

Worthing Housing Study

Worthing Borough Council

FINAL

June 2015

Prepared by

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Quality Standards Control

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

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

DATE

June 2015

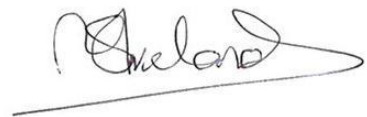
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Limitations

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1 INTRODUCTION

- 1.1 This report has been prepared by GL Hearn for Worthing Borough Council to quantify the future need for housing in Worthing Borough.
- 1.2 The approach adopted is guided by the requirements of the National Planning Policy Framework (NPPF), which was published by Government in March 2012; and subsequent Planning Practice Guidance (PPG) on Housing and Economic Development Needs Assessments, published in March 2014, which specifically sets out how assessments such as this should be undertaken.
- 1.3 Following the requirements of the NPPF, the report sets what the “objectively assessed need” (OAN) for housing in Worthing Borough would be, in the absence of any development constraints. The Planning Practice Guidance requires assessments to be undertaken in this way, not least so that any shortfall in housing provision can be quantified. What the report does not do is set a housing target.
- 1.4 The report assesses ‘housing need’. The Planning Practice Guidance sets out that the need for housing describes both market and affordable housing, and is intended to address the scale of housing supply necessary to meet housing demand.
- 1.5 In setting a housing target Worthing Borough Council must also consider the availability of land for development which is suitable for housing. The geography of the Borough, with an urban area which is bounded on one side by the English Channel and the other by the South Downs National Park, are clear influences on the availability of potential sites which could be developed for housing. These are very relevant issues in considering what housing provision can be planned for in the Borough, through the new Local Plan.
- 1.6 To follow due process, the Council must first establish what the Borough housing need is, before constraints-based factors including the available supply of land for new development, environmental constraints or issues associated with infrastructure are considered. This is not, by any means, to suggest that these are not important; or that they will not affect future housing provision. But before they are applied, the ‘unconstrained need’ must first be established. That is what this report does.
- 1.7 Government policy emphasises that Councils should plan to meet the identified housing need where it is sustainable to do so, unless nationally-significant designations (including the designation of a national park) indicate that development should be restricted. The High Court judgement in the case of Gallagher Homes Ltd and Lioncourt Homes Ltd vs. Solihull Metropolitan Borough Council makes a clear distinction between “objectively assessed needs” for housing and a “policy on” housing target which takes account of wider considerations. However it clearly sets out that the bar is set high in regard to meeting defined housing needs in the NPPF, describing this as ‘a

consideration of particular standing.’ What this means is that the Council will need to ensure that it has critically explored all potential development options to meet the identified development needs through the new Local Plan.

National Policy and Guidance

- 1.8 The Coalition Government has reformed the policy framework for strategic planning, particularly on issues such as housing. Regional strategies have been revoked (the South East Plan¹ was revoked in April 2013) and responsibility for planning on cross-boundary issues has been returned to local authorities.
- 1.9 The primary legislation to support this is the 2011 Localism Act which now imposes a ‘duty to cooperate’ on local authorities, requiring them to “**engage constructively, actively and on an on-going basis**” with the other authorities and relevant bodies. **The Duty to Cooperate is applied as both a legal and soundness test to which development plans must comply.**
- 1.10 **Worthing Borough Council has been working with other authorities in the Coastal West Sussex and Greater Brighton area to consider housing need and provision across the wider Sussex Coast Housing Market Area (HMA). To this end Worthing Borough Council, along with the other Sussex Coast authorities, commissioned a study into housing needs across the area with regards to the Duty to Co-operate requirements introduced by the Localism Act and the NPPF. This report was published by GL Hearn in May 2013 and is detailed later this chapter.**
- 1.11 National policies for plan-making are set out within the National Planning Policy Framework². This sets out key policies against which development plans will be assessed at examination and to which they must comply.

National Planning Policy Framework (NPPF)

- 1.12 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 or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.
- 1.13 The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the

¹ CLG (May 2009) *The South East Plan – Regional Spatial Strategy for the South East of England*
² CLG (March 2012) *National Planning Policy Framework*

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.

1.14 Paragraph 181 sets out that LPAs will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining.

1.15 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 outlines that planning should also take account of market signals, such as land prices and housing affordability. Paragraph 173 also makes clear that plans must be deliverable.

Key Implications

1.16 The National Planning Policy Framework (NPPF) has changed the approach to planning for housing provision relative to that used in the South East Plan, when the relevant national policies were set out in Planning Policy Statement 3: Housing (PPS3).

1.17 PPS3 emphasised considering housing need alongside other factors, including land availability and development constraints – with the balance between these factors being considered in identifying housing targets.

1.18 Across the Sussex Coast Sub-Region the level of housing provision in the Plan did not meet objectively-assessed needs based on a continuation of existing levels of in-migration, with the impact primarily being potentially reduced migration into the area. The spatial distribution strategy, and indeed the housing target identified for Worthing Borough, was strongly influenced by urban capacity.

1.19 The NPPF has changed the goal posts. It places a much greater emphasis on identifying and then planning to meet housing need where it is sustainable to do so. Meeting full objectively assessed housing need has been described in a recent High Court Judgement in this context as a clear policy goal and “consideration of particular standing.”

National Planning Practice Guidance

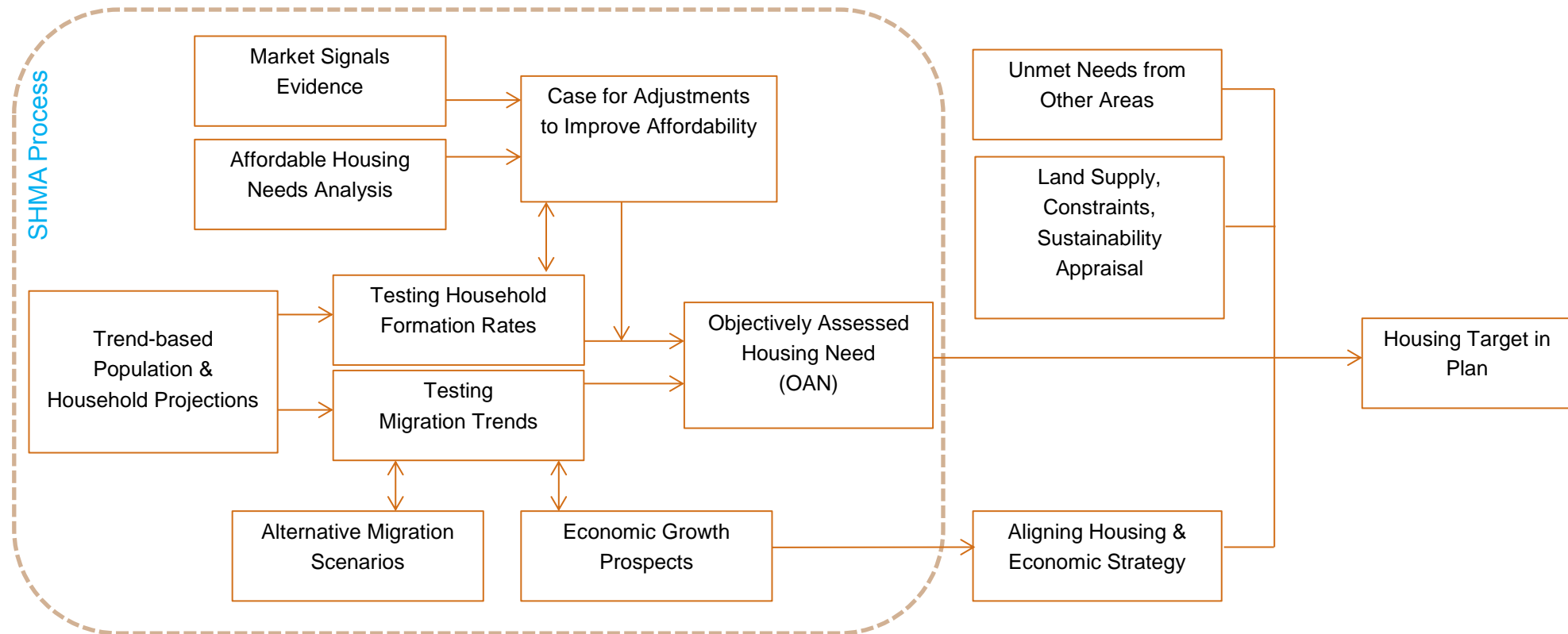
- 1.20 New Planning Practice Guidance was issued by Government in March 2014 on ‘*Assessment of Housing and Economic Development Needs*’. This is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report takes account of this Guidance.
- 1.21 The Guidance defines “need” as referring to *“the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.”*
- 1.22 The Guidance sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:
- “Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.”*
- 1.23 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 of need. However, 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 the latest projections are the 2012-based CLG Household Projections, released in February 2015. It also outlines that the latest population estimates and projections should be considered. The latest ONS population projections are the 2012 Sub-National Population Projections published by ONS in May 2014.
- 1.24 It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.
- 1.25 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

- 1.26 The Guidance also indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

Overview of the Approach to Deriving OAN

- 1.27 The NPPF and Practice Guidance set out a clear approach to defining the Objectively Assessed Need (OAN) for housing. We have sought to summarise this within the diagram overleaf. This summarises the approach we have used to consider OAN.
- 1.28 A more detailed description of the demographic projections methodology employed in this OAN study is laid out in Appendix B of this report.

Figure 1: Overview of Approach



Worthing's Core Strategy

- 1.29 The Worthing Core Strategy was adopted in April 2011. The Core Strategy pre-dates the publication of the National Planning Policy Framework (NPPF) in March 2012 which superseded previous national planning policy and guidance documents. The Core Strategy was examined and approved within the context of the previous regional planning policy, which has now been revoked.
- 1.30 Policies in the NPPF are accorded full weight at appeal hearings and will override any local policies which are out-of-date or not in full conformity with the NPPF. The NPPF sets a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed needs (OAN), with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the NPPF taken as a whole, or specific policies in the Framework indicate development should be restricted. In terms of housing, the NPPF states that local planning authorities should use their evidence base to ensure that their Local Plan meets full OAN for market and affordable housing in the housing market area, as far as it is consistent with the Framework to do so.
- 1.31 In a January 2014 planning appeal decision in Sevenoaks, Kent³, the Inspector found that there was a clear difference between the approaches to forming housing targets taken in the adopted Sevenoaks Core Strategy, which was adopted prior to the adoption of the NPPF, and the approach now required by the NPPF. As such, the approaches that informed the Sevenoaks Core Strategy were not considered to be up-to-date and accordingly neither was the housing target identified in the adopted Core Strategy. As a result, the Inspector found that the Council could not demonstrate a five year housing land supply and thus granted permission for the proposed 140 dwelling scheme. Worthing, like Sevenoaks, adopted its Core Strategy prior to adoption of the NPPF and as such the housing provision policies within the Worthing Core Strategy risk similarly being found to be out-of-date.
- 1.32 Since adoption of the NPPF there have been a number of assessments identifying an OAN in Worthing (considered further below). The most recent of these was the Sussex Coast Assessment of Housing Development Needs Study (GLH, April 2014) which found that a range from 500 homes per annum up to 600 homes per annum would represent a robust objective housing need for Worthing. This is considerably higher than the current target of 200 dwellings per annum currently being planned for within the adopted Core Strategy.
- 1.33 National Planning Policy Guidance (NPPG) indicates that, for five-year land supply purposes, targets in adopted plans should be given considerable weight unless significant new evidence comes to light. For Worthing, the 2014 OAN study would be considered to be 'significant new

³ Land at Broom Hill, Swanley, Kent APP/G2245/A/13/2195874, 5, 8, 9

evidence' thereby lessening the weight given to the Core Strategy figure of 200dpa in an appeal situation.

- 1.34 It is against this context, and reflecting the significant changes to the planning system since the adoption of Worthing's Core Strategy, there is now a need to progress the Core Strategy Review. This is to be advanced as a new Local Plan.
- 1.35 This document aims to provide an up-to-date objective assessment of housing need in Worthing in accordance with NPPF and PPG requirements in order to inform the Core Strategy Review / Local Plan. Unlike previous OANs this study is focussed on the Borough of Worthing and assesses local housing need and market dynamics rather than the larger sub-regional focus of previous studies.

Sussex Coast Housing Market Area Studies

- 1.36 Worthing Borough forms part of a wider Sussex Coast Sub-Regional Housing Market Area (HMA). The HMA stretches from Lewes in the east to Chichester in the West, and contains the local authorities of Chichester, Arun, Worthing, Adur, Brighton and Hove, and Lewes.
- 1.37 GL Hearn has previously prepared a Strategic Housing Market Assessment Update for the wider HMA, which was published in November 2012. Subsequent to this, GL Hearn has updated demographic projections to take account of new data; and updated its assessment of OAN to reflect the Planning Practice Guidance. This has been done through the following studies:
- Housing Study (Duty to Cooperate) Report, May 2013;
 - Updated Demographic Projections for the Sussex Coast HMA Authorities, October 2013;
 - Assessment of Housing Development Needs: Sussex Coast HMA, April 2014.

Coastal West Sussex SHMA Update (November 2012)

- 1.38 This Study was an update of the 2009 Coastal West Sussex SHMA. Commissioned by the local authorities of Adur, Arun, Chichester and Worthing – which collectively comprise the Coastal West Sussex HMA – together with the South Downs National Park Authority. The SHMA Update takes account of changes in the housing stock, market dynamics, short- and long-term drivers of change and the impact of current and emerging policy at a national and local level. This includes the Localism Act, National Planning Policy Framework and Welfare Reforms.
- 1.39 The various projections indicated an annual housing need in Worthing of between 425 and 507 dwellings per annum over the period 2011-2031. However, the SHMA Update concludes that there are a number of strategic development constraints which may restrict the ability of the local authorities within the Housing Market Area to meet identified development needs. In Worthing this reflects the geography of the Borough and local constraints on land availability. The SHMA Update

notes the Core Strategy target of 200 homes per year over the plan period (2006-26). The projections indicate that this would support some net in-migration, but is unlikely to support growth in the resident workforce given the current age structure of the Borough's population and how this is expected to change over the period to 2031.

- 1.40 Due to the considerable constraints to development across the sub-regional housing market, and within Worthing Borough itself, the SHMA Update concludes that it seems highly unlikely that the scale of development which can be planned-for across the sub-region will meet identified development needs. Accordingly, the SHMA Update recommends that:
- A common statement is jointly prepared which articulates the strategic development constraints which exist in light of the 'duty to cooperate' introduced in the Localism Act 2011;
 - Housing requirements within Local Plans should be set out at 'minima' which can be exceeded where this is compatible with the presumption in favour of sustainable development and wider policies within Local Plans;
 - The local authorities collaborate at a sub-region level and with neighbouring sub-regions to consider whether there are further options for strategic development which could be brought forward in the longer-term, such as through a future review of Local Plans.
- 1.41 The demographic projections in the 2012 SHMA were updated in the August 2013 report.

Housing Study: Duty of Cooperate (May 2013)

- 1.42 The authorities within the Sussex Coast Housing Market commissioned this Study to set out the context in terms of Duty to Co-operate requirements introduced by the Localism Act and the NPPF. This study identifies the implications of this duty for the authorities and pulls together the evidence from each of the authorities in the HMA to:
- Estimate theoretical housing needs/ requirements over the period to 2031;
 - Estimate the amount of housing that can potentially be delivered over this period, taking account of known constraints;
 - Review the options for addressing any identified housing provision shortfall;
 - Set out the social, economic and environmental consequences of the above options including not meeting theoretical needs.
- 1.43 The housing study found on the balance of evidence that housing provision between 430 – 480 homes per annum would represent an objective assessment of housing need for Worthing Borough based on the information then available.
- 1.44 However, the study identifies considerable development constraints in the Borough. The urban area is sandwiched between the sea to the south and the South Downs National Park to the north. Most of the land outside of the built-up area to the north of the town falls within the South Downs National Park. To the east and west of the Borough, open countryside continues to represent long-established breaks in development between settlements. Other strategic development constraints

include two river flood zones and the limited capacity of the Borough's existing highways infrastructure and limited opportunity to implement any major road building schemes to relieve congestion.

- 1.45 The study concludes that these considerable development constraints suggest that it is unlikely that delivery of more than 250 homes per annum over a sustained period can realistically be achieved in the Borough. The study noted that this conclusion is subject to further detailed assessment to establish development potential. Given the significant differential between the potential land supply in Worthing and assessed housing requirements for around 430-480 homes per annum, the Study set out that it seemed likely that the Borough will not be able to meet its own identified development needs.

Assessment of Housing Development Needs Study: Sussex Coast HMA (April 2014)

- 1.46 The authorities within the Sussex Coast Housing Market Area commissioned this further Study to take account of updated demographic projections and the publication of the Planning Practice Guidance on *Housing and Economic Development Needs Assessments*, and to draw together the range of evidence to provide an assessment of housing need to 2031.
- 1.47 The study sought to derive an objective assessment of need for housing by drawing together the following factors to calculate the housing need for each of the districts of the HMA:
- Updated projections of housing need based on past demographic trends taking account of the latest demographic evidence issued since publication of 2011-based Household Projections.
 - Market signals and what these suggest regarding the supply-demand balance for housing and the case for increasing housing supply (relative to the demographic projections) in order to improve affordability.
 - Affordable housing evidence, and the relationship of this to the demographic projections; consider the case for an upwards adjustment to housing need to meet affordable housing need.
 - The level of housing provision required to support forecast employment growth identified in an Experian 2013 employment forecast; and
 - Percentage growth rates in housing stock as a cross-check regarding potential deliverable of levels of housing provision from a market perspective.
- 1.48 The various projections indicated an annual housing need in Worthing of between 458 – 676 homes per annum. 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 the PROJ 2 scenario which takes account of the latest demographic evidence, the requirement increases to 676 homes per annum. Following consideration of the other factors listed above, the study concluded a narrowed range of housing need in Worthing of between 500-600 dwellings per annum.

Report Context and Structure

- 1.49 This report builds on and updates this previous work. It takes account of the 2012-based Sub-National Population Projections issued by ONS in March 2014 and the 2012-based Household Projections published in February 2015. It also takes into account recent academic research regarding the impact of the recession and housing market downturn on household formation rates; and associated improvements in GL Hearn's modelling approach. The report also seeks to look more specifically at local dynamics affecting future housing need in Worthing Borough.
- 1.50 This report considers housing need and factors relevant to setting targets for housing provision through the new Local Plan. However decisions regarding future policies are a matter for the Council. It should be borne in mind that OAN is not a plan target. This was emphasised in the letter, dated 19th December 2014, from Planning and Housing minister Brandon Lewis to the chief executive of the Planning Inspectorate. In this letter Mr Lewis states that SHMAs are untested and "should not automatically be seen as a proxy for a final housing requirement in local plans". It continues: 'Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement'.
- 1.51 The remainder of the report is structured in the following way:
- Section 2: Worthing's Population and Housing Stock;
 - Section 3: Trend-based Demographic Projections;
 - Section 4: Affordable Housing Need;
 - Section 5: Market Signals;
 - Section 6: Needs of Different Types of Home;
 - Section 7: Conclusions.

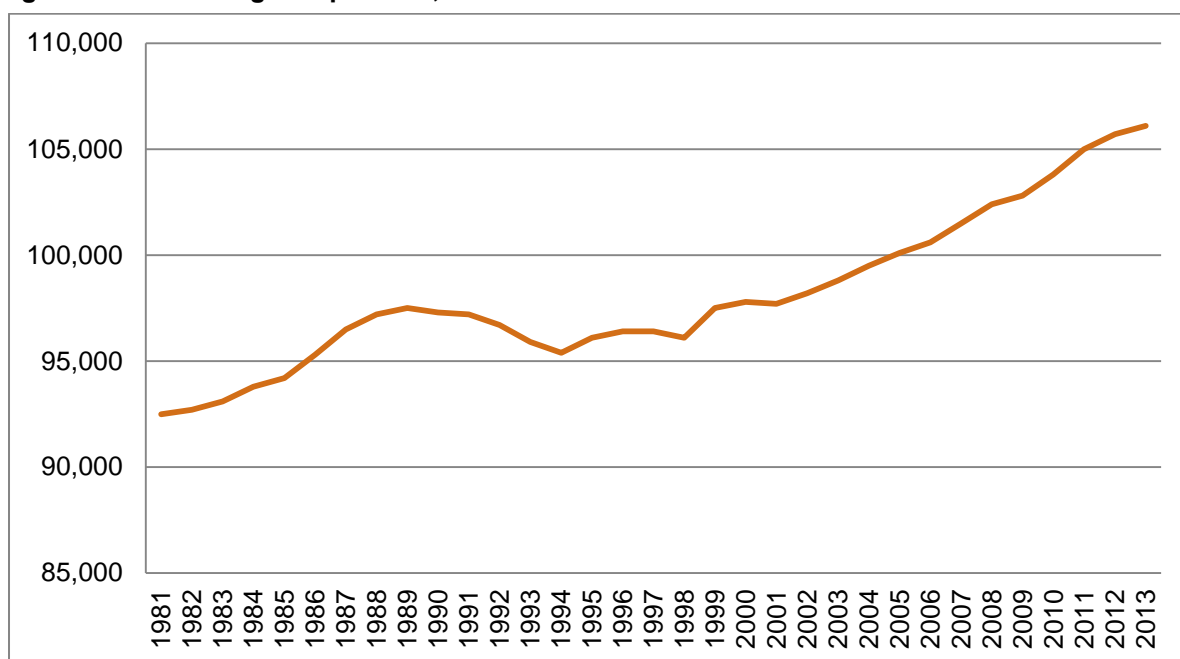
2 WORTHING'S POPULATION AND HOUSING STOCK

- 2.1 This section considers the socio-economic characteristics of the population in Worthing Borough and characteristics of the housing offer.

Population

- 2.2 The population of Worthing is 106,100 as of mid-2013. Figure 2 shows the change in population in the Borough since 1981. The Borough experienced a growth in population throughout the 1980s followed by a slight decline in the early 1990s. Since 2001 Worthing has seen a steady growth in population, growing 8.6% since 2001.

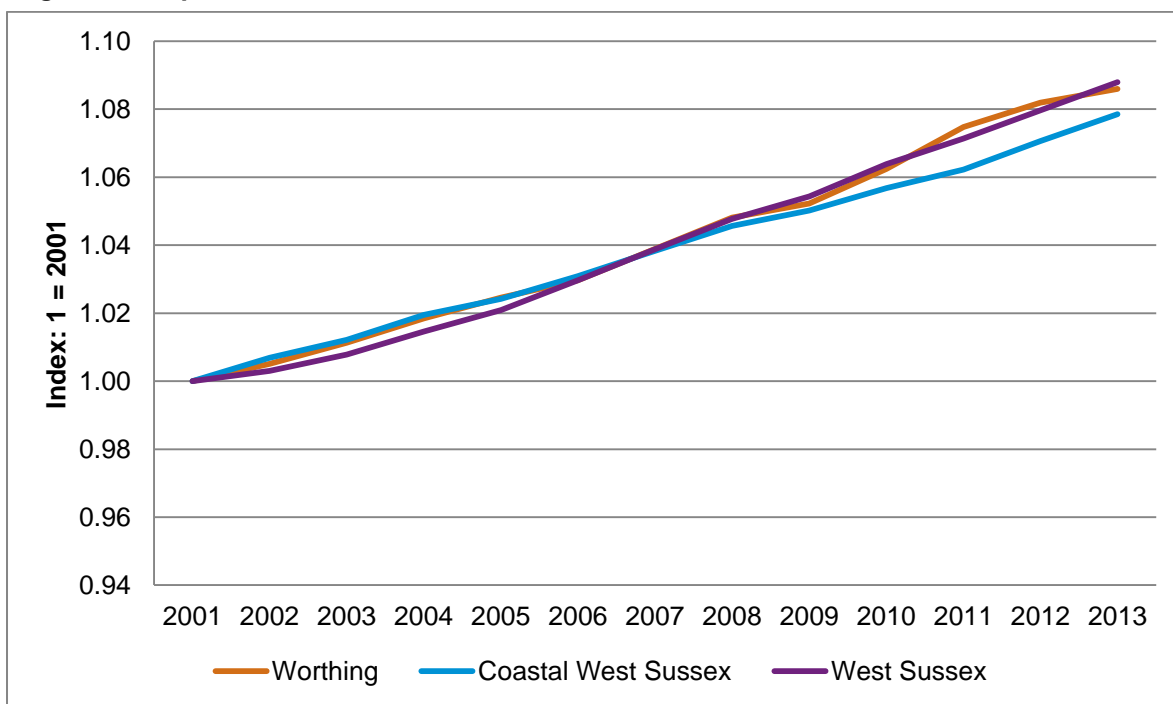
Figure 2: Worthing's Population, 1981 - 2013



Source: ONS Mid-Year Population Estimates

- 2.3 Figure 3 shows the population growth in Worthing, Coastal West Sussex, and West Sussex since 2001. During this period the population in Worthing has grown at a steady rate, comparable to the growth rate seen across West Sussex. Population growth in Worthing has exceeded the rate seen in the other Coastal West Sussex authorities. Chichester and Arun have seen slightly lower growth rates than Worthing, with growth in Adur considerably lower. This is reflected in the overall Coastal West Sussex growth rate which, since 2007, is lower than that in Worthing and West Sussex more widely.

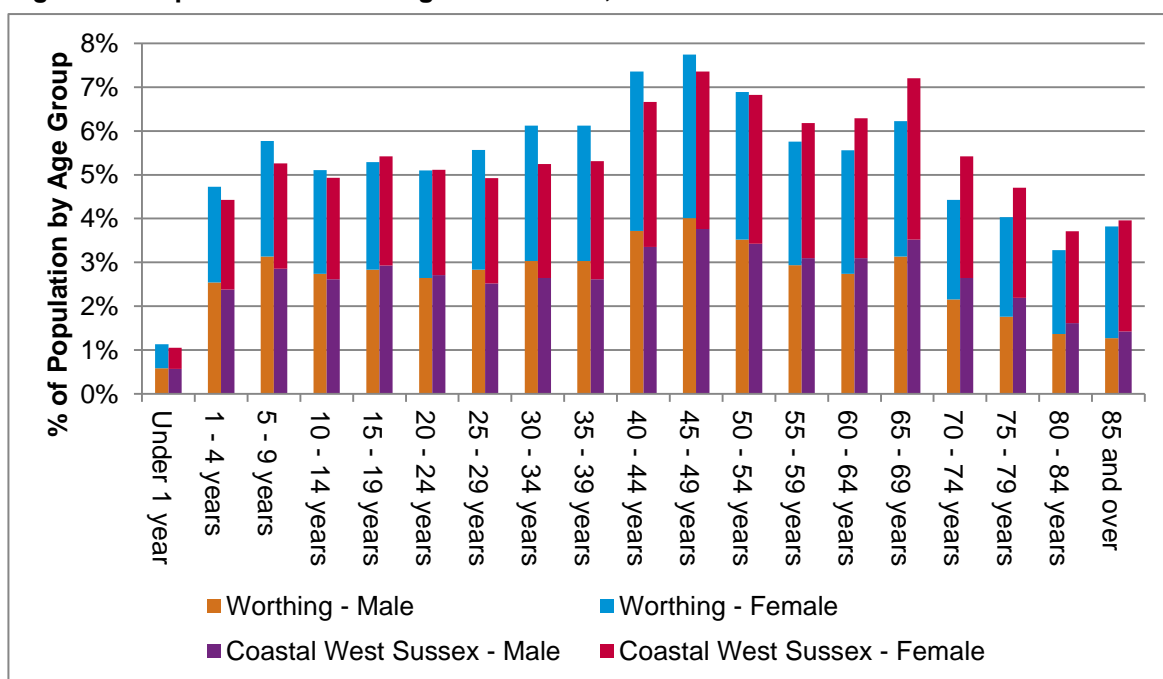
Figure 3: Population Growth Since 2001, Indexed to 2001 Levels



Source: ONS Mid-Year Population Estimates

- 2.4 Worthing has slightly more male residents than female residents with 48% of the Borough's population being male, and 52% female. This gender ratio is seen across Coastal West Sussex.

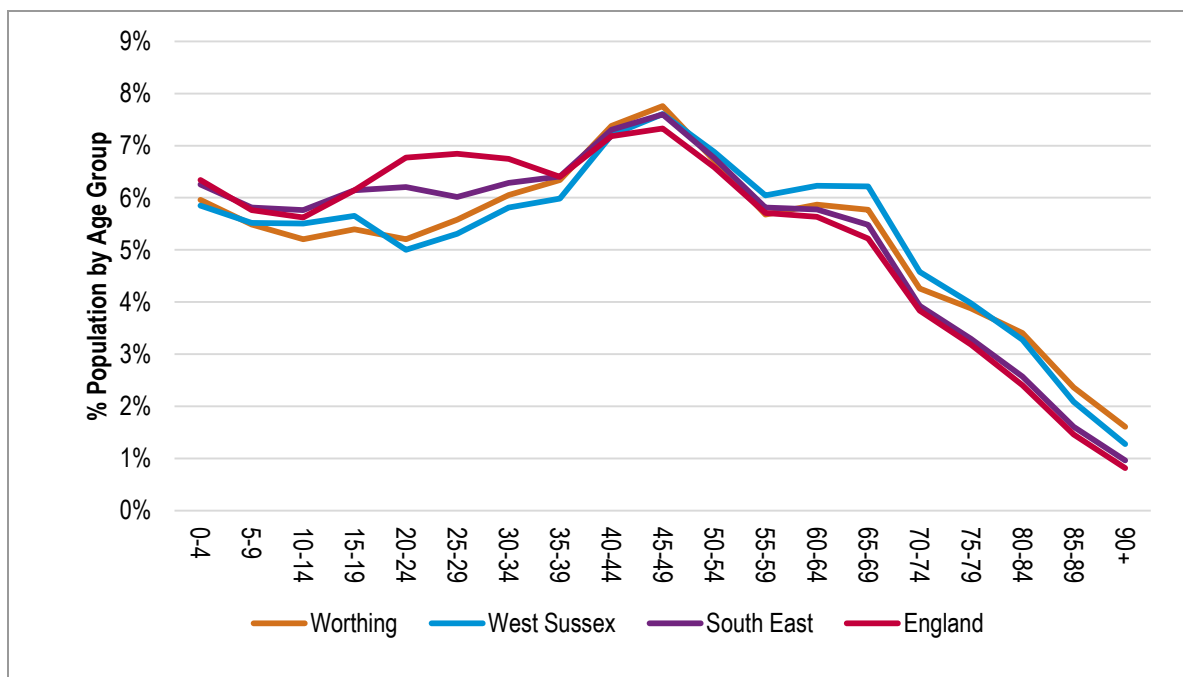
Figure 4: Population Profile – Age and Gender, 2013



Source: ONS Mid-Year Population Estimates

- 2.5 The age structure of the population in Worthing's differs from that of Coastal West Sussex as a whole. Most notably, Worthing has a greater proportion of adults aged 25-54 years. Additionally, Worthing has a greater proportion of 0-14 year olds than seen in other parts of Coastal West Sussex, as a greater proportion of the population are of child-bearing age. Worthing has a lower proportion of residents aged 55 and over than seen across Coastal West Sussex as a whole and has a lower proportion of its population aged over 65; however the proportion over 65 is above regional and national levels.
- 2.6 Whilst Worthing's population structure is different to that in other parts of Coastal West Sussex, compared to the South East and England it does have an above average proportion of people in all age groups aged over 60. Worthing has a lower proportion of people in their 20s and early 30s.

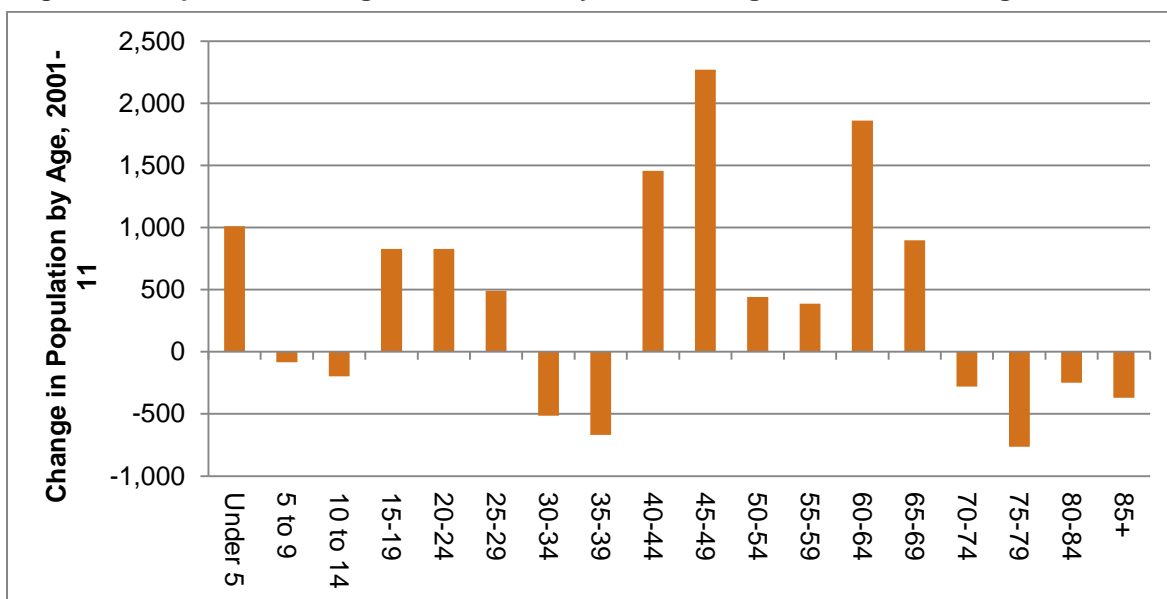
Figure 5: Population Age Structure compared to Wider Geographies



Source: ONS

- 2.7 Over the 2001-11 decade the population structure has changed. The strongest population growth has been of people in their 40s and their 60s. Those aged 15-29 and under 5 have also grown, with modest growth of people in their 50s. In contrast, the population in all age groups over 70 has fallen; as has that of people in their 30s.

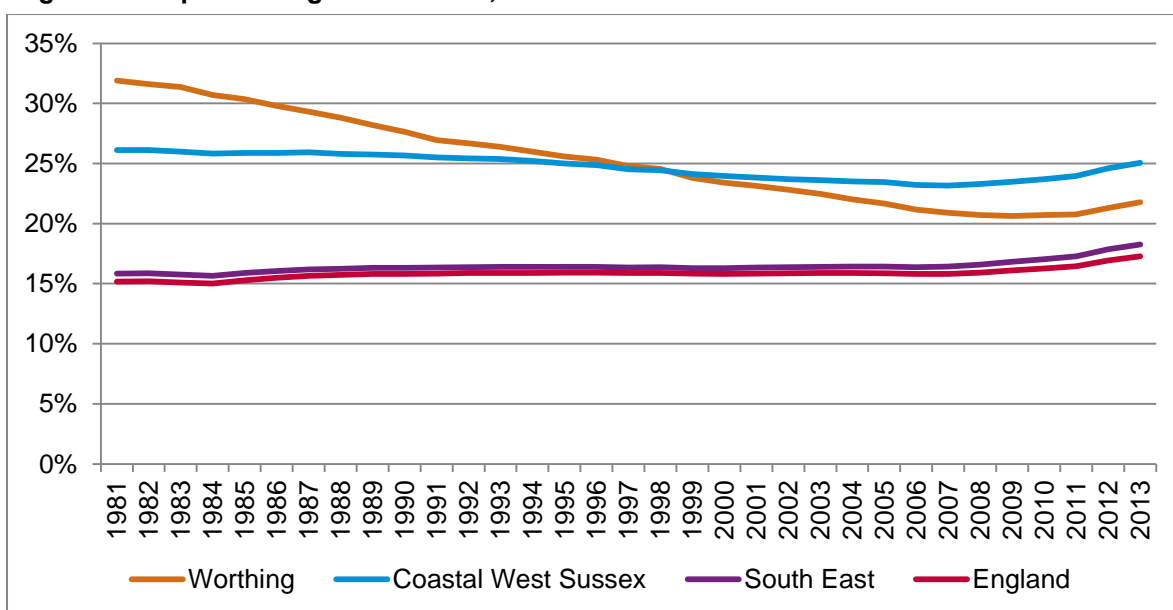
Figure 6: Population Change 2001 to 2011 by Five Year Age Bands – Worthing



Source: Census 2001 & 2011

- 2.8 Figure 7 shows that the decrease in the proportion of Worthing residents aged 65 and above is a long term trend with Worthing experiencing a steady decline from 1981 to 2008, although this has reversed in recent years. This is in stark contrast to wider trends. Coastal West Sussex as a whole has seen a much gentler decline over this period, with a similar recent growth. By contrast, regional and national proportions of pension age population have remained fairly constant during this period, also experiencing a similar growth in recent years.

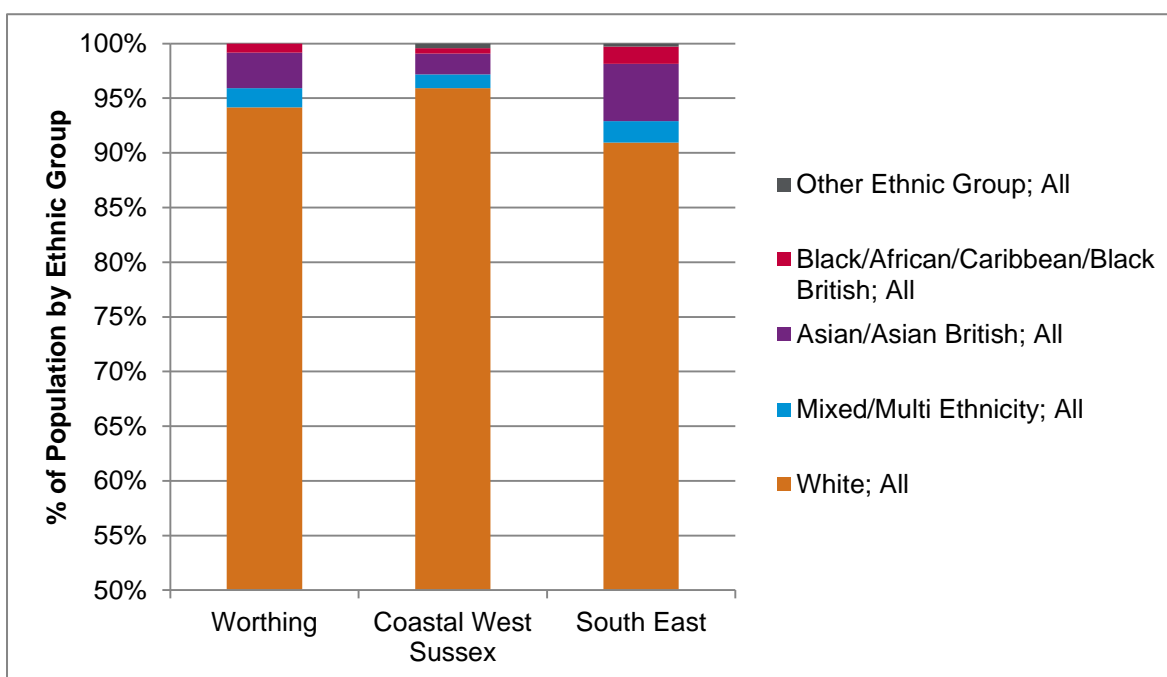
Figure 7: Population aged 65 or over, 1981-2013



Source: ONS, 2014

- 2.9 25% of the population of Worthing are aged 65 or over. This is lower than the proportion of pensioners in Coastal West Sussex which is 29%, but higher than the regional and national averages – 22% and 21% respectively.
- 2.10 The 2011 Census found that 94% of Worthing residents identified themselves as White; 2% as Mixed or Multi-ethnicity; 3% as Asian/Asian British; 1% as Black/Black British; and less than 1% as other ethnicity. This represents slightly greater ethnic diversity than seen in Coastal West Sussex as a whole, but slightly less ethnic diversity than the South East region as a whole.

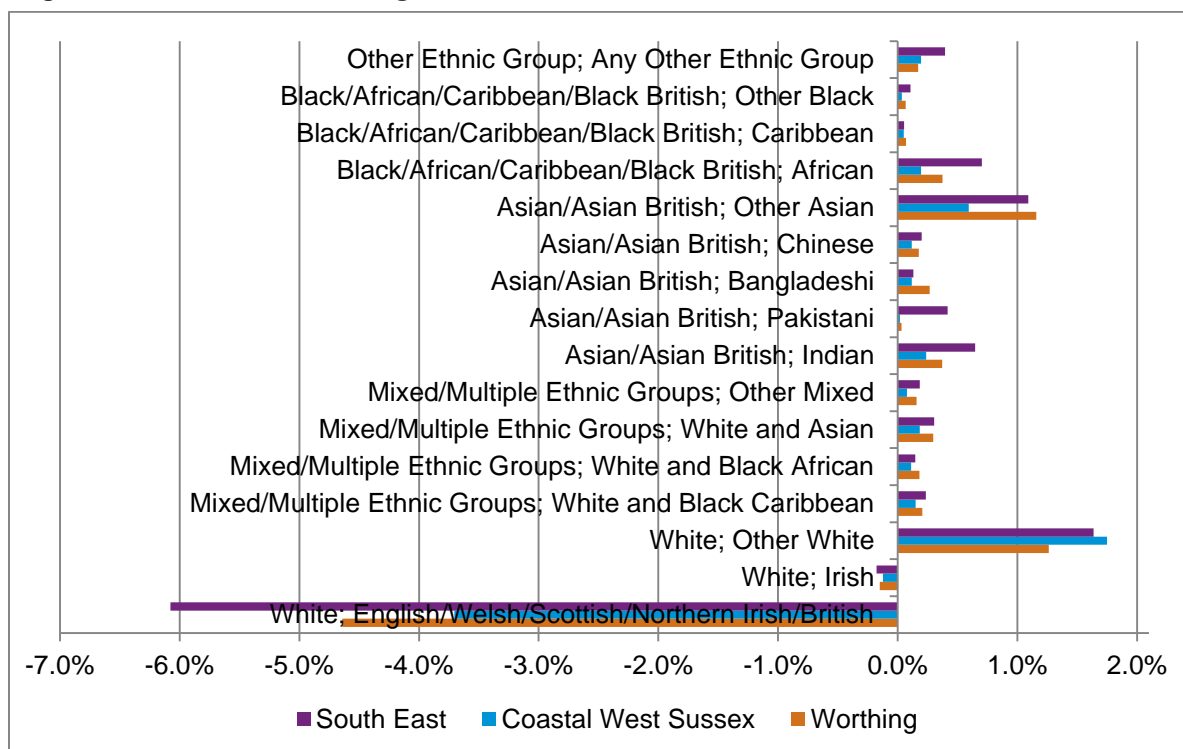
Figure 8: Population Profile – Ethnicity, 2011



Source: Census 2011

- 2.11 Figure 9 overleaf shows the change in ethnic profile between the 2001 and 2011 censuses. It shows the percentage point change in ethnic populations over this period. In Worthing there was a 4.6 percentage point reduction in White British residents – in 2001 94.1% of residents identified as such, this figure was 89.4% in 2011. This was a larger decrease than seen across Coastal West Sussex but smaller than the regional trend.
- 2.12 The ethnic group with the biggest percentage point increases was Other White (i.e. non-British or Irish). This group saw a 1.3 percentage point increase in Worthing – a smaller increase than seen across Coastal West Sussex and the South East. The next largest increase – 1.2 percentage points – was in Asian / Asian British; Other Asian respondents. Growth in this group was slightly above the regional trend and twice that seen across Coastal West Sussex as a whole.

Figure 9: Ethnic Profile Change, 2001 - 2011

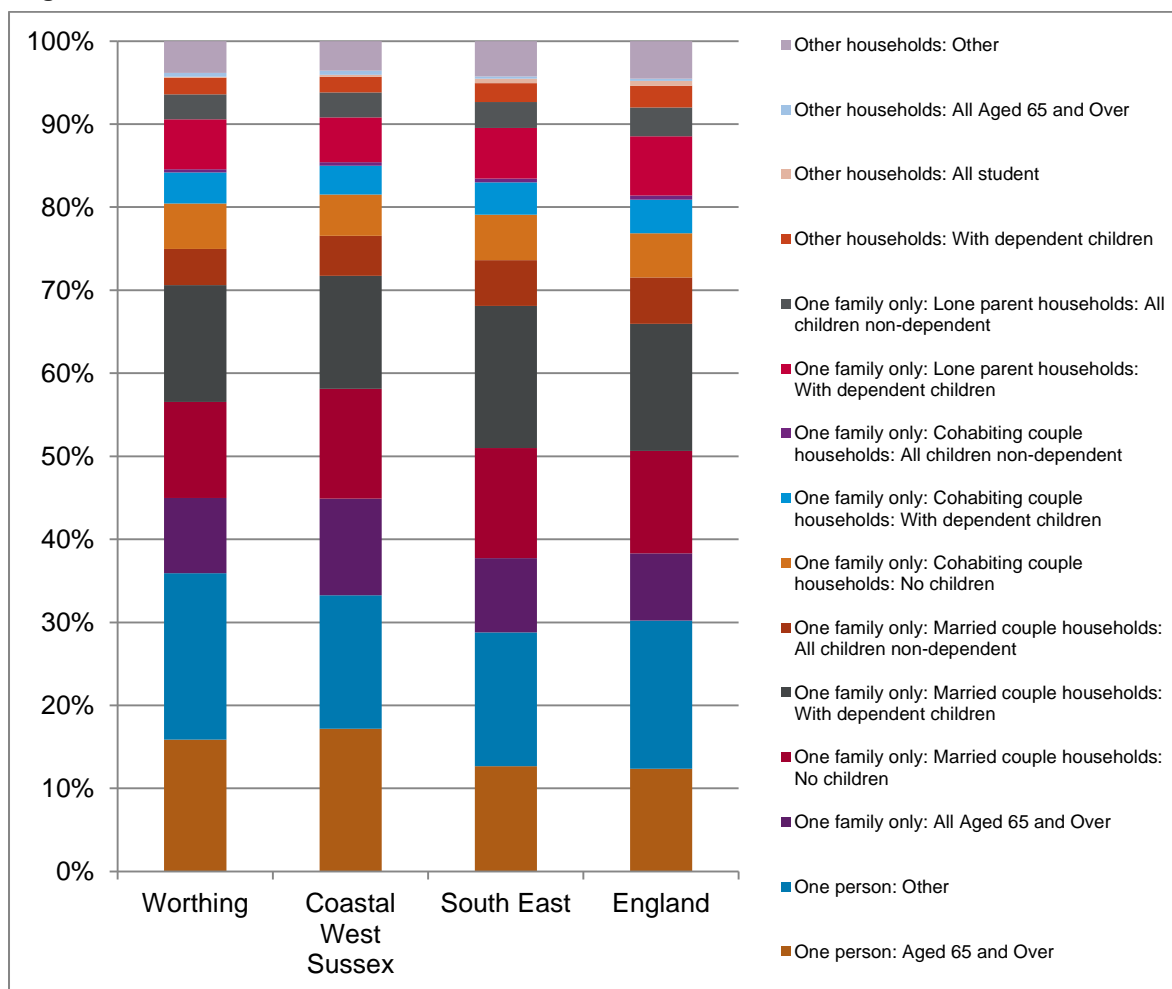


Source: Census 2001 and 2011

Households

- 2.13 Worthing has a greater proportion of single person households of working age – i.e. aged 16 to 64 – than seen in Coastal West Sussex, regionally, or nationally. This is symptomatic of more urban areas which generally have a higher proportion of flats and smaller properties and often support a greater proportion of non-standard household types.
- 2.14 The proportion of pensioner households (driven by single person pensioners) is above the regional and national averages.

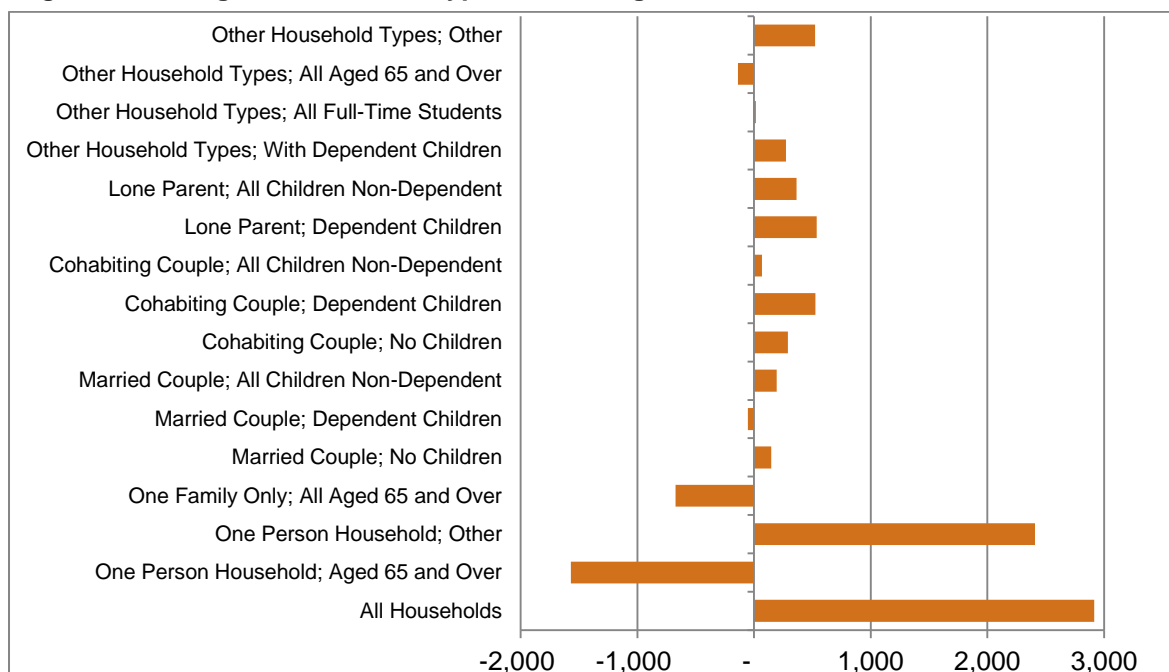
Figure 10: Household Profile



Source: Census 2011

- 2.15 Over the period 2001 to 2011 the number of households in Worthing has increased by 2,900. The majority of this growth was in one person households aged 16-64, the number of which increased by 2,400 (net) over this period, which represents a 26% increase on 2001 levels. A similar increase has been seen across Coastal West Sussex during this period, but nationally there has been an increase of 19%. This is symptomatic of a national long term trend away from non-traditional household structures. For the reasons mentioned above, we would expect this to have a greater impact on more urban areas.

Figure 11: Change in Household Type in Worthing, 2001 - 2011



Source: Census 2001, 2011

- 2.16 Between 2001 and 2011 Worthing has seen a significant decrease in the number of households of persons of pensionable age, the biggest decrease being in households of 'one person aged 65 and over' but also a decrease in multi-person (aged 65+) households.
- 2.17 Table 1 shows the change in pensioner age households between 2001 and 2011. These figures should be treated with caution as the definition of pensionable age is not consistent between censuses⁴, and so the figures in Table 1 represent greater reductions in pensioner households than is actually the case. However, the figures do illustrate that Worthing has seen a much larger proportional reduction in the number of pensioner households when compared to other areas in Coastal West Sussex, regionally, and nationally.

Table 1: Change in Pensioner Households, 2001 – 2011

	Worthing	Adur	Arun	Chichester	Coastal West Sussex	South East	England
One person: Pensioner	-17%	-10%	-7%	+1%	-8%	-5%	-7%
One family and no others: All pensioners	-14%	-10%	-5%	-2%	-7%	0%	-2%
Other households: All pensioner	-39%	-25%	-20%	-10%	-24%	-25%	-25%
All Pensioner Households	-17%	-10%	-7%	-0.2%	-8%	-3%	-6%

Source: Census 2011

⁴ In the 2001 Census pensionable age was defined as 65 for men and 60 for women. In 2011 it was 65 for both.

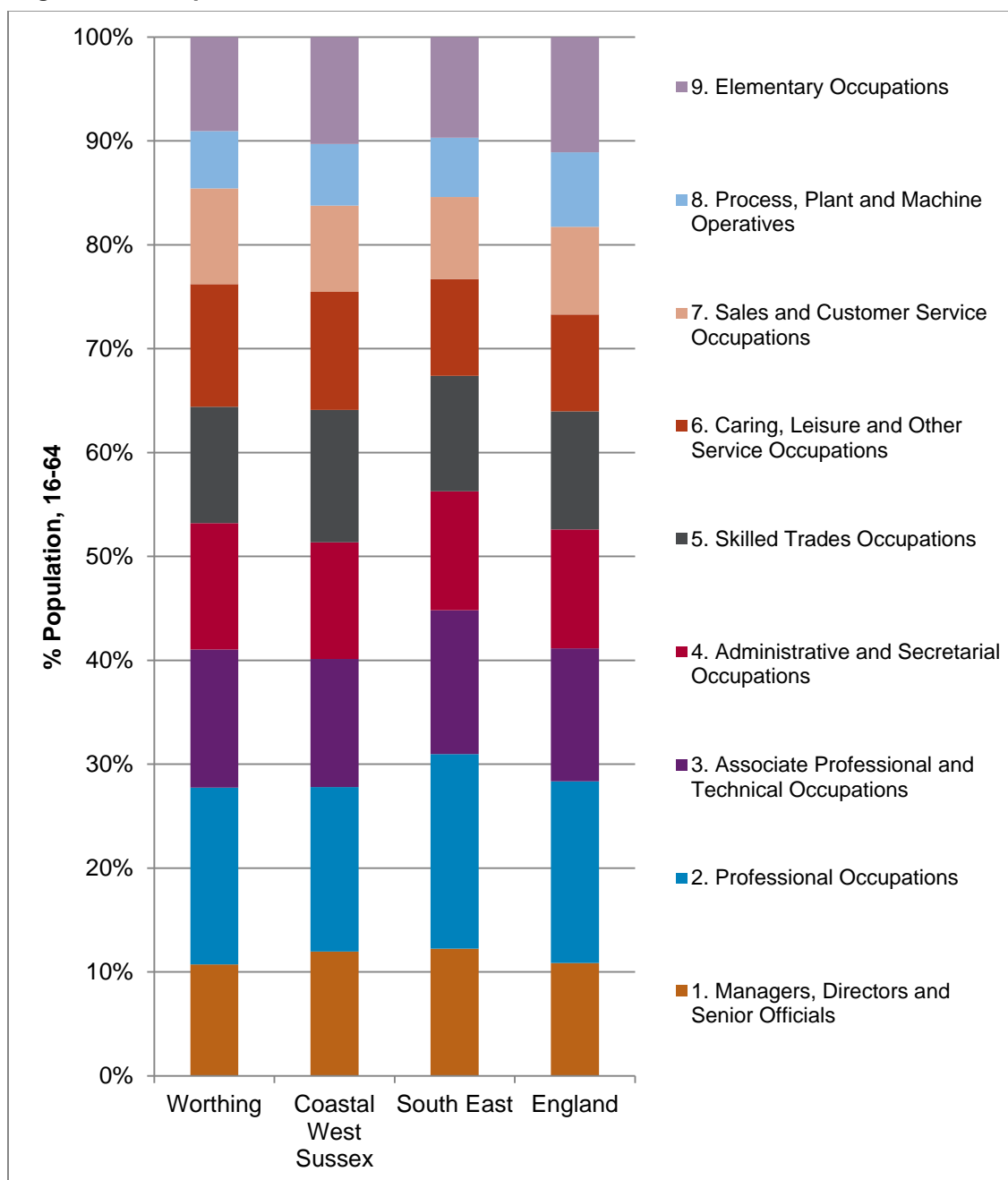
Economy and Labour Market

- 2.18 Worthing accommodated 55,000 jobs in 2012⁵. This includes employee jobs and self-employment. Part-time employment is above average (39% of employee jobs).
- 2.19 The Business Register and Employment Survey (BRES) provides details on employee jobs. A significant proportion of employment in the Borough is in the public sector, with a total of 42% of employee jobs in public administration, education and health (19,200 jobs). The largest other sectors (in terms of total employment) are finance and other business services (8,700 jobs) and wholesale and retail employment (7,100 jobs). Public sector employment is clearly strongly represented in the Borough; whilst there is also a concentration of employment in banking.
- 2.20 In total there were 86 jobs per 100 working-age residents (16-64). This is marginally above the South East average.
- 2.21 The 2011 Census shows that 46% of the resident working population have a job in the Borough (23,236 persons); with in addition 11% (5,371 persons) who work predominantly from home. 4,771 persons (9% of the resident working population) have no fixed workplace. This leaves 35% of the resident working population who commute out of the Borough to work (17,782 persons).
- 2.22 Overall there is a broad balance between commuting in and out of the Borough. The 2011 Census showed 16,743 persons commuting into of the Borough daily to work; compared to 17,899 persons commuting out.

⁵ ONS Workforce Jobs Estimates, NOMIS

2.23 Figure 12 below shows the occupational profile of Worthing as a percentage of the working age population currently employed in each of the 9 major occupation groups. The occupational profile of Worthing is very similar to that of Coastal West Sussex and England as a whole. Worthing does have a higher than average proportion of workers employed in the caring, leisure and service occupations (Group 6) but has fewer employees in elementary occupations (group 9) which includes sales, unskilled service and labouring occupations.

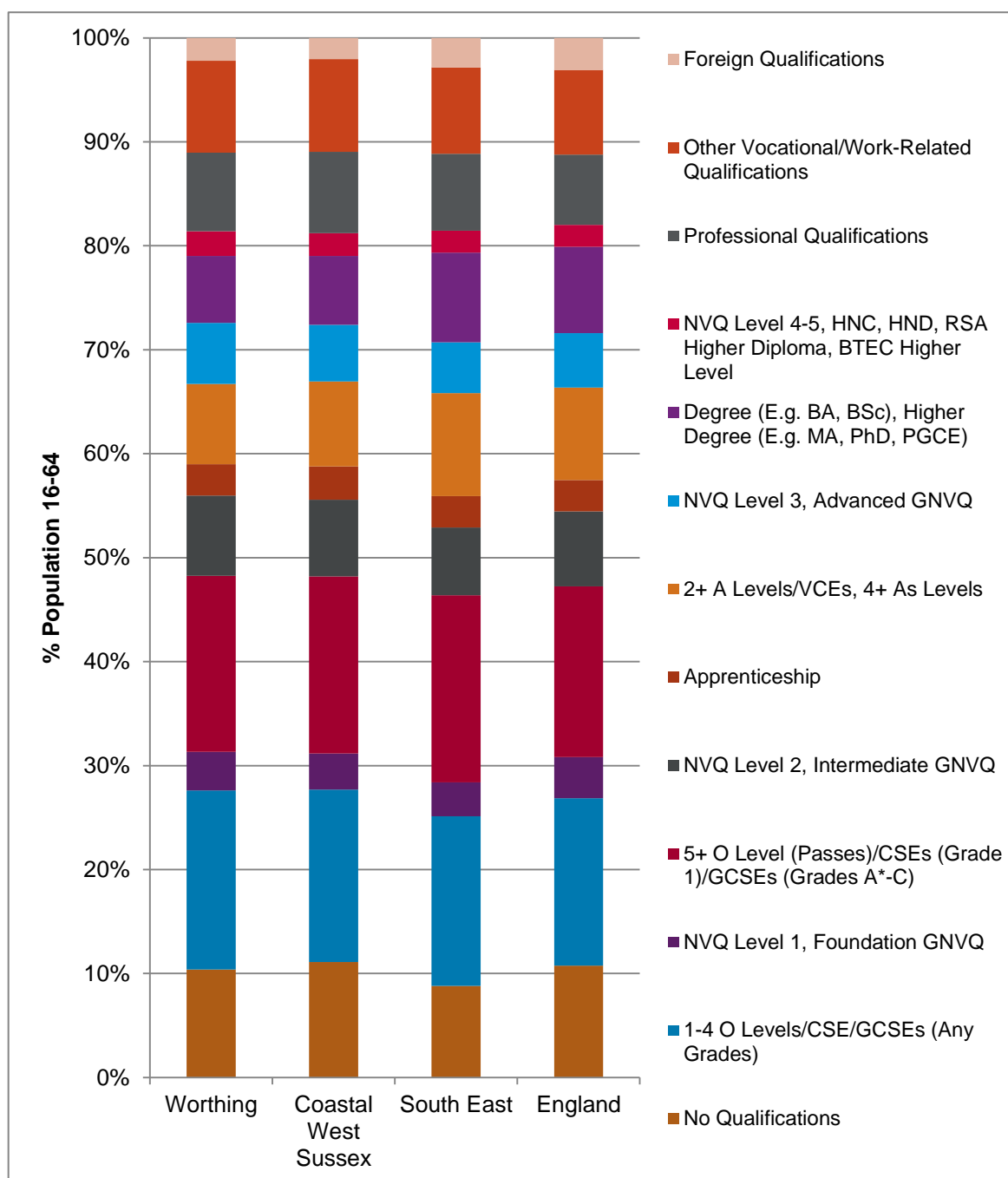
Figure 12: Occupational Profile



Source: Census 2011

2.24 Figure 13 shows the highest level of qualification attained by residents in the Borough and shows that Worthing has a broadly similar breakdown of qualifications to that seen in Coastal West Sussex and nationally, with the overall qualification attainment of the South East slightly higher. Worthing does have a slightly lower proportion of its population with degree level qualifications than seen across the wider geographies.

Figure 13: Qualifications

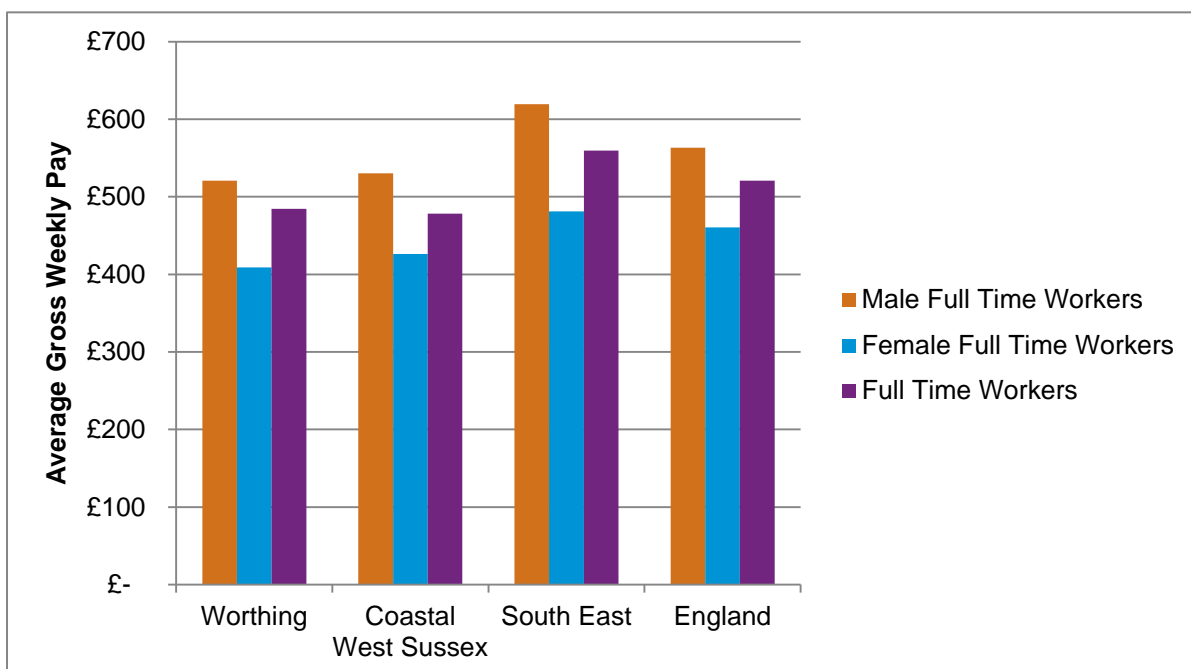


Source: Census 2011

2.25 The economic activity rate is a percentage of the working-age population who are either in employment, or not in employment but seeking work. In Worthing 75% of the population count as economically active – slightly above the Coastal West Sussex average; but below the South East and national averages (80% and 77.5% respectively)⁶.

2.26 The average gross weekly pay for full time workers in Worthing is £484 (equivalent to £25,200 per annum), which is similar to the Coastal West Sussex average (£478) but well below the South East (£560) and England (£521) averages. In line with wider areas, average pay for male workers in Worthing is notably higher than for female workers.

Figure 14: Earnings by Residence (2013)

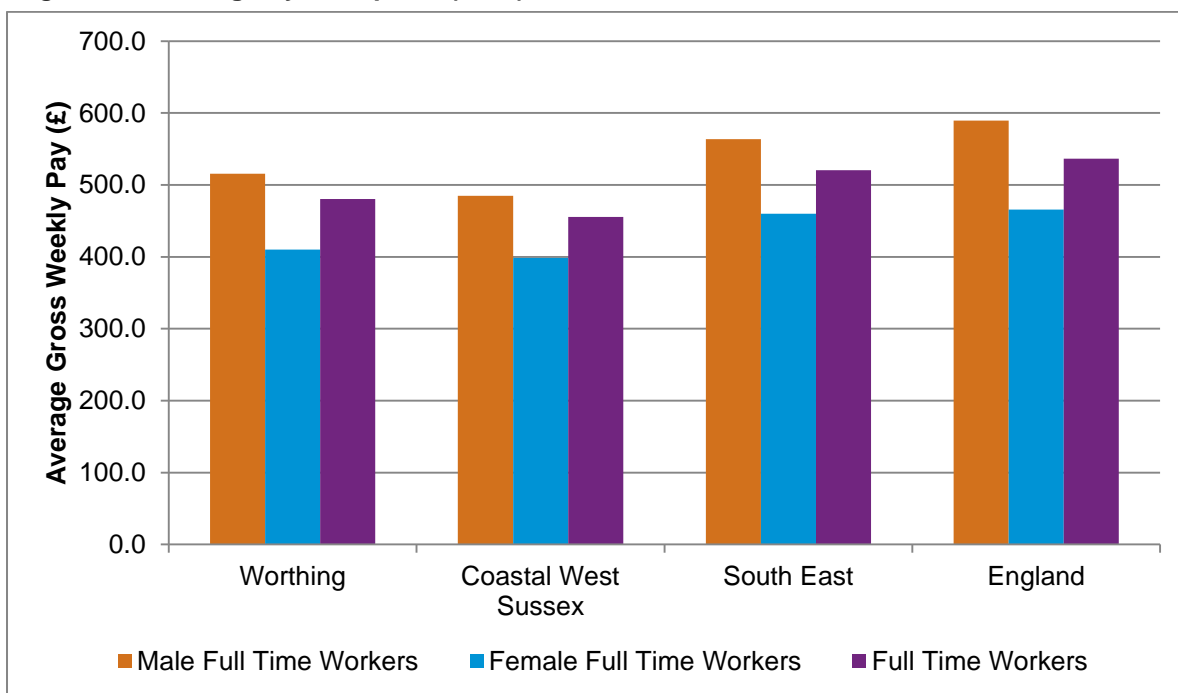


Source: ONS, 2013

2.27 The average gross weekly pay of workers working in Worthing is £480 which is broadly the same as the average gross weekly pay for residents seen above. This is not the case across Coastal West Sussex as a whole where average resident's earnings are higher than workplace earnings suggesting a leakage of high paying workers to other areas.

⁶ Annual Population Survey, July 2013-June 2014

Figure 15: Earnings by Workplace (2013)



Source: ONS, 2013

Housing Offer

- 2.28 Worthing has a total dwelling stock of 48,630 homes in 2013. The vast majority (90%) of the stock in Worthing is in private sector ownership, which is slightly above the Coastal West Sussex average. 10% of the stock is owned by Registered Providers. There is no local authority owned stock in the Borough.

Table 2: Dwellings by Tenure Type

	Local Authority Owned	Registered Provider	Other Public Sector	Private Sector	Total Stock
Worthing	0%	10%	0%	90%	48,630
Coastal West Sussex	3%	8%	0%	89%	202,490
England	7%	10%	0%	82%	23,236,000

Source: CLG, 2013

- 2.29 2011 Census data can be used to provide a more detailed breakdown of the housing stock by tenure type. Owner occupation is the most common tenure type in the Borough accounting for 70% of households. Of these, half are owned outright, and half are owned with the aid of a loan or mortgage. The overall proportion of homeownership in Worthing is similar to the other Coastal West

Sussex authorities; however in Worthing there are notably fewer who own outright with a greater proportion relying on mortgage finance.

- 2.30 The private rented sector in Worthing accounts for 19% of households – notably higher than the other Coastal West Sussex authorities. The proportions of social rented properties are similar to levels seen elsewhere in the sub-region.

Table 3: Households by Tenure Type

	All Households	Owned; Owned with a Mortgage or Loan	Owned; Owned Outright	Shared Ownership	Social Rented	Private Rented	Living Rent Free
Worthing	47,044	16,248	16,373	217	4,695	9,102	409
Coastal West Sussex	190,555	59,884	75,355	1,392	21,511	29,815	2,598
England	22,063,368	7,229,440	6,745,584	173,760	3,903,550	3,715,924	295,110
	All Households	Owned; Owned with a Mortgage or Loan	Owned; Owned Outright	Shared Ownership	Social Rented	Private Rented	Living Rent Free
Worthing	100%	35%	35%	0%	10%	19%	1%
Coastal West Sussex	100%	31%	40%	1%	11%	16%	1%
England	100%	33%	31%	1%	18%	17%	1%

Source: Census, 2011

- 2.31 The percentage of owner occupying households in Worthing fell between 2001 and 2011 from 77% in 2001 to 70% in 2011. The private rented sector in Worthing grew by a similar amount during this period. While this trend was seen across Coastal West Sussex, it is notable that the reduction in Worthing was driven by a reduction in the number of homes owned outright – this was an actual reduction in home ownership of 1,100 dwellings. By comparison, Coastal West Sussex saw a 3% increase during this period.

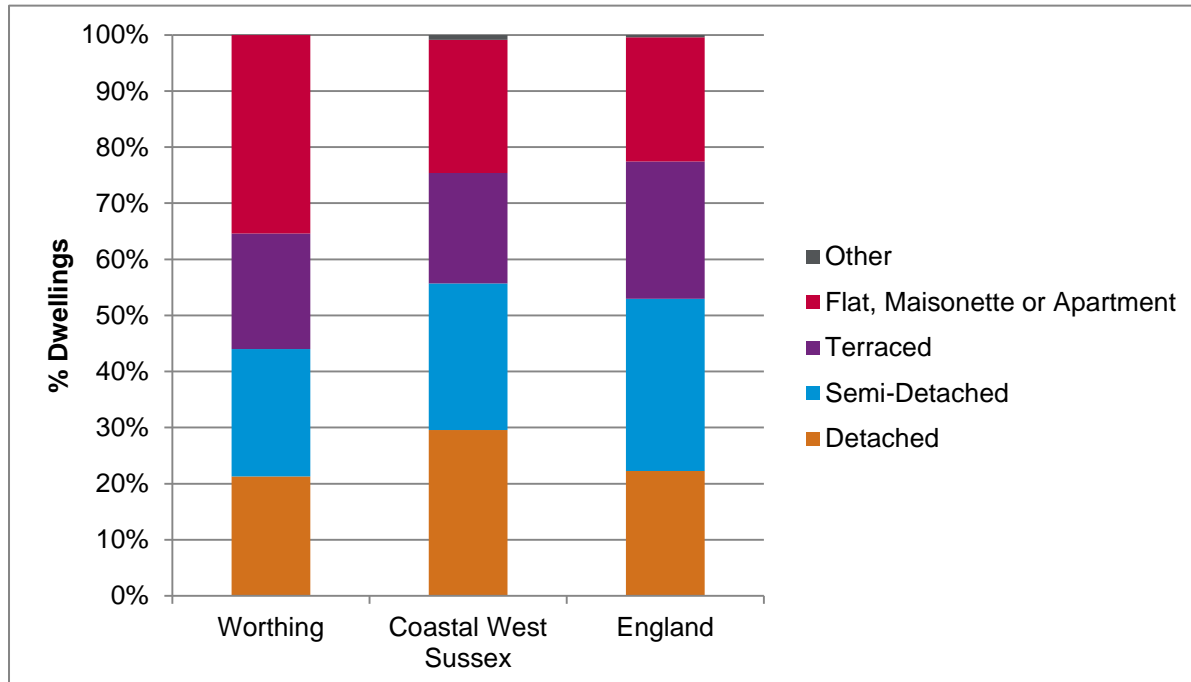
Table 4: Households by Tenure Type, % change 2001-2011

	All Households	Owned; Owned with a Mortgage or Loan	Owned; Owned Outright	Shared Ownership (Part Owned and Part Rented)	Social Rented	Private Rented	Living Rent Free
Worthing	7%	-2%	-5%	0%	0%	7%	0%
Coastal West Sussex	7%	-8%	3%	0%	0%	6%	-1%
England	8%	4%	-8%	0%	-2%	7%	-1%

Source: Census, 2001 & 2011

- 2.32 65% of the housing stock in Worthing is made up of houses (21% Terraced, 23% Semi-detached, 21% detached). Across Coastal West Sussex houses make up 76% of the dwelling stock. This is due to a larger proportion of detached houses across the sub-region, with the percentage of semi-detached and terraced houses similar to those seen in Worthing. Flats comprise slightly under 36% of Worthing dwelling stock, which is a considerably higher proportion than is seen across Coastal West Sussex. Flats are more strongly represented than other dwelling types in the Borough.

Figure 16: Housing Types, % of Dwellings (2011)

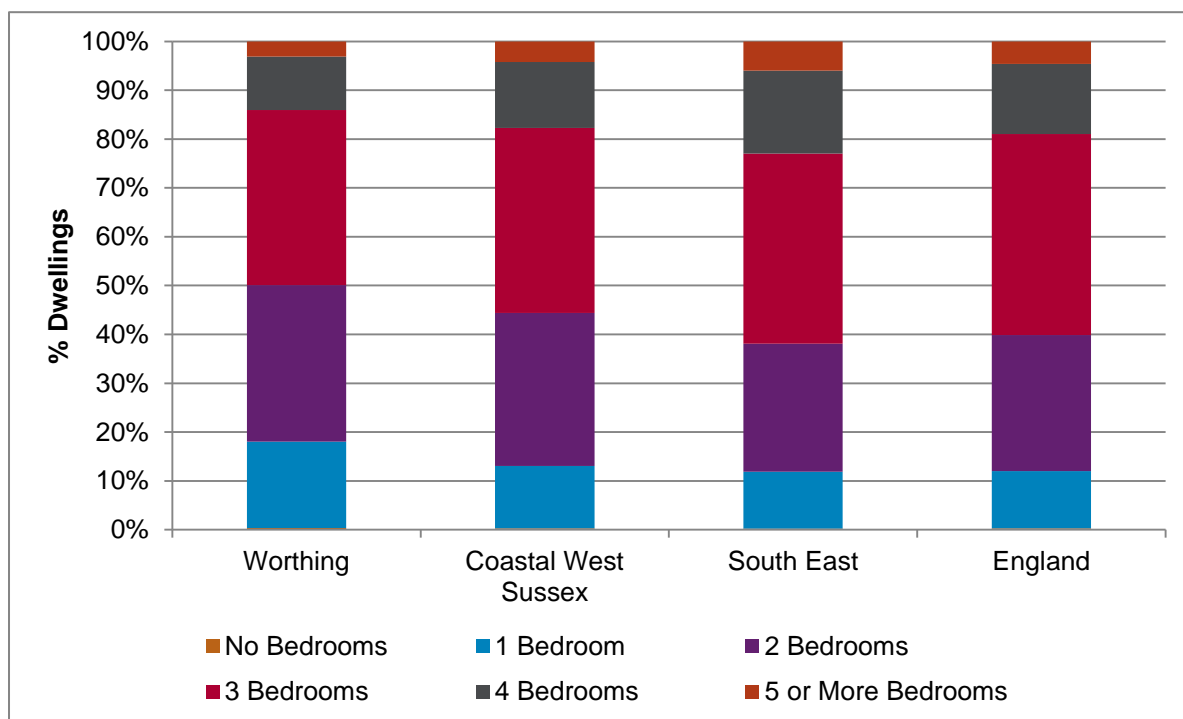


Source: 2011 Census

- 2.33 Worthing has a higher proportion of 1 bedroom properties than is seen elsewhere in Coastal West Sussex, which is to be expected given the comparatively high number of flats in the Borough. Conversely there are fewer large properties in the Borough with only 14% of the population

occupying properties with 4 or more bedrooms - by comparison, the Coastal West Sussex figure is 17% which itself is well below the South East figure of 23%.

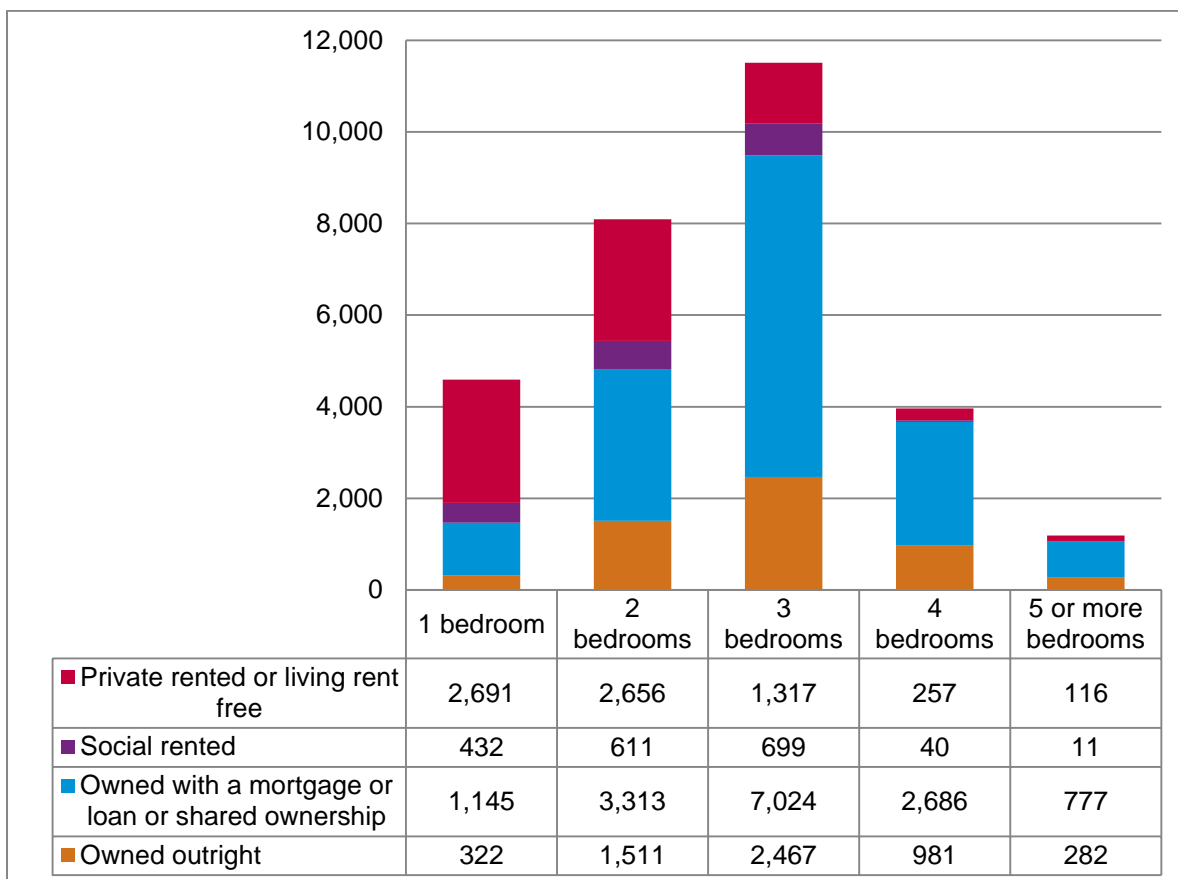
Figure 17: Dwelling Size by Number of Bedrooms (2011)



Source: 2011 Census

- 2.34 Figure 18 shows tenure type cross referenced with number of bedrooms and paints a picture of Worthing's dwelling stock as predominantly comprising 2 and 3 bedroom properties which are owned with a mortgage or loan. There are also a relatively high proportion of 1 bedroom properties, the majority of which are privately rented. As to be expected, there are much fewer rented properties with larger numbers of bedrooms.

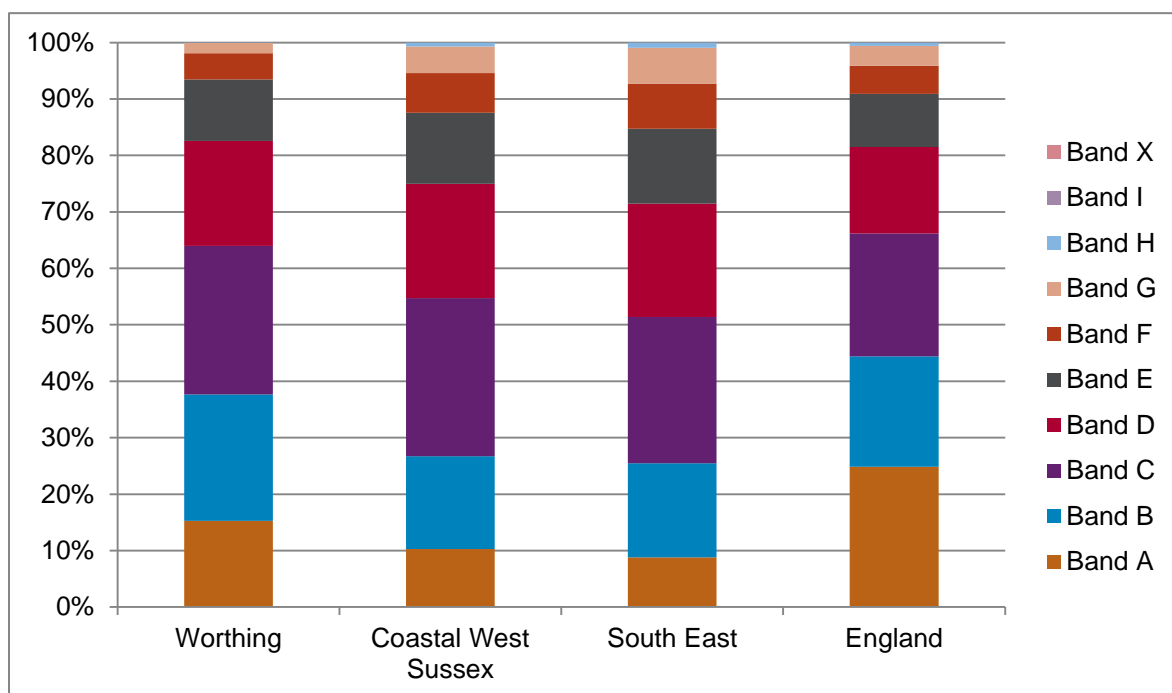
Figure 18: Tenure Type by Dwelling Size, 2011



Source: 2011 Census

- 2.35 Worthing has a greater proportion of properties within Council Tax Bands A - C and a smaller proportion in Bands D and above than is seen across Coastal West Sussex and the South East. This is, to some extent, to be expected given the higher proportion of smaller properties within Worthing's dwelling stock.

Figure 19: Dwelling % by Council Tax Band

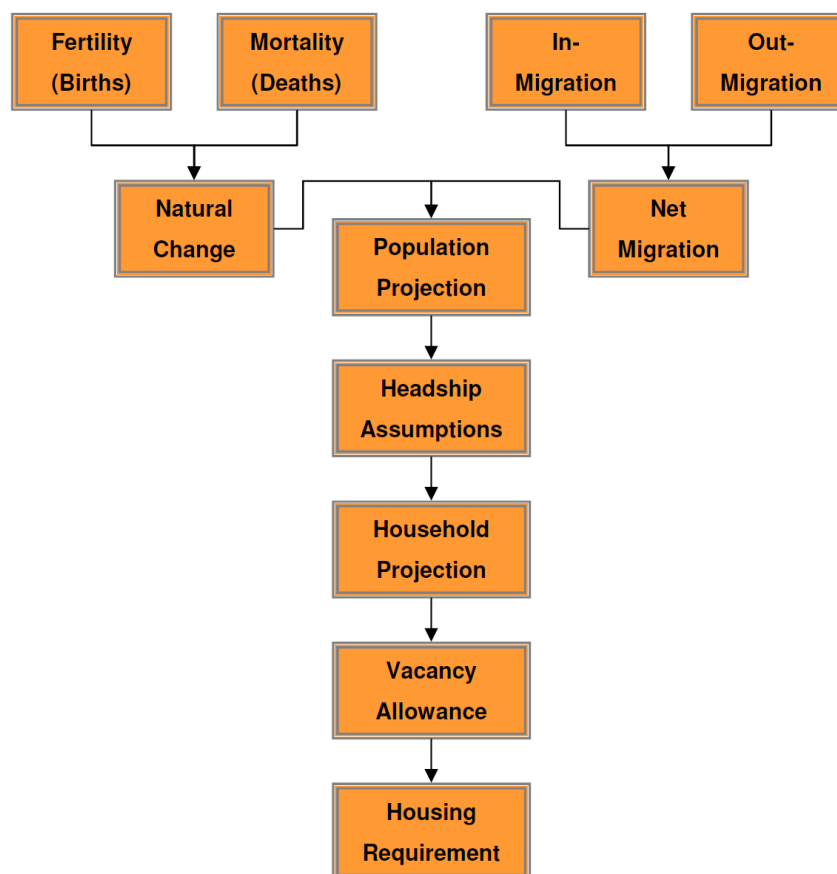


Source: 2011 Census

3 DEMOGRAPHIC PROJECTIONS

- 3.1 This section considers demographic dynamics, considering how the Borough's population can be expected to change; and how the number of households is expected to grow taking account of population growth and how people of different ages occupy homes. The need for housing (dwellings) is calculated by considering household growth and making an allowance for vacant and second homes within the housing stock.
- 3.2 The approach used to consider future housing need follows the requirements of the National Planning Policy Framework and the more recent (March 2014) Planning Practice Guidance on Assessment of Housing and Economic Development Needs. The Planning Practice Guidance (PPG) effectively describes a process whereby the latest population and household projections are a starting point; and a number of "tests" then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These can be summarised as follows:
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
 - How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
 - What do economic forecasts say about job growth? Is there evidence that the level or spatial distribution of housing needs to be adjusted to support economic growth?
- 3.3 Our methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2013 to 2033. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of the local authority area. These are the principal components of population change and are used to construct our population projections.
- 3.4 Figure 20 overleaf shows the key stages of the projection analysis through to the assessment of housing requirements. Further information is included in Appendix B.

Figure 20: Overview of Methodology



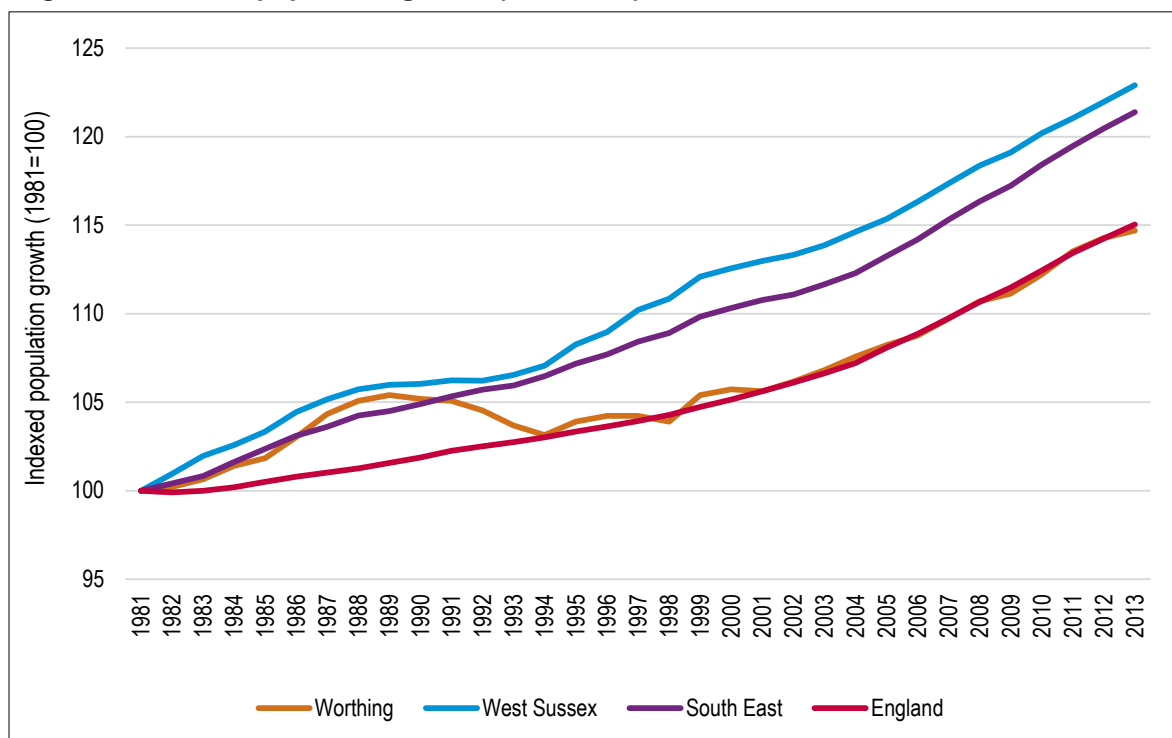
- 3.5 The core projections in this section look at housing needs in the period from 2013 to 2033. The demographic projection model has been run to 2036. The start point has been chosen as a base date for which there is good baseline data available (from ONS Mid-Year Population Estimates) with the end date (of 2033) providing a reasonable (20-year) period for analysis.

Examining Demographic Trends

- 3.6 A core aspect of the assessment of housing need is population projections (which lead into estimates of likely household and housing growth). Population projections are trend based and so consideration of past trends is an important aspect of understanding what might happen moving forward.
- 3.7 Figure 21 overleaf shows past population growth in the period 1981 to 2013. Figures have been indexed to 100 for 1981. The data shows that population growth in Worthing has been quite modest in comparison with West Sussex and the South East – overall growth being more in line with that seen for the whole of England. However, in line with other areas, the data suggests stronger growth

in the recent past. This is important given that published population projections (from ONS) tend to look at trends over a five year period.

Figure 21: Indexed population growth (1981-2013)



Source: ONS

3.8 Table 5 below considers average annual population growth in each of the areas studied for a range of time periods. The time period considered are:

- 1981-2013 – this is the longest period for which published data is readily available;
- 2001-2011 – this period covers the two most recent Census dates. It is considered that population figures are likely to be most accurate for these two data points rather than the estimates for other years;
- 2007-2012 – this is the period of data which has fed into the most recent Sub-National Population Projections (SNPP) published by ONS; and
- 2008-2013 – a five year period (as would be used by ONS for the SNPP) which can include more recent data releases about population change.

3.9 The table shows over the 1981-2013 period that the population of Worthing grew by an average of 0.46% per annum, which is notably lower than in areas other than England as a whole. In the intercensal period growth in Worthing was very much in line with other areas. This also appears to be the case when considering 5-year periods to 2012 and 2013. For the 2008-2013 period, the rate of population growth has dropped slightly relative to other areas although figures remain of a similar broad order of magnitude.

- 3.10 On the basis of this analysis it can reasonably be concluded in the future (based on past trends) that population growth will be broadly in-line with that expected in other areas.

Table 5: Average Annual Population Growth Rates

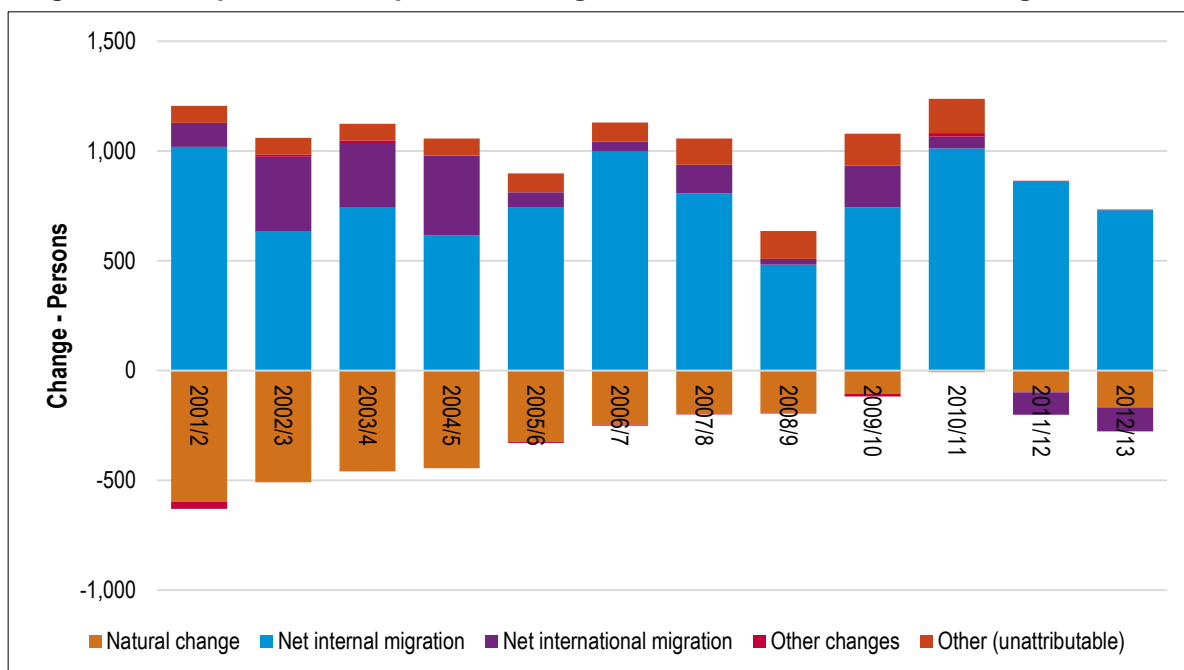
	1981-2013	2001-2011	2007-2012	2008-2013
Worthing	0.46%	0.75%	0.83%	0.72%
West Sussex	0.72%	0.71%	0.79%	0.77%
South East	0.67%	0.78%	0.89%	0.87%
England	0.47%	0.74%	0.82%	0.79%

Source: Derived from ONS data

What is Driving Population Growth?

- 3.11 Figure 22 shows the core components of population change in the period from 2001. These are: natural change (the number of births minus deaths) and net migration (shown with domestic (internal) and international migration separately).
- 3.12 In addition, between 2001 and 2011, ONS has been able to rebase population estimates using Census data. Where there is a discrepancy between the sum of the components of change and the expected population, ONS has included a category called Unattributable Population Change (UPC). The UPC is not attributed to any specific part of the data as ONS is unsure what it relates to – generally it would be more likely to be associated with the recording of migration (particularly international migration which is difficult to accurately assess) or errors with population counts in either 2001 or 2011. The chart includes a very small component of ‘other changes’; this mainly reflects estimated changes to armed forces and prison populations with figures for Worthing being negligible.
- 3.13 The data shows that natural change has generally been negative in the period since 2001, albeit at a declining rate until 2011/12 and 2012/13. International migration has largely been positive although the past two years show a net out-migration to other countries. The UPC (which is not assessed post 2011) is positive which potentially suggests an undercount of population change by ONS from 2001 to 2011. The key component of population change is however domestic (internal) migration.

Figure 22: Components of Population Change, Mid-2001 to Mid-2013 – Worthing



Source: ONS

- 3.14 This information can be analysed in terms of the different time periods studied above (other than 1981-2013 for which this information is not available). The data clearly shows the importance of internal migration for population growth with over 100% of net population change being attributable to this component in the 2001-11 and 2008-13 periods (94% in the 2007-12 period).

Table 6: Average Annual Components of Change for Different Time Periods – Worthing

	2001-2011	2007-2012	2008-2013
Natural change	-308	-120	-114
Internal migration	780	781	766
International migration	161	59	12
Other changes	-2	0	1
Unattributable population change	103	110	86
Average annual change	734	830	750

Source: Derived from ONS data

Where are People Moving From?

- 3.15 Given that domestic migration is the main source of population growth in Worthing it is worthwhile to consider the locations where people are moving to and from. Table 7 below studies 2011 Census data with this regard. Whilst the Census data is fairly complete and should give a clear indication of key locations, it needs to be borne in mind that it is only based on data for one year. In the analysis (due to the way Census data is held) figures only look at moves within England & Wales. The ONS

data for internal migration shown above (Figure 21 and Table 6) will however also include moves to and from Scotland and Northern Ireland. However for Worthing it is expected that the numbers involved in such moves will be fairly insignificant.

- 3.16 Table 7 shows that in-migration is strongest from Adur (net inflow of 452 people) and Brighton & Hove (net inflow of 313 people). The analysis also shows a notable inflow of 227 people from London and 89 from elsewhere in the South East. The analysis also identifies a significant net outflow to Arun and also to the South West region. These flows are however relatively small compared to the significant number of people moving from one property to another within the Borough (some 6,800 people moving within Worthing).
- 3.17 The table shows all local authority areas where either the in- or out-flows of people were in excess of 100, with a figure of 200 being used when considering regional data. Given these thresholds it is clear that Worthing does not have particularly strong links with parts of the South East other than with Adur, Arun, Brighton & Hove and Horsham.

Table 7: Key Migration Flows to and from Worthing, 2010-11

	To Worthing from...	From Worthing to...	Net in-migration
Adur	874	422	452
Arun	738	993	-255
Brighton and Hove	792	479	313
Horsham	317	252	65
Worthing	6,803	6,803	0
Rest of South East	1,003	914	89
London	674	447	227
South West	178	290	-112
All other areas	580	624	-44
All areas	11,959	11,224	735

Source: 2011 Census

Who is Moving?

- 3.18 As well as considering the locations to/from which people move to/from Worthing, it is possible to consider the age structure of migrants. Two sources have been used to consider this; the first is data from the ONS Mid-Year Population Estimates for 2012/13 and the second looks at the first five years of data in the 2012-based SNPP (this should broadly correspond to data for the 2007-12 past trend period).
- 3.19 Whilst levels of migration are lower for 2012-13 than in the 2012-17 SNPP period, there are clear patterns emerging. Concentrating on internal migration (identified above as the main component of

population change) the analysis shows a net out-migration of people aged 15-19 (likely to be linked to people going to university) with net in-migration of most other age groups. The analysis identifies the highest levels of net in-migration for people in their 20s and 30s, although net migration is notable for all age groups aged 20 and over.

- 3.20 Whilst the key groups are people in their 20s and 30s, the analysis does not show subsequent out-migration of these groups as people get older. In effect people are moving to Worthing and remaining there as they age. This coupled with a notable net in-migration of older people in their 60s and 70s will mean that the population would be expected to age moving forward.

Table 8: Age Profile of Migrants by Type, 2012-13

	Internal Migration Inflow	Internal Migration Outflow	Internal Migration Net	International Migration Inflow	International Migration Outflow	International Migration Net
0-4	364	329	35	29	13	16
5-9	175	189	-14	16	8	8
10-14	150	119	31	27	8	19
15-19	243	413	-170	34	25	9
20-24	728	645	83	43	105	-62
25-29	635	582	53	46	111	-65
30-34	603	467	136	33	63	-30
35-39	415	336	79	26	43	-17
40-44	361	305	56	23	33	-10
45-49	287	275	12	25	18	7
50-54	231	215	16	17	14	3
55-59	214	188	26	14	15	-1
60-64	222	175	47	12	12	0
65-69	253	154	99	14	6	8
70-74	169	84	85	4	4	0
75-79	130	64	66	3	2	1
80-84	103	68	35	2	0	2
85-89	91	77	14	0	0	0
90+	95	54	41	3	0	3
TOTAL	5,469	4,739	730	371	480	-109

Source: ONS

Table 9: Age profile of Migrants by Type (2012-2017) – Per Annum

	Internal Migration Inflow	Internal Migration Outflow	Internal Migration Net	International Migration Inflow	International Migration Outflow	International Migration Net
0-4	385	345	40	16	12	4
5-9	202	201	1	12	10	2
10-14	157	149	8	12	8	5
15-19	249	414	-165	51	26	25
20-24	777	613	164	69	87	-18
25-29	682	564	117	91	94	-3
30-34	581	482	99	58	66	-7
35-39	425	331	93	41	50	-9
40-44	324	260	64	27	44	-17
45-49	304	246	58	22	26	-4
50-54	269	223	46	14	19	-6
55-59	240	186	53	11	13	-2
60-64	217	147	70	9	8	1
65-69	209	123	85	11	7	3
70-74	140	84	56	7	6	1
75-79	116	64	52	5	2	3
80-84	118	69	50	0	0	0
85-89	95	65	30	0	0	0
90+	77	66	11	0	0	0
TOTAL	5,567	4,634	934	457	479	-22

Source: ONS

- 3.21 The analysis of past population dynamics now leads into estimates of the need for housing which draws on the most up-to-date information available (particularly looking at the 2012-based Subnational Population Projections published by ONS).

2012-based Population & Household Projections

- 3.22 The PPG states that *'household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'*.
- 3.23 The most up-to-date projections are the 2012-based CLG Household Projections published in February 2015. These projections were underpinned by ONS (2012-based) subnational population projections (SNPP) – published in May 2014. Our analysis therefore initially considers the validity of the population projections and their consistency with past trends.

2012-based Sub-National Population Projections

- 3.24 On the 29th May 2014 ONS published a new set of Sub-National Population Projections (SNPP) replacing the 2010- and 2011-based projections. Below we consider the likely implications of this data on the need for housing.
- 3.25 Table 10 below shows projected population growth from 2013 to 2033 in each of Worthing, West Sussex, the South East, and England. The data shows that the population of Worthing is expected to grow by around 18,100 people. This is a 17% increase – significantly above the expected increase in the region and nationally and also above the 16% increase expected in West Sussex. It should be noted that the data presented for Worthing has been updated to take account of mid-2013 population estimates; whereas the data for the South East and England is as published in the SNPP.

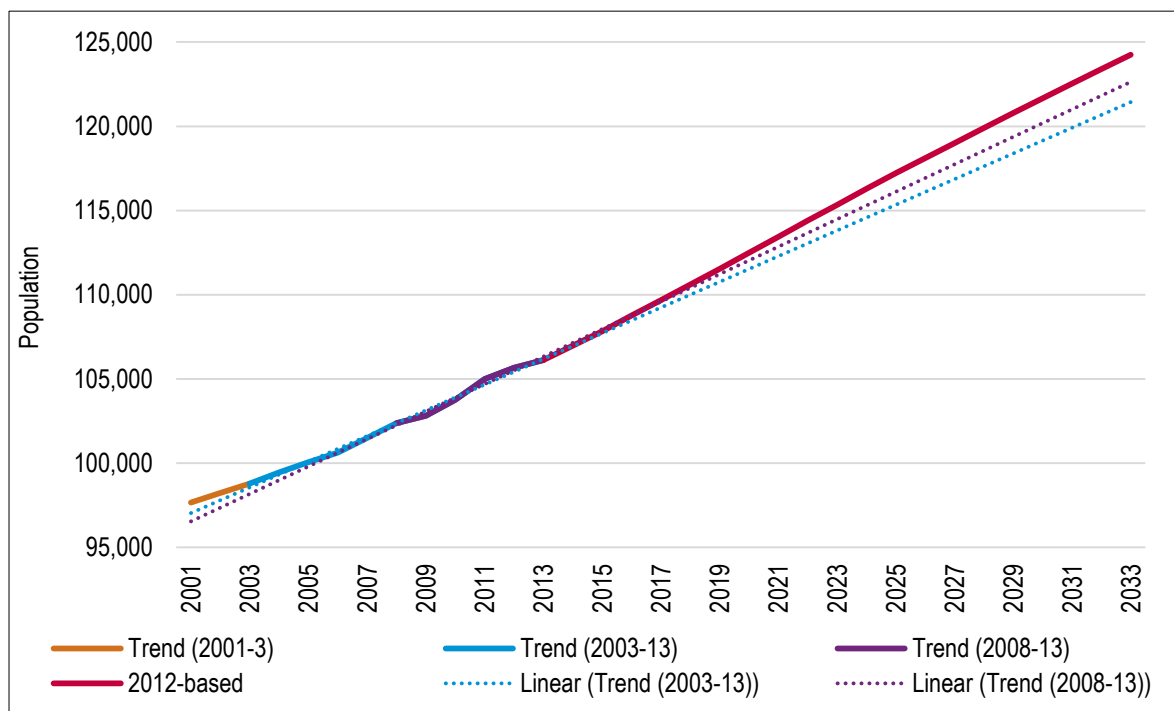
Table 10: Projected Population Growth, 2013-33 – 2012-based SNPP

	Population 2013	Population 2033	Change in population	% change
Worthing	106,117	124,252	18,135	17.1%
West Sussex	820,600	949,700	129,100	15.7%
South East	8,784,800	10,092,800	1,308,000	14.9%
England	53,843,600	61,022,500	7,178,900	13.3%

Source: ONS

- 3.26 The higher level of future population growth in Worthing than other locations is interesting given that analysis of past trends suggests past population growth to have been broadly in line with other locations. The figures for Worthing are likely to be driven by migration patterns - with a growing older population which is typically less likely to be migrant (therefore reducing levels of out-migration relative to areas with a younger population structure). It is however also worth bearing in mind that population growth in the 2007-12 period (which fed into the SNPP) was fairly strong when compared with the longer-term trends studied.
- 3.27 Figure 23 overleaf shows how the projected population growth in Worthing compares with past trends (over the past 5- and 10-years). Taking account of the publication in June 2014 of mid-year population estimates for 2013, the analysis essentially uses mid-2013 as a starting point for the projections. The analysis shows that the future projection sits slightly above both the 10- and 5-year trends although differences are not substantial. Given that ONS projections are largely built-up from five year trends this analysis suggests that the projected levels of population growth moving forward are not unreasonable, particularly when impacts of the age structure of the population on births, deaths and migration are considered.

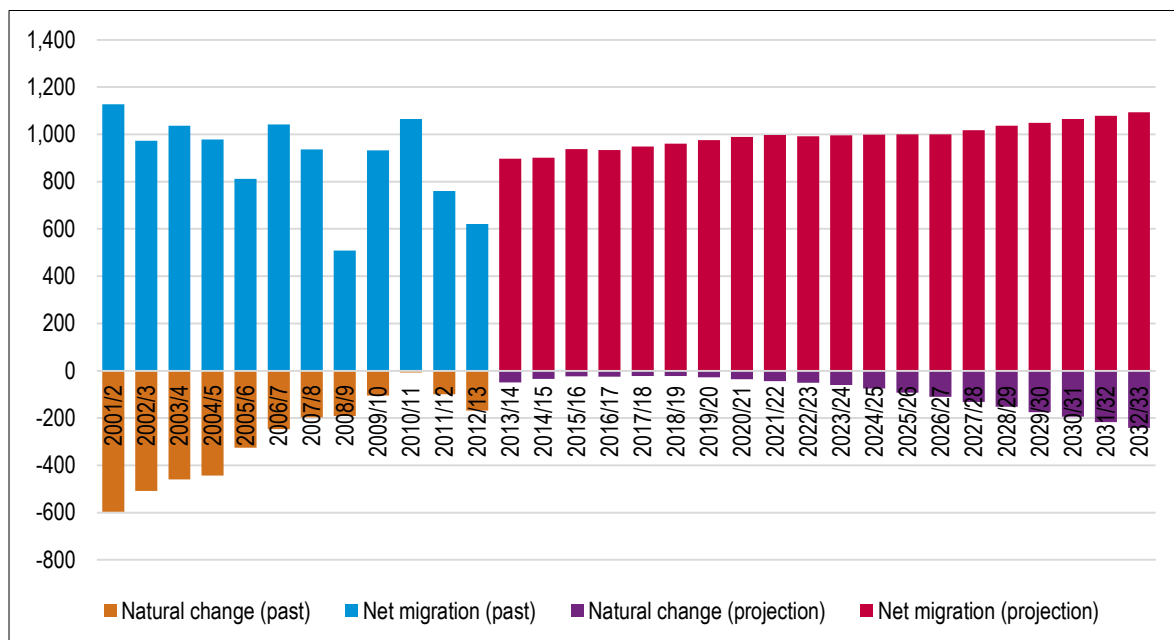
Figure 23: Past and Projected Population Growth – Worthing



Source: ONS

- 3.28 Figure 24 below shows a summary of the components of population change, along with past trends back to mid-2001. The past trend data combines internal and international migration and excludes both Unattributable Population Change and Other Changes identified in ONS component of change data.
- 3.29 Levels of natural change (births minus deaths) have generally been negative in the past, with a general reduction in the net population loss up until 2011/12 and 2012/13 when the figure starts to increase again. The projection suggests a small level of negative natural change throughout and at an increasing rate over time. This pattern is consistent with an ageing population and can be considered to be realistic in the context of the population of Worthing.
- 3.30 Regarding migration, the past trend data is slightly variable over time but constantly positive. The average level of net migration over the five years to 2013 is 777 per annum, with a slightly higher figure of 840 if the 2007-12 period is studied (this period being consistent with the main timescale used by ONS in the SNPP). Moving forward, the projection starts (for 2013/14) with a net in-migration of 897 people, rising to about 1,100 by 2032/33. The start point of 897 is not inconsistent with the 2007-12 trend whilst an increase in migration over time will be due to a changing age structure in the Borough – an ageing population generally driving a lower rate of out-migration compared with in-migration rates.

Figure 24: Components of Population Change, Mid-2001 to Mid-2033 – Worthing



Source: ONS

- 3.31 Generally, the data feeding into the SNPP does not look to be unreasonable. However, it can be noted that use of migration information for the past five years would potentially show a lower level of population growth (average migration being some 70 people per annum lower in the 2008-13 period than 2007-12). However, additional analysis of population change data shown in Appendix 1 shows an Unattributable Population Change (UPC) of about 100 per annum. This suggests that migration might have been higher than recorded by ONS (at least in the 2001-11 period). Therefore, on balance, the 2012-based SNPP can be considered as a reasonable demographic projection to take forward into the modelling of household growth and housing need.

Household Growth

- 3.32 Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 3.33 With the publication of new 2012-based CLG Household Projections in February 2015 a new set of headship rates is now available. These rates are considered to be more positive than the previous set (2011-based) and typically suggest higher rates of household growth for a given population. At a

national level (in the 2012-21 period considered by CLG) the new projections show 10% higher growth in households, for Worthing the figure is also 10%.

- 3.34 Table 11 below shows expected household growth in the 2012-based projections from 2013 to 2033 for Worthing and a range of other areas. The figures for Worthing do not exactly match the CLG projections as we have included population data for 2013; all other areas show the data as published. The data suggests an increase in households of about 12,200 over the 20-year period – this is a 25% increase; higher than expected across West Sussex and also notably above the regional and national average.

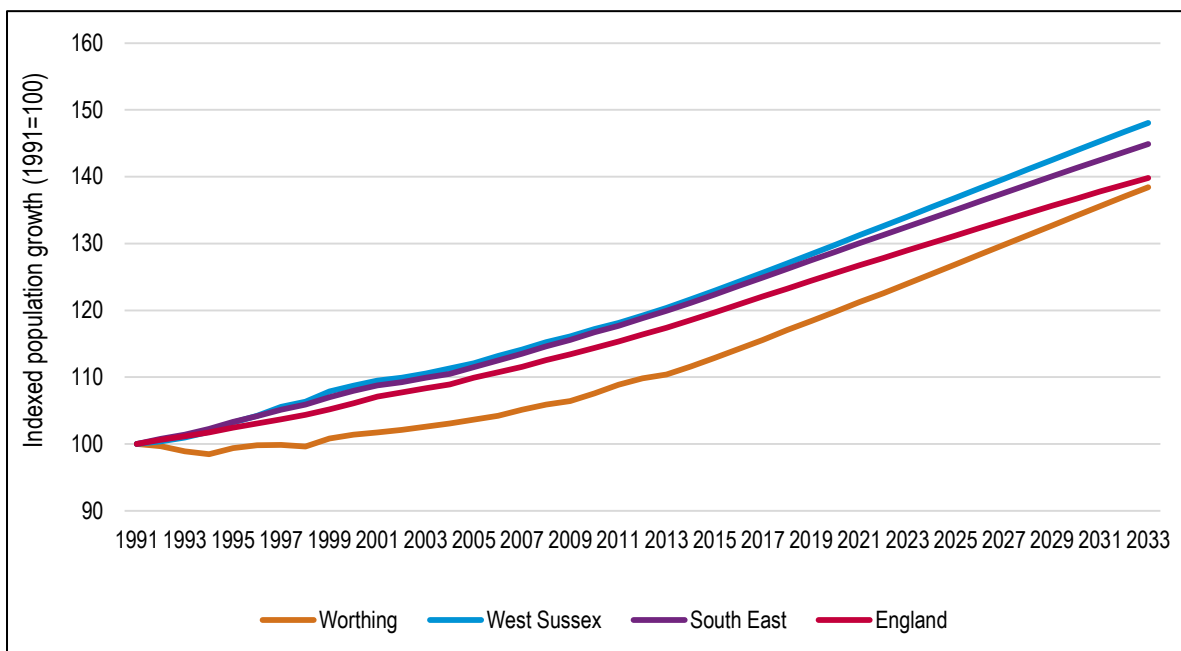
Table 11: Projected household growth (2013-2033)

	Households 2013	Households 2033	Change in households	% change from 2013
Worthing	47,865	60,017	12,152	25.4%
West Sussex	353,134	434,332	81,198	23.0%
South East	3,631,482	4,386,939	755,457	20.8%
England	22,499,536	26,797,826	4,298,290	19.1%

Source: ONS

- 3.35 Figure 25 below shows household growth back to 1991 and projected forward to 2033. The analysis shows that growth in Worthing was fairly moderate in the period to about 2010 with the lower overall growth being driven in particular by very low growth in the 10-years or so from 1991 (a period in which there was virtually no growth recorded). Moving forward from 2012/13 the analysis shows projected growth to be relatively strong. In all areas there is some evidence of a slight acceleration in growth rates from about 2012 onwards – this is consistent with the view that the new projections are taking a more positive view about household formation rates.

Figure 25: Indexed Household Growth (1991-2033)

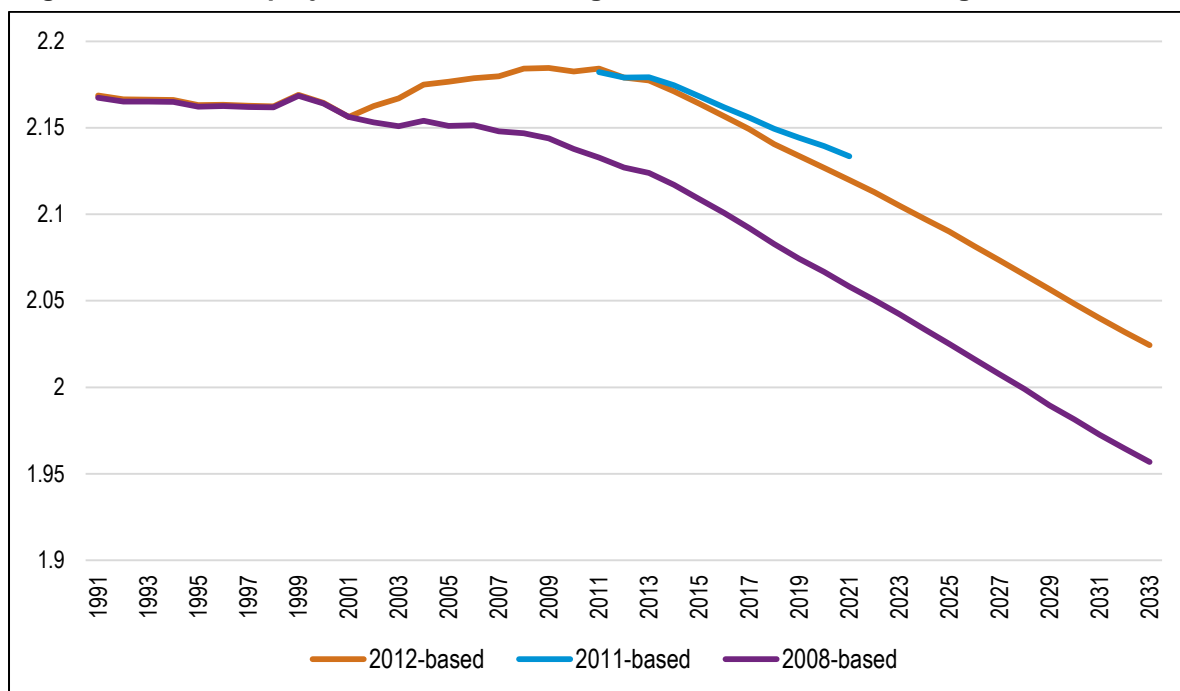


Source: ONS

- 3.36 To provide a headline assessment of the impact of the 2012-based household projections we can make a comparison of average household sizes. The figure below shows this based on each of 2012-, 2011- and 2008-based CLG household projection data. The data does show the 2012-based figures being slightly more positive than the 2011-based version. This can be seen by the newer projections expecting a greater decrease in average household sizes over time – this would be more noticeable if we were to continue the 2011-based ‘trend’ beyond 2021.
- 3.37 The data also shows an increase in household sizes from 2001 to 2011 – this is a period where it is considered that there was some suppression in the housing market and this increase would tend to suggest that such suppression is evident in the Borough. Moving forward, average household size is expected to fall at a rate which is somewhat faster than the past trends might suggest – if for example we look at the 1991-2011 period which includes both a period of relative buoyancy in the housing market and a period of constraint.
- 3.38 Data from the 2008-based projections has also been included. This shows that average household sizes are above what might have been expected from this earlier release of data. However, looking at the period from 2012 the data suggests that the future trajectory in the 2012-based version is not much different. Hence at face value it does look as if the new projections are returning rates of change to those experienced in the longer-term. Some caution should be exercised in the comparisons below as each are based on different population estimates – the size and structure of the population can have an impact on average household sizes, even if the same age specific rates

were assumed. Despite this caveat, the analysis does broadly show a comparison between the sources.

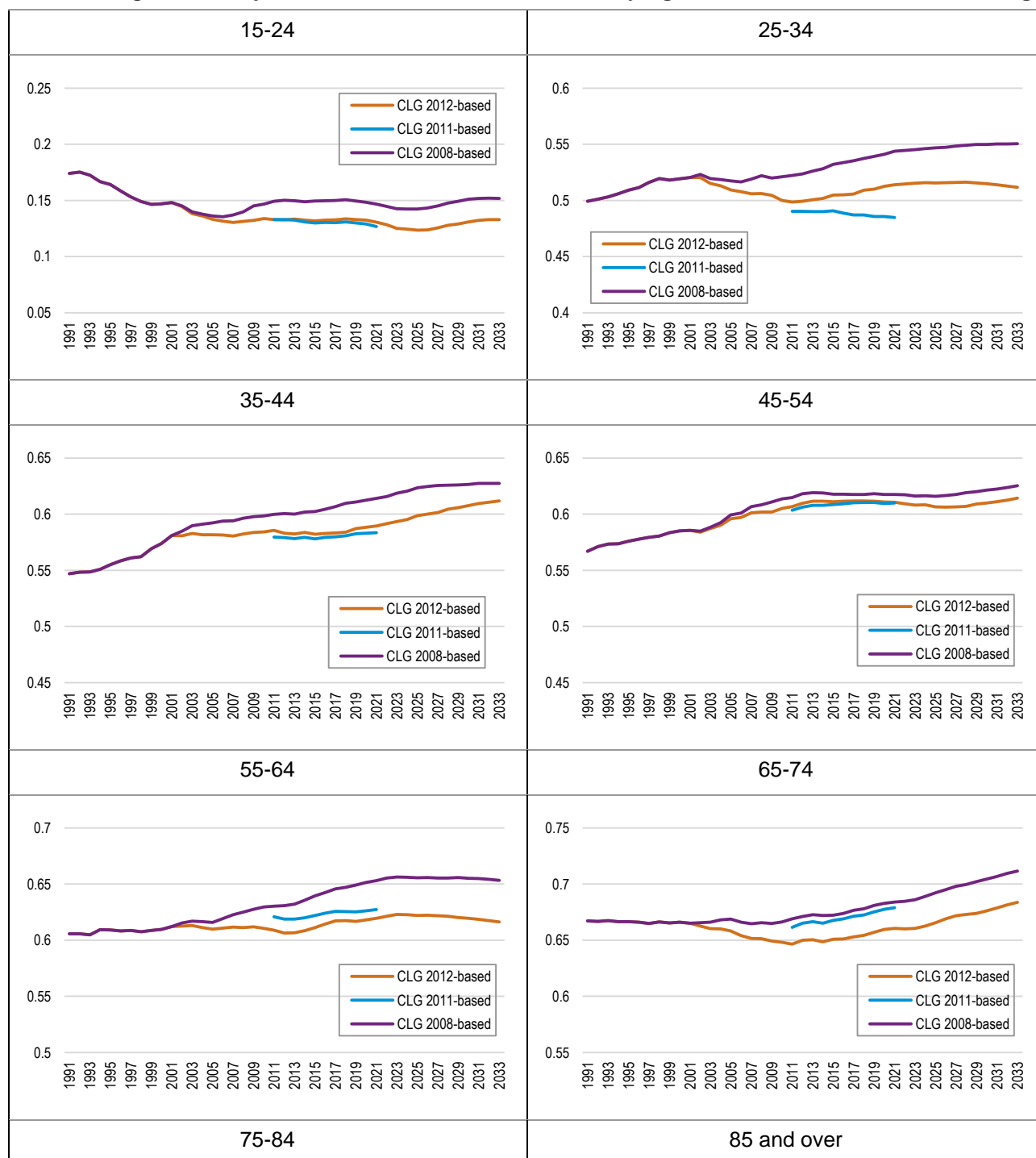
Figure 26: Past and projected trends in Average Household Size – Worthing

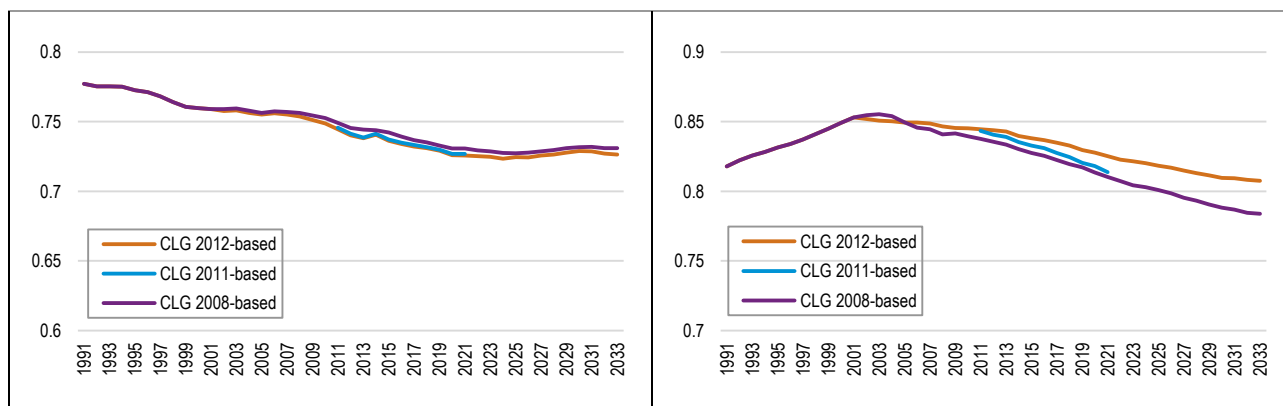


Source: Derived from ONS and CLG data

- 3.39 It is also useful to understand how the different CLG projections impact on assumptions for different age groups. Projections for household growth in this report are not based on applying average household sizes – they take account of age-specific household formation rates and how these are expected to change over time.
- 3.40 Figure 27 shows the headship rates used in each of the projections. Overall the 2012-based projections look fairly sound with rates of change moving forward from 2012 being not dissimilar to those in the earlier (pre-recession) 2008-based projections.
- 3.41 One age group we would normally focus on is people aged 25-34 – it is this age group which in most areas does indicate some degree of suppression. In Worthing however we do not consider that there is any evidence of suppression within the projections. Whilst there does appear to be a degree of constraint in household formation in the 2001-11 period, it is clear from the projections by about 2027 that household formation rates will be roughly back at 2001 levels. The same can also be said about the 15-24 age group although given lower formation rates this group does have less of an impact on overall household growth.

Figure 27: Projected Household Formation Rates by Age of Head of Household – Worthing





Source: Derived from CLG data

- 3.42 The table below brings together outputs in terms of household growth and housing need using the 2012-based household projection headship rates. To convert households into dwellings the data includes an uplift to take account of vacant and second homes (a figure of 3.5% has been used, derived from 2011 Census data). This suggests a housing need of 629 dwellings per annum from 2013 to 2033.

Table 12: Projected Household Growth 2013-33 – 2012-based Household Formation Rates

Worthing	
Households 2013	47,865
Households 2033	60,017
Change in households	12,152
Per annum	608
Dwellings (per annum)	629

- 3.43 The 2012-based household formation rates increase the projected household growth in the Borough by 9% compared to using those in the 2011-based Household Projections (suitably indexed from 2021). The 2012-based rates therefore appear to show that as economic conditions improve (as they have started to) that household formation rates will also show some recovery.

How Economic Growth may influence Housing Need

- 3.44 In deriving conclusions on the Objectively Assessed Need for Housing, the PPG sets out that employment trends should be taken into account. It outlines that:

'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population' [ID.2a-18]

- 3.45 With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection

process was therefore to make estimates about how employment levels would change under each of our projections and also to consider the demographic implications of different levels of employment growth. The process is set out in the figure below.

Figure 28: Overview of Economic-Driven projection methodology



3.46 It is not however a simple task to convert population data into estimates of the number of people who will be working as employment rates are likely to change in the future for three main reasons:

- Changes to pensionable age will potentially see people working for longer and increase the proportion of older age groups who are in employment;
- Moving out of recession there is likely to be a reduction in unemployment which would increase employment rates;
- The general trend over the past decade has been for increased economic activity for many age groups (notably older people (both sexes) and females aged 25 and over). This trend may be expected to continue into the future.

3.47 To study how employment rates might change in the future the analysis starts by looking at past trends in economic activity over the 2001-11 period from Census data. This analysis has been carried out at a national level (for England). The data shows the following key trends:

- Reducing economic activity rates for those aged 16-24 (particularly for males);
- No particular change in rates for males aged 25-49;
- Increasing economic participation for males aged 50 and over;
- Increasing participation rates for all female age groups from age 25 and upwards.

3.48 The trends studied below are for economic activity rates although in this report the analysis is based on employment rates (which is the economically active population minus those who are unemployed). Ideally trends in employment rates would have been studied but this has proved difficult due to different definitions used in the 2001 and 2011 Census (relating to how students are recorded). For the purposes of analysis it is assumed that employment rate trends follow a similar pattern to economic activity rate trends.

3.49 To look at the potential future growth in employment in Worthing, we have looked at past trends in job growth (evidenced from ONS job density data) and also an Experian econometric forecast. These sources provide an indication of the expected job growth at a local authority level. Table 13 below shows the increase in the number of jobs expected in 2033 from 2013 levels. Over the 20-year period studied the past trends would show an increase of around 4,000 jobs – this is an increase of about 7% from 2013 levels. The Experian forecast is somewhat higher, with an increase of 7,600 jobs (a 14% increase from a slightly lower baseline estimate of the number of jobs).

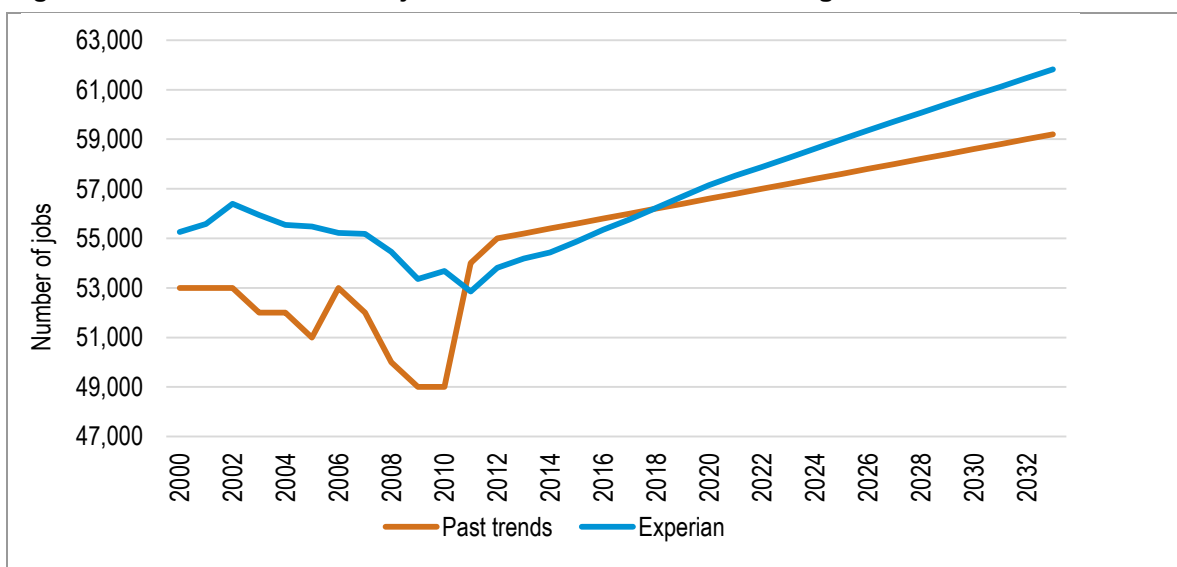
Table 13: Employment Trends and Forecasts, 2014-33

Projection	Jobs (2013)	Jobs (2033)	Change (2013-33)	% change from 2013
Past trend	55,200	59,200	4,000	7.2%
Experian	54,184	61,822	7,639	14.1%

Source: EEFM and Cambridge Econometrics

- 3.50 Figure 29 below shows the expected change in jobs over time (along with a past trend from each source). The past trend scenario has been based on a linear trend over the 2002-12 period. The Experian forecast also shows a fairly linear change in jobs, although the increase is slightly stronger in the period to 2020.
- 3.51 The Experian forecast is based on an econometric model which takes account of the structure of employment in different sectors in the Borough, how those sectors are expected to perform over the short-, medium- and long-term; and how past performance of different sectors in Worthing has compared to that across the region and nationally. It also takes account of Experian's expectations regarding population growth in the Borough (based on the 2010 SNPP) and how this might influence jobs growth.
- 3.52 For the purposes of modelling demographic change associated with these job figures, the analysis has looked at 5-year tranches (e.g. 2013-18, 2018-23 etc.). Adjustments are made to the migration assumptions in the 2012-based SNPP so that the overall growth in the workforce over the 2013-33 period (and 5-year tranches) matches the employment totals shown in the table above and figure overleaf.

Figure 29: Past Trends and Projected Number of Jobs – Worthing



Source: EEFM and Cambridge Econometrics

3.53 As well as studying job growth we can also consider commuting patterns to understand whether or not the growth in the resident working population might be expected to be higher (or lower) than the job growth figures. To study this, we have looked at the relationship between the number of residents in employment and the number of people who work in the area. Information about this is shown in Table 14 below and has been taken from the 2011 Census.

3.54 The data shows that there are around 2% more people who live in the area (and are working) than currently work in the area. Worthing therefore sees a level of net out-commuting.

Table 14: Commuting patterns in Worthing, 2011

Category	Number of Persons
Live and work in Borough	23,236
Home workers	5,371
No fixed workplace	4,471
Out-commute	17,782
In-commute	16,743
Work offshore or abroad	117
Total working in Borough	49,821
Total living in Borough (and working)	50,977
Commuting ratio	1.02

Source: 2011 Census

3.55 We also need to consider whether a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the Borough divided by the number of jobs. As shown above the Trend-based and Experian forecasts have a slightly different level of estimated jobs in 2011 and so we have worked out a different double jobbing estimate for each. Both sources however suggest a factor of around 0.92-0.94.

3.56 Hence to work out the change in the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs – this is shown in the table below. Overall, the past trends expect an increase of 4,000 jobs; if commuting patterns and levels of double jobbing remain the same then this would require growth in the resident workforce of about 3,790 people. In the Experian forecast the figures are estimated to be 7,640 jobs and 7,396 more residents in employment.

Table 15: Relating Jobs Growth to Change in Resident Workforce (2013-33)

Time period	Trend-based		Experian	
	Change in jobs	Change in resident workforce	Change in jobs	Change in resident workforce
2013-18	1,000	948	2,038	1,973
2018-23	1,000	948	2,024	1,959
2023-28	1,000	948	1,821	1,763
2028-33	1,000	948	1,756	1,700
Total	4,000	3,790	7,639	7,396

Source: EEFM, Cambridge Econometrics and 2011 Census

- 3.57 In relating growth in jobs to housing need, we also need to consider how economic participation and employment rates will change in the future. Although the past few years have seen some increase in unemployment, there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to changes to the state pensionable age) and have modelled for there to be some increase in employment rates as we move through to 2033. Full details of modelling assumptions can be found in Appendix B.
- 3.58 The outputs from the economic based projection is as follows and shows that for the resident workforce to increase in line with the forecast number of jobs would require 429 homes per annum to be delivered with the past trend forecast and a higher figure of 580 when linking to the Experian forecast. The outputs are again based on household formation rates from the 2012-based CLG household projections.

Table 16: Jobs Growth and Change in Resident Workforce (2013-33)

	Trend-based	Experian
Households 2013	47,865	47,865
Households 2033	56,162	59,074
Change in households	8,297	11,210
Per annum	415	560
Dwellings (per annum)	429	580

- 3.59 The level of housing provision which would be required to support these job growth scenarios is lower than the 629 dwellings per annum required by the demographic projections. A delivery rate of 629 dwellings per annum would likely not constrain economic growth and would be sufficient to support the projected economic growth in the Borough. Following the approach in the Planning

Practice Guidance, there is thus not a need to adjust upwards the overall assessment of housing need (OAN) to support growth in jobs.

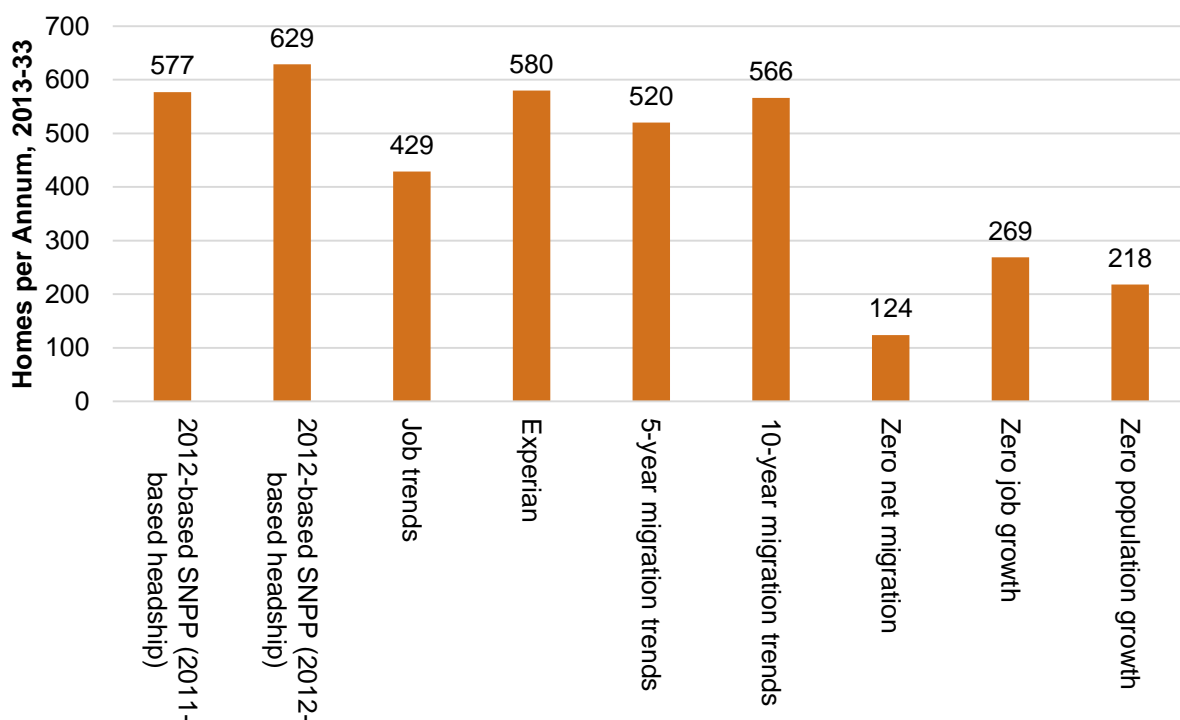
Sensitivity Analysis and Component Projections

3.60 To assist in understanding demographic dynamics we have modelled a number of component projections. We have also undertaken a sensitivity analysis around migration. The results of these additional projections are shown in Figure 30 below.

3.61 The component projections serve to illustrate the following:

- Net in-migration to Worthing is an important driver of population growth and housing demand. With zero net migration (i.e. inflows and outflows of people to the Borough balancing one another), there would be a need for 124 homes per year. Of the need identified in the 2012 SNPP, 20% results from needs arising from within the Borough;
- It is not consistent with national policy to plan on the basis of zero net migration. Local authorities must seek where possible to meet full objectively assessed housing need. Moreover zero net migration would see the Borough's population fall, as deaths would exceed births (although because the age structure changes and household sizes fall, there is some need for additional housing).
- To maintain current levels of population alone would require provision of 218 homes per year. However because of a changing age structure, and likely growing older population (not least as people are living longer), this would see the Borough's workforce fall undermining economic growth potential. The analysis indicates that a minimum of 269 homes per year would be needed just to keep the size of the workforce stable. This takes into account increasing employment rates, including people working longer;
- The 2012-based SNPP, because of expected changes in the age structure of the population over the period to 2033, expects a modest growth in levels of net in-migration (particularly as out-migration falls as the population ages). It is on this basis that the 2012-based SNPP projects slightly higher housing need than is derived by projecting forward average levels of net migration over the last 5 and 10 years. These two sensitivities result in housing need of between 520-566 homes per year, compared to 629 homes annually in the 2012 SNPP Projection.

Figure 30: Comparison of Housing Need from Core, Component & Sensitivity Projections



Summary and Conclusions

- 3.62 This section has considered the most up-to-date population and household projections, following PPG guidance which states that household projections should provide the starting point estimate of overall housing need. The most up-to-date projections are the 2012-based CLG Household Projections published in February 2015. These projections were underpinned by ONS (2012-based) subnational population projections (SNPP) – published in May 2014.
- 3.63 The 2012-based household projection headship rates suggest an annual growth of 608 households per annum over the 2013-33 period. Taking account of vacant and second homes, this is equivalent to a housing need of 629 dwellings per annum over this period.
- 3.64 The 2012-based household formation rates increase the projected household growth in the Borough by 9% compared to using those in the 2011-based Household Projections, which projected an annual housing need of 577. The 2012-based rates therefore appear to show that as economic conditions have and continue to improve that household formation rates will also show some recovery.
- 3.65 We have considered jobs growth scenarios in order to ensure housing growth and jobs growth aspirations are aligned. We have considered two jobs growth scenarios – a past trends scenario based on jobs growth over the previous 20 year period; and a scenario based on the Experian jobs

growth forecast. These scenarios forecast an increase of 4,000 and 7,600 jobs respectively over the period 2013-33. We have then calculated the number of houses needed to ensure an increase in resident workforce sufficient to support these levels of jobs growth.

- 3.66 The trend based scenario requires the delivery of an additional 429 dwellings per annum over the 2013-33 period. The Experian forecast requires the delivery of 580 dwellings per annum over this period.
- 3.67 This suggests that the demographically derived figure of 629 dwellings per annum would be sufficient to support both of these forecast levels of jobs growth. Accordingly, neither jobs growth scenario justifies an increase to the housing need number of 629 dwellings.

4 AFFORDABLE HOUSING NEED

Introduction

- 4.1 In this section we discuss levels of affordable housing need in Worthing. Affordable housing need is defined in the Planning Practice Guidance as describing “those households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.”
- 4.2 The Practice Guidance sets out a standard approach for assessing affordable housing need which we adopt for this study. This is known as the Basic Needs Assessment Model, and considers the need for and supply of affordable housing.
- 4.3 It is a somewhat theoretical model which was originally designed to assess whether there was a shortfall or surplus of affordable housing in an area; and considers this on the assumption that all households who cannot afford market housing are in need of affordable housing. The reality is that some households in these circumstances find suitable accommodation in the private rented sector (and indeed in Worthing the Council assists them in doing so).
- 4.4 The model is particularly relevant in establishing whether there is a need for affordable housing; and quantifying the potential scale of this need.
- 4.5 In the context of the analysis in this report, affordable housing is described as:
- Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*
- 4.6 Thus affordable housing is that which is owned principally by Registered Providers and is held ‘in perpetuity’ such that when a property is re-let or re-sold, it is made available to another household in need of affordable housing (or the subsidy in the home is recycled).
- 4.7 The figures presented in this report for affordable housing needs have been based on contemporary secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.
- 4.8 The housing needs modelling undertaken provides an assessment of housing need for the 2013-33 period. Each of the stages of the housing needs model calculation are discussed in more detail below.

- 4.9 The affordable housing needs model is influenced strongly by housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. Key definitions used are set out in Appendix D.

Housing Cost Differences

- 4.10 The first part of the assessment is to consider entry level housing costs for homes in different tenures – both to buy and rent – within the Borough. We have analysed Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with PPG) we have taken lower quartile prices and rents to reflect the entry-level point into the market.
- 4.11 Table 17 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £120,000 for a flat and rising to £290,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a figure of £162,800.

Table 17: Lower Quartile Sales Prices by Type (Q1 and Q2 – 2014)

Dwelling type	Lower quartile price
Flat	£120,000
Terraced	£190,000
Semi-detached	£227,500
Detached	£290,000
All dwellings	£162,800

Source: Land Registry (2014)

- 4.12 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2014. For the rental data information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of around £550 per month.

Table 18: Lower Quartile Private Rents (Year to March 2014)

Dwelling size	Monthly rent
Room only	£395
Studio	£415
1 bedroom	£525
2 bedrooms	£675
3 bedrooms	£795
4+ bedrooms	£1,100
All dwellings	£550

Source: Valuation Office Agency

- 4.13 In addition to rental costs we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the area. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.
- 4.14 The geographical areas used to determine LHA are not however co-terminus with local authority boundaries and so any comparison is not exact. LHA levels are based on Broad Rental Market Areas (BRMA). The BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping (as defined by the Rent Office). All of Worthing Borough is in a Worthing BRMA, however this area extends significantly outside of the Borough – in particular to the West to include Littlehampton and Bognor Regis – this will have an impact on the rent levels recorded.
- 4.15 The data suggests some differences between LHA rates and our analysis based on VOA data. For most sizes of accommodation, the LHA levels are below the actual rents available in the Borough. Differences are most notable for room only accommodation and larger (4 bedroom) homes. This may limit the ability of households seeking private rented homes in Worthing Borough to secure suitable accommodation.

Table 19: Maximum LHA payments by Size and BRMA

Size	Worthing BRMA
Room only	£297
1 bedroom	£515
2 bedrooms	£657
3 bedrooms	£795
4 bedrooms	£1,025

Source: VOA data (September 2014)

Cost of Affordable Housing

- 4.16 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 20: Monthly Social Rents

Size	Monthly Rent
1 bedroom – average	£385
2 bedrooms – average	£458
3+ bedrooms – average	£501
Lower quartile (all sizes)	£387 (est'd)

Source: CoRe (2014)

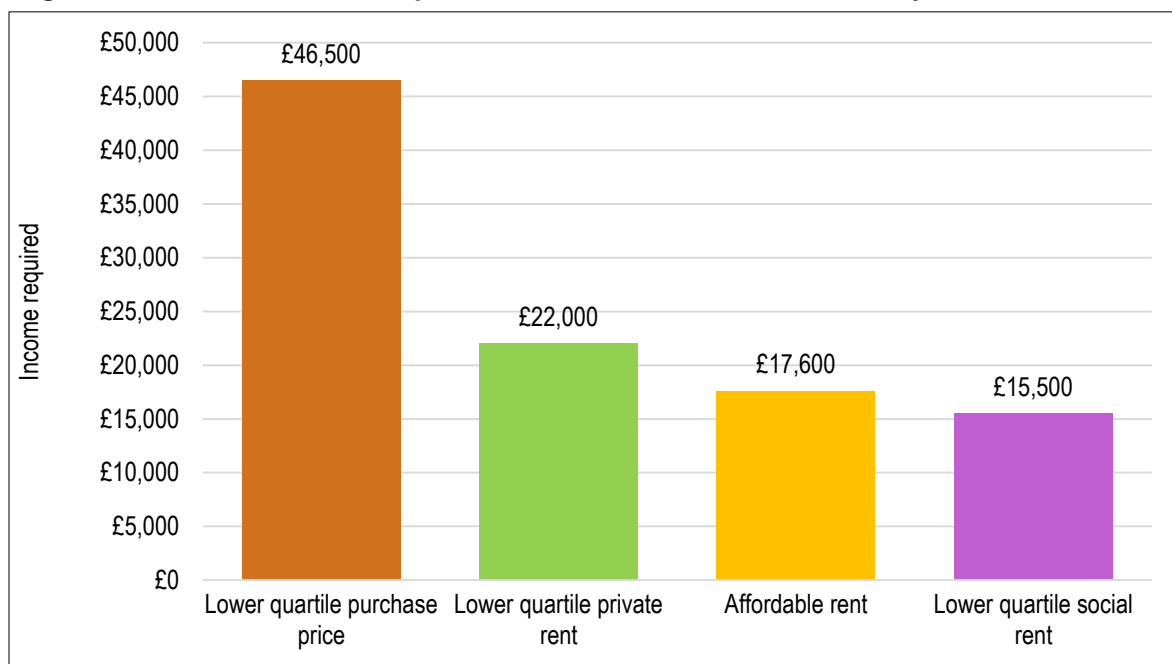
- 4.17 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'*.
- 4.18 The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Income Thresholds for accessing Different Housing Tenures

- 4.19 Figure 31 below estimates how current prices and rents in Worthing might equate to income levels required to afford different housing tenures. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented

properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Figure 31: Indicative Income required to Purchase/Rent without Subsidy



Source: Land Registry, VOA and CoRe

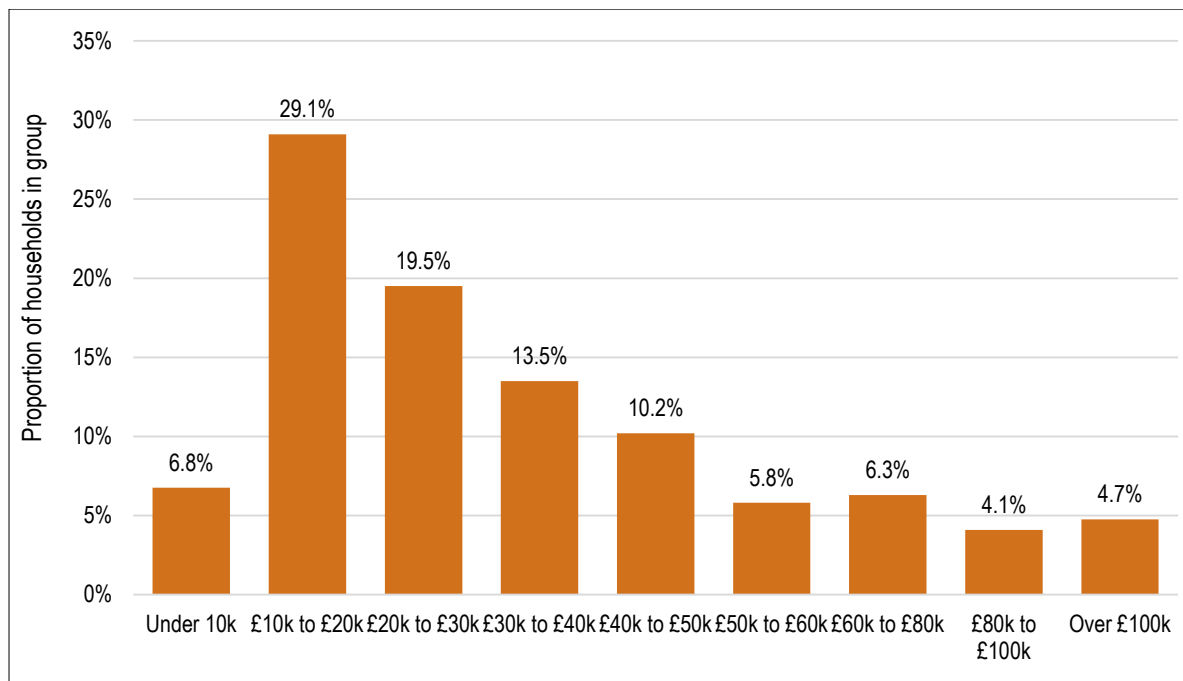
Income Levels and Affordability

4.20 We can next move on to compare housing costs to incomes. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2013 (a 0.7% increase was identified from this source for the South East)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for Worthing Borough)

4.21 This data has been collated to model an income distribution for Worthing Borough in 2013. Figure 32 shows the distribution of household incomes for the whole of the Borough. Around a third (35.9%) of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the Borough was estimated to be around £27,100, with a mean income of £35,600.

Figure 32: Distribution of Household Income in Worthing



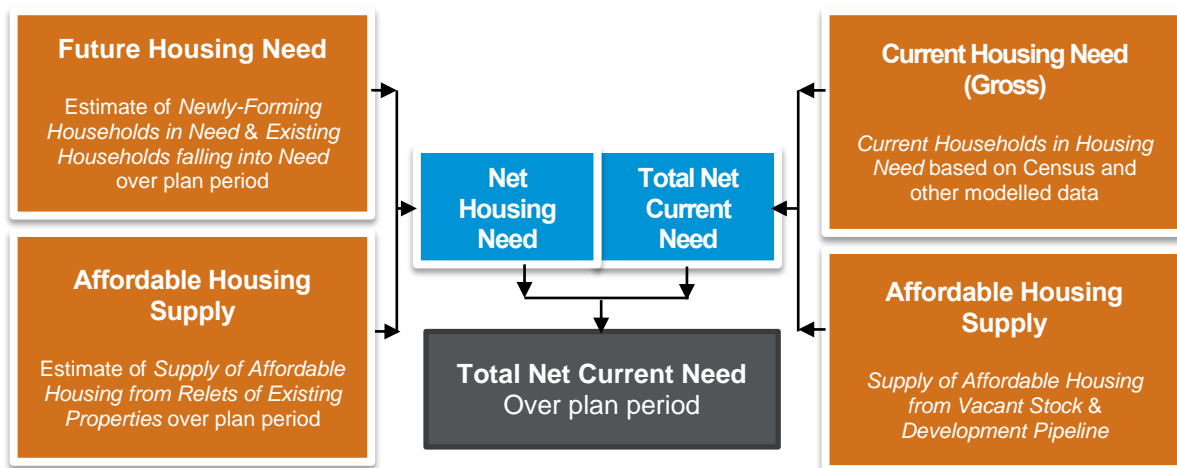
Source: Derived from ASHE, EHS, CACI and ONS data

- 4.22 We have compared housing costs and income to assess whether households can afford housing in the private sector - either home ownership or private rented housing (whichever is the cheapest) - without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes.
- 4.23 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed where relevant in the analysis that follows.

Housing Needs Assessment

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

Figure 33: Overview of Basic Needs Assessment Model



- 4.25 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need for a five year period (which is then annualised). Each of the stages of the housing needs model calculation are discussed in more detail below.

Current Housing Need

- 4.26 In line with PPG, the current need for affordable housing has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census (updated to a 2013 base) along with an estimate of other needs which have been modelled taking account of the tenure profile. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.
- 4.27 The analysis suggests some 1,606 overcrowded households (using the bedroom standard) along with an estimated 1,294 households with other needs. In total it is therefore estimated that around 2,901 households are currently living in unsuitable accommodation – this represents 6% of the estimated number of households in Worthing in 2013.
- 4.28 In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing (2,901), households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for

affordable housing will arise). The analysis also excludes all outright owners under the assumption (supported by the English Housing Survey) that they will have sufficient equity to move and 90% of owners with a mortgage. The vast majority of owners with a mortgage are likely to be able to afford housing once savings and equity are taken into account. A final adjustment (which is fairly small in Worthing) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as being in housing need.

- 4.29 At the time of the assessment there were an estimated 1,599 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) – this represents 3.3% of all households in the Council area – this data is shown in the table below.

Table 21: Estimated Households in Unsuitable Housing

	In unsuitable housing	Total number of households	% in unsuitable housing
Worthing	1,599	47,979	3.3%

Source: Census (2011) and data modelling

- 4.30 Our estimated level of current need is therefore 1,599. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. To consider this, we have used the income data and adjusted the distribution to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income estimate of 69% of the figure for all households has been used. Overall, around 58% of households with a current need are estimated to be likely to have insufficient income to afford market housing and so our estimate of the total current need is reduced to 930 households.

Table 22: Estimated Current Need

	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Worthing	1,599	58.1%	930

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

- 4.31 CLG guidance also suggests that the housing register can be used to estimate levels of housing need. Our experience working across the Country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need, such as where there is sufficient financial resources to find housing in the private sector without financial support, whilst there will be households in need who do not register (possibly due to being aware that they have little chance of

being housed). For these reasons, the method linked to Census and other modelled data is preferred.

- 4.32 That said, it is possible to cross-refer to Housing Register figures to see if the 'need' is of a similar order of magnitude to that emerging from the data modelling above. According to Local Authority Housing Statistics for 2014 there were 821 households on the Housing Register and in a reasonable preference category (i.e. in need). This figure does suggest that the modelled figure of 930 is at the sort of level that might be expected if register data had been used for this stage of the analysis.

Newly-Arising Need

- 4.33 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLG's SHMA Guidance. These are:
- Newly forming households; and
 - Existing households falling into need.

Newly-Forming Households

- 4.34 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over the 2013-33 period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 10-year age bands relative to numbers in the age band below 10 years previously to provide an estimate of gross household formation. This differs from numbers presented in the demographic projections which are for net household growth. The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 4.35 The estimates of gross new household formation have been based on outputs from our core demographic projection. In looking at the likely affordability of newly-forming households we have considered wider evidence including the English Housing Survey. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 4.36 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this

we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around half of newly-forming households will be unable to afford market housing and that a total of 463 new households will have a need on average in each year to 2033.

Table 23: Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Worthing	959	48.2%	463

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

- 4.37 The second element of newly arising need is existing households falling into need. To assess this we have used information from Continuous Recording system (CoRe). We have looked at households who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.
- 4.38 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*.
- 4.39 Following the analysis through suggests a need arising from 118 existing households each year – this is about 0.2% of all households living in the Borough (in 2013).

Supply of Affordable Housing

- 4.40 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.
- 4.41 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the CoRe to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to

ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes (of which there are very few identified in Worthing)).

- 4.42 On the basis of past trend data it has been estimated that 184 units of social/affordable rented housing are likely to become available each year moving forward.

Table 24: Analysis of past Social/Affordable Rented Housing Supply (per annum - past 3 years)

Category	
Total lettings	311
% as non-newbuild	86.3%
Lettings in existing stock	269
% non-transfers	68.6%
Sub-total	184
% non-temporary housing	99.7%
Total lettings to new tenants	184

Source: CoRe

- 4.43 The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Worthing is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment, we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data (and assuming a turnover half of the rate seen in the social/affordable rented stock). From this it is estimated that around 9 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 192 per annum.

Table 25: Supply of Affordable Housing

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Worthing	184	9	192

Source: Derived from CoRe and Census (2011) analysis

Net Housing Need

- 4.44 Table 26 below shows our overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting

housing need over the 20-year period from 2013 to 2033. Whilst most of the data in the model are annual figures the current need has been divided by 20 to make an equivalent annual figure.

- 4.45 The data shows an overall need for affordable housing of 8,700 units over the next 20-years (435 per annum). The net need is calculated as follows:

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

Table 26: Estimated level of Housing Need (2013-33)

	Per annum	20-years
Current need	46	930
Newly forming households	463	9,258
Existing households falling into need	118	2,360
Total Gross Need	627	12,548
Supply	192	3,846
Net Need	435	8,702

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

- 4.46 The PPG on affordable housing needs assessment indicates that this should take account of the committed supply of affordable housing. At the time of writing there were 61 units of affordable housing committed and if included within the modelling would indicate a net need for 8,641 affordable homes over the 2013-33 period (432 per annum).

Sensitivity to Income Thresholds

- 4.47 Whilst 25% is the threshold suggested by 2007 SHMA Guidance, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure. Given the socio-economic profile of the Worthing population, particularly with respect to earnings and the cost of housing, in practice, many households locally will choose to spend a greater proportion of their income on housing.
- 4.48 A 30% threshold has been used in the main modelling for consistency with general practice nationally although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we have set out below a sensitivity analysis considering the level of affordable housing need which arises with various different levels of income spent on housing costs. In particular, we can see that with an assumption of households spending 40% gross income on housing costs then need falls to 279 households per annum (down from 435 using a 30% threshold).

Table 27: Estimated level of Housing Need (per annum) at Variant Income Thresholds

	% Income Spent on Housing			
	@ 25%	@ 30%	@ 35%	@ 40%
Current Need	53	46	40	35
Newly forming households	551	463	393	337
Existing households falling into need	126	118	109	99
Total Need	730	627	542	472
Supply	192	192	192	192
Net Need	538	435	350	279

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

Role of the Private Rented Sector in Meeting Housing Need

- 4.49 As well as considering the supply of social/affordable rented and intermediate housing it is important to examine the extent to which the private rented sector (through the Local Housing Allowance (LHA) system) is meeting the needs of households in the Borough. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of May 2014 it is estimated that there were 3,679 benefit claimants in the Private Rented Sector; this is just 4% higher than the number observed three years earlier (in May 2011).
- 4.50 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are “new lettings” each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the Private Rented Sector gives us an estimate of 478 private sector lettings per annum to new LHA claimants in the Council area. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector).
- 4.51 The overall estimated number of lettings in the LHA part of the PRS can therefore be seen to be slightly greater than the total net need derived through housing needs analysis. It is not however appropriate to treat this sector as a form of affordable housing and net it from the overall annual housing needs estimate of 435 affordable homes per annum. Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.
- 4.52 However, it should be recognised that, in practice, the Private Rented Sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be

used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

- 4.53 The extent to which the Council wishes to see the Private Rented Sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

Understanding the Context to the Housing Needs Assessment

- 4.54 The housing needs analysis concludes that there is a shortfall of 8,702 affordable homes over the period from 2013 to 2033 (435 per annum). However there are a number of things that need to be remembered in interpreting the housing needs analysis.
- 4.55 The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a statutory requirement to underpin affordable housing policies.
- 4.56 The needs assessment therefore does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 30% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.
- 4.57 The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Worthing, the stock of affordable housing (social rented) represents about 10% of the total number of households – this is notably below the equivalent figure for the South East (14%) and England (18%). This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions.
- 4.58 Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).

4.59 In reality, there are two key factors which need to be considered:

- Many households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and
- Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.

4.60 As well as considering the types of household in need it is important to examine the extent to which the PRS (through the Local Housing Allowance (LHA) system) is meeting the needs of households in the area. Whilst the role of the PRS is not specifically mentioned in the NPPF or PPG it has been recognised through previous SHMA guidance. The 2007 guide states that:

“some households in need may choose to live in the private rented sector (possibly with the use of housing benefit) or housing that would be classified as unsuitable, even though they are eligible for affordable housing”. [p49]. The same page continues by posing a ‘research question’ of ‘how is the private rented sector used to accommodate housing need?’

4.61 Therefore it is clear that CLG does recognise the role played by the private rented sector and would expect this to be considered in analysis. Whilst the 2007 guide has now been replaced by the PPG, there is no evidence that there has been any change in approach to this topic. Indeed it is clear that Central Government does see a role for the private rented sector. If it didn’t then there would be no benefit system available for those unable to access the market and local authorities would not be able to discharge their homelessness duties into the sector. In short, the private rented sector cannot be ignored as a source of supply as it is an integral part of the overall operation of a housing market.

4.62 It is estimated that there are currently around 3,700 Local Housing Allowance claimants housed in the Private Rented Sector with many more expected to be in this sector and paying more than 30% of their income on housing but not claiming Housing Benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting Housing Benefit (although other benefits such as working tax credits will kick in below this level)).

4.63 As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.

4.64 Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play some role in meeting housing need in the short-to-medium term.

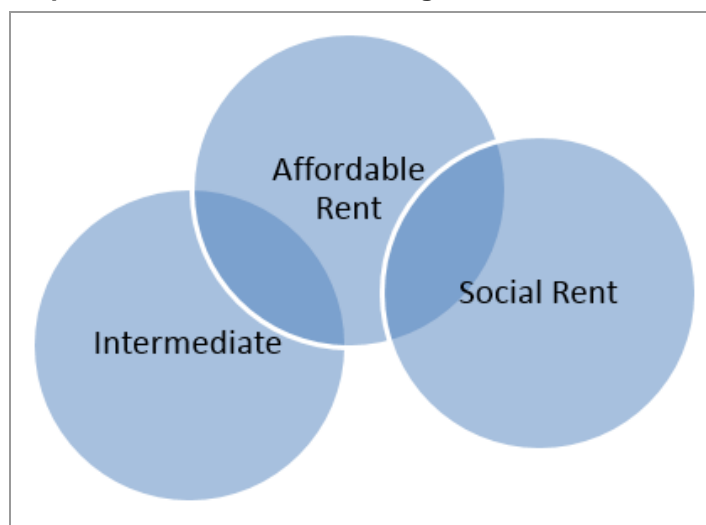
- 4.65 However, national planning policy does not specifically seek to meet the needs identified through the Basic Needs Assessment Model through the Private Rented Sector. There are wider factors which need to be considered in relying on this as a source of supply; including that there is no guarantee that landlords will relet properties to households on LHA. In particular future growth in households living within the PRS and claiming LHA cannot be guaranteed.
- 4.66 What the PPG sets out is that consideration needs to be given to increasing overall housing delivery where it might contribute to delivering the identified need for affordable housing. This is to some extent a “policy choice.”
- 4.67 The analysis above has shown that a notable proportion of the affordable need is expected to arise from households who are already living in accommodation (existing households). Furthermore, there is a clear current and ongoing role of the private rented sector in meeting affordable need. When taking these two points together the analysis would suggest that the affordable need does not provide conclusive evidence of a requirement to increase overall housing provision in the HMA (over and above the need shown by demographic modelling).
- 4.68 There may however be a case to consider the affordable housing need alongside the evidence of market signals and potentially consider a modest uplift to help improve overall affordability for younger households seeking to enter the housing market for the first time. A modest uplift could be achieved without significant additional uplifts to the population (over and above the trend-based demographic projections) and would not therefore necessarily have a direct impact on other areas needing to provide fewer homes.
- 4.69 The Council should also consider the degree to which different scenarios for housing provision might contribute to meeting the affordable housing need; as well as other measures (besides delivery through s.106 Agreements) to delivering affordable housing. In some circumstances this may warrant an upwards adjustment to planned housing provision.

Need for Different Types of Affordable Housing

- 4.70 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:
- Intermediate
 - Affordable rent
 - Social rent

- 4.71 More detailed definitions of these terms, and others are included in Appendix C of this report.
- 4.72 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.
- 4.73 For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes). Affordable rented homes have effectively superseded intermediate rented housing for the purposes of new-build development.
- 4.74 The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the period to 2018 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).
- 4.75 For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.

Figure 34: Overlap between Affordable Housing Tenures



- 4.76 Given this overlap, for analytical purposes we have defined the following categories:
- Households who can afford 80% or more of market rent levels;
 - Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
 - Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.
- 4.77 The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.
- 4.78 Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the analysis suggests around 26% of housing could be intermediate with the remaining 74% being either social or affordable rented.

Table 28: Estimated Need for Different Types of Affordable Housing

	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Worthing	122	9	113	506	184	322
% of total	26%			74%		

Source: Housing Needs Analysis

- 4.79 In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Comparing Findings to the 2012 SHMA

- 4.80 This section has provided estimates of the overall need for affordable housing by following the approach in the PPG. It is of interest to compare the outputs of this analysis with those in previous housing needs modelling exercises. The last full SHMA covering Worthing was completed in 2012. A very similar methodology was used in 2012 with the main difference being the approach to current need. The 2012 report used Housing Register data; whilst this report uses modelled estimates based on Census and other sources. Furthermore the 2012 report considered clearing the current need over a 5-year period rather than 20-years in this report.
- 4.81 The table below compares the outputs of this report and previous (2012) work. For consistency all figures are provided on an annual basis with the current need from 2012 being recalculated to cover a 20-year period. The analysis suggests a lower level of need in this report when compared with 2012 (435 vs. 462) – the biggest difference being in the estimates of newly forming households falling into need.
- 4.82 Whilst this might suggest that need has fallen, the reality is that differences are most likely to be due to detailed methodological issues. In particular it should be noted that the 2012 report used an income threshold of 25% for affordability calculations rather than the 30% favoured in this report. In the 2014 assessment, use of a 25% threshold increases the need to 538 per annum which some way above the 462 figure shown in the table below.

Table 29: Comparing Affordable Housing Needs Estimates in 2012 SHMA and 2014 Assessment – Need per Annum over 20-year period

	2012 assessment	2014 assessment
Current Need	24	46
Newly forming households	534	463
Existing households falling into need	107	118
Total Need	665	627
Supply	203	192
Net Need	462	435

Source: SHMA 2012 and 2014 affordable needs assessment

Drawing the Evidence Together

- 4.83 It is necessary for Councils to assess affordable housing need to underpin policies seeking affordable housing provision in new developments. This assessment has assessed affordable housing need using the Basic Needs Assessment Model which has been recommended in Government Guidance and used in previous studies.
- 4.84 The assessment model considers the need for affordable housing in a somewhat theoretical way. If all households who required some form of subsidy were to be provided with affordable housing it estimates a need for 435 affordable homes per year would be needed. There is thus a clear requirement for new affordable housing in the Borough, and the Council is justified in seeking to secure additional affordable housing.
- 4.85 However if 435 new affordable homes are not delivered, what is the impact? This shortfall in provision is met principally through the Private Rented Sector – as households are able to claim Local Housing Allowance to help pay housing costs, supplementing their income. It seems likely that the Private Rented Sector will continue to be used to make up for any shortfall of affordable housing.
- 4.86 Whilst the affordable housing evidence indicates that in the absence of development constraints, there is a need to consider the affordable housing need alongside the evidence of market signals and potentially consider an uplift to help improve overall affordability for younger households seeking to enter the housing market for the first time. However, this must be considered within the wider context of how the housing market operates and it should be recognised that a notable proportion of the affordable need is expected to arise from households who are already living in accommodation (existing households), and the role of the private rented sector in meeting affordable need. We would therefore recommend a modest uplift to the overall housing need figure, in accordance with the housing market signals analysis set out in the following chapter, in order to improve overall affordability.

5 HOUSING MARKET SIGNALS

- 5.1 The NPPF is clear that plans should take account of market signals, such as land prices and housing affordability (Paragraphs 17 and 158). The Planning Practice Guidance clarifies this setting out that:

“The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand.” [ID. 2a-019]

- 5.2 The PPG sets out that studies should assess house prices and rents, land values, affordability, rates of development as well as overcrowding, concealed and shared households. Appropriate comparisons should be made (in terms of absolute levels and rates of change) with trends in the HMA, similar areas and nationally. It sets out that:

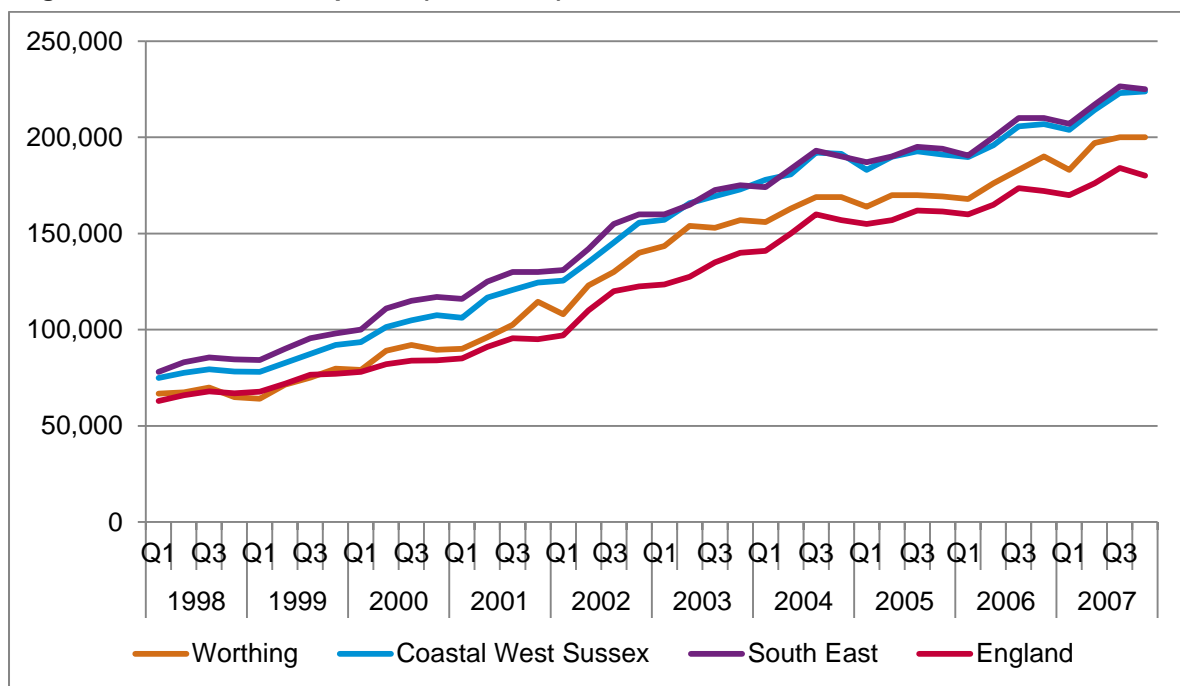
“A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.” [ID. 2a-020]

- 5.3 In interrogating market signals we have sought to assess trends over the 2001-11 period, as this is the period from which household formation trends in the 2011-based Household Projections are derived. We have also considered more recent trends and current performance, to assess whether there is a case for adjusting levels of housing provision (relative to those shown in the projections thus far).

House Prices

- 5.4 Across Worthing, the average (mean) house price (Jan 2013 – Apr 2014) is just under £225,500 whilst the median is £205,000. Worthing has the lowest average house prices within the Coastal West Sussex Sub-Region.
- 5.5 The figure overleaf profiles house prices in Worthing compared to the Coastal West Sussex sub-region, South East region, and England from 1998 to 2007 (i.e. the pre-recession decade). This shows that house prices in Worthing have consistently been lower than the regional and sub-regional averages but are above the national average. Price growth in Worthing over the decade has been roughly in line with regional and sub-regional trends but has outstripped the national growth rate with average prices in Worthing rising from below the national average in 1999 to considerably above this by 2007. Over the decade, the average house price in Worthing increased by £133,000. In Coastal West Sussex the increase was £149,000. The South East increase was £147,000 and across England it was £117,000. This shows the widening of the price gap between these areas during this period.

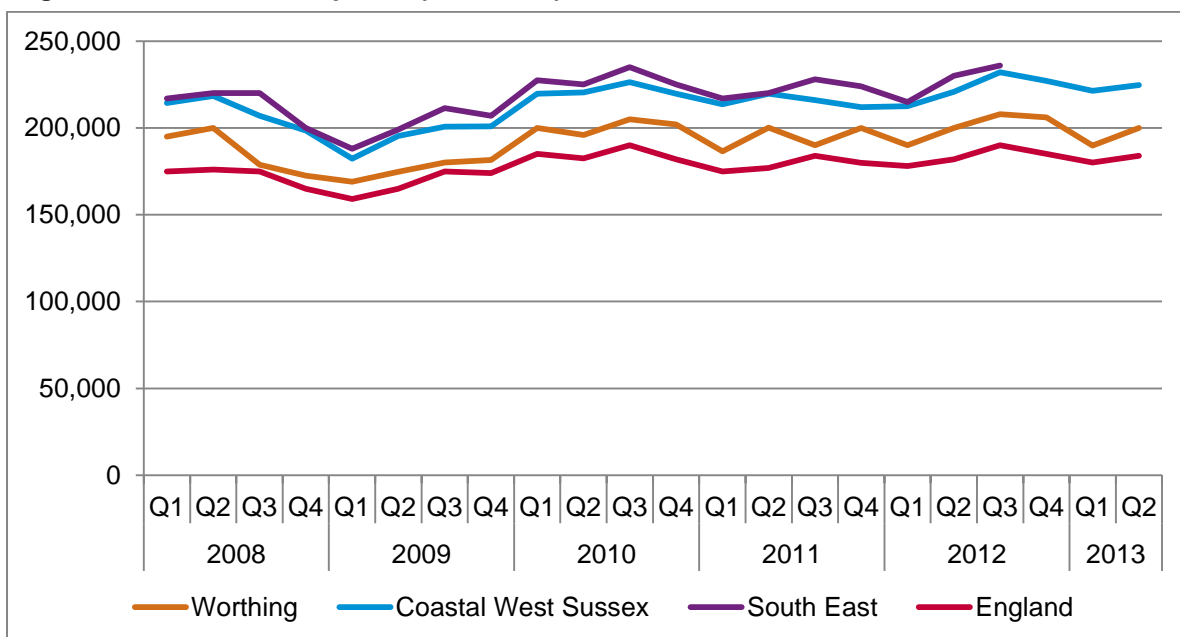
Figure 35: Median house prices (1998-2007)



Source: DCLG Live Tables: Land Registry Data

- 5.6 Since 2007, trends in house prices have understandably been very different reflecting the economic backdrop. Worthing posted notable price falls from mid-2008 into 2009 at the onset of the recession, as was the case regionally and nationally. Prices 'bounced back' to some extent in 2009 reaching pre-recession levels by early 2010 before plateauing and they have remained at a similar level since. By the second quarter of 2013 the median house price in Worthing was the same as the pre-recession peak. By comparison, Arun has similarly had a 0% growth over this period; values in Adur have fallen by 1%; while the median price in Chichester has increased by 7%. Nationally we have seen a growth of 5% over this period.

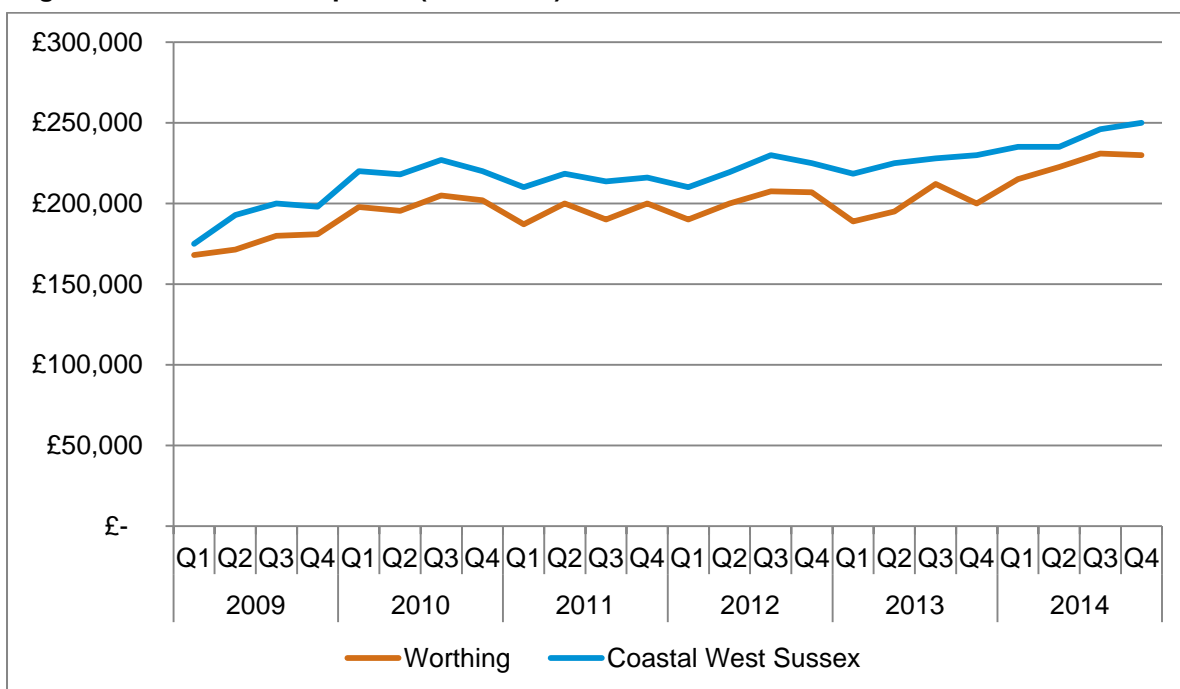
Figure 36: Median house prices (2008-2013)



Source: DCLG Live Tables: Land Registry Data

- 5.7 Although taken from a different source, Figure 37 shows that over the past 18 months (2013 Q3 – 2014 Q4) there has been an upward trend in house prices in Worthing and Coastal West Sussex as a whole. The median house price in Worthing has risen 8% over this period and now stands at £230,000. During this period Coastal West Sussex as a whole has seen a 10% rise to £250,000.

Figure 37: Median house prices (2009-2014)

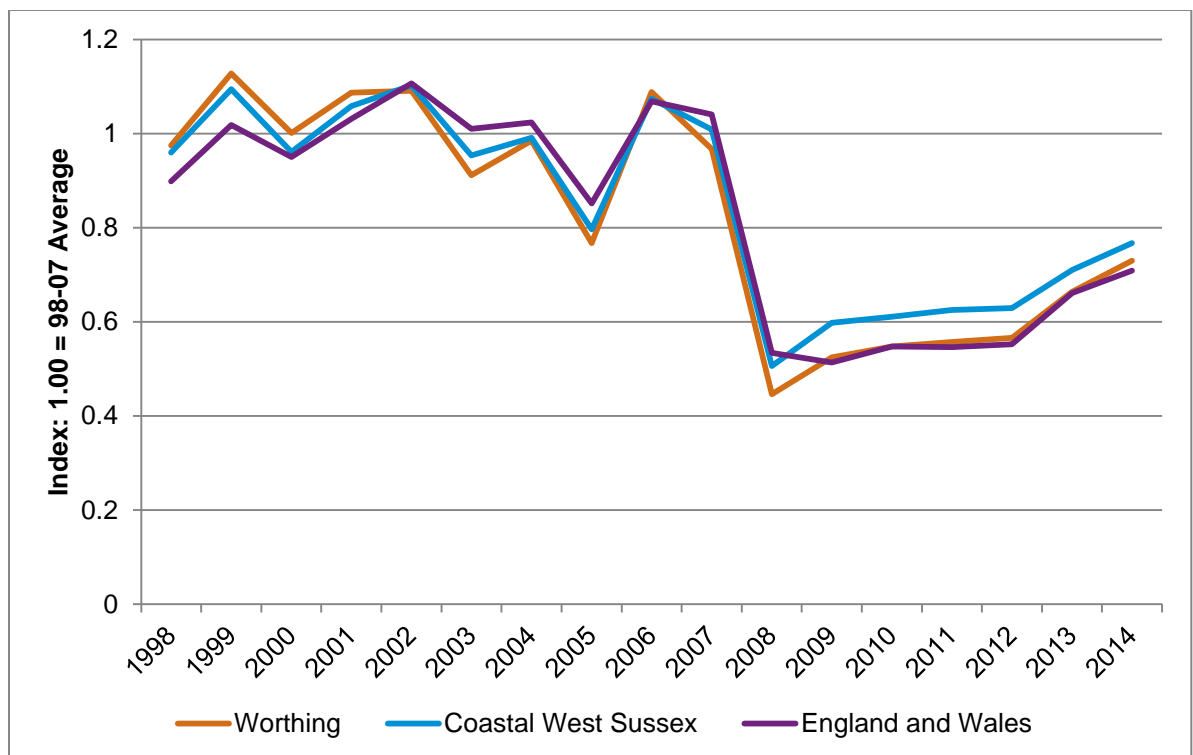


Source: GLH Analysis: Land Registry Price Paid Data

Sales Volumes

- 5.8 Sales volumes are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. Figure 38 benchmarks annual sales across Worthing, Coastal West Sussex, and nationally over the period 1998 to 2014. It uses an index where 1 is the average annual sales over the pre-recession decade 1998-2007.
- 5.9 As illustrated in Figure 38 sales volumes nationally experienced a significant drop between 2007 and 2008 followed by a relatively modest 'bounce back'. Sales trends in Worthing have followed this pattern and are now level with the national average.
- 5.10 Although taken from a separate data set, 2013 and 2014 have seen increased sales volumes although still well below the pre-recession peak.

Figure 38: Indexed analysis of sales trends (1998-2014)

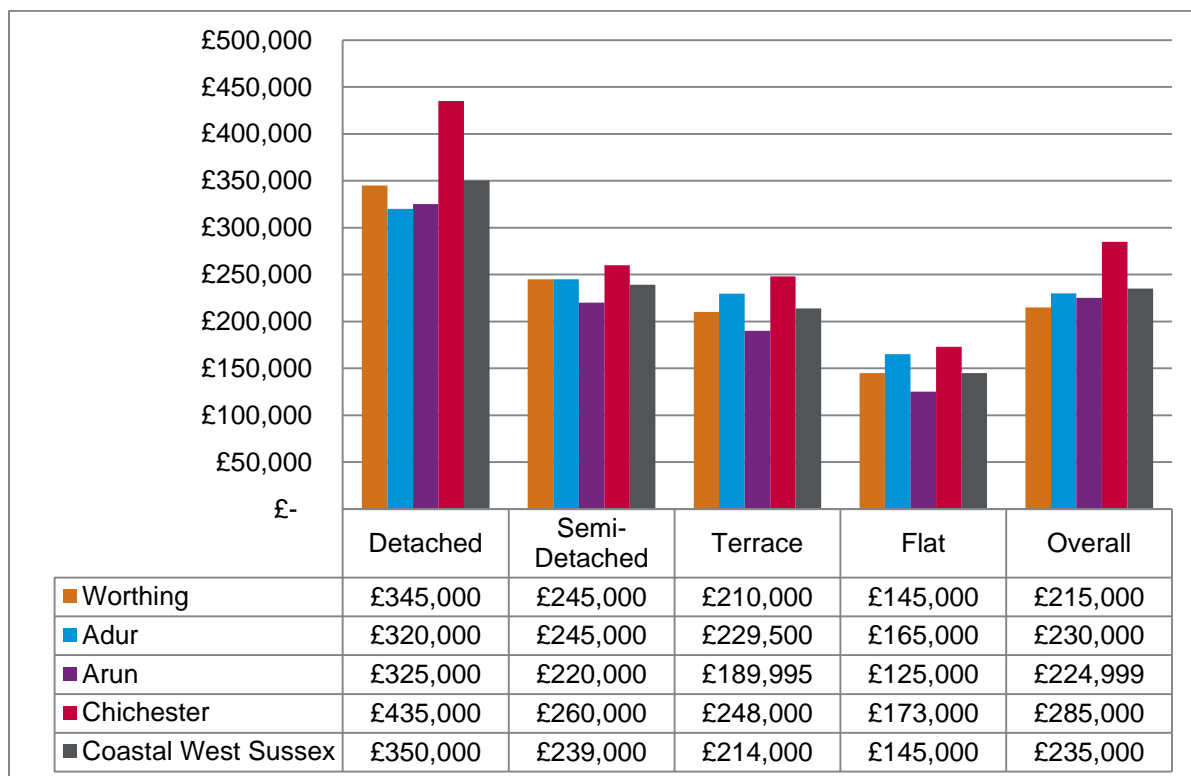


Source: DCLG Live Tables and Land Registry Price Paid Data

House Prices by Type

- 5.11 We have also analysed house prices achieved over last two years (January 2013 to December 2014 incl.) in more detail to gain an understanding of the latest dynamics for different property types within Worthing and the Coastal West Sussex sub-region.

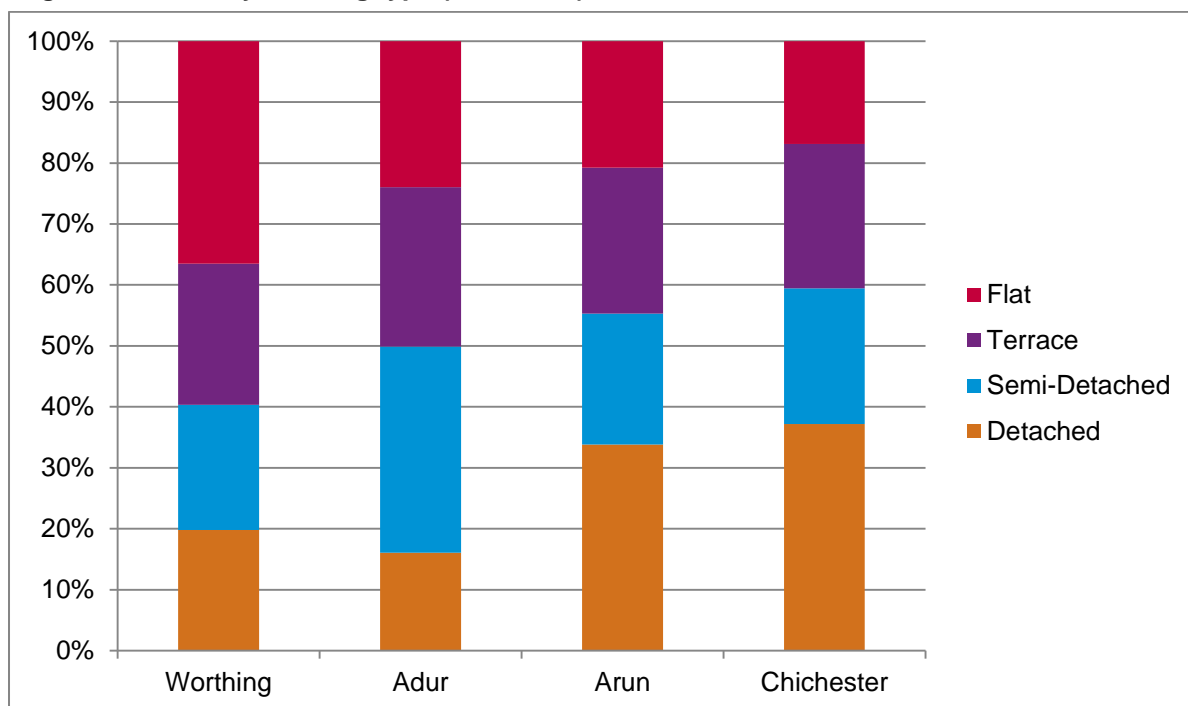
Figure 39: Median house prices (Jan 2013-April 2014)



Source: GLH Analysis: Land Registry Price Paid Data

- 5.12 As can be seen in Figure 40 median house prices in Worthing are fairly close to the sub-regional average for all dwelling types. With the exception of Chichester where median house prices are well above the sub-regional average for all dwelling types, the other districts of Coastal West Sussex have comparable overall median prices, with some variance for dwelling type. The overall median price in Worthing is below the sub-regional average due to the greater proportion of flats sold in the district during this period, which can be seen in Figure 40. This reflects the nature of the housing stock in the Borough, which has a much higher percentage of flats than the other Coastal West Sussex districts.

Figure 40: Sales by dwelling type (2013-2014)

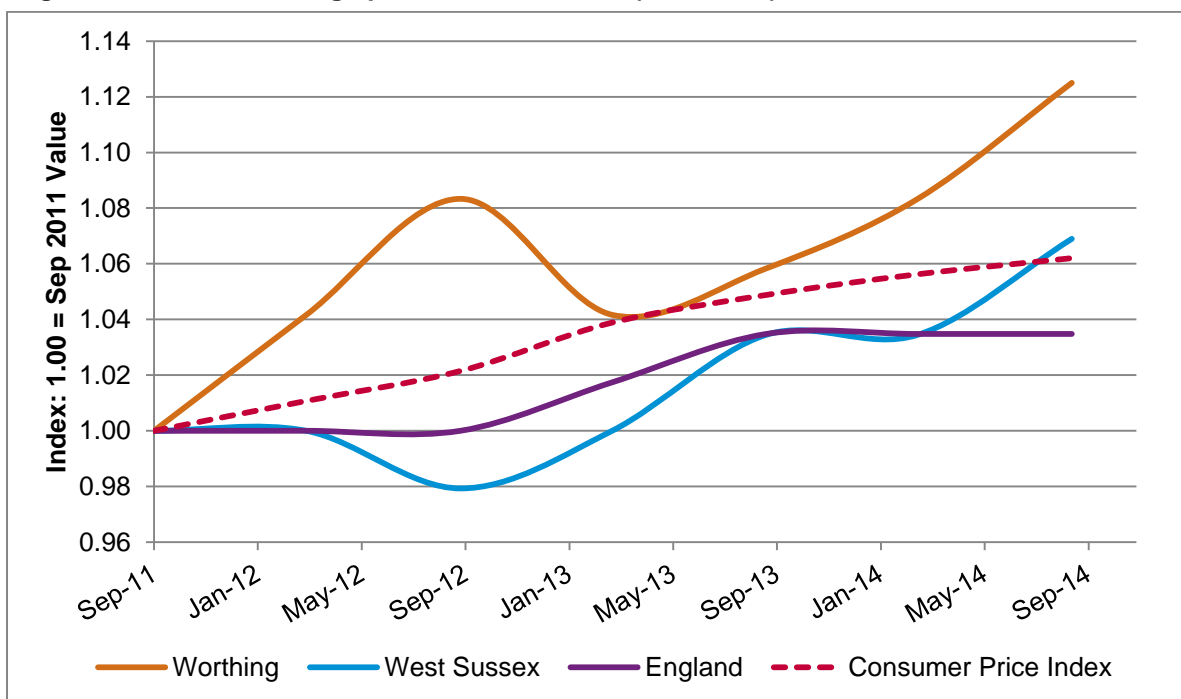


Source: GLH Analysis: Land Registry Price Paid Data

Rental Trends

- 5.13 Median rental values in Worthing are (as of June 2014) £650 per calendar month (pcm) which is the lowest of the Coastal West Sussex districts, and the lowest in West Sussex. By way of comparison, rents in Arun are £700pcm, in Adur its £750, and £800 in Chichester. The West Sussex median is £750.
- 5.14 Over the last 3 years private rental values in Worthing have grown roughly in line with the county-wide trend. Figure 41 shows average rental values benchmarked against September 2011 values. Over this period average rental values in Worthing have increased by 13%. By comparison, rental values in West Sussex have grown on average by 7% during this period. Nationally, there has been a growth of 3%.
- 5.15 Also shown in Figure 41 is the Consumer Price Index (CPI). Consumer price inflation rate over the period of September 2011 to September 2014 was 6.2%. Private rental prices in Worthing have been increasing above this rate for that past 2 years.

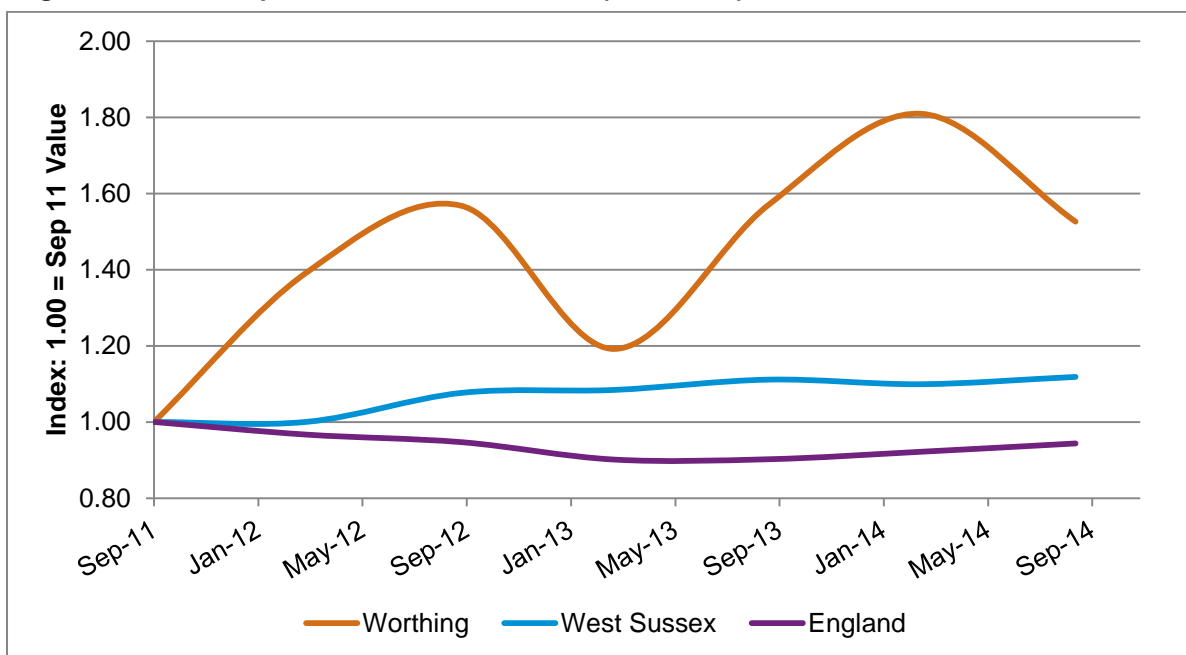
Figure 41: Trend in average private rental values (2011-2014)



Source: VOA Private Rental Data

- 5.16 Figure 42 overleaf plots trends in the number of rental transactions recorded by the VOA, indexed against September 2011 figures. This shows a strong growth in the rental market in Worthing with a net additional 535 private rental transactions recorded over this period. This represents a growth in the private rental sector of 53% over this period. Of the other Coastal West Sussex districts Adur has seen a 46% growth in PRS transactions, Arun has seen a 24% decrease, and Chichester has seen a 10% decrease.
- 5.17 This illustrates that there is currently a vibrant rental market in Worthing, especially when compared to the general trend across West Sussex and England. Nationally we have seen a reduction in the count of rents which is an indication of households returning to owner occupation as a result of improved mortgage availability and the impact of Government schemes such as Help to Buy.

Figure 42: Trend in private rental transactions (2011-2014)



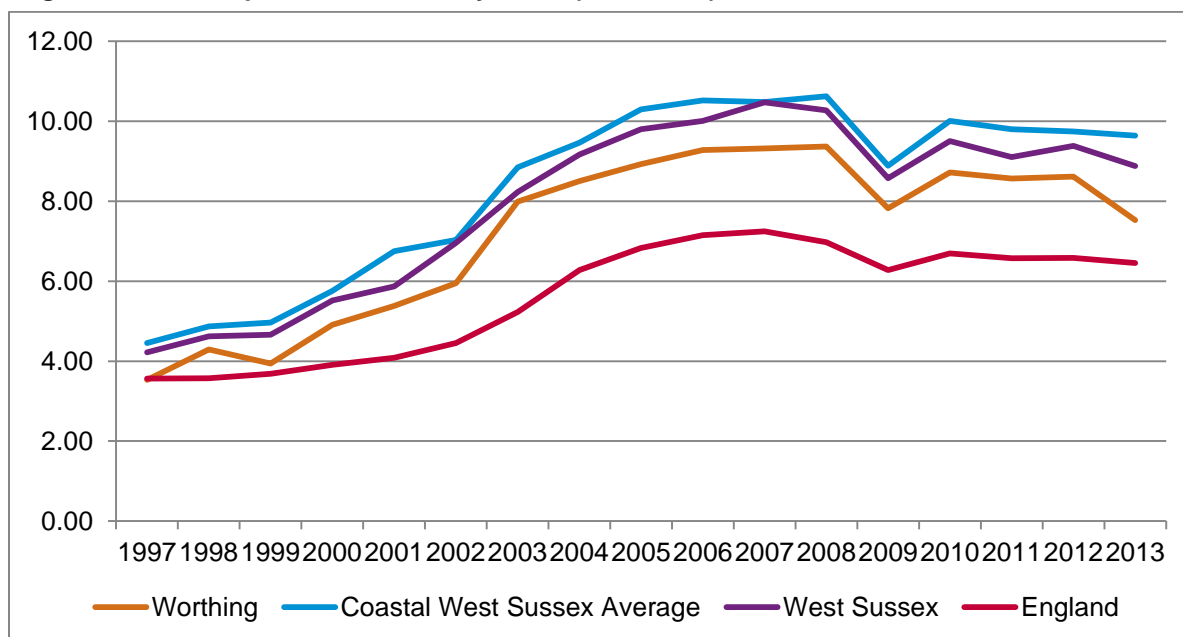
Source: VOA Private Rental Data

Affordability of Market Housing

Price-income ratios

- 5.18 In line with the Planning Practice Guidance, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and incomes.
- 5.19 As of 2013 the lower quartile house price in Worthing is 7.5 times the lower quartile earnings in the Borough. This is above the national average of 6.5 but below the West Sussex average of 8.9 and the Coastal West Sussex average of 9.6. Worthing has the lowest lower quartile affordability ratio of the Coastal West Sussex authorities which is expected given the comparably high proportion of flats in the Borough.

Figure 43: Lower quartile affordability trend (1997-2013)



Source: DCLG Live Tables

5.20 As a general observation, we can see that across all areas the affordability of property has worsened quite markedly over the past 15 years. The ratio of affordability peaked in 2007 before experiencing a post-recession trough in 2009. Affordability ratios in Worthing have since fallen below this and are at their lowest level since 2002.

5.21 We have also considered and compared this to the median house price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. In Worthing the median ratio is slightly higher than the lower quartile ratio, indicating that the problem of affordability in the Borough is slightly less severe at the lower end of the market. This is similar to the situation nationally. Conversely the lower quartile ratio is higher in the other Coastal West Sussex authorities indicating worse affordability at the lower end of the market. This is likely to reflect in part the housing offer.

Table 30: Comparison of lower quartile and median affordability (2013)

	Lower Quartile Ratio	Median Ratio	Difference
Worthing	7.53	7.78	0.25
Coastal West Sussex Average	9.64	9.40	-0.23
West Sussex	8.88	8.72	-0.16
England	6.45	6.72	0.27

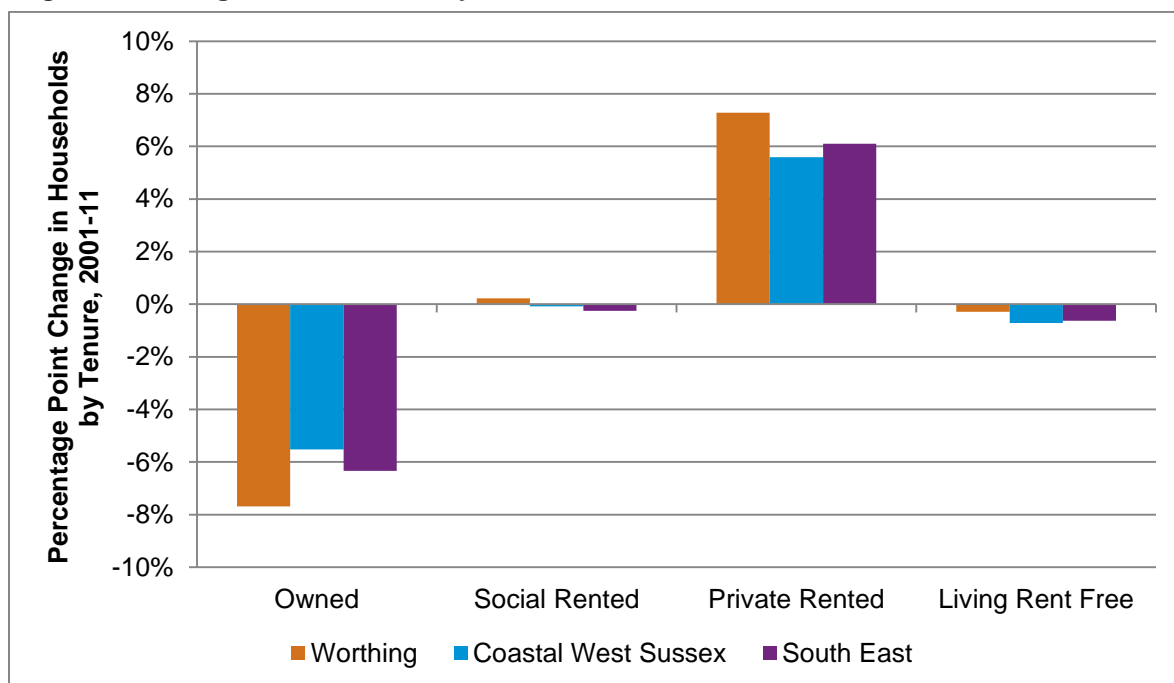
Source: DCLG Live Tables

5.22 A combination of the deteriorating affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer

households being able to buy and increased pressures on the existing affordable housing stock. This has resulted in strong growth in the private rented sector as households are being forced to rent longer.

- 5.23 As illustrated in Figure 44 owner occupation has fallen in Worthing between 2001 and 2011 while there was a substantial growth in the private rented sector and a small growth in the social rented sector over this period. This trend was seen across the Coastal West Sussex authorities and was the case nationally. As shown below, this phenomenon has been particularly pronounced in Worthing.

Figure 44: Change in households by tenure in HMA, 2001-11

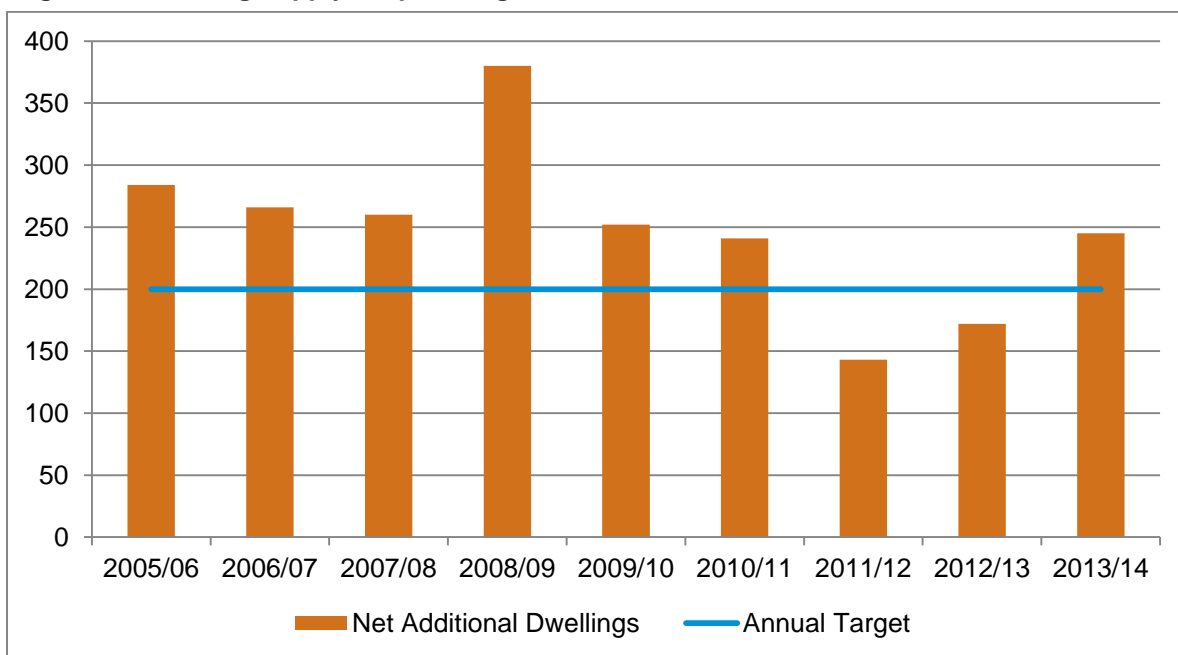


Source: 2001 & 2011 Censuses

Past Housing Supply vs. Targets

- 5.24 Figure 45 shows housing completions against the adopted housing target in Worthing since 2005/06. There have been 1,700 new dwellings built in Worthing over this period. This exceeds the total housing target over this period of 1,400 – 200dpa identified in the South East Plan. Although the Borough's record of housing delivery has been good over this period, it has failed to deliver the target over the two most recent monitoring periods, delivering 79% of target over this time.
- 5.25 However, it is noted that due to significant constraints to land supply Worthing's housing target is considerably below its objectively assessed housing need (OAN). As has been set out earlier in the report, the projected household growth in the 2008-based Household Projections was for 561 additional households per year.

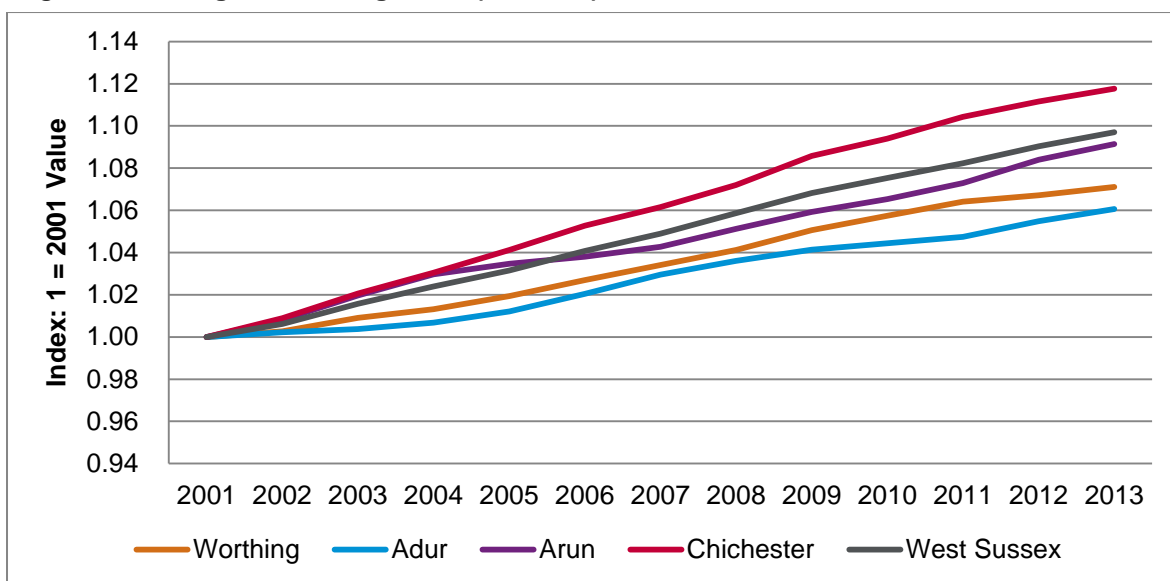
Figure 45: Housing supply vs. past targets



Source: WBC, Annual Monitoring Reports

5.26 Figure 46 plots the growth of new dwellings in Worthing and the Coastal West Sussex authorities since 2001. The figures are indexed to 2001 figures. There has been a 7% growth in dwelling stock in Worthing over this period which is slightly below the Coastal West Sussex average of 9%. Figure 41 shows a slowing of the rate of growth in Worthing since 2011. This corresponds with the completion rate seen in Figure 45.

Figure 46: Change in dwelling stock (estimate), 2001-2013



Source: DCLG Live Tables

Overcrowded and Shared Households

- 5.27 Both levels of overcrowded and shared households increased over the 2001-11 period, with overcrowding rising by 2.1 percentage points; and the level of Houses in Multiple Occupation increasing by 3.0 percentage points.

Table 31: Changes in over occupied and houses in multiple occupation (2001-2011)

	Over Occupied			HMOs		
	2001	2011	Growth	2001	2011	Growth
Worthing	7.1%	9.2%	2.1%	8.1%	11.1%	3.0%
Coastal West Sussex	5.4%	6.7%	1.3%	8.2%	10.7%	2.5%
West Sussex	5.3%	6.7%	1.4%	8.9%	11.5%	2.7%

Source: 2001 & 2011 Censuses

- 5.28 The proportion of over occupied homes in Worthing has increased from 7.1% to 9.2% over the decade. This increase is greater than the Coastal West Sussex and county averages. Similarly, the proportion of residents living in HMOs has seen a greater growth in Worthing than elsewhere. This suggests that households in Worthing are forming at a slower rate than was seen previously as more people are living in overcrowded houses or HMOs or have to stay in these types of accommodation for longer. Such a phenomenon is symptomatic of a constrained housing market, and particularly pertains to younger age cohorts.

Summary and Implications

- 5.29 There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Since the recession the housing market in Worthing has steadied but has shown little sign of improvement. House prices have remained fairly constant during this period and remain at 2007 levels. Since a steep drop in 2007 sales volume in Worthing has plateaued and has remained fairly level.
- 5.30 The dwelling stock in Worthing has a higher proportion of flats and a lower proportion of detached and semi-detached houses than the other districts within the Coastal West Sussex (CWS) housing market area (which includes Adur, Arun, and Chichester). Residential sales values in Worthing are close to the CWS average, however higher proportions of generally cheaper accommodation types mean that there are a greater proportion of cheaper dwellings in Worthing than seen elsewhere in CWS. This is reflected in affordability ratio of earnings to house prices in Worthing which is lower than seen elsewhere in CWS and indicates slightly more affordability at the lower end of the market. While residential values and affordability in Worthing are lower than the CWS averages they are still well above national averages in these aspects.

- 5.31 The evidence show that there is a vibrant private rental sector in Worthing with a strong increase in the number of private rental transactions and a steady growth in rental values over recent years. The evidence shows that the growth in the private rental sector is a long term trend and predates the 2007 recession, with a substantial swing from owner occupation to private rented properties since 2001. While this was the trend across CWS and nationally, the evidence suggests this shift in tenure was more acute in Worthing than elsewhere.
- 5.32 Worthing has a good record of delivering its housing target, with delivery exceeding target over the past decade. However the housing target of 200dpa is considerably below the assessed housing need due to considerable delivery constraints in the Borough. As a result, the delivery rate of new dwellings in Worthing is lower than delivery rates seen elsewhere. It is noted that Adur – which faces similar constraints to supply – is in a similar situation to Worthing.
- 5.33 Overall the market signals suggest that over the 2001-11 decade we saw:
- A notable increase in housing costs, overall and relative to earnings;
 - A deterioration in the affordability of market housing for sale;
 - An substantial increase in the proportion of people renting privately;
 - Growth in the number of overcrowded and shared homes within the Borough.
- 5.34 Relating this across to demographic trends, household formation rates fell – particularly for younger households in their 20s and 30s.
- 5.35 Housing market conditions are improving, albeit gradually. Earnings growth at the time of writing in Autumn 2014 remains modest and coupled with increased mortgage market regulation and the potential for interest rate rises, is likely to result in a gradual recovery in housing market conditions in regard to sales volumes.
- 5.36 The gradual recovery in the housing market can be expected to feed through into household formation rates. This notwithstanding, the evidence presented in this section and the previous section shows that there are issues of affordability in the Worthing housing market which has constrained household formation rates in the Borough. In accordance with the PPG this justifies an upwards adjustment to the housing requirement identified by the demographic projections.
- 5.37 A detailed interrogation of demographic dynamics in Worthing indicates that in demographic terms, the deterioration in affordability of market housing and the economic recession over the 2001-11 decade is likely to have influenced – at least in part – a decline in household formation rates in younger people, particularly amongst those aged between 25 and 34. This is the one age group identified earlier as showing some degree of suppression when balancing past trends and the future projection.

5.38 When we consider age-specific data it is notable that those aged 25-34 have lower headship rates than was expected in the 2008-based projections and that the rates have dropped considerably from 2001 to 2011. We have therefore run a sensitivity analysis to quantify the implication of returning the household formation rates of the 25-34 age group back to 2001 levels. This in effect seeks to consider a scenario in which affordability and access to housing for younger households improves, and quantifies what level of housing provision might be associated with this, all other factors being equal. If achieved, the effect would be to reduce the proportions of shared households and persons within this age group living with parents. We term this sensitivity analysis the 'market signals uplift.' We have modelled two scenarios:

- i. For the improvements to happen gradually over the full projection period (2013-33).
- ii. For the improvement to happen over a 10-year period (2015-25) with rates tracking the 2012-based CLG projections thereafter;

5.39 As set out in Section 3 of this report, the 2012-based CLG household projections show considerably higher household growth than when applying the previous 2011-based figures. As a result, the sensitivity analysis indicates a very modest uplift beyond the number identified in the demographic projections. All other things being equal, the sensitivity scenarios show that an uplift of around 6-7 homes per annum across the Borough would support an improvement in affordability and household formation rates amongst younger households.

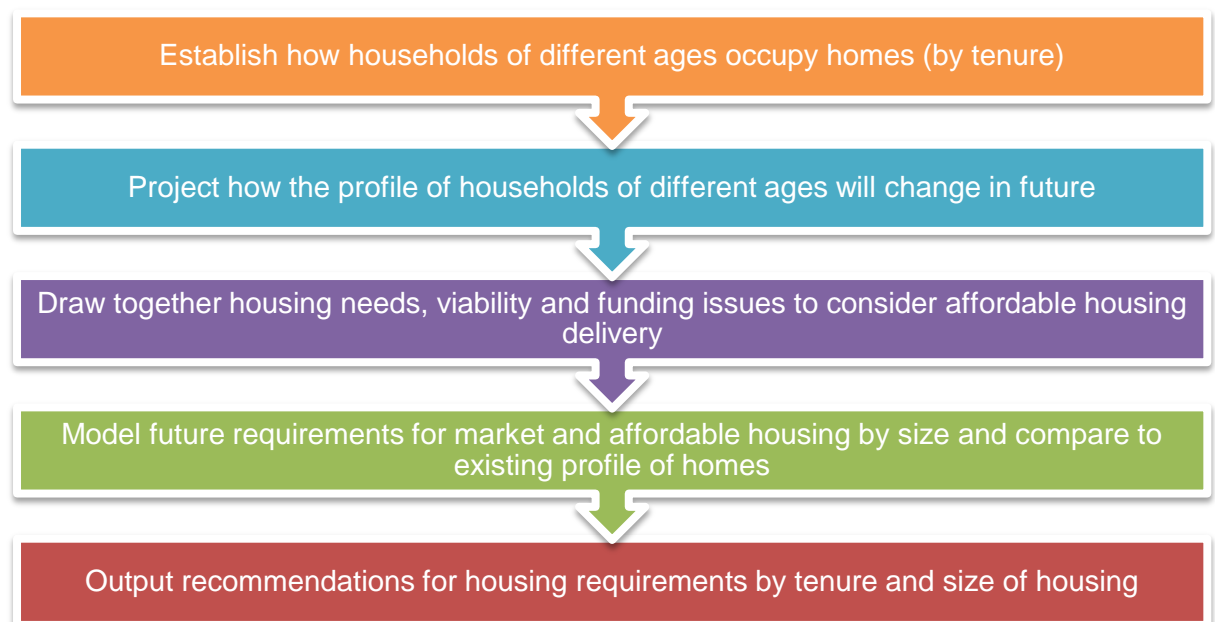
Table 32: Projected Household Growth 2011-31 – 2012-Based SNPP – 2012-Based Headship Rates – With Market Signals Uplift

	Improvement 2013-33	Improvement 2015-25
Households 2011	47,865	47,865
Households 2031	60,161	60,130
Change in households	12,296	12,266
Per annum	615	613
Dwellings (per annum) from demographic model	629	629
Market signals uplift (per annum)	7	6
Dwellings (per annum)	636	635

6 NEED FOR DIFFERENT TYPES OF HOMES

- 6.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 6.2 Demographic changes are however expected to be a key long-term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2033.
- 6.3 Figure 47 below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and the demographic projections.

Figure 47: Stages in the Housing Market Model



Modelling Approach & Assumptions

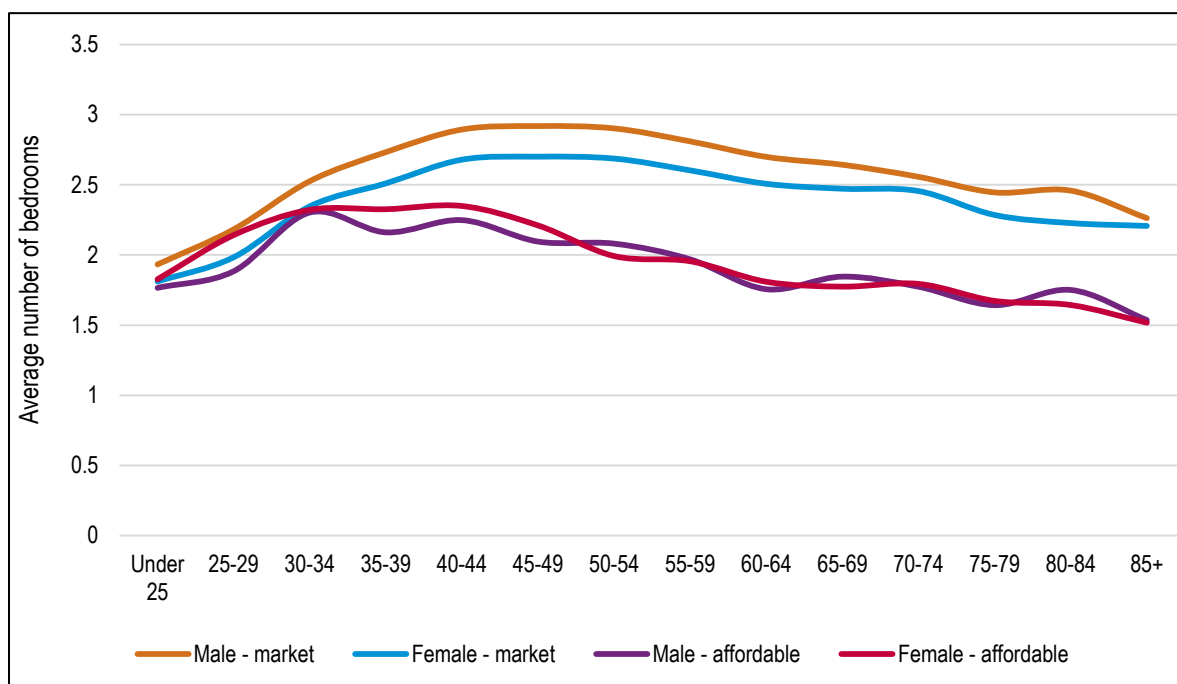
Understanding How Households Occupy Homes

- 6.4 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can

afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

- 6.5 The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups).
- 6.6 Figure 48 overleaf shows an estimate of how the average number of bedrooms varies for different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-49 age groups. In the affordable sector this peak appears earlier. After sizes peak, the average dwelling size decreases – possibly linked to some households down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing, male HRPs typically live in larger accommodation for all age groups (with no strong trend being seen in the affordable sector).

Figure 48: Average Bedrooms by Age, Sex and Tenure



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

- 6.7 Under the modelling, it is estimated as of mid-2013 that there were 47,865 households living in the Borough. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2013, as shown in Table 33. The table shows that an estimated 11% of households live in affordable housing with 89% being in the market sector (the size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census, updated by reference to stock data in CLG Live Tables (LT100)). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 52% having three or more bedrooms compared to 29% for affordable housing.
- 6.8 These figures are for households rather than dwellings as information about the sizes of vacant homes across the whole stock (i.e. market and affordable) is not readily available. For the purposes of analysis this will not make any notable difference to the outcome. We have however translated the household projections into dwelling figures by including a 3.5% vacancy allowance when studying the final outputs of the market modelling.

Table 33: Estimated Profile of Dwellings in 2013 by Size

Size of housing	Market Number	%	Affordable Number	%	Total Number	%
1 bedroom	6,609	15.4%	2,082	41.3%	8,691	18.2%
2 bedrooms	13,856	32.4%	1,481	29.4%	15,336	32.0%
3 bedrooms	15,792	36.9%	1,363	27.1%	17,154	35.8%
4+ bedrooms	6,571	15.3%	112	2.2%	6,683	14.0%
Total	42,828	100.0%	5,037	100.0%	47,865	100.0%
% in tenure	89.5%		10.5%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

- 6.9 The housing market model has been used to estimate future requirements for different sizes of property over the 20-year period from 2013 to 2033. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.
- 6.10 The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The Housing Needs analysis provides evidence of an affordable housing need although the viability of providing affordable housing will limit the amount that can be delivered. We believe that 30% is probably an achievable level of affordable housing delivery and this figure has been applied to the modelling. This takes account of the policy position in the Draft Borough Plan Part I which seeks 40% affordable housing on schemes of 15+ dwellings, and 30% on schemes of 10-14 dwellings subject to viability. Some development schemes will be brought forward by Registered Providers and may deliver higher levels of provision. Historically, over the period 2007/08-2014/15, affordable housing delivery has been below this at 21% of overall housing completions. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Key Findings: Market Housing

- 6.11 As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2013 to 2033.
- 6.12 The table and figure below shows estimates of the sizes of market housing required from 2013 to 2033 based on the projection linked to the 2012-based SNPP (updated for mid-2013 population

estimates) and 2012-based CLG projection headship rates (with a small uplift for market signals) – this projection shows a housing need of 636 dwellings per annum across all tenures (12,720 for the whole 2013-33 period). The data suggests a requirement for homes for 8,607 additional households with the majority of these being two- and three-bedroom homes.

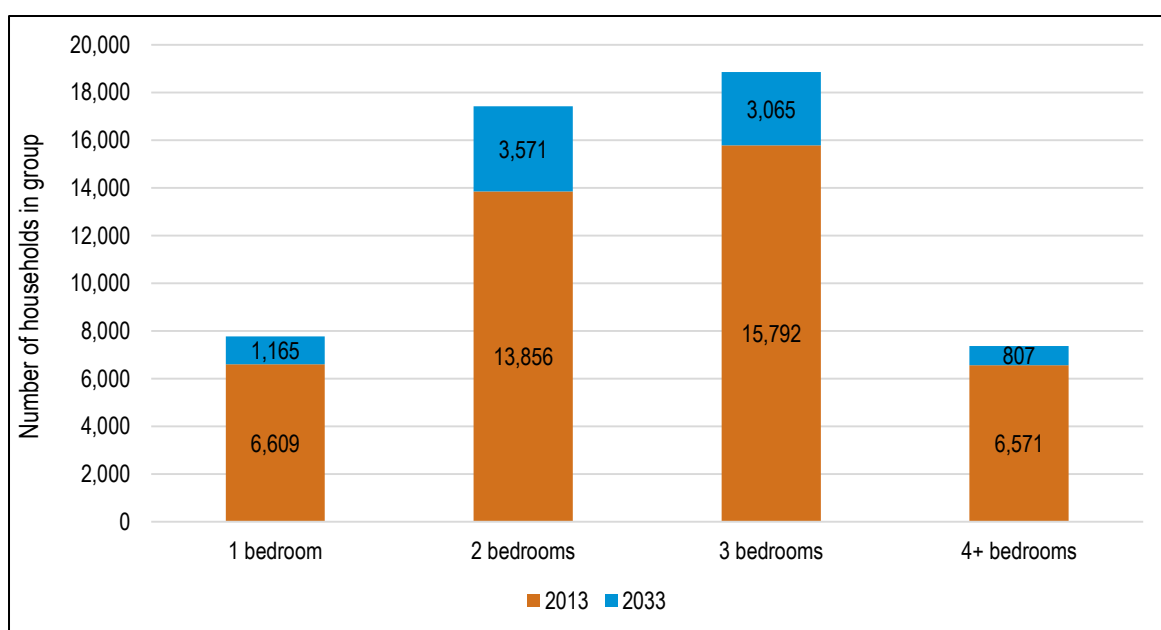
Table 34: Estimated Size of Dwellings Required 2013 to 2033 – Market Housing

Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	6,609	7,774	1,165	13.5%
2 bedrooms	13,856	17,427	3,571	41.5%
3 bedrooms	15,792	18,856	3,065	35.6%
4+ bedrooms	6,571	7,379	807	9.4%
Total	42,828	51,435	8,607	100.0%

Source: Housing Market Model

- 6.13 Figure 49 shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 3.5% vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly two-bedroom accommodation rather than one-bedroom). This is understandable given the fact that household sizes are expected to fall slightly in the future (which itself is largely due to the ageing of the population).

Figure 49: Impact of Demographic Trends on Market Housing Requirements by House Size, 2013 to 2033



Source: Housing Market Model

- 6.14 The graphs and statistics are based upon our modelling of demographic trends. We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to *'identify the size, type, tenure and range of housing that is required'*.
- 6.15 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Housing

- 6.16 Table 35 and Figure 50 show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2013 and 2033 that around three-quarters of the requirement is for homes with one- or two-bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms.
- 6.17 This analysis provides a longer-term view of the need for different sizes affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased need for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 35: Estimated Size of Dwellings Required 2013 to 2033 – Affordable Housing

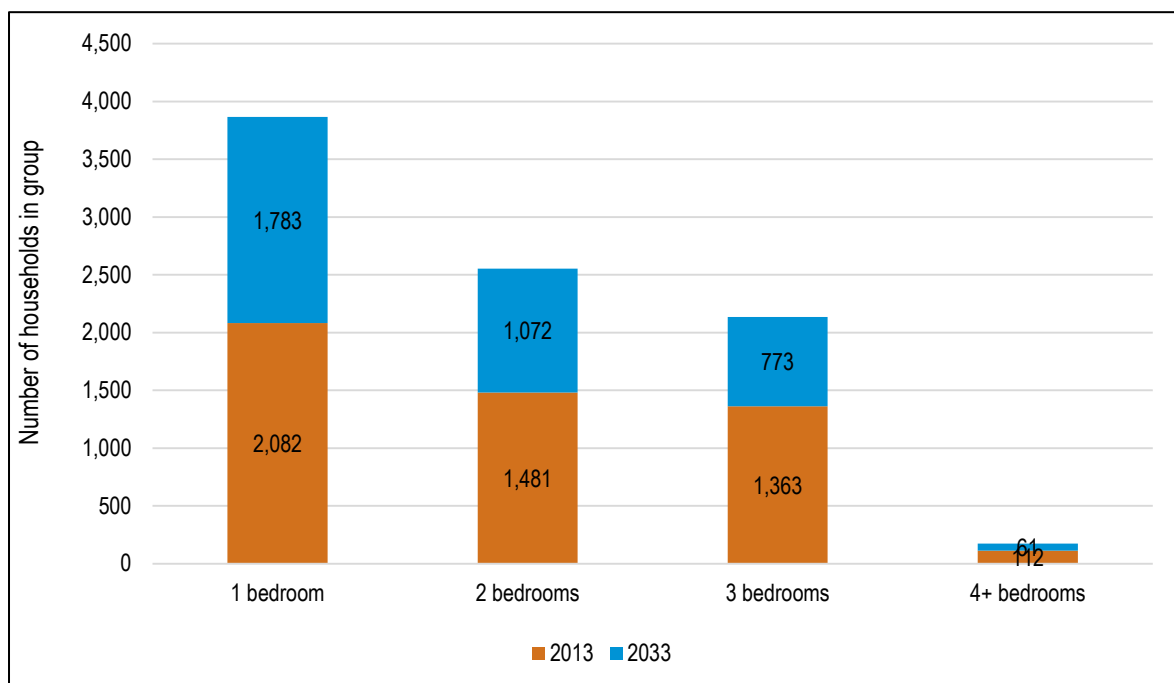
Size	2013	2033	Additional households 2013-2033	% of additional households
1 bedroom	2,082	3,865	1,783	48.3%
2 bedrooms	1,481	2,553	1,072	29.1%
3 bedrooms	1,363	2,135	773	20.9%
4+ bedrooms	112	172	61	1.7%
Total	5,037	8,726	3,689	100.0%

Source: Housing Market Model

- 6.18 The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2013 – the figures are based on households (i.e. before adding in a vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a

greater proportion of smaller homes being required (particularly one-bedroom accommodation) – this makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings.

Figure 50: Impact of Demographic Trends on Affordable Housing Requirements



Source: Housing Market Model

Indicative Targets by Dwelling Size

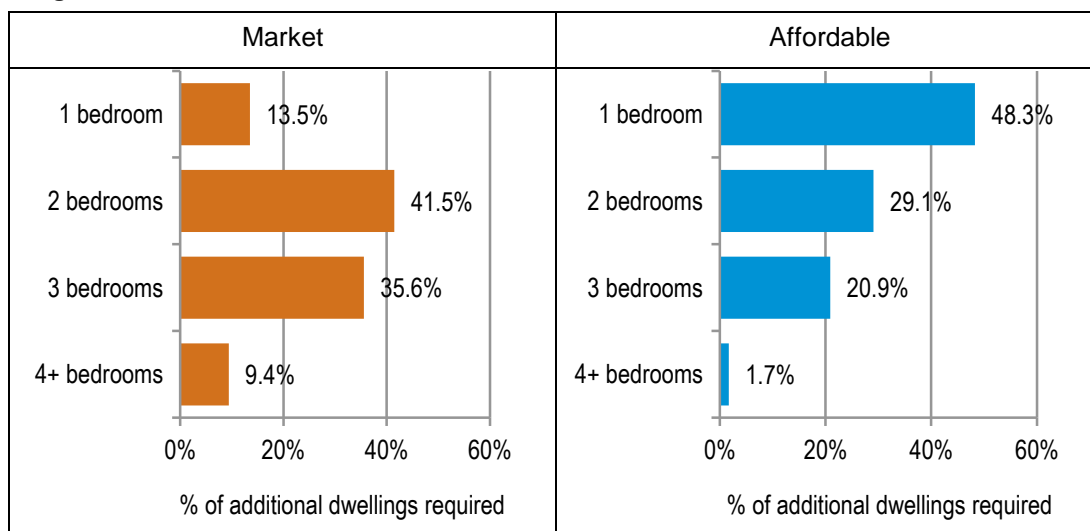
- 6.19 Table 36 and Figure 51 summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 3.5% vacancy allowance in moving from household figures to estimates of overall need for different sizes of properties.

Table 36: Profile of Need for Different Sizes of Homes, 2013 to 2033

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	1,165	1,206	13.5%	1,783	1,845	48.3%
2 bedrooms	3,571	3,696	41.5%	1,072	1,110	29.1%
3 bedrooms	3,065	3,172	35.6%	773	800	20.9%
4+ bedrooms	807	835	9.4%	61	63	1.7%
Total	8,607	8,909	100.0%	3,689	3,818	100.0%

Source: Housing Market Model

Figure 51: Need for Different Sizes of Homes, 2013-33



Source: Housing Market Model

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

- 1-bed properties: 40%
 - 2-bed properties: 30%
 - 3-bed properties: 25%
 - 4-bed properties: 5%
- 6.24 Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 6.25 The need for affordable housing of different sizes will vary by area across the Borough and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 6.26 In the market sector we would suggest a profile of housing that closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term.
- 6.27 On the basis of these factors we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:
- 1-bed properties: 15%
 - 2-bed properties: 40%
 - 3-bed properties: 35%
 - 4-bed properties: 10%
- 6.28 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market, we do not strongly believe that such prescriptive figures should be included in the plan making process and that the 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely profile of housing need.

Summary of Findings – General Housing Needs

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

Table 37: Recommended Strategic Mix of Homes, Worthing 2013-33

	1-bed	2-bed	3-bed	4+ bed
Market	15%	40%	35%	10%
Affordable	40-45%	25-30%	20-25%	5-10%
All dwellings	25%	35%	30%	10%

- 6.30 The mix identified above should inform strategic Council area-wide policies. In applying these to individual development sites, regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 6.31 Based on the evidence, we would expect the focus of new market housing provision in Worthing to be on two and three-bed properties. Continued demand for family housing can be expected from younger households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- 6.32 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Indicative Requirements for Specialist Housing for Older People

- 6.33 Given the Worthing's ageing population and generally higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. 'Specialist housing' covers both sheltered and extra-care housing for people aged 75 and older.
- 6.34 The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

Current stock of housing

- 6.35 The figure below shows the current supply of specialist housing for older people. At present it is estimated that there are 1,618 household spaces; this is equivalent to 136 household spaces per 1,000 people aged 75 and over. The majority (57%) of this housing is in the market sector, although given that generally the majority of retired households are owner-occupiers, the proportion being affordable housing (at 43%) is significant.

Table 38: Current supply of specialist housing for older people

	Affordable	Market	Total	Supply per 1,000 aged 75+
Sheltered	635	929	1,564	131
Extra-Care	54	0	54	5
Total	689	929	1,618	136

Source: Housing LIN

Projected future need for specialist housing

- 6.36 The analysis above showed a total of 136 specialist household spaces per 1,000 people aged 75 and over; this figure is lower than the national average of about 170. In projecting forward how many additional units might be required we have modelled on the basis of maintaining the 136 position and also the implications of increasing this to 170. The analysis is based on achieving these levels by 2033.
- 6.37 The analysis shows to maintain the current level of provision there would need to be a further 1,055 units provided – this figure increases to 1,723 if the level of provision were to get to the national average. It should be stressed that the analysis below is based on modelling data on a series of assumptions and should therefore be treated as indicative (particularly given the very wide range of outputs depending on the assumptions used).

Table 39: Projected need for specialist housing for older people (2013-33)

	@ 136 per 1,000	@ 170 per 1,000
Need	2,673	3,341
Supply	1,618	1,618
Net need	1,055	1,723

Source: Derived from demographic projections and Housing LIN

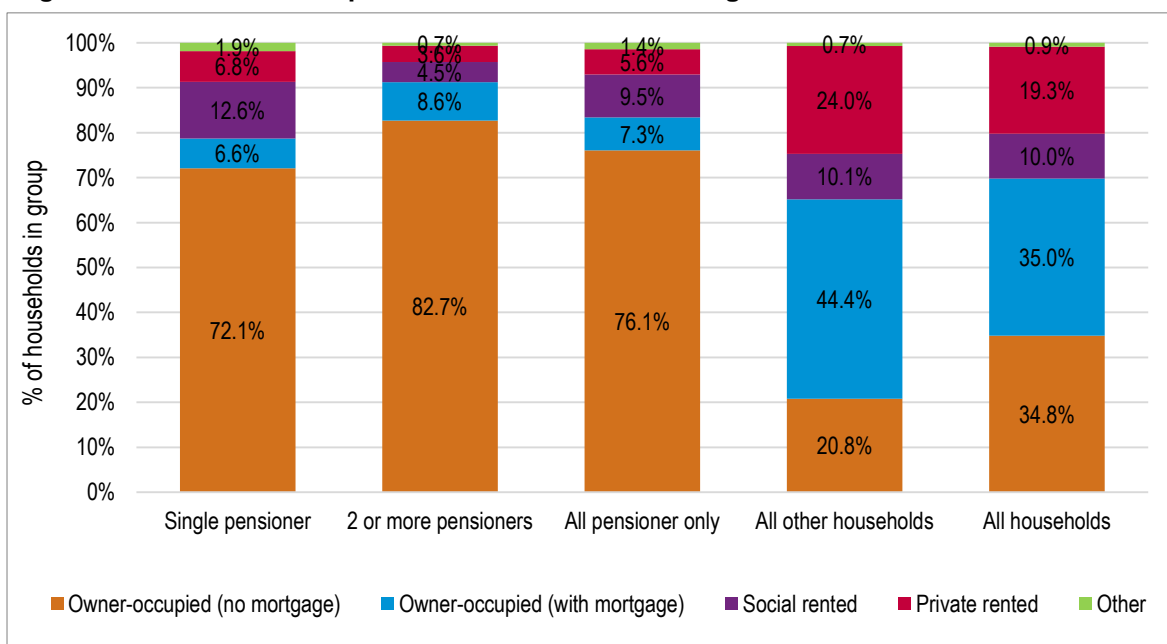
- 6.38 A mid-point of the two estimates would suggest a need for around 1,389 additional specialist household spaces for older people which would represent about 10% of the overall housing need shown through demographic modelling.

Types and tenures of specialist housing

- 6.39 The figure below shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation (76%) and are also about as likely as other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (6% compared with 19% of all households in the Borough).

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

Figure 52: Tenure of older person households – Worthing



Source: 2011 Census

- 6.41 The information about current tenures can be used to estimate the amount of additional housing likely to be required in each of the market and affordable sectors. Looking at the data above it is considered that around 75% of older person households would be able to afford a market solution – this figure is arbitrary but based on current levels of outright ownership and recognising stronger growth in single person households in the future (such households having lower levels of home ownership).
- 6.42 Table 40 overleaf shows that using this proportion of home ownership along with the current supply of different tenures of specialist housing it would be expected that there is a need for around 1,326 household spaces of market specialist housing and 63 in the affordable sector.
- 6.43 The analysis is not specific about the types of specialist housing that might be required; we would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available. There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.

- 6.44 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.
- 6.45 Our experience when carrying out stakeholder work as part of other SHMA commissions typically identifies a demand for bungalows. Where developments including bungalows are found it is clear that these are very popular to older people downsizing. It should be acknowledged that providing significant numbers of bungalows involves cost implications for the developer given the typical plot size compared to floor space – however providing an element of bungalows should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Table 40: Projected need for older persons accommodation (including specialist housing) – by broad tenure (2013-33)

	Market	Affordable	Total
Need	2,255	752	3,007
Supply	929	689	1,618
Net need	1,326	63	1,389

Source: Derived from demographic projections

Registered care housing

- 6.46 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 1,646 spaces in nursing and residential care homes. Given new models of provision (including Extra-care housing) it may be the case that an increase in this number would not be required. There will however need to be a recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.
- 6.47 The demographic modelling includes estimates of the number of people expected to be living in 'institutions'. Between 2013 and 2033, this number (based on the population aged 75+) is expected to increase by 859 people (43 per annum) in net terms. This figure is important to note if the Council intend to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

7 CONCLUSIONS

- 7.1 The principle purpose of this report is to define the Objectively Assessed Need (OAN) for housing in Worthing Borough. The report considers needs over the 2013-33 period. The approach used responds to the National Planning Policy Framework (NPPF) and follows the recommended approach in the Government's Planning Practice Guidance.
- 7.2 Housing need is expected to be assessed independently of any consideration of supply-side issues, such as land availability and development constraints. In practice this means that the report identifies a level of housing need which exceeds the likely potential for the Borough to deliver housing, given its geography – with an urban area sandwiched between the sea and a National Park which has statutory protection against development pressures – and a relatively tightly drawn boundary.
- 7.3 Nonetheless it is necessary in following due process to define what the housing need (OAN) would be in the absence of constraints. The process of doing this is to start out by looking at demographic projections. However these are likely to reflect what has happened in the past – both in terms of levels of migration and household formation rates (the key driving factors in the projections). The PPG therefore sets out a number of other factors which need to be considered in assessing whether it would be appropriate (in the absence of constraints) to increase the identified housing need – either to enhance affordable housing delivery, to support expected economic growth or in response to market signals which point to poor affordability or a supply-demand imbalance.
- 7.4 The latest Government official household projections at the time of writing of the report are the 2012-based Household Projections, published by Government in February 2015. These indicate a need for around 629 homes a year in the Borough. These projections show a significant increase in housing need when compared with data underpinning the previous (2011-based) projections – which suggested a need for 577 dwellings per annum. In particular the 2012-based projections show a recovery in the household formation rates of younger people back towards the levels experienced in about 2001 (when the housing market was less constrained).
- 7.5 Analysis of market signals indicates that within Worthing, as well as a growth in house prices over the 2001-11 decade and declining affordability of housing; home ownership fell, and the number of overcrowded households and those living in shared housing increased – to a greater degree than elsewhere in Coastal West Sussex.
- 7.6 The PPG indicates that in these circumstances, adjustments should be made to the assessed housing need to ensure that these trends are not perpetuated forwards into the future. We have applied a market signals uplift with the aim of returning household formation of 25-34 year-olds

back to 2001 levels. As the household formation rates underpinning the latest CLG projections are showing a more positive position in the future than previous projections, the market signals uplift required is a modest 7 dwellings per annum.

- 7.7 The core demographic projection plus this uplift thus indicates a need for 636 dwellings per annum over the 2013-33 period. This level of provision is considered to represent the full Objectively Assessed Need for housing in the Borough.
- 7.8 The demographic projection results in a sufficient growth in the workforce to support economic growth, based on either past trends or an econometric projection from Experian.
- 7.9 The evidence does however suggest a high need for affordable housing in the Borough. If all households who were not able to meet their housing needs without some form of financial support were to be provided with affordable housing (principally through new-build delivery by Registered Providers), 435 affordable homes per year would be needed. This assumes that households do not spend more than 30% of their gross income on housing costs. In reality some of these households will choose to spend a higher proportion of their income than this on housing. Similarly whilst housing delivery is unlikely to meet this level of need; many of these households will be able to find other housing solutions – particularly renting homes within the Private Rented Sector whilst claiming Local Housing Allowance to supplement their incomes. Policies for affordable housing on new development sites need to be informed by what level of affordable housing can viably be delivered. This is typically between 20-40%.
- 7.10 Overall the evidence points to a considerable level of housing need, and one which is likely to exceed what can realistically be delivered. The Government has however placed increased emphasis on meeting housing need where it is sustainable to do so, through the NPPF. This will mean that the Council will need to look hard at potential development options to consider how it may be able to enhance housing supply. It will also need to work with adjoining authorities to consider whether they have any capacity to meet any shortfall in housing provision which arises, when assessed against the needs figures identified in this report.

Specialist Housing Needs

- 7.11 This report suggest a need for around 1,389 additional specialist household spaces for older people in Worthing Borough between 2013-33 (69 per annum). This is equal to about 10% of the overall housing need shown through demographic modelling. This identified need for specialist housing for older persons of 69 homes per annum falls within a C3 Use Class, and would thus contribute to meeting housing targets based on the demographic projections.

- 7.12 Specialist housing for older persons includes extra care and sheltered housing. The report identifies that 75% of the need is expected to be for market housing; and 25% or affordable provision.
- 7.13 A need for 859 bedspaces in residential care accommodation is identified for the 2013-33 period (43 per annum). This falls within a C2 use class, and thus should be treated separately from the need identified for housing (and conclusions drawn on OAN which are for a C3 use).

APPENDIX A: BASIS OF HOUSING REQUIREMENT IN THE SOUTH EAST PLAN

This section reviews the basis, rationale and process through which the housing numbers in the South East Plan were derived. References are often made back to previous policies and it is thus important to understand the basis for these. This is fundamentally different to that which is now required to establishing housing need.

Timetable

The timetable for the preparation of the South East Plan was as follows:

Table 41: Process of Developing the South East Plan

Period	Stage
Jan – April 2005	Public consultation on an initial draft of the Plan run by the South East of England Regional Assembly (SEERA), including options for housing provision in defined sub-regions
July 2005	Part I of the Draft South East Plan submitted to Government defining housing numbers for the region, sub-regions and 'rest of county' areas
July - December 2005	Section 4(4) authorities lead work on considering distribution of housing to local authorities. This is taken forward through preparation of the Sussex Coast Sub-Regional Strategy which was finalised and submitted to the Regional Assembly in December 2005
Jan 2006	Draft Plan submitted by SEERA to Government (GOSE)
Mar – June 2006	GOSE-run public consultation on the submitted Plan
Nov 2006 – Mar 2007	Draft South East Plan Examination in Public held, with the Panel Report published by the Government Office for the South East (GOSE)
August 2007	Panel Report published
July 2008	Secretary of State published the Government's proposed changes to the Plan
May 2009	Government publishes final version of the South East Plan

Development of the Draft Plan

Worthing was defined as within the Sussex Coast Sub-Region in the Consultation Draft Plan published in January 2005. The Consultation Draft set out three options in regard to housing numbers in the Sussex Coast Sub-Region:

- A. Accommodating a rate of housing development approximately 20% below the current level (48,000 dwellings, or 2,400 per annum, between 2006-26)
- B. Accommodating a rate of housing development at a level around 20% higher than then current rates (72,000 dwellings, or 3,600 per annum, between 2006-26);
- C. Accommodating housing development at the current rate (60,000 homes, or 3,000 per annum, between 2006-26) alongside a more vigorous drive for economic development and regeneration.

Following the initial consultation between Jan – April 2005, this range was refined by the Regional Assembly which proposed annual provision of 2,700 homes in the Sussex Coast Sub-Region – 1,100 homes pa in the

West Sussex part, and 1,600 homes pa in Brighton and Hove and the East Sussex part. This represented a moderate decrease on past rates of development with the intention of securing a better balance between provision of homes and jobs. These numbers were included in the submission of the Part I Plan to Government in July 2005.

This level of housing development within the Sussex Coast Sub-Region however fell below the available household projections (at that time) for the area.

Sussex Coast Sub-Regional Strategy

Over the period to December 2005 further work was undertaken led by the Part 4(4) Authorities – West and East Sussex County Councils and Brighton and Hove City Council – to consider the distribution of the proposed housing provision to individual local authorities. This was taken forward as part of the preparation of the Sussex Coast Sub-Regional Strategy which the authorities approved for submission to SEERA in December 2005.

The Sussex Coast Sub-Regional Strategy (SRS) formed the basis of distributing housing provision to individual Districts/ Boroughs.

The Sussex Coast and Towns were identified the area as a ‘priority area for economic regeneration’ in RPG9. This reflected the sub-region’s structural economic weakness.⁷ The Sub-Regional Strategy identified key constraints on development potential in regard to:

- extensive environmental designations of national and international importance – two AONBs, Heritage Coast, Ramsar sites, SSSIs and Ancient Woodland – as well as areas susceptible to fluvial flooding and coastal management issues;
- poor quality transport infrastructure and services.

It identified that as a result of the age structure, with an excess of deaths over births, population and household growth is particularly driven by net in-migration to the area from London and the rest of the South East; but that there are notable affordability problems not least because of the higher buying power of in-migrants relative to local residents.

The planned provision for 2,700 dwellings a year was set against this context: “in recognition of the need to moderate future housing growth to a more sustainable level that better matches both the tightening physical constraints on further development and the sub-region’s realistic prospects for future economic growth.” It was considered as representing “a level that the Sussex Coast should be able to sustain over the plan period whilst regenerating its economy, provided that the essential supporting infrastructure is made available.” The

⁷ Borne out in high deprivation, below average earnings and GVA per head, concentrated unemployment, low growth in enterprise, below average skills, and net out-commuting.

levels of housing provision proposed were thus based on considering the appropriate “planning balance” between different factors – land supply and development constraints, economic growth potential, and potential infrastructure as well as housing need.

The spatial strategy was one of promoting ‘balanced dispersal’ of development across the sub-region – taking account of the scope and limitations imposed by the physical environment, whilst aiming to spread the benefits of new development as widely as possible to benefit local communities. Within this there was a focus on promoting the re-use of previously developed land with a sequential approach to development (‘brownfield first’), but a recognition that *“meeting the sub-region’s overall housing target will almost certainly require sustainable urban extensions to towns in Arun, Chichester, Rother and Wealden.”*

A “pressing need for substantial improvement in [the sub-region’s] strategic transport infrastructure and services” was identified, both improving connectivity within the sub-region and its links to the rest of the South East (particularly in encouraging economic investment). Improvements to the A27/A259 corridor (i.e. east-west links) were ascribed particular priority *“as the route’s limitations are currently delaying the delivery of key housing and business proposals in existing development plans.”*

These various objectives were brought together in Policy SCT1 which emphasised sustainable economic growth and regeneration; major improvements to transport infrastructure and services; achieving a better balance between the provision of housing and the capability of both the local environment and economy to absorb this in a sustainable way; and protecting the sub-region’s high environmental quality.

Policy SCT7 set out the proposed distribution of housing to local authorities. The 2005 Strategy set out that this was based on estimated potential supply of housing at 2006 (i.e. pipeline and urban capacity) and the scope to accommodate Sustainable Urban Extensions (SUEs). Sources of capacity were identified as:

- Planning permissions already granted;
- Allocations made in structure plans and existing or emerging local plans;
- Estimates of future development that will come forward on brownfield windfall sites;
- Assessed potential for strategic allocations for around 7,600 new homes.

Work to consider the potential for SUEs was undertaken as part of developing the Sub-Regional Strategy. For Worthing the potential for development of an urban extension at West Durrington together with capacity within the urban area was considered.

In broader terms the spatial strategy of balanced dispersal was considered beneficial reflecting brownfield capacity and environmental constraints, and in spreading provision of affordable housing and employment-generating development across the sub-region. It was also considered to help promote more local living and working and reduce the need to travel.

The housing numbers in the SRS (and thus the Draft Plan) were as follows:

Table 42: Housing Provision in the Draft South East Plan (Policy CST7)⁸

	Annual Average Net Dwelling Increase, 2006-26			District Total 2006-26
	Sussex Coast Sub-Region	West of County Area	District Total	
Eastbourne	240		240	4800
Hastings	210		210	4200
Lewes	170	50	220	4400
Rother	200	80	280	5600
Wealden	230	170	400	8000
Brighton and Hove	550		550	11000
East Sussex & Brighton & Hove	1600	300	19000	38000
Adur	130		130	2600
Arun	465		465	9300
Chichester	TBC	TBC	430	8600
Worthing	200		200	4000
Coastal West Sussex	1100			
Sussex Coast Sub-Region	2700			

Although there was considerable evidence of housing needs, this did not inform the levels of housing provision in the Plan. Of relevance in the current context is however some of the supporting text which was included in the draft Sub-Regional Strategy, which outlined that:

“Recent housing needs surveys indicate that the aggregate scale of net annual need for affordable housing in the Sussex Coast is substantially greater than the entire provision of 2,700 new homes per year for the sub-region. This is clearly beyond what in practice can be delivered, but strongly argues for maximising the opportunities for securing affordable housing through the planning system. However, the extent of such provision will be governed by the limits of development viability and what local housing markets can sustain.”

Policy SCT9 further emphasises the need to deliver strategic infrastructure schemes – essential to delivery of the strategy – including improvements to rail and bus networks, truck road schemes (particularly improvements to the A27), other relief road and access schemes and improvements to water supply and waste water treatment facilities.

⁸ Note: No specific housing provision figures were included for the South Downs National Park

Examination in Public

The issues outlined above were addressed by the Examination in Public into the South East Plan. The Panel Report published in August 2007.

The Panel recognised the physical and environmental characteristics of the sub-region as well as key infrastructure constraints, including waste water treatment capacity and the capacity of the A27. It supported the proposed emphasis on economic regeneration, and recommended a job target of 30,000 net additional jobs between 2006-16 based on Experian trend-based forecasts dating from 2006.

However the Panel found that the evidence base for a reduction in housing targets by -14% relative to RPG9 levels could not be robustly justified. It indicated that no technical reasons were given as to why this level of growth could not be accommodated, and that if a jobs target of 30,000 is taken for 2006-16 this would still result in stronger growth in employment than labour supply within the sub-region, helping to reduce net out-commuting. It noted that **across the 10 authorities in the sub-region, housing targets in the draft Plan were well below recent housebuilding rates and would meet only around 50% of household growth projected in the Government's 2004 projections.** This is set against its conclusions that the overall level of housing provision across the South East should be increased to 32,000 homes per annum, an increase of 10% over the levels proposed in the Draft Plan.

On this basis the Panel proposed a moderate increase in the housing requirement from 2,700 for the Sussex Coast to 2,970 homes per annum, again 10% increase. It was recognised that this level of provision was below demographic forecasts but that it would meet locally-generated need (with zero net migration), with the Panel concluding that *"given its geography and high quality environment and infrastructure deficiencies, the Sussex Coast is not a sub-region that should be expected to make a substantial contribution to meeting wider needs in the South East."*

The Panel recommended an increase of 5,400 homes to 2026 across the sub-region. No change was however made to the figures for Worthing Borough.

Proposed Changes

Subsequent to the Examination in Public the Shoreham Harbour Regeneration Partnership submitted a bid to Government for New Growth Point status. Taking this into account, together with the conclusions of the Panel Report, the Government proposed to increase the level of housing provision across the Sussex Coast Sub-Region to 3,515 homes per annum. This reflects its views on the potential for additional development at Shoreham Harbour and the Government's view that there could be further development potential on

previously-developed land in Brighton and Hove. No change was however proposed to the figures for Worthing Borough at this stage, with the housing requirement remaining consistent with that in the Draft Plan at 200 homes per annum.

Final South East Plan

The final version of the Plan was published in May 2009. The housing numbers set out within the Plan are summarised below, and compared against the then current demographic projections.

Table 43: Final Numbers in SEP vs Demographic Projections⁹

	South East Plan Requirements (PA)					Shortfall/ Surplus vs Household Projections (2006-26)	
	Option 1 Figures (PA)	Proposed Changes (PA)	Final Requirement (PA)	Total Requirement 2006-26	SEP Final as % 2006 Households	CLG 2006 Household Projections	CLG 2008 Household Projections
Adur	130	105*	105*	2100*	0.9%*	-2,900	-2980
Arun	465	565	565	11300	2.5%	-5,700	-6230
Chichester	430	480	480	9600	1.9%	-1,400	-2950
Worthing	200	200	200	4000	1.4%	-6,000	-7830
Brighton and Hove	550	620*	570*	11400*	1.4%*	-7,600	-6770
Lewes	220	220	220	4400	0.5%	-5,600	-5340
Shoreham Harbour	0	Up to 500	Up to 500	Up to 10,000			
Total	1,995	2,215	2,640**	52,800**	0.8%	-19,200	-22,100

*Excludes development at Shoreham Harbour

** Depending on scale of development at Shoreham Harbour

As can be seen in Table 3, the levels of housing provision proposed for the sub-region in the South East Plan were at least 27-30% below the then current demographic projections.

It should be noted that the Plan was published in advance of the designation of the South Downs National Park in November 2009. Figures for housing provision in the table above therefore refer to local authority areas as a whole.

⁹ Note: No specific housing provision figures were included for the South Downs National Park and no population projection figures are currently available set to the National Park boundary

APPENDIX B: DEMOGRAPHIC PROJECTIONS METHODOLOGY

Projections Run

As part of this assessment we have run a number of projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The projections were developed to follow the logical set of steps set out in CLG advice of March 2014. Three core projections were developed (one based on demographic trends and two on meeting job growth forecasts). Core outputs from these projections are provided in this section with a summary of the projections being listed below:

- PROJ 1 (Demographic-based – linked to the latest (2012-based) SNPP)
- PROJ 2 (Jobs-led – linked to employment growth of about 4,000 jobs – this being the level of job growth expected by a past trend analysis)
- PROJ 3 (Jobs-led – linked to employment growth of about 7,600 jobs – this being the level of job growth expected in a Experian forecast)

An initial projection was also developed on the basis of the 2012-based interim SNPP and using 2011-based CLG household projection household formation (headship) rates. This scenario is not detailed below due to it being rejected as containing a notable level of household formation constraint moving forward.

Past Population Dynamics

Before describing the projection process and key inputs it is of interest to study past population growth and the components of change. The table below summarises key data from ONS mid-year population estimates (MYE) going back to 2001. The data for 2001-11 is from the revised MYE which uses Census data to adjust past estimates to ensure consistency between data for 2001 and 2011.

The information shows a number of interesting trends in relation to Worthing and these are summarised below:

- Natural change (the number of births minus the number of deaths) has generally been increasing over time from a negative figure of around 600 in 2001/2 (i.e. more deaths than births) to be more in balance in 2010/11. This trend is consistent with that seen in many areas where relatively high birth rates have driven a greater level of population growth than was observed earlier in the past decade. The last two years of data (2011-2013) show a return back towards an excess of deaths and this trend is expected to continue into the future
- Net internal migration (people moving from one part of the Country to/from Worthing) has been variable over time but always significantly positive. In all 12-years studied in the table below the level of net in-migration is in the range of 500 to 1,000 people each year.
- International net migration has been quite variable over time with the strongest levels of in-migration being seen between 2002 and 2005. The last two years for which data is available (2011/12 and

2012/13) shows a level of net international out-migration of about 100 per annum. A small level of international net out-migration has been taken forward into the 2012-based SNPP.

- The other changes are generally fairly minor in number compared to the migration figures – other changes are largely linked to estimated changes in the prison and armed forces populations.
- The other (unattributable) column of data reflects an adjustment made by ONS to ensure consistency between Census based mid-year population estimates and the mid-year estimates prior to Census data being available. In Worthing the positive figures imply that the various components of population change (once added together) are about 1,000 people lower than the overall level of population growth (in the decade to 2011). Whilst it is unknown as to what components of change this difference is linked to it is most probable that this will be due to the under-recording of in-migration or over-recording of out-migration – this in turn may be linked to international migration data which has historically been the most difficult component of population change to accurately measure. The ONS data does not provide a figure for other (unattributable) in 2011/13 as there is no Census data against which to measure whether or not population change has been over- or under-estimated.

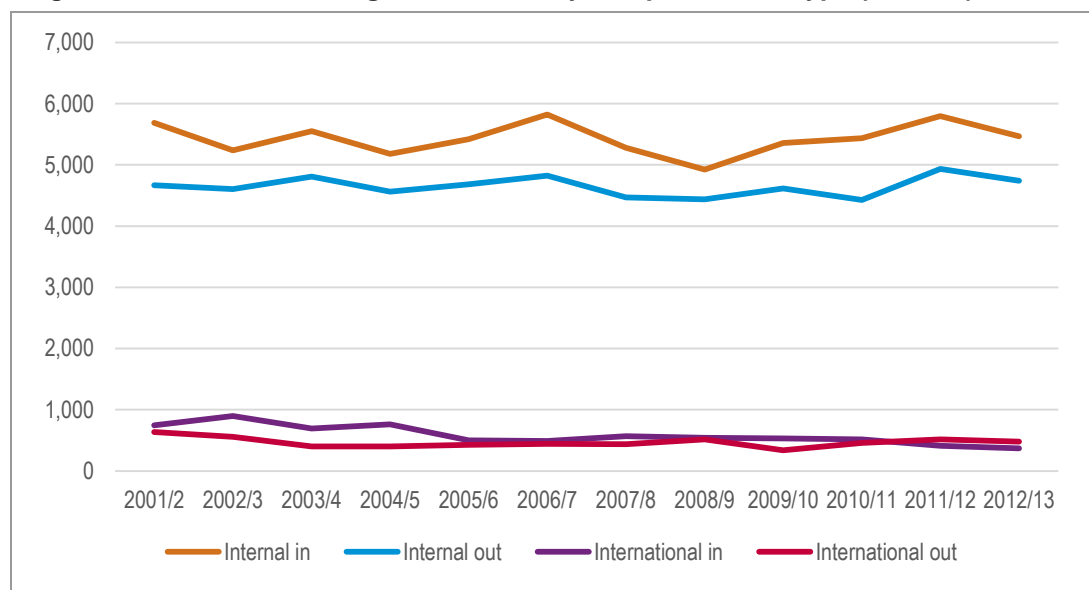
Table 44: Components of population change (2001-13) – Worthing

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	-597	1,019	109	-33	77	575
2002/3	-508	635	338	11	75	551
2003/4	-459	745	291	12	76	665
2004/5	-444	617	362	0	77	612
2005/6	-325	742	70	-5	86	568
2006/7	-247	997	45	-3	87	879
2007/8	-197	808	129	-2	120	858
2008/9	-192	482	26	-4	128	440
2009/10	-105	743	189	-13	146	960
2010/11	-8	1,011	54	17	155	1,229
2011/12	-99	862	-102	2	0	663
2012/13	-168	730	-109	3	0	456

Source: ONS Components of Change

Overall the key finding from this analysis is of fairly constant levels of migration over time. The gap between in- and out-migration as well as the relative influence of both domestic and international migration can be more clearly emphasized in the figure below. This shows that domestic migration is the key component in Worthing with international migration being relatively slight in comparison.

Figure 53: Past migration trends by component and type (2001-13) – Worthing

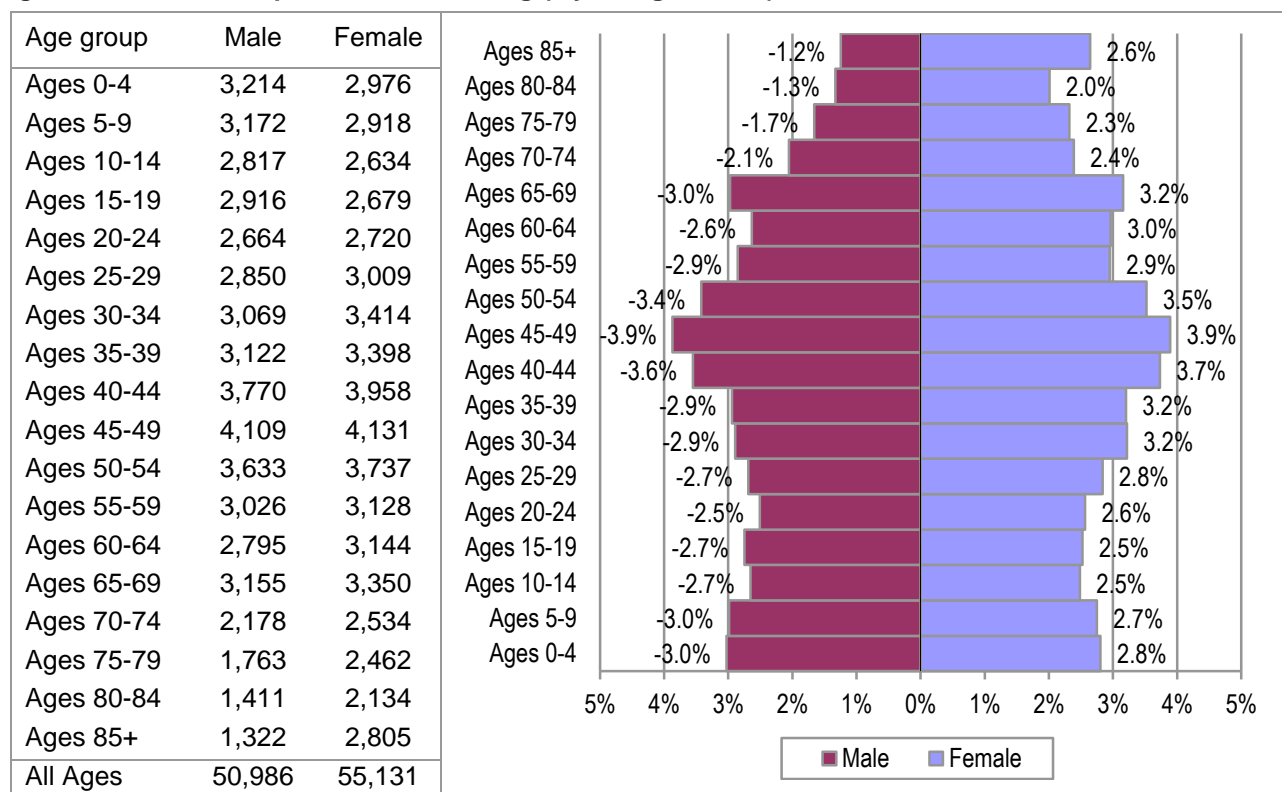


Source: ONS Components of Change

Baseline Population

The baseline for our projections is taken to be 2013 with the projection run for each year over the period up to 2033. The estimated population profile as of 2013 has been taken from ONS mid-year population estimates. The overall population in 2013 is estimated to be 106,117 with slightly more females than males.

Figure 54: Population of Worthing (5 year age bands) – 2013



Source: ONS midyear population estimates

Fertility and Mortality Rate Assumptions

For modelling of fertility and mortality we have used the rates contained within the ONS 2012-based subnational population projections (SNPP).

For the period from 2013 to 2033 the total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) has been calculated to average about 1.90. Whilst there are some small year-by-year variations these figures are broadly constant throughout the projection period.

With regard to death rates the data suggests that life expectancy is expected to increase over time for both males and females. It is not possible to provide exact life expectancy figures from the 2012-based SNPP as this to some degree will depend on the assumptions made about the death rates for age groups beyond 90 (the ONS data stops at a figure for 90+). However in modelling life expectancy for Worthing we suggest that the figures will see an improvement from 79.0 to 83.3 for males from 2013 to 2033 with figures of 83.4 to 86.5 expected for females.

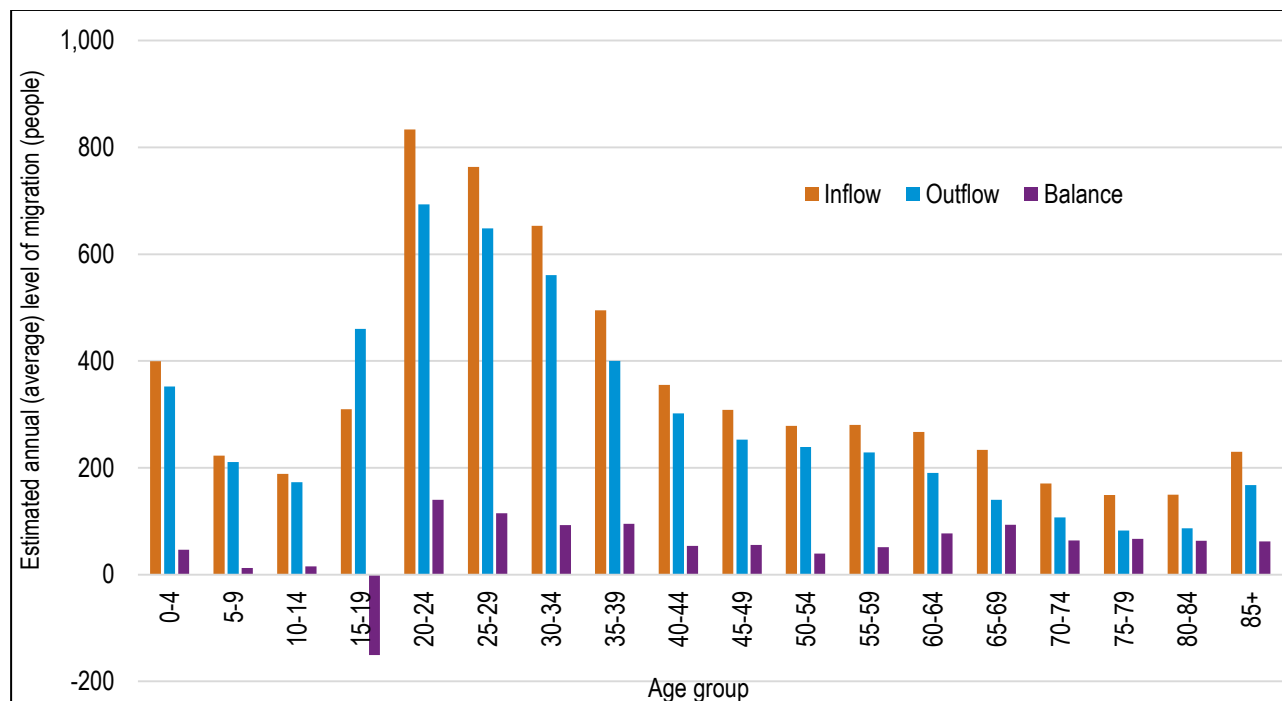
We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes are consistent with past trend data and future expected patterns as published by ONS on a national basis.

Migration Assumptions

For the purposes of understanding the profile of migrants we have again drawn on the ONS 2012-based sub-national population projections. The figure below shows the profile of in- and out-migrants by age in each area linked to our demographic projection (the 2012-based SNPP). This projection sees an average level of net in-migration of 993 people per annum (made up of 6,289 in-migrants and 5,296 people moving out). The data shows that the key age groups are people aged 15-39. All age groups other than 15-19 are expected to see a level of net in-migration.

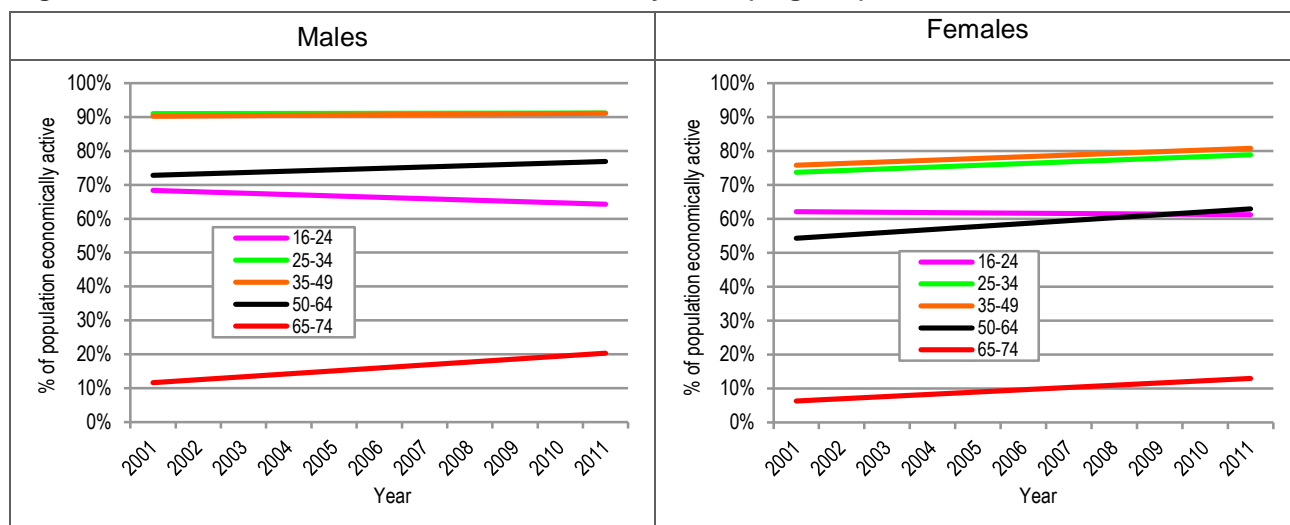
When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of internal in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Figure 55: Estimated annual level of migration by five-year age band (2013-2033) – Worthing



Source: Derived from ONS 2012-based subnational population projections

Figure 56: Past trends in economic activity rates (England)



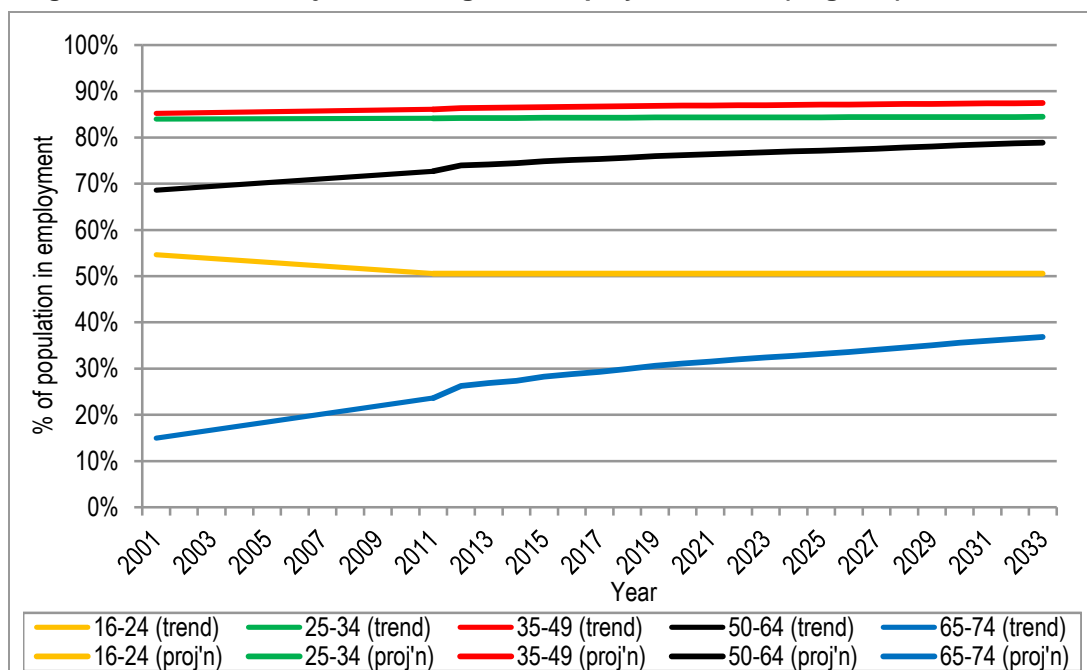
Source: Census (2001 and 2011)

To project these rates forward some of the reasons for these trends need to be considered. In particular the reduction in economic activity rates for people aged 16-24 is likely to some degree to be linked to an increase in students (which may not continue into the future) whilst some of the rapid increases for females are arguably unlikely to continue at the same rate as in the past.

To try to get a realistic view about how employment rates might change in the future an analysis of a national economic forecast (from Cambridge Econometrics) and also the national (2012-based) population projections has been undertaken. Essentially the method used works on the basis that both the CE forecast and the population projections are correct and then models what level of change to employment rates would be required for both the population and the number of jobs to pan-out.

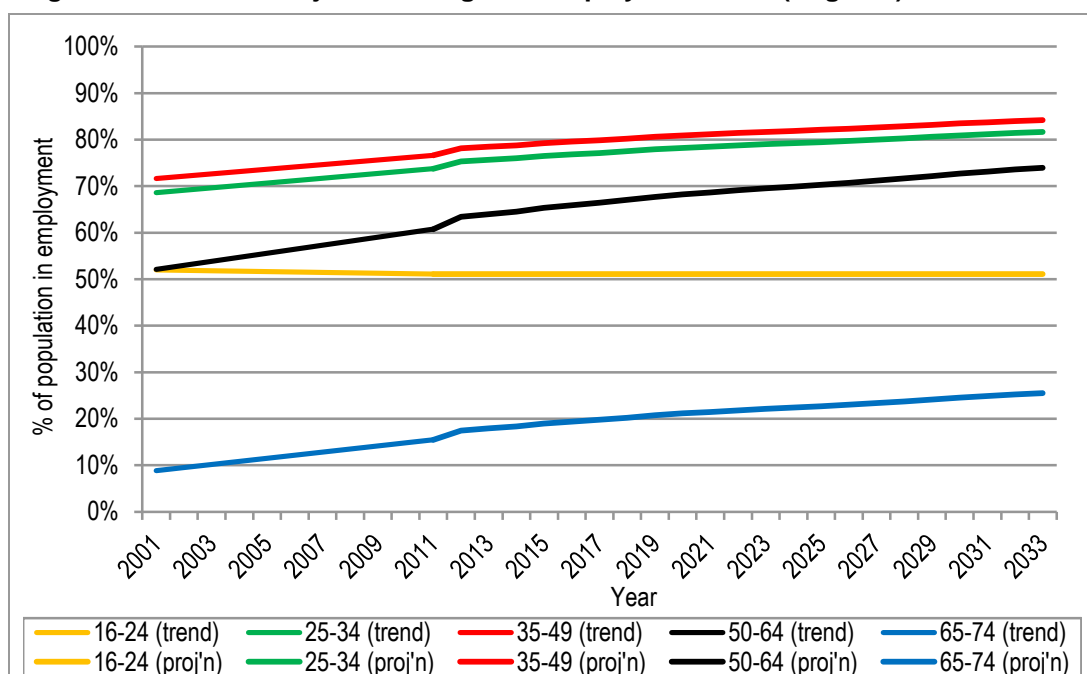
The figures below show the projected changes to employment rates for males and females through this modelling. It can be seen that for many age groups there are expected to continue to be increases in the future but that these improvements reduce over time. There is a particular jump in 2012-13 which is likely to be related to a reduction in unemployment. The figures in the charts are for employment rates (rather than economic activity as shown above) with the past trends being plotted in line with economic activity trends but to a different baseline in 2011 (which is informed by Census data).

Figure 57: Projected changes to employment rates (England) – males



Source: Derived from Census, CE and ONS national population projections

Figure 58: Projected changes to employment rates (England) – females

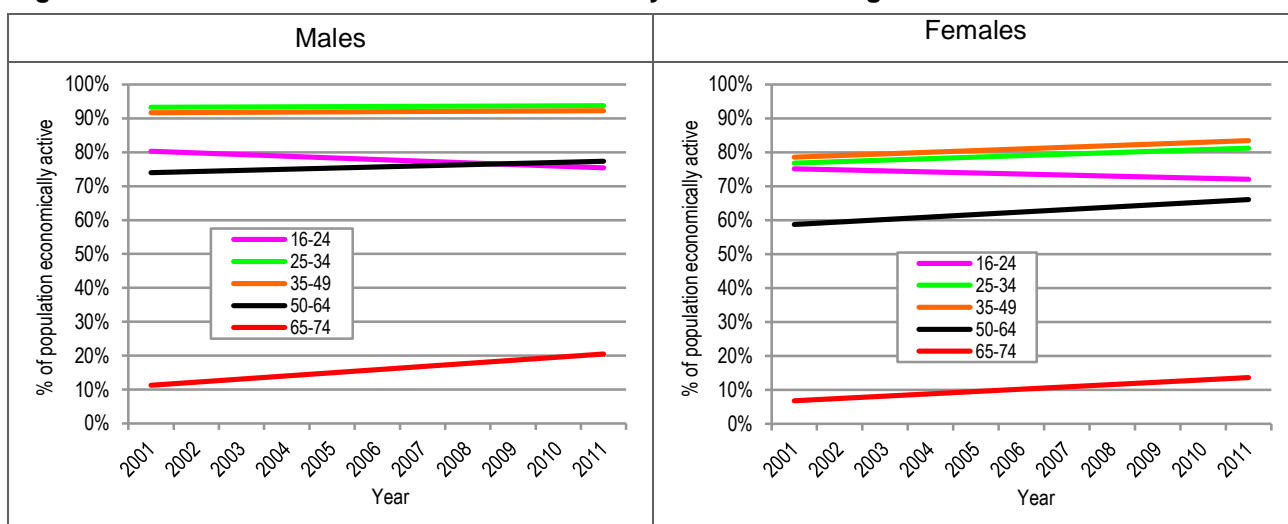


Source: Derived from Census, CE and ONS national population projections

At the local area level the derived national data has been applied – using the incremental changes year-on-year and applied to a baseline 2011 position. The figure below shows (for Worthing) that although actual

employment rates in 2011 are different for some age/sex groups when compared with the national position the general trends seen over the past decade are quite similar. Hence it appears sound to use the national calculation for employment rates changes and apply this at the local level.

Figure 59: Past trends in economic activity rates – Worthing



Source: Census (2001 and 2011)

The table below shows the employment rates used for modelling from 2013 to 2033. From the population modelling exercise it was estimated in mid-2013 that there were 52,104 people in employment with an employment rate for those aged 16-74 of 69.2% - due to the modelled improvement in rates this figure rises to 71.4% by 2033. The rate calculated as a proportion of the total population aged 16 or over would actually be expected to fall slightly (from 59.8% to 58.0%).

Table 45: Employment Rates by Age and Sex – Worthing

Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 and over
Male	2013	61.5%	88.7%	88.9%	75.0%	14.6%
	2033	61.5%	88.9%	89.9%	79.8%	17.7%
Female	2013	63.7%	80.0%	81.9%	67.3%	8.6%
	2033	63.7%	86.0%	87.7%	77.3%	11.8%

Source: Derived from a range of data sources (including Census, Experian and ONS national population projections)

Household (and Housing) Growth Projections

Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this data has been taken from the 2012-based CLG household projections. As noted in the main text, our analysis of household

sizes has identified a level of constraint being projected forward by CLG in their previous (2011-based) household projections but that this issue is not apparent in the 2012-based version.

The table below shows headship rates derived from the analysis for each of the key periods of 2013 and 2033. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (both in an upward and downward direction).

Table 46: Estimated Headship Rates by Age (2013 and 2033)

Age group	2013	2033
Ages 15-24	13.3%	13.3%
Ages 25-34	50.1%	51.2%
Ages 35-44	58.2%	61.2%
Ages 45-54	61.2%	61.4%
Ages 55-64	60.7%	61.6%
Ages 65-74	65.1%	68.4%
Ages 75-84	73.8%	72.6%
Ages 85+	84.3%	80.8%

Source: Derived from CLG 2012-based household projections

When applying these headship rates to the population an estimated number of households in 2013 of 47,865 is derived.

In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance which is normal to allow for movement of households between properties. In Worthing, the 2011 Census recorded 1,646 unoccupied household spaces and 47,044 households (the number of vacant homes therefore being 3.5% above the number of households). This figure has therefore been used to reflect an uplift to households when calculating housing need – it is assumed that this figure will be reflective of what can be achieved in new housing stock and includes an allowance for second homes.

Detailed Projection Outputs

This section provides detailed outputs of the modelling under each of the scenarios run to look at population growth, employment change and housing requirements. All the projections look at the period from 2013 to 2036 with outputs available for each year of the projection (although these have generally been summarised for 5 year periods). The projections run are summarised in the table below.

Table 47: Description of Projections used for Demographic Modelling

Projection	Description
PROJ 1	Demographic-based – linked to the latest (2012-based) SNPP with household formation rates based on partially returning to the trends expected in the 2008-based household projections
PROJ 2	Jobs-led – linked to employment growth of about 4,000 jobs – this being the level of job growth expected in a trend based forecast. The household formation rates are as in PROJ 1
PROJ 3	Jobs-led – linked to employment growth of about 7,600 jobs – this being the level of job growth expected in an Experian economic forecast. The household formation rates are as in PROJ 1

Population Projections

The table below shows the expected growth in population under each of the scenarios. Under demographic-based assumptions (PROJ 1) the population is expected to increase by around 20,600 people over the 23-year period – this represents population growth of 19% or about 0.8% per annum. The population growth figures linked to the Experian forecast (PROJ 3) are slightly lower (17% population growth) whilst with housing delivery in line with projected job growth in the trend-based forecast (PROJ 2) we see a somewhat lower level of population growth – 10,900 over the 2013-36 period (10%).

Table 48: Population Estimates 2013 to 2036

	2013	2018	2023	2028	2033	2036
PROJ 1 (2012-based SNPP)	106,117	110,595	115,344	119,896	124,252	126,754
	0.0%	4.2%	8.7%	13.0%	17.1%	19.4%
PROJ 2 (Jobs-led – Trend)	106,117	107,590	110,012	112,396	115,360	117,049
	0.0%	1.4%	3.7%	5.9%	8.7%	10.3%
PROJ 3 (Jobs-led – Experian)	106,117	109,362	113,625	117,606	122,031	124,602
	0.0%	3.1%	7.1%	10.8%	15.0%	17.4%

Population Change Dynamics

The table below summarises the findings for key (5 year) age groups under PROJ 1 (2012-based SNPP) – data is presented for the core time period used of 2013 to 2033. The largest growth will be in people aged 65 and over. In 2033 it is estimated that there will be 36,200 people aged 65 and over. This is an increase of 13,100 from 2013, representing growth of 57%. The population aged 85 and over is projected to increase by an even greater proportion, 94%. Looking at the other end of the age spectrum the data shows that there are projected to be around 3% more people aged under 15 with increases (and some decreases) shown for other age groups.

Table 49: PROJ 1 (demographic-based) population change 2013 to 2033 by five year age bands

Age group	Population 2013	Population 2033	Change in population	% change from 2013
Under 5	6,190	5,975	-215	-3.5%
5-9	6,090	6,133	43	0.7%
10-14	5,451	6,240	789	14.5%
15-19	5,595	6,210	615	11.0%
20-24	5,384	5,664	280	5.2%
25-29	5,859	6,277	418	7.1%
30-34	6,483	6,256	-227	-3.5%
35-39	6,520	7,103	583	8.9%
40-44	7,728	7,628	-100	-1.3%
45-49	8,240	7,375	-865	-10.5%
50-54	7,370	7,694	324	4.4%
55-59	6,154	7,222	1,068	17.4%
60-64	5,939	8,279	2,340	39.4%
65-69	6,505	8,804	2,299	35.3%
70-74	4,712	7,738	3,026	64.2%
75-79	4,225	6,256	2,031	48.1%
80-84	3,545	5,408	1,863	52.6%
85+	4,127	7,991	3,864	93.6%
Total	106,117	124,252	18,135	17.1%

Economic (Employment) Changes

The table below shows the estimated number of people living in Worthing who are working under each of the projections. The data shows under the demographic-based assumptions (PROJ 1) that the number of people working is projected to increase by 9,500 from 2013 to 2036 (an 18% increase). Figures in the projection linked to the Experian forecast (PROJ 3) are slightly lower whilst the projection linked to job growth trends (PROJ 2) shows a notably lower workforce increase of 4,300 over the 23-year period – up 8%).

Table 50: Employment Estimates 2013 to 2036

	2013	2018	2023	2028	2033	2036
PROJ 1 (2012-based SNPP)	52,104	54,791	56,999	59,044	60,686	61,623
	0.0%	5.2%	9.4%	13.3%	16.5%	18.3%
PROJ 2 (Jobs-led – Trend)	52,104	53,052	53,999	54,947	55,894	56,368
	0.0%	1.8%	3.6%	5.5%	7.3%	8.2%
PROJ 3 (Jobs-led – Experian)	52,104	54,077	56,037	57,799	59,500	60,463
	0.0%	3.8%	7.5%	10.9%	14.2%	16.0%

Household (and Housing) Growth

The table below shows the projected growth in the number of households under each of the scenarios. The demographic-based projection (PROJ 1) shows household growth of about 29% over the 23-year period (14,000 additional households) with the projection linked to the Experian forecast (PROJ 3) showing a slightly lower output (13,000 additional households). The trend-based employment projection (PROJ 2) shows a much lower level of increase; under this forecast the level of household growth would be 20% - this is 9,700 additional households.

Table 51: Household Estimates 2013 to 2036

	2013	2018	2023	2028	2033	2036
PROJ 1 (2012-based SNPP)	47,865	50,753	53,782	56,909	60,017	61,818
	0.0%	6.0%	12.4%	18.9%	25.4%	29.2%
PROJ 2 (Jobs-led – Trend)	47,865	49,414	51,421	53,630	56,162	57,601
	0.0%	3.2%	7.4%	12.0%	17.3%	20.3%
PROJ 3 (Jobs-led – Experian)	47,865	50,204	53,026	55,917	59,074	60,908
	0.0%	4.9%	10.8%	16.8%	23.4%	27.2%

The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. A vacancy allowance of 3.5% has therefore been applied to all of the above figures to make estimated housing requirements; the resulting figures are shown in the tables below – the first looking at the period to 2033 and the second to 2036.

Table 52: Estimated housing numbers with vacancy allowance (to 2033)

Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 20-years
PROJ 1 (2012-based SNPP)	608	629	12,577
PROJ 2 (Jobs-led – Trend)	415	429	8,587
PROJ 3 (Jobs-led – Experian)	560	580	11,602

Table 53: Estimated housing numbers with vacancy allowance (to 2036)

Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 23-years
PROJ 1 (2012-based SNPP)	607	628	14,442
PROJ 2 (Jobs-led – Trend)	423	438	10,076
PROJ 3 (Jobs-led – Experian)	567	587	13,499

APPENDIX C: AFFORDABLE HOUSING DEFINITIONS

Key definitions used in this report include the following:

- **Affordable housing:** Affordable housing is defined in the NPPF as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
 - **Social rented housing:** social rented housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authorities or with the Homes and Communities Agency.
 - **Affordable rented housing:** affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
 - **Intermediate housing:** Intermediate housing is homes for sale or rent provided at a cost above social rent, but below market levels subject to the criteria in the affordable housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.
- Housing Need:** Housing need refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.
- **Affordable Housing Need:** This describes the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.
 - **Newly-Arising Need:** Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs. Figures for this are gross, and differ from those set out reflecting total household growth.