



# Strategic Housing Market Assessment

Adur District Council  
Worthing Borough Council

Iceni Projects Limited on behalf of  
Adur District Council and Worthing  
Borough Council

ICENI PROJECTS LIMITED  
ON BEHALF OF ADUR  
DISTRICT COUNCIL AND  
WORTHING BOROUGH  
COUNCIL

May 2020

**Strategic Housing Market Assessment**  
Adur District Council  
Worthing Borough Council

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## EXECUTIVE SUMMARY

This Strategic Housing Market Assessment has been prepared to support the emerging Worthing Local Plan and a future review of policies within the Adur Local Plan; as well as to inform development management activities including the housing mix sought through planning applications. It addresses housing needs over the period from 2019 to 2036 and 2039.

Adur and Worthing sit within a wider housing market which stretches along the Sussex Coast from Littlehampton to Newhaven and Lewes. The existing housing stock is characterised by an above average proportion of smaller 1- and 2-bed properties (which account for 46% of stock in Adur and 50% in Worthing) and trends in new development since 2011 have seen even higher proportions of smaller dwellings. This contributes to above average levels of overcrowding and constraints growth in family households; but is a reflection of the geography and land supply constraints evident in the area.

At the time of preparation of this report, median house prices in Adur were £313,000 and £295,000 in Worthing. Prices have been growing by on average 4.4% and 4.3% per annum respectively over the previous decade, contributing to growing affordability pressures such that house prices had risen to 11.9 times median earnings in Adur and 11.7 times earnings in Worthing – in both cases above the South East average.

### Demographic Dynamics & Local Housing Need

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The Government has implemented a 'standard method' to defining an area's minimum local housing need. This results in a minimum local housing need for 248 dwellings per annum in Adur and 880 dwellings per annum in Worthing. Iceni's analysis finds this to be a reasonable assessment of housing need in both cases.

However land supply in Adur and Worthing is constrained by the area's geography. Adur's adopted Local Plan thus sets out a housing target for provision of 177 homes a year; and the evidence on land availability in Worthing points to delivery of 246 homes a year being realistic.

The effect of land supply constraints will be to restrict development which in turn will restrict in-migration to Adur and Worthing which is focused more towards people of working-age. It will result in a stronger relative ageing of the population than in other areas. The demographic implications of this are shown below.

In the context of these constraints, an unmet housing need arises, and it will be important that the Councils therefore engage with neighbouring authorities to the north in considering how this can be met, through the 'duty to cooperate.'

### Expected Demographic Trends

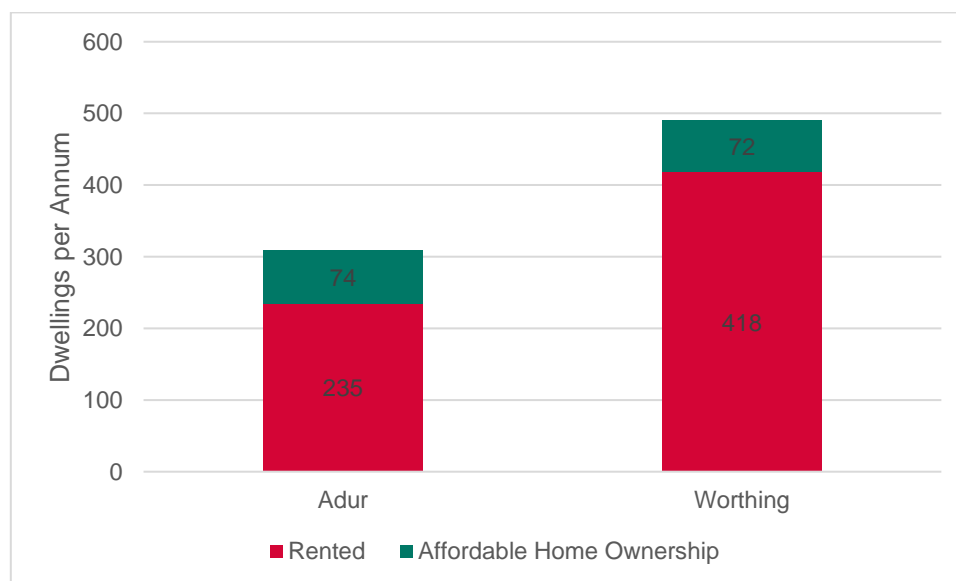
	Adur		Worthing	
		%		%
<b>Total Population</b>	3039	4.7%	848	0.8%
<b>Population 65+</b>	4371	29.0%	10672	42.5%
<b>Workforce Growth</b>	1137		-2005	
<b>Households</b>	2921	10.2%	4060	8.0%
<b>Family Households</b>	582	7.2%	-1264	-9.7%

### Affordable Housing

The SHMA includes an updated assessment of affordable housing need which responds to the widened definition of affordable housing set out in the 2019 NPPF. This includes households who might be able to rent a home in the private sector without financial support but aspire to own a home and require support to do so.

The assessment shows an annual need for 309 affordable homes in Adur and 490 affordable homes in Worthing. The split between need for rented and affordable home ownership homes is shown below.

### Profile of Affordable Housing Need



The analysis in this report suggests that rented affordable housing should be prioritised subject to viability, and within this the focus should be provision of homes at social rent levels which are affordable to those on lower incomes (including lower income working households), given the constrained land supply and the Councils statutory duty to meet the needs of those accepted as homeless.

Iceni would recommend that rental costs do not exceed Local Housing Allowance levels or 80% of market housing costs (inclusive of service charges), whichever is the lower. Affordable home ownership homes should take account of the price brackets shown for each local authority in this report; with shared ownership homes being the most appropriate affordable home ownership products.

### Older Persons Housing Needs

The analysis in the SHMA has shown a notable growth in the population of older persons aged 65+ in Adur & Worthing. An expected increase of those with dementia by 414 and those with mobility problems by 976 in Adur to 2036 is projected; and 1,039 with dementia and 2,423 with mobility problems in Worthing.

Many older households will continue to live in mainstream housing but given the substantial growth in the population of older persons and associated increases in those with a disability, it is appropriate for new housing to be delivered to meet Part M4(2) accessible and adaptable home standards, subject to viability testing and the suitability of development sites.

Some older households, particularly those aged over 75, will require specialist housing provision. In respect of Adur District, the analysis in this section points to a need for 490 units of housing with support to 2036, and 430 units of housing with care. The analysis points towards a need for 907 units of housing with support and 694 units of housing with care in Worthing Borough. In considering extra-care schemes, there is a need to carefully consider the viability and practical feasibility of delivering affordable housing on-site. A breakdown of the need is shown below.

**Need for Different Types of Specialist Older Persons Housing, 2019-36**



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The analysis also identifies a need for up to 555 care home bedspaces in Adur and 435 in Worthing to 2036. These will fall within a C2 use class.

It is important that the councils' planning policies support the delivery of specialist housing in particular as a notable by-product of doing so will be the release of existing mainstream housing, including family housing, for other groups within the population.

In addition, a need for 188 dwellings for wheelchair users in Adur has been identified, equivalent to 6% of the total housing need identified through dwelling-led scenario. A need for 300 has been identified for Worthing, equivalent to 7% of total housing need identified through the dwelling-led scenario. Iceni consider that it would be appropriate to seek provision as part of major new-build schemes, subject to support from viability evidence studies and evaluation on a site-by-site basis.

### **Need for Different Sizes of Homes**

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Taking into account how people of different ages occupy homes, market evidence and consultation with estate agents and housing associations, this report points towards a need for different sizes of homes in the market and affordable sectors which are reflected in the Table below for Adur District.

Adur	Social/Affordable Rented	Affordable Home Ownership	Market Housing
1 Bed	35-40%	30-40%	5-15%
2 Bedrooms	30-35%	35-45%	40-45%
3 Bedrooms	20-25%	15-25%	35-40%
4+ Bedrooms	5-10%	0-10%	10-20%

A need for different sizes of homes in the market and affordable sectors are reflected in the Table below for Worthing Borough.

Worthing	Social/Affordable Rented	Affordable Home Ownership	Market Housing
1 Bed	40-45%	30-40%	5-15%
2 Bedrooms	25-30%	35-45%	40-45%
3 Bedrooms	20-25%	15-25%	35-40%
4+ Bedrooms	5-10%	0-10%	10-20%

Iceni recommend that these Tables inform negotiations regarding the mix of housing to be delivered on individual development sites alongside consideration of the existing housing mix in the local area, and where appropriate evidence of the profile of households on the Housing Register in an area on needs shown through local survey evidence. Where sites are suitable for family sized houses, the delivery of these should be prioritised. It would be reasonable to expect justification for a housing mix



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on such sites which significantly differs from that set out. Flatted scheme should also be expected to deliver 3+ bedroom units to meet housing need.

### **Needs from Specific Groups within the Population**

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The evidence points clear affordability barriers which are likely to prevent younger family households and younger households in general from buying a home in both authority areas. The evidence suggests that the Help-to-Buy Equity Loan has provided some support for younger households in being able to buy a home – principally in Worthing; and a range of measures should also be progressed through planning in seeking to provide housing options for younger households. This includes delivery of rented and low cost home ownership housing both wherever possible in both authority areas.

Affordability issues also affect younger households in particular and the delivery of affordable housing will be important to ensure a balanced population profile is maintained, to support the economy and meet local needs. A multi-pronged strategy is needed to address the needs of younger households, through promoting delivery of affordable housing through planning policy, including through S106 agreements securing affordable housing on mixed-tenure development schemes. The potential for public sector land to contribute to affordable housing delivery should also continue to be investigated.

### **Specific Market Segments**

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The Private Rented Sector now accommodates around 20% of households in Adur and Worthing; and the report recommends that the Council consider putting in place policies to guide build-to-rent development albeit recognising that this is currently a reasonably embryonic market outside of London.

The Self-Build and Custom Housebuilding sector is a growing sector of the housing market, and one which has potential to contribute to housing delivery. Following the introduction of the Councils' joint self-build register on 1<sup>st</sup> April 2016, there have been a total of 259 expressions of interest in serviced plots of land. However given the nature of the land supply constraints in Adur & Worthing, it is expected that there will be limited opportunities for serviced plots; and it is expected that land which is suitable and available for development would be expected to deliver conventional housing in the first instance.

Nevertheless, in recognition of the strong level of demand, the Councils should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

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## 1. INTRODUCTION

- 1.1 Adur District Council and Worthing Borough Council have commissioned Iceni Projects to prepare a Strategic Housing Market Assessment (“SHMA”) which will form a key part of the evidence to support the emerging Worthing Local Plan and a future review of the adopted housing policies within the Adur Local Plan.
- 1.2 This SHMA provides the Councils with a clear understanding of:
- The latest position regarding overall housing need;
  - The need for different types (tenures and sizes of housing);
  - The need for affordable housing (and the relative need for different types of housing within this definition, consistent with the 2019 National Planning Policy Framework);
  - The need for specific groups including younger people, families and students; and
  - Evidence on emerging housing market segments including self and custom-build housing and Build to Rent.
- 1.3 The SHMA covers the time period 2019 to 2039. The core reporting is however based on the 2019 to 2036 period, in order to align with the end date of the emerging Worthing Local Plan. Data for key analysis covering the 2019-39 period is included within Appendix A3.

### **Housing Market Area Geography**

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- 1.4 The housing market area geography has been established through the ‘Defining the HMA and FEMA’ report, prepared by GL Hearn and published in February 2017.<sup>1</sup> This carried out an assessment of the housing market geography in accordance with Planning Practice Guidance and based on analysis of house price geographies, migration patterns and contextual data such as travel to work areas. The assessment was commissioned by the Coastal West Sussex and Greater Brighton Strategic Planning Board.<sup>2</sup>

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<sup>1</sup> <https://www.adur-worthing.gov.uk/media/Media,147057,smxx.pdf>

<sup>2</sup> The Strategic Planning Board comprises lead councillors from Adur, Arun, Chichester, Worthing, Brighton & Hove, Lewes, Mid Sussex, Horsham, West Sussex County Council and the South Downs National Park.

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- 1.5 The report found that both Adur and Worthing sat within a Coastal Urban Area Housing Market Area which extends from Littlehampton to Lewes and Newhaven and across the Downs to Steyning and Hassocks.
- 1.6 The report's analysis of house prices pointed to a clear urban/rural split in housing costs; and at a regional level highlights the influence of London on housing market dynamics with areas closer to (or particularly accessible from) London commanding higher housing costs. It noted that there are strong migration flows between Brighton & Hove, Adur and Worthing, reflecting the relatively continuous urban geography along the Coast. The report found that although West Worthing has stronger links to Arun; the strongest out-commuting flows from Worthing and Adur overall were with Brighton and Hove.

### Setting the Spatial Context

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- 1.7 The Planning Practice Guidance on Housing Needs Assessments<sup>3</sup> [2a-001] is clear that housing need is an unconstrained assessment of the number of homes needed in an area. The assessment should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this.
- 1.8 Nevertheless, in Adur and in Worthing, it has been firmly established that the relationship between housing requirements (i.e. targets) and the need for new homes is not strong. The level of housing provision which can be accommodates is heavily influenced by the geography of the authorities, with a relatively build-up urban area sitting between the South Downs National Park to the north and the English Channel to the south.
- 1.9 The Planning Inspector in his report on the Adur Local Plan (September 2017, paragraph 14<sup>4</sup>) summarised the context relevant to both areas in acknowledging that "*Adur lies within the Coastal Sussex HMA and it is clear that there are a number of significant constraints to development within the broader area. Much of the coastal fringe (large parts of which are at risk of flooding) is already built up and to the north sits the South Downs National Park – **the availability of suitable sites for development is therefore very constrained***" (our emphasis). The geographical characteristics of Worthing Borough are similar.
- 1.10 Accordingly, although this SHMA undertakes an unconstrained assessment of the number of homes needed in both areas (as per Guidance); it is not considered appropriate to disregard the historic and continuing context of land supply constraints which will invariably lead to Adur District and Worthing

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<sup>3</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>4</sup> <https://www.adur-worthing.gov.uk/alp-examination/#publication-of-report>

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Borough being unable to meet their objectively assessed housing need in full. The assessment therefore sets out to model, in addition, an alternative dwelling-led scenario in considering the mix of housing to be sought through new development.

- 1.11 The dwelling-led scenario reflects assumptions on the future delivery of dwellings in each authority area; and shows the future change in population, households and labour force that would result from that level of dwelling provision. This is modelled alongside the demographic-led scenario to provide a more realistic and balanced assessment of likely future demographic trends, the housing needs of different groups and the recommended housing mix. This should be taken as the principal scenario for the purposes of assessing the mix of homes needed.

### **Structure of the Report**

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- 1.12 The remainder of this report is structured as follows:
- Section 2: Planning Policy Context
  - Section 3: Housing Offer and Market Dynamics
  - Section 4: Overall Local Housing Need
  - Section 5: Affordable Housing Need
  - Section 6: The Needs of Older Persons & Those with Disabilities
  - Section 7: The Needs of Different Groups within the Population
  - Section 8: The Need for Different Sizes of Homes
  - Section 9: Emerging Market Segments
  - Section 10: Conclusions and Recommendations

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## 2. PLANNING POLICY CONTEXT

- 2.1 This section sets out an overview of the key national planning policy and guidance underpinning the preparation of this Strategic Housing Market Assessment.

### **National Planning Policy Framework (February 2019)**

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- 2.1 The latest version of the National Planning Policy Framework was published by Government on 19<sup>th</sup> February 2019. Paragraph 7 states that the purpose of planning is to contribute to the achievement of sustainable development. Paragraph 9 outlines that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
- 2.2 The development plan must include strategic policies to address each local planning authority's priorities for the development and use of land in its area. Plans should apply a presumption in favour of sustainable development and for plan-making, this means that plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change and strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so (paragraph 11).
- 2.3 In order to support the Government's objective of significantly boosting the supply of homes, Paragraph 59 in the Framework states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 2.4 Paragraph 60 sets out that in order to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.
- 2.5 Paragraph 61 is also clear that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.

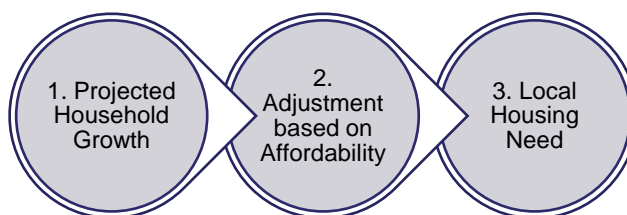
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- 2.6 The NPPF Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of Build to Rent development, local housing need, old people; and self-build and custom housebuilding.
- 2.7 Paragraph 62 in the Framework states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:
- a) Off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
  - b) The agreed approach contributes to the objective of creating mixed and balanced communities.
- 2.8 Paragraph 63 in the Framework promotes affordable housing provision on major developments, i.e. those of 10+ dwellings. Paragraph 64 sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership. This is considered further in Section 5.

### Planning Practice Guidance

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- 2.9 The Planning Practice Guidance on Housing & Economic Development Needs Assessments<sup>5</sup> sets out how local planning authorities should assess local housing need using the standard method. This uses a three stage formula – summarised in Figure 2.1 below – to provide an unconstrained assessment of minimum housing need. The calculation of local housing need is explained further in Section 4.

**Figure 2.1 Overview of the Standard Method for Calculating Local Housing Need**



- 2.10 The PPG also states that authorities will need to consider how the needs of individual groups can be addressed within the overall need established. The need for particular sizes, types and tenures of

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<sup>5</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>; Paragraph: 004 Reference ID: 2a-004-20190220

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homes as well as the housing needs of particular groups should be considered separately. There is specific Planning Practice Guidance sections on *Self-build and custom housebuilding*, *Build to Rent* and *Housing for older and disabled people* which should be taken into account in doing so.

- 2.11 Icení has had regard to relevant Planning Practice Guidance at the time of its preparation in this report.

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### 3. HOUSING OFFER AND MARKET DYNAMICS

- 3.1 An important building block for considering what housing is needed in the future is to understand the existing housing offer (by type, tenure and size) and how the mix of properties varies between tenures. Recognising that the majority of the housing stock in 2036 will be that which stands today, in this section we have profiled the current housing offer, housing supply trends, house price and rental statistics and market affordability.

#### Housing Offer

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##### Tenure Profile

- 3.2 At the point of the 2011 Census, Adur District had a tenure profile with a relatively high level of home ownership at three quarters (75%) of all households; whereas home ownership in Worthing Borough was broadly in line with the South East as a whole; albeit higher than England, at 70% of all households.

**Table 3.1 Tenure Profile by Households, 2011**

Area	Owned	Social Rented	Private Rented
Adur	75%	13%	12%
Worthing	70%	10%	20%
South East	69%	14%	17%
England	65%	18%	17%

Source: Census 2011

- 3.3 Conversely, the proportion of social renters in Adur District was broadly in line with the South East equivalent at 13% set against 14% of all households respectively; with Worthing Borough having a lower than average proportion of social renters at only 10% of all households. The proportion of households in the Private Rented Sector in Worthing was notably higher than the regional and national average; whilst the proportion in Adur was five percentage points lower than the wider comparatives.
- 3.4 The Regulator of Social Housing provides a summary overview of affordable housing owned or part owned by Registered Providers in 2019. There are currently 18 registered providers with properties in Adur District and 23 in Worthing Borough. As shown in the Table below, there were around 946 general needs properties in Adur and a notably higher figure of 4,080 properties in Worthing, almost

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all of which are self-contained<sup>6</sup>. The evidence points to around 155 low cost home ownership homes in Adur and 155 homes in Worthing, which includes shared ownership and shared equity homes.

**Table 3.2 The Profile of Existing Affordable Homes in Adur & Worthing, 2019**

	Adur	Worthing
General Needs, Self-Contained	946	4,047
General Needs Non Self-Contained	0	33
General Needs	946	4,080
Supported Housing	76	235
Housing for Older People	51	490
Low Cost Home Ownership	155	155

Source: Regulator of Social Housing, 2019

### House Sizes and Types

- 3.5 The profile of homes within both Adur and Worthing is focussed more towards smaller properties than the regional and national comparatives. In percentage terms, the proportion of 1 and 2 bedroom properties accounts for 46% of all household stock in Adur; and 50% of stock in Worthing as at 2011.
- 3.6 Notably, Adur and Worthing have a lower proportion of larger family sized housing including 4 or more bedroom properties than that seen regionally and nationally; which is not wholly unsurprising given the nature of land supply constraints in the authority areas and the area's demographics.

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<sup>6</sup> A self-contained unit is one in which all the rooms in a household's accommodation are behind a door which only that household can use and therefore allows that household exclusive use of them.

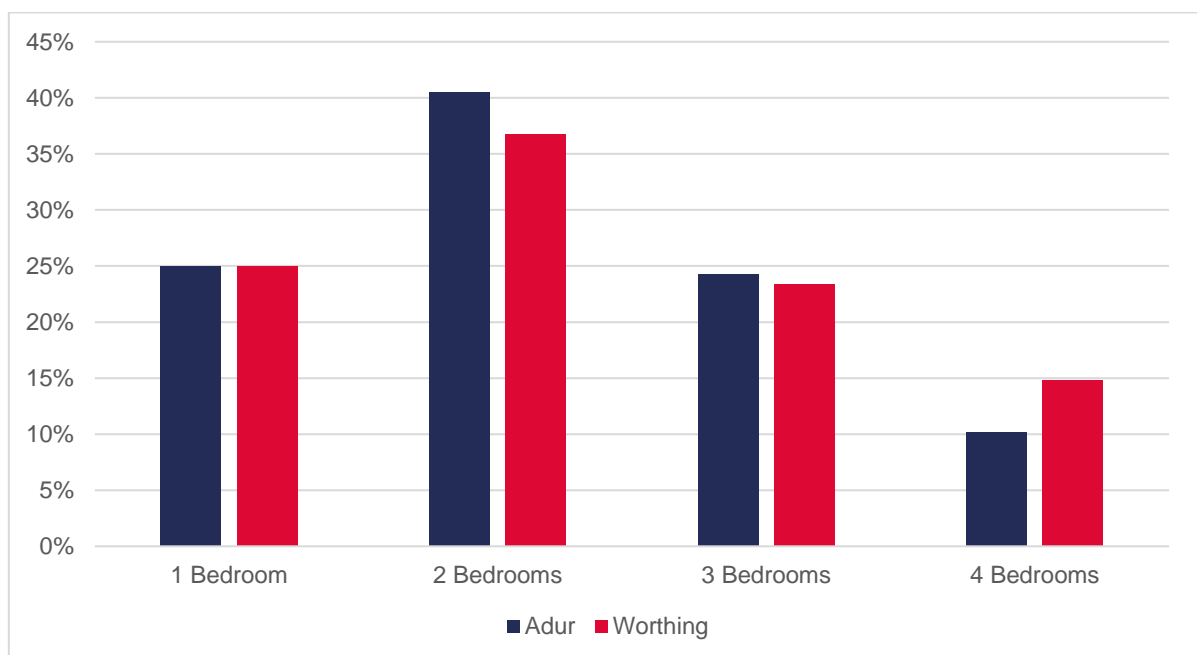
**Figure 3.1: Households by Size, 2011**



Source: Census 2011

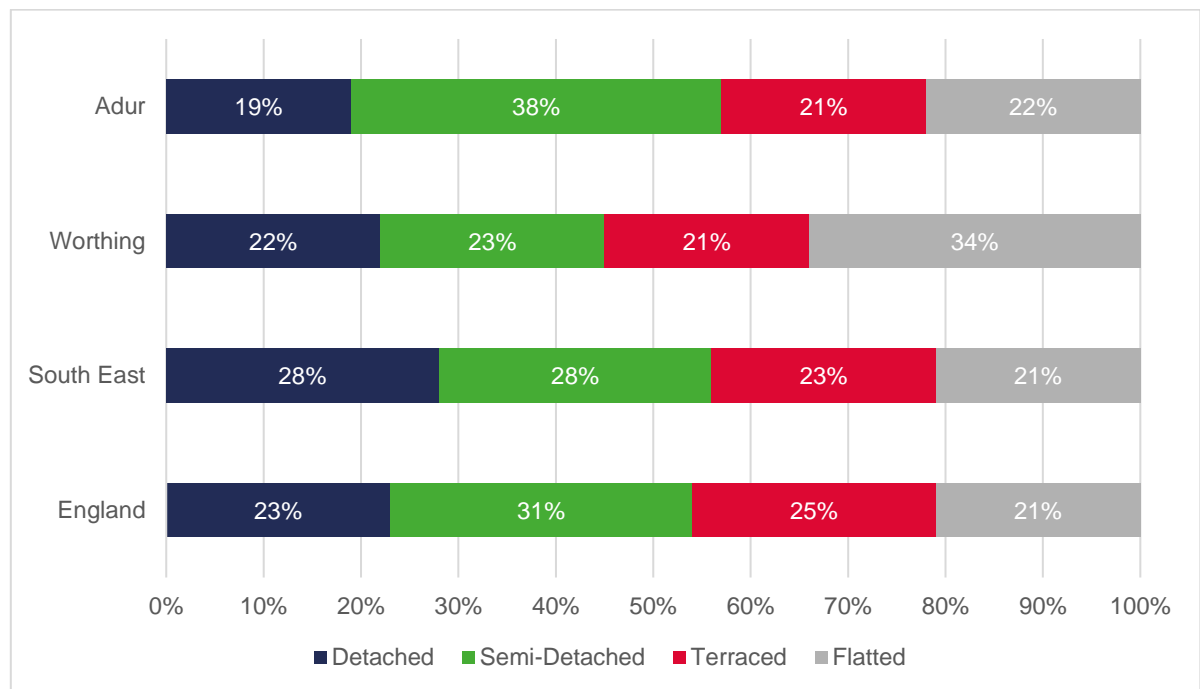
- 3.7 Since 2011, the focus of development, with regards to the number of bedrooms, has been on delivering 2 bedrooms in both authority areas with this size representing 41% of all completions in Adur and 37% in Worthing. The Figure below shows the breakdown of completions by size from 2011 to 2019 in both authority areas. 66% of completions in Adur and 62% in Worthing have been of 1- and 2-bed properties over this period. The concentration of 1 and 2 bed properties in both areas has therefore been growing.

**Figure 3.2: Completions by Size, 2011-2019**



3.8 The Figure below demonstrates the split of the housing stock in Adur District and Worthing Borough by type in 2011. Adur has a higher relative proportion of semi-detached properties (38% of stock); and Worthing has a higher proportion of flats (34%) of stock compared to the regional and national profiles. The proportion of flats in Worthing is approximately 11 percentage points higher than in Adur District and 12 percentage points higher than the South East and England.

**Figure 3.2: Households by Type, 2011**



Source: Census 2011

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## Profile of Households

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- 3.9 At the point of the 2011 Census, there were 26,957 households in Adur District and 47,044 households in Worthing Borough. The household composition of those households Adur & Worthing is shown in the Table below set against the South East and England benchmarks.

**Table 3.3 Household Composition by Area**

	Adur	Worthing	South East	England
Single Household: Aged 65 and over	17%	16%	13%	12%
Single Household: Aged under 65	15%	20%	16%	18%
Couple: Aged 65 and over	10%	9%	9%	8%
Couple: No Children	18%	17%	19%	18%
Couple: Dependent Children	18%	18%	21%	19%
Couple: Non-Dependent Children	6%	5%	6%	6%
Lone Parent: Dependent Children	6%	6%	6%	7%
Lone Parent: Non-Dependent Children	4%	3%	3%	3%
Other: All Full-Time Students	0.02%	0.1%	0.5%	0.6%
Other: (excl. all full-time students)	6%	6%	7%	7%

Source: Census 2011

- 3.10 The analysis shows that there is a relatively high proportion of single households who are aged 65 and over. In Worthing, a fifth (20%) of households are occupied as one person households with residents aged under 65 which is notably higher than Adur, the South East and England and resulting in a concentration of single person households. This is a clear relationship between this profile and the higher proportion of flatted development and proportion of smaller units in the Borough.
- 3.11 Across both authority areas, the proportion of couples with children is relatively low – particularly compared to the South East as a whole; which could in part be influenced by the relatively low proportion of larger family sized accommodation. Aside from these specific household groups, the household composition of both authority areas is broadly in line with the South East and England.

## Occupation of Households

- 3.12 Overcrowding is defined as the number of properties which have fewer rooms than their households require. The requirement is calculated based on the size, age and relationship of household members. Under-occupied properties on the other hand are those with more bedrooms than the household notionally needs. For instance, an under-occupied property can relate to a couple with no children living in a two or more-bedroom property.
- 3.13 There has been a notable increase in overcrowded households at a national level (including young people living with their parents for longer) and Houses in Multiple Occupation (HMOs). This has been

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a symptom of affordability pressures, restrictions on access to mortgage finance and housing under-supply.

- 3.14 The English Housing Survey (2016-2017) states the rate of overcrowding in England for 2016/17 was 3%, with approximately 682,000 households living in overcrowded conditions. Overcrowding was more prevalent in the rented sectors than for owner occupiers. Only 1% of owner occupiers nationally (183,000 households) were overcrowded in 2016-17, compared with 7% of social renters (268,000) and 5% of private renters (231,000).
- 3.15 The English Housing Survey indicates that number and proportion of overcrowded households in the owner-occupied sector has remained relatively stable over the last 20 years or so. In the social rented sector, overcrowding peaked at 7% in 2010-11, before dropping to 6% in 2012-13. It remained at 6% until 2014-15 but increased back up to 7% in 2015-16 where it remained in 2016-17.
- 3.16 However, the proportion of overcrowded households in the Private Rented Sector increased from 3% in 1995-96 to a peak of 6% in 2011-12, and since then has decreased slightly to 5%. The rapid overall growth in private renters between 1995-96 and 2016-17, affordability pressures and changes to eligibility for Housing Benefit explains the pronounced increase in actual numbers of overcrowded households from 63,000 in 1995-96 to 231,000 in 2016-17.
- 3.17 The number of overcrowded households (based on the room standard<sup>7</sup>) increased in Adur by 212 households between 2001-11, equating to a 16% increase. However, rates of under occupation also increased; although by a lesser amount. In Worthing, the number of overcrowded households increased by 1,200 equating to a 39% increase.

**Table 3.4 Changes in Under - and Over- Occupied households – Room Standard**

	Under Occupancy Households			Over Occupancy Households		
	2001	2011	% Change	2001	2011	% Change
Adur	19,705	20,389	3%	1,310	1,522	16%
Worthing	32,641	33,088	1%	3,112	4,312	39%
South East	2,539,347	2,660,553	5%	195,392	265,974	36%
England	16,254,820	17,070,912	5%	1,510,422	1,995,860	32%

Source: 2001 and 2011 Census

- 3.18 The bedroom standard provides a more precise assessment of actual levels of overcrowding and under occupancy. It shows that around 5.6% of households in Adur in 2011 were overcrowded which
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<sup>7</sup> An occupancy rating of -1 or less means that the household has at least one bedroom too few for the number and composition of people living in the household and is considered overcrowded by the bedroom standard.

is slightly above the regional and national averages. In Worthing approximately 9.2% of households were overcrowded which is significantly above the regional and national averages. A significant proportion of properties in Adur are under-occupied in relative terms (particularly within the private sector).

**Table 3.5 Under and Over Occupied Households by Bedroom Standard (2011)**

	Under Occupied Households	Over Occupied Households
Adur	75.6%	5.6%
Worthing	70.3%	9.2%
South East	70.7%	3.6%
England	68.7%	4.6%

Source: Census 2011

### Shared Housing

- 3.19 The proportion of people living in a shared dwelling<sup>8</sup> decreased between 2001 and 2011 in both Adur and Worthing. This is a contrast to the regional and national averages whereby the proportion of people living in shared dwellings increased between 2001 and 2011.

**Table 3.6 Change in Shared Dwellings between 2001 and 2011 in Adur and Worthing**

	Change between 2001 and 2011
Adur	-6
Worthing	-12
South East	8,392
England	45,380

Source: Census 2001 and 2011

### Housing Supply Trends

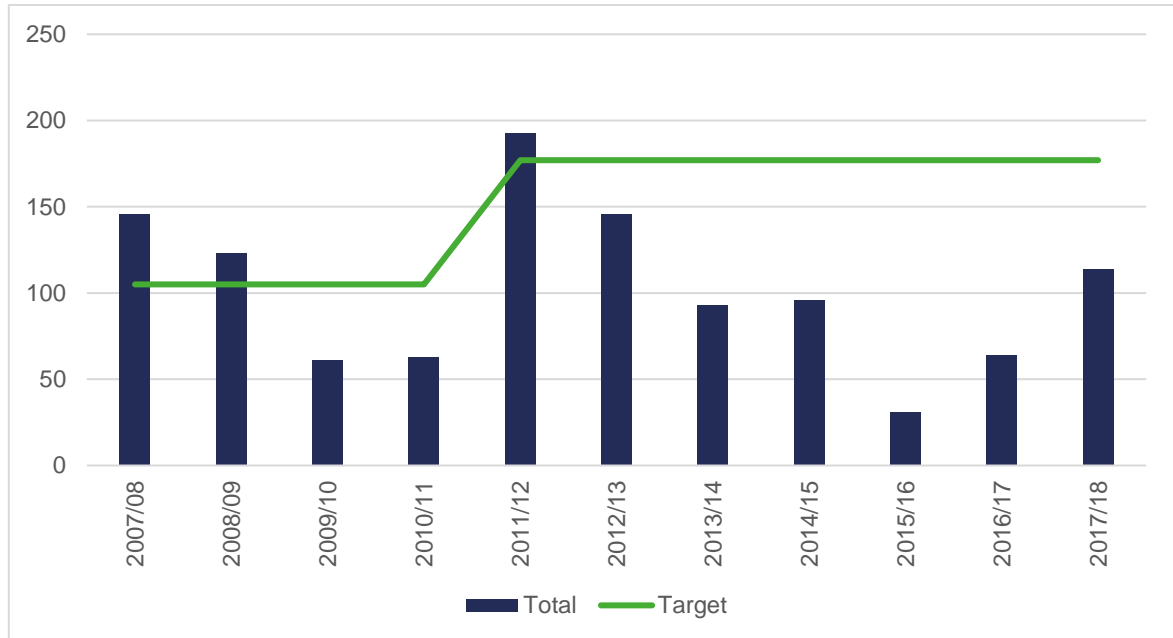
#### Housing Completions

- 3.20 Iceni has examined housing completions data for Adur and Worthing dating back over the last decade to 2007/08. The Figure below shows the net housing completions in both authorities from 2007/08 to 2017/18 compared to housing targets as set out in the Annual Monitoring Report.
- 3.21 The Adur Local Plan was adopted in December 2017 and sets out a housing target for development of 3,718 homes over the 2011-32 plan period, equivalent to an annual average of 177 homes per

<sup>8</sup> Two or more household spaces at the same address that are not self-contained, but combine to form a shared dwelling that is self-contained.

annum. The housing target over the period from 2007/08 to 2010/11 for Adur District reflects the South East Plan target of 105 homes per annum.

**Figure 3.3: Adur District – Total Net Completions v. Target**

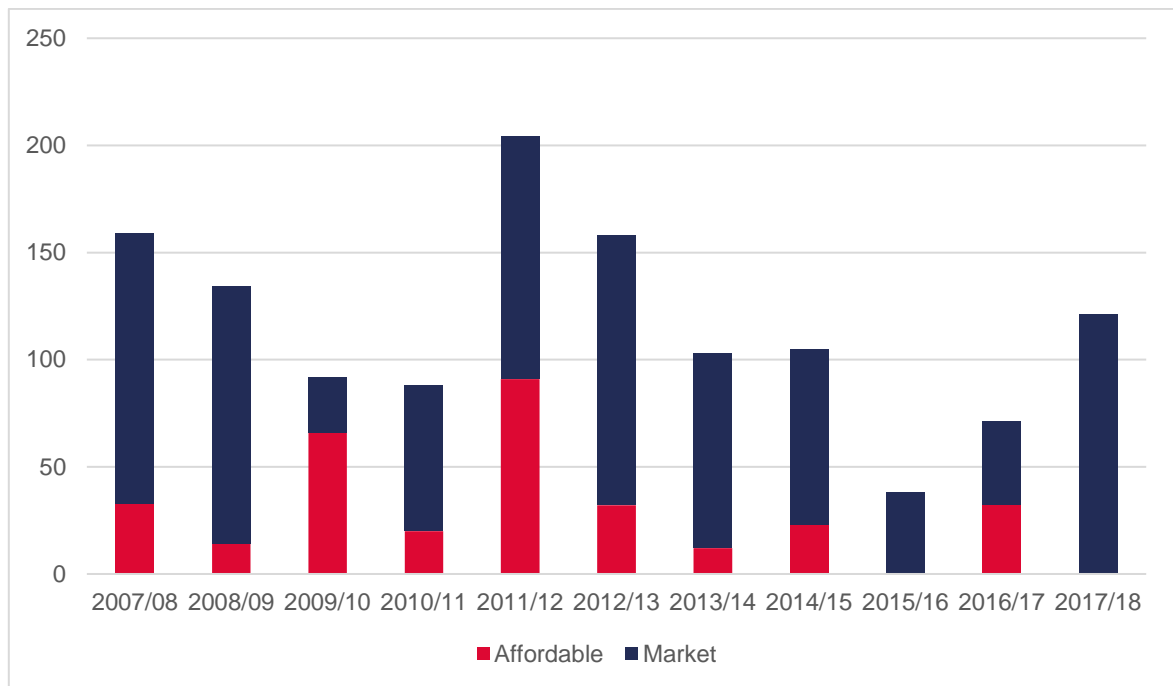


Source: Adur Annual Monitoring Report

- 3.22 Figure 3.3 above highlights that delivery has fluctuated for the majority of the last decade; however, since 2015/16 delivery of housing has increased year-on-year; although net delivery has not yet returned to the peak of 2011/12-2012/13. In 2011/12, housing completions reached 193 for the year; whilst only 31 homes were delivered in 2015/16. Low housing delivery in the initial years within the Plan period is a reflection of the complexities associated with delivery of housing at Shoreham Harbour; together with the lead-in time to bring forward the other strategic allocations in the Local Plan at New Monks Farm and West Sompting.
- 3.23 The Figure below sets out gross housing completions and affordable housing completions as a proportion of these. The number of affordable homes delivered each year in Adur District over the last decade average out at around 30 homes per annum; which represents around 20% of gross completions on average. Notably no affordable homes were delivered in 2015/16 and 2017/18. The delivery of the strategic sites should help support improved affordable housing delivery looking forwards.



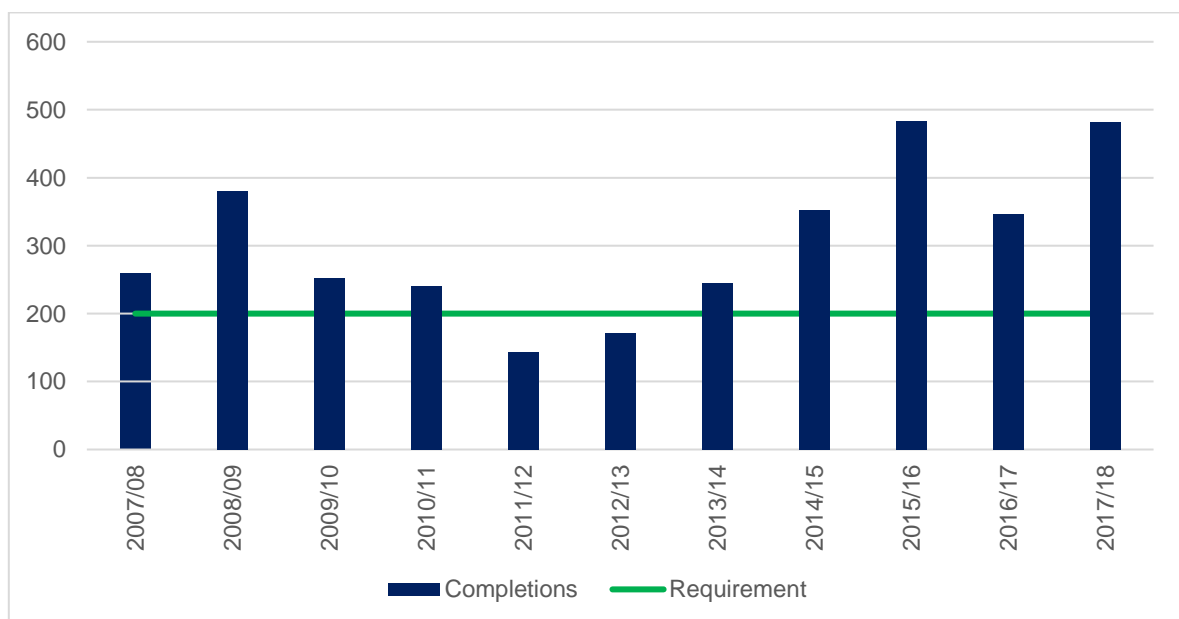
**Figure 3.4: Adur District - Gross Market & Affordable Completions**



Source: Adur Annual Monitoring Report

3.24 The Figure below sets out housing completions in Worthing Borough over the last decade set against the Core Strategy target of 200 homes per annum. The Figure highlights that delivery of housing fluctuated from 2007 to 2012; but has increased year-on-year since 2012, with the exception of 2016/2017. The recent increase in housing completions has been partly driven by delivery of the strategic allocation site at West Durrington.

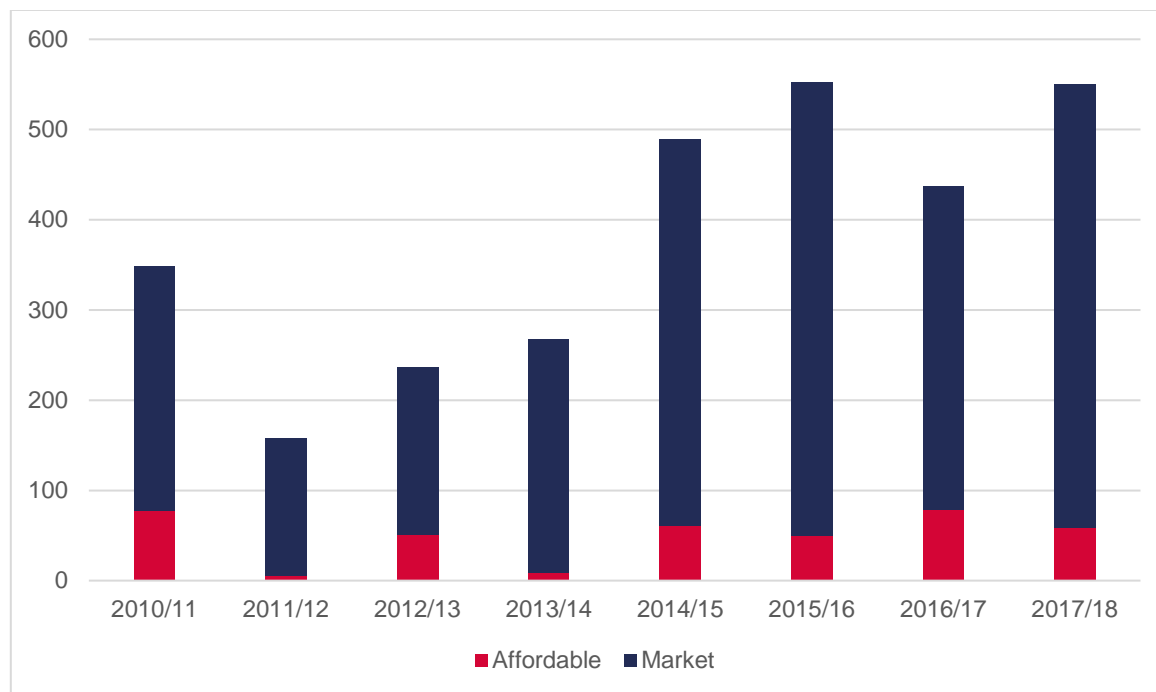
**Figure 3.5 Worthing District – Total Net Completions v. Target**



Source: Worthing Annual Monitoring Report

- 3.25 The Figure below shows the breakdown of completions by market and affordable homes looking back to 2010/11. The number delivered over this period averages out at around 49 affordable homes per annum with a height of 78 affordable homes in 2010/11 and 2016/17.

**Figure 3.6 Worthing District – Gross Market & Affordable Completions**



Source: Worthing Annual Monitoring Data

## House Prices

- 3.26 The median house price in Adur is £313,000, which is approximately 3% below the South East average, however, it is approximately 33% above the national average. In Worthing, the median house price is £295,000, approximately 9% below the median price for the South East but 26% above the median price for England and Wales.

**Table 3.7 House Price Benchmarks (Year to December 2018)**

Area	Median	Mean	Lower Quartile
Adur	£313 000	£335 988	£260 000
Worthing	£295 000	£310 213	£225 000
South East	£322 000	£381 746	£240 000
England and Wales	£235 000	£297 241	£153 000

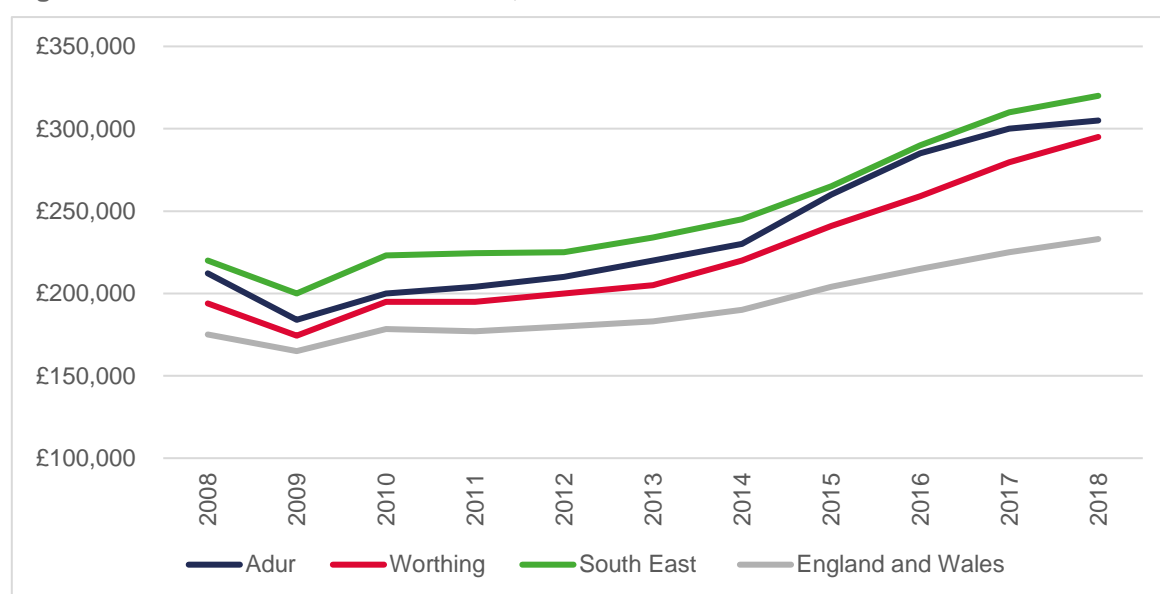
Source: ONS, House price statistics for small areas in England and Wales, year ending December 2018

- 3.27 The Figure below profiles the house price changes from 2008 to 2018. Notably, house price trends in the authority areas have closely followed the regional and national trend over this period; albeit at a lower level than the South East and higher level than England. As the Figure demonstrates, median

values rose sharply in Adur over the period 2014-16 in comparison to Worthing; but have since slowed, with Worthing continuing to rise steadily.

- 3.28 Between 2008 and 2018 median house prices in Adur rose from £212,125 to £305,000, an increase of £92,875 equal to 44%. This represented average house price growth of 4.4% per annum. In Worthing, median prices rose by £101,000 to £295,000 equal to 52% over the same period. This represented average house price growth of 4.3% per annum. The median house price across the South East rose by £100,000 equal to 45% and across England and Wales prices increased by £58,000 equal to 33%.

**Figure 3.7: Median House Price Trends, 2008-2018**



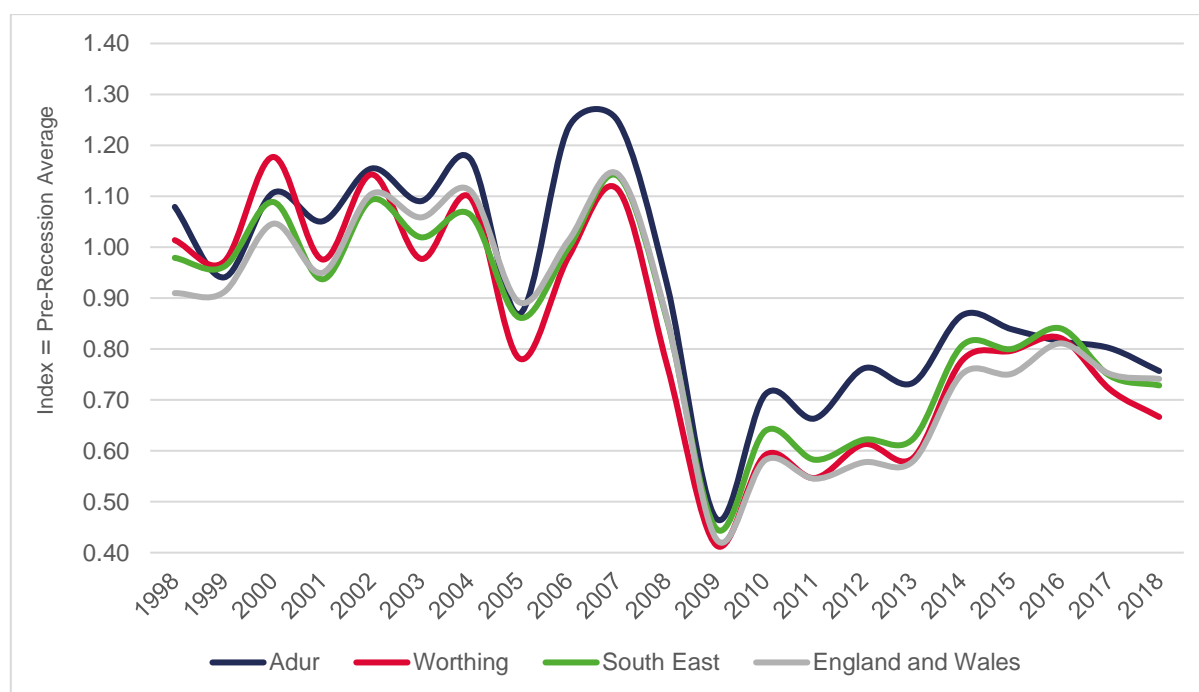
Source: ONS, House Price Statistics for Small Areas in England and Wales, Year Ending September 2018

- 3.29 It is clear that Adur and Worthing experienced a fall in median house prices between 2008 and 2009 reflecting the economic downturn. House price growth remained modest between 2010 and 2013, with levels of housing market activity subdued. However, with improving economic performance, increased access to mortgage finance and Government support (such as through the Help-to-Buy scheme) the market began to recover more strongly from 2013 onwards.
- 3.30 Since 2013, there has been a steady increase in house prices nationally. Between 2014 and 2015, median house prices in Adur District grew by 13%; however, whilst prices continued to rise between 2015 and 2018 this was at a lower rate. In Worthing Borough, there is a similar pattern with growth peaking between 2014 and 2015 (9%) and with prices continuing to rise but at a slower rate.
- 3.31 It needs to be borne in mind however that median house prices are influenced by the mix of properties sold. It is therefore instructive to assess house prices by profile of sales across the authority areas, which is assessed later in this section.

## Sales Trends

- 3.32 Icen have benchmarked sales performance against long-term trends to assess the relative demand for market homes for sale. The Figure below benchmarks annual sales over the period 1998-2018 against the pre-recession average<sup>9</sup> for both authorities and wider benchmarks. There is a relative similarity in trends across areas, reflecting the influence of macro-economic factors.
- 3.33 Sales volumes nationally experienced a significant drop between 2008-09 influenced by the credit crunch and subsequent housing market downturn. During 2009-2013 the recovery in sales volumes was very modest with housing market activity over this period significantly subdued (around 40% below the pre-recession trend). In Adur, sales recovered well between 2010-2014 in comparative terms.
- 3.34 Between 2013 and 2016 there was a gradual recovery in sales volumes influenced by a combination of increasing availability and choice of mortgages together with Government support through the Funding for Lending and Help-to-buy scheme; however since 2016 a decrease in sales can be witnessed. This is likely to reflect wider macro-economic uncertainty associated with Brexit.

**Figure 3.8: Indexed Analysis of Sales Trends, 1998-2018**



Source: ONS, House price statistics for small areas, 2018

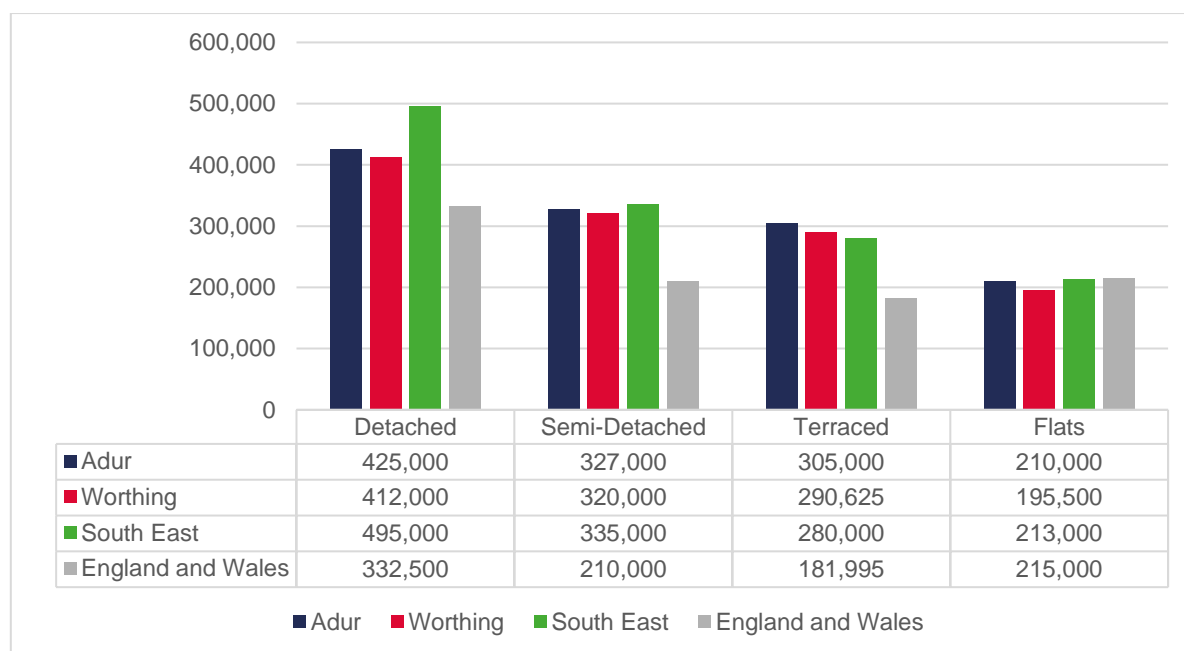
<sup>9</sup> The average annual sales over the pre-recession decade (1998-2008)

- 3.35 The market in Adur appears to have performed comparatively slightly better than in Worthing over recent years, with data for 2018 indicating sales volumes around 24% below the pre-recession average in Adur and a more substantial 33% below the pre-recession average in Worthing.

### House Price by Type

- 3.36 We have examined sales data by type of property for year ending December 2018. With the exception of flats, house prices in both Adur and Worthing are higher than the national averages for each type of property. Prices in Adur and Worthing are however consistently below the average for the South East, with the exception of terraced properties. House prices are generally higher in Adur than Worthing for all property types.

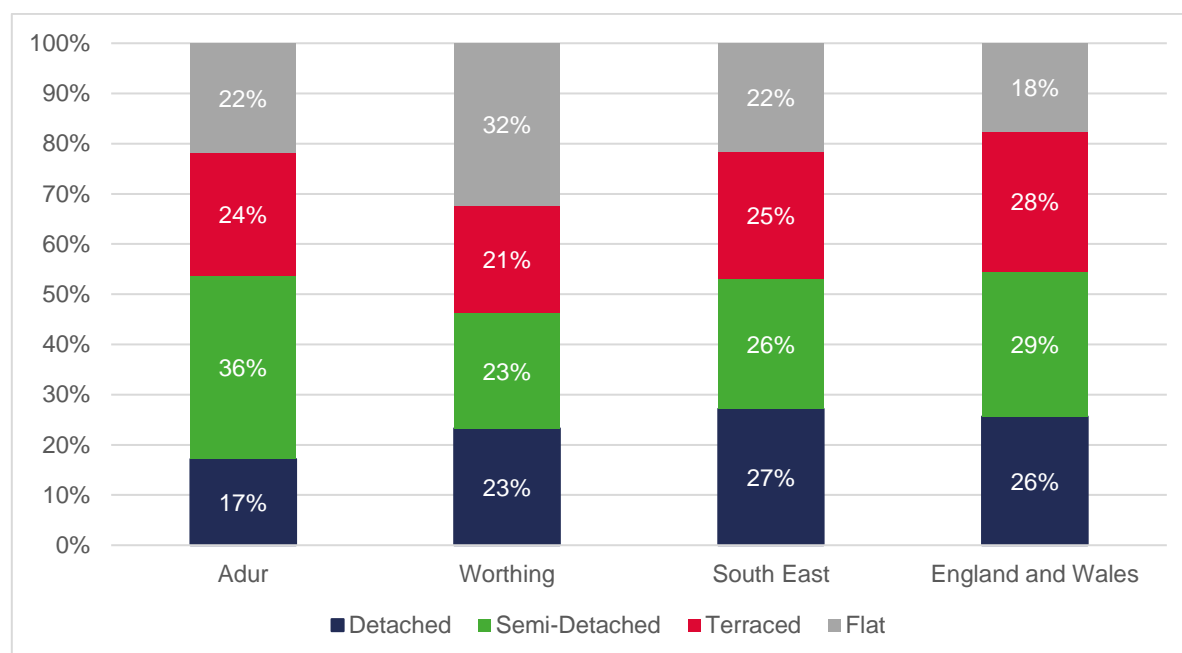
**Figure 3.9: Median House Prices by Type, 2018**



Source: ONS, House price statistics for small areas, 2018

- 3.37 Analysing the profile of sales in both Adur and Worthing, the Figure above shows that the proportions of housing types sold in Adur in 2018 were slightly different from the national and regional averages. In Adur, the proportion of flat and terraced sales were broadly consistent with the national and regional averages, however a significantly higher proportion of semi-detached properties were sold in the area, influenced by the dwelling stock profile.
- 3.38 In Worthing, there were a significantly higher proportion of flat sales than in Adur, the South East and England and Wales, again reflecting the stock profile of the area.

**Figure 3.10: Sales by Dwelling Type**



Source: ONS, House Price statistics for small areas, December 2018

## Rental Trends

- 3.39 The median rental values over the period from April 2018 to March 2019 in Adur average £850 and Worthing £775 per calendar month (PCM). Although this is slightly below the regional average for the South East at £875 PCM, this is notably above the national average of £695. This is shown in the Table below.

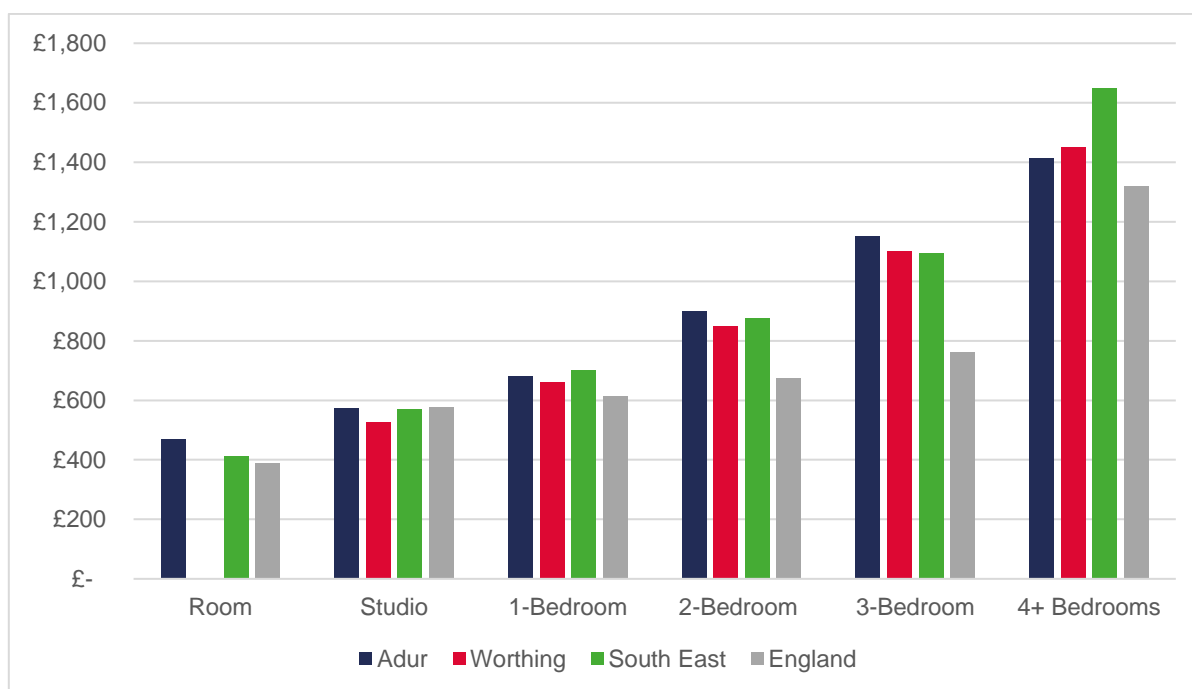
**Table 3.8 Median Rents, April 2018 to March 2019**

Area	Median Average Rent (PCM)
Adur	£850
Worthing	£775
South East	£875
England	£695

Source: VOA Private Rental Data Table 2.7

- 3.40 An analysis of median rents by number of bedrooms (see Figure 3.11) shows some variation in prices across each size of property. Rental prices in Adur are broadly consistent with the regional average for 1 and 2 bedroom properties, but significantly lower than the regional average of 4+ bedroom properties. In general, rental values in Worthing are lower than in Adur with the exception of 4+ bedroom properties.

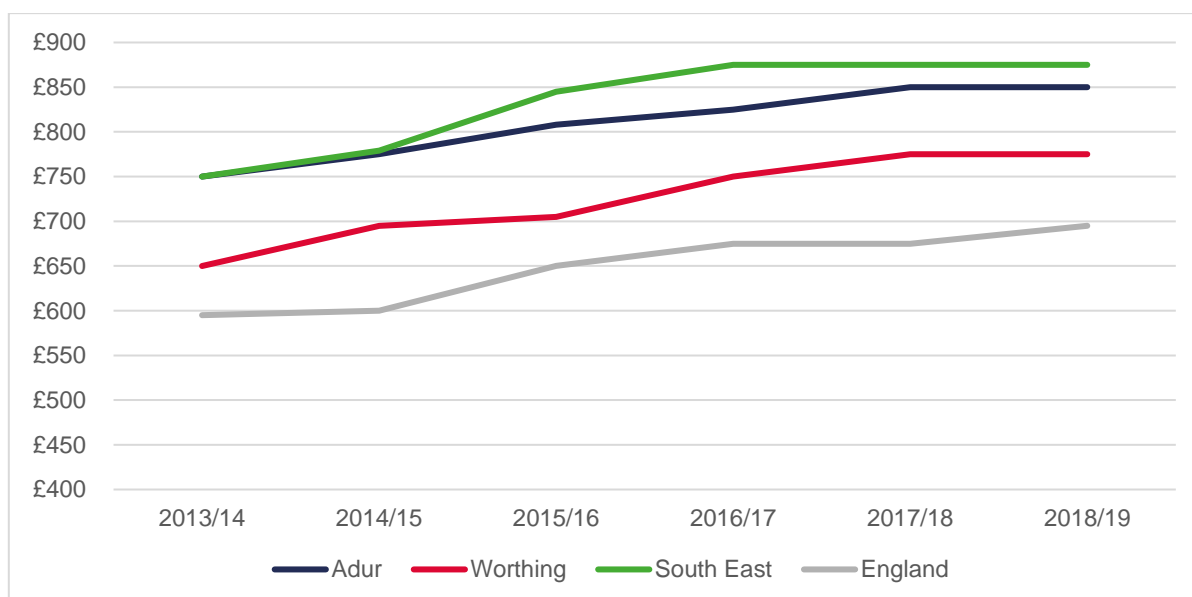
**Figure 3.11: Median Rental Values by Size, April 2018 to March 2019<sup>10</sup>**



Source: VOA Private Rental Data

- 3.41 The Figure below shows the trend in the median rental values recorded by the VOA. The Figure demonstrates the increase in rents in Adur and Worthing relative to wider comparators, with a similar trend evident, although with median rents consistently lower than the regional average.

**Figure 3.12: Increase in Private Rents, 2013/14 to 2018/19**



Source: VOA Private Rental Data

<sup>10</sup> Note that where statistics are derived from fewer than 5 observations, no data is shown (i.e. the room rate for Worthing).

- 3.42 In Adur and Worthing, rents for 3 bedroom properties saw strongest comparative rental growth between 2013/14 and 2018/19 (31% and 26% respectively). In Worthing, there were also relatively high increases in rental values at between 17% and 26% across all property sizes except for single rooms. Although rental prices in Adur also increased over this period, generally the proportional increase of these were lower than in Worthing, with the exception of 3-bedroom properties.

**Table 3.9 Rental Increase by Size, 2013/14 and 2018/19**

	Room	Studio	1 bed	2 bed	3 bed	4 bed
Adur	21%*	12%	18%	16%	31%	15%
Worthing	11%	18%	18%	17%	26%	21%
South East	6%	14%	12%	12%	18%	10%
England	12%	15%	17%	13%	13%	12%

\*this is a % increase between 2016/17 and 2018/19 as there was no data available beyond this date

Source: VOA Private Rental Data

### **Housing Affordability**

- 3.43 We have considered evidence relating to the affordability of market housing by looking specifically at the relationship between lower quartile and median house prices and incomes.
- 3.44 The Figure below shows that workplace-based housing affordability<sup>11</sup> (which compares house prices to earnings of people working locally) has worsened since 1998 within both Adur and Worthing. Overall, the trend of affordability follows the national and regional trends post 2005, albeit at a higher level in Adur.
- 3.45 Over the period since 1998 where median house prices were around 4 times median workplace-based earnings in Adur and Worthing – in line with the national average – the median affordability has worsened to the point where median house prices are almost 12 times workplace-based earnings in both areas. This means market housing for sale is unaffordable for many younger households.

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<sup>11</sup> Workplace affordability is the affordability of house prices set against workplace-based earnings (which refer to the earnings recorded for the area in which the employee works; rather than residence-based earnings which refer to the area in which the employee lives).



**Figure 3.13: Workplace-based Median Affordability Ratio, 1998-2018**



Source: ONS, Ratio of house price to workplace-based earnings (lower quartile and median) 1998-2018

- 3.46 The Table below presents the most recent median and lower quartile workplace-based affordability ratios as at the year ending September 2018. At this point, the median house price was a significant 11.90 times median earnings in Adur and 11.71 times median earnings in Worthing.
- 3.47 Lower quartile house prices in Adur were 13.41 times earnings compared to a ratio of 12.04 in Worthing and 10.81 across the South East. This points to significant barriers for households in both Adur and Worthing, and younger households in particular, being able to afford to own a home. The higher affordability ratios relative to the regional profile are a function in particular of an earnings profile skewed towards lower earnings.

**Table 3.14: Affordability Ratio 2018 (Workplace Based)**

Area	Lower Quartile Ratio	Median Ratio	Difference
Adur	13.41	11.90	1.51
Worthing	12.04	11.71	0.33
South East	10.81	10.38	0.43
England	7.29	8.0	-0.71

Source: ONS, 2019

### Housing Offer and Market Dynamics: Summary & Conclusions

At the point of the 2011 Census, the proportion of home ownership in Adur & Worthing was relatively high at 75% and 70% of all households respectively; when compared with the South East and England. Conversely, the proportion of private renters was notably low in Adur at 12% whilst markedly high at 20% in Worthing.

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The Adur housing market is principally characterised by semi detached properties with this type accounting for 38% of all households; whilst there is a predominance of flats in Worthing, with this type accounting for 34% of all households. There is a low proportion of detached properties in both areas, particularly in comparison to the South East. As a consequence, Adur and Worthing have a lower proportion of larger family sized housing including 4 or more bedroom properties than that seen regionally and nationally; which is not wholly unsurprising given the nature of land supply constraints in the authority areas.

In respect of delivery, in Adur completions have fluctuated for the majority of the last decade; however, since 2015/16 delivery of housing has increased year on year; although net delivery has not yet returned to the peak of 2011/12 2012/13 where completions reached a high of 193 for the year; whilst only 31 homes were delivered in 2015/16.

In Worthing, housing completions fluctuated from 2007/08 to 2012/13; but have increased year on year since 2012/13, with the expectation of 2016/2017. Over the previous three years, Worthing has completed just under 500 homes a year

Although house prices have continued to rise; with median house price reaching £305,000 in Adur and £295,000 in Worthing, the evidence suggests that recent market performance has been influenced by wider economic uncertainty, with total sales volumes falling overall since 2015.

Notably, entry level house prices are now 13.41 times lower quartile earnings in Adur and 12.04 in Worthing, pointing to significant barriers to younger households in being able to buy a home. Median affordability is 11.9 in Adur and 11.7 in Worthing.

The growth in rental values across all property sizes has been strong for both authority areas when set against the South East and England particularly for 3 and 4 bedroom homes. Median rental values in Adur are close to the South East average at £875 PCM whilst values are lower in Worthing at £775 PCM.

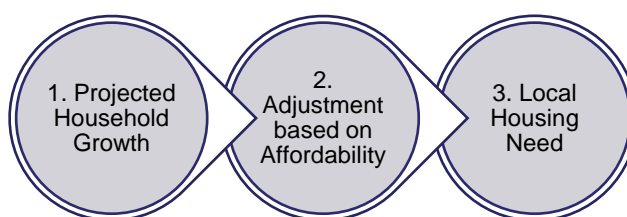
## 4. OVERALL HOUSING NEED

- 4.1 This section considers the level of local housing need for Adur District Council and Worthing Borough Council; having due regard to the (a) latest demographic evidence and (b) circumstances which could justify planning for a higher figure over and above the standard method. It then considers potential scenarios for demographic growth, considering (a) the standard method and (b) implications of the expected rate of housing delivery.

### Housing Need and the Standard Method

- 4.2 The starting point for this is the standard methodology for calculating housing need, which is clearly set out by Government in Planning Practice Guidance. The three-step process is set out in the Figure below and worked through in the following sub-sections.

**Figure 4.1** Overview of the Standard Method for Calculating Local Housing Need



### Step One: Setting the Baseline

- 4.3 The first step in considering housing need against the standard method is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten year period, with the current year being the first year i.e. 2019 to 2029.
- 4.4 This results in household growth of 309 per annum in Adur and 629 per annum in Worthing over the ten year period. This is shown in the Table below.

**Table 4.1** Adur and Worthing Household Growth, 2019 to 2029

	Adur Households	Worthing Households
Households in 2019	29,093	51,373
Households in 2029	32,181	57,659
Change (2019-2029)	3,088	6,286
Annual	309	629

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### Step Two: Affordability Adjustment

- 4.5 The second step of the standard method is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is for 2018-based and was published by ONS in March 2019.
- 4.6 The Government's Guidance states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:

$$\text{[Adjustment Factor} = ((\text{local affordability ratio} - 4)/4) \times 0.25]$$

- 4.7 Applying this calculation to household growth in Adur and Worthing (as shown in Table 4.1) results in a local housing need figure for 461 dwellings per annum in Adur and 932 per annum in Worthing, as is shown in the Table below.

**Table 4.2 Local Housing Need, 2019-2029 – Affordability Adjustment**

	Adur Households	Worthing Households
2014-based Household Growth	309	629
Median Affordability Ratio, 2018	11.9	11.7
Adjustment	49%	48%
Stage 2 Local Housing Need	461	932

### Step Three: The Cap

- 4.8 The third and final step of the standard method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:
- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan.
  - The second situation is where plans and evidence are more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

- 4.9 In the case of Adur, the first situation is relevant given the housing requirement in the most recent Local Plan<sup>12</sup> is less than five years old. However, in the case of Worthing, the second situation applies. The impact of the cap is shown in the Table below for both authorities.

**Table 4.3 Local Housing Need – Capping the Increase**

	Adur Households	Worthing Households
Date of Plan Adoption	14.12.2017 <sup>13</sup>	12.04.2011
Plan Housing Requirement	177	200
Cap at 40% above Household Growth	432	880
Cap at 40% above Housing Requirement	248	280
<b>Minimum Local Housing Need:</b>	<b>248</b>	<b>880</b>

- 4.10 As is shown between Table 4.2 and Table 4.3, the cap is less the local housing need figure established under step two for both authorities. As a result, as is set out in Table 4.3, using the standard method:

- the **minimum** local housing need figure in Adur District is 248 dwellings per annum; and
- the **minimum** local housing need figure in Worthing Borough is 880 dwellings per annum.

- 4.11 However the Planning Practice Guidance is clear that “the cap reduces the minimum number generated by the standard method, but does not reduce housing need itself.”<sup>14</sup> The unconstrained housing need in Adur is thus the uncapped need figure of 461 dpa (as set out in Table 4.2).

### Planning for a Higher Figure

- 4.12 The PPG sets out that the standard method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. The Guidance<sup>15</sup> states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. It outlines the circumstances where this may be appropriate, which include:

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<sup>13</sup> Adur Local Plan (December 2017)

<sup>14</sup> Reference ID: 2a-007-20190220

<sup>15</sup> Paragraph: 010 Reference ID: 2a-010-20190220

- 
- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals, City Growth Deals, etc.); or
  - Where strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or
  - An authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.

4.13 The first two bullet points can be addressed relatively easily in that there are no relevant Housing Deals, City Growth Deals or any similar funding-led growth policies in place to facilitate additional growth in Adur & Worthing; and similarly, there are no particular relevant strategic infrastructure improvements which are likely to drive an increase in the number of homes needed locally.

4.14 In respect of the third bullet point with regards to unmet need arising from neighbouring authorities, it is appropriate to acknowledge at this stage that neither Adur nor Worthing is likely to meet its local housing need in full. The District and Borough sit between the sea and the South Downs National Park and are already principally built-up areas. Some surrounding authorities, notably Brighton & Hove, are similarly constrained.

4.15 On this basis, it is considered that there are no circumstances at this present time which would justify an upward adjustment to the standard method figures having regard to issues around growth, strategic infrastructure and unmet housing need from other authorities.

### **The Demographic Implications of the Demographic-led & Dwelling-led Scenarios**

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4.16 This report has calculated that the standard method would result in a need for 248 dwellings per annum in Adur and 880 dwellings per annum in Worthing. These calculations are based on projected household growth over the period from 2019-29 using the 2014-based Household Projections plus an affordability adjustment.

4.17 However, if homes are to be occupied, the affordability adjustment must support additional migration and/or household formation. Bespoke demographic projections have therefore been developed which increases migration and the formation of younger households such that there is sufficient population for the standard method. This will be referred to as the demographic-led scenario for both authorities.

4.18 Separately, Iceni consider that it would not be appropriate to consider future demographic changes on the basis of the standard method alone, as taking account of land supply constraints in both authority areas, there is little prospect that the local housing need will be met in full. The effect of this will be to constrain migration to the area, and potentially household formation. It would be sensible therefore to address the demographic changes resulting from the likely scale of housing development envisaged.

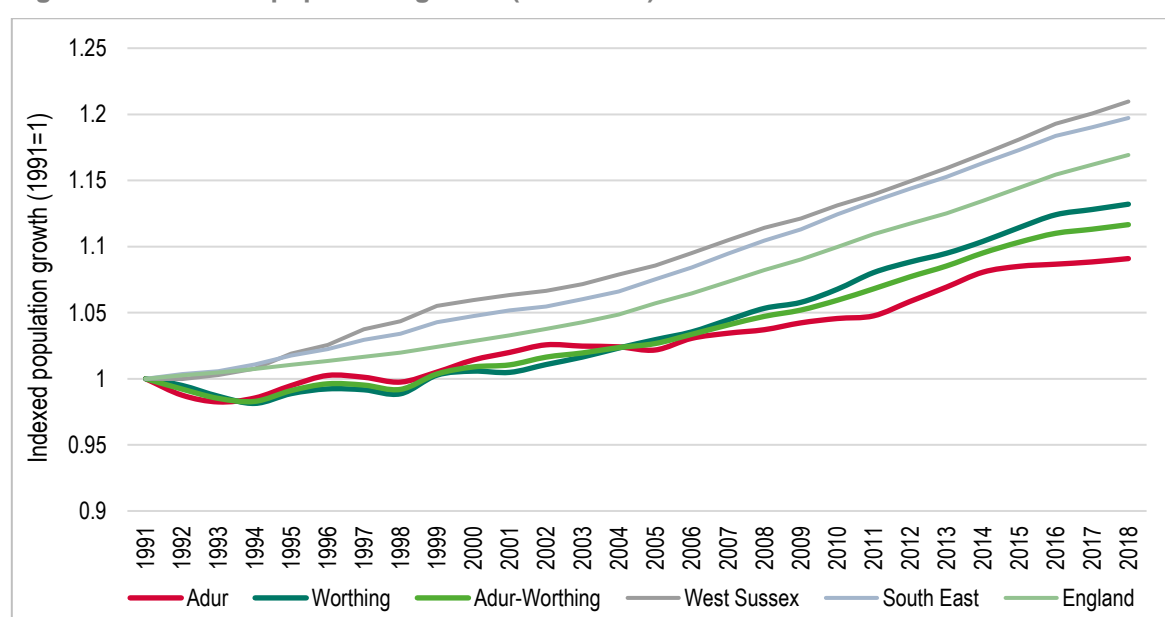
This will provide a more realistic assessment; and will be referred to as the dwelling-led scenario for both authorities.

- 4.19 The dwelling-led scenario reflects assumptions on the future delivery of dwellings in each respective authority area; and shows the future change in population, households and labour force that would result from that level of dwelling provision.
- 4.20 In order to project a dwelling-led scenario, we have taken the Adur Local Plan adopted delivery figure of **177 homes per annum** for Adur District; and the average delivery drawn from the Worthing Housing Trajectory set out in the emerging Worthing Local Plan of **246 homes per annum**. This scenario feeds into our analysis on housing mix and older persons' needs.
- 4.21 We provide below a brief description of some of the latest demographic information from ONS around population and household growth and then bring this information together to construct a demographic projection which seeks to establish how the population can be expected to change and the changes in household structures arising from delivery of the different local housing need figure for the two local authorities.

#### Past Population Growth

- 4.22 The figure below considers population growth in the period from 1991 to 2018. The analysis shows that generally over this period the population growth in Adur and Worthing has been relatively low. In 2018, it is estimated that the population had grown by 12% from 1991 levels; this is in contrast with a 17% increase nationally.

Figure 4.2: Indexed population growth (1991-2018)



Source: ONS (mid-year population estimates)

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### Components of Population Change

- 4.23 The tables in Appendix A1 consider the drivers of population change 2001 to 2018. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated.
- 4.24 The data shows that population growth is largely driven by net in-migration – particularly internal migration – i.e. people moving to the two local authorities from other parts of the United Kingdom; although, there is also a more modest level of international migration. The analysis also shows a negative level of natural change (births minus deaths) throughout the period; this will be linked to the generally older population structure in the study area.
- 4.25 Across both Adur and Worthing, the level of UPC is a small positive number (averaging 53 per annum over the 2001-11 period). For Adur, the portion of this average is actually negative (-50 people per annum average) whilst Worthing shows a higher positive number (103 per annum). Across both authority areas, this suggests that ONS may have underestimated population growth within population estimates (and this was corrected once Census data had been published). The UPC overall is however minor and ONS has since made improvements to how it estimates migration.

### 2016-based Subnational Population Projections (SNPP)

- 4.26 The latest, 2016-based, set of subnational population projections (SNPP) were published by ONS in May 2018 (replacing the 2014-based release which feed into the household projections used in the standard method). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2016-based national population projections.
- 4.27 The projections 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 table below shows projected population growth from 2019 to 2036 in a range of areas.

**Table 4.4 Projected Population Growth (2019-2036) – 2016-based SNPP**

	2019	2036	Change	% change
Adur	65,088	72,757	7,669	11.8%
Worthing	111,800	126,059	14,259	12.8%
Adur & Worthing	176,888	198,816	21,928	12.4%
West Sussex	867,419	967,632	100,213	11.6%
South East	9,214,268	10,043,712	829,444	9.0%
England	56,357,458	60,905,483	4,548,025	8.1%

Source: ONS



- 4.28 The table below compares the 2016-based SNPP with the previous release (2014-based). This shows that there is some difference in the projected level of growth in the 2019-36 period, the previous projections showing a population growth figure of 25,200, compared with 21,900 in the more recent release – both areas have a lower projected level of population growth in the 2016-based projections.

**Table 4.5 Projected Population Growth (2019-2036) – Adur**

	2019	2036	Change	% change
2014-based	65,793	74,796	9,003	13.7%
2016-based	65,088	72,757	7,669	11.8%

Source: ONS

**Table 4.6 Projected Population Growth (2019-2036) – Worthing**

	2019	2036	Change	% change
2014-based	111,468	127,635	16,167	14.5%
2016-based	111,800	126,059	14,259	12.8%

Source: ONS

**Table 4.7 Projected Population Growth (2019-2036) – Adur-Worthing**

	2019	2036	Change	% change
2014-based	177,261	202,431	25,170	14.2%
2016-based	176,888	198,816	21,928	12.4%

Source: ONS

- 4.29 The comparison between 2014- and 2016-based projections is important as the 2014-based figures drive the standard method and yet the 2016-based data is more up-to-date and the population projections are based on the same broad methodology.
- 4.30 However, between the two sets of projections, ONS has changed some of the underlying assumptions at a national level that then feeds through into local projections. Nationally the 2016-based data projects a notably lower population growth than in the previous (2014-based) set, with the UK population projected to be 2 million fewer in mid-2041. This is driven by lower assumptions about future birth rates and international migration, and an assumption of a slower rate of increase in life expectancy. The key differences are:
- ONS' long-term international migration assumptions have been revised downwards to 165,000 p.a. (beyond mid 2022) compared to 185,000 in the 2014-based Projections. This is based on a 25-year average;
  - The latest (2016-based) projections assume that women will have fewer children, with the average number of children per woman expected to be 1.84 compared to 1.89 in the 2014-based Projections; and

- 
- ONS is no longer assuming a faster rate of increase in life expectancy of those borne between 1923 – 1938, based essentially on more recent evidence. Life expectancy still increases, just not as fast as previously projected.

4.31 If looking at the detailed components of population change it can be seen that net migration in the base period feeding into the 2016-SNPP (the 2011-16 period for internal migration and 2010-16 for international migration) is quite similar to that which would have fed into the 2014-SNPP. The lower level of population growth will therefore be driven by changes made to fertility and mortality assumptions, as well as the slightly lower assumptions about international migration.

#### **Household Representative Rates (Household Formation)**

4.32 The household projections are derived by applying age and sex specific household representative rates (HRR) to the population projections. HRRs 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)).

4.33 The latest HRRs are as contained in the ONS 2016-based subnational household projections (SNHP) – these were published in September 2018. It would be fair to say that the 2016-based SNHP have come under some criticism, particularly they are based only on data in the 2001-11 Census period, a period in which the affordability of housing deteriorated and there was a period of constrained credit availability and housing market activity. The 2016-based SNHP arguably build in the suppression of household formation experienced in that time. The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and are therefore subject to a much narrower error margin.

4.34 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government to link the standard method to the 2014-based version, it is considered prudent to look at both the 2016- and 2014-based figures. Additionally, consideration is given to an older (2008-based) SNHP as these may reflect projections developed using data that contains less constraint in the formation of younger households.

4.35 The figures in Appendix A2 compare HRRs in the 2008-, 2014- and 2016-based SNHP. The figures are essentially the proportion of a particular age group that is considered to be the 'head of household' (HRP as described above). The analysis shows that for many age groups the projections are really quite different. When looking at some of the younger age groups (25-34 and 35-44) it is notable that the HRRs in the 2014-based projections are somewhat higher than the 2016-based version, with 2008-based figures being higher again. This does suggest that there may be some degree of suppression being built into the 2016-based projections, or certainly not a positive improvement in the formation rates of younger people. This supports the use of the 2014-based Household Projections in the standard method, and the HFRs within these within our calculations.

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### Demographic Projections linked to the Standard Method

- 4.36 Earlier in this report, we calculated that the standard method would result in a need for 248 dwellings per annum looking from 2019 forwards in Adur and 880 dpa in Worthing. These are based on projected household growth plus an affordability adjustment. But if homes are to be occupied, the affordability adjustment must support additional migration and/or household formation. Bespoke demographic projections have therefore been developed which increases migration and the formation of younger households such that there is sufficient population for this level of housing growth. In addition, modelling has been developed (using the same methodology) to align to lower levels of housing delivery (i.e. the dwelling-led scenario of 177 dpa in Adur and 246 dpa in Worthing) reflecting the constrained land supply in the area.
- 4.37 Within the modelling, migration assumptions have been changed so that the increase in households matches assumed housing delivery (also assuming 3% vacancy allowance, which is fairly standard for assessments of this nature). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2016-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).
- 4.38 For the standard method scenario, the modelling assumes improvements in household formation amongst younger households result from the affordability adjustment, using a 'part-return-to-trend' methodology. In this the rate of household formation for younger age groups (25-34 and 35-44) sits somewhere between figures in the 2014-based projections and those in the older 2008-based version. This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). This approach has been used to reflect the fact that the Standard Method is in part designed to see an increase in new household formation (see PPG 2a-009). This improvement is not considered realistic in the dwelling-led scenario where supply is constrained; and therefore in this scenario the unadjusted household formation assumptions from the 2014-based Household Projections are used.
- 4.39 In summary, to develop a demographic-led projection and a dwelling-led projection, the following key assumptions have been used:
- Population data for mid-2018 to provide a revised 2018 base. 2016-based SNPP as the base for population dynamics (including birth/death schedules and age/sex profile of migration);
  - Rolled forward 2018-2019 on the basis of projected population growth in the 2016-based SNPP;
  - Converting population into households by using the 2014-based SNHP HRRs. In the standard method scenario this includes a part return to trend adjustment for the 25-34 and 35-44 age groups (LPEG adjustment) with improvements assumed to start post-2019; and

- Convert households into dwellings with a standard 3% vacancy allowance.

- 4.40 Firstly, in developing a 'Standard Method' projection, a notably higher level of population growth is derived when compared with the 2016-based SNPP. The age structure of the projections is also slightly different, with the projection linked to the standard method showing stronger growth in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children). For the projections linked to potential delivery, the opposite patterns are true, with lower population growth and lower increases for younger age groups.
- 4.41 The table below shows how the age structure of the population is expected to change in Adur with delivery of 4,216 dwellings over the 17 years to 2036 (based on 248 dpa).
- 4.42 The population is projected to grow by 18.5% over the 17 year period. Population growth is projected across a range of age groups (although some age groups are projected to decline in number), but with the strongest growth overall expected in those aged over 65 linked to changes in the population age structure and improving longevity.

**Table 4.8 Population Change 2019 to 2036 by five-year age bands – Adur (linked to standard method)**

	2019	2036	Change	% change from 2019
Under 5	3,545	3,525	-20	-0.6%
5-9	4,019	3,710	-309	-7.7%
10-14	3,645	3,823	178	4.9%
15-19	3,097	3,644	547	17.7%
20-24	2,744	2,946	201	7.3%
25-29	3,088	3,284	196	6.3%
30-34	3,513	3,301	-212	-6.0%
35-39	3,897	3,815	-82	-2.1%
40-44	4,138	4,247	109	2.6%
45-49	4,628	4,410	-218	-4.7%
50-54	4,742	4,403	-339	-7.2%
55-59	4,387	4,416	29	0.7%
60-64	3,846	4,560	714	18.6%
65-69	3,681	4,963	1,282	34.8%
70-74	4,078	4,661	583	14.3%
75-79	2,935	3,787	852	29.0%
80-84	2,259	2,858	599	26.5%
85+	2,121	3,511	1,390	65.6%
Total	64,366	69,866	5,500	8.5%

Source: Demographic Projections

4.43 The table below shows how the age structure of the population is expected to change in Worthing with delivery of 14,960 dwellings over the 17 year period to 2036 (based on 880 dpa).

4.44 The population is projected to grow by 21% over the 17 year period. The strongest population growth overall expected in those aged over 65 and particularly those aged 75 and over; which is also linked to changes in the population age structure and improving longevity.

**Table 4.9 Population change 2019 to 2036 by five-year age bands – Worthing (linked to standard method)**

	2019	2036	Change	% change from 2019
Under 5	5,805	6,344	539	9.3%
5-9	6,428	6,486	58	0.9%
10-14	6,300	6,501	201	3.2%
15-19	5,402	6,402	1,000	18.5%
20-24	4,932	5,967	1,034	21.0%
25-29	5,781	7,024	1,244	21.5%
30-34	6,457	6,750	293	4.5%
35-39	7,127	7,491	363	5.1%
40-44	7,053	8,094	1,041	14.8%
45-49	7,937	8,501	564	7.1%
50-54	8,410	8,466	55	0.7%
55-59	7,689	8,391	703	9.1%
60-64	6,548	8,472	1,924	29.4%
65-69	6,005	9,303	3,299	54.9%
70-74	6,711	9,159	2,448	36.5%
75-79	4,633	7,461	2,828	61.1%
80-84	3,653	5,667	2,013	55.1%
85+	4,107	7,814	3,707	90.3%
Total	110,977	134,293	23,316	21.0%

Source: Demographic Projections

4.45 Turning to the implications of the dwelling-led scenario, the Table below shows that there would be notably low population growth in Adur District based on the delivery of 3,009 dwellings over the next 17 years to 2036; with population growth of only 4.7%. There would be a decline in the population of a range of age groups; with the growth being focussed on those aged 65 and over.

**Table 4.10 Population change 2019 to 2036 by five-year age bands – Adur (linked to delivery of 177 dwellings per annum)**

	2019	2036	Change	% change from 2019
Under 5	3,545	3,317	-228	-6.4%
5-9	4,019	3,528	-491	-12.2%
10-14	3,645	3,682	37	1.0%
15-19	3,097	3,532	434	14.0%
20-24	2,744	2,799	54	2.0%
25-29	3,088	3,089	1	0.0%
30-34	3,513	3,090	-423	-12.0%
35-39	3,897	3,595	-302	-7.8%
40-44	4,138	4,042	-97	-2.3%
45-49	4,628	4,242	-386	-8.3%
50-54	4,742	4,274	-469	-9.9%
55-59	4,387	4,308	-79	-1.8%
60-64	3,846	4,462	616	16.0%
65-69	3,681	4,866	1,185	32.2%
70-74	4,078	4,577	499	12.2%
75-79	2,935	3,729	794	27.1%
80-84	2,259	2,819	560	24.8%
85+	2,121	3,454	1,334	62.9%
Total	64,366	67,404	3,039	4.7%

Source: Demographic Projections

- 4.46 On the basis of the dwelling-led scenario in Worthing (i.e. the delivery of 4,131 dwellings), the Table below shows that there would be marginal overall population growth over the next 17 years to 2036. This is driven by a notable decline of 10,800 persons who are under 60 years of age; set against population growth of 11,700 persons aged 60 or over.

**Table 4.11 Population change 2019 to 2036 by five-year age bands – Worthing (linked to delivery of 246 dwellings per annum)**

	2019	2036	Change	% change from 2019
Under 5	5,805	4,588	-1,216	-21.0%
5-9	6,428	4,972	-1,456	-22.6%
10-14	6,300	5,376	-924	-14.7%
15-19	5,402	5,542	139	2.6%
20-24	4,932	4,696	-237	-4.8%
25-29	5,781	5,208	-573	-9.9%
30-34	6,457	4,723	-1,734	-26.9%
35-39	7,127	5,421	-1,706	-23.9%
40-44	7,053	6,264	-789	-11.2%
45-49	7,937	7,002	-934	-11.8%
50-54	8,410	7,294	-1,116	-13.3%
55-59	7,689	7,411	-278	-3.6%
60-64	6,548	7,547	1,000	15.3%
65-69	6,005	8,345	2,340	39.0%
70-74	6,711	8,280	1,569	23.4%
75-79	4,633	6,816	2,183	47.1%
80-84	3,653	5,217	1,564	42.8%
85+	4,107	7,122	3,015	73.4%
Total	110,977	111,824	848	0.8%

Source: Demographic Projections

- 4.47 The table below shows how the profile of different types of household is projected to change in Adur linked to the standard method. The strongest growth is projected in couples aged 65 and over. However, the number of family households with one dependent child; single households, 'other' households and households which include other adults (such as those including adult children) are projected to grow.

**Table 4.12 Projected change in household types (2019-36) – Adur (linked to standard method)**

	2019	2036	Change in house holds	% change
One-person household (aged 65 and over)	4,545	5,446	901	19.8%
One-person household (aged under 65)	4,220	4,806	587	13.9%
Couple (aged 65 and over)	4,026	5,375	1,349	33.5%
Couple (aged under 65)	3,617	2,948	-668	-18.5%
A couple and one or more other adults: No dependent children	2,259	2,626	368	16.3%
Households with one dependent child	4,011	5,062	1,051	26.2%
Households with two dependent children	3,203	3,378	174	5.4%
Households with three dependent children	878	713	-164	-18.7%
Other households	1,795	2,290	495	27.6%
<b>Total</b>	28,553	32,646	4,093	14.3%
Total households with dependent children	8,091	9,153	1,061	13.1%

Source: Demographic Projections

- 4.48 The table below shows how the profile of different types of household is projected to change in Worthing linked to the standard method. The strongest growth is projected in couples aged 65 and over; with growth of 60.5% expected for this household type. There is also strong growth expected in single households aged 65 and over; as well as couples without dependent children and other households.

**Table 4.13 Projected change in household types (2019-36) – Worthing (linked to standard method)**

	2019	2036	Change in house holds	% change
One-person household (aged 65 and over)	8,077	11,758	3,682	45.6%
One-person household (aged under 65)	10,321	13,109	2,788	27.0%
Couple (aged 65 and over)	6,392	10,259	3,867	60.5%
Couple (aged under 65)	6,403	5,559	-844	-13.2%
A couple and one or more other adults: No dependent children	3,385	4,787	1,402	41.4%
Households with one dependent child	6,203	7,683	1,480	23.9%
Households with two dependent children	5,150	5,783	633	12.3%
Households with three dependent children	1,714	1,669	-46	-2.7%
Other households	3,314	4,876	1,562	47.1%
<b>Total</b>	50,959	65,483	14,524	28.5%
Total households with dependent children	13,068	15,135	2,067	15.8%

Source: Demographic Projections



- 4.49 Turning to the projections linked to the dwelling-led scenario in Adur, the Table below shows a lower level of growth for family households in comparison to the standard method linked projection; with the strongest growth seen in households with couples aged 65 and over. There would also be growth in family households with one dependent child and other households.

**Table 4.14 Projected change in household types (2019-36) – Adur (linked to 177 dpa)**

	2019	2036	Change in house holds	% change
One-person household (aged 65 and over)	4,545	5,353	808	17.8%
One-person household (aged under 65)	4,220	4,595	375	8.9%
Couple (aged 65 and over)	4,026	5,287	1,261	31.3%
Couple (aged under 65)	3,617	2,802	-815	-22.5%
A couple and one or more other adults: No dependent children	2,259	2,545	286	12.7%
Households with one dependent child	4,011	4,801	791	19.7%
Households with two dependent children	3,203	3,198	-5	-0.2%
Households with three dependent children	878	673	-204	-23.3%
Other households	1,795	2,220	425	23.7%
<b>Total</b>	28,553	31,474	2,921	10.2%
Total households with dependent children	8,091	8,673	582	7.2%

Source: Demographic Projections

- 4.50 In respect of Worthing, the Table below shows how the profile with change linked to the dwelling-led scenario. The strongest growth in households continues to be couples aged 65 and over; as well as single person households aged 65 and over. There is projected to be a decline in the number of family households; as well as couples aged under 65 years old.

**Table 4.15 Projected change in household types (2019-36) – Worthing (linked to 246 dpa)**

	2019	2036	Change in house holds	% change
One-person household (aged 65 and over)	8,077	10,626	2,549	31.6%
One-person household (aged under 65)	10,321	10,484	163	1.6%
Couple (aged 65 and over)	6,392	9,294	2,902	45.4%
Couple (aged under 65)	6,403	4,524	-1,879	-29.3%
A couple and one or more other adults: No dependent children	3,385	4,149	764	22.6%
Households with one dependent child	6,203	6,028	-175	-2.8%
Households with two dependent children	5,150	4,482	-668	-13.0%
Households with three dependent children	1,714	1,294	-420	-24.5%
Other households	3,314	4,138	824	24.9%
<b>Total</b>	50,959	55,019	4,060	8.0%
Total households with dependent children	13,068	11,804	-1,264	-9.7%

Source: Demographic Projections

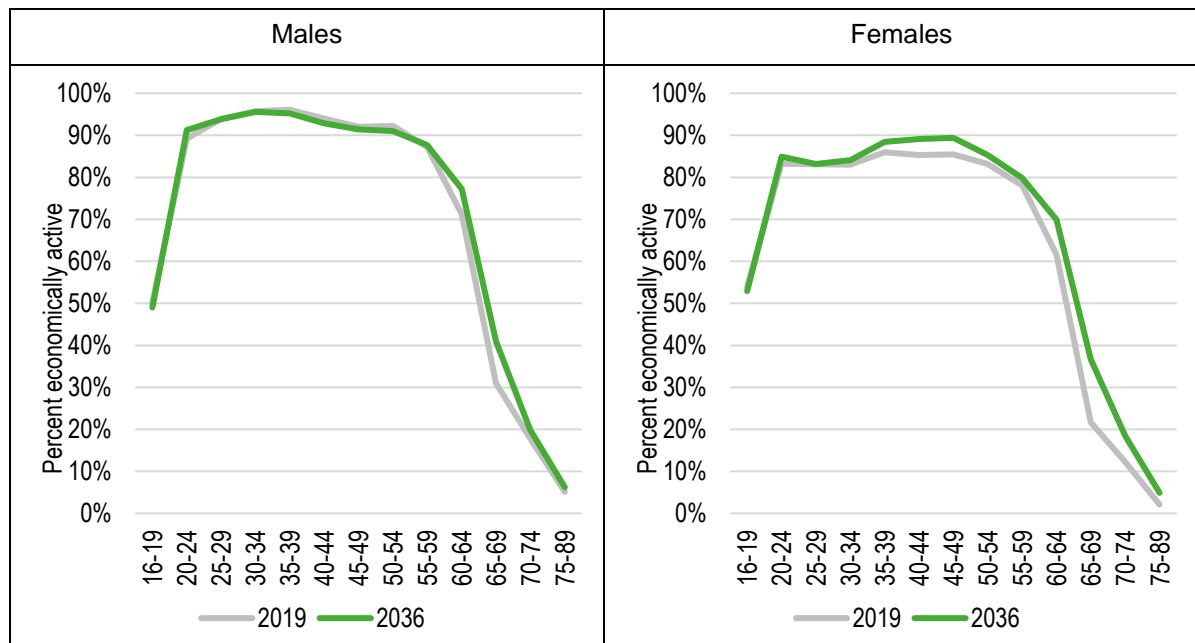
### Expected Workforce Growth

- 4.51 A further output of the demographic projections developed is an assessment of the growth in resident workforce which might be supported by the local housing need, and what this means for potential total labour supply (taking account of commuting and double jobbing).

### Growth in Resident Labour-Supply

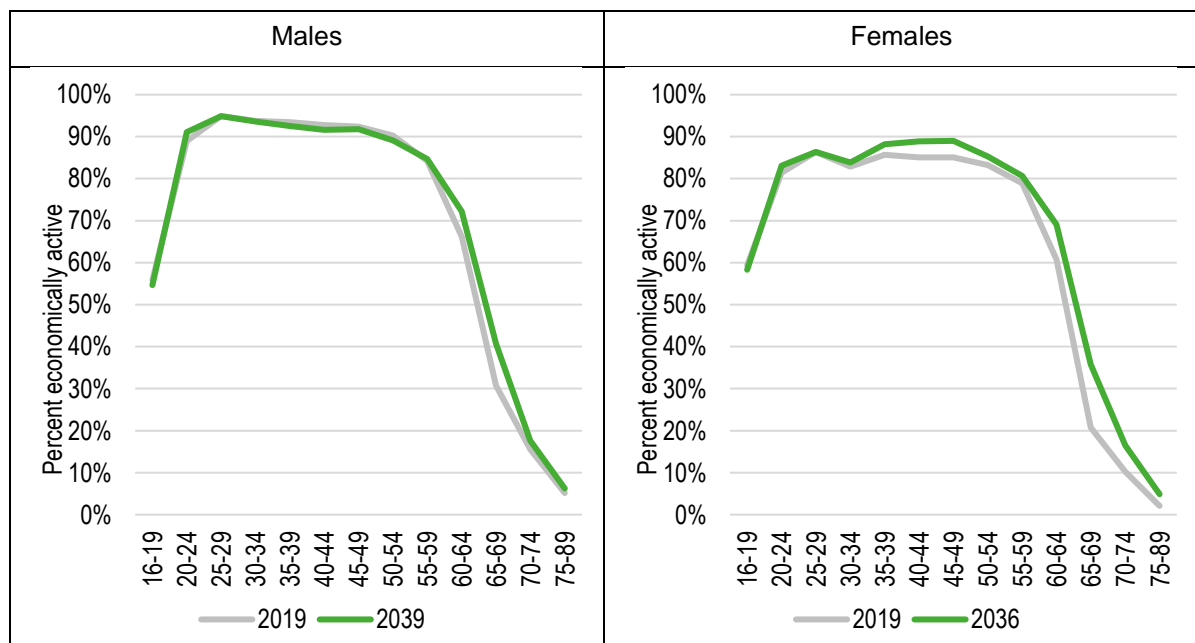
- 4.52 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active. Data on economic activity rates has been drawn in this instance from the Office for Budget Responsibility (OBR) July 2018 Fiscal Sustainability Report. This is a standard approach for estimating changes in labour supply.
- 4.53 The charts below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups linked in particular to changes to pensionable age. The OBR activity rate projections take account of broader trends in the number of older people working for longer (which in itself is linked to improved health and longevity, pension age changes and general reductions in pension provision).

**Figure 4.3: Projected Changes to Economic Activity Rates (2019 and 2036) – Adur**



Source: OBR and Census 2011

**Figure 4.4: Projected Changes to Economic Activity Rates (2019 and 2036) – Worthing**



Source: OBR and Census 2011

- 4.54 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in each area and under each scenario – see table below. The analysis shows that there would be a notable increase in the economically active population when linking to the standard method (i.e. demographic-led scenario), but much lower increases (negative for Worthing) with the dwelling-led scenario.
- 4.55 This is driven by the fact that migration within the projections is heavily concentrated in younger age groups (particularly those of working age and their associated children). This means when migration

is constrained (e.g. due to modelling a lower level of housing delivery through the dwelling-led scenario) that the projected number of family households will also be constrained. Projected numbers of older persons are less affected as this population is less migratory.

**Table 4.16 Estimated Changed to Economically Active Population (2019-39)**

	Economically active (2019)	Economically active (2036)	Total change in economically active
Adur – 177 dpa	32,957	34,093	1,137
Adur – 248 dpa	32,957	35,507	2,551
Worthing – 246 dpa	57,660	55,655	-2,005
Worthing – 880 dpa	57,660	68,533	10,874

Source: Derived from demographic projections

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

- 4.56 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:
- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
  - Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
  - Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).
- 4.57 To provide estimates of the number of jobs supported, we have taken a 2011 Census commuting ratio; made an allowance for double jobbing based on Annual Population Survey data averaged over the period 2004-17.
- 4.58 On the basis of current conditions of almost full employment, we have not assumed any reductions in unemployment. For the purposes of this assessment it has been assumed that around 5.5% of people will have more than one job moving forward in Adur and 4.4% in Worthing.
- 4.59 Adur has a commuting ratio of 1.32 meaning that the number of working residents in the area is around 32% higher than the total number who work in the area (i.e. the resident population is larger than the workplace population); for Worthing this ratio is 1.02. We assume that this commuting ratio remains constant for modelling purposes.

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- 4.60 On the basis of these assumptions, the table below shows how many additional jobs might be supported by population growth under different scenarios. The analysis shows a very wide range depending on the scenario tested.

**Table 4.17 Jobs Supported Under Different Scenarios (2019-36)**

	Total Change in Economically Active	Allowance for Net Commuting	Allowance for Double Jobbing ( jobs supported)
Adur – 177 dpa	1,137	860	910
Adur – 248 dpa	2,551	1,931	2,043
Worthing – 246 dpa	-2,005	-1,958	-2,047
Worthing – 880 dpa	10,874	10,617	11,103

Source: Derived from a range of sources as described

- 4.61 It should be noted that attempts to link housing delivery with estimates of the number of jobs supported should be treated with some caution, not least because there are a number of assumptions made which do have alternatives (e.g. the choice of economic activity rate data, the potential for commuting to change or for higher migration to be supported rather than additional household formation). In reality, there is potential for some workforce growth in both authorities to be supported if out-commuting could be reduced, or in-commuting increases.

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## 5. AFFORDABLE HOUSING NEED

- 5.1 This section provides an analysis of the need for affordable housing in Adur District and Worthing Borough. It takes account of the amended definition of affordable housing in Annex 2 of the National Planning Policy Framework (NPPF).
- 5.2 The NPPF defines affordable housing, as *“housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route into home ownership and/or is for essential local workers)”* and then goes on to set out that this includes affordable housing for rent; starter homes; discounted market sale housing; and other affordable routes into home ownership.
- 5.3 In this report we have assessed affordable housing need using the methodology set out by Government in Planning Practice Guidance (PPG). This is however largely the same as the method in the previous PPG and does not really address those households who require support to become homeowners. We therefore additionally consider the needs of households who might be able to rent without financial support but who aspire to own a home and require support to do so.
- 5.4 For some of the analysis in this section it has been necessary to draw on other sources of data (applied to local information) to make estimates of the need. The approach is consistent with the PPG (Housing and economic needs assessment – see 2a-020 for example) and includes linking local Census data to national changes (as evidenced in national surveys such as the English Housing Survey). Additionally, information drawn from local surveys previously undertaken by Justin Gardner Consulting (“JGC”) across the country has been used to look at potential prevalence rates for some elements of need where comprehensive local data is lacking. This includes considering what proportion of households in the private rented sector might have a need due to potential loss of accommodation (e.g. tenancies ending) although again such rates are applied to local information about the size of the sector. This approach is considered to provide a reasonable view about likely local needs and is an approach that has been accepted by planning inspectors (and objectors) at Local Plan hearings over the past five or more years.
- 5.5 Our assessment looks at need in the 17-year period from 2019 to 2036 which is the end point of the emerging Worthing Local Plan period. Appendix A3 provides outputs over the long-term period to 2039.

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## Affordable Housing Methodology

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- 5.6 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as follows:
1. Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
  2. Projected newly forming households in need:
    - a. Based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market); and
    - b. Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data)
  3. Drawing together 2a and 2b provides an indication of the gross need (the current need is divided by 17 so as to meet the need over the 2019-36 period);
  4. Calculating the supply of affordable housing (an estimate of the likely number of lettings that will become available from the existing social housing stock – drawing on data from CoRe<sup>16</sup> ); and
  5. Subtracting the supply from the gross need provides an estimate of the overall need for affordable housing. The overall need has then been converted into annual flows.

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<sup>16</sup> The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent



**Table 5.1 Summary of Analytical Stages in Assessing Affordable Housing Need**

Analytical stage	Description	Method
1 – Current need	An estimate of the number of households who have an affordable need now	Based on the categories of need set out in 2a-020 of the PPG and based on a range of data sources. For some analysis (e.g. overcrowding) Census data is used to provide a baseline which is then updated with reference to national changes informed by the English Housing survey (EHS). An affordability test is applied based on income and housing costs data.
2 – Newly forming households	An annual estimate of the number of new households forming with a need for affordable housing	The number of new households forming is based on outputs from the demographic projections, looking at younger households (aged under 45) forming for the first time. An affordability test is applied, again based on income and housing costs data. Analysis based on 2a-021 of the PPG.
3 – Existing households falling into need	An annual estimate of the number of existing households who will have a need in the future	Based on analysis of data on social housing lettings where accommodation has been provided to a household previously living in their own accommodation (whether rented or owned). No methodology for this stage is provided in the PPG and so the method used links to older SHMA guidance
4 – Supply of affordable housing	Annual estimate of the supply of relets from the existing stock	Based on trend data for the past 3-years, the estimate looks at the number of lettings before netting off the number of lettings in new homes and the number of transfers. This is to ensure that the number reflects the supply available from the existing stock. Based on 2a-022 of the PPG.

- 5.7 Our analysis of affordable housing need is structured to consider first the need for rented affordable housing, and then the expanded version definition of affordable housing relating to affordable home ownership; which when added together gives the total affordable housing need.

**Figure 5.1: Overview of Approach**



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## Local Prices and Rents

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- 5.8 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'.
- 5.9 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes); establishing, in numerical terms, the overall need for affordable housing.
- 5.10 The analysis below considers the entry-level costs of housing to both buy and rent. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG<sup>17</sup> and reflects the entry-level point into the market.
- 5.11 Data from the Land Registry in the table below for the year to March 2019 (i.e. Q2-Q4 of 2018 and Q1 of 2019) shows estimated lower quartile property prices by dwelling type. The data shows that entry-level prices are broadly similar in both Adur and Worthing although the overall lower quartile 'average' is slightly lower in Worthing due to the profile of the stock (a higher proportion of flats). Overall, the overall lower quartile price of all types of housing in all areas is around £261,000 in Adur and £220,000 in Worthing.

**Table 5.2 Lower Quartile Cost of Housing to Buy – Year to March 2019**

	Adur	Worthing
Flat/maisonette	£173,000	£156,000
Terraced	£270,000	£253,000
Semi-detached	£295,000	£285,000
Detached	£356,000	£357,000
All dwellings	£261,000	£220,000

Source: Land Registry

- 5.12 It is arguably more useful to consider the lower quartile prices by size of accommodation (number of bedrooms) and the table below shows an estimate of this. The information has been drawn from internet sources (such as Rightmove) and then constrained to be consistent with the figures shown from the Land Registry source.

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<sup>17</sup> Paragraph 021 Reference ID: 2a-021-20190220

**Table 5.3 Lower Quartile to Buy by Size – Year to March 2019**

	Adur	Worthing
1-bedroom	£155,000	£152,000
2-bedrooms	£222,000	£215,000
3-bedrooms	£290,000	£287,000
4-bedrooms	£401,000	£382,000
All properties	£261,000	£220,000

Source: Land Registry and internet price search

- 5.13 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this again covers a 12-month period to March 2019. The analysis shows an average lower quartile rent (across all dwelling sizes) of £700 per month in Adur and £625 in Worthing.

**Table 5.4 Lower Quartile Market Rents, Year to March 2019**

	Adur	Worthing
Room only	£450	£440
Studio	£550	£495
1-bedroom	£650	£600
2-bedrooms	£800	£795
3-bedrooms	£1,000	£975
4-bedrooms	£1,250	£1,295
All properties	£700	£625

Source: Valuation Office Agency and Internet Rental Cost Search

### Local Income Levels

- 5.14 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will influence the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy. Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.
- 5.15 We have used these data sources to construct an income distribution for the two local authorities for 2018. The table below shows average (mean) incomes and also the median and lower quartile estimates for each area. The analysis shows household incomes to be broadly similar in both areas with an average (median) of around £33,000 per annum.

**Table 5.5 Estimated Average (mean) Household Income by Local Authority (mid-2018 estimate)**

	Mean	Median	Lower quartile
Adur	£43,500	£33,100	£19,100
Worthing	£43,300	£33,000	£19,100

Source: Derived from EHS and ONS data

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## Affordability Test

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- 5.16 The affordability of housing is influenced by housing costs and incomes, which affect households' ability to afford different housing products. In this section we consider housing affordability, in terms of the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy. The analysis also provides an indication of the potential for intermediate housing to meet housing needs in the study area.
- 5.17 To identify an appropriate affordability test, we need to look at households' ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing.
- 5.18 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis. CLG 2007 SHMA Practice Guidance suggested that 25% of income is a reasonable start point but also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 5.19 The threshold of income to be spent on housing should be set by asking the question 'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?' The choice of an appropriate threshold is judgement based and we consider should be assessed having regard in particular to the cost of housing rather than income.
- 5.20 Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can't afford market housing.
- 5.21 At £625-£700 per calendar month, lower quartile rent levels in Adur and Worthing are relatively high in comparison to those seen nationally (a lower quartile rent of £525 per month across England). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range.
- 5.22 Across England, the lowest lower quartile rents are around £400 per month, and if these areas are considered to be at the bottom end of the range (i.e. 25% of income to be spent on housing) then this

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would leave a residual income of £1,200 per month. With the same residual income applied to Adur and Worthing, the income required to afford a £625-£700 rent would be £1,825-£1,900 and so the percentage spent on housing would be 34% in Adur and 37% in Worthing.

- 5.23 However, it needs to be considered that the cost of living in Adur and Worthing is likely to be higher than in some other parts of England and so a pragmatic approach to determining a reasonable proportion of income has been to take a midpoint between the bottom (25%) and the equivalent residual income figure (34%-37%). It has therefore been estimated that a threshold of around 30%-31% would be appropriate (i.e. 30% in Adur and 31% in Worthing).
- 5.24 In Adur, on the basis of a rent of £700 per month, this would leave a residual income of around £1,560 and a total household income of £27,200 per annum. Therefore, for the purposes of this assessment it is estimated that any household with an income below £27,200 would not be able to afford a lower quartile rent without some degree of subsidy. For Worthing, the income threshold is set slightly lower (£25,300) – reflecting the level of lower quartile rents in this location. The use of a thresholds of 30%-31% is considered to be a reasonable position to take given the range of evidence available.

### **Current Affordable Housing Need**

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- 5.25 In line with PPG Paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers.
- 5.26 The PPG also includes a category where households cannot afford to own a home despite it being their aspiration. This category is considered separately later in this report (under the title of the expanded definition of affordable housing need).

**Table 5.6 Main Sources for Assessing the Current Unmet Need for Affordable Housing**

	Source	Notes
Homeless households and those in temporary accommodation	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

5.28 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

5.29 The table below shows the initial estimate of the number of households with a current housing need. These figures are before any ‘affordability test’ has been applied to assess the ability of households to meet their own housing needs; and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis suggests that there are currently some 5,400 households living in unsuitable housing (or without housing).

**Table 5.7 Estimated No. of Households Living in Unsuitable Housing**

Category of Need	Adur	Worthing	Adur & Worthing
Homeless households	62	108	170
Households in overcrowded housing	750	1,786	2,536
Concealed households	261	382	643
Existing affordable housing tenants in need	79	106	185
Households from other tenures in need	558	1,286	1,844
Total	1,710	3,668	5,378

Source: CLG Live Tables, Census 2011 and Data Modelling

5.30 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will

arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

- 5.31 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient) – this only reduces the estimated need by 9 households in total. Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 5.32 The table below shows it is estimated that there were around 886 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) in Adur District and 2,286 households in Worthing Borough which should be taken forward for affordability testing.

**Table 5.8 Unsuitable Housing by Tenure and No. to Take Forward into Affordability Modelling – Adur & Worthing**

	Adur: In Unsuitable Housing	Adur: No. to Take Forward for Affordability Testing	Worthing: In Unsuitable Housing	Worthing: No. to Take Forward for Affordability Testing
Owner-occupied	491	49	903	90
Affordable housing	381	0	560	0
Private rented	515	514	1,715	1,706
No housing (homeless/concealed)	323	323	490	490
Total	1,710	886	3,668	2,286

Source: CLG Live Tables, Census 2011 and Data Modelling

- 5.33 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 5.34 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector)

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along with typical income levels of households accessing social rented housing (for those without accommodation).

- 5.35 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys (across the country) by JGC.
- 5.36 Overall, just over half of households with a current need are estimated to be likely to have insufficient income to afford private rented housing and so the estimate of the total current need is of 1,700 households in the study area. The table below also shows how this is estimated to vary by local authority.

**Table 5.9 Estimated Current Affordable Housing Need**

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Adur	886	59.1%	524
Worthing	2,286	50.9%	1,164
<b>Adur &amp; Worthing</b>	<b>3,173</b>	<b>53.2%</b>	<b>1,688</b>

Source: CLG Live Tables, Census 2011 and Data Modelling

### Newly Forming Households

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- 5.37 The number of newly-forming households has been estimated through demographic modelling (linked to the 2014-based SNHP as it is these projections being used by Government as part of its standard method) to which an affordability test has then being applied. The volume of newly-forming households has been assessed by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 5.38 The number of newly-forming households is limited to households forming who are aged under 45. This is consistent with 2007 SHMA Guidance which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 5.39 In assessing the ability of newly-forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a



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national level). The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households.

- 5.40 The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as Local Housing Allowance or Housing Benefit). For the purposes of the initial analysis of affordable need (i.e. the established definition) this will relate to households unable to afford to buy OR rent in the market.
- 5.41 The assessment suggests that overall around half of newly-forming households will be unable to afford market housing (i.e. private rented housing) and this equates a total of 662 newly-forming households will have a need on average in each year to 2036. The table below provides a breakdown by local authority.

**Table 5.10 Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)**

	No. of new households	% unable to afford	Annual newly forming households unable to afford to private rent
Adur	518	48.9%	253
Worthing	898	45.6%	409
<b>Adur &amp; Worthing</b>	<b>1,416</b>	<b>46.8%</b>	<b>662</b>

Source: Projection Modelling/Affordability Analysis

### Existing Households Falling into Affordable Housing Need

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- 5.42 The second element of newly arising need is existing households falling into need. This is an estimate of the number of existing households currently living independently whose circumstances will change such that there is a requirement for affordable housing.
- 5.43 The outputs have been based on analysis of data on social housing lettings where accommodation has been provided to a household previously living in their own accommodation (whether rented or owned). To assess this, information from CoRe has been used. The assessment looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 5.44 No methodology for this stage is provided in the PPG and so the method used links to older SHMA guidance. This method for assessing existing households falling into need is consistent with the 2007

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SHMA guide which says on page 46 that *‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’*.

- 5.45 Following the analysis through suggests a need arising from 196 existing households each year. The table below breaks this down by local authority.

**Table 5.11 Estimated Level of Affordable Housing Need from Existing Households Falling into Need (p.a.)**

	Total Additional Need	% of Total
Adur	65	33.1%
Worthing	131	66.9%
<b>Adur &amp; Worthing</b>	<b>196</b>	<b>100.0%</b>

Source: Derived from a range of sources as described in text

### Supply of Affordable Housing Through Relets

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- 5.46 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.<sup>18</sup>
- 5.47 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover. The figures include general needs and supported lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 5.48 On the basis of past trend data, it has been estimated that 305 units of social/affordable rented housing in Worthing and 181 in Adur are likely to become available each year moving forward for occupation by newly-forming households and existing households falling into need from other tenures.

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<sup>18</sup> Intermediate housing supply is considered against the need arising from the expanded definition of affordable housing later in this section.

**Table 5.12 Analysis of Past Social/Affordable Rented Housing Supply, 2015/16 – 2017/18 (p.a.)**

	Adur	Worthing	Adur & Worthing
Total Lettings	181	305	486
% as Non-New Build	94.8%	90.7%	92.3%
Lettings in Existing Stock	172	277	449
% Non-Transfers	66.7%	68.9%	68.1%
Lettings to New Tenants	114	191	305

Source: CoRe

### Overall Need for Rented Affordable Housing

- 5.49 The table below shows the overall calculation of need for rented affordable housing. This excludes supply arising from sites with planning consent (the ‘development pipeline’); although it is recognised that this will have an impact on the net need. The analysis shows that there is a need for 653 dwellings per annum to be provided – a total of around 11,100 over the 17-year period (2019-36). These needs are for rented housing targeted at households who cannot afford to buy or rent in the open market. The net need is calculated as follows:

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

**Table 5.13 Estimated Need for Rented Affordable Housing – Adur & Worthing**

	Adur: Per Annum	Adur: 2019 36	Worthing: Per Annum	Worthing: 2019 36
Gross Current need	31	524	68	1,164
Newly forming households	253	4,303	409	6,956
Existing households falling into need	65	1,107	131	2,233
Total Gross Need	349	5,934	609	10,353
Re-let Supply	114	1,946	191	3,247
Net Need	235	3,988	418	7,106

Source: Projection Modelling and Affordability Analysis

- 5.50 The analysis shows a need for additional rented affordable housing in both areas, with the highest figure being seen in Worthing (albeit this is the larger of the two local authority areas in population and household terms, as well as spatially).

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## Comparison with 2012 Assessment

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- 5.51 The last full assessment of affordable housing need is a 2012 SHMA update by GL Hearn in Adur; with the 2015 Worthing Housing Study representing a more recent assessment in Worthing. The table below comparing key outputs for the whole of the study area. It should be noted that some adjustments have been made to the 2012 data to provide a consistent output to this assessment – the main adjustment is to consider the current need over a 17-year period rather than 5-years as used in the 2012 document.
- 5.52 Overall, the analysis shows a slightly lower level of need in this assessment with the main difference being a lower estimated level of new household formation. Regardless of any differences in precise numbers, both studies clearly demonstrate a substantial need for additional affordable housing and the Councils should seek to maximise delivery where opportunities arise.

**Table 5.14 Comparison of Affordable Housing Need Assessments**

	Adur: This study	Adur: 2012 SHMA update	Worthing: This study	Worthing 2015 Housing Study
Current need	31	33	68	46
Newly forming households	253	336	409	463
Existing households falling into need	65	65	131	118
Total Gross Need	349	434	609	627
Re-let Supply	114	106	191	192
Net Need	235	328	418	435

Source: 2012 data from Figure 107 (page 142) of SHMA update; 2015 data from Table 26 of Housing Study

## How Much Should Rented Affordable Housing Cost?

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- 5.53 The analysis above has studied the overall need for affordable housing using a well-established model. This model focusses on households who cannot afford to rent in the market (without financial support). These households are therefore most likely to have a need for social or affordable rented housing and below is an analysis that sets out what might be an affordable rent for different sizes of accommodation (in different locations) based on local incomes and housing costs.
- 5.54 The tables below provide a comparative assessment of housing costs associated with different forms of rented housing in Adur and Worthing. To make housing genuinely affordable, housing costs should be set having regard to local incomes.
- 5.55 To consider what rents might be affordable in Adur and Worthing, we have considered the concept of a 'living rent' which is a methodology developed by the Joseph Rowntree Foundation and Savills to

consider what rents levels might be appropriate rather than incomes (as opposed to property values).<sup>19</sup> We have this methodology to consider how housing costs of different rented affordable products relate to local incomes.

**Table 5.15 Rental Costs for Different Property Sizes, Adur**

Cost PCM	Studio	1 bed	2 bed	3 bed	4 bed
Social Rent (incl service charge)	£359	£426	£483	£525	£586
Living Rent		£379	£492	£606	
Average affordable rents being charged (incl service charge)		£570	£676	£730	£694
LHA Rate - Worthing BRMA		£536	£683	£827	£1,098
LQ Market Rents	£550	£650	£800	£1,000	£1,250
LHA Rate - Brighton & Hove BRMA		£683	£885	£1,028	£1,515
Median Market Rents	£573	£680	£900	£1,150	£1,413

Source: Icen analysis of VOA Private Rental Market Statistics (Year to June 2019); and Regulator of Social Housing Statistical Data Return 2019

**Table 5.16 Rental Costs for Different Property Sizes, Worthing**

Cost PCM	Studio	1 bed	2 bed	3 bed	4 bed
Social Rent (incl service charge)	£352	£402	£460	£492	£556
Living Rent		£357	£465	£572	
Average affordable rents being charged (incl service charge)		£493	£636	£770	£937
LHA Rate - Worthing BRMA		£536	£683	£827	£1,098
LQ Market Rents	£495	£600	£795	£975	£1,295
Median Market Rents	£525	£660	£850	£1,100	£1,450

Source: Icen analysis of VOA Private Rental Market Statistics (Year to June 2019); and Regulator of Social Housing Statistical Data Return 2019

- 5.56 The analysis shows that what households might be able to afford, based on local incomes, is closer to social rent levels than affordable rent levels for most property sizes (and indeed is slightly below social rent levels for 1-bed properties). The evidence suggests that homes at affordable rents (particularly at 80% of market housing costs) are likely to significantly exceed what many local households in need can afford.
- 5.57 A further analysis has been undertaken to compare housing costs for social and affordable rented homes against the profile of income of households locally. This indicates that just 24% of households with a rented affordable housing need can afford 'affordable rents' at 80% of market rents at the time of the assessment in Adur; and 26% of households in Worthing. This suggests that if rents are set at

<sup>19</sup> <http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%202019%2006%202015.pdf>

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80% of current market housing costs, many households would have to rely on benefit support to meet rental costs.

**Table 5.17 Affordable Housing: Affordable Rent v Social Rent**

	% able to afford affordable rents (at 80% of market)	% able to afford social rents (below 80% of market)
Adur	24%	76%
Worthing	26%	74%

Source: Affordability analysis

- 5.58 In setting housing costs there are various considerations including: the affordability of housing for local people; what overall affordable housing can be delivered; and broader Government policy on social housing rents. As set out in the Government's *Policy statement on rents for social housing* (MHCLG, Feb 2019) rents can be set at social rents, which are based on a formula rent for each property which takes account of its relative value, local income levels and the size of property. Social rents can be increased by up to CPI inflation plus 1 percentage point from 2020 for a period of at least 5 years.
- 5.59 Affordable rents are set when a property is let (or relet) and must not exceed 80% of the gross market rent (inclusive of service charge) for which the accommodation might reasonably be let in the private rented sector. The Government's Policy Statement sets out that Registered Providers should have regard to the local market context, including the relevant Local Housing Allowance for the Broad Rental market Area, when setting affordable rents. Rents charged to tenants can be increased by up to CPI + 1 percentage point each year. When a property is re-let (such as to a new tenant), the registered provider must re-set the rent based on a new valuation. What this means in practice is that for affordable rents, if market rents increase over time then as properties are re-let the rental income to the housing association increases. This will be built in to housing associations business models.
- 5.60 What flows from this is that for rented affordable housing to be genuinely affordable, it is important that rents do not exceed Local Housing Allowance for the Broad Rental Market Area to ensure that homes are accessible to households in need or do not exceed 80% of the market rent (inclusive of service charge), whichever is the lower. As a general rule it is not considered sensible to be charging a rent in excess of LHA, as this would mean many households having to top up their rent from other income sources.
- 5.61 Furthermore, the analysis indicates to meet local needs, policies should promote provision of new affordable housing at social rents in particular to ensure that housing is affordable to lower income working households. In the context of a constrained land supply, it is appropriate that affordable housing is targeted specifically at those with the greatest needs; and this is those on lower incomes who need social rented homes. Within development schemes, the larger units in particular should be skewed towards social rents given the significant differential between what is affordable for households

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and market housing costs for larger properties, given the more significant outgoings for larger households and the impacts of benefit caps.

### **Need for Affordable Home Ownership**

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- 5.62 This assessment has estimated that there is a substantial need for additional affordable housing – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 5.63 The revised NPPF and associated guidance widens the definition of affordable housing to include households which might be able to rent a home in the private sector without financial support but aspire to own a home and require support to do so. The NPPF states “*Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.*” (NPPF, para 64).
- 5.64 There are various ‘affordable home ownership’ products which can meet the housing needs of this group. This section considers the level of need for these types of dwellings in Adur and Worthing. The PPG of February 2019 confirms a widening definition of those to be considered as in affordable need; now including ‘*[households] that cannot afford their own homes, either to rent, or to own, where that is their aspiration*’. However, at the time of writing, there is no further guidance about how the number of such households should be measured.
- 5.65 The methodology used in this report therefore draws on the more general method for assessing affordable housing need as set out in PPG (i.e. assessing current needs and projected need (newly forming and existing households)). The key difference is that in establishing the need for affordable home ownership an estimate of the number of households in the ‘gap’ between buying and renting is used (i.e. to assess the number of households who can afford to rent a home without financial support but require support to access home ownership).

### **Establishing the “Rent/Buy Gap”**

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- 5.66 The first part of the analysis therefore seeks to understand what the gap between renting and buying actually means in Adur and Worthing – in particular establishing the typical incomes in this bracket.
- 5.67 Just by looking at the relative costs of housing to buy and to rent set out above, it is clear that there will be households in the study area who can currently rent but who may be unable to buy. To take the example of Adur, In the year to March 2019, the ‘average’ lower quartile private rent is shown by VOA to cost £700 a month, assuming a household spends no more than around 31% of their income on

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housing, this would equate to an income requirement of about £27,200. For the same period, Land Registry data records a lower quartile price in the Council area of about £261,000, which (assuming a 10% deposit and 4.5 times mortgage multiple) would equate to a household income requirement of around £52,200.

- 5.68 Therefore, on the basis of these costings, it is reasonable to suggest that affordable home ownership products in Adur would be pitched at households with an income between £27,200 (i.e. able to afford to privately rent) and £52,200 (the figure above which a household might reasonably be able to buy). For Worthing the equivalent rent/by gap incomes are £25,300 and £44,000 respectively.
- 5.69 Using the income distributions developed (as set out earlier in this section) it has been estimated that of all households living in the private rented sector, around 22%-30% already have sufficient income to buy a lower quartile home, with 27%-31% falling in the 'rent/buy gap.' The final 43%-47% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than 30%-31% of their income on housing costs).
- 5.70 In reality, it should be noted that many households will spend a higher proportion (than a third) of their income on housing. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households within private rented housing.
- 5.71 The finding that a significant proportion of households in the private rented sector (up to 30%) are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

### **Current Need**

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- 5.72 To estimate the current need for affordable home ownership products, an estimate of the number of households living in the private rented sector (PRS) has been established. The starting point is the number of households living in private rented accommodation; as of the 2011 Census there were some 12,200 households living in the sector in Adur and Worthing. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by more than a fifth – if the same proportion is relevant to Adur/Worthing then the number of households in the sector would now be around 14,800.



- 5.73 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point and of these some 25% would expect this to happen in the next 2-years. This 25% figure is taken to provide an estimate of the current number of households living in the PRS who are seeking to become a homeowner in the short-term. The figure of around 2,200 households is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 5.74 As noted in the section above, on the basis of income it is estimated that around 27%-31% of the households living in the private rented sector fall within the “rent/buy gap”. Applying this proportion to the 2,200 households figure would suggest a current need for around 620 affordable home ownership products (36 per annum if annualised over the plan period). This need splits down as 176 in Adur (10 per annum) and 444 in Worthing (26 per annum).

### Newly Forming Households

- 5.75 In line with the methodology used to assess the number of newly forming households as part of the total affordable housing need, the analysis considers the number of newly forming households likely to fall into the “rent/buy gap” and also the remaining existing households who expect to become owners further into the future (i.e. those moving beyond the initial 2-year period).
- 5.76 Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households rather than for households in the private rented sector) suggests an annual need from these two groups of around 511 dwellings (401 from newly forming households and 109 from existing households in the private rented sector). The 511 per annum figure splits down as 191 dwellings in Adur and 320 in Worthing.

### Gross Need for Affordable Home Ownership Homes

- 5.77 Bringing the various strands of analysis together suggests that there is a gross need for around 201 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in Adur, and 346 homes per annum in Worthing in the 2019-36 period.

**Table 5.18 Estimated Gross Need for Affordable Home Ownership, 2019-36 (p.a.)**

	Adur	Worthing	Adur & Worthing
Current Need	10	26	36
Newly forming households	160	242	401
Existing households falling into need	31	78	109
Total Gross Need	201	346	547

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

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### **Potential Supply of Housing to Meet the Affordable Home Ownership Need**

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- 5.78 At the current time the PPG does not include specific guidance about how the supply of housing to meet the affordable home ownership need should be calculated. The analysis below therefore provides a general discussion.
- 5.79 As noted above, the lower quartile cost of a home to buy in Adur is around £261,000. By definition, a quarter of all homes sold (noting that the data is for the year to March 2019) will be priced at or below this level. The equivalent figure for Worthing is £220,000. According to the Land Registry source, there were a total of 3,191 sales in this period (across both local authorities) and therefore around 798 would be priced below the lower quartile. This is 798 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in excess of the level of need calculated.
- 5.80 However, it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers). A broad further assumption has been used that around half of the lower quartile homes would be available to meet the needs of households with an income in the gap between buying and renting – this amounts to 399 dwellings per annum.
- 5.81 In addition, data from CoRe about resales of affordable housing (likely to mainly be shared ownership) shows an average of around 1 resale per annum in each area (based on data for the 2015-18 period). These properties would also potentially be available for these households and can be included within the potential supply. Therefore, a total supply of around 400 dwellings per annum is estimated to be available to meet the affordable home ownership need.

### **Net Need for Affordable Home Ownership Homes**

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- 5.82 The table below brings together the analysis of need and supply. It shows a potential annual need for 146 affordable home ownership homes per year, with needs being shown in both local authorities.

**Table 5.19 Estimated Need for Affordable Home Ownership – Per Annum**

	Adur	Worthing	Adur & Worthing
Current need	10	26	36
Newly forming households	160	242	401
Existing households falling into need	31	78	109
Total Gross Need	201	346	547
Supply (50% of LQ sales)	126	273	399
Supply (LCHO resales)	1	1	3
Net need	74	72	146

Source: Derived from Census (2011)/Projection Modelling/Land Registry and Affordability Analysis

### **Implications of the Analysis**

- 5.83 The analysis above shows a clear need from households who require support to access home ownership (i.e. those falling within the “buy/rent gap”). The needs of these households can be met through a variety of means, including:
- The various low-cost home ownership products identified in the NPPF Glossary, including discounted market sale and starter homes; shared ownership and shared equity housing;
  - Other Government initiatives which seek to broaden access to home ownership, including the Help-to-Buy scheme in which the Government lends up to 20% of the cost of a new-build home and purchasers only require a 5% deposit.
- 5.84 It should also be noted that the finding of a ‘need’ for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF and PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.
- 5.85 In bringing together evidence the Councils need to balance the evidence of need, the relative acuteness of the need, and issues of residential development viability. The NPPF advises that at least 10% of all new housing on larger sites should be for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. However given the constrained land supply position, Icenl considers that there is a strong case for focusing affordable housing on those with the greatest relative needs and who do not have access to other housing options; and the Councils have a statutory duty to address homelessness.

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## How Much Should Affordable Home Ownership Housing Cost?

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- 5.86 The analysis and discussion above suggest that there are a number of households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying). but that the potential supply of housing to buy makes it difficult to fully quantify this need.
- 5.87 It is worth discussing what sort of costs affordable home ownership properties should be sold for. The Annex 2 (NPPF) definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.
- 5.88 Our preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are set out as a range with the bottom end being based on equivalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. The upper level is set based on the estimated lower quartile price to buy a home. Setting higher prices would mean that such housing would not be available to households for whom the Government is seeking to provide an 'affordable' option.

**Table 5.20 Affordable Home Ownership Prices (Year to March 2019)**

		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Adur	Lower Limit	£126,000	£155,000	£194,000	£243,000
	Upper Limit	£155,000	£222,000	£290,000	£401,000
Worthing	Lower Limit	£122,000	£161,000	£197,000	£262,000
	Upper Limit	£152,000	£215,000	£287,000	£382,000

Source: Derived from VOA and Land Registry Data

- 5.89 If the Councils do seek for some additional housing to be in the affordable home ownership sector, the Councils should liaise with the Help-to-Buy agent for the East and South East: BPHA.
- 5.90 Another form of affordable home ownership is shared ownership. The analysis below looks at what level of equity share might be needed to make housing affordable. The example calculation is based on the following key assumptions:
- OMV at LQ price plus 15% (reflecting likelihood that new build homes will have a premium attached and that they may well be priced slightly above a LQ level)
  - 10% deposit
  - Rent at 2.75% pa on unsold equity
  - Repayment mortgage over 25-years at 4%

- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes)
- The total cost per month to be equivalent to the cost of renting in the private sector

5.91 The analysis suggests that an equity share of not more than about 30% would potentially be affordable for some sizes of homes in some locations although a figure of around 25% is potentially affordable across a wider range of sizes. It should be noted that these figures are based on a specific estimate of OMV and similar calculations would need to be carried out for any specific scheme to test affordability.

**Table 5.21 Estimated Affordable Equity Share by Size of Dwelling – Adur**

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
OMV	£178,250	£255,300	£333,500	£461,150
Share	32%	18%	29%	17%
Equity bought	£57,397	£46,720	£95,715	£78,396
Mortgage Needed	£51,657	£42,048	£86,143	£70,556
Monthly Cost of Mortgage	£273	£222	£455	£373
Retained Equity	£120,854	£208,580	£237,786	£382,755
Monthly Rent on Retained Equity	£277	£478	£545	£877
Service Charge	£100	£100	£0	£0
Total Cost	£650	£800	£1,000	£1,250

**Table 5.22 Estimated Affordable Equity Share by Size of Dwelling – Worthing**

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
OMV	£174,800	£247,250	£330,050	£439,300
Share	23%	21%	27%	27%
Equity bought	£40,379	£52,170	£88,783	£117,293
Mortgage Needed	£36,341	£46,953	£79,905	£105,564
Monthly Cost of Mortgage	£192	£248	£422	£557
Retained Equity	£134,421	£195,080	£241,267	£322,007
Monthly Rent on Retained Equity	£308	£447	£553	£738
Service Charge	£100	£100	£0	£0
Total Cost	£600	£795	£975	£1,295

5.92 Icení considers that based on the evidence, shared ownership as the most appropriate form of affordable home ownership (as it accessible to those on lower incomes relative to other affordable home ownership products) and consideration might also be given to other support packages to help people access home ownership such as providing support for deposits.

5.93 However, it is possible that some housing would come forward as other forms of housing such as First Homes or discounted market sale. If this is the case, it will be important for the Councils to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.

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## **Affordable Housing: Summary and Conclusions**

Our approach has been to consider the existing needs evidence, and to take account of the expanded definition of affordable housing which brings in households who might be able to afford to rent privately but aspire to own a home and require support to do so. The analysis brings together evidence of need. But in doing so it is important to recognise that there is some overlap between the target market for affordable home ownership products and support provided by Help to Buy in helping households to access market housing.

It is concluded that there is a substantial need for additional affordable housing across both local authorities; with a total need for 309 dwellings per annum in Adur and 490 in Worthing. Just over 75% of the affordable housing need in Adur is for rented affordable homes, and 85% in Worthing. The analysis thus suggests that rented affordable housing should be prioritised, and within this provision of homes at social rent levels which are affordable to those on lower incomes (including lower income working households), given the constrained land supply and the Councils statutory duty to meet the needs of those accepted as homeless.

The needs evidence would support setting initial rental costs at levels that do not exceed Local Housing Allowance levels or 80% of market housing costs (inclusive of service charges), whichever is the lower. The analysis encourages housing provision at social rent levels given the profile of incomes in the local area. Affordable home ownership homes should take account of the price brackets shown for each local authority as well as the potential equity shares required to make shared ownership affordable; with shared ownership homes being the most appropriate affordable home ownership products.

The Councils will however need to bring together the needs evidence with viability evidence in devising local plan policies.

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## 6. NEEDS OF OLDER PERSONS & THOSE WITH DISABILITIES

- 6.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

### Understanding the Implications of Demographic Changes

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- 6.2 The population of older persons is increasingly driven by demographic changes including increasing life expectancy. This is a key driver of the need for housing which is capable of meeting the needs of older persons, and therefore a sensible first stage of analysis.

### Current Population of Older People

- 6.3 The table below provides baseline population data about older persons and compares this with other areas. The data for this has been taken from the published 2018 ONS mid-year population estimates. The analysis shows that the Adur-Worthing area has a slightly higher proportion of older people than is seen regionally and nationally, although the figures are that same as seen across West Sussex. Overall, 23% of the population in 2018 was estimated to be aged 65 and over.

**Table 6.1 Older Person Population (2018)**

	Adur	Worthing	Adur Worthing	West Sussex	South East	England
Under 65	76.6%	77.6%	77.2%	77.2%	80.7%	81.8%
65-74	12.2%	11.4%	11.7%	11.9%	10.3%	9.9%
75-84	7.9%	7.3%	7.5%	7.4%	6.2%	5.8%
85+	3.3%	3.7%	3.6%	3.5%	2.8%	2.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	23.4%	22.4%	22.8%	22.8%	19.3%	18.2%

Source: ONS 2018 mid-year population estimates

### Future Change in the Population of Older People

- 6.4 Population projections can be used to provide an indication of how the numbers of older persons in different age groups can be expected to change. All data set out below uses information from the projections previously developed to link to the dwelling-led scenario. The projections are set out in Section 4 of this report.
- 6.5 On the basis of the dwelling-led projections, both Adur and Worthing are projected to see a notable increase in the older person population, even when linked to the constrained dwelling-led scenario, with the total number of people aged 65 and over projected to increase by 28.6% over the 17 year

period to 2036 in Adur and 41.9% in Worthing. This compares with overall population growth of 4.1% in Adur and no overall population growth in Worthing. The population of those aged under 65 in both areas is projected to decline.

- 6.6 In total population terms, the dwelling-led projections show an increase in the population aged 65 and over of 4,400 people in Adur and 10,700 people in Worthing. This is against a backdrop of an overall increase of 3,000 persons in Adur and 850 persons in Worthing; with population growth of people aged 65 and over therefore accounting for all of the total projected population change.

**Table 6.2 Projected Change in Population of Older Persons (2019 to 2036) – Adur (177 dpa)**

	2019	2036	Change in population	% change
Under 65	49,292	47,960	-1,333	-2.7%
65-74	7,759	9,443	1,684	21.7%
75-84	5,194	6,548	1,354	26.1%
85+	2,121	3,454	1,334	62.9%
Total	64,366	67,404	3,039	4.7%
Total 65+	15,074	19,445	4,371	29.0%

Source: Demographic Projections

**Table 6.3 Projected Change in Population of Older Persons (2019 to 2036) – Worthing (246 dpa)**

	2019	2036	Change in population	% change
Under 65	85,868	76,044	-9,824	-11.4%
65-74	12,715	16,625	3,909	30.7%
75-84	8,286	12,033	3,747	45.2%
85+	4,107	7,122	3,015	73.4%
Total	110,977	111,824	848	0.8%
Total 65+	25,108	35,780	10,672	42.5%

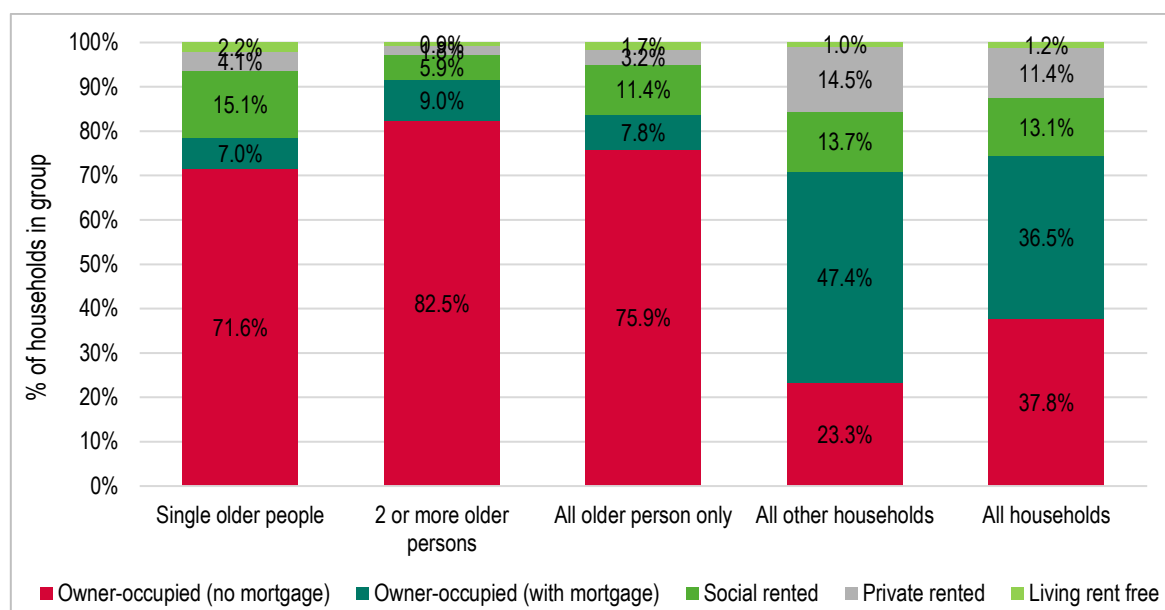
Source: Demographic Projections

### Characteristics of Older Person Households

- 6.7 The figures below show the tenure of older persons households by household type, using 2011 Census data. It shows that older person households are relatively likely to live in outright owned accommodation (72% in both areas) and are also slightly more likely than other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (3-6% depending on location).
- 6.8 There are also notable differences for different types of older person households with single older people having a lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

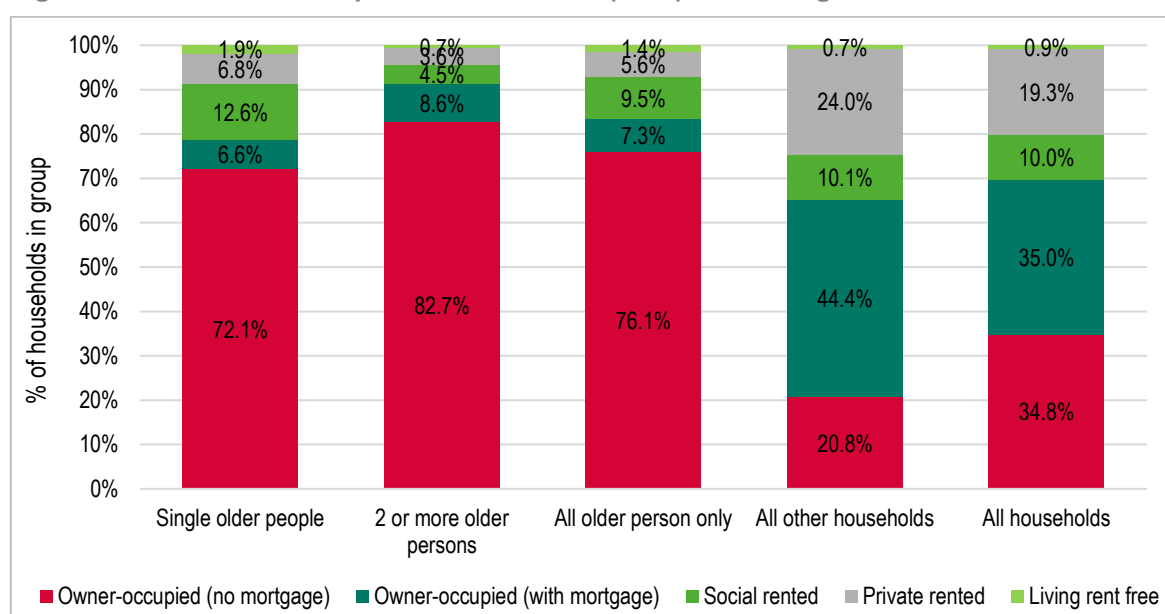


**Figure 6.1: Tenure of older person households (2011) – Adur**



Source: 2011 Census

**Figure 6.2: Tenure of older person households (2011) – Worthing**



Source: 2011 Census

### People with Disabilities

- 6.9 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that in Adur some 36% of households contain someone with a LTHPD; which is slightly higher than that seen in other areas. In Worthing, 33% of households contains someone with a LTHPD.

- 6.10 The figures for the populations of Adur and Worthing with a LTHPD again show a similar pattern in comparison with other areas; with an estimated 19% of the population in Adur and 20% of the population in Worthing having a LTHPD.

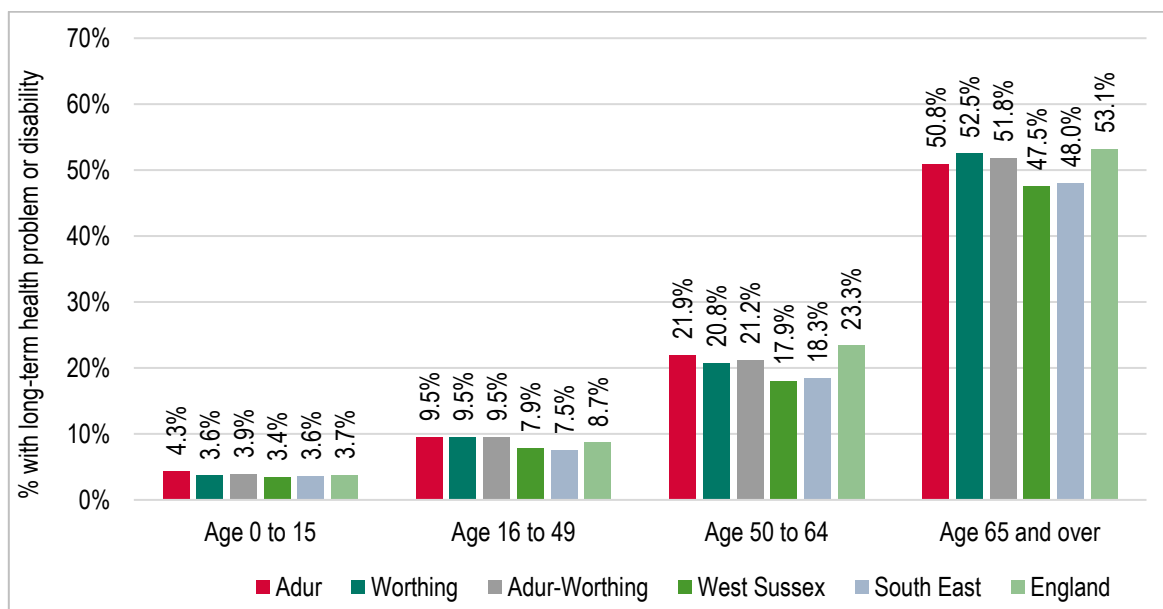
**Table 6.4 Households and people with a Long-Term Health Problem or Disability (2011)**

	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
Adur	9,644	35.8%	12,302	20.1%
Worthing	15,432	32.8%	20,276	19.4%
Adur & Worthing	25,076	33.9%	32,578	19.6%
West Sussex	107,127	31.0%	138,880	17.2%
South East	1,048,887	29.5%	1,356,204	15.7%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

- 6.11 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows similar levels of LTHPD in most age bands when compared with national averages, but figures that are typically higher than observed across the County and regionally.

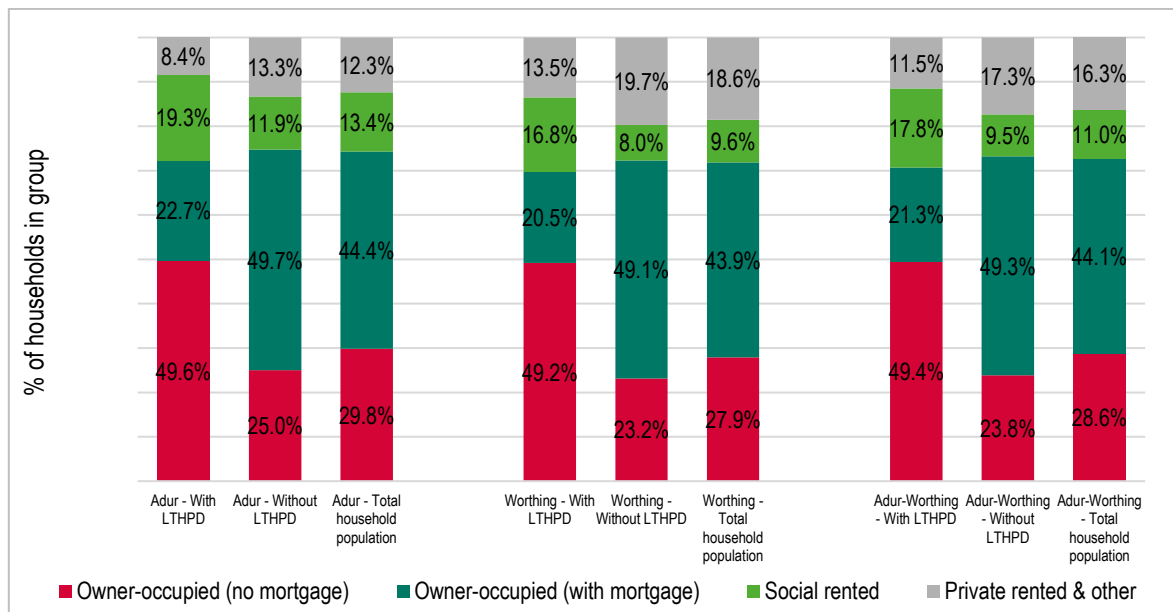
**Figure 6.3: Population with Long-Term Health Problem or Disability by age**



Source: 2011 Census

- 6.12 The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for 'population living in households' rather than 'households'. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing or are also more likely to be outright owners (this will be linked to the age profile of the population with a disability).

**Figure 6.4: Tenure of people with LTHPD (2011)**



Source: Census (2011)

- 6.13 Indeed 2011 Census data indicated that 30% of those in the social rented sector had a LTHPD compared to 17% in other tenures across Adur and Worthing.

#### Health-Related Population Projections

- 6.14 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. The analysis covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites.
- 6.15 Of particular note are the large increases in the number of older people with dementia in Adur and Worthing (increasing by 38% and 54% respectively from 2019 to 2036) and mobility problems (a 34% and 49% increase over the same period). Changes for younger age groups show a decline, reflecting the fact that projections are expecting overall population decline in younger age groups.
- 6.16 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

**Table 6.5 Projected Changes to Adur Population with a Range of Disabilities – linked to delivery of 177 dpa**

Disability	Age Range	2019	2036	Change	% Change
Dementia	65+	1,081	1,495	414	38.3%
Mobility problems	65+	2,836	3,812	976	34.4%
Autistic Spectrum Disorders	18-64	356	349	-6	-1.8%
	65+	138	184	46	33.6%
Learning Disabilities	15-64	926	911	-15	-1.6%
	65+	314	402	88	28.1%
Challenging behaviour	15-64	17	17	0	-1.7%
Impaired mobility	16-64	2,141	2,153	12	0.6%

Source: POPPI/PANSI and Demographic Projections

**Table 6.6 Projected Changes to Worthing Population with a Range of Disabilities – linked to delivery of 246 dpa**

Disability	Age Range	2019	2036	Change	% Change
Dementia	65+	1,931	2,970	1,039	53.8%
Mobility problems	65+	4,911	7,334	2,423	49.4%
Autistic Spectrum Disorders	18-64	628	567	-61	-9.7%
	65+	226	331	105	46.5%
Learning Disabilities	15-64	1,639	1,485	-154	-9.4%
	65+	522	739	217	41.5%
Challenging behaviour	15-64	30	27	-3	-9.2%
Impaired mobility	16-64	3,733	3,583	-150	-4.0%

Source: POPPI/PANSI and Demographic Projections

- 6.17 Whilst many older persons will continue to live in mainstream housing, Iceni consider that it would be sensible to design housing so that it can be adapted to households changing needs. Iceni therefore agree that, in line with the existing Adur Local Plan under Policy 20, there is sufficient evidence to justify that new build dwellings should be delivered to Part M4(2) ‘accessible and adaptable’ standards in Adur. On the basis of the evidence in this report, this approach should be followed by Worthing through its emerging Local Plan.

### **Providing Appropriate Housing Options for Older People**

- 6.18 It is important that consideration is given to delivering an appropriate range and choice of housing options for older persons. Many older people may want to remain in the home they have lived in for in some cases many years. Some may need adaptations to the property to do so, to take account of their changing needs. This can include the installation of handrails or stairlifts.
- 6.19 Some older households may also seek to downsize to reduce household bills or to release equity from their home to fund their retirement or lifestyle. It is important that a supply of attractive housing is available locally to provide options for older households in this respect. This has been taken into

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account in the modelling of the future mix of housing needed in this report, in the analysis in the following section.

- 6.20 A proportion of older households will consider moving into retirement or specialist housing provision if appropriate and attractive housing is available locally. There may be a range of factors which may influence such moves, including issues related to loneliness, health, ability to maintain existing homes and/or care and support needs.
- 6.21 A spectrum of housing is thus needed to meet older persons housing needs with appropriate provision in both the public/ affordable and private/ market sectors. It is also important that houses are built to be able to be adapted to meet households' changing needs over time.

### **Need for Specialist Accommodation for Older Persons**

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- 6.22 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. In this section we consider the need for retirement living or sheltered housing, which we term "housing with support", for extra care or other forms of "housing with care", and for residential care or nursing care homes.
- 6.23 The prevalence rates used in our analysis are based on the Housing Learning & Information Network (Housing LIN) Strategic Housing for Older People Analysis Tool (SHOP@). This sets out a series of baseline rates which form a starting point for assessing appropriate prevalence rates to apply. These baseline rates are:
- Housing with Support (retirement/sheltered housing) – 125 units per 1,000 population aged 75 and over;
  - Housing with Care (enhanced sheltered and extra-care housing) – 45 units per 1,000 population aged 75 and over; and
  - Residential care bedspaces (residential and nursing care) – 110 units (bedspaces) per 1,000 population aged 75 and over.
- 6.24 Following the Housing LIN methodology, an initial adjustment has then been made to these rates to reflect the relative health of the local older person population. This has been based on Census data about the proportion of people aged 65 and over who have a long-term health problem or disability compared with the England average. In both Adur and Worthing, the data shows a similar pattern of health in the older person population and so the prevalence rates used have only been adjusted slightly.
- 6.25 The adjustment reflects the relative health of the older person population (as set out in Figure 6.3) for example, in Adur 50.8% of people aged 65 and over have a LTHPD with 52.5% having a LTHPD in

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Worthing, compared with 53.1% across England. Therefore, the prevalence rates in Adur are adjusted to about 96% of the national figure (50.8/53.1). In Worthing, prevalence rates are adjusted to around 99% (52.5/53.1).

- 6.26 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories (no tenure is associated with residential care bedspaces). This again draws on suggestions in the Shop@ tool which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using the 2015 Index of Multiple Deprivation the analysis therefore suggests that the need for market homes in both areas is similar to the national prevalence rates set out in Shop@ (i.e. both areas have roughly average levels of deprivation).
- 6.27 In Adur, this analysis suggests a need for 163 units of accommodation per 1,000 population aged 75 and over, and of these 91 (56%) are for market housing; the equivalent figures for Worthing are 168 units per 1,000 population and 57% in the market sector. The analysis also suggests a need for 105 and 109 care bedspaces per 1,000 population respectively for Adur and Worthing – the bedspaces do not have an associated tenure. The box below shows the definitions of different types of older persons accommodation and for care beds assumed in this assessment.

#### **Definitions of Different Types of Older Persons' Accommodation**

**Retirement living or sheltered housing (housing with support):** This usually consists of purpose built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on site assistance (alarm) and a warden or house manager.

**Extra care housing or housing with care (housing with care):** This usually consists of purpose built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages – the intention is for residents to benefit from varying levels of care as time progresses.

**Residential care homes and nursing homes (care bedspaces):** These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

*Source: Planning Practice Guidance [63-010]*

- 6.28 The table below shows estimated needs for different types of housing linked to the dwelling-led projections. The analysis shows a potentially high need for leasehold (market) housing with support, as well as a need for both affordable and market extra care units. Overall, the analysis suggests a need for 921 additional units by 2036 (equivalent to 54 per annum). Additionally, it is estimated that there is a need for around 555 additional care bedspaces to 2036.

**Table 6.7 Older Persons' Dwelling Requirements 2019 to 2036 – Adur – linked to provision of 177 dpa**

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	50	387	369	-18	136	118
	Leasehold	69	319	506	187	186	372
Housing with care	Rented	21	0	157	157	58	214
	Leasehold	22	0	158	158	58	216
Total (dwellings)		163	706	1,190	484	437	921
Care bedspaces		105	498	770	272	283	555

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

- 6.29 The Table below shows that in Worthing, there is also a potentially high need for leasehold (market) housing with support, as well as a need for both affordable and market extra care units. Overall, the analysis suggests a need for 1,601 additional units by 2036 (equivalent to 94 per annum). Additionally, it is estimated that there is a need for around 435 additional care bedspaces to 2036 in Worthing.

**Table 6.8 Older Persons' Dwelling Requirements 2019 to 2036 – Worthing – linked to provision of 246 dpa**

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	51	632	628	-4	343	339
	Leasehold	73	826	902	76	492	568
Housing with care	Rented	22	54	268	214	146	360
	Leasehold	23	103	283	180	154	334
Total (dwellings)		168	1,615	2,081	466	1,135	1,601
Care bedspaces		109	1,646	1,346	-300	735	435

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

- 6.30 The need figures provided above should be treated as indicative as there is no nationally agreed set of prevalence rates (or how these might be adjusted for local factors). To keep this information as up to date as possible, the Councils should monitor the supply of specialist housing, including any pipeline

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of supply so as to enable an understanding of whether or not there is any specific shortfall at a point in time.

- 6.31 The figures for care bedspaces should be considered maxima; with the housing with care figures considered minimums given that provision of housing with care is an alternative to care/nursing home bedspaces and can help to reduce costs associated with care. It should be borne in mind that provision of specialist housing for older people can help to release family housing within the local housing market for other households, and in doing so support turnover in the housing stock.

### Wheelchair User Dwellings

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- 6.32 Information about the need for housing for wheelchair users is difficult to obtain, particularly at a local level. National data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) entitled *Mind the Step: An estimation of housing need among wheelchair users in England* has therefore been used. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus herein is on national data.
- 6.33 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated, based on English House Condition Survey data, that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (information from the CLG Guide to available disability data (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%)<sup>20</sup>.
- 6.34 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households.<sup>21</sup> Moving forward, the report estimates a wheelchair user need from around 3% of households. Applying both of these figures to the demographic projections linked to the dwelling-led scenario suggests a need for around 188 wheelchair user homes in Adur and 300 in Worthing in the period to 2036.

**Table 6.9 Estimated Need for Wheelchair User Homes (2019-2036)**

	Current need	Projected need (2019-36)	Total
Adur – 177 dpa	100	88	188
Worthing – 246 dpa	178	122	300

Source: Derived from demographic projections and Habinteg prevalence rates

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<sup>20</sup> Data from the CLG Guide to available disability (taken from the English Housing Survey)

<sup>21</sup> This is described in the Habinteg report as the number of wheelchair user households with unmet housing need



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- 6.35 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low).
- 6.36 This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that '*Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling*'). For market housing, policy can however require delivery of wheelchair-adaptable dwellings, this being a home that can easily be adapted to meet the needs of a household including wheelchair users.
- 6.37 Comparing the need for wheelchair dwellings shown to the number of homes to be delivered through the dwelling-led scenario for each authority, the need for wheelchair user dwellings equates to about 6% of planned delivery in Adur; and 7% of planned delivery in Worthing.

#### **Housing Needs of Older Persons and those with Disabilities: Summary and Implications**

People aged over 65 represent 22.8% of the local population across Adur & Worthing and numbers are expected to grow significantly. Numbers of people aged over 65 are projected to increase by 4,400 (29%) in Adur and 10,700 (43%) in Worthing between 2016/17 and 2036.

Linked particularly to a growing older population, the number of people with health problems and/or disabilities are projected to increase significantly. The number of people with mobility problems is projected to rise by 976 over the 2016/17 to 2036 period; with growth of 414 persons with dementia in Adur. Similarly, the number of people with mobility problems is projected to rise by 2,423 over the 2016/17 to 2036 period; with growth over 1,039 persons with dementia in Worthing.

In Adur, a need is shown for 490 housing with support units, such as sheltered housing or retirement living, over the period to 2036, the majority of which are expected to be leasehold. There is also a need for 430 housing with care units, with a need for both market and affordable provision. This can be met through provision of extra care housing.

In Worthing, a need is shown for 907 housing with support units, such as sheltered housing or retirement living, over the period to 2036, the majority of which are expected to be leasehold. There is also a need for 694 housing with care units, with a need for both market and affordable provision. This can be met through provision of extra care housing. Additionally, a need is shown for up to 555 care or nursing home bedspaces in Adur and 435 in Worthing to 2036.

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A need is shown for 188 wheelchair user homes in Adur and 300 homes in Worthing. The Councils should include policies to support provision of suitable wheelchair accessible homes where a local need exists.

## 7. THE NEEDS OF SPECIFIC GROUPS

- 7.1 This section considers the housing needs of family households (generally described as households with dependent children<sup>22</sup>) and the housing needs of younger people as well as student housing needs.

### The Needs of Family Households

- 7.2 The number of family households totalled 6,983 in Adur District and 12,152 in Worthing Borough at the 2011 Census, accounting for 26% of households in both areas. Household projections have been developed (linked to the dwelling-led scenarios of 177 dpa and 246 dpa respectively) to estimate growth in family households over the period to 2036 on a constrained basis.
- 7.3 It is important to recognise that as a result of modelling growth in family households on a constrained basis (i.e. through the dwelling-led scenario), where housing will be delivered at a rate which falls substantially below need generated by the standard method in Section 4, we would expect to see the older population in Adur and Worthing continue to grow; whilst we might expect to see restricted movement for families into both areas. This is reflected in the dwelling-led projections set out below which show growth of 7.2% equal to around 582 family households in Adur District.

**Table 7.1 Projected Change in Household Types in Adur District, 2019-36 (linked to 177 dpa)**

Adur District	2019	2036	Change in house holds	% change
One-person household (aged 65 and over)	4,545	5,353	808	17.8%
One-person household (aged under 65)	4,220	4,595	375	8.9%
Couple (aged 65 and over)	4,026	5,287	1,261	31.3%
Couple (aged under 65)	3,617	2,802	-815	-22.5%
A couple and one or more other adults: No dependent children	2,259	2,545	286	12.7%
Households with one dependent child	4,011	4,801	791	19.7%
Households with two dependent children	3,203	3,198	-5	-0.2%
Households with three dependent children	878	673	-204	-23.3%
Other households	1,795	2,220	425	23.7%
<b>Total</b>	<b>28,553</b>	<b>31,474</b>	<b>2,921</b>	<b>10.2%</b>
Total households with dependent children	8,091	8,673	582	7.2%

Source: Demographic Projections

<sup>22</sup> Dependent children are those aged under 16 years living with at least one parent, or aged 16 to 18 years in full-time education

- 7.4 The household projections for Worthing Borough linked to the dwelling-led scenario are set out in the Table below; and show a fall in the number of family households of around 1,264 households equal to -9.7%.

**Table 7.2 Projected Change in Household Types in Worthing Borough, 2019-36 (inked to 246 dpa)**

Worthing Borough	2019	2036	Change in house holds	% change
One-person household (aged 65 and over)	8,077	10,626	2,549	31.6%
One-person household (aged under 65)	10,321	10,484	163	1.6%
Couple (aged 65 and over)	6,392	9,294	2,902	45.4%
Couple (aged under 65)	6,403	4,524	-1,879	-29.3%
A couple and one or more other adults: No dependent children	3,385	4,149	764	22.6%
Households with one dependent child	6,203	6,028	-175	-2.8%
Households with two dependent children	5,150	4,482	-668	-13.0%
Households with three dependent children	1,714	1,294	-420	-24.5%
Other households	3,314	4,138	824	24.9%
<b>Total</b>	<b>50,959</b>	<b>55,019</b>	<b>4,060</b>	<b>8.0%</b>
Total households with dependent children	13,068	11,804	-1,264	-9.7%

Source: Demographic Projections

- 7.5 The level of growth (or lack of) in family households does not automatically translate into an equivalent need or lack of need for family-sized accommodation, not least as many older households will continue to live in family-sized properties that offer space for friends and relatives to come and stay; and the projections are reflective of a constrained supply scenario where the movement of family households into the areas are constrained. The interaction between demographics and the need for different sizes of accommodation, taking account of various factors, is considered further in Section 8.

#### **Barriers for Families in Accessing Suitable Housing**

- 7.6 The existing housing stock in Adur and Worthing is principally focussed more towards smaller properties than the South East as a whole. In percentage terms, the proportion of 1 and 2 bedroom properties accounts for 46% of all household stock in Adur; and 50% of stock in Worthing as at the 2011 Census. Notably, Adur and Worthing have a lower proportion of larger family sized housing including 4 or more bedroom properties than that seen regionally and nationally; which is not wholly unsurprising given the nature of land supply constraints in the authority areas. However, set in context the area plays an important role in providing family housing for other authority areas such as Brighton & Hove where the profile is focussed more towards smaller properties and flats.
- 7.7 According to local estate agents, the demand for family housing is strong in Adur and Worthing due to a range of factors, including relative affordability compared to London, Brighton & Hove and other parts of the South East; the availability of some larger family sized stock in comparison to adjacent

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authorities i.e. Brighton & Hove. The estate agents state that there is high demand for larger family housing. Generally, flats and houses which are able to accommodate families are either sold or let very quickly when placed onto the market.

7.8 The delivery of family sized housing (i.e. homes with 3 or more bedrooms) therefore remains a requirement for both areas; including providing the widest possible choice and mix of housing in varying locations; despite the reality that land supply constraints weigh in heavily on the ability for both authorities to deliver larger family housing. This could however be facilitated through the delivery of 3 bedroom flats subject to the site's circumstances.

7.9 Recognising that the largest projected household growth is expected in both authority areas from those aged 65 and over; an appropriate strategy response for the Councils could be to focus on delivering specialist housing – as evidenced in Section 6 - or smaller market housing in order to allow the older population to 'rightsized' with the potential to increase the availability of existing family sized housing; whilst delivering larger family housing on sites where it is possible to do so. However too strong a focus of provision on specialist housing for older persons risks in-migration of older persons into the Borough to the detriment of other age groups which might for instance help to support workforce growth. It is therefore important that the right balance is struck.

#### **Affordability and Local Housing Allowance**

7.10 Housing costs for family households (as well as securing the initial rental deposit) constitute a key barrier to accessing housing for some households, as private rents have grown faster than household incomes and above housing benefit allowances. The relative un-affordability of larger, family sized, homes for rent can often result in distortions and inefficiency in the market limiting the development of larger properties despite evident local needs.

7.11 The Local Housing Allowance ("LHA") sets the amount of housing benefit or Universal Credit housing element that households in the private rented sector can claim (it is intended to reflect the lowest 30th percentile of local private rents to allow welfare claimants access to the market). LHA has fallen below market rents in certain areas.

7.12 The Table below shows the difference between the LHA cap for the Worthing Broad Rental Market Area<sup>23</sup> ("BRMA") and the Brighton and Hove BRMA<sup>24</sup> and lower quartile rents (at year ending March 2019). It is clear that LHA rates for the Worthing BRMA fall below private rents on all sizes, although there is a particular differential for 3 and 4 bedroom properties in the western part of the District falling within the Worthing BRMA. This points to a restricted ability for the private rented sector to meet the

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<sup>23</sup> This BRMA covers the area of Adur District to the west of the River Adur

<sup>24</sup> This BRMA covers the area of Adur District which extends eastwards from the River Adur towards Hove

needs of family sized households on lower incomes in the Worthing BRMA and provides clear evidence of the need for larger family housing at social rent levels. Conversely, set against the cap for the Brighton & Hove BRMA, Adur LQ monthly private rents fall below LHA rates on all sizes. This is shown in the Table below.

**Table 7.3 Comparison of Monthly LQ Rents and LHA Rates in Adur District**

Property Size	Monthly LQ Rent	LHA Rate: Worthing BRMA	Difference: Worthing BRMA	LHA Rate: Brighton & Hove BRMA	Difference: Brighton & Hove BRMA
2-bed	£800	£685	£115	£887	£87
3-bed	£1,000	£829	£171	£1,031	£31
4-bed	£1,250	£1,101	£149	£1,562	£312

Source: VOA Rental Data 2019 and Direct Gov 2019

- 7.13 Turning to Worthing Borough, the Table below shows the difference between LQ monthly rents and the LHA rates for the Worthing BRMA only; as this is the only BRMA covering the authority area. The analysis clearly shows that LHA has fallen below market rents on all property sizes; and particularly for larger family housing. Again therefore this promotes provision of affordable family housing to rent (which should be focused at social rent levels).

**Table 7.4 Comparison of Monthly LQ Rents and LHA Rates in Worthing Borough**

Property Size	Monthly LQ Rent	LHA Rate: Worthing BRMA	Difference: Worthing BRMA
2-bed	£795	£685	£110
3-bed	£975	£829	£146
4-bed	£1,295	£1,101	£194

Source: VOA Rental Data 2019 and Direct Gov 2019

- 7.14 The LHA cap was frozen in 2015, but raised subsequently again by 3% in 2018, relieving some pressure in higher rental value areas and reducing the pressure, to some limited degree, on local authority Discretionary Housing Payments. There has however been no increase to the LHA rates themselves which remain frozen.

#### **Initial Housing Purchase Costs**

- 7.15 Initial purchase housing costs, in terms of both deposit sums and Stamp Duty Land Tax (SDLT), affect all households seeking to purchase market housing. House purchase deposits have a usual minimum of 10% of sale price, however there is clear evidence that increased deposits, particularly above 20% are able to attract better value mortgage finance deals.

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- 7.16 For current<sup>25</sup> lower quartile purchase prices in Adur at £260,000, and in Worthing at £223,000 a 10% purchase deposit represents £26,000 and £22,300 respectively. At the 20% level the deposit increases to £52,000 and £44,600 respectively. In absolute terms, the level of deposit required in order to secure a market housing purchase has increased substantially linked to increasing sales prices over time. The effect of purchase deposits is relevant to first time family buyers as well as second and subsequent moves as it is required at the point of contract exchange before any equity in an existing property is released.
- 7.17 The Government's Help to Buy programme has provided an avenue to alleviate some of the problem (offering a 20% loan towards the deposit) on properties up to £600,000. Across the two authority areas, the Help to Buy programme does therefore provide an opportunity for families seeking to secure appropriately sized market housing and it is clear from analysis of current sales values and trends that there is a good selection of new build and existing family-sized housing stock available within the limits of the Help to Buy programme.
- 7.18 However, there is an underlying issue for those lower income families seeking to purchase market housing (and not seeking shared ownership routes) to save the deposits required as well as meet any Stamp Duty Land Tax (SDLT) liability that is also necessary at the point of purchase. This is where affordable home ownership products are important.
- 7.19 Both purchase deposits and SDLT are a function of the total house sale price and the long-term trend of significantly rising prices affects both. The SDLT is a progressive tax with charges based on value thresholds (and additional surcharges for second homes and investors) however the underlying value of family sized properties in the South East and within Adur and Worthing has driven up the total level of SDLT payable at the point of purchase. The barriers caused by this situation will clearly affect individual household circumstances in different ways, but there is some national research that offers an insight into the main ramifications.
- 7.20 Research undertaken in 2018 by the London School of Economics for The Family Building Society<sup>26</sup> concluded that SDLT is a highest order influence and barrier to families and those looking to move to a new house or downsize (as dependent children leave home). The research found that many family and downsizer households stay continuing to live in homes that may not be suitable to their needs and in turn reducing demand for new housing and reducing choice for those who wish to move. The research also found that SDLT costs inhibited the households ability to support adult children and in

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<sup>25</sup> Year ending March 2019

<sup>26</sup> A Taxing Question: Is Stamp Duty Land Tax Suffocating the English Housing Market, LSE for The Family Building Society (November 2017)

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turn affected the ability of first time buyers and younger families to secure the level of purchase deposit necessary.

#### **Welfare Benefits, Universal Credit and Local Housing Allowance**

- 7.21 The changing nature of welfare benefits payments, particularly housing benefits and the introduction and shift to Universal Credit have direct implications for lower earning and economically inactive households.
- 7.22 The operation of the welfare benefit cap has been in place now for a number of years, restricting the total amount of benefit (including housing benefits) which in turn serves to restrict housing (and locational) choice and opportunity for those family households affected. This has served to form a potential barrier to accessing family housing.
- 7.23 The maximum amount of welfare and housing benefit is capped currently at £384.62 per week or £1,666.67 per month (outside London) for families with children and couples. The benefit cap applies as soon as the household income from benefits would otherwise exceed it.
- 7.24 The welfare cap does not apply to housing benefits if sufficient hours are worked to qualify for working tax credit. For a lone parent this is 16 hours worked per week; for families this is 24 hours per week (with one person working at least 16 hours). There are exemptions for those with disabilities or carer attendance responsibilities.
- 7.25 In addition to restrictions arising from welfare caps, those households that are Universal Credit claimants are limited (after 6th April 2017) in terms of claiming additional amounts for a third or subsequent child which inevitably restricts larger family household incomes for those claiming Universal Credit.
- 7.26 A further difficulty has been widely reported in terms of individuals and family households switching from benefit payments into the Universal Credit system with widely reported delays and significant gaps between the last benefit payment and the first payment by Universal Credit. This has, in some instances been compounded by Universal Credit payments (including money to cover housing costs) being paid directly to the individual/household rather to the local authority or landlord.
- 7.27 Through engagement with local housing associations in both authority areas, we understand that there have been instances where such individuals/households have been unable to budget appropriately leading to a failure to pay housing rental charges when they are due.

#### **Private Landlord Attitudes to Low Income Family Households**

- 7.28 At a national level, there are well documented changes in the attitudes of private rental landlords to let properties to low income families and particularly those in receipt of LHA benefits or the Universal



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Credit housing elements. Notably, survey work undertaken by Shelter<sup>27</sup> indicates that landlord reluctance has increased over time driven by the welfare reforms and increasing negative perceptions of uncollected rents and difficulties in securing tenant arrears and longer-term housing debts. This affects the ability of low income family (and other) households to access housing in the private rented sector.

### **Implications for Family Households**

- 7.29 The strength of the flatted market in recent years, land supply constraints, together with permitted development rights have seen strong levels of delivery of flatted development; and the analysis undertaken points in particular to a restricted mix and choice of housing in both authority areas for family households in both market and affordable sectors.
- 7.30 Looking forwards, it is important to recognise that it is not just families which occupy family-sized accommodation; with many older people typically occupying homes which have more bedrooms than they might 'need' given the size of the household. This is particularly the case in the market sector, and many older persons seek additional space to allow friends and relatives to come and stay. Providing suitable housing for older households to downsize is one (and an important) means of supporting fluidity in the housing market, and maintaining a supply of family housing for younger households wherever possible given the nature of land supply.
- 7.31 The analysis has highlighted particular issues around the affordability of market housing for family households on lower incomes, in particular as lower quartile rental costs are above LHA (and particularly so for larger properties) for Worthing Borough and Adur District to the west of the River Adur. This emphasises the important role for the delivery of family-sized affordable housing in ensuring that there is adequate supply of housing available for lower income households, and promotes setting rents for larger properties at levels which do not exceed LHA levels.

### **The Needs of Younger Households**

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- 7.32 In this sub-section we move on to consider the housing needs of younger people as well as student housing needs. It considers the housing market characteristics for younger households, essentially those with a head of household representative up to the age of 39 years; examines the levels and rate of formation of younger households and then looks at affordability barriers as well as the main initiatives to increase the supply of housing for such households including the Help to Buy and Starter Homes initiatives.

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<sup>27</sup> Shut Out: The Barriers Low Income Households Face in Private Renting (June 2017), Shelter

- 7.33 On a similar basis to the projections for family households, it is important to note that a dwelling-led scenario which reflects a constrained supply position has been used; and therefore, we see continual growth in the older population whilst we see a fall in growth of younger households; as constrained supply results in an inability for younger households to form. This is reflected in the projections. Again, this is driven by the fact the migration profile (which is skewed towards people of working age and their associated children) and the constrained nature of a dwelling-led scenario.

#### Volumes of Younger Households

- 7.34 The Table below profiles the proportion of current households where the household reference person (head of household) is aged under 40. Over the 2019-36 period, the number of younger households is expected to fall by 3% in Adur District, representing a reduction of 165 younger households.

**Table 7.5 Levels and Projected Growth of Younger Households in Adur, 2019-36**

	2019	2036	Change in households	% change
16-24	520	576	56	10.8%
25-29	1,204	1,209	4	0.3%
30-34	1,749	1,606	-143	-8.2%
35-39	2,085	2,003	-83	-4.0%
Total Under 40	5,558	5,393	-165	-3.0%
Total	28,553	31,474	2,921	10.2%

Source: Demographic Projections

- 7.35 In Worthing, over the 2019-36 period, the number of younger households is expected to fall by 17%, representing a reduction of just over 2,000 younger households. This is shown in the Table below.

**Table 7.6 Levels and Projected Growth of Younger Households in Worthing, 2019-36**

	2019	2036	Change in households	% change
16-24	1,330	1,321	-9	-0.7%
25-29	2,717	2,549	-168	-6.2%
30-34	3,463	2,521	-942	-27.2%
35-39	4,065	3,166	-899	-22.1%
Total Under 40	11,574	9,556	-2,018	-17.4%
Total	50,959	55,019	4,060	8.0%

Source: Demographic Projections

- 7.36 Although the household projections linked to a dwelling-led scenario show a reduction in the number of younger households; there is still a need to consider and deal with improving access to home ownership for younger households; reflecting the fact that the need identified through the standard method exists, although it is unlikely to be met as a consequence of land supply constraints and that these represent net changes in overall households and there will still be younger households forming who need homes within the local market.

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### Home Ownership amongst Younger Households

- 7.37 Younger households and individuals often find barriers to accessing a choice and mix of housing offer to meet their needs. These reflect differentials between housing costs (whether to buy or rent) and incomes. These difficulties are compounded by the operation of mortgage lending and finance with increased levels of scrutiny concerning a household or individuals' ability to meet repayments and also to find substantial deposits in order to secure finance.

### Welfare and Housing Benefits

- 7.38 Changes to welfare and housing benefits have influenced the ability of younger households and individuals to secure accommodation. Generally, single private renters aged under 35 years can only claim the shared accommodation rate (even if the property is not shared with others) of housing benefit or Universal Credit housing costs. Those under 35 years of age will not get the shared accommodation rate if they live with other family members in a self-contained private home with a partner, dependent children or adult (non-dependent children or other adult family members).

- 7.39 The shared accommodation rate is set under the LHA regulations by the Valuation Office Agency. The current<sup>28</sup> LHA rates for the Worthing BRMA, which covers the majority of the two authority areas are:

- Shared Accommodation rate: £69.19 per week
- One Bedroom rate: £123.66 per week
- Two Bedrooms rate: £157.61 per week
- Three Bedrooms rate: £190.85 per week
- Four Bedrooms rate: £258.38 per week

- 7.40 There is also an area of Adur District covered by the Brighton and Hove BRMA where rates are notably higher. This BRMA extends east from the boundary of the River Adur within the District towards Hove; and the current rates are:

- Shared Accommodation rate: £82.66 per week
- One Bedroom rate: £157.61 per week
- Two Bedrooms rate: £204.20 per week
- Three Bedrooms rate: £237.19 per week
- Four Bedrooms rate: £349.54 per week

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<sup>28</sup> October 2019

- 7.41 The housing benefit cap applies to working age people (those not qualifying for exemption) setting an overall limit of the amount of benefits that are paid. The benefit cap applicable in Adur and Worthing is the 'Outside London' rate which for single people is £257.69 per week (£1,116.67 per month); and for families with children or couples is £384.62 (£1,666.67 per month).

#### Affordability and Access to Finance

- 7.42 In Adur & Worthing, lower quartile house prices have now risen to 13.41 times typical earnings of younger households working in Adur District; and 12.04 in Worthing Borough. Notably, the LQ affordability ratio has worsened year-on-year in both authorities since 2012. Entry-level affordability is clearly at a level which points to significant barriers for younger households seeking to buy a home.
- 7.43 Nationwide data indicates that typical mortgage payments account for some 29% of homeowners' disposable income across the UK. However, this masks a considerable difference between the UK-wide figure and those for the South East region (38.8%) and London (46.8%) as at Q4 2018; although it should be noted that the proportion of household income devoted to mortgage payments has fallen since 2017 in the South East; potentially in the context of the uncertainty surrounding Brexit.

**Table 7.7 Mortgage Re-payments as a Proportion of Household Disposable Incomes**

	2007 Q4	2016 Q4	2017 Q4	Long Term Average (1983-2017)
South East	40.1%	40.2%	38.8%	46.4%
London	39.5%	44.8%	46.8%	43.6%
UK	35.1%	29.0%	28.8%	35.0%

Source: Lloyds Banking Group (Halifax Housing Research Data), 2019

- 7.44 Lower quartile house prices averaged £258,000 in Adur District and £224,500 in Worthing in the year ending September 2018. The LQ average sales prices in the South East have witnessed significant increases over recent years. The LQ house prices as at September 2014 was £189,950 in Adur<sup>29</sup> and £160,000 in Worthing. On the basis of loan to income ratios used by most mortgage lenders of 4.5 times annual income<sup>30</sup> the table below sets out the monthly entry-level housing costs.

**Table 7.8 Entry Level House Purchase Costs, 2018**

Area	LQ Purchase Price 2018	Monthly Mortgage Cost (3% interest)	Stress Test Monthly Mortgage Cost (6% interest)
Adur	£258,000	£1,101	£1,496
Worthing	£224,500	£958	£1,301
South East	£240,000	£1,024	£1,392
England	£155,000	£661	£899

<sup>29</sup> House Price Statistics for Small Areas (Year to Sept 2018)

<sup>30</sup> Calculations assume a 10% deposit, repayment term of 25 years and a 3% interest rate over the term (6% for the Stress Test). It is assumed that there is no existing housing equity available to purchasers

- 7.45 Overall, the entry level house purchase costs represent a significant barrier and challenge for many younger households with monthly mortgage payments in excess of £1,100 in Adur and £950 in Worthing; and the requirement for significant savings to access deposit finance.

#### **Help-to-Buy Support**

- 7.46 The Government's Help-to-Buy Programme provides a range of schemes which support younger households to get on the housing market (and in doing so support housing market activity). The programme now includes:

- **Help to Buy ISA** – this is a savings product aimed at first time buyers. The ISA boosts the amount saved by 25% with the total Government contribution capped at £3,000. The ISA can be used in combination with the Equity Loan or Shared Ownership schemes. The Help to Buy ISA closed to new accounts at midnight on 30<sup>th</sup> November 2019; however, if applications have opened prior to this, they will be able to continue saving into the account until November 2029.
- **Help to Buy Equity Loan** – This scheme, for new homes, is open to first time buyers and existing homeowners. There is no income cap and properties can be purchased up to a value of £600,000. A 5% deposit is required and the Help to Buy Equity Loan lends up to 20% of the purchase prices resulting in a maximum mortgage to be secured of 75% of the total price. The Help to Buy loan is interest free for the first five years.
- **Help to Buy: Shared Ownership** – to support part ownership of between 25% and 75% of the total home (either new build or resales) and ongoing rental payments on the remainder.

- 7.47 The Help to Buy programme allows the purchase (or part purchase) of new build housing and existing stock via a re-sale of Registered Providers stock. It is funded by the Government via Home England and then administered by regional Help to Buy Agents.

- 7.48 MHCLG data indicates that over the period between April 2013 and September 2018, the Help-to-Buy Equity Loan Scheme helped a total of 641 households to buy a home across both areas<sup>31</sup>; although the evidence suggests that the scheme plays more of an important role in helping younger households

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<sup>31</sup> <https://www.gov.uk/government/statistics/help-to-buy-equity-loan-scheme-statistics-april-2013-to-31-december-2018>

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to buy a home in Worthing Borough, rather than Adur District. The Table below provides a breakdown of the impact of Help to Buy.

**Table 7.9 Help to Buy Impact in Adur & Worthing, Q1 2013 – Q4 2018**

	No. of Flats	No. of Homes	Total	Value
Adur	35	45 <sup>32</sup>	80	£4.7m
Worthing	102	459 <sup>33</sup>	561	£32.8m

Source: MHCLG Help to Buy Data, April 2019

- 7.49 This analysis reveals a total of 561 loans worth £32.8m in Worthing Borough and 80 loans in Adur District with a value of £4.7m. The majority of purchases have been freehold homes with a lower proportion of flatted stock. It is clear that the scheme has played a significant role in supporting the housing market over the period since 2013 – particularly in Worthing - and is an important means of helping a range of households, including younger households, onto the housing ladder. It is expected that this has been driven by a higher number of eligible new build homes in Worthing.
- 7.50 The then Communities Secretary Rt Hon James Brokenshire MP announced in November 2018 that the Help to Buy scheme would continue with a new scheme from April 2021 (understood to be more restricted to just first time buyers and with regional property price caps imposed to more closely target those that the Government considers are most in need of the support). The confirmation of a future Help to Buy scheme post-2021 does offer some further certainty that this form of housing market intervention and support will continue for the foreseeable future.
- 7.51 Overall, is clear that the particular issue affecting younger households is housing affordability. The affordability of housing to buy, and the ability of younger households to access it has deteriorated in recent years; and is now out-of-reach of many younger households. Coupled with this, land supply constraints in both authority areas contribute to the inability to improve affordability through additional supply.
- 7.52 A strategy which draws on a number of measures is needed to address the needs of younger households, including promoting delivery of affordable housing through planning policy, including through S106 agreements securing affordable housing on mixed-tenure development schemes where they become available.

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<sup>32</sup> 100% freehold homes

<sup>33</sup> 99.8% freehold homes

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## Student Accommodation

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- 7.53 It is also important to consider trends in the student population of Adur and Worthing and have regard to how this may influence the need for both student accommodation and overall housing need.
- 7.54 Neither of the two authorities currently has a university, the nearest universities being located in Brighton & Hove. As a result, there are limited student housing issues within the local market, these being focused on further education students. However, it is noted that Northbrook College – now part of Brighton Metropolitan College – offer some degree courses.
- 7.55 According to Census data at 2011, there were 2,499 full-time students aged between 16 and 74 in Adur in 2011, equating to 5% of the population aged 16 and over. There were 4,498 full-time students aged between 16 and 74 in Worthing in 2011, also equating to 5% of the population aged 16 and over. The Table below separates out the full-time students by authority area; and by age group, acknowledging that those aged 16-17 will principally be sixth form students.

**Table 7.10 Student Numbers by Age Group in Adur District and Worthing Borough**

	Aged 16 17	Aged 18 74	Total
Adur	1,314	1,185	2,499
Worthing	1,997	2,501	4,498

Source: Census data 2011

- 7.56 It is helpful to understand how student numbers have changed across both authority areas. The Table below sets out the growth in the number of full-time students across the two authorities, including the percentage change of full-time students between the 2001 Census and 2011 Census.

**Table 7.11 Changes in Full-Time Students aged 16-74**

Authority	2001	2011	% Change
Adur	2,052	2,499	22%
Worthing	3,186	4,498	41%

Source: Census data 2001 and 2011

- 7.60 The analysis shows that full-time student numbers increased by 447 persons in the Adur population, representing a 22% increase. Worthing Borough experienced a higher increase of 1,312 persons; representing a 41% increase.
- 7.61 Having regard to where full-time students live in both authority areas, the Table below sets out the number of full-time students in Adur District and Worthing Borough alongside the type of student accommodation that each student resided in as at 2011.

**Table 7.12 Student Accommodation, Students aged 16-74**

Type of Accommodation	Adur	%	Worthing	%
Living with Parents	1,900	76.0	3,330	74.0
Living in Communal Establishment: University	0	0	22	0
Living in Communal Establishment: Other	179	7.0	26	1.0
Living in All Student Household	63	3.0	278	6.0
Living Alone	46	2.0	149	3.0
Other	311	1.0	693	15.0
<b>Total</b>	<b>2,499</b>	<b>100</b>	<b>4,498</b>	<b>100</b>

Source: Census data 2011

- 7.62 It is clear that the large majority of students aged between 16 and over across both authority areas live at home with parents; with around three quarters of students in both areas doing so. There are limited housing market impacts associated with this. There was a slightly higher proportion of students living in an all student household (likely in the private rented sector) in Worthing than Adur; however, this still only accounted for 6% of all students.
- 7.63 Turning again to growth over the last two Census points, the Table below shows that growth was largely catered for by an increase in full-time students living with their parents. The growth in this type of student accommodation accounted for 79% and 72% of all student growth in Adur and Worthing respectively. There was a marginal increase in those living in an all student household at 6% in Adur and 7% in Worthing.

**Table 7.13 Student Growth by Student Accommodation, Students aged 16-74**

Type of Accommodation, Growth 2001 2011	Change in Adur	Change in Worthing
Living with Parents	353	942
Living in Communal Establishment	-13	36
Living in All Student Household	27	86
Living Alone	8	26
Other	72	222
<b>Total</b>	<b>2,499</b>	<b>4,498</b>

Source: Census data 2001 and 2011

- 7.64 Overall, the evidence considered above points to modest numbers of student residents in Adur and Worthing who generate any notable housing needs; and does not suggest, based on the information currently available, that any interventions or purpose built housing provision is necessary.
- 7.65 In order to confirm this is the case, Iceni has engaged with letting agents in both authority areas to understand if there is any pressure on the housing market; including any potential pressure arising from Brighton & Hove with students residing in either Adur or Worthing and commuting towards



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Brighton's Universities. However, all letting agents consulted confirmed that lets to students and indeed enquiries from students are few and far between; with between 1 to 5 enquiries a year for the letting agents consulted. Those letting tend to be young professionals, couples and young families. As a result, it is considered that there is no need for any specific interventions to respond to any need arising from students.

### **The Needs of Service Families**

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- 7.66 The Framework (paragraph 61) seeks to ensure that the housing needs of different groups are assessed and reflected in planning policies. The paragraph lists various different groups including service families. Military personnel are also listed as part of the definition of essential local workers in Annex 2 of the Framework.
- 7.67 The Armed Forces Covenant (May 2011) was published by the Ministry of Defence and describes a moral obligation that the Government and the Nation owe to those who serve or have served in the Armed Forces and to their families. The Government has acted to implement various measures aimed at strengthening the position of ex-military personnel when seeking to access housing and support.
- 7.68 As of 2012 onwards, the Government revised national guidance to include measures to set new "priority need" categories to assist homeless ex-service personnel in accordance with the Housing Act 1996. The Government also changed the rules on local connection to ensure that barriers are removed for ex-military personnel in accessing social housing and included ex-military personnel as a priority category in terms of eligibility for certain low-cost home ownership initiatives.
- 7.69 There has therefore been a national emphasis and obligation to support ex-service personnel in terms of their housing and the rehabilitation care needed to honour the implementation of the Armed Forces Covenant. There are also a number of housing schemes that are available to the Service and Ex-Service community under the Homebuy umbrella. The Forces Help to Buy scheme has also operated from April 2014; but ended on 31<sup>st</sup> December 2019. The MoD Referral Scheme aims to provide low-cost, rented accommodation for service personnel on leaving the Services. There is also a requirement through the Self-Build and Custom Housebuilding Regulations 2016 to include ex-service personnel on Part 1 of the Councils self-build registers, regardless of whether or not a local connection test is met.

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- 7.70 According to the Ministry of Defence (“MoD”)<sup>34</sup>, there are approximately 202,150 military personnel stationed in the UK in as at 1<sup>st</sup> April 2019; however, there are no specific records of any military personnel or civilian personnel in either Adur District or Worthing Borough.
- 7.71 Furthermore, drawing on the 2011 Census, there was no published record of the armed forces population in either authority area. This does not necessarily mean that there are no such personnel within the authority areas; however, the Census data disclosure policy prevents data from being produced for local authorities which fail to meet a minimum threshold in the number of armed forces persons resident or working in the area. In Adur and Worthing, the threshold has not been met.
- 7.72 Accordingly, the overall number of service personnel living in Adur and Worthing must therefore represent a relatively small proportion of the population in both authority areas. It will be important that housing allocations policies support access to housing for current or former service personnel and their families, but the evidence does not indicate a particular need for wider actions to support this group at the current time.

### **The Needs of Gypsies and Travellers**

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- 7.73 The NPPF is also clear that an assessment should be undertaken of the needs of traveller families who do not meet the planning definition of Gypsies and Travellers but who require pitches or plots. This SHMA does not seek to undertake this assessment as the recently completed Coastal West Sussex Gypsies and Travellers Accommodation Needs Study (April 2019) has undertaken this assessment.
- 7.74 The study found that for Adur, there was a need for 17 additional pitches from households that did not meet the planning definition over the period to 2036. This need was comprised of 1 movement from bricks and mortar, 7 households on the waiting list in need of a pitch of their own, 2 teenagers on sites in need of a pitch of their own in the next 5 years, and 7 from new household formation using a rate of 2.4% derived from the household demographics.
- 7.75 In Worthing, the study found that there was no need for additional pitches over the period to 2036 as none were identified apart from a small tolerated site that falls within the boundary of the SDNP and has been included in the park authority’s assessment of need.

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<sup>34</sup> MOD, Annual Personnel Location Statistics, 2019

- 7.76 The need for households who did not meet the planning definition should be addressed as part of general housing need and through separate Local Plan Policies as all Travellers will have been included as part of the overall local housing need.

## **Housing Needs of Specific Groups: Summary and Conclusions**

This section has considered the need of specific groups including family households, young people, students and service families. The conclusions for each of these sections are set out below:

### **Family Households**

The evidence points to projected growth in family households in Adur District of 7.2% and a fall in Worthing Borough of 9.7% between 2019/36. However, this is reflective of a constrained, dwelling led scenario rather than being reflective of a demographic led scenario. Although the growth of family households may be restricted by supply, there remain clear affordability barriers which are likely to prevent younger family households and younger households in general from buying a home in both authority areas.

The evidence suggests that the Help to Buy Equity Loan has provided some support for younger households in being able to buy a home principally in Worthing; and a range of measures should also be progressed through planning in seeking to provide housing options for younger households. This includes delivery of rented and low cost home ownership housing both wherever possible in both authority areas.

### **Younger People**

The demographic projections show that the number of younger households is expected to fall by 3% in Adur District, representing a decline of 165 households; and 17% in Worthing Borough equal to decline of around 2000 households over the period 2019/36. However, this is reflective of a constrained, dwelling led scenario and is a net figure; there will still be younger household forming in both areas. From the analysis it is clear that the particular issue affecting younger households is housing affordability. The affordability of housing to buy, and the ability of younger households to access it, has deteriorated further in recent years; and is now out of reach of many younger households in both authority areas.

The implications of this is that the delivery of (and access to) affordable housing is very important for younger households and will be important in ensuring that a balanced population profile is maintained in the authority areas. If housing accessibility for younger households continues to be constrained, thus inhibiting their ability to move to or stay within the local area; this could harm the economy (through affecting the ability of employers to recruit) and may lead to unsustainable longer distance commuting patterns.

A multi pronged strategy is needed to address the needs of younger households, through promoting delivery of affordable housing through planning policy, including through S106 agreements securing affordable housing on mixed tenure development schemes. The potential for public sector land to contribute to affordable housing delivery should also continue to be investigated.

### **Student Accommodation**

There are no higher education establishments in Adur & Worthing; with the nearest Universities being located in Brighton & Hove. As a result, there are limited student housing issues within the local market, these being focused on further education students. The evidence shows limited evidence of students who are not living with parents; and does not suggest, based on the information currently available, that any interventions or purpose built housing provision is necessary.

### **Service Families**

The MoD does not have any record of military and civilian personnel located in Adur or Worthing. Furthermore, drawing on the 2011 Census, there was no published record of the armed forces population in either authority area. This does not necessarily mean that there are no such personnel

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within the authority areas; however, the Census data disclosure policy prevents data from being produced for local authorities which fail to meet a minimum threshold in the number of armed forces persons resident or working in the area. The overall number of service personnel living in Adur and Worthing must therefore represent a very small proportion of the population in both authority areas; and whilst it will be important that housing allocations policies continue to support access to affordable housing for current and former service personnel and their families, the evidence does not point to a need for wider intervention.

### **Gypsies and Travellers**

The April 2019 Coastal West Sussex Gypsies and Travellers Accommodation Needs Study found that there was a need for an additional 17 pitches in Adur for those Travellers which did not meet the planning definition. There was no need in Worthing.

## 8. NEED FOR DIFFERENT SIZES OF HOMES

- 8.1 In this section, we draw together the analysis in the preceding sections to set out an analysis and conclusions on the need for different types of market and affordable housing.
- 8.2 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to both the demographic-led scenario and the dwelling-led scenario, it is possible to see which age groups are expected to change in number, and by how much.
- 8.3 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to work out what the profile of housing needed over the assessment period to 2036.
- 8.4 An important starting point is to understand the current balance of housing in each area. The table below profiles the sizes of homes in different tenure groups. Looking at Adur and Worthing, the analysis for both authorities shows a smaller dwelling profile in the owner-occupied sector (and notably a relatively low number of 4+-bedroom homes, particularly in Adur). For the social rented and private rented sectors differences are typically smaller, although it is notable that Worthing sees a particularly high proportion of 1-bedroom homes in both of the rented sectors; and a lower proportion of 3 bedroom homes. Observations about the current mix feed into conclusions about future mix later in this section.

**Table 8.1 Number of bedrooms by Tenure, 2011**

		Adur	Worthing	Adur & Worthing	West Sussex	South East	England
Owner-occupied	1-bedroom	6%	8%	7%	5%	5%	4%
	2-bedrooms	32%	31%	31%	25%	22%	23%
	3-bedrooms	46%	42%	44%	43%	44%	48%
	4+-bedrooms	15%	18%	17%	26%	30%	25%
	TOTAL	100%	100%	100%	100%	100%	100%
Social rented	1-bedroom	31%	41%	37%	32%	32%	31%
	2-bedrooms	34%	29%	31%	33%	33%	34%
	3-bedrooms	33%	27%	29%	31%	31%	31%
	4+-bedrooms	3%	2%	2%	3%	4%	4%
	TOTAL	100%	100%	100%	100%	100%	100%
Private rented	1-bedroom	24%	41%	36%	28%	24%	23%
	2-bedrooms	42%	37%	38%	37%	37%	39%
	3-bedrooms	28%	18%	20%	26%	27%	28%
	4+-bedrooms	6%	5%	5%	9%	12%	10%
	TOTAL	100%	100%	100%	100%	100%	100%

Source: Census (2011)

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## Overview of the Methodology

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- 8.5 The method to consider future housing mix looks at the ages of the Household Reference Persons<sup>35</sup> and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

### Understanding how Households Occupy Homes

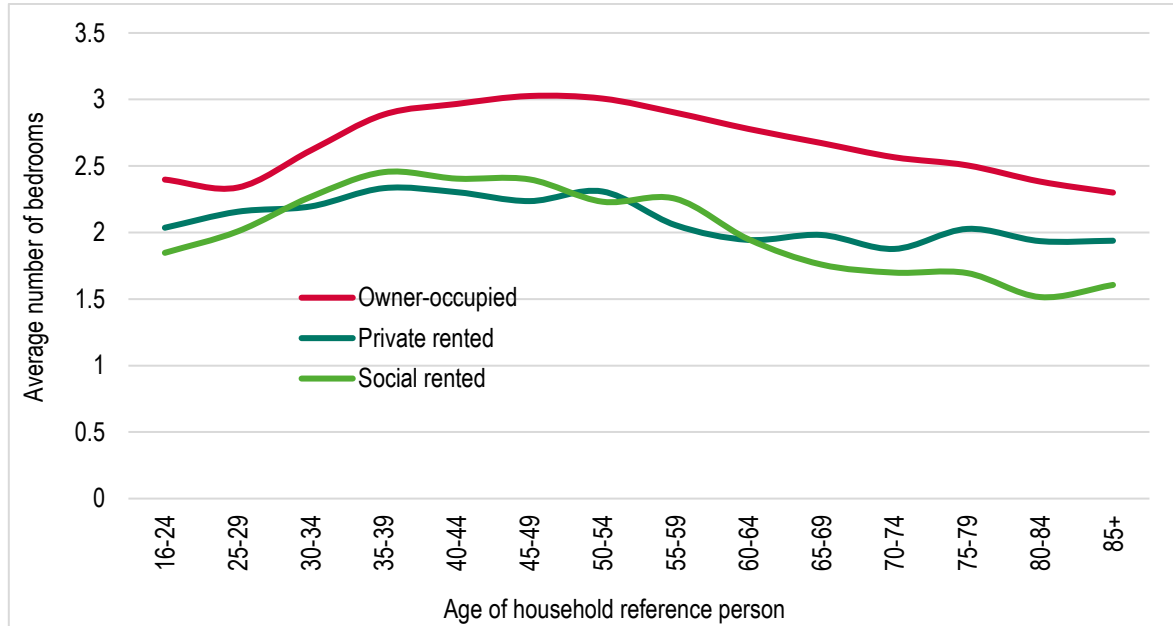
- 8.6 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 8.7 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units. That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller homes (of say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.
- 8.8 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the 'bedroom tax').
- 8.9 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 8.10 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Adur and Worthing. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-49; a similar pattern

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<sup>35</sup> Often called the head of the household

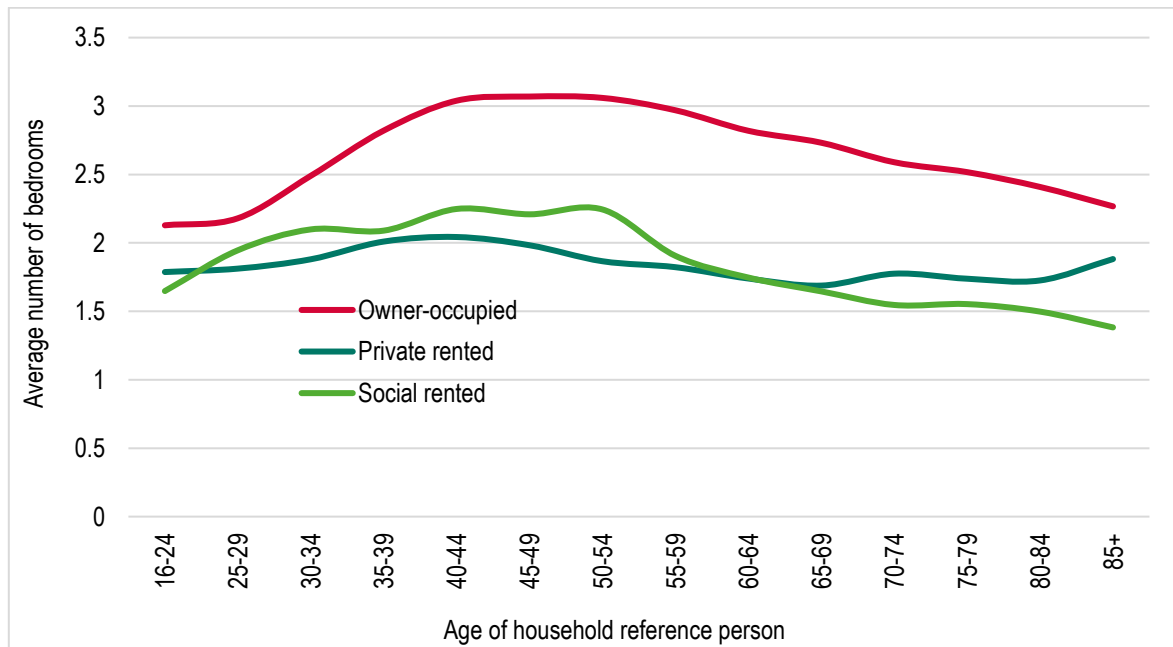
(but with smaller dwelling sizes) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.

**Figure 8.1: Average Bedrooms by Age and Tenure – Adur**



Source: Derived from ONS Commissioned Table CT0621

**Figure 8.2: Average Bedrooms by Age and Tenure – Worthing**



Source: Derived from ONS Commissioned Table CT0621

8.11 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile which is focused towards smaller homes and sees levels of sharing and overcrowding which are above the regional average. This is particularly the case in the owner-occupied (market) sector. On this basis we have also applied regional occupancy assumptions

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for the South East region so as to ensure the modelling assumptions do not introduce a further skew towards smaller property sizes. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

- 8.12 The analysis has been used to derive outputs for three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and rented affordable housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

### **Modelled Outputs**

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- 8.13 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures. As part of the exercise, we have looked at housing mix in a number of ways including by comparing the implications on mix of the dwelling-led and demographic-led scenario; and through discussions with estate agents and housing associations. Consideration of regional occupancy helps to deal with a situation where there are slightly unusual patterns of current dwellings (e.g. large or small numbers of a specific size of home in a specific tenure).

#### **Dwelling-led Scenario**

- 8.14 The modelling results for the dwelling-led scenario, which is probably a more realistic scenario for demographic change in Adur and Worthing, show a different profile of need for different property sizes in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

**Table 8.2 Modelled Mix of Housing by Size and Tenure – Adur – linked to 177 dpa**

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market	6%	32%	44%	18%
Affordable home ownership	26%	38%	26%	10%
Affordable housing (rented)	40%	31%	27%	3%

Source: Housing Market Model



**Table 8.3 Modelled Mix of Housing by Size and Tenure – Worthing (Regional Occupancy) – linked to 246 dpa**

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market	6%	38%	44%	12%
Affordable home ownership	28%	38%	24%	9%
Affordable housing (rented)	42%	30%	25%	3%

Source: Housing Market Model

#### Standard Method Scenario

- 8.15 If the standard method demographic scenario is used, the results on the need for different sizes of dwellings remains broadly similar with different profiles in the three broad tenures and with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

**Table 8.4 Modelled Mix of Housing by Size and Tenure – Adur– linked to standard method**

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market	6%	30%	44%	21%
Affordable home ownership	26%	38%	26%	10%
Affordable housing (rented)	39%	31%	27%	3%

Source: Housing Market Model

**Table 8.5 Modelled Mix of Housing by Size and Tenure – Worthing – linked to standard method**

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market	5%	27%	44%	24%
Affordable home ownership	27%	39%	25%	9%
Affordable housing (rented)	39%	31%	27%	3%

Source: Housing Market Model

### Housing Register

- 8.16 For comparison, the Table below shows the need for different sizes of households shown on each local authority housing register. This represents a need for rented affordable housing and shows a particular focus on 1 and 2 bedroom homes. Data from the register is considered when drawing conclusions about an appropriate mix.

**Table 8.6 Profile of homes needed by Households from the Housing Register (2018)**

	Adur	Worthing
1-bedroom	42%	46%
2-bedrooms	37%	34%
3-bedrooms	18%	18%
4+-bedrooms	3%	3%
Total	100%	100%

Source: Local Authority Housing Statistics

### Pipeline Supply

- 8.17 Drawing on a sample of around 1,400 homes in Adur and 675 in Worthing, we have reviewed the number of large sites with planning permission and the expected profile of housing to be delivered. The analysis is set out in the Tables below for both areas.

**Table 8.7 Pipeline Development in Adur by Tenure and Size**

	No.	%
<b>Market</b>		
1-bedroom	186	18.0%
2-bedrooms	489	47.2%
3-bedrooms	242	23.4%
4+-bedrooms	119	11.5%
Total	1036	100.0%
<b>Affordable</b>		
1-bedroom	134	33.7%
2-bedrooms	150	37.7%
3-bedrooms	112	28.1%
4+-bedrooms	2	0.5%
Total	398	100.0%

Source: ADC Monitoring Data

**Table 8.8 Pipeline Development in Worthing by Tenure and Size**

	No.	%
<b>Market</b>		
1-bedroom	318	52.8%
2-bedrooms	232	38.5%
3-bedrooms	46	7.6%
4+-bedrooms	6	1.0%
Total	602	
<b>Affordable</b>		
1-bedroom	8	11.0%
2-bedrooms	52	71.2%
3-bedrooms	7	9.6%
4+-bedrooms	6	8.2%
Total	73	

Source: WBC Monitoring Data

- 8.18 The analysis shows that in Adur, there is a large proportion of 2 bedroom properties expected to be delivered as market housing; which mirrors the trend in completions since 2011; with a notable proportion of 3 bedroom market properties but modest levels of 4+ bed homes (influenced by the land supply). The planned provision for affordable housing is principally focussed on smaller properties with just over a quarter of the affordable housing coming forward as family sized.
- 8.19 In Worthing, there is a particularly high proportion of 1 bedroom market housing provision planned; with smaller dwellings (1 and 2 bedrooms) accounting for 91% of all pipeline market housing. There is also a focus towards smaller properties with regards to affordable housing. Very few larger homes with 3+ and particularly 4+ bedrooms are expected (again influenced by land supply).

### **Indicative Targets for Different Sizes of Properties by Tenure in Adur District**

#### **Social/Affordable Rented**

- 8.20 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. Our discussions with registered providers indicate that larger rented affordable units have a relatively low turnover; and that by delivering some larger properties with 3 and 4- beds there is potential to accommodate larger families living in overcrowded homes. In doing so and facilitating transfers, smaller 1 and 2 bed properties can be released for others. On this basis we have slightly adjusted the needs profile shown through the market model towards larger homes.

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8.21 At a District-wide level, the analysis would support policies for the mix of **social/affordable rented housing in Adur** of:

- 1-bed properties: 35-40%
- 2-bed properties: 30-35%
- 3-bed properties: 20-25%
- 4+-bed properties: 5-10%

8.22 By affordable rented housing in this context, we mean social rented; affordable rented; and affordable private rented homes.

8.23 The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, this information should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

#### **Affordable Home Ownership**

8.24 In the affordable home ownership and market sectors, a profile of housing that departs from the outputs of the modelling is suggested; following discussions with estate agents and housing associations. On the basis of these discussions alongside the modelling, it is considered that the provision of affordable home ownership should be more explicitly focused on providing smaller units as larger homes are to affordable for those in the 'rent-to-buy gap' as both housing associations and Icen's analysis of what households can afford based on local incomes demonstrate.

8.25 On this basis the following mix of affordable home ownership is suggested:

- 1-bed properties: 30-40%
- 2-bed properties: 35-45%
- 3-bed properties: 15-25%
- 4+-bed properties: 0-10%

#### **Market Housing**

8.26 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile; and understanding of market demand. This sees a particular focus on 2 and 3 bedroom homes. The following mix of market housing is suggested:

- 1-bed properties: 5-15%
- 2-bed properties: 40-45%
- 3-bed properties: 35-40%
- 4+-bed properties: 10-20%

- 
- 8.27 How this mix is applied to individual development sites should take account of the nature and location of the site. On the strategic allocations within the Plan there is greater potential to deliver family housing with 3 or more bedrooms; whereas higher density flatted scheme are more likely to be focused towards the delivery of smaller properties, but should also include a proportion of larger family-sized units with 3 or more bedrooms.
- 8.28 In responding to the area's land supply constraints and the need to deliver a proportion of family housing, it is also recommended that due consideration is given to the provision of 3 bedroom flatted development on a site-by-site basis.

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### **Indicative Targets for Different Sizes of Properties by Tenure in Worthing Borough**

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#### **Social/Affordable Rented**

- 8.29 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. Our discussions with registered providers indicate that larger rented affordable units have a relatively low turnover; and that by delivering some larger properties with 3 and 4- beds there is potential to accommodate larger families living in overcrowded homes. In doing so and facilitating transfers, smaller 1 and 2 bed properties can be released for others. On this basis we have slightly adjusted the needs profile shown through the market model towards larger homes.
- 8.30 At a Borough-wide level, the analysis would support policies for the mix of **social/affordable rented housing in Worthing** of:
- 1-bed properties: 40-45%
  - 2-bed properties: 25-30%
  - 3-bed properties: 20-25%
  - 4+-bed properties: 5-10%
- 8.31 By affordable rented housing in this context, we mean social rented; affordable rented; and affordable private rented homes.
- 8.32 The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, this information should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

#### **Affordable Home Ownership**

- 8.33 In the affordable home ownership and market sectors, a profile of housing that departs from the outputs of the modelling is suggested; following discussions with estate agents and housing associations. On the basis of these discussions alongside the modelling, it is considered that the provision of affordable

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home ownership should be more explicitly focused on providing smaller units as larger homes are to affordable for those in the 'rent-to-buy gap' as both housing associations and Icen's analysis of what households can afford based on local incomes demonstrate. On this basis the following mix of affordable home ownership is suggested:

- 1-bed properties: 30-40%
- 2-bed properties: 35-45%
- 3-bed properties: 15-25%
- 4+-bed properties: 0-10%

### **Market Housing**

8.34 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile. This sees a particular focus on 2 and 3 bedroom homes but with a greater focus on 2 bed properties than in Adur, reflecting the existing profile of the area. The following mix of market housing is suggested:

- 1-bed properties: 5-15%
- 2-bed properties: 40-45%
- 3-bed properties: 35-40%
- 4+-bed properties: 10-20%

8.35 How this mix is applied to individual development sites should take account of the nature and location of the site. On sites where there is greater potential to deliver family housing with 3 or more bedrooms this should be prioritised; whereas higher density flatted scheme are more likely to be focused towards the delivery of smaller properties, but should also include a proportion of larger family-sized units with 3 or more bedrooms.

### **Need for Different Sizes of Homes: Summary and Implications**

Understanding the existing housing mix in a place is important in considering what future mix of housing is appropriate to deliver a mixed and balanced community. This is important at both a strategic, and at a local, level.

Taking account of the current stock and expected demographic trends (including the expectation that some older households will downsize if the right properties are available), the analysis points to a need for different types of homes in the market and affordable sectors. These strategic conclusions should be brought together with local evidence, such as information on current stock and needs profile at a more local level, and understanding of the characteristics of the site in considering the appropriate mix of housing on individual development sites. Development schemes should be expected to deliver a proportion of family sized homes of 3 or more bedrooms, with higher proportions of larger units on larger sites and greenfield land.

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## 9. EMERGING HOUSING MARKET SEGMENTS

- 9.1 In this section we move on to provide analysis which considers emerging segments of the housing market, including different models for delivery of housing.

### **Private Rented Sector & Build to Rent**

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- 9.2 The Private Rented Sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.
- 9.3 In the context of the sector's growth over the last 20 years and a national housing shortage, successive Governments have looked to the Private Rented Sector to play a greater role in providing more new build housing and have sought to encourage "Build-to-Rent" development.
- 9.4 Build-to-Rent development is defined in the NPPF Glossary as "*purpose-build housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership or management control.*" It represents development which is constructed with the intention that it will be let (rather than sold).
- 9.5 The benefits of Build to Rent are strong and are best summarised in the Government's *A Build to Rent Guide for Local Authorities*<sup>36</sup> which was published in March 2015. The Guide notes the benefits are wide ranging, but can include:
- Helping local authorities to meet demand for private rented housing whilst increasing tenants choice "as generally speaking tenants only have the option to rent from a small-scale landlord".
  - Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;

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<sup>36</sup> Accelerating housing supply and increasing tenant choice in the private rented sector: A Build to Rent Guide for Local Authorities (DCLG, March 2015)

- 
- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and
  - Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

9.6 The 2019 NPPF now recognises the emergence of the strength of the Private Rented Sector. Paragraph 61 in the NPPF says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including **those people who rent their homes** (as separate from those in affordable housing need). The Framework's glossary also introduces a definition for Build to Rent development (as defined above), thus recognising it as a sector.

9.7 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. BTR accounted for 8.7% of new housing starts in 2016/17 whilst latest research from Savills (2018) for the 12 month period to Q4 2018 indicates a 29% increase in BTR unit completions (over 29,400), over 43,300 units under construction (a 39% increase) and 66,700 in a substantial planning pipeline (10% increase). Taken together, this total of 139,500 units accounts for a 22% increase since Q4 2017.

9.8 In terms of age profile, research by JLL<sup>37</sup> focused on BTR case studies identified tenants typically in the 25-35 age bracket with an average tenant age of 31 and occupiers who were above average earners, seeking apartments or flats in urban conurbations, together with 'satellite' towns near to or commutable to the centres of employment.

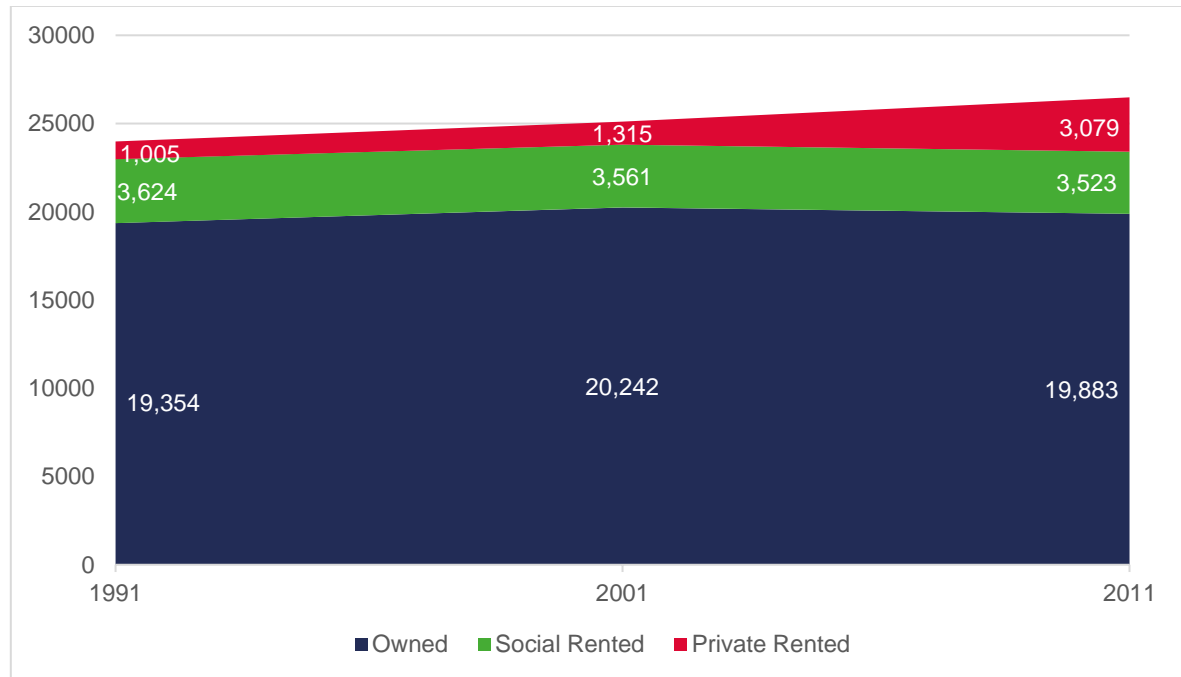
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<sup>37</sup> JLL Research (2018) Build to Rent



- 9.9 In Adur District, there has been strong growth in the Private Rented Sector. The Figure below shows the growth of the sector over the last three Census points, with an increase of 1,764 households in the sector shown between 2001-11.

**Figure 9.1: Growth of the Private Rented Sector in Adur District**

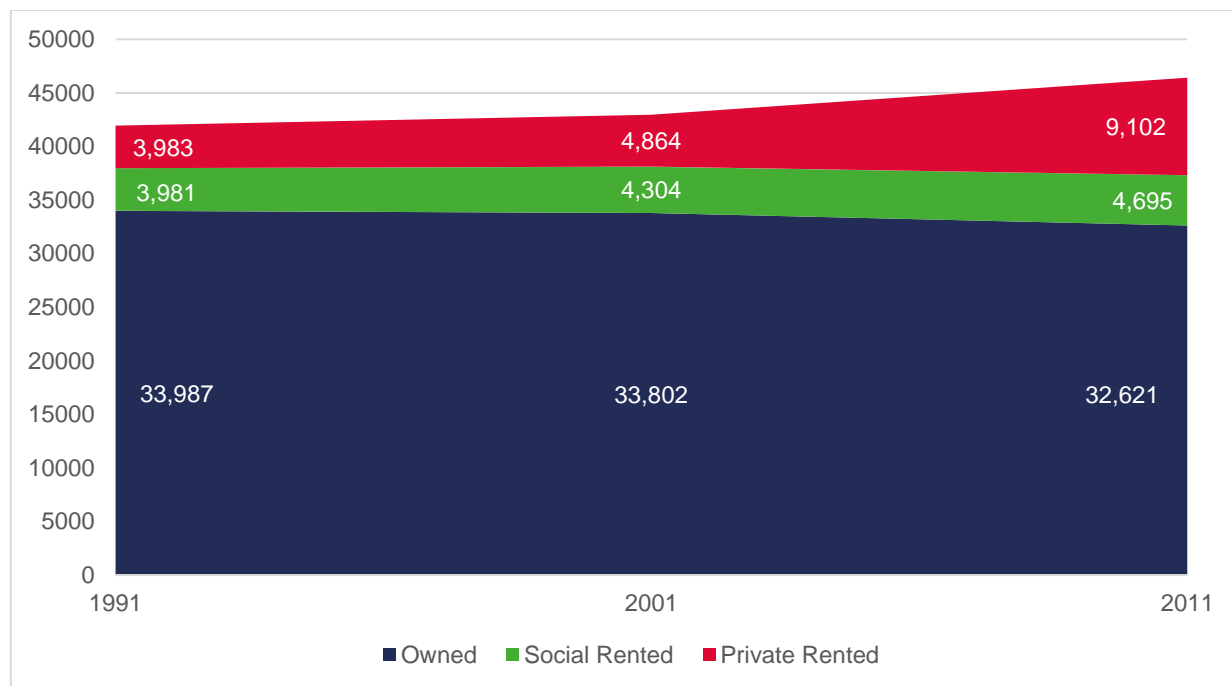


Source: 2011 Census

- 9.10 Although the number of households overall grew in Adur over the period from 1991 to 2011, the private rented sector experienced a notable increase in the number of households; with proportionate growth equal to 206% compared with 3% for owner-occupiers and a reduction of 3% for social renters. However, despite strong growth over the period between the 2001 and 2011 Census, the private rented sector remained the third largest sector in the District.

- 9.11 In Worthing Borough, there was strong growth in the private rented sector in absolute terms. The Figure below shows the growth of the sector over the last three Census points, with growth equal to over 5,000 households.

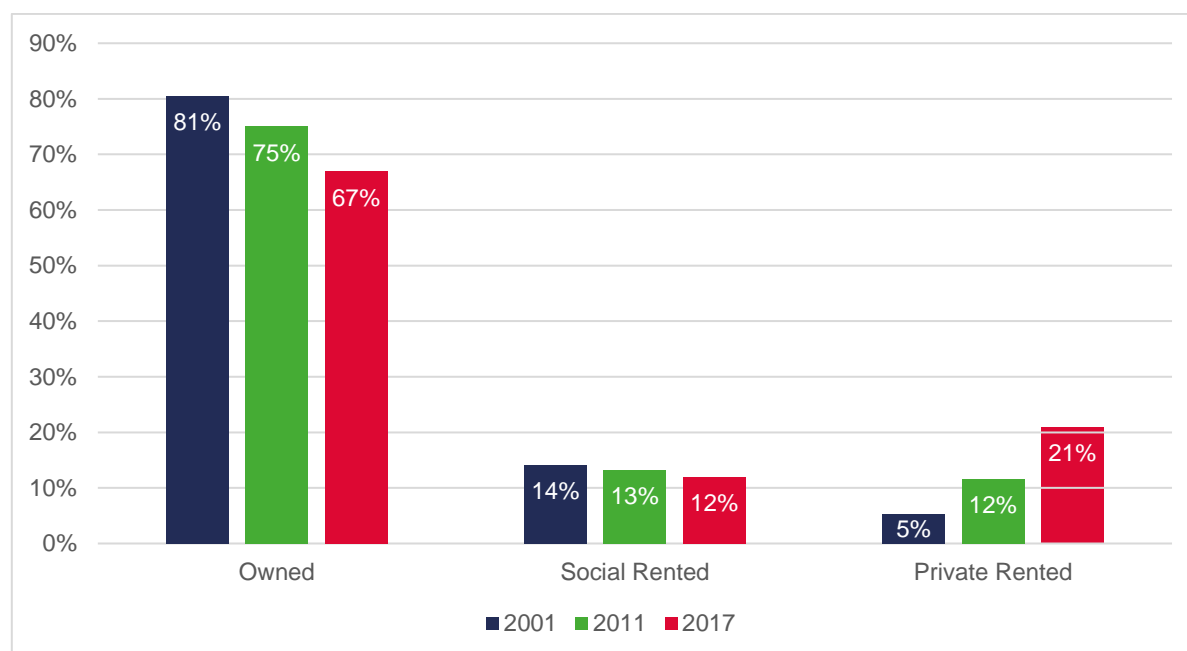
**Figure 9.2: Growth of the Private Rented Sector in Worthing Borough**



Source: 2011 Census

- 9.12 In Worthing Borough, the proportion of home ownership fell by 4% over the period from 1991 to 2011; whereas private renting increased by 129% and social renting 3%. Notably, the private rented sector was the second largest sector in 1991; and the sector grew to represent almost a quarter (23%) of all households in the Borough at the point of the 2011 Census.
- 9.13 Turning to more recent research data published by ONS which looks at dwelling stock by tenure by local authority between 2012 and 2017, we have tried to give due consideration to the potential tenure profile of households in Adur and Worthing at the time of writing.
- 9.14 ONS is clear that the research outputs are not official statistics on dwelling stock by tenure; they are research outputs which provide an estimated breakdown of the number of owner-occupied and privately rented dwellings (and therefore social rented dwellings). However, the data is helpful in understanding how the private rented sector has potentially changed in size over the period since the last Census in 2011.

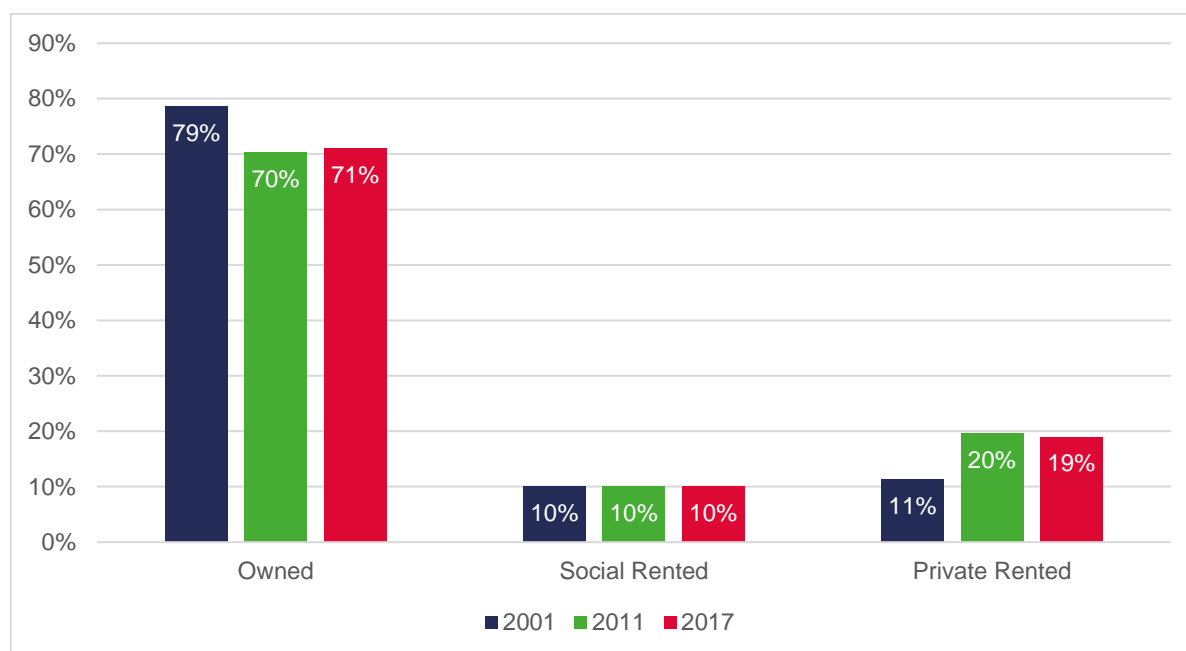
**Figure 9.3: Tenure Changes in Adur District, 2001-17**



Source: ONS

- 9.15 The research output suggests that the private rented sector could have grown from 12% of all households to over a fifth (at 21%) of all households in 2017; with the private rented sector now firmly the second largest tenure in Adur District.
- 9.16 In respect of Worthing Borough, the research output suggests shows that the size of the private rented sector could have fallen slightly by one percentage point to 19% of all households whilst home ownership levels have increased by the same amount. In Worthing, of the social rented sector has remained static in relative terms since 2001. Nevertheless, the private rented sector remains as the second largest tenure in the Borough.

**Figure 9.4: Tenure Changes in Worthing Borough, 2001-17**



Source: ONS

9.17 Turning to the private rental market, we have also reviewed current private rents in Adur and Worthing against the relevant comparators. The data is drawn from the Valuation Office Agency “VOA” as at year end March 2019.

9.18 The Table below sets out median rents by property size for Adur, Worthing, the South East and England. The analysis shows that there are strong rental values in the authority areas in comparison to the national average; and relatively strong in comparison to the South East as a whole; particularly with smaller units. The evidence suggests that there is a stronger rental market in Adur; with rental values higher across all sizes aside from 4+ bedroom properties; and values closer to the South East average. Furthermore, as is shown in Table 3.9 of this report; there has been strong rental growth in both areas across all sizes over the last five years.

**Table 9.1 Median Rents by Property Size, 2019**

Local Authority	Room	Studio	1 Bed	2 Beds	3 Beds	4+ Beds	All
Adur	£470	£573	£680	£900	£1,150	£1,413	£850
Worthing	£460	£525	£660	£850	£1,100	£1,450	£775
South East	£412	£525	£700	£875	£1,095	£1,650	£875
England	£390	£575	£615	£675	£760	£1,320	£695

Source: VOA

9.19 The Build-to-Rent sector is one which we would describe as relatively ‘embryonic’ outside London and the major Cities. It has developed over the last few years to a position where there are now a range of

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schemes in London, and schemes coming forwards in other Core Cities, but in many other areas there has been limited provision to date.

- 9.20 The adopted Adur Local Plan and emerging Worthing Local Plan do not contain policies related specifically to the Build to Rent sector, although this in part reflects the recent emergence of the sector and changes to national planning policies concerning the status and importance of Build to Rent as part of the rental market.
- 9.21 There are currently no active Build to Rent schemes on-site; however, this is not necessarily reflective of the market; particularly given the growth and strength of the private rented sector in Adur and Worthing respectively; as well as the strength of private rental values in both areas.
- 9.22 The PPG recognises that where a need is identified, that local planning authorities should include a specific plan policy relating to the promotion and accommodation of build to rent, including the circumstances and locations where build to rent schemes would be encouraged. It identifies town centre regeneration areas and parts of large sites as examples. Accordingly, it is our recommendation that schemes should be supported within the strategic allocations being brought forward to encourage a mix of types and tenures on site
- 9.23 The sector can be expected to accommodate households typically aged in the 25-40 bracket who are unable to afford to buy a home; but may also include some older households looking for flexibility or whose circumstances have changed (e.g. divorcees).
- 9.24 In considering the dwelling mix proposed in relation to a Build-to-Rent scheme; we would expect the focus to be on 1, 2 and some 3-bed properties given the occupancy profile associated with private rented accommodation in the authority areas; which is set out in Section 8. However, given that this is a relatively embryonic sector, we would recommend that the Councils are not overly prescriptive on the mix of dwelling sizes within new Build-to-Rent development.
- 9.25 The NPPF definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. It would be appropriate for the Councils to adopt a consistent definition.
- 9.26 The Councils will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build-to-Rent development will however differ from that of a typical mixed tenure development: returns from the BTR development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed. There is potential for a

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proportion of build-to-rent units to be delivered as 'affordable private rent' housing. Planning Practice Guidance<sup>38</sup> states that:

*"The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord."*

*20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark."*

*National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development"*

- 9.27 The Councils should have regard to the specific Planning Practice Guidance on Build-to-Rent development; with the starting point therefore that 20% affordable private rented homes at a discount of 20% to local market rents should be included within a development scheme.
- 9.28 The Councils should test the feasibility of this through viability analysis, but in order to help stimulate the market; Iceni does not consider that a higher proportion of affordable housing or higher discount should necessarily be applied. Our analysis of 'living rents' considered in Section 5 may help inform judgements regarding what rent levels are 'affordable.'

#### **Build to Rent Development: Summary**

Build to Rent development is currently a reasonably embryonic market outside of London. However, there is clear support for Build to Rent from the Government; which considers it to be a key product to support the emergence of the strength of the private rented sector. In Worthing in particular but also Adur, the private rented sector has seen considerable growth over the last three

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<sup>38</sup> ID: 60-002-20180913

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Census points. It continues to represent the third largest sector in Worthing; accounting for almost a quarter of all households according to recent survey data from YouGov. Furthermore, in respect of rental values, the Adur and Worthing markets are relatively strong; and sit above the South East average on all property sizes.

It is therefore appropriate that the Councils consider the sector and craft planning policies which help to support it and provide clarity on how policies will be applied to it. Given the nature of the sector, the Councils are advised to align policy requirements to national guidance.

The Councils should develop a policy supporting Build to Rent development which specifies the types of locations which are considered suitable for such development, which we would consider to include the urban areas of Adur and Worthing within reasonably close proximity to public transport connections.

### **Self-Build and Custom Housebuilding**

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- 9.29 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) (“the 2015 Act”) provides a legal definition of ‘self-build and custom housebuilding’ which are where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 9.30 The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector. In *Laying the Foundations: a Housing Strategy for England* (November 2011), the Coalition Government set out plans to enable more people to build or commission their own home.
- 9.31 The Housing and Planning Act 2016 (“the 2016 Act”), which received Royal Assent on 12<sup>th</sup> May 2016, formally introduced the ‘Right to Build’ at Chapter 2. This 2016 Act under the ‘duty to grant planning permissions etc’ has placed a legal duty on the relevant authority to grant enough planning permissions to meet the demand for self-build housing as identified through its register in each base period. The Self-Build and Custom Housebuilding Regulations 2016 subsequently came into force on 31<sup>st</sup> October 2016, amending the 2015 Act and implementing Chapter 2 of the 2016 Act.
- 9.32 In the Government’s Housing White Paper<sup>39</sup> (paragraph 3.14) in January 2017, the commitment to support the self-build and custom housebuilding sector was reasserted, the Government stating that “*alongside smaller firms, the Government wants to support the growth of custom built homes*” in

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<sup>39</sup> Fixing our Broken Housing Market (DCLG, February 2017)

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recognition of the fact that custom build homes are generally built more quickly, built to a higher quality and tend to use more productive and modern methods of construction.

- 9.33 In addition, the Government highlighted that “*fewer homes are custom built in England than many other countries, but there is evidence of more demand for them including from older people*”. According to successive Ipsos MORI polls at the time of the Paper’s publication, more than a million people across the UK expected to buy a building plot, secure planning permission or start/complete construction work on their new home.
- 9.34 On the other side of the argument however, the Government (paragraph 3.15) did acknowledge that there are barriers to self-build and custom housebuilding, including access to finance – as “*mortgages for custom and self-built homes represent a very small proportion of the overall lending market*”; the planning process and variations to local authority approaches and crucially, land supply and procurement.

#### **Adur and Worthing Self-Build Registers**

- 9.35 As of 1st April 2016 and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority’s area in order to build their own self-build and custom houses.
- 9.36 The Adur and Worthing Self-Build and Custom Housebuilding Register, assessed over the 3 year period from 1<sup>st</sup> April 2016 to 6<sup>th</sup> October 2019, shows there has been a total of 259 registered expressions of interest in a serviced plot of land in both authority areas. The two local authorities have a joint register where individuals can express a preference for Adur or Worthing; or simply register interest for both areas.
- 9.37 The authority areas have recently introduced a local connection test which will take effect from the 5<sup>th</sup> base period onwards (i.e. from 31<sup>st</sup> October 2019). In accordance with the 2016 Act, the authorities are required to now have two parts to the register. All individuals or groups who apply for entry on the register and meet all the eligibility criteria must be entered on Part 1. Those who meet all the eligibility criteria except for a local connection test must be entered on Part 2 of the register. There is no obligation for the District/Borough Council to provide plots for entries on Part 2 of the Register, but the District/Borough Council will have regard to this when carrying out planning, housing, land disposal and regeneration functions.
- 9.38 The Table below provides a breakdown of those who have expressed demand for serviced plots of land in Adur & Worthing over the four base periods prior to the introduction of the local connection test. In respect of the first base period, which is a level of demand expected to be met through permissions by 30<sup>th</sup> October 2019 in accordance with the 2016 Act; there were 31 expressions of interest.

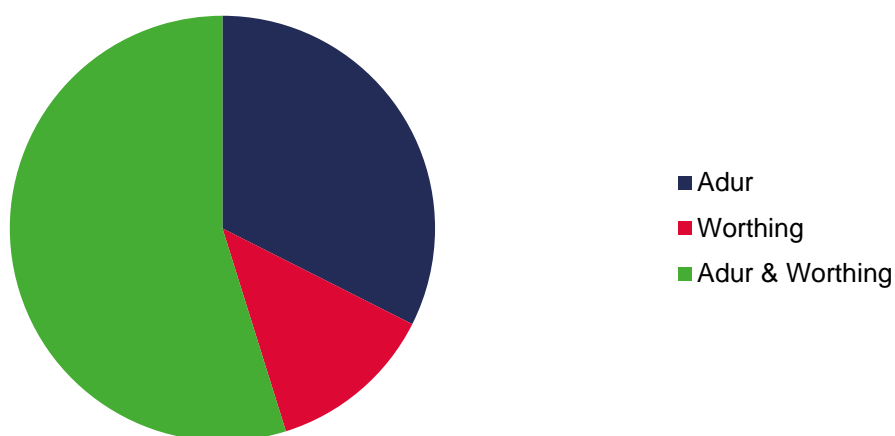


**Table 9.2** Serviced Plot Demand by Base Period in Adur & Worthing District

	Total
Base Period 1 (1 <sup>st</sup> April 2016 to 30 <sup>th</sup> October 2016)	31
Base Period 2 (31 <sup>st</sup> October 2016 to 30 <sup>th</sup> October 2017)	97
Base Period 3 (31 <sup>st</sup> October 2017 to 30 <sup>th</sup> October 2018)	71
Base Period 4 (31 <sup>st</sup> October 2018 to 6 <sup>th</sup> October 2019)	60
Total	259

- 9.39 The Figure below provides an indication of the locational preference of those who have expressed an interest in a serviced plot of land for self-build and custom housebuilding.

**Figure 9.5:** Locational Preference for Serviced Plot, 1<sup>st</sup> April 2016 – 6<sup>th</sup> October 2019



- 9.40 It should be noted that an Ipsos Mori poll<sup>40</sup> undertaken for the *National Custom and Self-Build Association* (“NaCSBA”) in 2016 found that only one in eight people interested in self-build were aware of the introduction of Right to Build Registers in England. As a result, the number of expressions of interest on a local authority’s self-build register may underestimate demand.
- 9.41 However, it should be noted that the Councils’ self-build portal websites state that currently, there are no specific opportunities for self-build identified by the Councils in Adur and Worthing. There is very little available land in either the District or Borough. Adur & Worthing Councils do not have significant land holdings and have, to date, been unable to identify any suitable sites that could be made available for those seeking to build their own homes.

<sup>40</sup> ‘Survey of Self Build Intentions 2016’ – this survey questioned nearly 2,000 people about their self-build ambition and activity

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### Broader Demand Evidence

- 9.42 In order to supplement the data from the Councils' own register, we have looked to a number of secondary sources as recommended by the PPG including *the Buildstore* and NaCSBA. It should be highlighted however that, although a material consideration, secondary sources of data are not directly comparable to demand identified through the Councils' Self-Build Register.
- 9.43 The Buildstore, who own and manage the largest national database relating to the demand and supply for self and custom build properties in the UK have provided us with further information on potential demand. The Buildstore hold two databases, including:
- The Buildstore Custom Build Register: this is the UK's longest running record of demand for self-build and custom build homes. It is marketed as a register that will be used to evidence demand for custom build across the UK and demonstrate the scale of need and types of homes those registered, would like to design and create for themselves and their families; and
  - The Buildstore PlotSearch service: this is a free to subscribe PlotSearch service which records opportunities for those looking to find a serviced plot of land to build on.
- 9.44 Having engaged with Buildstore directly, they have informed us that:
- 1,050 people are registered as looking to build in Adur on their Custom Build Register with a further 250 subscribers to their Plotsearch service which tracks self-build land opportunities; and
  - 175 people are registered as looking to build in Worthing on their Custom Build Register with a further 313 subscribers to their Plotsearch service which tracks self-build land opportunities
- 9.45 This suggests there is potentially additional demand for serviced plots for self-build and custom housebuilding; particularly in Adur District, which hasn't yet been reflected on the Councils' own self-build register; with an additional 996 registrants on the Buildstore's register when combined together.
- 9.46 Furthermore, is it worth highlighting that NaCSBA has undertaken primary research with Ipsos Mori at a national level which indicate that 1 in 50 of the adult population<sup>41</sup> across the country want to purchase a Custom or Self-Build Home over the next 12 months. If this is applied to the working populations<sup>42</sup> of Adur and Worthing, this would point to an aspiration for around 2,800 plots across the two areas.

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<sup>41</sup> Those aged 15 or over; weighted to the known population profile

<sup>42</sup> 102,716 persons aged 15 or over on the basis of the 2018 Mid-Year Population Estimates (ONS, June 2019)

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Although research-based, this again points to the potential for a greater level of demand than is shown on the Councils' current self-build register.

- 9.47 In line with the recommendations of the PPG, we have also sought to supplement quantitative data with qualitative data through consultation with local estate agents across both authority areas; in order to understand the level of enquiries for suitable serviced plots of land.
- 9.48 Through engagement with estate agents in both authority areas, it is our understanding that there is some demand; however, there are few enquiries received on a regular basis from those wishing to build their own home. In part, the agents say this is likely to be a reflection of the availability of land opportunities for self-build housing, rather than a reflection of demand. Estate agents say enquiries were relatively high around 2-3 years ago – which is likely to reflect the establishment of the Council's self-build register- however, enquiries have slowed as many are aware of the land supply constraints.

### **Supporting the Self-Build and Custom Housebuilding**

- 9.49 It is clear that there is a strong level of demand for self-build and custom housebuilding serviced plots of land in Adur & Worthing. Over the last 4 base periods to date, there has been a total of:
- 257 expressions of interest in serviced plots of land. However, there are a combined 1,225 people registered on the Buildstore's Custom Build Register and 563 subscribers to PlotSearch as at October 2019 which points to the potential for a higher level of demand. Local estate agents have also highlighted that there is some demand; but an insufficient supply of land which has likely influenced the number of enquiries received.
- 9.50 The Self-Build and Custom Housebuilding PPG<sup>43</sup> sets out clearly that relevant authorities should consider how they can best support self-build and custom housebuilding in their area. There are a number of measures which can be used to support self-build and custom housebuilding in both Adur and in Worthing, including:
- developing a planning policy which supports self-build and custom housebuilding;
  - promoting and encouraging submissions of land which are suitable for self-build and custom housebuilding through the Call for Sites process;
  - using local authority-owned land if available and suitable for self-build and custom housebuilding and marketing it to those on the register; and

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<sup>43</sup> Paragraph: 025 Reference ID: 57-025-201760728

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- working with custom build developers to maximise opportunities for self-build and custom housebuilding.

- 9.51 An increasing number of local planning authorities have adopted specific self-build and custom housebuilding policies to encourage delivery, promote and boost housing supply. These typically require that a minimum proportion of plots within development schemes (often over a certain size) are offered to self-builders or as custom-build plots and/or allocation of sites solely for the use. This is often known as the “Teignbridge Rule” after the first District Council to adopt the first self-build policy. In this instance, 5% of all developable housing land is allocated for custom and self-build on larger sites.
- 9.52 However, given the nature of the land supply constraints in Adur & Worthing, it is expected that there will be limited opportunities for serviced plots; and it is expected that land which is suitable and available for development would be expected to deliver conventional housing in the first instance.
- 9.53 Nevertheless, Iceni consider that in order to respond to the high level of demand in the sector in both areas, and in response to the PPG’s requirements, the Councils should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

#### **Self Build and Custom Housebuilding: Summary**

Self build and custom housebuilding is a growing sector of the housing market, and one which has potential to contribute to housing delivery. Since the introduction of the Councils joint self build register on 1<sup>st</sup> April 2016, there have been a total of 259 expressions of interest in serviced plots of land.

There is also a combined total of 1,225 people registered on the Buildstore’s Custom Build Register and 1,410 subscribers to PlotSearch as at October 2019 which point towards the potential for a higher level of demand than that gathered from the Councils’ self build register in isolation. Furthermore, local estate agents have also noted that there is some demand in the authority areas; however, the availability of land supply has suppressed enquiries.

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The PPG<sup>44</sup> sets out clearly that relevant authorities should consider how they can best support self build and custom housebuilding in their area including developing policy and working with self builders to maximise opportunities.

Given the nature of the land supply constraints in Adur & Worthing, it is expected that there will be limited opportunities for serviced plots; and it is expected that land which is suitable and available for development would be expected to deliver conventional housing in the first instance.

Nevertheless, Iceni consider that in order to respond to the high level of demand in the sector in both areas, and in response to the PPG's requirements, the Councils should support the submission and delivery of self build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

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<sup>44</sup> Paragraph: 025 Reference ID: 57-025-201760728

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## 10. CONCLUSIONS AND RECOMMENDATIONS

- 10.1 In this section, the team has sought to draw together a set of conclusions and recommendations.

### **Local Housing Need**

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- 10.2 The Government has implemented a standard method for assessing housing need which takes 2014-based Household Projections and applies an upward adjustment based on the median house price to earnings ratio.
- 10.3 The standard method results in a minimum local housing need for 248 dwellings per annum in Adur and 880 dwellings per annum in Worthing based on projected household growth over the period from 2019 to 2029; which can then be applied to the authority's respective plan periods. Our assessment indicates that the demographic projections feeding into this are reasonable based on the evidence.
- 10.4 Icení notes that the standard method does not capture factors which would lead to a divergence from past demographic trends, however we have not found evidence in either authority area which points to factors which would lead to a higher housing need than indicated by the current standard method figures.
- 10.5 Land supply is however heavily constrained by the area's geography which constitutes a relatively built-up area sat between the South Downs National Park and the English Channel. Adur has demonstrated through its Local Plan that it cannot meet its housing need in full; and it seems highly likely that Worthing BC will be able to do the same. This report has thus considered needs both aligning to the standard method; and to a dwelling-led scenario reflects the Adur Local Plan requirement of 177 homes per annum and the average expected delivery drawn from the housing trajectory for Worthing of 246 homes per annum over the period to 2036. These take account of realistic assumptions on land supply.
- 10.6 In the context of these constraints, an unmet housing need arises, and it will be important that the Councils therefore engage with neighbouring authorities to the north in considering how this can be met, through the 'duty to cooperate.'

**R1: The Councils should continue to engage with the Coastal West Sussex and Greater Brighton Strategic Planning Board around issues relating to unmet housing need arising from this assessment.**

## Affordable Housing

- 10.7 The report includes an updated assessment of affordable housing need which responds to the widened definition of affordable housing set out in the 2019 NPPF. This includes households who might be able to rent a home in the private sector without financial support but aspire to own a home and require support to do so.
- 10.8 The assessment shows an annual need for 235 rented affordable homes in Adur and 418 in Worthing; totalling 653 rented affordable homes across Adur & Worthing.

**Table 10.1 Net Need (p.a.) for Rented Affordable Housing, 2019-36**

2019 36	Adur	Worthing	Adur & Worthing
Net Need for Rented Affordable (p.a.)	235	418	653

- 10.9 The SHMA has also assessed the potential scale of need for affordable home ownership housing, identifying a need for 74 low cost home ownership homes per annum in Adur and 72 in Worthing; which totals 146 homes across Adur & Worthing and is shown in the Table below. This need could be met through both various low-cost home ownership products, as identified in the NPPF Glossary, as well as the Government's Help-to-Buy Scheme.

**Table 10.2 Need Net (p.a.) for Affordable Home Ownership Housing, 2019-36**

2019 36	Adur	Worthing	Adur & Worthing
Net Need for Affordable Home Ownership (p.a.)	74	72	146

- 10.10 These components of analysis are brought together to provide estimates of the total affordable housing need in the Table below.

**Table 10.3 Total Net Need for Affordable Housing (p.a.) 2019-36**

2019 36	Adur	Worthing	Adur & Worthing
Rented Affordable Housing (p.a.)	235	418	653
% of Area Total	76%	85%	82%
Affordable Home Ownership (p.a.)	74	72	146
% of Area Total	24%	15%	18%
<b>Total Affordable Housing (p.a.)</b>	<b>309</b>	<b>490</b>	<b>799</b>

- 10.11 In bringing together evidence through emerging and future Local Plans, the Councils need to consider the evidence of need, the relative acuteness of the need, and issues of residential development



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viability in setting policies for the mix of affordable housing sought through new development schemes. It is however important to bear in mind that in a context where it is clear that the Councils will not be able to meet the affordable need in full, it is realistic that they prioritise those with the greatest or most acute affordable housing needs, which is particular will be those who are accepted as homeless where the Councils have a statutory duty to help them to secure them housing.

- 10.12 The analysis suggests a tenure split in Adur of 76% rented to 24% affordable home ownership. The existing Adur Local Plan suggests a tenure split of 75:25 under Policy 21 and is therefore in line with our analysis.
- 10.13 In Worthing, our analysis suggests a tenure split of 85% rented to 15% affordable home ownership. This tenure split should be tested through the emerging Local Plan process on the basis of viability.
- 10.14 The analysis in this report suggests that rented affordable housing should be prioritised, and within this the focus should be provision of homes at social rent levels which are affordable to those on lower incomes (including lower income working households), given the constrained land supply and the Councils statutory duty to meet the needs of those accepted as homeless.
- 10.15 Icení would recommend that initial rental costs do not exceed Local Housing Allowance levels or 80% of market housing costs (inclusive of service charges), whichever is the lower.
- 10.16 Affordable home ownership homes should take account of the price brackets shown for each local authority as well as the potential equity shares required to make shared ownership affordable; with shared ownership homes being the most appropriate affordable home ownership products.

**R2: A clear need for affordable housing for all tenures is shown and Icení consider that the Councils are fully justified in seeking affordable housing through new development schemes. Local Plan policies should seek to maximise provision of affordable housing, subject to viability.**

**R3: In setting policies on affordable housing, the Councils are advised to bring together evidence of need within this report with consideration of how they wish to prioritise the delivery of different types of affordable housing and evidence/testing of residential development viability.**

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**The NPPF advises that at least 10% of all new housing on larger sites should be for affordable home ownership unless this would exceed the level of affordable housing required in the area and the evidence within this report is considered to provide sufficient evidence to justify this. Given the clear and acute need for affordable rented housing, the Councils should look to seek as much rented affordable products as possible.**

**R4: The analysis in this report is clear that the greatest need in both authority areas is for affordable housing at social rents. The Councils should therefore prioritise securing affordable housing at social rents where this is viable or where there is grant funding available to do so.**

**Where housing is delivered at affordable rents, rents should be set initially having regard to local incomes and should not exceed Local Housing Allowance levels, to ensure that homes are genuinely affordable for local housing.**

**R6: Iceni recommend that affordable home ownership homes are priced to be affordable to households who cannot afford lower quartile house prices. Note that Table 5.22 and Table 5.23 in Section 5 of this report provides guidance of how homes of different sizes should be priced based on current evidence.**

### **Older Persons Housing Needs**

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10.17 The analysis in this report has shown a notable growth in the population of older persons aged 65+ in Adur & Worthing over the period to 2036 on the basis of the dwelling-led and demographic-led scenarios. The specific projections linked to the dwelling-led scenario show an expected increase of those with dementia by 414 and those with mobility problems by 976 in Adur; and 1,039 with dementia and 2,423 with mobility problems in Worthing.

10.18 Many older households will continue to live in mainstream housing but given the substantial growth in the population of older persons and associated increases in those with a disability, it is appropriate for new housing to be delivered to meet Part M4(2) accessible and adaptable home standards, subject to viability testing and site suitability.

**R7: Iceni therefore agree that, in line with the existing Adur Local Plan under Policy 20, there is robust evidence to justify that all new build dwellings should be delivered to Part M4(2) 'accessible and adaptable' standards in Adur. On the basis of the evidence in this report, this approach should be followed by Worthing through its emerging Local Plan; subject to viability testing.**

10.19 Some older households, particularly those aged over 75, will require specialist housing provision. In respect of Adur District, the analysis in this section points to a need for 490 units of housing with

support to 2036, and 430 units of housing with care. The analysis points towards a need for 907 units of housing with support and 694 units of housing with care in Worthing Borough. In considering extra-care schemes, there is a need to carefully consider the viability and practical feasibility of delivering affordable housing on-site.

**Table 10.4 Need for Older Persons Accommodation, 2019-36**

2019 36	Rented	Leasehold	Total
<b>Adur</b>			
Housing with Support	118	372	490
Housing with Care	214	216	430
<b>Worthing</b>			
Housing with Support	339	568	907
Housing with Care	360	334	694

10.20 The analysis also identifies a need for 555 care home bedspaces in Adur and 435 in Worthing to 2036. These will fall within a C2 use class.

10.21 It is important that the councils' planning policies support the delivery of specialist housing in particular as a notable by-product of doing so will be the release of existing mainstream housing, including family housing, for other groups within the population.

**R8: The Councils should consider making specific allocations of land for older persons housing, given that developers of specialist housing can in some instances struggle to secure sites against mainstream market housing developers; and reflecting the notable growth in the older population.**

**R9: The Councils should carefully consider the economics of delivery of different types of older persons housing through the preparation of viability evidence and consider whether a differential affordable housing policy should be applied to different types of specialist housing schemes. In particular, for schemes with higher levels of care provision, consideration should also be given to whether it is practical to manage market and affordable provision within a single development. This may be influenced by the nature of the site and scheme.**

10.22 In addition, a need for 188 dwellings for wheelchair users in Adur has been identified, equivalent to 6% of the total housing need identified through dwelling-led scenario. A need for 300 has been identified for Worthing, equivalent to 7% of total housing need identified through the dwelling-led scenario. Iceni consider that it would be appropriate to seek provision as part of major new-build schemes, subject to support from viability evidence studies and evaluation on a site-by-site basis.

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**R10: Planning policies should require 6% of dwellings in Adur and 7% of dwellings in Worthing to be delivered to wheelchair adaptable standards in both authority areas. This should be reviewed on a site-by-site basis.**

#### **Needs for Different Sizes of Homes**

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- 10.23 Understanding the existing housing mix in the authority areas is important in considering what future mix of housing is appropriate to deliver a mixed and balanced community. This is important at both a strategic, and at a local, level.
- 10.24 The analysis in this report shows that looking across the whole study area the analysis shows a smaller dwelling profile in the owner-occupied sector (notably the relatively low number of 4+-bedroom homes). For the social rented and private rented sectors differences are typically smaller although it is notable that Worthing sees a relatively high proportion of 1-bedrom homes in both of the rented sectors.
- 10.25 Taking into account how people of different ages occupy homes, market evidence and consultation with estate agents and housing associations, this report points towards a need for different sizes of homes in the market and affordable sectors which are reflected in the Table below for Adur District.

Adur	Social/Affordable Rented	Affordable Home Ownership	Market Housing
1 Bed	35-40%	30-40%	5-15%
2 Bedrooms	30-35%	35-45%	40-45%
3 Bedrooms	20-25%	15-25%	35-40%
4+ Bedrooms	5-10%	0-10%	10-20%

- 10.26 A need for different sizes of homes in the market and affordable sectors are reflected in the Table below for Worthing Borough.

Worthing	Social/Affordable Rented	Affordable Home Ownership	Market Housing
1 Bed	40-45%	30-40%	5-15%
2 Bedrooms	25-30%	35-45%	40-45%
3 Bedrooms	20-25%	15-25%	35-40%
4+ Bedrooms	5-10%	0-10%	10-20%

**R11: Iceni recommend that these Tables inform negotiations regarding the mix of housing to be delivered on individual development sites alongside consideration of the existing housing mix in the local area, and where appropriate evidence of the profile of households on the Housing Register in an area on needs shown through local survey evidence. Where sites are suitable for family sized houses, the delivery of these should be prioritised.**

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- 10.27 The recommendations can also be used as a set of guidelines to consider the appropriate mix on individual development sites, and Iceni consider that it would be reasonable to expect justification for a housing mix on such sites which significantly differs from that modelled herein. However, due consideration should be given to the need to ensure that there is suitable provision of larger family housing on sites which are suitable for this. Flatted scheme should also be expected to deliver 3+ bedroom units to meet housing need.

### **Build to Rent Development**

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- 10.28 Build to Rent development is currently a reasonably embryonic market outside of London. However, there is clear support for Build to Rent from the Government; which considers it to be a key product to support the emergence of the strength of the private rented sector. In Worthing in particular but also Adur, the private rented sector has seen considerable growth over the last three Census points.
- 10.29 Around 20% of homes within both areas are private rented, but the sector has a higher turnover than other market sectors and thus plays a key role in supporting movement within the wider market. Furthermore, in respect of rental values, the Adur and Worthing markets are relatively strong; and sit above the South East average on all property sizes.
- 10.30 It is therefore appropriate that the Councils consider the sector and craft planning policies which help to support it and provide clarity on how policies will be applied to it. Given the nature of the sector, the Councils are advised to align policy requirements to national guidance.

**R12: The Councils should develop a policy supporting Build to Rent development. This should specify the types of locations which are considered suitable for such development, which we would consider to include town centres, sites close to train stations and the strategic allocations to encourage a mix of type and tenure.**

**R13: The Councils' should, subject to viability testing, include a clear policy on the level of affordable housing provision to be sought within Build-to-Rent schemes. Iceni consider that this should require 20% of units to be delivered as affordable private rented housing at a 20% discount to market rents (inclusive of service charge) in line with Government guidance in the PPG.**

### **Self-Build and Custom Housebuilding**

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- 10.31 The Self-Build and Custom Housebuilding sector is a growing sector of the housing market, and one which has potential to contribute to housing delivery. Following the introduction of the Councils' joint self-build register on 1<sup>st</sup> April 2016, there have been a total of 259 expressions of interest in serviced plots of land.

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- 10.32 There is also a combined total of 1,225 people registered on the Buildstore's Custom Build Register and 1,410 subscribers to PlotSearch as at October 2019 which point towards the potential for a higher level of demand than that gathered from the Councils' self-build register in isolation. It should be recognised however that secondary sources of data, whilst a material consideration in decision-taking, are not directly comparable to the level of need identified on the Councils Self-Build Registers.
- 10.33 The PPG sets out clearly that relevant authorities should consider how they can best support self-build and custom housebuilding in their area including developing policy and working with self-builders to maximise opportunities.
- 10.34 Given the nature of the land supply constraints in Adur & Worthing, it is expected that there will be limited opportunities for serviced plots; and it is expected that land which is suitable and available for development would be expected to deliver conventional housing in the first instance.
- 10.35 Nevertheless, in recognition of the strong level of demand, the Councils should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies..

**R14: The Councils should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.**

## A1. COMPONENTS OF POPULATION CHANGE

Table A1.1 Components of Population Change, Mid-2001 to Mid-2018 – Adur

Year	Natural Change	Net Internal Migration	Net International Migration	Other Changes	Other (Unattributable)	Total Change
2001/2	-175	427	139	-2	-53	336
2002/3	-144	28	118	-2	-57	-57
2003/4	-186	206	10	-4	-58	-32
2004/5	-138	71	-8	-6	-59	-140
2005/6	-163	694	26	-3	-38	516
2006/7	-91	375	5	-10	-52	227
2007/8	-128	262	61	2	-40	157
2008/9	-40	354	37	-11	-38	302
2009/10	9	173	64	-5	-48	193
2010/11	27	141	1	6	-57	118
2011/12	-35	621	54	-4	0	636
2012/13	73	519	45	-2	0	635
2013/14	88	491	84	-2	0	661
2014/15	-25	181	101	3	0	260
2015/16	-31	13	111	2	0	95
2016/17	-50	84	76	-10	0	100
2017/18	-86	114	115	5	0	148

Source: ONS

Table A1.2 Components of Population Change, Mid-2001 to Mid-2018 – Worthing

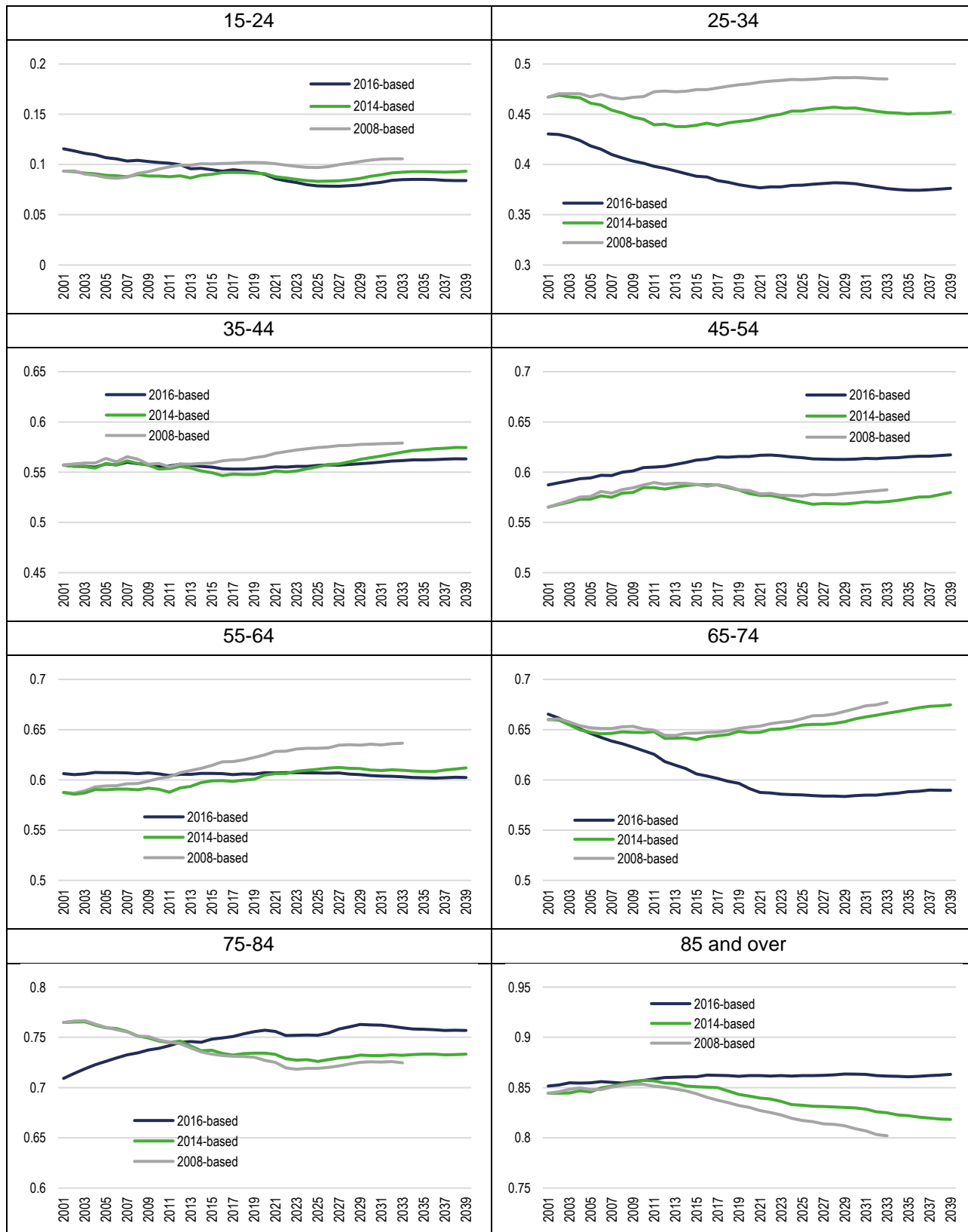
Year	Natural Change	Net Internal Migration	Net International Migration	Other Changes	Other (Unattributable)	Total Change
2001/2	-597	1,019	78	-3	78	575
2002/3	-508	635	355	-7	76	551
2003/4	-459	745	298	5	76	665
2004/5	-444	617	362	-1	78	612
2005/6	-325	742	70	-6	87	568
2006/7	-247	997	47	-5	87	879
2007/8	-197	808	130	-4	121	858
2008/9	-192	482	26	-4	128	440
2009/10	-105	743	189	-13	146	960
2010/11	-8	1,011	58	13	155	1,229
2011/12	-99	862	7	6	0	776
2012/13	-168	730	70	7	0	639
2013/14	-125	786	200	13	0	874
2014/15	-244	1,003	253	4	0	1,016
2015/16	-171	861	242	11	0	943
2016/17	-351	608	124	5	0	386
2017/18	-301	648	48	-2	0	393

Source: ONS



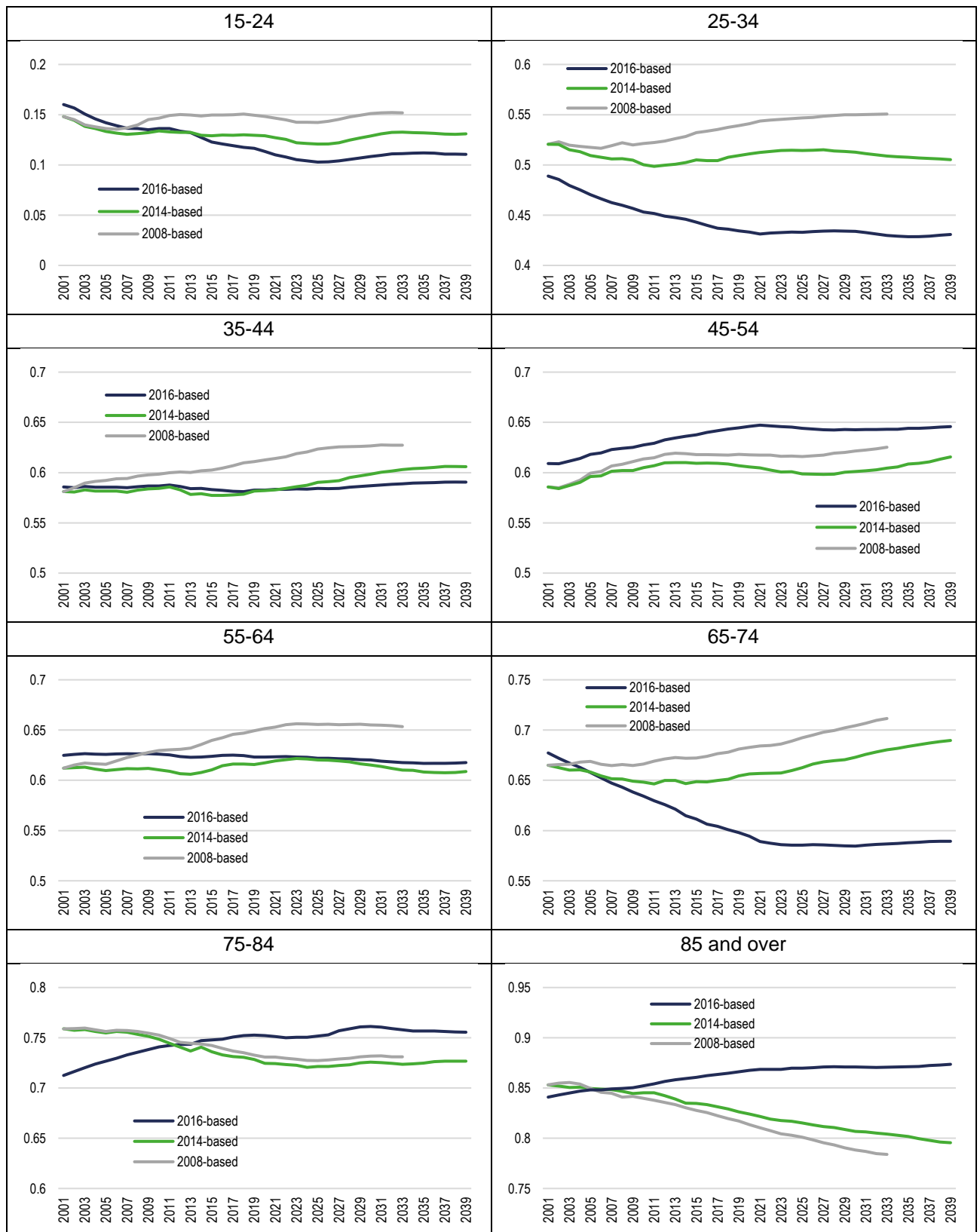
## A2. ANALYSIS OF HOUSEHOLD REPRESENTATIVE RATES

Table A2.1 Projected Household Representative Rates by Age of Head of Household – Adur



Source: Derived from ONS and CLG Data

Table A2.2 Projected Household Representative Rates by Age of Head of Household – Worthing



Source: Derived from ONS and CLG Data

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## A3. DEMOGRAPHIC PROJECTIONS, 2019-39

- A3.1 The core outputs in the main body of the report are reflective of the period looking across from 2019 to 2036. The analysis set out in the Tables within this appendix is reflective of a longer period looking ahead to 2039.

Table A3.1 Projected Population Growth (2019-2039) – Adur

	2019	2039	Change	% change
2014-based	65,793	76,147	10,354	15.7%
2016-based	65,088	73,868	8,780	13.5%

Source: ONS

Table A3.2 Projected Population Growth (2019-2039) – Worthing

	2019	2039	Change	% change
2014-based	111,468	130,231	18,762	16.8%
2016-based	111,800	128,279	16,479	14.7%

Source: ONS

Table A3.3 Projected Population Growth (2019-2039) – Adur & Worthing

	2019	2039	Change	% change
2014-based	177,261	206,378	29,117	16.4%
2016-based	176,888	202,147	25,259	14.3%

Source: ONS

Table A3.4 Population Change 2019 to 2039 by five-year age bands – Adur (linked to standard method)

	2019	2039	Change	% change from 2019
Under 5	3,545	3,573	28	0.8%
5-9	4,019	3,709	-310	-7.7%
10-14	3,645	3,826	180	5.0%
15-19	3,097	3,693	596	19.2%
20-24	2,744	2,782	37	1.4%
25-29	3,088	3,385	297	9.6%
30-34	3,513	3,592	78	2.2%
35-39	3,897	3,662	-234	-6.0%
40-44	4,138	4,211	73	1.8%
45-49	4,628	4,420	-208	-4.5%
50-54	4,742	4,453	-289	-6.1%
55-59	4,387	4,478	91	2.1%
60-64	3,846	4,413	566	14.7%
65-69	3,681	4,865	1,184	32.2%
70-74	4,078	4,829	751	18.4%
75-79	2,935	4,210	1,275	43.5%
80-84	2,259	3,091	832	36.8%
85+	2,121	3,587	1,466	69.1%
Total	64,366	70,780	6,414	10.0%

Source: Demographic Projections

Table A3.5 Population change 2019 to 2039 by five-year age bands – Worthing (linked to standard method)

	2019	2039	Change	% change from 2019
Under 5	5,805	6,572	768	13.2%
5-9	6,428	6,614	186	2.9%
10-14	6,300	6,625	326	5.2%
15-19	5,402	6,524	1,122	20.8%
20-24	4,932	5,871	939	19.0%
25-29	5,781	7,253	1,472	25.5%
30-34	6,457	7,482	1,025	15.9%
35-39	7,127	7,336	209	2.9%
40-44	7,053	8,218	1,165	16.5%
45-49	7,937	8,637	701	8.8%
50-54	8,410	8,616	206	2.4%
55-59	7,689	8,779	1,090	14.2%
60-64	6,548	8,274	1,726	26.4%
65-69	6,005	9,129	3,124	52.0%
70-74	6,711	9,596	2,886	43.0%
75-79	4,633	8,450	3,817	82.4%
80-84	3,653	6,293	2,639	72.2%
85+	4,107	8,356	4,249	103.5%
Total	110,977	138,627	27,650	24.9%

Source: Demographic Projections

Table A3.6 Population change 2019 to 2039 by five-year age bands – Adur (linked to delivery of 177 dwellings per annum)

	2019	2039	Change	% change from 2019
Under 5	3,545	3,332	-212	-6.0%
5-9	4,019	3,490	-529	-13.2%
10-14	3,645	3,643	-2	0.0%
15-19	3,097	3,546	449	14.5%
20-24	2,744	2,617	-127	-4.6%
25-29	3,088	3,169	81	2.6%
30-34	3,513	3,346	-167	-4.8%
35-39	3,897	3,417	-479	-12.3%
40-44	4,138	3,968	-171	-4.1%
45-49	4,628	4,206	-422	-9.1%
50-54	4,742	4,287	-456	-9.6%
55-59	4,387	4,341	-46	-1.0%
60-64	3,846	4,299	452	11.8%
65-69	3,681	4,752	1,071	29.1%
70-74	4,078	4,725	647	15.9%
75-79	2,935	4,131	1,196	40.8%
80-84	2,259	3,039	780	34.5%
85+	2,121	3,518	1,397	65.9%
Total	64,366	67,829	3,463	5.4%

Source: Demographic Projections

**Table A3.7 Population change 2019 to 2039 by five-year age bands – Worthing (linked to delivery of 246 dwellings per annum)**

	2019	2039	Change	% change from 2019
Under 5	5,805	4,571	-1,233	-21.2%
5-9	6,428	4,794	-1,634	-25.4%
10-14	6,300	5,158	-1,141	-18.1%
15-19	5,402	5,392	-10	-0.2%
20-24	4,932	4,484	-449	-9.1%
25-29	5,781	5,317	-464	-8.0%
30-34	6,457	5,195	-1,262	-19.5%
35-39	7,127	5,018	-2,110	-29.6%
40-44	7,053	6,018	-1,035	-14.7%
45-49	7,937	6,750	-1,187	-15.0%
50-54	8,410	7,124	-1,287	-15.3%
55-59	7,689	7,540	-149	-1.9%
60-64	6,548	7,213	665	10.2%
65-69	6,005	8,046	2,042	34.0%
70-74	6,711	8,551	1,840	27.4%
75-79	4,633	7,599	2,966	64.0%
80-84	3,653	5,707	2,054	56.2%
85+	4,107	7,520	3,414	83.1%
<b>Total</b>	<b>110,977</b>	<b>111,996</b>	<b>1,020</b>	<b>0.9%</b>

Source: Demographic Projections

**Table A3.8 Projected change in household types (2019-39) – Adur (linked to standard method)**

	2019	2039	Change in house holds	% change
One-person household (aged 65 and over)	4,545	5,551	1,006	22.1%
One-person household (aged under 65)	4,220	4,909	689	16.3%
Couple (aged 65 and over)	4,026	5,717	1,690	42.0%
Couple (aged under 65)	3,617	2,861	-756	-20.9%
A couple and one or more other adults: No dependent children	2,259	2,710	451	20.0%
Households with one dependent child	4,011	5,180	1,169	29.1%
Households with two dependent children	3,203	3,361	158	4.9%
Households with three dependent children	878	693	-185	-21.1%
Other households	1,795	2,387	593	33.0%
<b>Total</b>	<b>28,553</b>	<b>33,369</b>	<b>4,816</b>	<b>16.9%</b>
Total households with dependent children	8,091	9,234	1,143	14.1%

Source: Demographic Projections

Table A3.9 Projected change in household types (2019-39) – Worthing (linked to standard method)

	2019	2039	Change in house holds	% change
One-person household (aged 65 and over)	8,077	12,257	4,180	51.8%
One-person household (aged under 65)	10,321	13,565	3,244	31.4%
Couple (aged 65 and over)	6,392	11,075	4,683	73.3%
Couple (aged under 65)	6,403	5,390	-1,013	-15.8%
A couple and one or more other adults: No dependent children	3,385	5,063	1,678	49.6%
Households with one dependent child	6,203	7,953	1,750	28.2%
Households with two dependent children	5,150	5,869	719	14.0%
Households with three dependent children	1,714	1,670	-44	-2.6%
Other households	3,314	5,204	1,891	57.0%
<b>Total</b>	50,959	68,046	17,087	33.5%
Total households with dependent children	13,068	15,493	2,425	18.6%

Source: Demographic Projections

Table A3.10 Projected change in household types (2019-39) – Adur (linked to 177 dpa)

	2019	2039	Change in house holds	% change
One-person household (aged 65 and over)	4,545	5,437	892	19.6%
One-person household (aged under 65)	4,220	4,658	438	10.4%
Couple (aged 65 and over)	4,026	5,606	1,579	39.2%
Couple (aged under 65)	3,617	2,697	-920	-25.4%
A couple and one or more other adults: No dependent children	2,259	2,611	352	15.6%
Households with one dependent child	4,011	4,873	862	21.5%
Households with two dependent children	3,203	3,158	-45	-1.4%
Households with three dependent children	878	649	-228	-26.0%
Other households	1,795	2,302	507	28.2%
<b>Total</b>	28,553	31,990	3,437	12.0%
Total households with dependent children	8,091	8,680	589	7.3%

Source: Demographic Projections

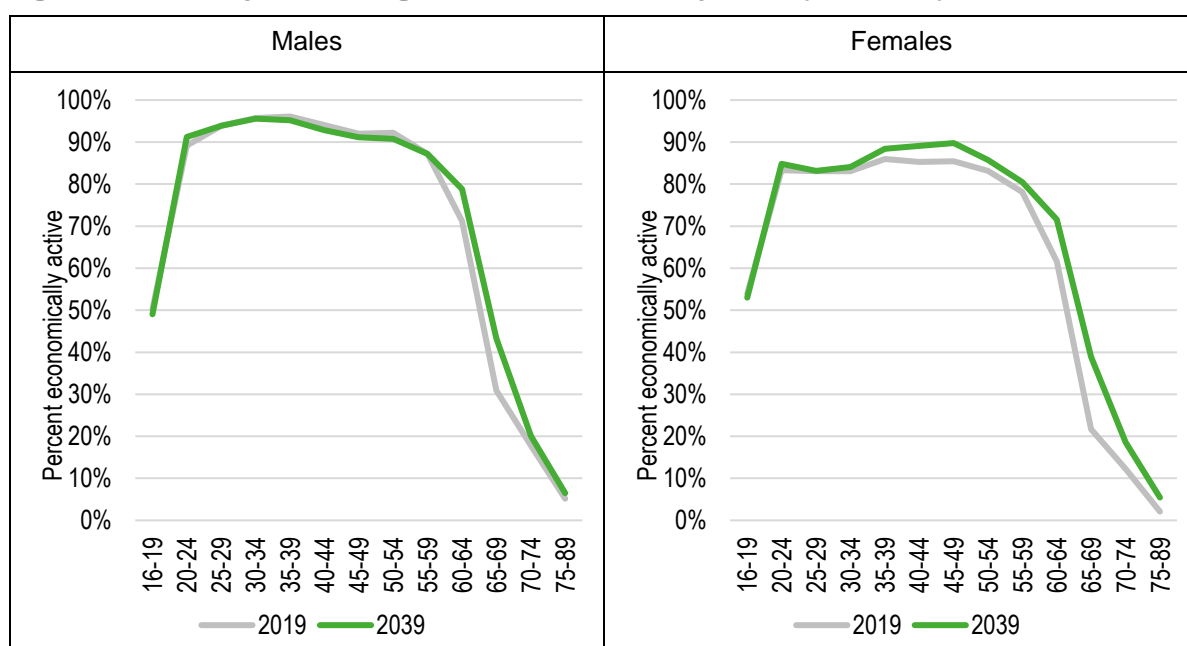


**Table A3.11 Projected change in household types (2019-39) – Worthing (linked to 246 dpa)**

	2019	2039	Change in house holds	% change
One-person household (aged 65 and over)	8,077	10,923	2,846	35.2%
One-person household (aged under 65)	10,321	10,443	122	1.2%
Couple (aged 65 and over)	6,392	9,895	3,503	54.8%
Couple (aged under 65)	6,403	4,254	-2,149	-33.6%
A couple and one or more other adults: No dependent children	3,385	4,290	906	26.8%
Households with one dependent child	6,203	6,010	-193	-3.1%
Households with two dependent children	5,150	4,366	-784	-15.2%
Households with three dependent children	1,714	1,248	-466	-27.2%
Other households	3,314	4,307	993	30.0%
<b>Total</b>	<b>50,959</b>	<b>55,736</b>	<b>4,777</b>	<b>9.4%</b>
Total households with dependent children	13,068	11,625	-1,443	-11.0%

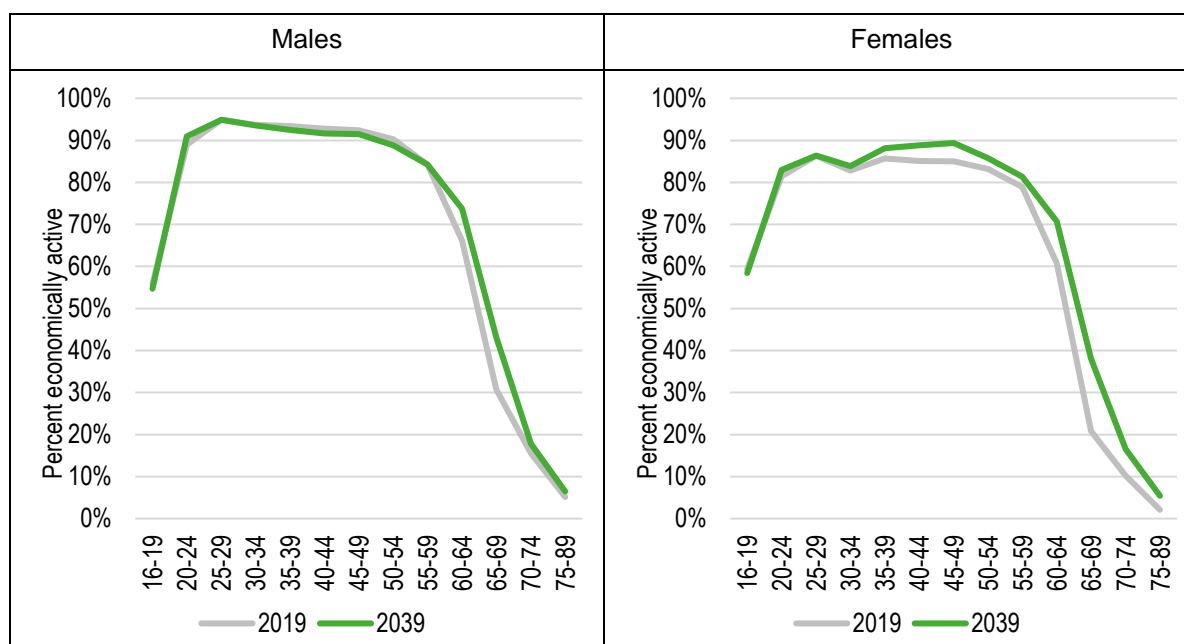
Source: Demographic Projections

**Figure A3.1: Projected Changes to Economic Activity Rates (2019-2039) – Adur**



Source: OBR and Census 2011

**Figure A3.2: Projected Changes to Economic Activity Rates (2019-2039) – Worthing**



Source: OBR and Census 2011

**Table A3.12 Estimated Changed to Economically Active Population (2019-39) – linked to standard method**

	Economically active (2019)	Economically active (2039)	Total change in economically active
Adur – 177 dpa	32,957	34,148	1,192
Adur – 248 dpa	32,957	35,825	2,869
Worthing – 246 dpa	57,660	55,234	-2,426
Worthing – 880 dpa	57,660	70,319	12,659

Source: Derived from demographic projections

**Table A3.13 Jobs Supported Under Different Scenarios (2019-39)**

	Total Change in Economically Active	Allowance for Net Commuting	Allowance for Double Jobbing ( jobs supported)
Adur – 177 dpa	1,192	902	954
Adur – 248 dpa	2,869	2,171	2,298
Worthing – 246 dpa	-2,426	-2,368	-2,477
Worthing – 880 dpa	12,659	12,361	12,926

Source: Derived from a range of sources as described

**Table A3.14 Projected Change in Population of Older Persons (2019-2039) – Adur (177 dpa)**

	2019	2039	Change in population	% change
Under 65	49,292	47,663	-1,629	-3.3%
65-74	7,759	9,478	1,719	22.2%
75-84	5,194	7,170	1,976	38.1%
85+	2,121	3,518	1,397	65.9%
Total	64,366	67,829	3,463	5.4%
Total 65+	15,074	20,165	5,092	33.8%

Source: Demographic Projections

**Table A3.15 Projected Change in Population of Older Persons (2019-2039) – Worthing (246 dpa)**

	2019	2039	Change in population	% change
Under 65	85,868	74,573	-11,296	-13.2%
65-74	12,715	16,597	3,882	30.5%
75-84	8,286	13,306	5,020	60.6%
85+	4,107	7,520	3,414	83.1%
Total	110,977	111,996	1,020	0.9%
Total 65+	25,108	37,424	12,315	49.0%

Source: Demographic Projections

**Table A3.16 Projected Changes to Adur Population with a Range of Disabilities – linked to delivery of 177 dpa**

Disability	Age Range	2019	2039	Change	% Change
Dementia	65+	1,081	1,588	507	47.0%
Mobility problems	65+	2,836	3,966	1,130	39.9%
Autistic Spectrum Disorders	18-64	356	349	-7	-2.0%
	65+	138	191	53	38.5%
Learning Disabilities	15-64	926	905	-21	-2.3%
	65+	314	417	103	32.8%
Challenging behaviour	15-64	17	17	0	-2.3%
Impaired mobility	16-64	2,141	2,123	-18	-0.8%

Source: POPPI/PANSI and Demographic Projections

**Table A3.17 Projected Changes to Worthing Population with a Range of Disabilities – linked to delivery of 246 dpa**

Disability	Age Range	2019	2039	Change	% Change
Dementia	1,931	1,931	3,220	1,289	66.8%
Mobility problems	4,911	4,911	7,765	2,855	58.1%
Autistic Spectrum Disorders	628	628	559	-69	-11.0%
	226	226	347	120	53.1%
Learning Disabilities	1,639	1,639	1,460	-179	-10.9%
	522	522	772	250	47.9%
Challenging behaviour	30	30	27	-3	-10.8%
Impaired mobility	3,733	3,733	3,504	-230	-6.2%

Source: POPPI/PANSI and Demographic Projections

**Table A3.18 Older Persons' Dwelling Requirements 2019 to 2039 – Adur – linked to provision of 177 dpa**

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	50	387	369	-18	170	153
	Leasehold	69	319	506	187	233	420
Housing with care	Rented	21	0	157	157	72	229
	Leasehold	22	0	158	158	73	231
Total (dwellings)		163	706	1,190	484	549	1,033
Care bedspaces		105	498	770	272	355	627

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

**Table A3.19 Older Persons' Dwelling Requirements 2019-2039 – Worthing – linked to provision of 246 dpa**

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall/ (surplus)	Additional demand to 2039	Shortfall/ (surplus) by 2039
Housing with support	Rented	51	632	628	-4	427	424
	Leasehold	73	826	902	76	614	689
Housing with care	Rented	22	54	268	214	182	396
	Leasehold	23	103	283	180	193	373
Total (dwellings)		168	1,615	2,081	466	1,416	1,882
Care bedspaces		109	1,646	1,346	-300	916	616

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

**Table A3.20 Estimated Need for Wheelchair User Homes (2019-2039)**

	Current need	Projected need (2019 39)	Total
Adur – 177 dpa	100	103	203
Worthing – 246 dpa	178	143	322

Source: Derived from demographic projections and Habinteg prevalence rates