



GL Hearn

Part of Capita Real Estate

Objectively-Assessed Housing Need Update

Adur District Council

Report

September 2016

Prepared by

GL Hearn
280 High Holborn
London WC1V 7EE

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

Contents

Section	Page
1 INTRODUCTION	7
2 TREND-BASED DEMOGRAPHIC PROJECTIONS	9
3 BROADER CONSIDERATIONS IN DRAWING CONCLUSIONS ON OVERALL HOUSING NEED	27
4 NEED FOR DIFFERENT TYPES OF HOMES	33
5 CONCLUSIONS AND SUMMARY	51

List of Figures

FIGURE 1: POPULATION GROWTH, ADUR DISTRICT	10
FIGURE 2: PAST COMPONENTS OF POPULATION CHANGE	11
FIGURE 3: PAST AND PROJECTED COMPONENTS OF CHANGE (2001-2032) – ADUR	13
FIGURE 4: INTERROGATING MIGRATION FLOWS BETWEEN LONDON AND ADUR	16
FIGURE 5: POPULATION CHANGE 2011 TO 2032 BY FIVE-YEAR AGE BANDS – ADUR	19
FIGURE 6: HEADSHIP RATES IN 2012-BASED AND 2014-BASED HOUSEHOLD PROJECTIONS	23
FIGURE 7: CHANGE IN PROPORTION OF HOUSEHOLDS LIVING IN PRIVATE RENTED HOUSING (2001-11) BY AGE – ADUR	36
FIGURE 8: SIZE OF HOMES NEEDED IN ADUR DISTRICT, 2011-32	42
FIGURE 9: TENURE OF OLDER PERSON HOUSEHOLDS – ADUR	46

List of Tables

TABLE 1: PROJECTED POPULATION GROWTH IN ADUR DISTRICT, 2011-32	9
TABLE 2: PAST AND PROJECTED RATES OF POPULATION GROWTH	10
TABLE 3: PROJECTED COMPONENTS OF POPULATION CHANGE – 2012- AND 2014-BASED SNPP (2011-2032)	12
TABLE 4: PROJECTED POPULATION GROWTH – REBASED 2014-BASED SNPP	13
TABLE 5: OVERVIEW OF POPULATION-LED SENSITIVITY ANALYSIS	14

TABLE 6:	POPULATION GROWTH – SENSITIVITY SCENARIOS	15
TABLE 7:	MIGRATION TO- AND FROM- LONDON AND ADUR	17
TABLE 8:	PROJECTED POPULATION GROWTH (2011-2032) –LONDON MIGRATION SENSITIVITY ANALYSIS	17
TABLE 9:	POPULATION CHANGE BY 5 YEAR AGE GROUP – REBASED 2014-BASED SNPP	20
TABLE 10:	DIFFERENCE IN AGE STRUCTURE IN 2032 (2012- AND 2014-BASED SNPP) – ADUR	21
TABLE 11:	PROJECTED HOUSEHOLD GROWTH 2011-32 – REBASED 2014-BASED SNPP	25
TABLE 12:	HOUSEHOLD AND HOUSING GROWTH, ADUR 2011-32	26
TABLE 13:	EXPECTED WORKFORCE GROWTH, ADUR 2011-32	27
TABLE 14:	OVERVIEW OF MARKET SIGNALS ANALYSIS	29
TABLE 15:	CHANGE IN TENURE 2001-11 (ALL HOUSEHOLDS) – ADUR	34
TABLE 16:	CHANGE IN TENURE 2001-11 (ALL HOUSEHOLDS AGED UNDER 35) – ADUR	35
TABLE 17:	CHANGE IN PROPORTION OF HOUSEHOLDS LIVING IN PRIVATE RENTED HOUSING (2001-11) BY AGE – ADUR	36
TABLE 18:	ESTIMATED CURRENT TARGET GROUP FOR STARTER HOMES – ADUR	37
TABLE 19:	ESTIMATED PROJECTED TARGET GROUP FOR STARTER HOMES (PER ANNUM) – ADUR	37
TABLE 20:	ESTIMATED INCOME LEVEL REQUIRED TO ACCESS STARTER HOMES – ADUR	38
TABLE 21:	ESTIMATED INCOME LEVELS BY AGE (UNITED KINGDOM)	39
TABLE 22:	ESTIMATED INCOME LEVELS BY AGE FOR STARTER HOMES TARGET GROUP – ADUR	40
TABLE 23:	AFFORDABILITY OF STARTER HOMES BY AGE BAND	40
TABLE 24:	ESTIMATED CURRENT NEED FOR STARTER HOMES, 2015	41
TABLE 25:	ESTIMATED FUTURE NEED FOR STARTER HOMES , PER ANNUM 2015-32	41
TABLE 26:	TOTAL STARTER HOME NEED, 2015-20/32	42
TABLE 27:	PROFILE OF SHARED OWNERSHIP SALES, ENGLAND	43
TABLE 28:	RECOMMENDED SIZE MIX OF HOUSING IN ADUR, 2011-32	43

TABLE 29:	POPULATION OF OLDER PERSONS BY AGE GROUP, 2015	44
TABLE 30:	PROJECTED CHANGE IN POPULATION OF OLDER PERSONS (2011 TO 2032)	45
TABLE 31:	CURRENT SUPPLY OF SPECIALIST HOUSING FOR OLDER PEOPLE (2015)	45
TABLE 32:	PROJECTED NEED FOR SPECIALIST HOUSING FOR OLDER PEOPLE (2011-32)	46
TABLE 33:	POTENTIAL NEED FOR RESIDENTIAL CARE HOUSING	48
TABLE 34:	RECOMMENDED SIZE MIX OF HOUSING IN ADUR, 2011-32	52

Quality Standards Control

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

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

DATE	ORIGINATORS	APPROVED
September2016	Nick Ireland Planning Director	[Insert Name] [Job title]

Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 INTRODUCTION

- 1.1 GL Hearn has worked with Adur District Council and other authorities in the Sussex Coast Housing Market to assess housing needs. Adur District Council has undertaken pre-submission consultation on its Draft Local Plan. The evidence on housing need informing this was set out in a report prepared by GL Hearn and dated August 2015.
- 1.2 The Council is shortly to submit its Local Plan for examination. However new population and household projections have recently been published which could have a bearing on the calculation of the District's objectively assessed housing need. This report is prepared to consider these 2014-based Sub-National Population Projections, published by ONS in May 2016, and the associated 2014-based Household Projections, published by CLG in July 2016.
- 1.3 This report seeks to interrogate the 2014-based SNPP and consider the potential implications for household growth and housing needs in Adur. Government Planning Practice Guidance (PPG) on Housing and Economic Development Needs Assessment is clear that the latest projections should be the start point for assessing overall housing need.
- 1.4 The report is intended to provide a short update to the August 2015 Report, *Objectively Assessed Housing Need: Adur District*, and to be read alongside it. The August 2015 Report outlines the context, in respect of national policy and guidance; and provides a chronology of studies which have considered objectively assessed housing needs (OAN) in Adur and the wider Sussex Coast Housing Market Area (HMA).
- 1.5 The analysis looks at housing need over the period from 2011-32. The period considered is extended from 2031 to 2032 to ensure that the plan period would cover 15 years from the date of adoption of the plan. Because the projections are 2014-based, this essentially means that data for 2011-14 is fixed by reference to published ONS population estimates.
- 1.6 It also provides an updated assessment of the need for different types of homes, both market and affordable, and assesses the need for older persons' accommodation, self- and custom-build housing and for Starter Homes.

2 TREND-BASED DEMOGRAPHIC PROJECTIONS

2.1 This section sets out the projected population growth in the 2014-based Sub-National Population Projections (SNPP) and associated household growth in the 2014-based Household Projections. It provides an interrogation of the components of population change, and sensitivity testing around migration and household formation rates.

2014-based Sub-National Population Projections

2.2 The 2014-based SNPP provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2014-based national population projections. They are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

2.3 The SNPP are project forward age-specific trends in fertility, mortality and migration over the preceding five years, with the exception of international migration which is projected based on trends over the previous six years and constrained to the ONS 2014-based national population projections. The latter assume that international migration falls from 330,000 in 2013-14 to 185,000 in 2021-21 and then remains at this level thereafter.

2.4 The 2014-based SNPP, as published, shows population growth of 11,565 in Adur over the plan period, which compares to growth of 9,102 persons (14.8%) in the previous 2012-based SNPP.

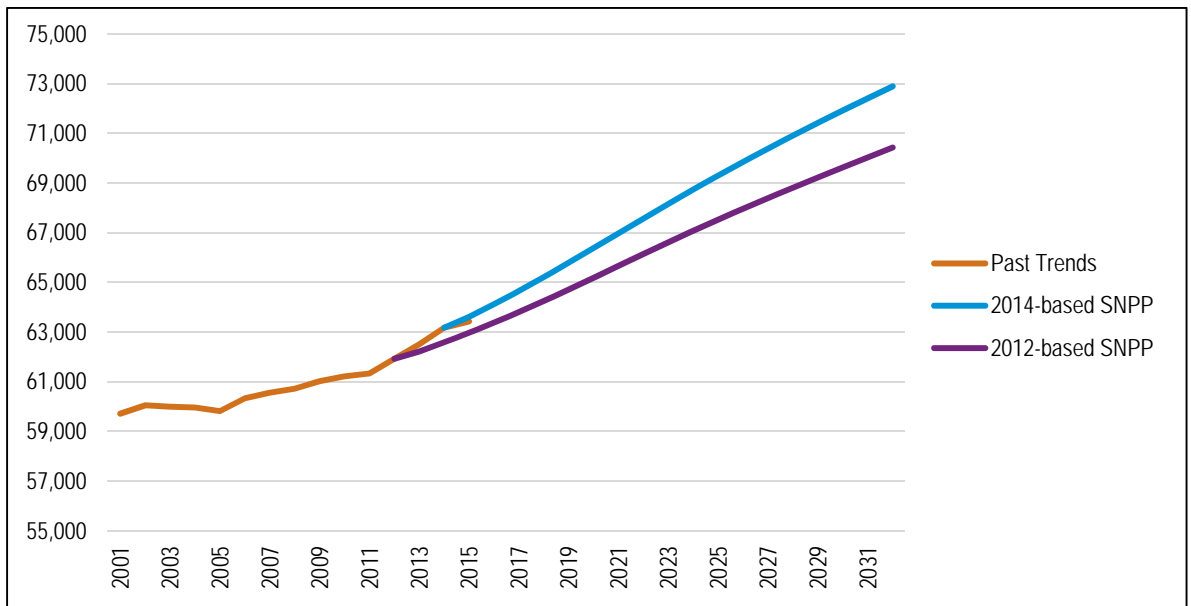
Table 1: Projected Population Growth in Adur District, 2011-32

	Population 2011	Population 2032	Change in population	% change
2014-based SNPP	61,334	72,899	11,565	18.9%
2012-based SNPP	61,334	70,436	9,102	14.8%

Source: ONS

2.5 The higher projected population growth in the latest projections is particularly influenced by stronger recent growth in the District's population, as Figure 1 shows.

Figure 1: Population Growth, Adur District



Source: ONS

2.6 The 2014-based SNPP expects the District's population to grow at a rate of 0.86% per annum, which is some way above that expected in the previous 2012-based SNPP (0.69% pa). As we might expect the projected growth rate moving forwards in the 2014-based SNPP is slightly higher than that seen over the previous 5 years (0.86% as against 0.72% pa) and is above that seen over the previous 10 years.

Table 2: Past and Projected Rates of Population Growth

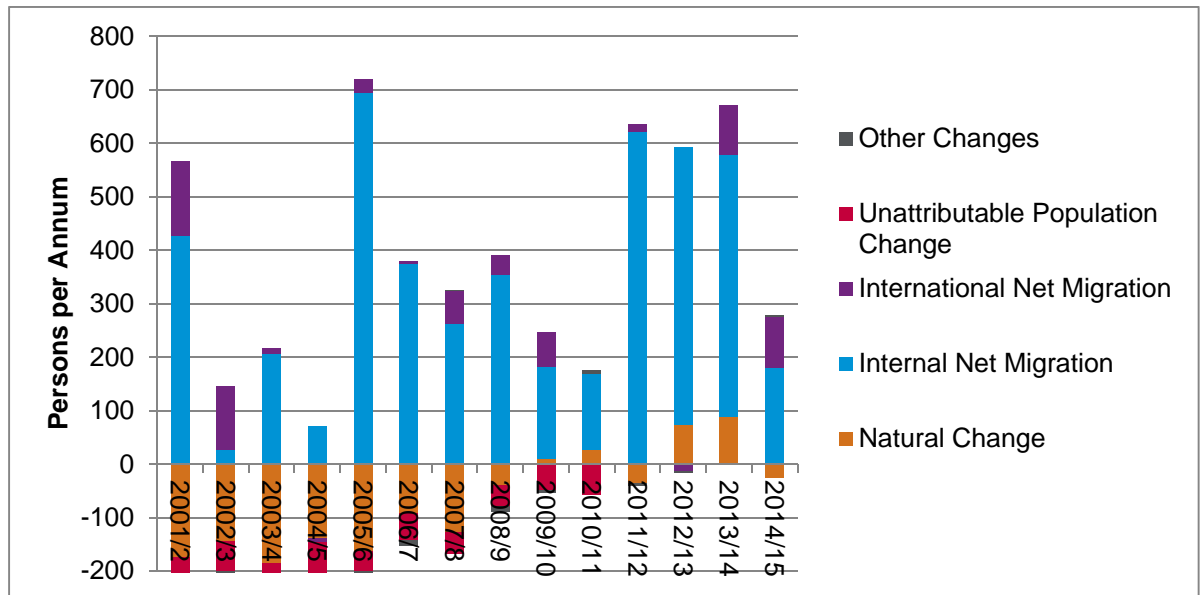
	Compound Annual Growth Rate	Period
5 years	0.72%	2010-15
10 years	0.60%	2005-15
2012-based SNPP	0.69%	2012-32
2014-based SNPP	0.86%	2014-32

2.7 Historical population growth in Adur has however been relatively modest relative to wider benchmarks, with population growth of 0.80% seen nationally over the last 10 years, with a higher 0.82% seen in West Sussex and 0.87% across the South East. The rate of population growth seen in the 2014-based SNPP is thus by no means unrealistic.

2.8 To understand the population projection, it is useful to analyse the components of population growth. Over the five-year period feeding into the 2014-based SNPP natural change and international migration are modestly positive (both with 32 persons per annum respectively), but population growth is driven by internal migration (between different parts of the UK), with net internal migration

of 389 persons per annum between 2009-14. This compares to net internal migration of 310 over the five-year period preceding the 2012-based SNPP.

Figure 2: Past Components of Population Change



Source: ONS

2.9 As set out in GL Hearn’s previous report, there was a negative level of Unattributable Population Change equivalent to 500 persons over the 2001-11 decade. This could reflect issues associated with accuracy of the Census data in 2001 and/or 2011, and/or the accuracy of recording of migration between these points. As our 2015 Report set out, the UPC is more likely to be associated in Adur with recording of migration, but we cannot be certain as to the degree to which migration data should be adjusted or to how an over-estimation of migration might have affected different years within the 2001-11 decade. As ONS has implemented a programme to improve migration statistics, it is likely that the latter years of data would be less susceptible to error than earlier years of the 2001-11 decade. The ONS does not include any adjustments for UPC within the forward projections. Whether it remains appropriate to include adjustments for UPC is considered further later in this section.

2.10 Of the projected 551 per annum increase in the population over the 2011-32 period projected the 2014-based SNPP (see Table 3), around 6% is a result of projected natural increase (more births than deaths). The remaining 94% of population growth in the 2014-based SNPP is due to the projected net number of migrants – 87% due to internal migration and 7% due to international migration.

2.11 The patterns of population change in Adur being dominated by internal net migration is consistent with the profile shown in the 2012-based SNPP. The difference between the population growth in

the 2012- and 2014-based projections is actually due to increases in the projected level of natural change and international migration – the projected level of internal migration looking forwards remains virtually unchanged.

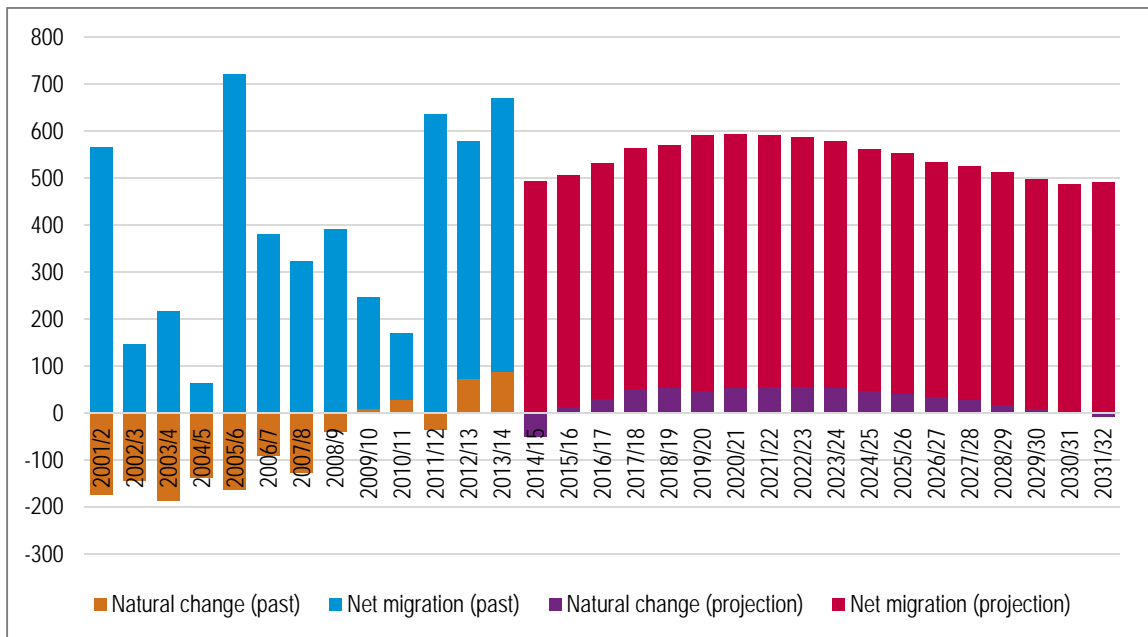
Table 3: Projected Components of Population Change – 2012- and 2014-based SNPP (2011-2032)

	2012-based SNPP		2014-based SNPP	
	Population change per annum	% of change	Population change per annum	% of change
Natural Change	-45	-10%	31	6%
Internal Migration	482	111%	480	87%
International Migration	-4	-1%	39	7%
Total Change	433	100%	551	100%

Source: ONS

- 2.12 International migration is modest as a component of overall population change. The ONS projection methodology constrains international migration within Sub-National Population Projections to its national projections. The ONS 2014-based Population Projections assume that net international migration to the UK would fall from 330,000 in 2013/14 to 185,000 in 2020/21 and continue at that level thereafter. In 2014-15, net international migration was of 336,000. In contrast the 2012-based SNPP projected net international migration of 165,000.
- 2.13 Whilst there are evidently uncertainties about future immigration policies, inflows from the EU currently account for around 50% of immigration nationally. There are potential short-term upsides associated with people seeking to move to the UK before Brexit occurs. Fundamentally, the SNPP already assume a substantial reduction in net migration to the UK.
- 2.14 Figure 3 overleaf brings together data about the components of the population change in the 2014-based SNPP. This shows that natural change is expected to increase slightly until about 2018, levelling off to 2023, and then starting to fall as the projection works through to 2032. This reflects age structure changes. Net migration is generally projected to be fairly constant over time.
- 2.15 Over the whole projection period (2014-32) the level of natural change is projected to be 29 per annum, with net migration (both domestic and international) averaging about 510 people each year.

Figure 3: Past and Projected Components of Change (2001-2032) – Adur



Source: ONS

Incorporating 2015 Mid-year Population Estimates

2.16 The PPG sets out that account should be taken of the latest Mid-Year Population Estimates. If these are incorporated in the forward projections, effectively rebasing the 2014-based SNPP to take account of actual (rather than projected) population change between 2014-15, the revised population growth is as follows.

Table 4: Projected Population Growth – Rebased 2014-based SNPP

	Population 2011	Population 2032	Change in population	% change
Rebased 2014-based SNPP	61,334	72,678	11,344	18.5%

Sensitivity Analysis

2.17 Population projections are particularly sensitive to the assumptions on migration, which as Figure 2 illustrates has varied quite notably year-on-year historically in Adur (as in many areas). The selection of the time period from which migration is projected forward therefore affects the scale of population growth, age structure changes and ultimately household growth.

2.18 The base period feeding into the 2014-based SNPP (2008/9 – 2014) included a period of economic recession. There has been some impact of this on population/ household movement, with GL Hearn’s experience pointing to greater population growth in larger urban areas in particular. A

longer reference period may provide more stable projections for population growth, as the Planning Advisory Service's Note on *Objectively Assessed Housing Need and Housing Targets* explains. This however needs to be set against evidence of stronger recent UK population growth, and the potential impact of UPC when considering longer-term population trends.

- 2.19 A sensitivity analysis has therefore been undertaken which considers the following additional projections:

Table 5: Overview of Population-led Sensitivity Analysis

Projection	Description
10 Year Migration Trends	Adjustment to migration assumptions in the 2014-based SNPP based on differences between the input period (2008/9 – 2014) and trends between 2005-15. Uses ONS published migration estimates with no adjustment for UPC.
10 Year Migration Trends adjusted for UPC	As above, but with migration estimates between 2005-11 adjusted downwards for UPC. For the purposes of the modelling the UPC has been split equally between internal and international migration, along with equal adjustments (in an upward or downward direction as appropriate) to each of in- and out-migration.
14 Year Migration Trends	Adjustment to migration assumptions in the 2014-based SNPP based on differences between the input period (2008/9 – 2014) and trends between 2001-15. Uses ONS published migration estimates with no adjustment for UPC.
14 Year Migration Trends adjusted for UPC	As above, but with migration estimates between 2001-11 adjusted downwards for UPC. For the purposes of the modelling the UPC has been split equally between internal and international migration, along with equal adjustments (in an upward or downward direction as appropriate) to each of in- and out-migration.

- 2.20 The input period to the SNPP saw net migration of 420 persons per annum (ppa) set against 346 ppa in the previous 2012-based SNPP. Looking at longer-term trends, migration has been running at between 392 – 419 ppa over the previous 10 years and 334 – 370 ppa over the period since 2001 based on published data.

- 2.21 The sensitivity analysis indicates that population growth of between 0.8 - 0.9% per annum might be expected over the plan period to 2032. The rebased 2014-based SNPP, with 18.5% growth projected, sits at the top end of this range. This reflects stronger recent population growth. It is

however not dissimilar in respect of the overall scale of growth to 10 year trends and historically Adur has seen modest population growth relative to surrounding areas (as the 2015 OAN Update indicated).

Table 6: Population Growth – Sensitivity Scenarios

	2011	2032	Population Change	% Growth	Compound Annual Growth Rate (CAGR)
10 Year Migration Trends	61,334	72,733	11,399	18.6%	0.9%
10 Year Migration Trends adjusted for UPC	61,334	72,208	10,874	17.7%	0.8%
14 Year Migration Trends	61,334	71,848	10,514	17.1%	0.8%
14 Year Migration Trends adjusted for UPC	61,334	71,157	9,823	16.0%	0.8%

2.22 Unattributable Population Change relates to the 2001-11 period. However, within this period it is more likely to relate to the earlier part of the period, taking account of the impact of the ONS Improving Migration Statistics Programme which introduced improved methods of estimating migration (and particularly international migration) at a local authority level, and should have resulted in improved accuracy of migration estimates in later years in the decade.

2.23 GL Hearn considers that with an input period from 2008/9 – 2014 for the 2014-based SNPP that there is a limited justification for including adjustments for UPC. When considering longer-term migration trends, the potential inaccuracies in the recording of migration are of greater relevance, and it is thus appropriate to consider the 10-and 14-year migration scenarios with/ without UPC as a range.

Sensitivity Analysis – Migration from London

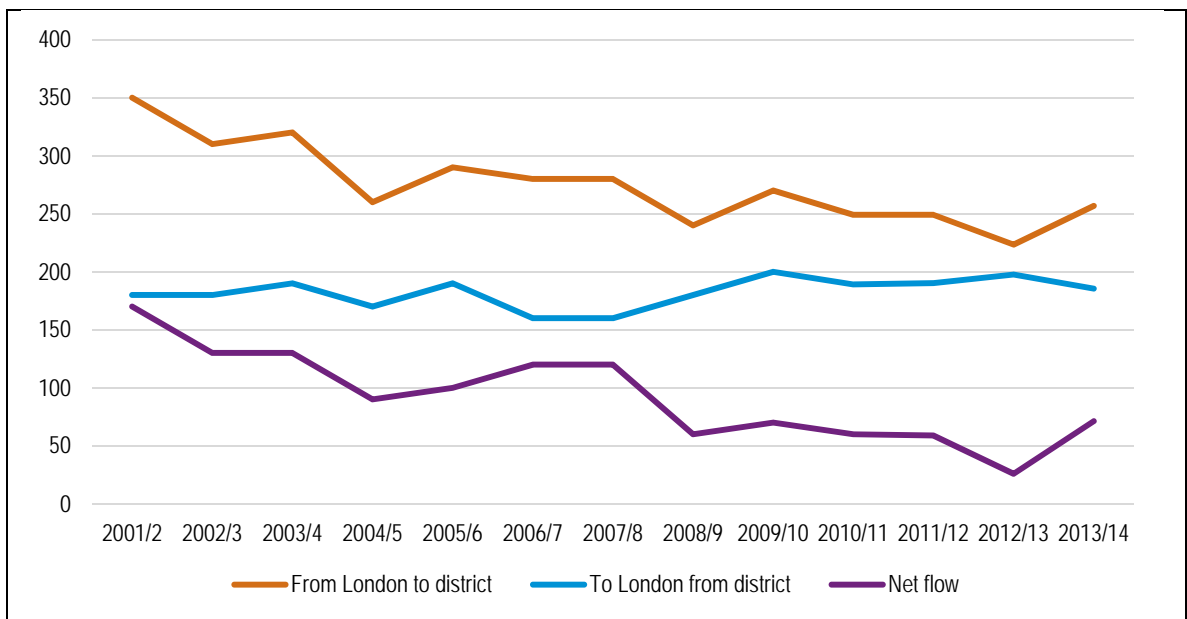
2.24 Next we have sought to provide a sensitivity analysis which considers how changing migration to and from London could influence housing need in Adur.

2.25 There is a level of migration both to and from London from the District. The Greater London Authority (GLA) identified as part of their 2013-based Projections feeding into the Further Alterations to the London Plan (FALP) that there had been a marked change in internal migration dynamics to and from London since the beginning of the recession (2007/8). Overall, the GLA identified that out-migration from London to other parts of the UK had dropped by about 10% along with a 6% increase in in-migration. This was considered to relate to the impact of the recession/ housing market downturn.

2.26 As a result of this, the GLA developed a series of population and household projections with different assumptions about migration. The Central Scenario (which underpins the current London Plan) made the assumption that after 2017, migration levels would revert back to pre-recession levels. The GLA in effect took a midpoint between pre- and post-recession migration statistics and assumed a 5% uplift in out-migration and a 3% decrease in in-migration¹ to present how they saw migration dynamics potentially changing as the economy moved beyond recession.

2.27 The figure below shows that migration flows from London to Adur fell slightly over the 2001-14 period and that there has been a slight increase in the number of moves to London from the District; this has influenced net flows (which have generally decreased over time although showing an increase in the 2013/14 period). The analysis points to a generally downward trend over the period since 2001/2 rather than a particular “recessionary effect.”

Figure 4: Interrogating Migration flows between London and Adur



Source: GLA/ONS

2.28 Given the drop in migration from London to areas around it through the recession period, the GLA has advised that authorities in the South East and East of England should consider the inter-relationship with London, and model scenarios such as based on longer-term migration trends. GL Hearn has done this, as shown above, and modelled an additional sensitivity analysis which adjusts migration assumptions in the latest SNPP to adopt consistent assumptions on migration from London to the current London Plan.

¹ See GLA Intelligence (Feb 2014) *GLA 2013 round of trend-based population projections – Methodology*, <http://data.london.gov.uk/dataset/2013-round-population-projections>

- 2.29 Table 7 outlines the differences between migration in the pre-2008 period, and that over the 2009-14 period which has fed into the 2014-based SNPP. The analysis shows net migration from London in the 2009-14 period which is 66 persons per annum lower than pre-recession trends.

Table 7: Migration to- and from- London and Adur

	From London to district	To London from district	Net flow
2001/2	350	180	170
2002/3	310	180	130
2003/4	320	190	130
2004/5	260	170	90
2005/6	290	190	100
2006/7	280	160	120
2007/8	280	160	120
2008/9	240	180	60
2009/10	270	200	70
2010/11	249	189	60
2011/12	249	190	59
2012/13	223	198	26
2013/14	257	185	71
Pre-2008 average	299	176	123
SNPP average	250	192	57
Difference	49	-17	66

Source: GLA/ONS

- 2.30 Our sensitivity analysis uses a similar assumption to the GLA modelling; i.e. for an adjustment to be made to migration levels post-2017 at a level which is half of the difference seen between pre-recession trends and the trends feeding into the SNPP. This projection is therefore broadly consistent to the approach adopted by GLA in the Central Variant in its 2013 Demographic Projections (which form the basis for the current London Plan).
- 2.31 Table 8 below shows overall population growth in this alternative projection. This shows population growth of 19.4% between 2011-32 (compared to 18.9% in the 2014-based SNPP projection).

Table 8: Projected Population Growth (2011-2032) –London Migration Sensitivity Analysis

	Population 2011	Population 2032	Change in population	% change
Adur	61,334	73,228	11,894	19.4%

Conclusions on Trend-based Population Projections

- 2.32 GL Hearn considers that the rebased 2014-based SNPP should be taken forward for further analysis. Our conclusions are based on the following:

- Planning Practice Guidance endorses the latest official household projections, and sets out that these are statistically robust and based on nationally consistent assumptions;
- Recent population growth at a UK level has been relatively stronger, and this has been true also in Adur. It is therefore sensible that this is reflected in planning for housing provision. The projections already assume that international migration falls over the period to 2020/21. They however assume higher international migration than in the 2012-based SNPP.
- Unattributable Population Change data relates to the 2001-11 period. There is a relatively modest influence of trends within this period on the new 2014-based SNPP. Given improvements to the modelling of migration, GL Hearn does not see a strong basis for specific adjustments to the SNPP to take account of UPC. However, there is some basis for suggesting some over-estimation of migration during the 2001-11 period.
- There is potential for higher out-migration to arise from London, however the evidence of a recessionary effect is not particularly strong – there is a long-term trend of declining migration from London to Adur. Constrained supply in London and changes in migration trends moving beyond recession could increase migration from London. However, the Greater London Authority's own suggested approach to dealing with short/long-term migration issues is to consider 10-year migration trends. A 10 or 14-year migration trend in Adur results in a lower level of population growth than seen in the 2014-based SNPP.

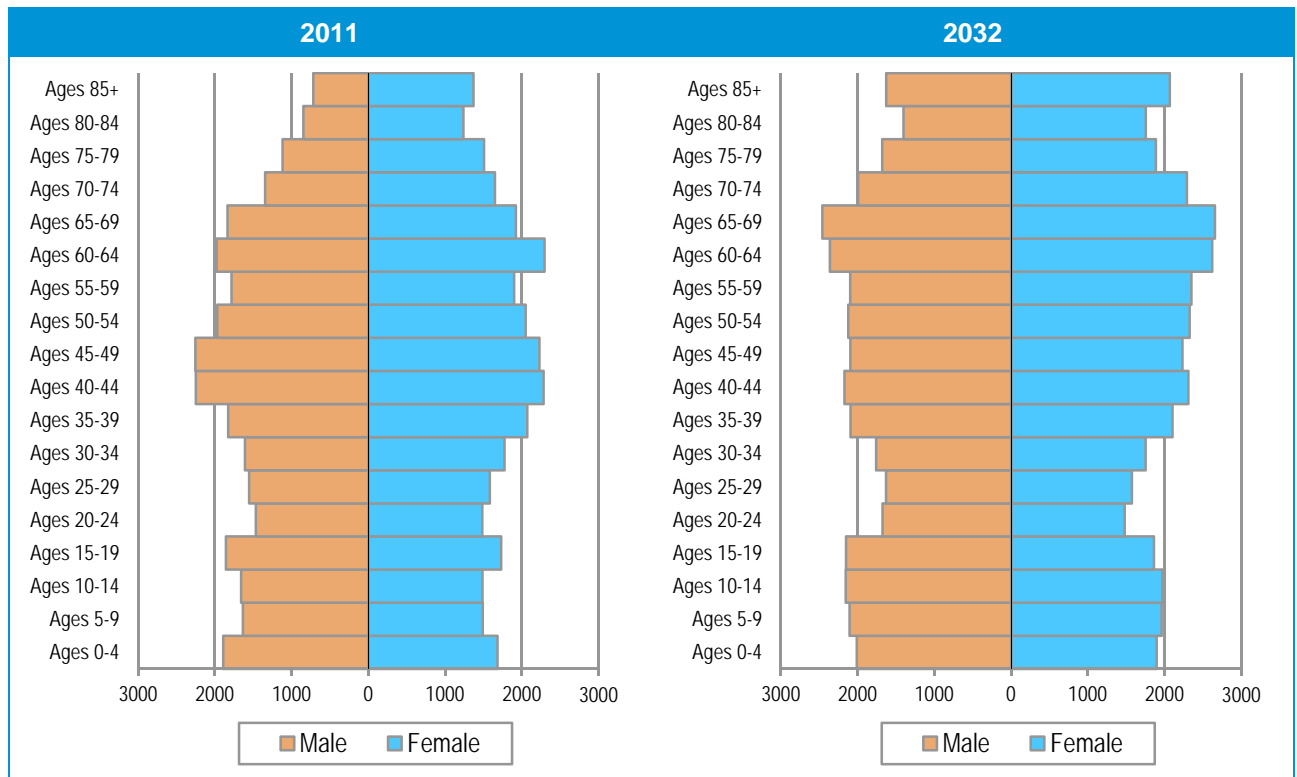
2.33 Drawing the evidence together, whilst there is a potential for stronger out-migration from London the evidence points to a long-term downward trend in net migration from London to Adur, rather than a recessionary influence; and the Unattributable Population Change data suggests that migration in the longer-term could have been over-estimated. GL Hearn considers that the 2014-based SNPP provides a robust trend-based assessment of population growth for the purposes of drawing conclusions on housing need. GL Hearn does not consider that there is a strong evidential basis for making adjustments to this, such as for UPC, given the time-period from which projections are derived (2008/9 – 2014) and the improvements made to migration statistics.

Age Structure Changes

2.34 With the overall change in the population will also come changes to the age profile. Population pyramids are provided below, setting out how the District's population is expected to change in the rebased 2014-based SNPP Projection.

2.35 The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 65 and over. In particular, the oldest age group (85+) shows an increase of 1,608 persons. A growing population towards the top of the pyramid reflects improving life expectancy.

Figure 5: Population Change 2011 to 2032 by five-year age bands – Adur



Source: ONS/JGC

2.36 Table 9 summarises the expected population change by five-year age group.

Table 9: Population Change by 5 Year Age Group – Rebased 2014-based SNPP

Age group	Population 2011	Population 2032	Change in population	% change from 2011
Under 5	3,574	3,907	333	9.3%
5-9	3,126	4,065	939	30.0%
10-14	3,144	4,126	982	31.2%
15-19	3,586	4,012	426	11.9%
20-24	2,952	3,156	204	6.9%
25-29	3,136	3,203	67	2.1%
30-34	3,382	3,511	129	3.8%
35-39	3,897	4,195	298	7.7%
40-44	4,531	4,481	-50	-1.1%
45-49	4,483	4,328	-155	-3.5%
50-54	4,018	4,449	431	10.7%
55-59	3,683	4,446	763	20.7%
60-64	4,271	4,981	710	16.6%
65-69	3,758	5,116	1,358	36.1%
70-74	2,995	4,285	1,290	43.1%
75-79	2,625	3,566	941	35.8%
80-84	2,086	3,157	1,071	51.3%
85+	2,087	3,695	1,608	77.1%
Total	61,334	72,678	11,344	18.5%

Source: ONS/JGC

2.37 It is also useful to compare the age structure projections from the 2014-based SNPP with similar figures in the 2012-based version. The simplest way to compare the figures is to look at the age structure in 2032. This is shown in Table 10 below. This 2014-based SNPP expects stronger growth in the population in younger age groups, with 1,055 additional persons aged under 20; and 643 additional persons aged 20-64, set against a slightly lower population aged over 65. The 2014-based SNPP will thus support stronger workforce growth than the previous 2012-based SNPP.

Table 10: Difference in Age Structure in 2032 (2012- and 2014-based SNPP) – Adur

Age group	2012-based	2014-based	Difference	% difference from 2012-based
Under 5	3,494	3,907	413	11.8%
5-9	3,680	4,065	385	10.5%
10-14	3,877	4,126	249	6.4%
15-19	4,003	4,012	8	0.2%
20-24	3,150	3,156	6	0.2%
25-29	3,096	3,203	107	3.5%
30-34	3,425	3,511	86	2.5%
35-39	4,108	4,195	88	2.1%
40-44	4,214	4,481	267	6.3%
45-49	4,216	4,328	112	2.7%
50-54	4,422	4,449	27	0.6%
55-59	4,449	4,446	-3	-0.1%
60-64	5,029	4,981	-48	-1.0%
65-69	5,130	5,116	-14	-0.3%
70-74	4,263	4,285	22	0.5%
75-79	3,559	3,566	7	0.2%
80-84	3,158	3,157	-2	-0.1%
85+	3,848	3,695	-153	-4.0%
Total	71,119	72,678	1,559	2.2%

Source: ONS

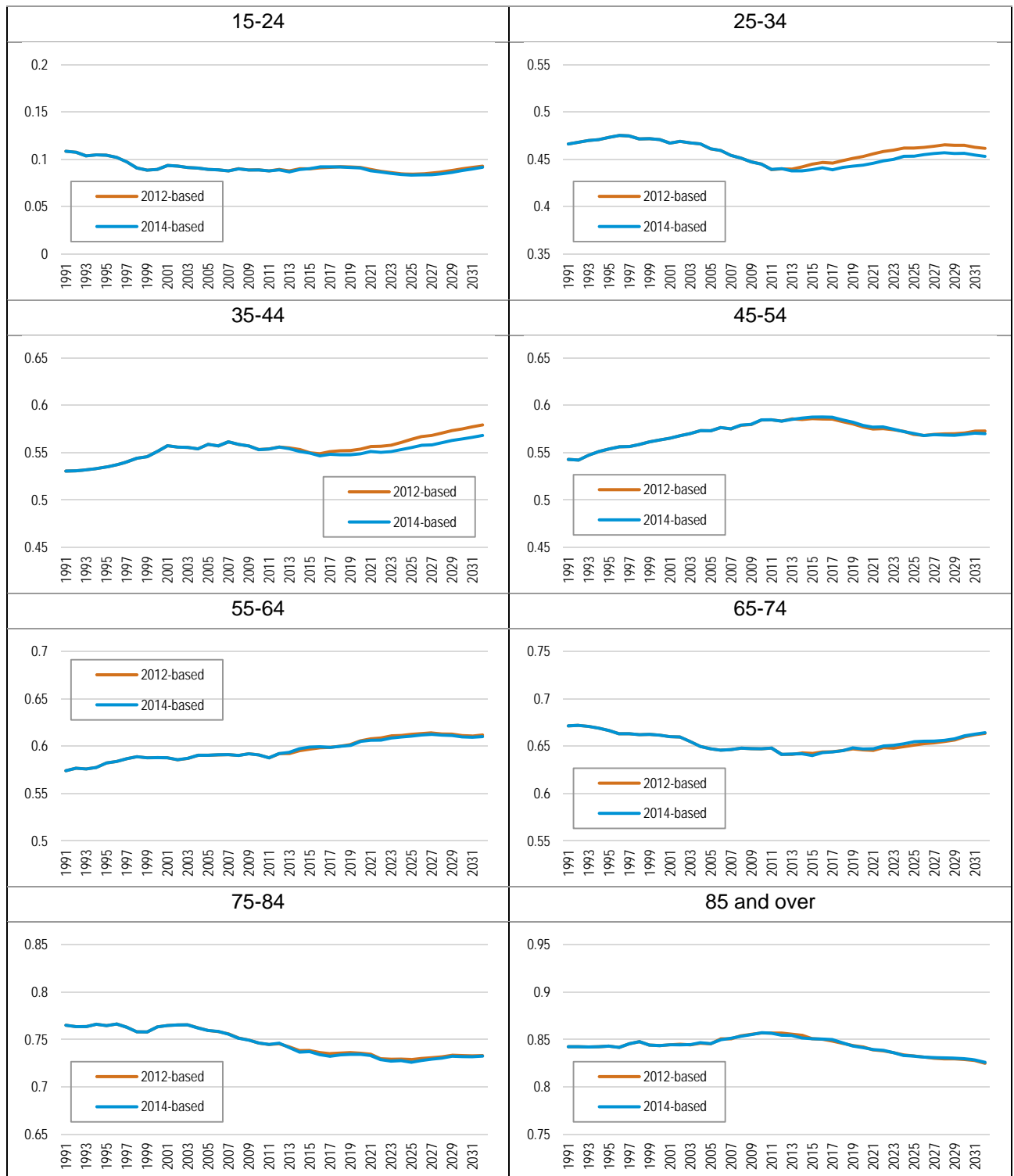
Household Growth Projections

- 2.38 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)).
- 2.39 CLG's 2014-based Household Projections were published on 12th July 2016. The projections contain two core analyses. The Stage 1 household projections project household formation based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status.
- 2.40 The Stage 2 household projections considered household types and the methodology report accompanying the projections is clear that these projections are based on just two points – the 2001 and 2011 Censuses. Overall outputs on total household growth are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of

overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 headship rates when modelled against different population projections (due to differences in the age structure and therefore applicable to alternative scenarios).

- 2.41 Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth. This is because the Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011); and the Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG Household projections themselves. The analysis to follow therefore looks at the Stage 1 figures. This is consistent to the approach taken in previous reports.
- 2.42 Figure 6 below illustrates the age-specific headship rates in the 2014-based Household Projections and compares these to the rates from the previous 2012-based Household Projections. Overall the two sets of headship rates are very similar.

Figure 6: Headship Rates in 2012-based and 2014-based Household Projections



Source: CLG

- 2.43 Across many age groups, household formation rates are expected to remain relatively stable. Some increase in household formation amongst those aged 25-34 and 35-44 is projected, as well as modest upward changes in those aged 55-64 and 65-74.
- 2.44 GL Hearn has sought to consider whether there is a degree of “suppression” of household formation amongst younger age groups, which could have been influenced by affordability issues or constrained supply. The household formation rate for those aged 25-34 has fallen since the late 1990s, but the household formation rate in 2011 amongst this age group is above that seen in many areas across the South East.
- 2.45 Given the relative high headship rate for those in this age group in Adur, coupled with the expectation that this will increase moving forwards, GL Hearn does not consider that there is a justification for including a demographic adjustment to the household formation rates for those aged 25-34. This is consistent to the findings in the previous (2015) Study.
- 2.46 Some consultancies have suggested that weight should be given to headship rates from 2008-based Household Projections. This might include using ‘blended’ headship rates (where the rates are comprised of a combination of the 2012- and 2008-based rates) or full/partial-returns to trend (where household formation rates are return back towards the levels projected in the 2008-based Household Projections).
- 2.47 A number of academic studies have considered recent trends in household formation. A 2013 Study by the late Alan Holmans² noted that part of the shift away from household formation rates in the 2008-based Household Projections (as revealed by the 2011 Census) was expected to relate to international migration, and different household structured within new migrant communities; with part relating to housing market and affordability issues.
- 2.48 More recent research by demographer Ludi Simpson and Neil McDonald³ has also considered these issues and is clear that it is not appropriate to revert to the assumptions on household formation from 2008-based Household Projections, setting out:

“it is no longer sensible to appeal to previous household projections including the 2008-based set as if they were evidence of an underlying trend in household formation. They were produced at a time when household formation had already changed, starting before the economic downturn of the mid-to-late 2000s, and are in themselves only evidence of the optimism of that period.”

² Holmans, A. (2013) *New estimates of housing demand and need in England*, TCPA.

³ Simpson, L. and McDonald, N. (April 2015) *Making sense of the new English household projections*, TCPA.

- 2.49 The PAS Technical Advice Note also supports this position, noting that *'the CLG 2008 HRRs are no longer helpful because they are based on very old evidence, and anyway may not reflect the true long-term trend'*.
- 2.50 It is important however to consider the specific local evidence. In Adur's case, household formation rates for those aged 25-34 are higher than for many areas across the South East; and the forward projections expect household formation amongst these age groups to improve.
- 2.51 GL Hearn do not consider therefore that there is evidence that the projections constrain the formation of younger households, and require adjustment.
- 2.52 By applying the above headship rates, it is possible to estimate the projected household growth. The analysis shows a growth in households of around 6,000 over the 21-year period (286 per annum) using the rebased 2014-based SNPP.

Table 11: Projected Household Growth 2011-32 – Rebased 2014-based SNPP

	Households 2011	Households 2032	Change in households	Per annum
Adur	27,032	33,044	6,011	22.2%

- 2.53 To relate growth in households to dwellings, an allowance needs to be made for vacant/second homes. For consistency with previous work, a vacancy allowance has been estimated from 2011 Census data and seeks to look at the uplift from occupied homes that should be applied to the data. For Adur, the vacancy allowance is set at 2.7%.
- 2.54 The re-based 2014-based SNPP would require provision of 294 homes per annum. This is 3% above the need shown in the 2012-based SNPP, but similar to 10 year migration trends.
- 2.55 The housing need arising from the trend-based scenarios run is shown in Table 12. Drawing the evidence together, whilst there is a potential for stronger out-migration from London the evidence points to a long-term downward trend in net migration from London to Adur, rather than a recessionary influence; and the Unattributable Population Change data suggests that migration in the longer-term could have been over-estimated. GL Hearn considers that the 2014-based SNPP provides a robust trend-based assessment of population growth for the purposes of drawing conclusions on housing need. GL Hearn does not consider that there is a strong evidential basis for making adjustments to this, such as for UPC, given the time-period from which projections are derived (2008/9 – 2014) and the improvements made to migration statistics. The rebased 2014-based SNPP sits midway between the 10-year migration scenario adjusted for UPC and London migration sensitivity analysis.

Table 12: Household and Housing Growth, Adur 2011-32

	Household Growth 2011-32	Household Growth per Annum, 2011- 32	Housing Need (Dwellings per Annum)
2012 based SNPP	5,834	278	285
2014-based SNPP	6,133	292	300
Rebased 2014-based SNPP	6,011	286	294
10 Year Migration	6,042	288	295
10 Year Migration adjusted for UPC	5,829	278	285
14 Year Migration	5,701	271	279
14 Year Migration adjusted for UPC	5,421	258	265
London Migration Sensitivity	6,229	297	305

3 BROADER CONSIDERATIONS IN DRAWING CONCLUSIONS ON OVERALL HOUSING NEED

3.1 Following the approach in Planning Practice Guidance, the updated demographic projections set out in Section 2 provide an important input to defining the objectively assessed housing need. However it is necessary to consider whether wider evidence points to a need to adjust upwards the assessed housing need, taking account of the expected performance of the local economy; evidence from market signals or of affordable housing need. These factors are considered in this section, which then draws the evidence together to draw conclusions on OAN.

Interaction between the Housing Market & Economy

3.2 Section 4 in the 2015 OAN Report considered the interaction between the housing market and economy. Taking account of the conclusions above on demographics, GL Hearn has sought to consider what growth in workforce the rebased 2014 SNPP would support over the plan period to 2032.

3.3 We have run two scenarios, one based on consistent employment rate assumptions to the 2015 OAN Report, and a sensitivity analysis which considers changes in economic activity nationally expected by Experian. These scenarios, shown below, indicated that workforce growth of between 251 – 282 persons per annum can be expected in Adur over the 2011-32 period (in the absence of land supply constraints). This implies that labour force growth of between 5,300 – 5,900 over the plan period can be expected to arise from the trend-based demographic scenarios. This is a theoretical scenario as land supply will constrain workforce growth in Adur.

Table 13: Expected Workforce Growth, Adur 2011-32

	GLH Employment Rates	Experian National Econ. Activity Rates
Rebased 2014 - Expected Workforce Growth	251	282

Source: Demographic Modelling

3.4 The 2015 OAN Report considered economic forecasts and expected economic performance in the District. It concluded that Experian forecasts, which showed growth in 265 jobs per annum from 2013-31, needed to be treated with caution and likely over-estimated the scale of employment growth in the District. It found that jobs trends in the District, over the previous 10-15 years, provided a more realistic assessment of future economic growth taking account of our understanding of the Districts economy, the inflationary effect of Experian’s assumptions on population growth on the forecasts; and the potential impacts of a constrained land supply on B-

class employment growth. A midpoint between 10 and 15 year economic trends was identified as resulting in growth in workforce jobs of 212 per annum.

- 3.5 It is clear from this that as the demographic need (as considered in Section 3) supports stronger workforce growth than expected economic growth, there is no need to increase the assessed OAN from the updated demographic need to support the economy. The updated demographic projections expect stronger growth in the population of working-age than the previous OAN Study, and it is on this basis – as a result of different expected age structure changes – that there is no longer a basis for the modest upwards adjustment to the OAN to support employment growth.
- 3.6 In any case as the 2015 Report outlines, there is little sense in seeking to precisely balance jobs and labour force growth in Adur, given the District's small size and its close inter-relationship (including in labour market terms) with adjoining areas, particularly Brighton & Hove and Worthing. Moreover the economic evidence points to a jobs deficit of just over 7,000 persons, and a strong basis for seeking to improve the balance of jobs and residents within the District.
- 3.7 Drawing the analysis together, GL Hearn finds no basis for uplifting the OAN to support employment growth.

Market Signals

- 3.8 The 2015 OAN Report provided an analysis of market signals. The table below brings together an analysis of market signals indicators, drawing on the 2015 Study with selective updating where appropriate.
- 3.9 The analysis points to notable affordability pressures, which are influenced by the District's economic dynamics and low earnings profile. Recent house price growth has been above average, however rental growth has not, and prices remain marginally below regional/ HMA averages.

Table 14: Overview of Market Signals Analysis

Indicator	Analysis
Residential Land Values	Land values in Adur at £435,000 per hectare are 21% above the South East average and just over double the England average, excluding London ⁴ . This points to land supply constraints which are self-evident in the District.
House Prices	<p>The median house price in 2015 was £265,000. This sits 3% below the HMA average, and 2% below the South East average.</p> <p>House price growth has exceeded wider benchmarks, growing by 4.9% per annum over the last 5 years, and 4.0% per annum over 10 years. This compares with growth rates of 3.3% and 3.6% respectively across the South East.</p>
House Price-to-Income Ratio	New CLG data points to a notable deterioration in affordability, with a lower quartile house price-to-income ratio of 12.35 in 2015 compared to a national average of 7.05; and a median ratio of 11.03. The LQ affordability ratio now exceeds levels in 2008.
Rents	<p>Median rental values over the year to March 2015 in Adur were £775 pcm. This was 3% below the HMA average (£803 PCM), and similar to the South East average (£779 PCM).</p> <p>Rental growth of 2.5% per annum (£80 pcm) has been seen over the period since 2011, consistent to that seen across the South East.</p> <p>Median rental costs in 2014 equated to 44.5% of the average gross monthly salary, indicating affordability issues for rental properties.</p>
Other Indicators	<p>Housing delivery exceeded the South East Plan requirement between 2006/7 – 2012/13, but has fallen below the OAN reflecting land constraints in the District since 2011. Net completions 2006/7 – 2014/15 average 137 per annum.</p> <p>Numbers of households in overcrowded properties increased modestly from 5.1% to 5.6% between 2001-11, and levels remain below regional/ national averages. Levels of HMOs at 4.7% in 2011 were above those in 2001, but similarly below regional/ national averages.</p>

⁴ CLG Dec 2015 Residential Land Values for Policy Appraisal

- 3.10 The updated analysis of market signals provides some basis for making an upwards adjustment to the OAN to support improvements in affordability. It should be recognised that this is highly theoretical in the context of a constrained land supply, but does seem appropriate following the PPG methodology that advises that constraint-based factors do not have a bearing on the calculation of OAN, but are relevant in setting a housing target. We consider the scale of adjustment taking account of the market signals and affordable housing needs evidence in drawing conclusions further on in this report.

Affordable Housing Need

- 3.11 The 2015 Study assessed the need for affordable housing. Using the Basic Needs Assessment Model set out in Planning Practice Guidance, it identified a net need for 233 affordable homes per annum between 2015-31.
- 3.12 Policy 22 in the Draft Local Plan sets out policies regarding affordable housing provision. We understand that on sites of 11 or more dwellings, 30% affordable housing will be sought. Given the District's specific circumstances, the Council is also considering whether provision from smaller sites can be sought, and this is an issue to be considered through the Local Plan Examination. Affordable housing provision is subject to viability.
- 3.13 If notionally 30% of new housing was delivered as affordable housing this would imply that 932 dwellings per annum would be required to meet the affordable housing need. Affordable housing is not however just delivered through s.106 negotiations on mixed-tenure development schemes: delivery on land owned by registered providers also contributes to delivery. Historically affordable housing delivery represented 38% of net completions over the 2008-13 period and 40% between 2009-14. At 40% affordable housing delivery, 583 homes per annum overall would still however be required to deliver the affordable housing need in full. This is completely unrealistic. However, given the scale of the affordable housing need, there could be some basis for considering an upwards adjustment to the objectively assessed housing need.

Drawing Conclusions on Objectively Assessed Housing Need

- 3.14 The starting point for assessing housing need is the latest official set of population and household projections. These are 2014-based. The official projections show a need for 300 dwellings per annum over the 2011-32 plan period. Updating these to take account of 2015 Mid-Year Population Estimates, as the PPG recommends, results in a starting point need for 294 dpa in Adur.
- 3.15 A sensitivity analysis considering longer-term migration trends and the potential for higher migration from London points to a need for between 265 – 305 dpa. Drawing the evidence together, whilst

there is a potential for stronger out-migration from London the evidence points to a long-term downward trend in net migration from London to Adur, rather than a recessionary influence; and the Unattributable Population Change data suggests that migration in the longer-term could have been over-estimated. GL Hearn considers that the 2014-based SNPP provides a robust trend-based assessment of population growth for the purposes of drawing conclusions on housing need. GL Hearn does not consider that there is a strong evidential basis for making adjustments to this, such as for UPC, given the time-period from which projections are derived (2008/9 – 2014) and the improvements made to migration statistics. The rebased 2014-based SNPP sits midway between the 10 year migration scenario adjusted for UPC and London migration sensitivity analysis.

- 3.16 Analysis of the household formation rates within the CLG Household Projections indicates that the household formation rates for those aged 25-34 are higher than for many areas across the South East; and the forward projections expect household formation amongst these age groups to improve. GL Hearn do not consider that there is evidence that the projections constrain the formation of younger households: they therefore do not require adjustment. GL Hearn conclude that the demographic need is for 294 dpa.
- 3.17 The rebased 2014 SNPP is expected to support labour force growth of between 251 – 282 persons per annum over the plan period. This compares to a long-term trend in jobs growth of 212 jobs per annum, and forecasts of 265 jobs per annum. The wider evidence points to a jobs deficit within the District. We find no evidential basis warranting an adjustment upwards to the OAN to support economic growth.
- 3.18 The evidence from market signals and of affordable housing need points towards affordability constraints in the District, and a worse position in respect of market signals than was the case when the previous OAN Report was prepared. The scale of affordable housing need is substantial and whilst it is evidently unrealistic to meet the affordable housing need in full, it nonetheless would provide some basis – leaving aside development constraints – to adjust upwards the assessed housing need. Any upward adjustment to planned housing provision would deliver both market and affordable housing. Based on the available evidence, GL Hearn would consider that a 10% upward adjustment should be considered to boost the delivery of both market and affordable housing, and improve affordability. This recognises that the housing need arising from the demographic projections, at 294 dpa, would if delivered on its own represent a very significant boost to housing supply, set against past completions of on average 137 dpa. This would yield an OAN of 325 dwellings per annum (rounded to the nearest 5 dpa).
- 3.19 However it is worth bearing in mind some practical issues in the context where the PPG is clear that assessments of OAN are not required to consider purely hypothetical scenarios on the one hand; but are expected to leave aside constraint-based factors on the other. Land supply in Adur District

is very clearly constrained, reflecting its geography. The District sits between the sea and South Downs National Park and is already relatively built-up. The adjoining local authorities of both Worthing and Brighton and Hove are similarly constrained. Delivering additional homes further afield will do little to address affordability in Adur, or provide affordable housing for Adur residents. Against this context there is some question over what benefit a notional upward adjustment of 10% to improve affordability in realty would have on addressing affordability issues in Adur District or delivering affordable housing for its residents. Moreover such adjustments move beyond demographic projections. It may thus be appropriate to consider measuring any unmet housing need against the demographic based need for 294 dpa, but this is an issue which warrants further consideration through the Local Plan Examination in Public.

4 NEED FOR DIFFERENT TYPES OF HOMES

4.1 This section considers the need for different types of homes. It updates previous assessments to consider the need for different sizes of homes (both market and affordable), the need for starter homes, and the need for specialist accommodation for older persons. It also considers evidence of need for self- and custom-build housing in the District.

Need for Starter Homes

4.2 The 2016 Housing and Planning Act sets out a duty for local authorities to promote delivery of Starter Homes. Starter Homes are defined as:

- a new dwelling;
- available for purchase by qualifying first-time buyers aged 23 and over and under 40;
- to be sold at a discount of at least 20% of the market value;
- to be sold for less than the price cap (currently £250,000 outside London);
- subject to any restrictions on sale or letting specified in regulations made by the Secretary of State.

4.3 The Act includes powers to allow the Secretary of State to make regulations which prevent the granting of planning permission unless a minimum number of Starter Homes are included (or a financial contribution paid) subject to a number of potential exceptions.

4.4 In March 2016, the Government published its proposed approach to the Starter Homes regulations. We would expect the regulations to be made in October 2016. The Government's consultation proposed that:

- Starter Homes be required on developments of 10+ units/ sites of 0.5+ hectares;
- 20% of all homes should be delivered as Starter Homes;
- Sale of a Starter Home for full market value is prevented in the first 5-years from initial sale, with a tapered approach for up to 8-years (i.e. the owner (and occupier) will get an increasing proportion of market value after the initial 5-year period);
- The property is not to be rented out during the restricted period (i.e. in the first 8-years from purchase); and
- Exemptions are possible when provision is unviable and also potentially for particular types of housing (such as residential care, estate regeneration and student housing).

4.5 Starter homes are expected to be included within a revised definition of 'affordable housing.' They can be viewed in the context of a declining trend in home ownership amongst younger households, and a continuing aspiration towards it.

4.6 Government has not set out an approach to quantifying the need for Starter Homes as yet. GL Hearn has therefore sought to model need based on an approach consistent to that used for other types of affordable housing: considering a 'current need' together with future needs arising from gross household formation amongst those aged 23-39. This approach is used to define a theoretical

need for Starter Homes. It should however be recognised that in reality there is a degree of overlap between the potential market for shared ownership homes, homes sold under the Government's Help-to-Buy Scheme and Starter Homes.

The Target Group

- 4.7 A central justification for the Starter Homes initiative is the fall in home ownership amongst younger households. In Adur, the number of households living in private rented accommodation has increased around 1,600 between 2001-11, whilst the number of owners with a mortgage has dropped by around 800. The trend over the decade has been of a falling number of young households able to move into home ownership, and increases in those renting.

Table 15: Change in Tenure 2001-11 (all households) – Adur

Tenure	2001	2011	Change	% change
Outright owner	9,639	10,191	552	5.7%
Owned with mortgage	10,685	9,846	-839	-7.9%
Social rented	3,561	3,523	-38	-1.1%
Private rented	1,504	3,079	1,575	104.7%
Other	481	318	-163	-33.9%
TOTAL	25,870	26,957	1,087	4.2%

Source: Census (2001 and 2011)

- 4.8 If the proportion of households in each tenure group had stayed the same in 2011 as it was in 2001, then there would be 1,600 households living in the private rented sector. The actual number is about 1,500 higher than this and therefore it is arguable that this is the number of households who might be considered as 'would be owner-occupiers' and therefore a potential target group for Starter Homes. For some young households, renting may have however been a lifestyle choice or desired because of its flexibility.
- 4.9 The data above shows information for all households and it needs to be recognised that the Starter Home Initiative is to be targeted at non-owners aged 23 or over and under 40. Interrogating changes for this age group is difficult as the two Census (2001 and 2011) use different age bandings and do not typically include an 'up to 40' band in the data, nor any differentiation at age 23. It is however possible to provide an indication of the change in tenure by looking at households aged under 35. It should be noted that to provide consistent analysis, both groups of owners have been merged, whilst the private rented category also includes the 'other' category as shown in the table above.
- 4.10 For those under 35, the analysis again shows a sharp growth in the number of households living in private rented accommodation. Surprisingly the growth in this age group is slightly below that for all

households although it does need to be borne in mind that overall this age group also saw a decline in household numbers overall. The analysis also highlights a very significant decrease in the number of owner occupiers (decreasing by approaching 40% in just 10-years). Starter Homes are geared at addressing this: widening access to owner-occupation for younger people.

Table 16: Change in Tenure 2001-11 (all households aged under 35) – Adur

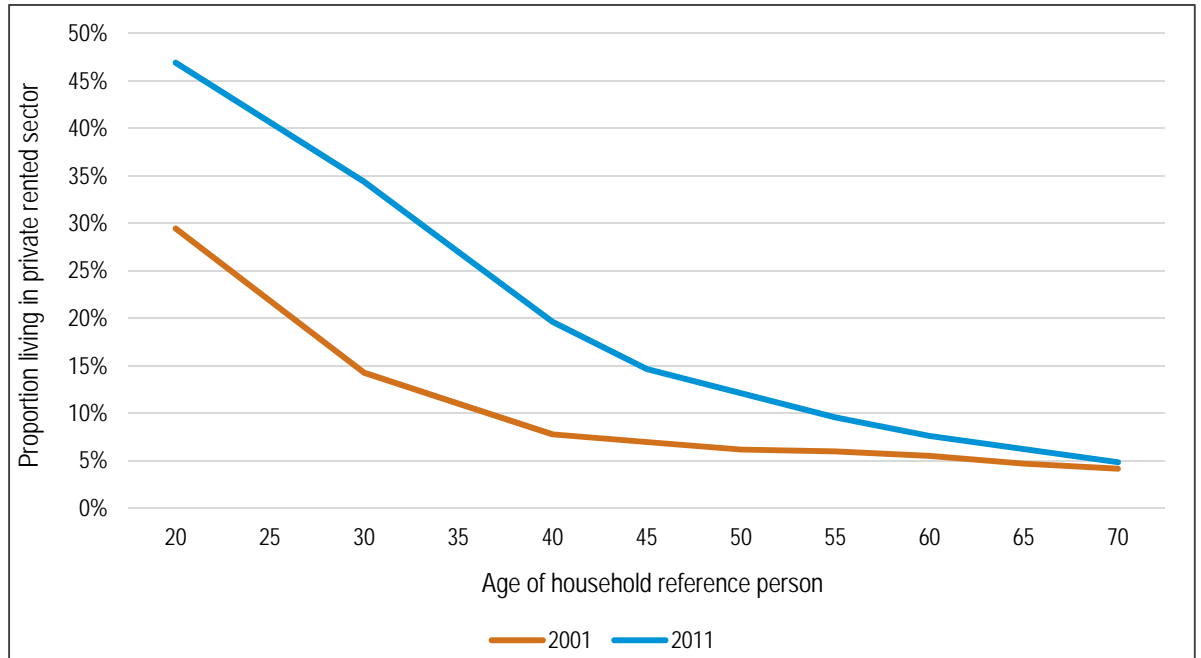
Tenure	2001	2011	Change	% change
Owned	2,211	1,399	-812	-36.7%
Social rented	840	647	-193	-23.0%
Private rented	594	1,174	580	97.6%
TOTAL	3,645	3,220	-425	-11.7%

Source: Census (2001 and 2011)

Estimating Households in the Target Group

- 4.11 To look at the current need for Starter Homes an analysis has been undertaken to estimate the size of the target group for such housing. This has been assumed to be the difference between the number of households aged 23-39 living in the private rented sector in 2011 against the number that might have been expected if there were no changes in the proportion of households in this sector from 2001. Arguably there will be other households who might be in this target group, particularly those currently living with parents; however, these are not included in the current need as it is assumed that they will be picked up as part of the projection of future need (i.e. at the time at which they might be expected to form an independent household). Additionally, there could be some households living in social rented housing who might be part of this target group; however, in this case it is not considered that many (if any) would have sufficient levels of income to afford a Starter Home.
- 4.12 The first part of the analysis looks at the proportion of people (by age) who live in private rented accommodation. As noted above this analysis is slightly imperfect as the Census source used does not allow for a split to be made at age 40. Additionally, data from each of the 2001 and 2011 Census use slightly different age bandings within published analysis. We have therefore plotted the data available and drawn a trend line between the available data points to establish what proportion of different age bands live in the private rented sector.
- 4.13 Figure 7 shows this analysis, which clearly identifies high levels of private renting amongst younger age groups, the analysis also shows an increase in the proportion of households privately renting in 2011 compared with 2001 – the biggest increase looks to be for households aged up to 30 with the proportion of 30-year olds privately renting in 2011 estimated to be 34%, compared with about 14% in 2001.

Figure 7: Change in proportion of households living in private rented housing (2001-11) by age – Adur



Source: Census (2001 and 2011)

4.14 The table below summarises the information from the figures above to make an estimate of the changes in the proportions living in the private rented sector for various age bands up to age 40 – whilst Starter Homes are not available for people aged under 23 and band from age 20 is included due to data availability issues. The analysis clearly identifies an increase in the proportion in the private rented sector for all age groups.

Table 17: Change in proportion of households living in private rented housing (2001-11) by age – Adur

	2001	2011	Change
20-24	25.7%	43.8%	18.1%
25-29	18.1%	37.5%	19.5%
30-34	12.6%	30.7%	18.1%
35-39	9.4%	23.3%	13.9%

Source: Census (2001 and 2011)

4.15 To work out the current size of the target group of households for Starter Homes, the change in the proportion of households in the private rented sector is multiplied by the number of households in each age band. This analysis is shown in the table below and identifies around 865 households as currently being a potential target for Starter Homes.

Table 18: Estimated Current Target Group for Starter Homes – Adur

	Number of households (2015)	% in target group	Number in target group (2015)
23-24	194	18.1%	35
25-29	1,222	19.5%	238
30-34	1,703	18.1%	307
35-39	2,041	13.9%	284
TOTAL	5,161		865

Source: Census (2001 and 2011) and demographic projections

- 4.16 The analysis above has considered the current target group for Starter Homes. It is also necessary to understand how many new households will be expected to join this group moving forward. The new households are calculated as the number of household reference persons (HRP) in an age band who were not an HRP five years previously. The analysis is based on annual figures over the full projection period to 2032 and shows that each year an additional 70 households are expected to fall into the target group for Starter Homes.

Table 19: Estimated Projected Target Group for Starter Homes (per annum) – Adur

	Number of newly forming households	% in target group	Number in target group
23-24	33	18.1%	6
25-29	159	19.5%	31
30-34	121	18.1%	22
35-39	83	13.9%	12
TOTAL	396		70

Source: Census (2001 and 2011) and demographic projections

Affordability of Starter Homes

- 4.17 To understand the likely affordability of Starter Homes in the District a similar analysis to that typically undertaken for affordable housing needs modelling has been undertaken. This essentially seeks to estimate the income levels likely to be required to access housing and the income profile of the target group (i.e. non-owners aged 23 to 39). Income estimates are then compared with the estimated level of income required to access such housing.
- 4.18 In looking at the cost of housing it needs to be recognised that Starter Homes will be a newbuild product (and therefore may have a small premium) and that discounts on open market value (OMV) of at least 20% will be available. To establish the likely OMV we would typically look at Land Registry data for newbuild properties and take a lower quartile value to equate to a typical cost. In Adur, the volume of newbuild sales in the year to Q1 2016 was too low to be able to undertake a meaningful analysis and so the overall lower quartile price has been used with an uplift applied at

the same rate as seen across West Sussex (across the County, the data suggested that newbuild homes are typically 16.5% more expensive than the all properties figure).

4.19 In 2015/16, the lower quartile new-build price in Adur was therefore estimated to be around £260,000. To convert this into an income level it has been assumed that there will be a 20% discount and it has also been assumed that a household will have a 10% deposit. Whilst a deposit may potentially be an issue for a number of households, it is the case that Starter Homes will be able to be bought in conjunction with other incentives (such as Help-to-Buy ISAs). Finally, it is assumed that a mortgage could be secured for four times the household income. This is slightly higher than the typical multiples used in such analysis (which often use 3 to 3.5 times income) but again reflects the fact that there is likely to be some keenness from Government to ensure that prospective households are able to access the finance they need. For the Help-to-Buy Scheme, the maximum income multiple is for instance 4.5.

4.20 The table below therefore works through the calculations to determine what level of income might be required to be able to buy a Starter Home. The analysis shows that an income of about £46,800 would be needed (with a 20% discount, 10% deposit and 4 times income mortgage multiple).

Table 20: Estimated income level required to access Starter Homes – Adur

	20% discount
Open Market Value	£260,000
With discount	£208,000
Minus deposit (amount of mortgage)	£187,200
Income required	£46,800

Source: Derived from Land Registry data

4.21 It is worth briefly reflecting on the estimated level of income required to afford a Starter Home. The latest Valuation Office Agency data for private rental costs suggests in the year to March 2016 that the 'average' lower quartile property cost £675 per month to rent; on the basis of a 25% affordability threshold (i.e. the proportion of income to be spent on housing costs) this would equate to an annual income of £32,400 (note: that 25% is at the very bottom end of what might be a reasonable range to use). This compares with the figure of £46,800 for Starter Homes derived above. This shows that Starter Homes are not 'affordable' in the traditional sense of the definition as those households able to afford a Starter Home will also be able to afford private rented housing. There may however be non-owners who can afford a Starter Home with the analysis below now seeking to look at the likely numbers.

Income levels

4.22 The next step in the process is to consider income levels. The difficulty here is that we are wanting to focus on a very particular group of households (non-owners aged 23-39) about which specific data does not readily exist. However, it is considered that the majority of the target group will be households living in private rented accommodation and so some consideration of income levels in this sector will help to get an idea of our target group. Additionally, it is possible to look at HMRC data about the incomes of people in different age bands. The analysis of the incomes of the target group of households therefore essentially has two stages:

- How do income levels of each age group compare with the overall average?
- How do income levels of those living in the private rented sector vary from other households?

4.23 The table below shows average (median) income before tax for people aged both under and over 40 (the data is from the Survey of Personal Incomes 2013-14) for the whole of the Country but only includes taxpayers. This indicates that the income levels of people aged under 30 are lower than those of people aged over 40 but that people aged 30-39 typically have slightly higher incomes.

4.24 It should however be remembered that this is an imperfect analysis and in reality it is probable that income levels amongst older people are relatively higher (if for example there are other non-tax incomes such as from dividends). Additionally, the figures are for individual taxpayers rather than households (which is the category used for the affordability analysis); hence the figures in the last column should be given some weight although the actual income levels shown are of limited use.

Table 21: Estimated income levels by age (United Kingdom)

Age group	Median income (before tax)	Income for age group relative to all taxpayers
20-24	£15,200	69.4%
25-29	£20,200	92.2%
30-34	£24,000	109.6%
35-39	£26,100	119.2%
All ages (including 40 and over)	£21,900	-

Source: National Statistics -Distribution of median and mean income and tax by age range and gender

4.25 When looking specifically at households in the private rented sector we have looked at data from the English Housing Survey. In 2013-14 (the latest year for which data is available) this source shows an average (mean) income of £580 per week in the private rented sector, compared with £672 for all households – the private rented sector is therefore at about 86% of the overall average.

4.26 Modelling age specific income levels for the 'target group' is based on the analysis above. Estimated income figures have been based on multiplying age specific differences in income (as

shown by Survey of Personal Incomes data at a national level) by the difference between typical household income seen in the Private Rented Sector compared with income figures for all households (i.e. 86%). On this basis, the table below, Table 22, shows estimated median incomes in Adur for the target group for Starter Homes by age; the figure shown are calculated as a proportion of the overall median income in the District which as of 2015 has been estimated to be £29,100 per annum.

- 4.27 The analysis suggests that younger households in the target group will have relatively low incomes, however by the time a household moves in to their 30s, income levels are similar to those seen across the whole District.

Table 22: Estimated income levels by age for Starter homes target group – Adur

Age group	Estimated median income
23-24	£17,425
25-29	£23,157
30-34	£27,514
35-39	£29,921

Source: Derived from a range of analysis (as described)

Affordability

- 4.28 In taking this information forward an income distribution has been constructed for each age group based on the distribution for all households. This is then applied to the income thresholds already derived to estimate the likely proportion of households in each age group who might be able to afford a starter home. This is shown in the table below and shows that only about 11% of households aged 23-24 would be expected to be able to afford a Starter Home; this figure rises to 28% when considering the 35-39 age group. This would suggest that only the best off minority of households age Under 40 will be able to afford Starter Homes in Adur.
- 4.29 These figures essentially include anyone with an income above the thresholds derived and analysis based on these figures should be considered as indicative; for example, some of the higher earners in this category would have the choice between Starter Homes and other owner-occupied products and may not choose the discounted new build option.

Table 23: Affordability of Starter Homes by age band

Age group	% able to afford Starter Home
23-24	10.7%
25-29	17.9%
30-34	24.4%
35-39	28.4%

Source: Derived from a range of analysis (as described)

Bringing the analysis together – the Potential Need for Starter Homes

4.30 The analysis below brings together the analysis of the number of households in a target group for Starter Homes along with the affordability estimates. Analysis is provided separately for the current and future need (consistent with the approach used for assessing affordable housing need in the 2015 OAN Study) and then brought together into a single annual estimate of the potential need for Starter Homes. The figures are initially presented as an annual figure for the period to 2032 (from 2015) – i.e. a 17-year period.

4.31 The table below shows the estimated current need for Starter Homes; this is 202 households in 2015..

Table 24: Estimated Current Need for Starter Homes, 2015

	Size of target group	% able to afford	Number able to afford
23-24	35	10.7%	4
25-29	238	17.9%	42
30-34	307	24.4%	75
35-39	284	28.4%	81
TOTAL	865	-	202

Source: Derived from a range of analysis (as described)

4.32 The table below shows a similar analysis for future newly forming households to 2032; this analysis indicates a potential need for around 15 Starter Homes each year from 2015 forwards.

Table 25: Estimated Future Need for Starter Homes , Per Annum 2015-32

	Size of target group	% able to afford	Number able to afford
23-24	6	10.7%	1
25-29	31	17.9%	6
30-34	22	24.4%	5
35-39	12	28.4%	3
TOTAL	70	-	15

Source: Derived from a range of analysis (as described)

4.33 The analysis can also be brought together (i.e. adding the current and future need) to provide an annual estimate of the likely need for Starter Homes. The analysis as presented above annualises the current need as if this were to be met over the remainder of the projections period (to 2032). However, it should be noted that it is currently the Government's pledge to get Starter Homes delivered by 2020 (200,000 Starter Homes out of a total of 1 million homes). Hence the analysis below also looks at meeting the current need over five years. **Over the next five years, the**

potential ‘need’ for Starter Homes is around 55 per annum, but this figure roughly halves if this ‘need’ is sought to be met by 2032 rather than earlier.

Table 26: Total Starter Home Need, 2015-20/32

Scenario	Current need	Future need	Total need
2015-32	202	251 (15 pa)	453
2015-20	202	74 (15 pa)	275

Source: Derived from a range of analysis (as described)

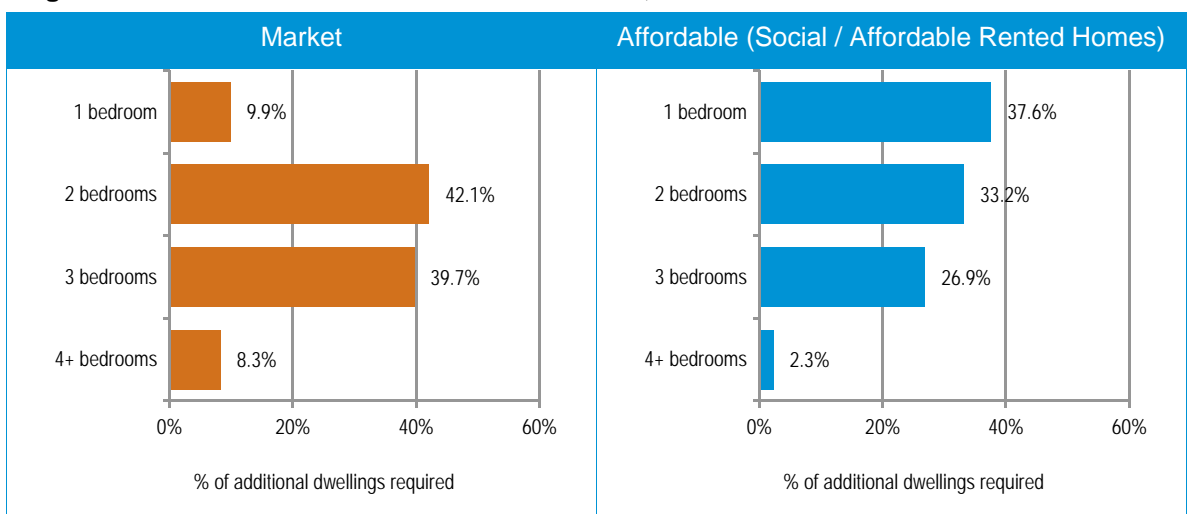
Need for Different Sizes of Homes

4.34 The 2015 OAN Report considered the need for different types of homes in Adur, taking account of expected demographic change within the District. GL Hearn has sought to update the modelling herein, which considers how people of different ages occupy homes and how the age structure of the population is expected to change over the period to 2032. The 2015 OAN Report provides a full description of the methodology. This section models housing need derived from the rebased 2014 Sub-National Population and Household Projections.

4.35 Consistent with previous reports, the need for market housing is biased towards two- and three-bed properties. For affordable rented housing (for both affordable and social rented provision), as there is a closer relationship between the size of household and size of dwelling, a greater need is shown for 1-bed properties.

4.36 Compared with the 2015 OAN Study, the updated analysis is suggesting a slightly higher need for 3+ bed homes in both the market and affordable rented sectors. This is driven by a slightly different age profile within the 2014-based projections compared with the 2012-based version.

Figure 8: Size of Homes needed in Adur District, 2011-32



Source: Housing Market Model

- 4.37 The Council's Housing Team have identified that the highest current demand is for 2-bed homes in the affordable sector, and there is limited appetite from registered providers to deliver 4 or more bedroom properties for rent.

Intermediate Housing and Starter Homes

- 4.38 There is limited existing stock of intermediate housing, such as shared ownership properties, or starter homes within Adur. The intermediate housing sector accounted for less than 1% of households in 2011. On this basis, GL Hearn as sought to consider the size profile of shared ownership homes sold nationally over the last three years. This, drawing on data from CoRe, indicates that the majority of sales are for two-bed properties, with the remainder being 1-bed and 3-bed properties and few larger properties with 4+ bedrooms. This is consistent with what we would expect in that this market is focused on younger households in their 20s and 30s.

Table 27: Profile of Shared Ownership Sales, England

	2012/13	2013/14	2014/15	Average
1-bedroom	19.5%	17.0%	17.5%	18.0%
2-bedrooms	54.2%	52.5%	52.4%	53.0%
3-bedrooms	24.4%	28.4%	28.4%	27.0%
4+ bedrooms	2.0%	2.1%	1.7%	1.9%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source: CoRe

- 4.39 Given the low income profile within the District, we would expect the profile of demand for shared ownership accommodation to principally be for one and two-bed properties. This is consistent with the Council's experience.

Conclusions on Size Mix of Homes

- 4.40 Table 15 below draws the above analysis together to provide an indication of the expected mix of need for different sizes of properties by sector. The analysis clearly shows the different profiles in the different broad tenures with social/ affordable rented need being more heavily focused towards smaller dwellings; but with an overall profile whereby the greatest need is for two and three-bed properties.

Table 28: Recommended Size Mix of Housing in Adur, 2011-32

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market	5-10%	40-45%	40-45%	5-10%
Intermediate/Starter Homes	15-20%	50-55%	25-30%	0-5%
Social/ Affordable Rent	30%	40%	25%	5%

Source: Housing Market Model and CoRe

Older Persons Housing Needs

- 4.41 There is a growing need for specialist housing for older persons, driven particularly by a growing older population in the District and increasing life expectancy. We have drawn on a range of sources to model future needs, including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).
- 4.42 Many older persons are equity rich and able to exercise housing choice. Many will choose to remain in homes that they have lived in for many years. Some may choose to downsize within the general housing stock, and this has been taken into account in modelling the mix of housing needed above. Some older persons will however require a level of support. There is however a move away from accommodating people in care/ nursing homes towards providing care support in people's own homes (such as through adaption of properties, telecare and visiting support) and more diverse forms of specialist housing which can accommodate older people's changing needs, such as extra care provision.
- 4.43 As Table 16 below shows, 23.2% of Adur's population in 2015 was aged over 65, with over 2,000 people aged over 85 resident.

Table 29: Population of Older Persons by Age Group, 2015

		Under 65	65-74	75-84	85+	Total	Total 65+
Adur	Popn	48,727	7,630	4,929	2,143	63,429	14,702
	% of popn	76.8%	12.0%	7.8%	3.4%	100.0%	23.2%
West Sussex	% of popn	77.7%	11.6%	7.3%	3.5%	100.0%	22.3%
South East	% of popn	81.2%	10.1%	6.0%	2.7%	100.0%	18.8%
England	% of popn	82.3%	9.6%	5.7%	2.4%	100.0%	17.7%

Source: ONS 2015 Mid-Year Population Estimates

- 4.44 We have used the population projections (drawing on the rebased 2014-based SNPP) to consider how the population in older age groups can be expected to change. The District (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 46% over the 21-year plan period. This compares with overall population growth of 18% and an increase in the Under 65 population of just 11%. The projected growth in the population aged 65 and over is however lower than that projected for the County, region and England.

Table 30: Projected Change in Population of Older Persons (2011 to 2032)

	Under 65	65-74	75-84	85+	Total	Total 65+
Adur	10.6%	39.2%	42.7%	77.1%	18.5%	46.3%
West Sussex	6.8%	52.8%	56.7%	99.0%	18.2%	61.6%
South East	7.2%	51.5%	61.0%	110.3%	16.9%	63.4%
England	6.9%	46.2%	55.6%	104.0%	15.2%	57.3%

Source: Rebased 2014-based SNPP

- 4.45 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis herein applies data from the Housing Learning and Information Network (Housing LIN) to the demographic projections for Adur District to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.
- 4.46 At present it is estimated that there are just over 700 units of specialist accommodation for older persons in Adur. This is equivalent to 100 units per 1,000 people aged 75 and over. The analysis shows a slightly higher proportion of the stock is in the affordable than the market sector (55% vs. 45%).

Table 31: Current Supply of Specialist Housing for Older People (2015)

Type of housing	Market	Affordable	Total	Supply per 1,000 aged 75+
Sheltered	319	387	706	100
Extra-Care	0	0	0	0
Total	319	387	706	100

Source: Housing LIN

- 4.47 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.
- 4.48 GL Hearn consider that it is reasonable to apply the national prevalence rate in supply per 1,000 aged 75+ in calculating future needs. This ensures that the modelling is not unduly influenced by the supply position at a local level.
- 4.49 Table 19 below shows the change in the population aged 75 and over and what this would mean in terms of provision of specialist accommodation at 170 units per 1,000 population. The analysis shows a potential need for 615 units of specialist accommodation for older persons over the plan period, equivalent to 29 units per annum.

Table 32: Projected need for Specialist Housing for Older People (2011-32)

	Population aged 75+ (2011)	Population aged 75+ (2032)	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)
Adur	6,798	10,418	3,620	615

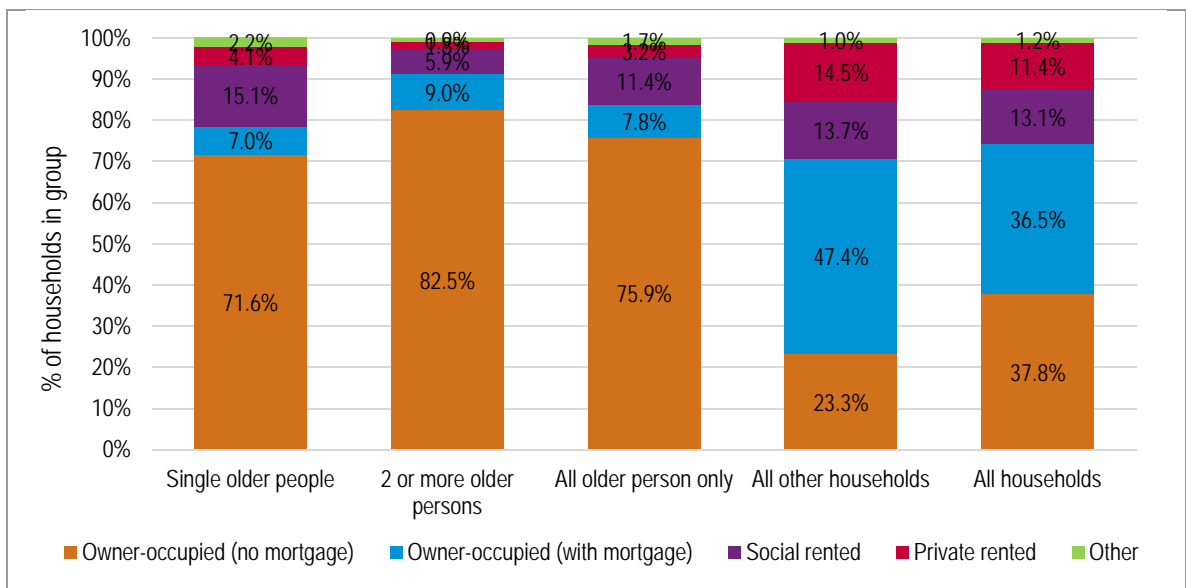
Source: Derived from demographic projections and Housing LIN

Types and Tenures of Specialist Housing

4.50 Figure 8 shows the tenure of older person households. Older person households are relatively likely to live in outright owned accommodation (76%); with the proportion of older person households living in the private rented sector is relatively low (3% compared with 11% of all households in the District). There are however notable differences for different types of older person households with home ownership amongst single older persons being notably lower than for couples or larger households.

4.51 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs. Many older persons will have a level of equity within existing homes.

Figure 9: Tenure of Older Person Households – Adur



Source: 2011 Census

- 4.52 The analysis shows that the current profile of older person households is significantly biased towards outright ownership, with the current supply having a slightly higher proportion of affordable homes. Moving forward we would suggest that it might be appropriate to provide 50-70% of provision as market housing and 30-50% of provision as affordable housing. This reflects the likely 'market' for specialist housing products as well as the current tenure profile of older person households (including the likely increase in the number of single person older households where levels of home ownership are slightly lower). The tenure mix within individual development schemes should take account of local demand evidence.
- 4.53 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 (for example noting that at present the dominant type of housing is traditional sheltered accommodation). 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.
- 4.54 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing⁵ 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 modern building regulation standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.
- 4.55 Our experience indicates that there is likely to be a level of demand for single floor living such as bungalows or accessible flats. Where developments include single floor living are found, it is clear that these are very popular with 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 single floor living should be given strong consideration on appropriate sites, allowing older households to downsize while freeing up family accommodation for younger households.

Registered Care Accommodation

- 4.56 As well as the need for specialist housing for older people the analysis needs to consider the need for registered care accommodation. At present (according to Housing LIN) there are around 569

⁵ a type of housing in which each individual or family has a private bedroom or living quarters but shares with other residents a common dining room, recreational room, or other facilities

spaces in nursing and residential care homes in Adur. 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.

- 4.57 The analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of the demographic modelling, where the CLG Household Projections model holds constant the institutional population aged under 75 in absolute terms, and above 75 in proportional terms. Those living in institutions are not counted as part of the household population (and hence calculations of OAN).
- 4.58 The household projections indicate an increase of 206 people living in institutions over the 2011-32 period in Adur (10 per annum). This is based on, and modelled on a consistent way to the 2014-based Household Projections. This figure is important to note if the Council intends 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.

Table 33: Potential Need for Residential Care Housing

	Institutional population aged 75+ (2011)	Institutional population aged 75+ (2032)	Change in institutional population aged 75+
Adur	401	607	206

Source: Derived from Demographic Projections

Self- and Custom-Build Housing

- 4.59 The Self-Build and Custom Housebuilding Act 2015 requires authorities to maintain a register of those interested in self and custom housebuilding. Demand for such development would reflect the number of entries added to the register over a specified period. The Act requires councils to give consent for enough serviced plots of land to meet the demand identified.
- 4.60 Government aspires to make self-build a ‘mainstream housing option’ by making funding available to support self- and custom-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

4.61 Barriers to delivery of self or custom-build development⁶ include:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

4.62 Local authorities are now required to establish and maintain a register of those interested in building or commissioning their own home. This is however a new requirement on local authorities, and Registers – where they have been established – do not yet provide comprehensive information on demand.

4.63 Information on demand is available from the Custom Build Register for Adur & Worthing. This (as at September 2016) shows 5 households specifically seeking plots in Adur, together with 9 households seeking plots in either Adur or Worthing.

4.64 From a development point of view, key issues with this market are associated with skills and risk: whilst there may be a notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build. We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build.

⁶ Self-build is generally considered to refer to situations where a household individually organises and designs the construction of their own home. With custom-build development, a household would work with a specialist developer to design their home.

5 CONCLUSIONS AND SUMMARY

Objectively Assessed Housing Need

- 5.1 This report has sought to review the objectively assessed housing need in Adur, taking account of the latest official demographic projections and other new information. It builds on previous studies.
- 5.2 The starting point for assessing housing need is the latest official set of population and household projections. These are 2014-based. The official projections show a need for 300 dwellings per annum over the 2011-32 plan period. Updating these to take account of 2015 Mid-Year Population Estimates, as the PPG recommends, results in a starting point need for 294 dpa in Adur.
- 5.3 A sensitivity analysis considering alternative migration assumptions points to a potential range of between 265 – 305 dpa. The rebased 2014-based SNPP sits midway between the 10-year migration scenario adjusted for UPC and London migration sensitivity analysis. The evidence however points to a downward trend in in-migration from London which pre-dated the recession, and if a longer-term migration trend is modelled, as recommended by the GLA, this shows little upside to the rebased 2014 SNPP. GL Hearn conclude that the demographic need is for 294 dpa.
- 5.4 Analysis of the household formation rates within the CLG Household Projections indicates that the household formation rates for those aged 25-34 are higher than for many areas across the South East; and the forward projections expect household formation amongst these age groups to improve. GL Hearn do not consider therefore that there is evidence that the projections constrain the formation of younger households, and require adjustment.
- 5.5 The rebased 2014 SNPP is expected to support labour force growth of between 251 – 282 persons per annum over the plan period. This compares to a long-term trend in jobs growth of 212 jobs per annum, and forecasts of 265 jobs per annum. The wider evidence points to a jobs deficit within the District. GL Hearn finds no evidential basis warranting an adjustment upwards to the OAN to support economic growth.
- 5.6 The evidence from market signals and of affordable housing need points towards affordability constraints in the District, and a worse position in respect of market signals than was the case when the previous OAN Report was prepared. The scale of affordable housing need is substantial and whilst it is evidently unrealistic to meet the affordable housing need in full, it nonetheless would provide some basis – leaving aside development constraints – to adjust upwards the assessed housing need. Any upward adjustment to planned housing provision would deliver both market and affordable housing.

- 5.7 The housing need arising from the demographic projections, at 294 dpa, would if delivered represent a very significant boost to housing supply, set against past completions of on average 137 dpa. GL Hearn considers that set against this a further upward adjustment of up to 10% could be justified in seeking to boost the delivery of both market and affordable housing, and improve affordability. This would yield an OAN of 325 dwellings per annum (rounded to the nearest 5 dpa). This represents the core conclusion on objectively assessed need for housing in the District.
- 5.8 However it is worth bearing in mind some practical issues in the context where the PPG is clear that assessments of OAN are not required to consider purely hypothetical scenarios on the one hand; but are expected to leave aside constraint-based factors on the other. Land supply in Adur District is very clearly constrained, reflecting its geography. The District sits between the sea and South Downs National Park and is already relatively built-up. The adjoining local authorities of both Worthing and Brighton and Hove are similarly constrained. Delivering additional homes further afield will do little to address affordability in Adur, or provide affordable housing for Adur residents. Against this context there is some question over what benefit a notional upward adjustment of 10% to improve affordability in realty would have on addressing affordability issues in Adur District or delivering affordable housing for its residents. Moreover such adjustments move beyond demographic projections. It may thus be appropriate to consider measuring any unmet housing need against the demographic based need for 294 dpa, but this is an issue which warrants further consideration through the Local Plan Examination in Public.

Housing Mix

- 5.9 The analysis undertaken indicates a need for a broad mix of homes within the District. The need for social/ affordable rented housing is more heavily focused towards smaller dwellings; but with an overall profile whereby the greatest need is for two and three-bed properties.

Table 34: Recommended Size Mix of Housing in Adur, 2011-32

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market	5-10%	40-45%	40-45%	5-10%
Intermediate/Starter Homes	15-20%	50-55%	25-30%	0-5%
Social/ affordable rent	30%	40%	25%	5%

Source: Housing Market Model and CoRe

- 5.10 National policy is likely to require councils to promote delivery of Starter Homes, with a potential requirement for 20% of new housing provision to be of Starter Homes mooted by Government. The report identifies a potential need for up to 55 Starter Homes per annum over the next five years (2015-20).

- 5.11 A growing older population is expected to be an important influence on the profile of housing need. Whilst many older persons will continue to live in general needs housing, the report quantifies a need for 615 units of specialist accommodation for older persons over the plan period, and indicates that it would be appropriate to provide 50-70% of provision as market housing and 30-50% of provision as affordable housing. In addition, a need is identified for 206 nursing/ care home bedspaces, which would fall within Use Class C2 (and falls outside of the OAN identified above).

A demand for self- and custom-build development within the District is also demonstrated by the analysis, and the council will need to support provision of such development.