges development viability. Therefore it will be risky for the majority of supply to lie within large, complex sites and a mixed portfolio will be needed to support delivery in the short, medium, and long term. This identification of a portfolio of sites will be helped by the identification of some early win sites to demonstrate the market in some areas.

Whilst there needs to be a key focus on the reinvigoration of the town centres and delivery of sustainable development locations that maximise existing infrastructure the Housing Needs Survey demonstrated the ongoing desire for people to also to be able to access housing in rural areas. Given existing provision the delivery of a range of properties types, including some smaller units will help address these needs and also allow the growth and diversification of rural communities, helping to underpin their wider offer.

In employment terms there will be a need to secure a range of sites that provide capacity where the market is attracted. This will be different for different sectors and therefore require a mix of town centre sites, locations with good access to the strategic road network and large capacity industrial sites. Whilst the quantitative need may be able to be met it is equally important to ensure qualitative needs and choice are also provided for.