



GL Hearn

Coastal West Sussex SHMA Update

Worthing Borough Summary Report

November 2012

Prepared by

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Limitations

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1 INTRODUCTION

- 1.1 The Coastal West Sussex Strategic Housing Market Assessment (SHMA) Update has been prepared by GL Hearn and Justin Gardner Consulting for the local authorities of Adur, Arun, Chichester and Worthing (which together comprise the Coastal West Sussex Sub-Region) and for the South Downs National Park Authority.
- 1.2 The National Planning Policy Framework (NPPF) was published by Government in 2012 and set out new national planning policies. It outlines that an SHMA forms part of the evidence base for Local Plans. It is intended to provide an assessment of needs for all types of housing, taking account of demographic projections and the needs of different groups in the community, as well as housing demand and the level of housing supply necessary to meet this demand.
- 1.3 The SHMA Update addresses these requirements. It defines a functional housing market stretching along the South Coast from Chichester to Lewes. It includes demographic projections for local authorities within this area and considers broad environmental and infrastructure constraints – these factors together will inform future policies for housing provision. The assessment is intended to inform both policies regarding levels of housing provision and the mix of housing to be provided through new development.
- 1.4 The SHMA Update takes account of changes in housing market dynamics and includes an updated assessment of housing need and dynamics within the affordable housing sector. This takes account of national policy changes including policies within the Governments 2011 *Housing Strategy for England* as well as reforms affecting the affordable housing sector and housing-related benefits introduced in the 2011 Localism Act and 2012 Welfare Reform Act.
- 1.5 This report has been prepared alongside the main SHMA Update Report. It summarises the findings and recommendations of the SHMA with regard to Worthing Borough.

2 HOUSING OFFER

- 2.1 A high proportion of households in 2031 will live in housing which exists today, and it is therefore important that policies regarding future housing provision are framed by an understanding of the housing offer today and gaps within this.
- 2.2 Worthing Borough includes 48,000 homes in 2011. It has seen below average growth in the housing stock over the last decade (5.2% compared to 6.8% across Coastal West Sussex) which in part reflects the geography of the Borough, which is largely built-up, and bordered by the Sea and the South Downs National Park.

2.3 Affordable housing makes up 9.6% of the housing stock in 2011, which is below average for Coastal West Sussex (11.2%) and the South East region (14.0%). The affordable housing stock has however increased by 0.9% since 2007.

Figure 2.1: Housing Stock Profile

		Coastal West Sussex	South East
Housing Stock: 2011	47,984	199,554	3,684,296
Change in Housing Stock: 2001-11	5.2%	6.8%	8.6%
Affordable Housing, 2011:	9.6%	11.2%	14.0%
Private Housing, 2011:	90.4%	88.8%	86.0%
Change in Housing Stock, 2007-11:	2.5%	2.6%	3.3%
Change in Affordable Stock, 2007-11:	0.9%	0.9%	0.5%
Private Renting: 2001	12.1%	10.1%	10.2%
Growth in Private Renting SE: 2001-11			60%
Detached Homes: 2001	22.5%	30.5%	29.3%
Semi-Detached Homes: 2001	23.7%	26.8%	28.5%
Terraced Homes: 2001	21.4%	20.1%	23.1%
Flats/Maisonettes: 2001	32.5%	21.9%	18.5%
1-4 Rooms: 2001	16%	12%	12%
4-6 Rooms: 2001	67%	68%	63%
7+ Rooms: 2001	16%	20%	25%
Council Tax Bands A & B: 2011	38%	27%	25%
Council Tax Bands C, D and E: 2011	56%	61%	59%
Council Tax Bands F & Above: 2011	7%	12%	15%
Second Homes: 2007	1.1%	2.5%	1.0%
Vacant Homes: 2011	3.3%	2.8%	2.7%
Average Annual Completions: 2004-8	258	1241	-
Average Annual Completions: 2009-11	291	1315	-

- 2.4 In 2001 private renting was above average. It is likely that over the last decade private renting has been the key growth sector in the housing market in the Borough, in common with regional trends.
- 2.5 The Borough's housing stock is focused towards smaller properties. In 2001 flats or maisonettes accounted for around a third of the housing stock. 37% of properties in the Borough in 2011 were in Council Tax Bands A or B – the highest level of the Coastal West Sussex authorities. New housing also appears to have been reinforcing this trend, with a substantial 92% of all housing completions over the 2006-11 period being of one and two-bed properties. Over half (52%) of homes built have been of one-bed properties. There is a need to retain and increase the supply of family housing in the Borough¹.

3 HOUSING MARKET CONDITIONS

- 3.1 Housing demand in the decade to 2007 was supported by a sustained period of macro-economic stability and growth, low interest rates and strong competition in the mortgage market, which provided a choice of highly competitive mortgage products. This supported strong growth in effective demand, which outstripped growth in supply, resulting in strong house price growth in real terms. Over the decade to 2007 the average price of a property sold in the Borough increased by 223%; house prices increasing by £138,000.
- 3.2 Since 2008 market conditions across the UK have been very different. Effective demand is constrained by access to mortgage finance, weak macro-economic conditions and market confidence, and strong inflation which has constrained real earnings growth and households' ability to save. Bank lending continues to be affected by concerns regarding Eurozone sovereign debt. Critically for the housing market, many young households are unable to raise the necessary deposit (currently averaging 20% of the value of a home) to secure mortgage finance on competitive terms. As a result, market activity has plummeted to its lowest level in more than 40 years.
- 3.3 The housing market in Worthing has however been underperforming other areas. House prices are lower than in other parts of Coastal West Sussex – with an average house price of £218,000 in Spring 2012 compared to an average of £254,100 across the Sussex Coast Housing Market. The Borough posted 6.3% nominal growth in house prices between Q3 2008 – Q3 2011 – well above the 3.6% recorded across the South East. However weak market conditions over the last year have put downward pressure on prices.
- 3.4 Prices of flats and maisonettes in Worthing are stronger relative to other house types compared to other parts of Coastal West Sussex.

¹ Family housing is considered to include all properties with three or more bedrooms, as well as two-bed houses

Figure 3.1: Average House Prices, Spring 2012

	Detached	Semi-Detached	Terraced	Flat/ Maisonette
Worthing	£324,743	£241,446	£185,015	£173,718
Sussex Coast Housing Market	£395,552	£253,154	£237,510	£180,454

Source: HMLR

- 3.5 Entry-level house prices for homes in the Borough vary from £97,000 for a 1-bed property to £285,000 for a property with four or more bedrooms.

Figure 3.2: Entry-Level Housing Costs

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Entry-level purchase price				
Worthing	£97,000	£143,000	£193,000	£285,000
Entry-level private rent (per month)				
Worthing	£550	£700	£825	£1,200

Source: Online Estate and Letting Agents Survey (April 2012)

- 3.6 Sales volumes, as an indicator of effective demand for market homes, are stronger than in other parts of the region. Sales volumes stand in Spring 2012 37% down on pre-2007 levels relative to 40% across Coastal West Sussex and the South East region. Marginally stronger market performance is likely to reflect a demand profile which is based more towards households with equity in existing homes. 67% of properties advertised for sale in the Borough in April 2012 had two- and three-bedrooms, however the proportion of 1-bed properties of those advertised (13.3%) was the highest of the Coastal West Sussex local authorities.
- 3.7 Whilst the sales market is in the doldrums, the rental market is buoyant. The sector has grown substantially over the last decade, and local agents report continuing strong demand which is outstripping supply. This is driving rental growth. Rental costs vary from £550 per month for a 1-bed property through to £1,200 per month for a property with four or more bedrooms. 78% of available rental properties in April 2012 had two- or three-bedrooms however again the Borough has the highest proportion of one-bed properties on the market (37.5%) and the lowest proportion with 4 or more beds (5.7%).
- 3.8 The Council has an adopted Core Strategy which allocates and identifies strategic sites for housing and mixed use development. It will be important that proactive monitoring of delivery on development sites and engagement with developers to address delivery blockages is taken forward where appropriate.

4 AFFORDABILITY & HOUSING NEED

Housing Affordability

- 4.1 Entry-level house prices in Worthing are 5.5 times typical earnings of young households (lower quartile earnings) in 2012². While interest rates are relatively low, young households' ability to save a deposit to buy a home has been affected by the balance between wages growth and inflation which has eroded earnings in real terms over the last couple of years. Critically young households' ability to buy a home is being constrained by access to mortgage finance.

Figure 4.1: Average Household Earnings, 2012

	Median Household Income, 2011
Worthing	£34,425
Coastal West Sussex	£35,257

- 4.2 Taking account of the costs of either buying or renting a home an estimated 47.2% of households in the Borough are unable to afford market housing without some form of subsidy. This is above the Coastal West Sussex average.

Figure 4.2: Households Unable to Afford Market Housing without Subsidy

	Income required to access market	Number unable to afford	Estimated households, 2011	% unable to afford
Worthing	£33,600	21,543	45,649	47.2%
Coastal West Sussex	£35,700	85,543	188,221	45.4%

Affordable Housing Need

- 4.3 The SHMA Update has included an analysis of the need for affordable housing using the Basic Needs Assessment Model set out in Government Practice Guidance³. The model is designed specifically to identify whether there is a surplus or shortfall in affordable housing.
- 4.4 The model considers differences between the level of current affordable housing need, based on interrogation of the Council's Housing Register and newly-arising need over the 2011-16 period. This is compared with the estimated supply of affordable housing from relets of existing affordable homes and delivery of affordable housing schemes with planning permission which are expected to come forward before 2016.

² Note, this ratio is based on the incomes of households rather than the earnings of individuals which may be used in other reports

³ CLG (2007) Strategic Housing Market Assessments – Practice Guidance (V2)

4.5 A net housing need is identified is for 2,392 affordable homes over the 2011-16 period, equating to an average of 478 per annum across the Borough, if all households in housing need were to be housed in an affordable home.

Figure 4.3: Estimated Housing Need, 2011-16

	Worthing
Current (Backlog) Housing Need	476
Need from Newly-Forming Households	2,671
Existing Households Falling into Need	536
Total Need (=1+2+3+4)	3,683
Supply from Relets	1,015
Supply from Development Pipeline	276
Total Supply	1,291
Net Need (=4-7)	2,392
Net Need per Year (=8/5)	478

4.6 The housing needs analysis does not look at all housing needs, but specifically the needs of those who can't afford market housing. It assumes that households spend no more than 25% of their gross income on housing costs, and assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).

4.7 It is important to interpret the identified levels of housing need in context. Some households in housing need will be able to secure appropriate accommodation in the Private Rented Sector, supported by Local Housing Allowance. There were 3,620 people living in the Private Rented Sector in the Borough in December 2011 who were claiming Local Housing Allowance. Over the 2011-16 period it is estimated that the Private Rented sector could support 2,320 lettings to households in housing need.

4.8 However the Government's welfare and benefit reforms may impact both on levels of households falling into housing need and on the supply of housing to meet need, in both the private and social rented sectors. In particular the size criteria for working-age households in the social rented sector to be introduced in 2013 may result in a short-term increase in need for smaller properties. Similarly the Government's attempts to control growth in LHA payments may result in some increases in pressures for social rented accommodation by restricting the supply of properties to households in need from the private rented sector. The affordable rent tenure and flexible tenancies both aim to

support increases in the supply of affordable properties and given the levels of need identified, should be carefully considered. The SHMA Update recommends that Coastal West Sussex authorities continue to consider policies regarding flexible tenancies, working with Registered Providers; and continue to support households in housing need to access suitable housing in the private rented sector.

4.9 The evident shortfall of affordable housing of 2,392 homes over the 2011-16 period provides a strong evidence base to support Core Strategy Policy 10 which requires 10% affordable housing provision on developments of 6-10 dwellings, 20% on those of 11-14 dwellings (in both cases as a commuted sum in lieu of provision) with on-site delivery of 30% affordable housing expected on schemes of 15 or more dwellings subject to development viability.

Need for Different Types of Affordable Homes

4.10 Analysis of households incomes has been used to consider levels of need for different types of affordable housing. A household is considered to afford intermediate housing if they can afford between 80-100% of market rents. They are included in the affordable rented category if they could afford more than existing social rents but would not be able to access intermediate housing. Figure 4.4 sets out the household incomes necessary to access different types of homes:

Figure 4.4: Income Range for Access to Intermediate Housing

Area	Income required to access market housing	Income below which affordable rented housing is required	Income below which social rented housing is required
Worthing	£33,600	£25,900	£19,700

4.11 Taking account of both need for different types of affordable property and the existing supply of homes, Figure 4.5 sets out net needs for different types of properties.

Figure 4.5: Net Need for Different Types of Affordable Homes, 2011-16

Area	Intermediate	Social/affordable rented
Worthing	23%	77%

4.12 However if the intermediate-affordable rent threshold is set at 70% of market costs, 45% of net need in the Borough would be for intermediate homes whilst 55% would require social or affordable rented properties. The SHMA Update concludes that across Coastal West Sussex a minimum of 20% of affordable housing should be intermediate housing in the short-term, increasing to 30% over the longer-term as housing market conditions improve. It recommends that local authorities within

the sub-region consider policies regarding flexible tenancies and affordable rented housing in liaison with Registered Providers through the development of their tenancy strategies.

5 FUTURE HOUSING REQUIREMENTS

5.1 Worthing Borough Council has an adopted Core Strategy which sets out planning policies for housing provision, consistent with housing requirements established in the South East Plan. This took account of local constraints on land availability which continue to apply.

Overall Housing Requirements

5.2 The SHMA Update includes various scenarios for future housing requirements, for both affordable and market housing, taking account of population trends. It also includes scenarios driven by economic performance.

5.3 In Worthing, the two trend based projections (PROJ 1 & 2) show an annual range of housing requirements from 425 to 445 additional units – this figure rises to 507 per annum under PROJ 5 (based on forecast employment growth).

5.4 The Core Strategy makes provision for 200 homes per year over the 2006-26 plan period. The projections indicate that this will support net in-migration but is unlikely to support growth in the resident workforce given the current age structure of the Borough's population and how this is expected to change over the period to 2031.

Figure 5.1: Demographic Projections, Worthing Borough 2011-31

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	15,365	14.9%	8,896	19.0%	4,844	9.6%
PROJ 2 – 5-year migration trends	14,418	14.0%	8,495	18.2%	4,350	8.6%
PROJ 3 – zero net migration	-3,513	-3.4%	910	1.9%	-5,001	-9.9%
PROJ 4 – zero employment growth	5,827	5.6%	4,966	10.6%	0	0.0%
PROJ 5 – employment growth	18,039	17.5%	10,141	21.7%	6,362	12.6%

5.5 It needs to be recognised that there are a number of strategic development constraints which may restrict the ability of the local authorities within the Housing Market Area to meet identified development needs. This includes Worthing, reflecting the geography of the Borough and local constraints on land availability.

5.6 The demographic projections prepared indicate overall housing need/demand across the Sussex Coast Housing Market for between 63,400 – 69,900 homes over the period between 2011-31

(3,170-3,500 homes per annum) based on past demographic trends. It however seems highly unlikely given the land availability and infrastructure constraints across the sub-regional housing market that this level of housing provision can be achieved. The potential identified in current or emerging Local Plan policies could support (in broad terms) between 44,000 – 45,500 homes over the 2011-31 period.

- 5.7 Worthing Borough Council is committed to continuing to monitor housing delivery and land availability over time in line with a plan, monitor and manage approach.
- 5.8 Given the evident development constraints across the Sussex Coast Housing Market as well as within the Borough itself, the SHMA Update recommends that a common statement is jointly prepared which articulates the strategic development constraints which exist in light of the ‘duty to cooperate’ introduced in the Localism Act.
- 5.9 The SHMA also recommends that local authorities across the sub-region collaborate to consider further options for strategic development which could be brought forward in the longer-term, such as through a future review of Local Plans. Feasibility work to consider the potential for additional strategic development in the longer-term should be progressed collaboratively in the medium-term (post adoption of emerging local plans) with steps put in place to secure long-term investment in strategic infrastructure to support this.

Need for Different Sizes of Affordable Housing

- 5.10 Based on analysis of demographic trends, potential housing supply policies and consideration of how households occupy homes, the SHMA Update has estimated requirements for different sizes of affordable homes.
- 5.11 There is a requirement for 1,200 additional affordable units over the 2011-31 period with over three-quarters of these being smaller (one and two bedroom) units.

Figure 5.2: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing (Worthing)

Sub-area		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Worthing	No.	519	423	236	21	1,200
	%	43.3%	35.3%	19.7%	1.8%	100.0%
Coastal West Sussex HMA	No.	2,611	3,302	2,426	262	8,602
	%	30.4%	38.4%	28.2%	3.0%	100.0%

- 5.12 Figure 3.4 analyses the size requirements of households on the Housing Register along with just those in a priority group. The data suggests that over half of those registered require one bedroom

accommodation with around 11% needing three or more bedrooms. When looking at priority categories there is an increase in requirements for 1 bedroomed homes with 65% needing 1 bedroom (and only 11% requiring 3 or more bedrooms). On the supply side it is estimated that nearly two-thirds of lettings have one bedroom and only 9% have three or more bedrooms.

Figure 5.3: Demand for and supply of different sized affordable homes in Worthing

Size	Demand		Supply		
	All Housing Register	In priority category	General needs	Supported housing	All supply
1 bedroom	59.1%	65.1%	43.9%	100.0%	65.5%
2 bedrooms	30.1%	23.9%	40.9%	0.0%	25.1%
3 bedrooms	9.7%	9.7%	15.2%		9.3%
4+ bedrooms	1.0%	1.3%			
Total	100.0%	100.0%	100.0%	100.0%	100.0%

5.13 There are thus a range of factors (including the housing needs analysis conclusions, which provide a shorter-term perspective) which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a Borough-wide level, the SHMA recommends the following mix of affordable housing of different sizes:

Figure 5.4: Recommended Affordable Housing Mix by Size – Worthing

Property Size	% Affordable Housing
1-bed	25-30%
2-bed	35-40%
3-bed	25-30%
4+ bed	5-10%

Market Housing

5.14 A similar analysis for market housing indicates a requirement for 2,800 additional market units with 89% of this for two and three bed properties.

Figure 5.5: Estimated Size of Dwellings Required 2011 to 2031 – Market Housing (Worthing)

Sub-area		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Worthing	No.	209	1,225	1,266	101	2,800
	%	7.4%	43.7%	45.2%	3.6%	100%
Coastal West Sussex HMA	No.	1,571	6,533	9,366	2,600	20,071
	%	7.8%	32.6%	46.7%	13.0%	100%

- 5.15 The SHMA identifies a strong case to seek to attract and retain more younger households across the Sussex Coast Housing Market in order both support the local economy and business base, help shift the economy towards higher value-added activities and maintain a more balanced population profile (including for instance maintaining school rolls). This will require intervention both in attracting and retaining economic investment, continuing to improve the skills profile and levels of enterprise and innovation, and in developing the housing offer.
- 5.16 As we have identified the existing housing stock in Worthing is focused more towards smaller properties. Over the 2006-11 period just 9% of homes built in the Borough had 3 or more bedrooms, compared to an estimated need/ demand for closer to 40% provision of larger properties such as this.
- 5.17 Provision of family homes and the protection of existing family housing in the Borough will be important in helping to maintain a balanced profile of housing and population and in supporting the local economy.
- 5.18 The SHMA Update continues to support Policy 8 in the Core Strategy which aim to achieve this, through provision of predominantly family housing in areas of change outside of the Town Centre, for some family housing provision (homes with 3 or more bedrooms) within development schemes within the Town Centre, and in seeking to promote family housing provision through any infill development in suburban areas within the town. It equally supports Policy 9 which seeks to limit the subdivision of family housing to provide smaller units.

6 HOUSING NEEDS OF SPECIFIC GROUPS

- 6.1 As of 2010 it was estimated that 21.2% of the population of Worthing was aged 65 or over, by 2030 this is expected to increase significantly to 26.9% (based on 2010-based Subnational Population Projections). Older persons are more likely to under-occupy homes. We would expect under-occupation to increase. They are also more likely to live in social rented housing (especially single

pensioner households). With the projected increases in older persons there may therefore be additional pressure on the affordable housing stock from such households.

- 6.2 The growing older population (particularly in the oldest age groups) will also result in growth in households with specific housing needs. This will create demand for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and through delivery of new properties which meet 'lifetime homes' standards and can be adapted to households' changing needs.
- 6.3 The growing older population will however likely lead to some increase in requirements for specialist housing solutions. Over the 2012 to 2030 period a 50% growth in older population with dementia, and 45% increase in the older population with mobility problems is projected. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing, social care and health (Councils and NHS). The analysis also suggests that the care home population can be expected to increase by around 710 persons between 2012 and 2030.
- 6.4 The SHMA Update thus supports policies within the Core Strategy or provision of supported or extra care housing, and development of lifetime homes. It identifies that the Council might also consider working with Registered Providers to develop shared equity homes targeted at older persons, and consider developing a specific register of accessible housing.
- 6.5 The BME population in Coastal West Sussex appears to have grown quite strongly since 2001 with experimental data from ONS suggesting that the proportion of the population from a non-White (British/Irish) group in Worthing has risen from 5.1% to 11.1% in the period from 2001 to 2009. There are very few BME households on the Councils' Housing Register despite some indication of likely housing problems relating to overcrowding, condition and security of tenure.
- 6.6 Where possible the local authorities should encourage BME groups to register for housing where there is a clear need for an affordable solution to be provided. BME households typically exhibit higher levels of overcrowding and are more likely to live in the Private rented Sector. The SHMA recommends that specific research is progressed at a sub-regional level to further understand the housing support needs of BME groups and consider how these can be addressed through multi-agency working.

Addendum

The SHMA Update, including the demographic projections within it, was prepared in advance of the release of 2011 Census data. The table below outlines what information from the 2011 Census indicates regarding changes in the housing stock in Worthing between 2001-11.

Changes in Housing Stock, 2001-11

	Worthing	Coastal West Sussex	South East
Private Renting: 2001	12.1%	10.1%	10.2%
Private Renting: 2011	19.3%	15.3%	16.3%
Growth in Private Renting: 2001-11	71%	66%	73%
Detached Homes: 2001	22.5%	30.5%	29.3%
Detached Homes: 2011	21.3%	29.5%	28.0%
Semi-Detached Homes: 2001	23.7%	26.8%	27.6%
Semi-Detached Homes: 2011	22.8%	26.1%	27.6%
Terraced Homes: 2001	21.4%	20.1%	23.1%
Terraced Homes: 2011	20.6%	19.7%	22.4%
Flats/Maisonettes: 2001	32.5%	21.9%	18.5%
Flats/Maisonettes: 2011	35.5%	23.7%	21.2%
Household Spaces with No Usual Residents: 2011	3.4%	5.1%	4.0%