

Assessment of Housing Development Needs Study: Sussex Coast HMA

Adur, Arun, Brighton & Hove, Chichester, Lewes and Worthing Councils

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Prepared by

GL Hearn Limited
20 Soho Square
London W1D 3QW

T +44 (0)20 7851 4900
F +44 (0)20 7851 4910
glhearn.com

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Quality Standards Control

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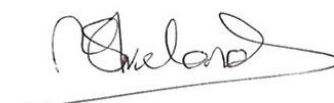
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ORIGINATORS
Billy Clements
Senior Planner



APPROVED
Nick Ireland
Planning Director



Limitations

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1 INTRODUCTION

Introduction

- 1.1 The authorities within the Sussex Coast Housing Market Area (HMA) have commissioned GL Hearn to update demographic projections and draw them together with wider evidence to provide an assessment of housing need to 2031.
- 1.2 The commissioning partners include the local authorities of Adur, Arun, Brighton & Hove, Chichester, Lewes and Worthing, which, together with the South Downs National Park Authority, comprise the South Coast HMA.
- 1.3 This report is commissioned in the context of the Housing Study (Duty to Cooperate) Report published in May 2013 which drew together a series of existing evidence, including the Coastal West Sussex SHMA 2012, to identify objectively assessed housing need for the various partners. In particular the study considered:
- Arun Locally-Generated Needs Study (GL Hearn, May 2010)
 - Adur Locally-Generated Needs Study (GL Hearn, May 2011)
 - Lewes Local Housing Needs Assessment (NLP, April 2011)
 - Brighton & Hove Housing Requirements Study (GL Hearn, June 2011)
 - Chichester Local Housing Requirements Study (DTZ, July 2011)
 - Brighton & Hove Housing Requirements Study Update (GL Hearn, November 2012)
 - Coastal West Sussex SHMA Update (GL Hearn, November 2012)
 - Brighton & Hove Affordable Housing Needs Assessment (GL Hearn, December 2012)
 - Updated Demographic Projections for Sussex Coast HMA Authorities (GL Hearn, October 2013)
- 1.4 Since the May 2013 Study, an updated set of demographic projections have been prepared for the authorities in the Sussex Coast HMA taking account of more up-to-date demographic information including the outputs of the 2011-based interim Sub-National Population Projections (SNPP), the 2011 Census as well as consequent revisions to, and rebasing of, Mid-Year Population Estimates (MYEs) and components of change. In addition, the government published new Planning Practice Guidance in March 2014 which provides guidance to local planning authorities in objectively assessing and evidencing development needs for housing, including providing a methodological approach which should be followed.
- 1.5 This study therefore revises the assessment of housing need in the Housing Study (May 2013), taking account of the existing evidence listed above (where relevant) alongside the updated demographic projections, analysis of housing market indicators and signals to address the requirements of the Planning Practice Guidance.

- 1.6 The Study does not set housing targets. In taking forward the assessment of need in developing local plans, each council will need to bring this together with their wider evidence; consider issues related to housing land availability, constraints and infrastructure provision. Each council will also need to consider how its strategies for housing and economic growth align with one another.

Policy Context to Assessing Housing Development Needs

- 1.7 In the following sections, we discuss the relevant national policy context and guidance in respect of assessing future housing needs. This is primarily the National Planning Policy Framework (NPPF) and the National Planning Practice Guidance.

National Planning Policy Framework (NPPF)

- 1.8 The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.
- 1.9 In terms of housing, paragraph 47 sets out that local planning authorities should use their evidence base to ensure that their Local Plan meets full objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the Framework to do so.
- 1.10 Paragraph 159 of the Framework highlights the need for local planning authorities to have a clear understanding of housing needs in their area, with the Strategic Housing Market Assessment (SHMA) a key part of the evidence base in determining housing needs. The Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:
- Meets household and population projections, taking account of migration and demographic change;
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
 - Caters for housing demand and the scale of housing supply necessary to meet this demand.
- 1.11 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However, it also makes clear that plans must be deliverable.
- 1.12 Paragraph 181 sets out that local planning authorities will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This issue has been borne out in a number of recent local plan

examinations, particularly in respect of housing, with Inspectors seeking at the outset to test the process and outcomes of collaboration. This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

National Planning Practice Guidance

- 1.13 New Planning Practice Guidance was issued by Government in March 2014. This included a section on '*Housing and Economic Development Needs Assessments*.' This is relevant to this study in that it provides clarity on how key elements of the NPPF should be interpreted, including most importantly the approach to deriving an objective assessment of the need for housing.
- 1.14 The Guidance reiterates that the assessment of need should be objective, based on unbiased evidence. In particular, it sets out that assessments should be based on future scenarios that could be reasonably expected to occur but should not take account of supply-side factors or development constraints.
- 1.15 In terms of housing, the guidance identifies "need" as "the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need."
- 1.16 Whilst the guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment, it does set out a relatively clear pathway and process for assessing need.
- 1.17 In the first instance, the guidance makes clear that the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these are 2011-based 'Interim' Household Projections. However, the guidance indicates that assessments should take account of the latest demographic evidence including ONS population estimates. The guidance also sets out that there may be instances where these national projections require adjustment to take account of specific events/factors affecting local demography or household formation rates.
- 1.18 Once a robust demographic baseline has been established, the Guidance then effectively sets a number of specific "tests" which should be considered in establishing an objective assessment of need. Firstly the guidance indicates that Councils should consider how population projections and economic forecasts/ trends relate to one another and consider if the labour supply could constrain economic growth or reduce the resilience of local businesses. It cautions against reducing migration

assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.

- 1.19 The Guidance also requires market signals to be considered. These provide evidence of the balance between supply and demand for housing. It indicates that proportional adjustments to housing numbers should be considered where there market signals are pointing to high demand, supply constraints or issues with affordability compared to surrounding areas or long-term trends.
- 1.20 The final “test” is the how the demographic projections relate to the level of affordable housing need identified. The Guidance sets out a process for assessing affordable housing need (which is broadly similar to that set out in the 2007 SHMA Practice Guidance) and indicates that affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments. It indicates that, in some instances, delivery of affordable housing may provide a case for considering increasing the level of overall housing provision.
- 1.21 The focus of the three tests is on considering whether it would be appropriate to make an upward adjustment to the assessed need relative to the demographic projections (‘the starting point’).

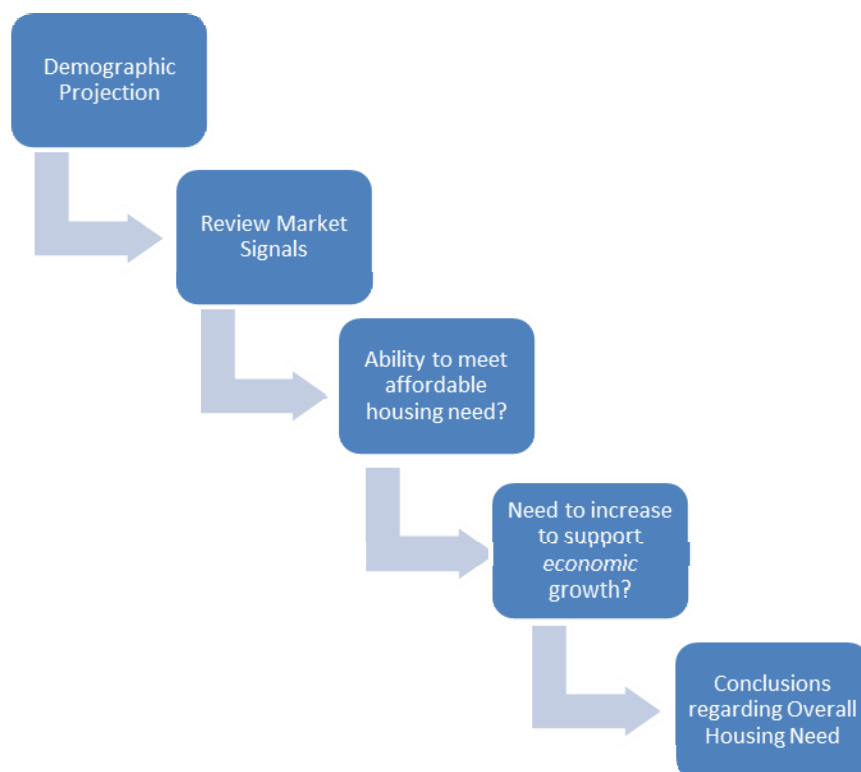
2 APPROACH TO IDENTIFYING HOUSING NEED

- 2.1 This section sets out a revised assessment of housing development needs for each of the authorities, discussing the relevant evidence and in particular addressing sequentially the implications of each of the specific “tests” set out in the National Planning Practice Guidance.

Overview of Methodology

- 2.2 The approach adopted responds to the National Planning Practice Guidance. This process is summarised in the chart below.

Figure 1: Overview of Approach to Deriving Objectively-Assessed Housing Need



- 2.3 It seeks to derive an objective assessment of need for housing (OAN) based on a stepped approach which is structured as follows:

- **Step 1:** Start with our latest projection of housing need based on past demographic trends. This takes account of the latest demographic evidence issued since publication of 2011-based Household Projections. It also adjusts household formation rates to ensure that household formation is not constrained moving forwards;

- **Step 2:** Review what market signals indicate regarding the supply-demand balance for housing and the case for increasing housing supply (relative to the demographic projections) in order to improve affordability;
- **Step 3:** Appraise the results of the demographic projections with the identified annual need for affordable housing to 2031, and consider whether there is a case for an upwards adjustment to housing need to meet affordable housing need;
- **Step 4:** Assess this against the level of housing provision which might be needed to support forecast employment growth. This is based on an Experian 2013 employment forecast and assumes the commuting ratio remains consistent;
- **Step 5:** Draw together the above analysis to consider the level of housing needed. Apply check using percentage growth rates in housing stock to ensure that recommendations be considered deliverable from a market perspective. In drawing conclusions, we have taken no account of local issues such as land availability, infrastructure or other local constraints on levels of development.

- 2.4 This methodology considers market signals and past housing delivery compared to targets as part of Step 2 and considers the case for adjustments to take account of these factors. On this basis the report provides conclusions regarding the level of need for housing over the 2011-31 period. Any shortfall in housing provision against planned targets prior to 2011 is captured as part of this process.
- 2.5 The report build on information contained within this report as well as the Coastal West Sussex Strategic Housing Market Assessment Update (GL Hearn, 2012). The SHMA report in particular contains information regarding the need for affordable housing and market signals.
- 2.6 Section 4 of the report applies this approach to the updated projections (as set out in Section 2) to derive an assessment of need for housing in each local authority.

Demographic Projections Methodology

- 2.7 The demographic projections referred to herein are drawn from the *Demographic Projections Report* dated August 2013 prepared by GL Hearn and Justin Gardner Consulting. These updated set of demographic projections have been prepared for the authorities in the Sussex Coast HMA taking account of more up-to-date demographic information including the outputs of the 2011-based interim Sub-National Population Projections (SNPP), the 2011 Census as well as consequent revisions to, and rebasing of, Mid-Year Population Estimates (MYEs) and components of change.
- 2.8 The key projected prepared were as follows:

Figure 2: Suite of Projections Run

Type of Projections	Projections Run
Demographic-Driven	<ul style="list-style-type: none"> • PROJ 1 (Linked to 2010- and 2011-based SNPP) • PROJ 2 (SNPP adjusted) • PROJ 2 (10-year migration trends) • PROJ 3 (5-year migration trends)
Economic-Driven	<ul style="list-style-type: none"> • PROJ A (Labour supply) • PROJ B (Labour demand) • PROJ C (Experian (updated))

- 2.9 The starting point for the projections work was the latest Subnational Projections (SNPP) (PROJ 1). As more recent demographic information had been published by ONS subsequent to the preparation of these, including revised Mid-Year Population Estimates for the 2002-10 period and components of population change, a revised trend-based demographic projection was produced (PROJ 2). The demographic projections are particularly sensitive to assumptions around migration. PROJ 3 and PROJ 4 consider alternative scenarios for migration, based on trends over the last 5 and 10 years.
- 2.10 The NPPF emphasises the alignment of housing and economic strategies in local plans. Projections A and B consider scenarios for employment growth and the potential level of housing which might be required to support this. Employment growth at a district-level is difficult to forecast accurately and both this, and the implications of employment growth on demography and the housing market, will be sensitive to a range of factors. PROJ A and PROJ B use are based on the economic forecasts considered in the 2012 SHMA Update. To bring the assessment as up-to date as possible an additional economic based scenario, PROJ C, was run based on a Spring 2013 Experian forecasts.
- 2.11 A detailed description of the methodology used to develop each of the projections is set out in the August 2013 Demographic Projections Report.

3 UPDATED ASSESSMENT OF HOUSING NEED IN EACH AUTHORITY

- 3.1 An updated assessment of housing need in each authority is set out below. This should be considered to replace the assessment provided within GL Hearn's *Housing (Duty to Cooperate) Study* for the commissioning authorities (May 2013). The approach followed is as described in Section 3 above.

Adur District

The Starting Point – Demographic Projections

- 3.2 There are two key projections in the Updated Demographic Projections Report. Our SNPP-based projection (PROJ 1), which projects forward the ONS 2011-based SNPP to 2031, indicates a need for 297 homes per annum. However, in line with the Guidance, this has been updated (PROJ 2) to take account of the revised demographic data on components of population change. This updated projection (PROJ 2) indicates a need for 141 homes per annum, which is considered to be a robust starting point for considering overall housing need.

Do market signals indicate a need to increase housing supply in order to address affordability and/or high demand?

- 3.3 We have considered the key market indicators set out in the National Planning Practice Guidance in order to identify whether there are any market signals for upward pressure on the baseline demographic need.
- 3.4 Overall, based on the comparative market dynamics we find a limited case for considering an upwards adjustment to the demographic-driven projections. There is not a particular divergence from wider county or regional trends evident in Adur District, however the affordability of market housing (in regard to lower quartile house prices relative to incomes) is low. Detailed discussion for each indicator is set out below:
- **Affordability:** The lower quartile affordability ratio¹ for Adur (9.64) is broadly comparable to the county average. Affordability has worsened markedly since 1997 (when the ratio was 4.29); however, this degree of change (125% increase) is similar to trends seen across the county with little evidence of sustained divergence from the county trend at any point over the assessment period.

¹ The ratio between the lower quartile house price and lower quartile income in 2012

- **House Prices:** During the pre-recession decade (1998-2007), median prices in Adur grew at 22.6% per annum, slightly faster than the average across West Sussex (19.1%), suggesting comparatively higher demand pressure. However, even at the peak of the market, median prices in the District (£225,000) were below the county and comparable with the South East average. Since the market downturn in 2008, price change in Adur has been slightly behind with the county average (5.5% growth 2008-2012), and as a result, current median house prices in the borough (£224,995) remain below average West Sussex levels (£238,000).
- **Rents:** Current median monthly private rental values in Adur (£700 pcm) are slightly below the West Sussex (£725 pcm) and South East (£750 pcm) levels. Private rents have been flat (0% change) since 2011, whilst both West Sussex and the South East have experienced growth (3.6% and 7.1% respectively). Current median rental levels for most property sizes (1, 2 and 4 bedroom) are below comparator areas; however, median rents for 3 bedroom properties are slightly higher.
- **Overcrowding:** According to the 2011 Census “bedroom standard”, 745 households in the borough are considered to be overcrowded, equivalent to 2.8% of the total. This is markedly below the regional average (3.8%). Over the past decade, overcrowding (based on occupancy rating) has increased by 16.2% (212 households)²- significantly lower than both regional (36.1%) and national (32.3%) changes.
- **Rates of Delivery:** Housing stock growth in Adur between 2001 and 2011 was 0.4%, comparatively low by West Sussex standards. The district has over-delivered against planned housing targets between 2006-11, completing 609 units against a requirement for 525 homes (84 homes over-delivery).

3.5 As the market analysis shows, historic stock growth in Adur has been comparatively low compared to other parts of West Sussex. There is likely to have been a degree of household suppression over the past decade in Adur. Analysis of household size trends set out in the Updated Demographic Projections Report also confirms this view: the 2011 Census indicates an average household size across Adur of 2.27 persons per household; however, had long-term term headship and household formation trends been sustained over 2001-2011 decade (i.e. the trends which underpinned the 2008 projections), an average household size of 2.24 would have been expected.

3.6 The evidence points to some potential benefit in delivering higher housing provision (relative to demographic projections) to improve the affordability of market housing over time, albeit that affordability pressures are not particularly acute relative to other parts of the county.

Is there a need to increase housing supply in order to ensure delivery of the required number of affordable homes?

3.7 Affordable housing need in Adur is assessed in the Coastal West Sussex SHMA (November 2012). This document identifies a net need for 514 affordable homes per annum in the district; however this reduces to around 318 per annum if the backlog need (564 homes) is addressed over 19 years

² Based on the Census Occupying Rating. This is likely to over-estimate the growth in overcrowded households measured against the Bedroom Standard.

(to 2031) as opposed to 5 years³. Meeting this need in full through mixed affordable and market-led developments would likely require overall housing provision in excess of 1,000 homes per annum.⁴

- 3.8 However, there are two key factors against which this annual need must be put into context. Firstly, as recognised in the SHMA, there are likely to be households who are adequately housed albeit whilst paying more than the 25% of income threshold which is assumed for the calculations. Secondly, the SHMA indicates that, in Adur, there are estimated to be around 196 households per annum could have their needs met in the private rented sector supported by Local Housing Allowance.⁵
- 3.9 Whilst these two factors serve to reduce the upward pressure, there nonetheless remains a large affordable housing need in Adur, which, in line with the guidance, could justify a degree of adjustment to the demographic-based assessment of housing need in order to facilitate enhanced delivery of affordable homes. This is a reflection of the level of housing need shown but also the low demographic projection (when represents a 0.5% growth rate in the housing stock). The level of affordable housing need is also likely to have been influenced by the historical balance between housing need and affordable housing delivery.

Increase supply to ensure sufficient labour supply to support forecast economic growth?

- 3.10 The outputs of economic-led projections for Adur indicate that future economic and employment growth could also place upward pressure on housing need. The baseline demographic projection generates growth in labour supply of 34 residents per annum, far short of the labour supply requirements under the economic-led projections. As a result, the three economic scenarios all indicate a greater housing need of between 200 and 250 homes per annum depending upon the scenario. However, we could theoretically see some changes in the commuting balance if the local economy performed this well. Furthermore it is worth noting that Adur is a relatively small district and the local economy and labour market clearly operate across a wider area which includes Brighton and Hove and Worthing.

Overall assessment of housing development needs in Adur

- 3.11 Taking into account the updated demographic projections and the “tests” set out by the Planning Practice Guidance, we consider that an objective assessment of housing needs for Adur would be for 180 - 240 homes per annum.

³ The Planning Practice Guidance suggests affordable need should be assessed on an annual level.

⁴ Based on an assumed 30% affordable housing delivery.

⁵ This makes no allowance for further growth in LHA-supported lettings.

- 3.12 The base demographic projections indicate a need for 140 homes per annum. However this represents a very low rate of housing growth of 0.5% per annum and appears to have been strongly influenced by past levels of development. The wider evidence all indicates that a higher level of housing provision would be justified, in the absence of development constraints.
- 3.13 However trends in household formation appear to have been suppressed to some degree over the 2001-11 decade by declining affordability and the impact of the economic recession. On this basis we have made an upwards adjustment to the demographic projection and consider that the lower end of the range should be set at 180 homes per annum.
- 3.14 The identified need for affordable housing would however provide a justification – all other factors being equal – for considering a higher level of housing provision than this. Similarly there is some evidence that this level of housing provision (180 homes per annum) might restrict employment growth, albeit that this is sensitive to changes in commuting patterns. The higher end of the range takes these factors into account, is for 240 homes per annum. This level of housing provision would support stronger delivery of affordable housing (with 15-20 additional affordable homes delivered per year relative to the lower end of the range) and provide the potential for stronger growth in labour supply (sitting within the range of housing need derived from the economic-driven scenarios). However it should be recognised that the district is relatively small, and there is a strong relationship in economic and labour market terms with Worthing and Brighton and Hove with significant commuting between these areas.

Arun District

The Starting Point – Demographic Projections

- 3.15 The SNPP-based projection (PROJ 1), which projects forward the ONS SNPP to 2031, for Arun indicates a requirement for 991 homes per annum. Our projection updated to take account of the latest demographic data and population trends (PROJ 2) indicates a markedly lower requirement for 549 homes per annum. In line with the guidance, this updated projection forms the starting point for considering overall housing need.

Do market signals indicate a need to increase housing supply in order to address affordability and/or high demand?

- 3.16 The key indicators and signals for Arun provide a limited case for considering an adjustment to the assessment of housing need based on demographic trends. The lower quartile house price to income ratio at 9.5 is high relative to other parts of the county, albeit comparable to other parts of the HMA. The district has experienced a notable level of under-delivery compared to plan targets over the past decade or so. However in other respects market signals do not indicate a particular

pressure for increasing housing supply. Indeed they point towards relatively weaker market demand than in other parts of the HMA.

3.17 The findings for each of the indicators in the Planning Practice Guidance are set out below:

- **Affordability:** The lower quartile affordability ratio for Arun (9.48) is broadly comparable to the county average. Affordability has worsened markedly since 1997 (when the ratio was 4.40); however, this degree of change (115% increase) is aligned with trends seen across the county with little evidence of sustained divergence from the county trend at any point over this period.
- **House Prices:** During the pre-recession decade (1998-2007), median prices in Arun grew at 20.4% per annum, slightly faster than the average across West Sussex (19.1%), largely as a reflection of the lower base level. At the peak of the market, median prices in Arun (£210,000) were around 12% below the county average and also below the regional levels. Since the market downturn in 2008, price change in Arun has been stronger than the county average (7.7% growth 2008-2012). However, current median house prices in the district (£220,000) are markedly below average West Sussex levels.
- **Rents:** Current median monthly private rental values in Arun (£650 pcm) are slightly below both the West Sussex and South East comparators. There has been no growth in average rental values in the district since 2011, whilst both West Sussex and the South East have experienced growth (3.6% and 7.1% respectively). Median rents for all property sizes are below comparator areas.
- **Overcrowding:** There is no significant issue in overcrowding in Arun: Census 2011 data shows that 3.1% of households (2,087) in Arun are overcrowded, notable below the regional and national averages. Between 2001 and 2011, overcrowding increased by 35% (an additional 1,159 households)⁶, below the regional growth (36.1%) but above national (32.3%) changes.
- **Rates of Delivery:** Housing stock growth in Arun between 2001 and 2011 was 0.8%, broadly aligned with growth across West Sussex. However, the district experienced a degree of under-delivery against planned housing targets between 2006 and 2011, delivering 2,392 homes against a requirement for 2,825 homes (433 under-delivery).

3.18 Trends in household size in Arun demonstrate a modest degree of suppressed formation. Between 2001 and 2011, average household size in Arun remained largely static at 2.24; however, had the longer-term headship trends been sustained, an average household size of 2.21 would have been anticipated.

3.19 The evidence for Arun District indicates that the housing costs in Arun are lower than in other parts of the HMA, and that trends in the affordability of market housing have not demonstrated any substantial divergence from trends across the HMA and region. Affordability pressures are not particularly acute relative to other parts of the county.

Is there a need to increase housing supply in order to ensure delivery of the required number of affordable homes?

⁶ Based on the Census Occupancy Rating. This is likely to over-estimate the growth in overcrowded households measured against the Bedroom Standard.

- 3.20 Affordable housing need in Arun is considered within the Coastal West Sussex SHMA (November 2012). This study identifies a significant net annual need for 578 affordable homes; falling to 451 if the backlog is addressed over a 19 year period to 2031. Meeting affordable housing need in full would likely require an overall housing target in the order of 1,500 per annum.⁷ It is not realistic to deliver this level of housing overall or affordable housing given current funding mechanisms.
- 3.21 There are two key factors against which this annual need must be put into context. Firstly, as recognised in the SHMA, there are likely to be households who are adequately housed albeit whilst paying more than the 25% of income threshold which is assumed for the calculations, thus somewhat reducing the “real” need for genuine affordable housing. Secondly, the SHMA indicates that the private rented sector currently plays a significant role in meeting affordable housing needs in the district, with an estimated 692 lettings per annum to households supported by Local Housing Allowance.
- 3.22 Given the significant role of the private rented sector in meeting needs in Arun and thus reducing affordable housing pressure, the evidence indicates that there is a limited case for considering increasing housing provision over and above the demographic-based projections in order to ensure affordable housing needs will be met. However there are policy choices – and higher housing numbers could potentially support stronger affordable housing delivery.

Increase supply to ensure sufficient labour supply to support forecast economic growth?

- 3.23 The economic projections indicate that meeting future employment growth in Arun could provide a basis for considering higher housing provision than shown in the trend-based demographic projections alone. The economic-led scenarios in the Updated Demographic Projections Report all indicate a greater housing need, ranging from 850 homes per annum to 1,021 homes per annum. However, these levels of housing provision would represent relatively bullish annual housing growth rates (1.2% to 1.5%) for a lower-value market in the region which is located at some distance from London and other larger economic centres in the South East. We consider that it would be difficult for the market to support these levels of delivery, particularly towards the higher end of the range. Furthermore there is currently a notable degree of net out-commuting from the District to work, and the interaction between employment growth and housing need could be influenced by changes in commuting.

Overall assessment of housing development needs in Arun

- 3.24 On the basis of the evidence, we conclude that a range from a “floor” of 550 homes per annum (consistent with the updated demographic projections, PROJ 2) up to an upper end of 650 homes

⁷ Based on an assumed 30% affordable housing delivery.

per annum would represent a robust objective housing need for Arun. This would represent 0.8-0.9% housing growth per annum.

- 3.25 The lower end of the range is consistent with the trend-based demographic projections (PROJ 2). However arguably this projects forward trends in household formation which appear to have been suppressed to some degree over the 2001-11 decade by declining affordability and the impact of the economic recession and these would arguably be perpetuated by housing provision at the this level.
- 3.26 The higher end of the range adjusts upwards the level of housing provision to support stronger levels of household formation. This higher level of provision would also go some way to supporting stronger delivery of affordable housing (providing around 30 more affordable homes per year) and could support a stronger growth in the workforce to support economic growth.
- 3.27 The evidence suggests that in the past economic growth has not been a particularly stronger driver of housing provision in the District.

Brighton & Hove City

The Starting Point – Demographic Projections

- 3.28 Projecting forward the ONS 2011-based interim SNPP (and related CLG household projections) to 2031, indicates a need for 873 homes per annum in Brighton & Hove, representing a housing growth rate of 0.7% per annum. The updated SNPP scenario (PROJ 2) indicates a significantly higher requirement for 1,859 homes per annum. This scenario projects forward a substantially higher population change than has previously been experienced in the City and is informed by ONS assumptions on migration which we do not consider to be reasonable. It is now considered that this figure over-estimates migration taking account of ONS' latest figures for Un-attributable Population Change in the City and the results of the 2011 Census. It should be recognised that projecting population growth in Brighton and Hove is more complex than in the other areas, and subject therefore to a greater error margin; as demonstrated by the difference between the 2011 Census population estimates and ONS pre-census data.
- 3.29 We have also run two additional projections: a 5 year migration trend scenario which indicates a need for 2,099 homes per annum and a further scenario linked to actual population change over the previous decade which generates a need for 1,683 homes per annum over the 20 year period to 2031.

Do market signals indicate a need to increase housing supply in order to address affordability and/or high demand?

3.30 Analysis of the market signals set out in the Planning Practice Guidance does indicate a degree of market pressure to increase housing supply in Brighton & Hove. Whilst affordability is broadly aligned with the West Sussex average, it has worsened at a significantly faster rate than comparator areas over the past decade. Market signals point to significantly higher housing demand in the City, with median pricing and rental levels both markedly above the Country averages and residential land values markedly above surrounding areas and the wider South East. Brighton & Hove also experiences a higher degree of overcrowding than other areas within the Housing Market Area (although this may in part be related to the student market). Our findings in respect of each of the indicators in the Planning Practice Guidance are set out below:

- **Affordability:** Lower quartile affordability in Brighton & Hove (9.00) is slightly better than the county average (9.10). Affordability has worsened markedly since 1997 (when the ratio was 3.48) and – with an increase equivalent of 158% - has worsened at a significantly faster rate than West Sussex generally. Affordability in the City worsened particularly rapidly between 1997 and 2002 when compared to surrounding areas.
- **House Prices:** During the pre-recession decade (1998-2007), median prices in Brighton & Hove increased by an average of 28.1% per annum, significantly faster than the levels of growth seen across West Sussex (19.1%), suggesting higher demand pressure. At the peak of the market, median prices in the City (£240,000) were around 5% above the county average and a similar margin above South East averages. Since the market downturn in 2008, price growth in Brighton & Hove has been broadly consistent with the county average (5.7% growth 2008-2012). Current median house prices in the City (£250,000) are above average West Sussex levels and levels across East Sussex (£212,250).
- **Rents:** Median monthly private rental values in Brighton & Hove (£825 pcm) are markedly above both the East and West Sussex and South East comparators. However, data indicates that the City has experienced a small decline in average rental values since 2011, whilst both West Sussex and the South East have experienced growth (3.6% and 7.1% respectively). Rents in East Sussex have fallen. Median rents for all property sizes are above comparator areas, with particularly significant divergence for larger properties (3 and 4 bedrooms).
- **Land Values:** Residential land values in Brighton in 2010 were around £3.3m to £4.5m per hectare, significantly above regional averages (£2.3m-£2.6m/ha). Nationally there has been little growth in land values since 2010. At peak, land values in Brighton & Hove were estimated to be between £4.3m and £7.5m per hectare (the latter being for sites for flats), again above corresponding regional figures (£3.8m-£4.6m/ha). Land values in Brighton grew by 88% between 2001 and 2007, outpacing regional growth at 77%, with particularly strong growth in the value of sites for flats.
- **Overcrowding:** Overcrowding is a notable issue in Brighton & Hove. Data from the 2011 Census shows more than 14,500 overcrowded households in the City; equivalent to 6.7% of the total which is significantly above regional and national averages (although it is acknowledged that this is likely to be in part due to the student market and the nature of the City's housing stock).

Between 2001 and 2011, overcrowding in Brighton & Hove increased by 43% (an additional 6,238 households)⁸, markedly above regional (36.1%) and national (32.3%) changes. Whilst a number of factors are likely to have influenced this, it indicates a degree of unmet need in the market over the past decade.

- **Rates of Delivery:** Brighton & Hove experienced an over-delivery of housing against planned targets in the period between 2001 and 2012. Over the 2006-11 period a total of 2,748 units were delivered in the City against a requirement for 2,850 (representing an under-delivery of 102 homes).

- 3.31 Trends in household size in Brighton & Hove provide additional evidence of household suppression. According to the 2011 Census, average household size across Brighton & Hove was 2.25 persons per household. If long-term term headship and household formation trends continued over 2001-2011 decade (i.e. the trends which underpinned the 2008 projections), an average household size of 2.20 would have been expected given the City's current population and age structure.
- 3.32 As the market analysis shows, stock growth over the past decade in Brighton & Hove has been comparatively modest, particularly given the dynamics of the local housing market in respect of pricing and demand. The evidence points towards a case for considering higher housing provision (relative to the demographic projections) to improve the affordability of market housing over time.

Is there a need to increase housing supply in order to ensure delivery of the required number of affordable homes?

- 3.33 The latest assessment of affordable housing need for Brighton & Hove is set within the *Assessment of Affordable Housing Need* (GL Hearn, December 2012). This assessment identifies a substantial net annual affordable housing need in Brighton & Hove, equivalent to more than 3,480 affordable homes per annum; falling to 2,411 affordable homes per annum if current backlog need is addressed over a 19 year plan period to 2031 (instead of five years).
- 3.34 However, there are two key factors against which this annual need must be put into context. Firstly, as recognised in the *Assessment of Affordable Housing Need Study*, there are likely to be households who are adequately housed albeit whilst paying more than the 25% of income threshold which is assumed for the calculations, thus somewhat reducing the "real" need for genuine affordable housing. As the study demonstrates, if the threshold is increased to 35%, net annual need drops to around 2,500 per annum (or lower if the backlog is addressed over a longer period). The private rented sector currently plays an important role in meeting affordable housing needs in

⁸ Based on the Census occupancy rating. This is likely to over-estimate overcrowded households. Moreover in Brighton and Hove we would expect a significant proportion of the increase shown to represent growth in multi-occupancy student lettings.

Brighton & Hove, with an estimated 1,844 households per annum having their needs met through the private rented sector⁹.

- 3.35 Whilst these two factors serve to reduce the upward pressure created by meeting affordable housing needs, there nonetheless remains a considerable need to deliver affordable housing in Brighton & Hove. There is thus a clear rationale for considering an upward adjustment to the baseline demographic need in order to facilitate enhanced delivery of affordable housing.

Increase supply to ensure sufficient labour supply to support forecast economic growth?

- 3.36 The three employment driven scenarios for Brighton & Hove set out in the updated demographic projections report are broadly aligned, indicating a growth in labour supply of between 16,440 and 20,300 people over the 20 year projection period. This is below the labour supply generated by the 5 and 10 year migration scenarios which generates an increase in labour supply of between 35,500 – 47,100 people. The housing need driven by future employment forecasts are between 995 and 1,142 homes per annum.

Overall assessment of housing development needs in Brighton & Hove

- 3.37 On the basis of the evidence, we conclude that a range from 900 homes per annum (consistent with the SNPP) up 1,200 homes per annum would represent a robust objective housing need for Brighton & Hove.
- 3.38 This range would allow the City to meet likely future demographic needs whilst also being consistent with the level of housing required to support likely future economic growth. The upper end of the range would also support enhanced affordable housing delivery.
- 3.39 The Brighton and Hove City Plan Part I examination has identified an Objectively Assessed Housing Need for 20,000 homes over the 2010-30 plan period (1,000 per year).

Chichester District

The Starting Point – Demographic Projections

- 3.40 Within the Updated Demographic Projections Report, the SNPP-based projection (PROJ 1), which projects forward the ONS SNPP to 2031, indicates a need for 581 homes per annum in Chichester over the 20 year period. The need reduces modestly to 529 homes per annum in the PROJ 2 scenario which takes account of the latest demographic evidence. In line with the Planning Practice

⁹ Based on GLH modelling

Guidance, this adjusted PROJ 2 requirement is considered to be a robust starting point for overall housing need.

Do market signals indicate a need to increase housing supply in order to address affordability and/or high demand?

3.41 The market signals indicate that there is a comparatively high degree of market pressure in Chichester. Lower quartile affordability in the district is significantly worse than the West Sussex average with median house prices similarly high compared to surrounding areas. The district has also experienced a considerably stronger recovery in prices and demand since the downturn in 2008 compared to West Sussex more widely, indicating that pressure is returning to the market in Chichester more quickly. Chichester has also seen a significant under-delivery of housing against targets over the recent past. Detailed discussion of the evidence for each of the indicators is set out below:

- **Affordability:** The evidence indicates that affordability issues are significantly more acute in Chichester than comparator areas with the district having a lower quartile affordability ratio of 10.41, considerably worse than the county average (9.10). Affordability has worsened markedly since 1997 (when the ratio was 4.40); however, over the past decade it has worsened at a slower rate in Chichester (86%) than across West Sussex as a whole (115%).
- **House Prices:** During the pre-recession decade (1998-2007), median prices in Chichester grew at a slightly slower rate (17.5% p.a.) than across West Sussex more generally. However, at the peak of the market, median prices in Chichester (£260,000) were around 13% above the county average and a similar margin above South East averages. Since the market downturn in 2008, price growth in Chichester has significantly outperformed the county average with growth of 14.3% between 2008 and 2012, indicating that demand pressures are in relative terms stronger than in surrounding areas. Current median house prices in the district (£290,000) are significantly (22%) above West Sussex average (£238,000).
- **Rents:** Median monthly private rental values in Chichester (£775 pcm) are slightly above averages for West Sussex and the South East. Rental price growth in Chichester since 2011 (3.3%) has been relatively modest compared to the regional average but broadly consistent with growth across West Sussex. Median rents for most property sizes in Chichester are broadly consistent with regional averages; however, the district experiences higher than average rental levels for 3 bedroom properties.
- **Overcrowding:** There is no significant issue in overcrowding in Chichester: Census 2011 data shows that 2.4% of households (1,184) in the borough are overcrowded, significantly less than regional and national averages. In the decade to 2011, the number of overcrowded households increased by 28% (an additional 553 households) in Chichester¹⁰, notably below the increases seen at the regional and national level.
- **Rates of Delivery:** Housing stock growth in the district between 2001 and 2011 was on average 0.9% per annum, above the West Sussex average and broadly comparable to the average across the South East region. In terms of past delivery trends, Chichester experienced a under-

¹⁰ Based on the Census occupancy rating. This is likely to over-estimate the growth in over-crowded households.

delivery of housing over the 2006-11 period with delivery of 2,147 homes against a requirement for 2,400 homes (an under-delivery of 253 homes).

- 3.42 Past housing under-delivery together with the wider market signals indicates that the district could have experienced a degree of household suppression over the past decade. However, comparison of actual household size in the borough in 2011 (2.28) with the size which would have been expected had historic headship and formation trends been maintained (2.26), indicates that any suppression is likely to have been comparatively modest.
- 3.43 The higher prices, affordability pressures and historic under-delivery of housing provides some case for considering an upward adjustment to housing provision relative to the demographic projections in order to improve the affordability of market housing over time.

Is there a need to increase housing supply in order to ensure delivery of the required number of affordable homes?

- 3.44 Affordable housing need in Chichester District was assessed within the Coastal West Sussex SHMA (November 2012). The SHMA, which assesses needs over a five year period, identifies a net need for around 356 affordable homes per annum. Assuming the backlog is addressed over a longer period to 2031 (i.e. 19 years); net annual need falls to 262 affordable homes per annum.
- 3.45 However, there are two key factors against which this annual need must be put into context. Firstly, as recognised in the SHMA, there are likely to be households who are adequately housed albeit whilst paying more than the 25% of income threshold which is assumed for the calculations, particularly in a more “affluent” area such as Chichester. Secondly, the private rented sector is also shown to play a potentially important role in meeting affordable housing needs, with an estimated 275 lettings per annum in the sector to households receiving local housing allowance (LHA).
- 3.46 Given the role of the private rented sector in meeting needs in Chichester District and thus reducing affordable housing pressure, the evidence indicates that there is a limited case for considering increasing housing provision over and above the demographic-based projections in order to ensure affordable housing needs will be met. However there are policy choices – and higher housing numbers could potentially support stronger affordable housing delivery.

Increase supply to ensure sufficient labour supply to support forecast economic growth?

- 3.47 Economic driven projections indicate that supporting future forecast employment growth in Chichester District could generate upward pressure on housing needs. The three projections are all broadly aligned, indicating a requirement for between 760 and 800 homes per annum, representing quite strong annual growth of 1.5%. This would generate additional labour demand of between

10,600 and 11,540 people in the district over 20 years to 2031, compared to a labour supply increase of 4,330 under the updated SNPP (PROJ 2) scenario.

Overall assessment of housing development needs in Chichester

- 3.48 Bringing the evidence together and taking account of the specific “tests” set out by the Planning Practice Guidance, we consider that an objective assessment of housing needs for Chichester would be 530-650 homes per annum, with the higher end of the range representing household growth of 1.2% per annum.
- 3.49 The lower end of the range is based on meeting demographic needs. However arguably this projects forward trends in household formation which appear to have been suppressed to some degree over the 2001-11 decade by declining affordability and the impact of the economic recession and these would arguably be perpetuated by housing provision at this level.
- 3.50 Housing provision towards the upper end of the range would respond to the market signals (in particular affordability) and the potential upside pressure created by economic growth (although recognising the uncertainty associated with such projections).

Lewes District

The Starting Point – Demographic Projections

- 3.51 The SNPP-based projection (PROJ 1), which projects forward the ONS SNPP to 2031, for Lewes indicates a need for 610 homes per annum. Our projection adjusted to take account of the latest demographic data and migration trends following publication of Census data (PROJ 2) indicates a notably lower need for 464 homes per annum. This is considered to be a reasonable starting point for considering housing needs for Lewes District.

Do market signals indicate a need to increase housing supply in order to address affordability and/or high demand?

- 3.52 The market signals indicate that there is a reasonable level of market pressure in Lewes. Issues with lower quartile affordability in Lewes are considerably more acute than across East and West Sussex generally. House prices are average relative to surrounding areas. Detailed discussion of the evidence for each of the indicators is set out below:
- **Affordability:** Lower quartile affordability in Lewes (10.06) is notably worse than both the East Sussex (8.86) and West Sussex (9.10) averages. Affordability in the district has worsened markedly since 1997 (when the ratio was 3.48) and – with an increase of 143% - has worsened

at a significantly faster rate than comparator areas over the corresponding period (East Sussex 117%; West Sussex 115%).

- **House Prices:** During the pre-recession decade (1998-2007), median prices increased at a markedly faster rate in Lewes (22.6% p.a.) than the average across East and West Sussex. At the peak of the market, median prices in the district (£239,950) were above the West Sussex average and a more significant margin above the East Sussex average. However, since 2008, Lewes has actually seen a decline in prices (-1.3%) whilst all other comparator areas have experienced growth (generally around 5%+), suggesting a comparatively limited recovery in demand locally. As a result, current median house prices in Lewes (£231,995) are now below the West Sussex average (£238,000) but remain above the East Sussex average (£212,250).
- **Rents:** Median monthly private rental values in the district (£795 pcm) are slightly above averages for wider comparators such as West Sussex and the South East region. Rental price growth in Lewes since 2011 (6.0%) has been broadly consistent with regional growth and above the rental growth seen across East Sussex.
- **Overcrowding:** There is no significant issue in overcrowding in Lewes: Census 2011 data shows that 2.9% of households (1,237) in the borough are overcrowded, significantly less than the proportions of overcrowding at regional and national level. In the decade to 2011, the number of overcrowded households¹¹ increased by 21% (an additional 452 households) in Lewes, notably below the overcrowding increases seen at the regional and national level.
- **Rates of Delivery:** Past delivery performance in Lewes has been positive compared to planned targets, with 1,305 completions against a requirement for 1,100 homes (over-delivery of 205 homes). However, housing stock growth in the district between 2001 and 2011 was on average 0.6% per annum, below the growth seen across the South East region (0.9%).

3.53 The affordability evidence coupled with the comparatively low housing growth rate over the past decade indicates a degree of household suppression may have occurred in Lewes. Comparison of actual household size in the borough in 2011 (2.31) with the size which would have been expected had historic headship and formation trends been maintained (2.27), indicates that there is likely to have been a reasonably notable degree of suppression in the district over the past decade, particularly compared to other areas in the Sussex Coast HMA.

3.54 Market housing is relatively unaffordable, which a lower quartile house price to income ratio of over 10. This provides some basis for considering an upwards adjustment to housing provision.

Is there a need to increase housing supply in order to ensure delivery of the required number of affordable homes?

3.55 Recent work has been undertaken that has provided a quantitative assessment of affordable housing needs arising in Lewes District. This indicates a net need for 389 affordable homes per annum in order to clear the backlog housing need over the five year period to 2018. Assuming the PRS plays a similar role in Lewes as in surrounding areas in the Sussex Coastal area, meeting

¹¹ Based on the Census Occupancy Rating. This is likely to over-estimate overcrowded households.

affordable housing needs is likely to place some upside pressure on overall housing needs in Lewes District.

Increase supply to ensure sufficient labour supply to support forecast economic growth?

- 3.56 The economic projections indicate that seeking to support and align housing with future economic growth is likely to generate upward pressure on housing need in Lewes. The economic-led scenarios in the updated demographic projections all indicate a greater housing need, ranging from 500 homes per annum to 640 homes per annum; however, the latter represents a relatively high level of annual growth (1.5%).

Overall assessment of housing development needs in Lewes

- 3.57 Bringing the evidence together and taking account of the specific “tests” set out by the Planning Practice Guidance, we consider that an objective assessment of housing needs for Lewes would be 460-520 homes per annum, with the higher end of the range representing household growth of 1.2% per annum.
- 3.58 The lower end of this range is consistent with meeting future demographic needs. However arguably this projects forward trends in household formation which appear to have been suppressed to some degree over the 2001-11 decade by declining affordability and the impact of the economic recession and these would arguably be perpetuated by housing provision at the this level.
- 3.59 Provision towards the upper end of the range would respond to the market signals (in particular affordability) and evidence of past household suppression in the district through allowing increased household formation moving forward. It also recognises and responds to the upside pressure created by future economic growth (although recognising the uncertainty associated with such projections).

Worthing Borough

The Starting Point – Demographic Need

- 3.60 Within the Updated Demographic Projections Report, the SNPP-based projection (PROJ 1), which projects forward the ONS SNPP to 2031, indicates a requirement for 599 homes per annum in Worthing over the 20 year period, equivalent to a relatively strong level of growth of 1.2% per annum. This requirement increases further to 676 homes per annum (1.4% p.a. growth) in the PROJ 2 scenario which takes account of the latest demographic evidence.
- 3.61 Similar to Brighton & Hove, the latter scenario projects forward a significantly higher level of population change than has previously been experienced in the borough. This is likely to partly

reflect the changing age structure of the population (with older persons less likely to migrate out, whilst we see growth in in-migration from other areas as the population in these areas increases). As a result, we have again run two additional scenarios to calibrate likely future demographic needs: a 5 year migration trend scenario which indicates a need for 606 homes per annum and a further scenario linked to migration over the 2001-2011 decade which generates a requirement for 458 homes per annum over the 20 year period to 2031.

- 3.62 A detailed explanation of the differences between the demographic projections is set out in the Demographic Projections Report of October 2013.

Do market signals indicate a need to increase housing supply in order to address affordability and/or high demand?

- 3.63 The market signals indicate relatively low market pressure in Worthing. The borough is comparatively more affordable than surrounding areas and pricing levels indicate the borough experiences generally lower demand than the wider housing market. However housing growth in the borough over the past decade has however been comparatively low. Detailed discussion of the evidence for each of the indicators is set out below:

- **Affordability:** Housing in Worthing is notably more affordable than surrounding areas and West Sussex generally: the borough has a lower quartile affordability ratio of 8.44 compared to 9.10 across the county. Affordability in the borough has worsened markedly since 1997 (when the ratio was 3.53) and – with an increase of 138% - has however worsened at a faster rate than comparator areas over the corresponding period (West Sussex 115%).
- **House Prices:** During the pre-recession decade (1998-2007), median prices increased at a similar rate in Worthing (20.0% p.a.) as West Sussex as a whole. At the peak of the market, median prices in the borough (£200,000) were around 13% below the county average. Since the downturn in 2008, the borough has experienced price growth of 7.2%, slightly above the county average of 6.3%, suggesting demand returning to the local market slightly faster. However, current median house prices in Worthing (£209,000) remain a significant margin (12%) below the county average.
- **Rents:** Median monthly private rental values in the borough (£625 pcm) are considerably lower than the average for both West Sussex and the South East region. Worthing has experienced a modest level of rental growth since 2011 (4.2%), slightly above the county level but below regional trends.
- **Land Values:** Residential land values in Worthing in 2010 were around £2m to £2.2m per hectare, slightly below the South East averages (£2.3m-£2.6m/ha). Nationally there has been little growth in land values since 2010. At peak, residential land values were estimated to be between £3m and £4m per hectare (depending upon the type of site), again below corresponding regional figures (£3.8m-£4.6m/ha). Land values in the borough grew by 101% between 2001 and 2007, outpacing regional growth at 77%; however, growth in the value of sites for flatted developments was particularly weak. Land values have fallen since 2008.
- **Overcrowding:** There is no significant issue with overcrowding in Worthing. Analysis of data from the 2011 Census shows that 3.6% of households (1,696) in the borough are overcrowded,

broadly consistent with the regional level but slightly above surrounding areas. However, in the decade to 2011, the number of overcrowded households increased by 39% (an additional 1,200 households)¹² in Worthing, slightly above the corresponding increases in overcrowding experienced at the regional and national level, suggesting a slightly greater level of unmet demand.

- **Rates of Delivery:** Over the period from 2006-11, the borough has exceeded planned housing targets. A total of 1,399 have been completed in the borough compared to a requirement for 1000 homes; resulting in an over-delivery of 399 homes. However, housing stock growth in Worthing between 2001 and 2011 was relatively modest, on average 0.5% per annum, slightly below the West Sussex average (0.6%) and a significant margin below the levels of growth seen across the South East region (0.9%).

- 3.64 The comparative growth in overcrowding in the borough as well as the evidence of relatively low housing stock growth indicates a degree of household suppression may have occurred in Worthing over the past decade. Comparison of actual household size in the borough in 2011 (2.23) with the size which would have been expected had historic headship and formation trends been maintained (2.19), indicates that there is likely to have been a degree of suppression in the borough over the past decade, particularly compared to other areas in the Sussex Coast HMA.

Is there a need to increase housing supply in order to ensure delivery of the required number of affordable homes?

- 3.65 Affordable housing need for Worthing was assessed in the Coastal West Sussex SHMA (November 2012). The SHMA, which assesses needs over a five year period, identifies a net need for around 478 affordable homes per annum; however, annual need falls to 449 affordable homes per annum if the backlog is addressed over the period to 2031.
- 3.66 However, there are two key factors against which this annual need must be put into context. Firstly, as recognised in the SHMA, there are likely to be households who are adequately housed albeit whilst paying more than the 25% of income threshold which is assumed for the calculations, thus somewhat reducing the “real” need for genuine affordable housing. Secondly, the SHMA indicates that an estimated 464 households per annum could have their needs met in the private rented sector supported by Local Housing Allowance.
- 3.67 Given the role of the private rented sector in meeting needs in Worthing and thus reducing affordable housing pressure, the evidence indicates that there is a limited case for considering increasing housing provision over and above the demographic-based projections in order to ensure affordable housing needs will be met. However there are policy choices – and higher housing numbers could potentially support stronger affordable housing delivery.

¹² Based on the Census Occupancy Rating. This is likely to over-estimate growth in overcrowded households.

Increase supply to ensure sufficient labour supply to support forecast economic growth?

- 3.68 There is little evidence that supporting forecast economic growth in Worthing will create upward pressure on housing provision. The economic-led scenarios set out in the updated demographic projections all indicate a broadly consistent labour supply increase of 10,100 to 10,700 over the plan period, below the level of growth in the working age population resulting from the demographic scenarios. The housing requirements arising from the economic driven scenarios range from 506 to 535 homes per annum depending upon the scenario.

Overall assessment of housing development needs in Worthing

- 3.69 On the basis of the evidence, we conclude that a range from 500 homes per annum up to 600 homes per annum would represent a robust objective housing need for Worthing.
- 3.70 The various projections developed indicate a need for between 458 – 676 homes per annum in the Borough. The economic projections sit within this range, indicating a need for between 506-535 homes per annum to support forecast economic growth. We have sought to narrow this range in drawing conclusions, identifying a need for between 500-600 homes per annum.

4 SUMMARY AND CONCLUSIONS

- 4.1 This Study provides a revised assessment of housing need in each authority within the Sussex Coast HMA. It updates the findings of the Housing (Duty to Cooperate) Study of May 2013, prepared by GL Hearn, to take account of more recent demographic evidence contained within the Updated Demographic Projections Report (GL Hearn, August 2013) and the Planning Practice Guidance published by Government in March 2014.
- 4.2 Figure 2 below summarises our conclusions. It identifies the annual need for housing over the 2011-31 period. This assessment takes account of past demographic trends. The higher end of the range includes adjustments to the demographic projections take account of market signals and the need for affordable housing, to support stronger household formation rates and/or to support stronger growth in the resident workforce.

Figure 3: Report Conclusions – Need for Housing per Annum, 2011-31

Homes per Year (2011-31)			
	Low	High	Midpoint
Adur	180	240	210
Arun	550	650	600
Brighton & Hove	900	1200	1050
Chichester	530	650	590
Lewes	460	520	490
Worthing	500	600	550
HMA Total	3120	3860	3490

- 4.3 The Study does not set housing targets. In taking forward the assessment of need in developing local plans, each council will need to bring this together with their wider evidence; consider issues related to housing land availability, constraints and infrastructure provision. The above assessment is undertaken on a 'policy-off' basis and each council will additionally need to consider how its strategies for housing and economic growth align with one another.