



GL Hearn

Coastal West Sussex Strategic Housing Market Assessment Update

Final Report

November 2012

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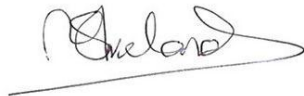
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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

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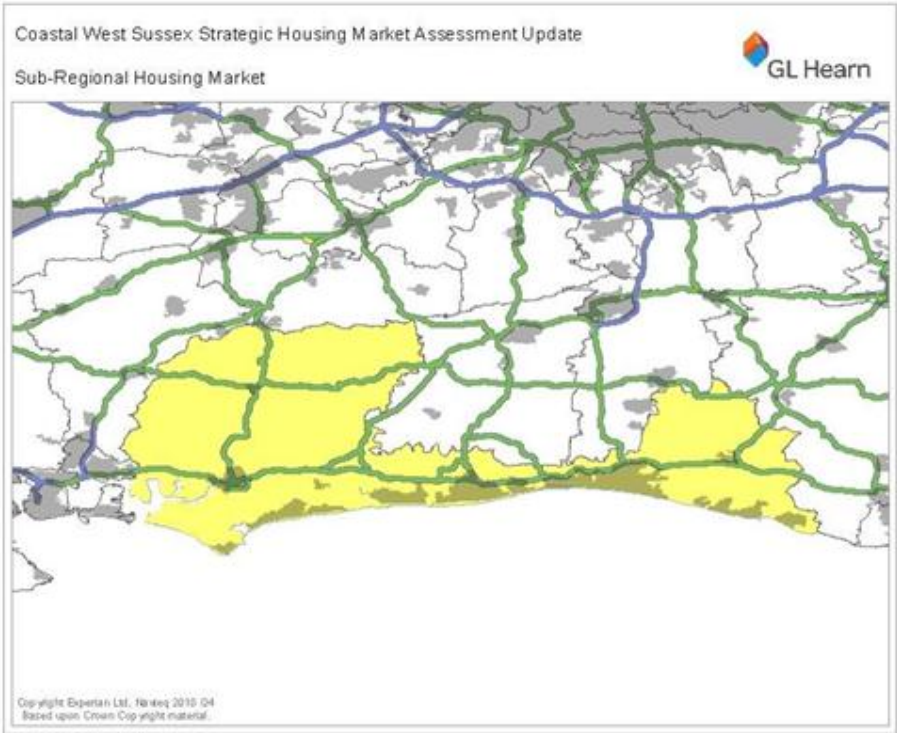
EXECUTIVE SUMMARY

A Strategic Housing Market Assessment (SHMA) is intended to provide an assessment of both housing need and demand. It considers the scale and mix of housing needed over the longer-term, both market and affordable, taking account of population and demographic dynamics, and the housing needs of different groups within the local community.

This update of the 2009 Coastal West Sussex SHMA has been prepared by GL Hearn and Justin Gardner Consulting on behalf of the local authorities of Adur, Arun, Chichester and Worthing together with the South Downs National Park Authority. It follows Government’s 2007 Practice Guidance¹ and responds to the requirements of the National Planning Policy Framework² which sets out that SHMAs are a key part of the evidence base for local planning policies for housing provision.

Coastal West Sussex forms part of a Sussex Coast Housing Market (Figure 1) which stretches from Seaford in the east along the South Coast to East Wittering, and extends inland into the South Downs National Park to settlements such as Lewes and Midhurst.

Figure 1: Sussex Coast Sub-Regional Housing Market



¹ CLG (2007) *Strategic Housing Market Assessments – Practice Guidance (Version 2)*

² CLG (2012) *National Planning Policy Framework*

There are a strong set of inter-relationships between key towns and settlements within this area, with movement of households and commuting between them. This Sussex Coast Housing Market thus forms the appropriate geographical area across which to coordinate strategic planning for housing provision, and the local authorities within it are working together to do so.

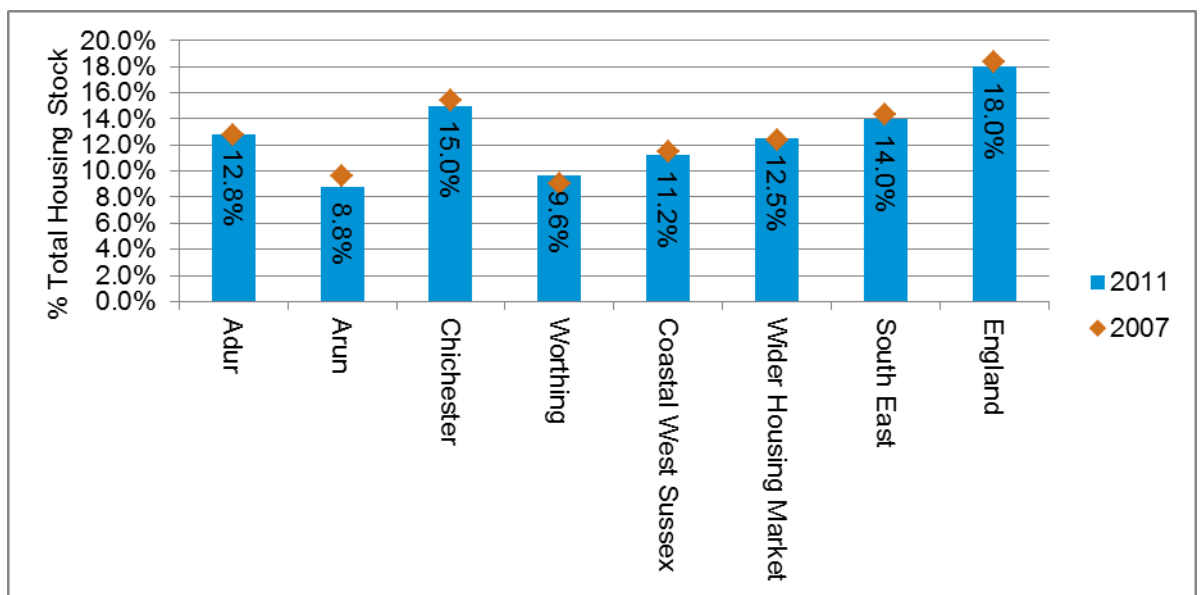
Within the sub-regional housing market there are a number of inter-connected sub-markets focused on Chichester and Bognor Regis; Worthing; and Brighton and Hove. These cross local authority boundaries. There are also important inter-relationships with surrounding areas including Northern West Sussex and South Hampshire.

The Current Housing Offer

There are a total of 199,500 dwellings in Coastal West Sussex in 2011 and 368,200 across the Sussex Coast Housing Market. Growth in the housing stock over the previous decade has been below average in all of the local authorities across the housing market, besides Chichester District. This reflects strategic development constraints in the sub-region.

Affordable housing made up 12.6% of the housing stock across the Sussex Coast Housing Market in 2011 compared to 14.0% across the South East and 18.0% nationally. The level of affordable housing has fallen slightly across Coastal West Sussex since 2007. The majority of housing is in private ownership.

Figure 2: Affordable Housing Stock, 2007 & 2011



There is a relatively balanced profile of housing of different types across Coastal West Sussex however the profile across the wider housing market is skewed by the strong concentration of flatted properties in Brighton & Hove. Within the sub-region different areas have complementary roles. Chichester District (and to a lesser degree Arun) have a high proportion of detached housing. In contrast there is a strong concentration of flats/maisonettes in Worthing. Adur's housing stock is more focused towards semi-detached properties. Broadly however, two- and three-bedroom properties predominate across all areas.

Coastal West Sussex has a slightly higher proportion of properties in Council Tax Band C, and less in Bands F and G relative to the wider South East Region. In part this reflects the economic profile of the area. However within the sub-region, the north-east of Chichester District and the National Park have a housing offer which is more strongly focused towards larger, more expensive properties (Bands E and above); whilst the housing offer is skewed more towards lower-value properties in Bands A-C in Lancing, Sompting and Worthing.

The housing stock is generally well-occupied. In April 2011 2.8% of properties were empty across Coastal West Sussex which falls within the 2.5-3.0% range we consider appropriate to facilitate turnover within a functioning housing market. Second home ownership is significant in parts of the area, with second and holiday homes accounting for 2.0% of the housing stock across the Sussex Coast Housing Market, but 5.2% in Chichester District and 2.2% in Arun compared to a South East average of 1.0%. Where it is concentrated, it can restrict access to housing for local residents.

Housing Market Conditions

Effective demand for market homes for sale is currently subdued (at the time of writing in 2012). This reflects a number of factors, including households' ability to secure mortgage finance, inflationary pressures within the economy (which have been affecting households' ability to save) as well as wider market confidence. Current market confidence is influenced economic outlook and concerns regarding the performance of Eurozone economies. In 2012 the UK economy is teetering on the verge of a further recession.

Effective market demand for homes (to purchase) is 41% down on pre-2008 level in mid 2012 – a substantial reduction (but consistent with the South East region as a whole). A key influence here is that many young households have insufficient savings to put down a deposit. A 20% deposit is currently required to secure most competitive mortgage deals.

There are a number of Government programmes which aim to boost the housing market including a New Build Indemnity Scheme, providing Government-backed 95% mortgages for some new-build

properties; and the Growing Places and Get Britain Building Funds, which aim to address housing delivery barriers. However fundamentally, access to mortgage finance and market confidence need to improve to stimulate a housing market recovery.

House price trends reflect the balance between supply and demand. House price growth over the last three years (2008-11) has been moderate. Average prices have increased by 3.6% across the South East. In Coastal West Sussex performance has been mixed, with growth of above the regional average in Adur (8.7%), Chichester (8.0%) and Worthing (6.3%) but falling house prices in Arun District (-4.5%). Taking account of inflation, house prices in real terms have been virtually static.

House prices vary across the sub regional housing market and for different types of home. These reflect relative demand. Price signals indicate a particular price premium for detached housing in Chichester District reflecting its high quality of place. In Adur and Arun, the market is more biased towards mid-sized family homes (with 2 and 3 bedrooms) with significant demand from older households in Arun, and from families in Chichester. In Of the key towns within the sub-regional housing market the highest house prices are found in Midhurst and Petworth, within the National Park, with the lowest prices in Lancing and Bognor Regis. These differences can be expected to persist moving forwards.

At the time of writing in 2012 the sales market was most buoyant in Chichester District. This reflects the housing stock profile which is more biased towards larger properties, and less influenced by mortgage finance constraints which are particularly affecting younger buyers. In Brighton and Hove and Worthing there is a higher proportion of flats within the housing stock, the buyer profile for which is affected by mortgage finance constraints to a greater degree. Sales in these areas are thus 46% and 47% down respectively on long-term trends. The demand profile in Arun District is also relatively weak with sales 39% down on long-term trends however this appears more related to wider market drivers such as economic performance.

The weak sales market has helped to fuel demand for rental accommodation. Across the South East this has been a key growth sector in the housing market, with the number of households living in the sector increasing from 10.3% of all households in 2000 to 16.5% in 2010 (growth of 70%). The evidence points to rising rental levels over the last few years as demand exceeds supply. Moving forward institutional investment in the sector together with the availability of buy-to-let mortgage finance will be important in influencing growth in the supply of properties. There is a clear prospect that the sector may continue to be the key growing tenure within the market over the next decade.

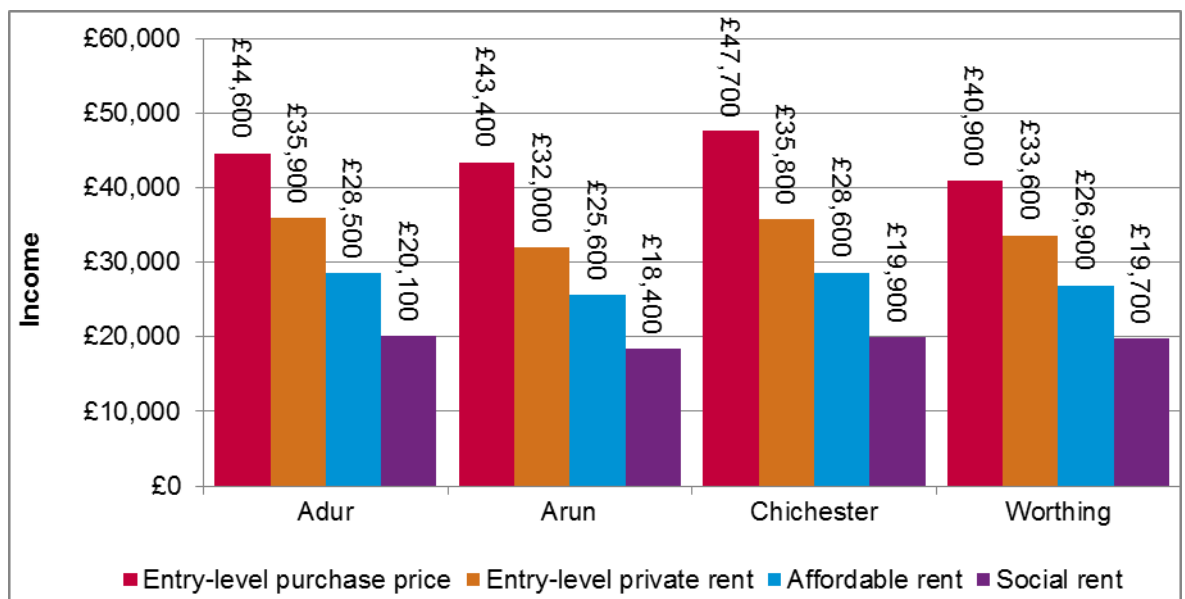
In the short-term the housing market is likely to continue to be affected by macro-economic factors. House prices are forecast to fall in the South East region in 2012, with some recovery thereafter but it is likely to be 2016 before price growth and transactions levels return to near long-term trends (based on Knight Frank forecasts). There is a notable downside risk to this should a Eurozone country default, which could trigger a further ‘credit crunch’ with significant implications on the housing market.

Affordable Housing Need

The SHMA Update has included an analysis of affordable housing need using a range of information including from the four commissioning authorities’ housing registers. Housing need is defined as the quantity of housing required by households who are unable to access suitable housing without financial assistance. It forms an important part of the evidence base to support Councils’ planning policies for affordable housing.

Entry-level house prices in Coastal West Sussex vary from £74,000 for a one-bed property in Littlehampton to £370,000 for a four-bed property in the National Park. Rental costs between areas are more similar with entry-level rents ranging from £490-590 a month for a 1-bed property to £1,100-£1,400 a month for a 4-bed property. Figure 3 below sets out income thresholds to afford a 2-bed property in different tenures of property across the four Districts:

Figure 3: Household Income Required to Buy or Rent a 2-bed Property



The median income of households living in Coastal West Sussex is estimated at £35,250. Median incomes vary from between £30,000 - £32,500 in Adur District, Littlehampton and Bognor Regis to over £45,000 in the north of Chichester District. Overall 35% of households have an income of less than £30,000.

The SHMA Update estimates that 35% of households in Chichester District have an insufficient income to afford market housing without subsidy rising to 46% in Arun, 47% in Worthing and 60% in Adur. A significant number of households in the sub-region will require financial support to access suitable housing.

The housing needs analysis considers both current housing need (often termed the backlog of need) and the balance between need for and supply of affordable housing which is likely to arise over the 2011-16 period.

An estimated 3,836 households currently fell within housing need at the time of the assessment across the four Coastal West Sussex Authorities. However there are 1,698 affordable homes with planning consent which are expected to be delivered in the period to 2016. An additional 11,152 households are expected to fall into housing need over the 2011-16 period. This is significantly greater than the likely supply of affordable housing, such as through re-lets of existing stock, of 4,320 dwellings.

Overall the housing needs analysis therefore indicates that there is a net shortfall of 8,970 affordable homes over the 2011-16 period (equivalent to 1,794 per year) across Coastal West Sussex. This identified shortfall supports the Councils' policies seeking provision of affordable housing in new developments. Figure 4 indicates housing need in different parts of Coastal West Sussex:

Figure 4: Households in Affordable Housing Need (2011-16)

Area	Total Need	Supply from Relets	Supply from Development Pipeline	Net Need
Adur	2,571	530	135	1,906
<i>West</i>	1,138	227	25	886
<i>East</i>	1,433	303	110	1020
Arun	5,012	1,395	726	2,891
<i>Littlehampton</i>	1,852	514	399	939
<i>Bognor Regis</i>	2,168	611	202	1,355
<i>National Park</i>	209	70	0	139
<i>Other</i>	783	200	125	458
Chichester	3,723	1,380	561	1,782

<i>City</i>	1,169	491	351	327
<i>National Park</i>	905	394	82	429
<i>North East</i>	148	61	0	87
<i>South</i>	1,500	434	128	938
Worthing	3,683	1,015	276	2,392
Total	14,989	4,320	1,698	8,971

While a significant deficiency in affordable housing is identified, in practice some households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by Local Housing Allowance. If the current level of private lettings to households in housing need were projected forward, 8,140 households could have their needs met through the Private Rented Sector over the 2011-16 period. Many private rented tenants on Local Housing Allowance would however likely prefer a secure social tenancy if one were available. However it seems likely however that the Private Rented Sector will continue to be used to make up for a shortfall of genuine affordable housing.

The evidence in the SHMA Update points to some notable differences in prices between private rent, potential affordable rents and existing social rents, indicating that there are likely to be a reasonable number of households 'in housing need' who might be able to afford more than existing social rents without Housing Benefit. Lower-income households are also able to claim Housing Benefit in affordable rented properties.

Analysis of differences in household earnings and housing costs, together with the supply of different types of affordable housing have been used to consider what types of affordable housing Councils might seek to deliver through new development. The table below provides an indicative assessment of the proportion of need which could be met by intermediate housing products priced at 80% or more of market rents, and the proportion which will require social or affordable rented homes.

A range of factors including local needs evidence and development viability should inform the specific tenure mix sought through individual development schemes.

Figure 5: Need for Different Types of Affordable Housing (2011-16)

Area	Intermediate	Social/Affordable Rented	Total
Adur	12%	88%	100%
<i>West</i>	13%	87%	100%
<i>East</i>	11%	89%	100%
Arun	19%	81%	100%
<i>Littlehampton</i>	13%	87%	100%
<i>Bognor Regis</i>	22%	78%	100%
<i>National Park</i>	26%	74%	100%
<i>Other</i>	24%	76%	100%
Chichester	27%	73%	100%
<i>City</i>	19%	81%	100%
<i>National Park</i>	34%	66%	100%
<i>North East</i>	47%	53%	100%
<i>South</i>	28%	72%	100%
Worthing	23%	77%	100%
Total	21%	79%	100%

Benefit reforms may impact on levels of housing need. In particular the size criteria for receipt of benefits for working-age households in social rented homes which the Government intends to introduce in 2013 may result in a short-term increase in levels of need for smaller properties. Similarly the Government's attempts to control LHA payments to tenants in private rented properties may result in some increase in pressures for social rented accommodation.

Government policy has changed in a number of ways to support the delivery of affordable housing against a context of reduced public subsidy available. To support delivery, the local authorities should embrace this:

R9: Local authorities should consider their policies regarding flexible tenancies and affordable rent in liaison with Registered Providers through the development of their Tenancy Strategies. Both provide the opportunity to support affordable housing supply and should be carefully considered.

Flexible tenancies also provide the opportunity to improve turnover within the affordable housing stock albeit that the notable gaps between the income required to access different tenure groups will mitigate against households' ability secure suitable accommodation in other tenures.

Each of the local authorities is currently considering or moving to implement a Private Rented Sector Team to improve the role which the sector can meet in addressing housing need. This

focuses on a brokerage role which links households on the Housing Register with landlords offering decent homes.

R10: The SHMA supports local authorities' current work in developing a brokerage role linking households in need to suitable properties in the Private Rented Sector. This scheme should be used to encourage investment in improving standards in the sector.

Turning to address planning policy for affordable housing, the 2008/9 SHMA proposed moving towards a 40% affordable housing policy over the longer-term. Potential affordable housing policy however needs to take account of up-to-date information on the economic viability of residential development, changes to the availability of funding and the introduction of the affordable rent tenure, and wider policies within Local Plans such as sustainability standards and Community Infrastructure Levy (CIL). This coordinated approach is emphasised in the NPPF.

R11: Each local authority should review the viability of affordable housing as part of the development of its Local Plan and/or CIL to take account of provisions in the NPPF. This will inform site size thresholds, % affordable housing requirements and the tenure mix.

Local authorities can apply S106 policies flexible to take account of the viability of individual development schemes. CIL however will be a mandatory charge on development and thus affordable housing provision may be a key area of negotiation on sites where viability is challenging. CIL should be set at a level which supports affordable housing delivery. On land in public sector ownership, higher levels of affordable housing provision should be sought.

Since the 2008/9 SHMA national policy regarding exceptions sites has evolved. Government is supporting provision of some market housing as part of exceptions developments to cross-fund affordable housing delivery. The SHMA Update concludes that this is a sensible approach and can help to facilitate affordable housing delivery.

R12: Authorities should review policies regarding exception site development within their Local Plans. These should support some market housing provision if necessary to support affordable housing delivery but with a focus on maximizing affordable housing provision to meet local need. Market housing would need to be justified through submission of a viability appraisal as part of a planning application.

The SHMA Update has considered need for different sizes of affordable housing taking account of housing need, the existing stock and turnover of properties of different sizes, and long-term

demographic trends. Whilst the majority of households on waiting lists often require smaller properties, those in need of larger properties often have to wait much longer for a home. Provision of larger, family-sized housing can also create chains of lettings releasing smaller properties for other households. We conclude that the appropriate mix of homes is as follows:

R14: Strategic policies for the mix of affordable housing to be sought through new development should reflect provisions in the table below. However in applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level (village/neighbourhood).

Figure 6: Proposed Mix of Affordable Homes

	1-bed	2-bed	3-bed	4+ bed
Adur	20-25%	30-35%	30-35%	10-15%
Arun	15-20%	35-40%	30-35%	10-15%
Chichester	10-15%	30-35%	35-40%	15-20%
Worthing	25-30%	35-40%	25-30%	5-10%

Future Housing Requirements

The Government has made clear in the National Planning Policy Framework that local authorities should prepare new Local Plans on the basis that objectively assessed development needs (for both housing and other types of development) should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits. The starting point is that local authorities should meet the full requirements for market and affordable housing in their housing market area. Any under-provision is expected to be addressed through collaborative working with neighbouring authorities.

To consider future housing requirements, the SHMA Update has considered population and demographic dynamics, economic growth potential and potential housing market conditions across the Sussex Coast Housing Market over the longer-term to 2031. A number of alternative ‘projections’ are provided for future housing requirements. These are then compared, at a high-level, against potential ‘capacity’ for development.

The projections principally consider alternative scenarios for the level and profile of migration to the sub-region over the period to 2031. The main projections developed for the Sussex Coast Housing Market are set out below:

Figure 7: Main Demographic Projections for Sussex Coast Housing Market, 2011-31

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	109,896	13.9%	63,390	17.8%	37,179	9.8%
PROJ 2 – 5-year migration trends	124,890	15.8%	69,859	19.6%	46,289	12.2%
PROJ 3 – zero net migration	-9,021	-1.1%	15,248	4.3%	-23,946	-6.3%
PROJ 4 – zero employment growth	39,026	4.9%	33,558	9.4%	0	0.0%
PROJ 5 – employment growth	144,865	18.3%	77,318	21.7%	56,385	14.8%

Demographic projections indicate a requirement for between 63,400 – 69,900 homes between 2011-31 – equivalent to between 3,170 - 3,500 homes a year. Economic performance could support additional demand over and above this, although there is a considerable degree of uncertainty regarding future economic forecasting not least given the influence of the performance of Eurozone economies.

However it appears highly unlikely that identified development needs can realistically be met within the Sussex Coast Housing Market over the period to 2031. Across the sub-region land availability is significantly affected by the geography of the area. There is a limited capacity for development within existing urban areas. The potential for development in the sub-region is affected by key constraints including flooding, environmental designations and the restrictions on development imposed by the South Downs National Park. Infrastructure provision may also limit development potential, with particular issues associated with the A27 junctions and links, together with sewage treatment capacity around Chichester, which may impact on the level, location and phasing of development.

Given the constraints to development across the sub-regional housing market, it seems highly unlikely that the scale of development which can be planned-for across the sub-region will meet identified development needs. On this basis the SHMA recommends that:

R1: A common statement is jointly prepared which articulates the strategic development constraints which exist at a sub-regional level and limit the potential to meet development needs. This will support authorities' individual Local Plans at examination.

R2: Housing requirements within Local Plans should be set out at 'minima' which can be exceeded where this is compatible with the presumption in favour of sustainable development and wider policies within Local Plans.

R3: The local authorities collaborate at a sub-region level and with neighbouring sub-regions to consider whether there are further options for strategic development which could be brought forward in the longer-term, such as through a future review of Local Plans. Local Plans should be drafted to provide for a review mechanism. 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.

Delivering a Balanced Profile of Homes

The SHMA Update highlights some of the demographic implications of lower housing numbers, including a stronger proportional growth in the population of older persons and restricted in-migration of those of working-age; as well as the potential for changes to commuting dynamics. It will be important that these are properly thought through.

Relative to other parts of the region, while migration overall is biased towards those of working-age there is significant net in-migration of older age groups. Over the last decade the numbers of single person and childless couple households has grown. The population aged in their 20s and early 30s has declined not just in proportion but in absolute terms.

There is 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 balanced population profile. 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 to attract/retain younger households. A coordinated strategy for strategic economic interventions will also be important in 'making the case' for funding for investment in strategic infrastructure such as improvements to the A27 which will encourage and support economic growth. On this basis the SHMA recommends that:

R4: The local authorities should continue to work together to progress the development of the Coastal West Sussex Employment and Infrastructure Strategy. This should include working

proactively to progress key development projects, as well as coordinated action to improve skills/training across the sub-region.

R5: The potential for major development sites to support mixed use development, with housing development supporting investment in site preparation and enabling infrastructure to bring forward new employment floorspace should also be encouraged where feasible.

To support economic growth the SHMA encourages development of housing which will help to attract and retain younger persons. The delivery of new affordable housing, including intermediate housing options³ will be important in this regard. So will supporting the future development of the private rented sector. Development of the leisure and recreational offer in key towns to attract/retain a younger population will also be important and can be taken forward through wider place-based regeneration.

There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.

Across Coastal West Sussex the SHMA Update expect market demand to continue to be focused towards two and three-bedroom properties. Continued demand for family housing can be expected from people moving out of Brighton and Hove, particularly to Adur. Demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

In Adur, development away from the Harbour/Seafront and town centres should focus on mid-market family housing provision⁴. In Arun, again provision of two and three bed properties should predominate. In Chichester District we recommend that policy focuses on achieving a mix of 35% 1 and 2-bed, 50% 3-bed and 15% 4 or more bed market homes. This focuses more towards smaller properties in order to counter-balance the current stock profile. Similarly in Worthing, policy should focus on protecting and enhancing the family housing offer, particularly on large sites outside the Town Centre.

There is a clear economic regeneration challenge across Coastal West Sussex. Across the sub-regional housing market the provision of decent-sized family homes will help to attract and retain economically active households, supporting economic regeneration. This informs the SHMA

³ Intermediate housing does not include affordable rented homes

⁴ This includes all properties with three or more bedrooms, as well as two-bed houses

Update's recommendations regarding the overall mix of housing and policies regarding the sizes of homes:

R15: Each local authority should seek to bring forward a mix of sites which is capable to delivering the housing mix set out in Section 9. For large strategic sites consideration should be given to setting out specific policies regarding the expected mix of housing.

R16: Each district should consider whether it is appropriate to set out specific internal space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties).

There continues to be a role for development of the urban living offer through higher density development in town centres and areas with strong public transport accessibility across Coastal West Sussex. However it is accepted that in the short-term flatted development continues to be influenced by viability issues, including the high finance costs of development.

The 2008/9 SHMA recommended that larger sites should include a mix of housing to deliver mixed communities and support regeneration. This would include a mix of housing types and sizes, as well as housing for older people; community facilities, open space and other infrastructure. We consider that this remains appropriate.

Meeting the Requirements of Specific Groups

The 2008/9 SHMA considered the requirements of a number of particular groups in the population including older persons, students and BME communities. The SHMA Update sought to refresh the analysis relating to these groups.

Older Persons

The older person population in Coastal West Sussex is particularly large when compared with regional and national figures. In addition, the population is projected to increase significantly up until 2030/31 with growth in the population aged over 55 of up to 16%.

Older persons are more likely to under-occupy homes. 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. This will need to be monitored.

The growing older population (particularly in the oldest age groups) will result in growth in households with specific housing needs. Typically the greatest support needs are 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.

There is however also likely to be an increase in requirements for specialist housing solutions. The analysis above suggests a 68% growth in older population with dementia, and 58% increase in the older population with mobility problems. 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 3,800 persons between 2011 and 2030.

Many of the recommendations in the 2008/9 SHMA relating to housing needs of older persons thus remain valid:

R17: Local authorities should consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in Coastal West Sussex.

R18: Planning policy should promote delivery of homes for older persons, including lifetime homes and delivery of specific housing for older persons as part of major development schemes.

R19: The local authorities should consider development of specific registers of accessible housing.

R20: The development of shared equity models targeted at older persons should be encouraged, working with Registered Providers.

BME Groups

The BME population in Coastal West Sussex appears to have grown quite strongly since 2001. The latest estimate is that BME groups make up nearly 10% of the Coastal West Sussex population. BME households appear to be typically younger, more likely to live in rented accommodation and more likely to be overcrowded.

There are very few BME households on any of the Councils' Housing Registers despite some indication of likely housing problems relating to overcrowding, condition and security of tenure.

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.

The analysis undertaken identifies a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies. On this basis the following recommendations are set out:

R21: Undertake focused research to consider housing needs of BME households in the sub-region and different BME groups within this.

R22: Engage further with BME groups to identify and target housing support needs more effectively and address barriers to accessing affordable housing through multi-agency working.

Students

The analysis of student housing requirements identified that there is potential for changes to tuition fees to impact on growth in student numbers at Chichester University and other Universities within the sub-regional housing market. Chichester District Council should continue to work with the University, monitor future changes in student numbers, and consider the need for any further development of student accommodation in this context.

1 INTRODUCTION

1.1 GL Hearn, supported by Justin Gardner Consulting, has been commissioned to prepare an update to the Coastal West Sussex Strategic Housing Market Assessment (SHMA). The update has been commissioned jointly by Adur District Council, Arun District Council, Chichester District Council, Worthing Borough Council and the South Downs National Park Authority. It follows on from the previous SHMA prepared by GVA Grimley and GL Hearn in 2008/9.

Purpose

1.2 The SHMA Update is intended to provide an updated understanding of the housing market and a strategic assessment of housing supply and demand in all housing sectors up to 2031. It will form part of the evidence base to inform and support emerging planning and housing policies across the sub-region and within individual constituent local authorities.

1.3 The Government published its National Planning Policy Framework (NPPF) in March 2012. This sets out that local planning authorities should have a clear understanding of housing needs in their areas. They are required to prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.

1.4 The NPPF outlines that the SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period (in this case to 2031) which:

- meets household and population projections, taking account of migration and demographic change;
- addresses the need for all types of housing, including affordable housing and the needs of different groups within the community; and
- caters for housing demand and the scale of housing supply necessary to meet this demand.

1.5 The SHMA Update addresses these requirements. It includes projections for future housing requirements for each of the authorities within the sub-regional housing market based on the most recent evidence available in Spring 2012. It also estimates the requirements for different sizes and tenure of homes, taking account of changes in housing market conditions since the 2009 SHMA was completed, and other factors such as social housing and benefit reforms which impact on housing need and demand.

1.6 The SHMA Update is undertaken in accordance with the latest Practice Guidance issued by Government (CLG, August 2007). It includes an assessment of housing need, based on secondary data sources, set within a wider understanding of housing market dynamics across tenures.

Approach

- 1.7 The approach adopted to preparing the SHMA has been based around three core stages of work. These are:
- Stage 1: developing understanding of current housing market dynamics and drivers and assessing housing needs;
 - Stage 2: considering future housing requirements, through undertaking or updating demographic modelling, considering future economic performance and assessing the future mix of housing required; and
 - Stage 3: testing the findings with a range of stakeholders and considering the implications of the analysis for policy development.
- 1.8 The SHMA Update has included a programme of stakeholder consultation comprising meetings with individual local authorities, selected discussions with estate and letting agents active in the sub-region and a stakeholder consultation event held in May 2012 attended by a range of public and private sector stakeholders to test the emerging findings of the Assessment. Stakeholder event attendees included representatives from housing associations, developers and their agents, local authorities, other public sector bodies and interest groups.

Report Structure

- 1.9 This report provides the main report for the whole Coastal West Sussex Housing Market. Separate summary reports have been prepared to summarise the analysis and policy implications for each of the five commissioning local authorities.
- 1.10 This main report is structured as follows:
- Section 2: Defining the Sub-Regional Housing Market;
 - Section 3: Policy Context;
 - Section 4: Housing Stock & Supply Trends;
 - Section 5: Socio-Economic Characteristics;
 - Section 6: Housing Market Dynamics;
 - Section 7: Need for Affordable Housing;
 - Section 8: Future Housing Requirements;
 - Section 9: Requirements for Different Sizes of Homes;
 - Section 10: Housing Needs of Specific Groups;
 - Section 11: Conclusions and Recommendations.

2 DEFINING THE SUB REGIONAL HOUSING MARKET

- 2.1 The National Planning Policy Framework sets out that local planning authorities should use an evidence-base to ensure that their Local Plan meets the full requirements for market and affordable housing in the housing market area. It identifies that Strategic Housing Market Assessments are to assess full housing requirements, working with neighbouring authorities where housing market areas cross administrative boundaries. It is therefore necessary to first consider what the 'housing market area' is.
- 2.2 Government produced an Advice Note on Identifying Sub-Regional Housing Market Areas in 2007 (CLG, March 2007). This identified sub-regional housing market areas as areas 'defined by household demand and preferences for housing' which reflect the key functional linkages between where people live and work. The Advice Note identified three sources of information which could be used to identify housing market areas:
- House prices and rates of change in house prices;
 - Household migration and search patterns;
 - Contextual data such as travel to work patterns.
- 2.3 The Advice Note indicates that the relative emphasis given to these factors will depend on local circumstances as they all reflect different aspects of household behaviour. It emphasises that there is no 'right or wrong' answer and that boundaries of sub-regional housing markets can overlap and may cut across administrative boundaries. It supports the grouping of local administrative areas together as an approximation of functional housing market areas.
- 2.4 The Advice Note also outlined that housing market areas may be comprised of smaller local sub-markets and neighbourhoods, which can be aggregated to identify sub-regional housing market areas.

Existing Work in Defining Housing Market Areas

- 2.5 A regional study was undertaken by DTZ for the South East Regional Assembly and Homes and Communities Agency in 2004 to define housing market areas across the South East. This defined a 'Sussex Coast' housing market area stretching from Chichester to Lewes, but noted that "within this linear housing market, it was suggested that a number of distinct and overlapping sub-markets operated, centred on Brighton, Worthing and Chichester, with little competition between the two extremes of the area." It concluded that the local authorities of Adur, Arun, Brighton and Hove, Chichester, Lewes and Worthing should collaborate to prepare a Strategic Housing Market Assessment.

- 2.6 Work to prepare Strategic Housing Market Assessments for West Sussex in 2008-9 also sought to consider the definition of housing market areas, responding to the 2007 CLG Advice Note. The analysis undertaken included consideration of: migration flows; commuting patterns; geographical differences in house prices by type; together with a number of key socio-economic indicators. This was drawn together to identify a Coastal West Sussex Housing Market extending along the South Coast from Hove to Hayling Island and inland from Chichester to Midhurst along the A286 Corridor. The 2009 Report described the area:

“The Housing Market includes Coastal areas stretching along the South Coast and [including] the City of Chichester ... Key road and rail links provide stronger east-west than north-south connections ... There are important housing market and economic flows at each end of the sub-region to the [South Hampshire] area and to Brighton and Hove; as well as links to the Northern West Sussex Housing Market.”

- 2.7 It identified that the housing market area overlaps with a Brighton/East Sussex Housing Market, with Shoreham and Lancing in Adur District falling in an area of market overlap. It also identified that the west of the Housing Market is influenced by South Hampshire. Long-distance retirement migration to the South Coast was also identified as an important feature of the area.

- 2.8 Since the 2009 SHMA was prepared, Government has published national-level research on the Geography of Housing Market Areas across England (CLG, Nov 2010). This research identifies three tiers of housing markets:

- Framework housing market areas, defined by a high level of commuting closure (77.5%);
- Local housing market areas, defined by migration patterns (50% self-containment); and
- Sub-markets, defined by neighbourhood or house type.

- 2.9 On the basis of grouping local authority areas, this national research identifies the following tiered structure of housing market areas:

Strategic Housing Market Areas

- *Portsmouth* – comprising the local authorities of Portsmouth, East Hampshire, Fareham, Gosport, Havant, Arun and Chichester;
- *Brighton* – comprising the local authorities of Brighton & Hove, Lewes, Adur, Crawley, Horsham, Mid Sussex and Worthing.

Local Housing Market Areas

- Brighton
- Worthing
- Bognor Regis & Chichester.

- 2.10 An alternative ‘single tier’ of housing market areas are also defined by the research. This identifies an Arun & Chichester market covering the two Districts; and a Brighton market covering the local authorities of Brighton and Hove, Eastbourne, Lewes, Wealden, Adur, Crawley, Horsham, Mid Sussex and Worthing.

- 2.11 The boundaries of the strategic and local housing market areas defined in the CLG Research are identified in Figures 8 and 9 below.
- 2.12 Based on the CLG's research, Bognor Regis and much of Chichester District fall within a Portsmouth-focused housing market. A Brighton-focused housing market covers much of the rest of West Sussex, as well as Brighton and Hove, Lewes and part of Wealden District in East Sussex.

Figure 8: Strategic Housing Markets Defined in CLG Research

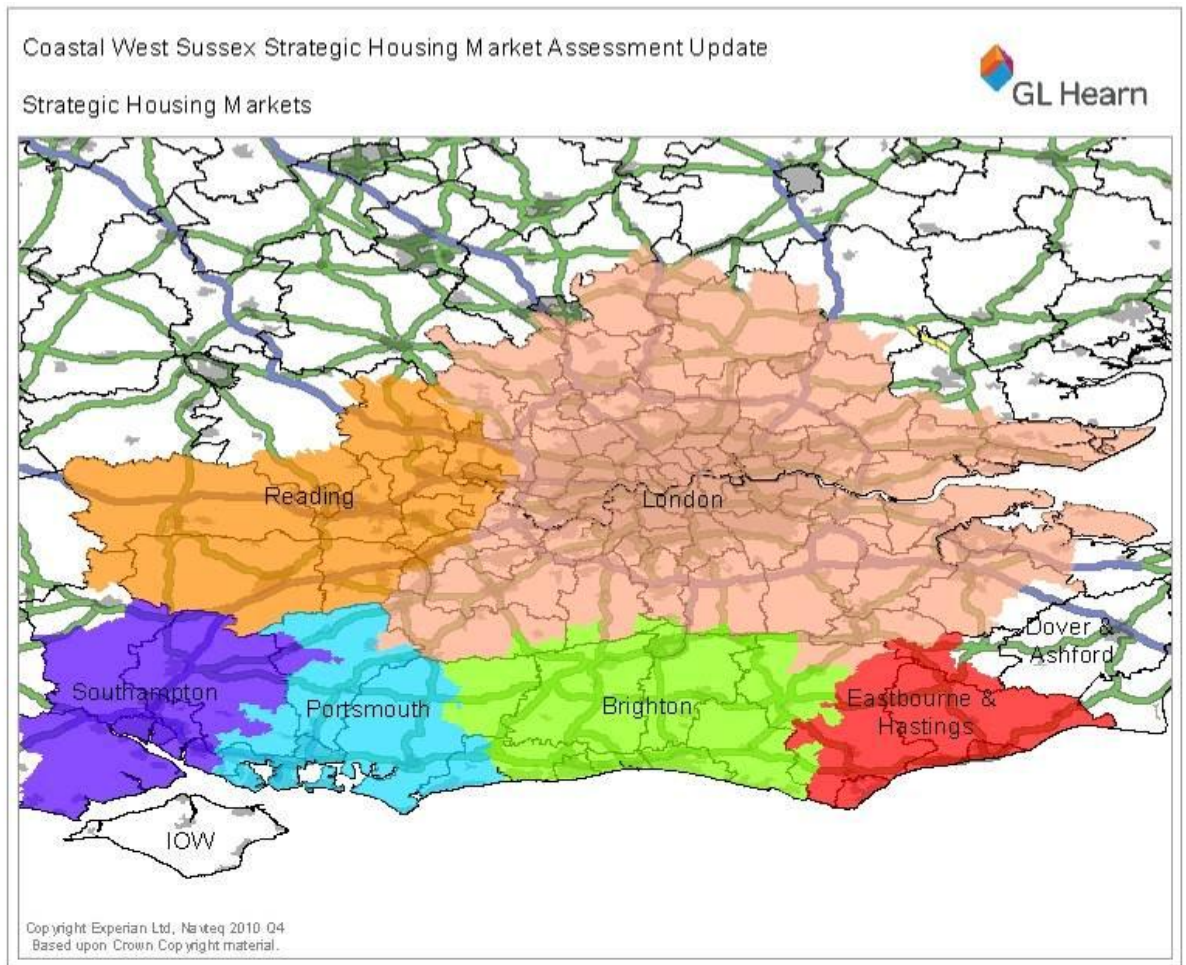
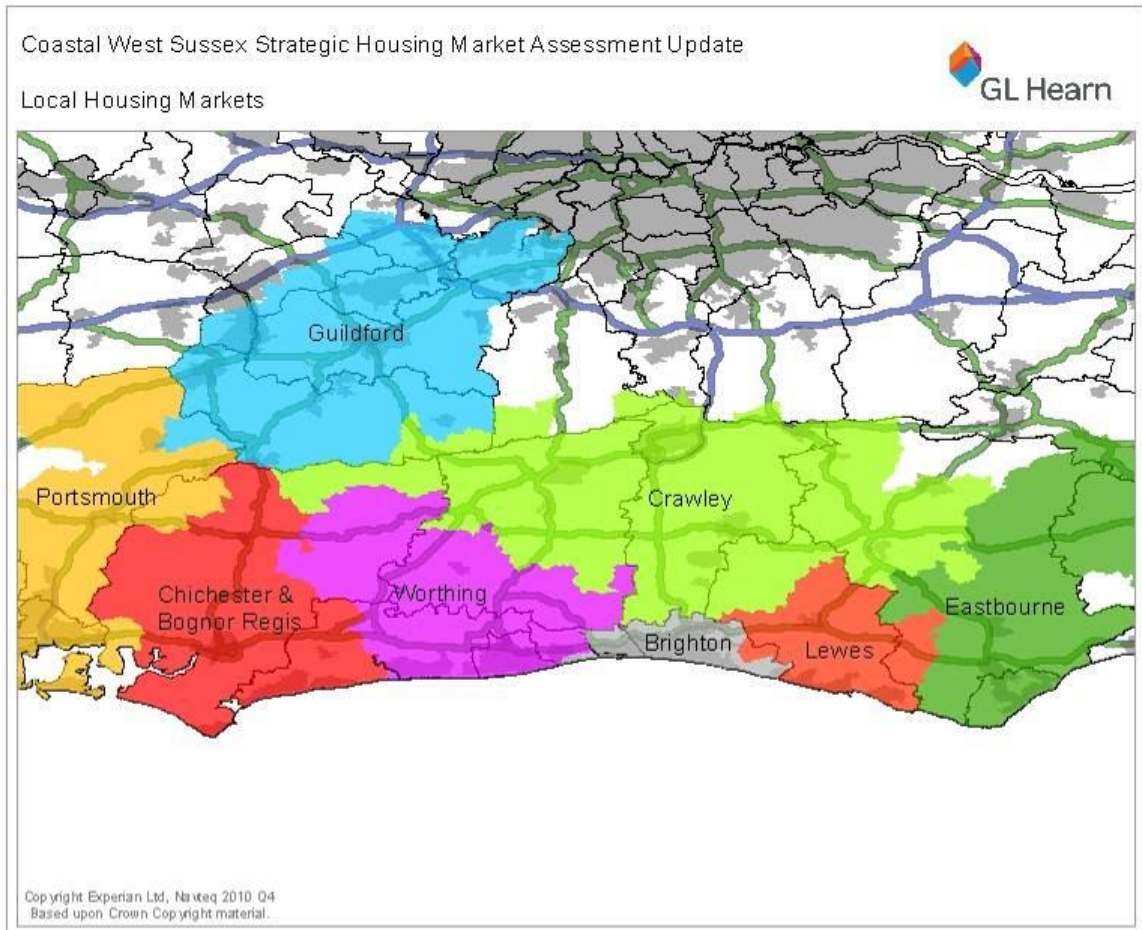


Figure 9: Local Housing Markets Defined in CLG Research



2.13 These areas are defined by national research, and for the purposes of this Assessment we have sought to consider whether they reflect the most recent local information on spatial dynamics between areas. On this basis we next move on to consider in more detail migration and commuting patterns.

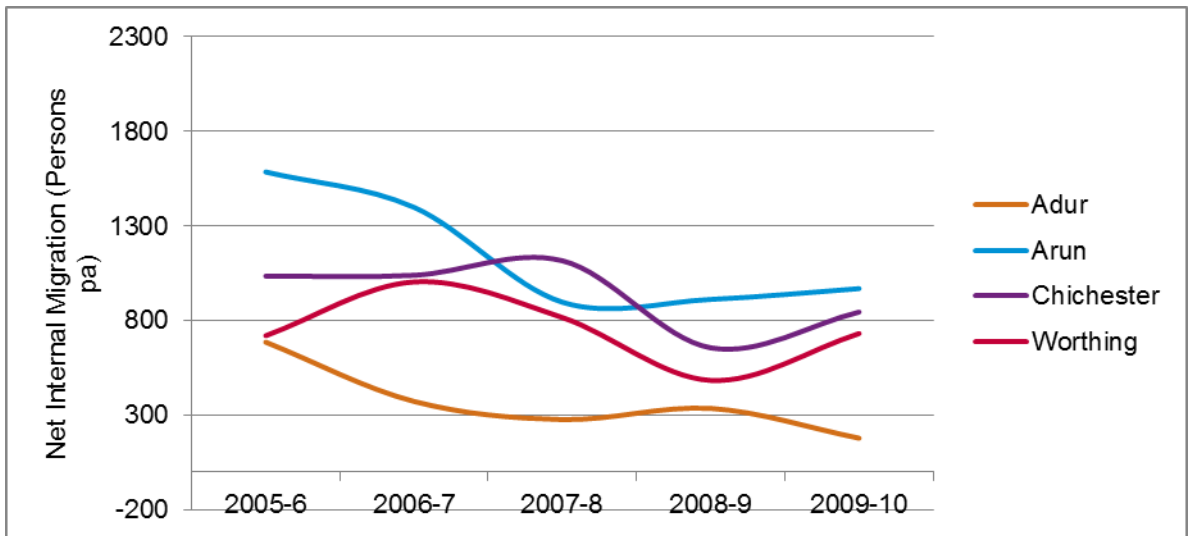
Migration Patterns

2.14 We have used a number of different approaches to study migration patterns, analysing trends in overall migration flows and patterns of internal migration between local authorities.

2.15 Figure 10 plots net internal migration over the 2005-10 period. It indicates a downward trend in internal migration into the four Coastal West Sussex local authorities from other parts of England and Wales between 2005-6 and 2008-9. This reduction was most significant in proportional terms to

Adur, followed by Arun. Overall net internal migration fell from 4,000 in 2005-6 to 2,400 in 2008-9. However data from 2009-10 indicates that net internal in-migration increased to 2,700.

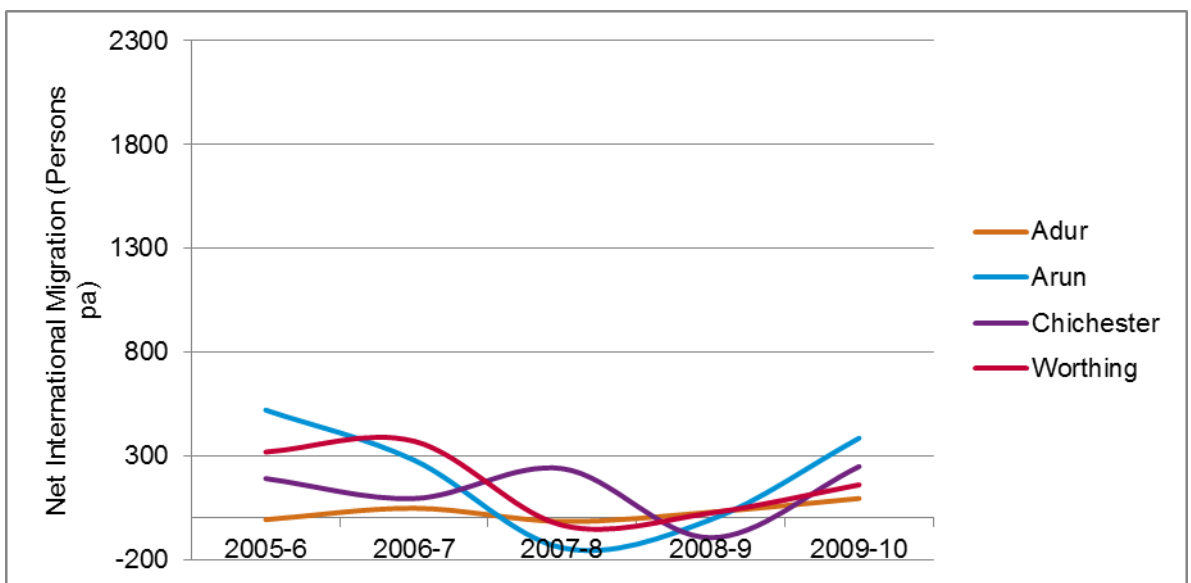
Figure 10: Net Internal Migration: 2005-10



Source: ONS

2.16 Net international migration has also fallen over this five year period, 2005-10. Using the same scale as Figure 10 above, Figure 11 tracks international net migration. This declined from net in-migration from abroad of just over 1,000 persons in 2005-6 to a net outflow of around 50 people in 2008-9 across Coastal West Sussex. However in 2009-10 net international migration of almost 900 persons was recorded, suggesting that international migration flows have recovered strongly.

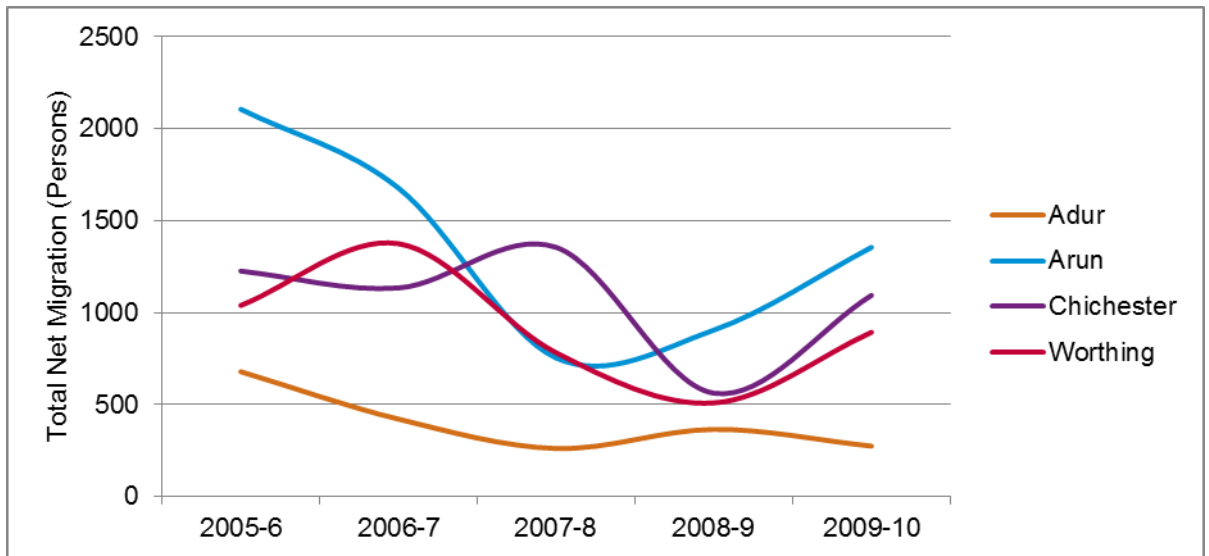
Figure 11: Net International Migration, 2005-10



Source: ONS

2.17 Figure 12 brings the analysis of domestic and international migration together to show overall net migration flows. It is clear that while net migration fell notably between 2006-7 and 2008-9, particularly to Arun District, in 2009-10 net migration increased relatively strongly driven by an upturn in both domestic and international migration flows.

Figure 12: Combined Net Migration

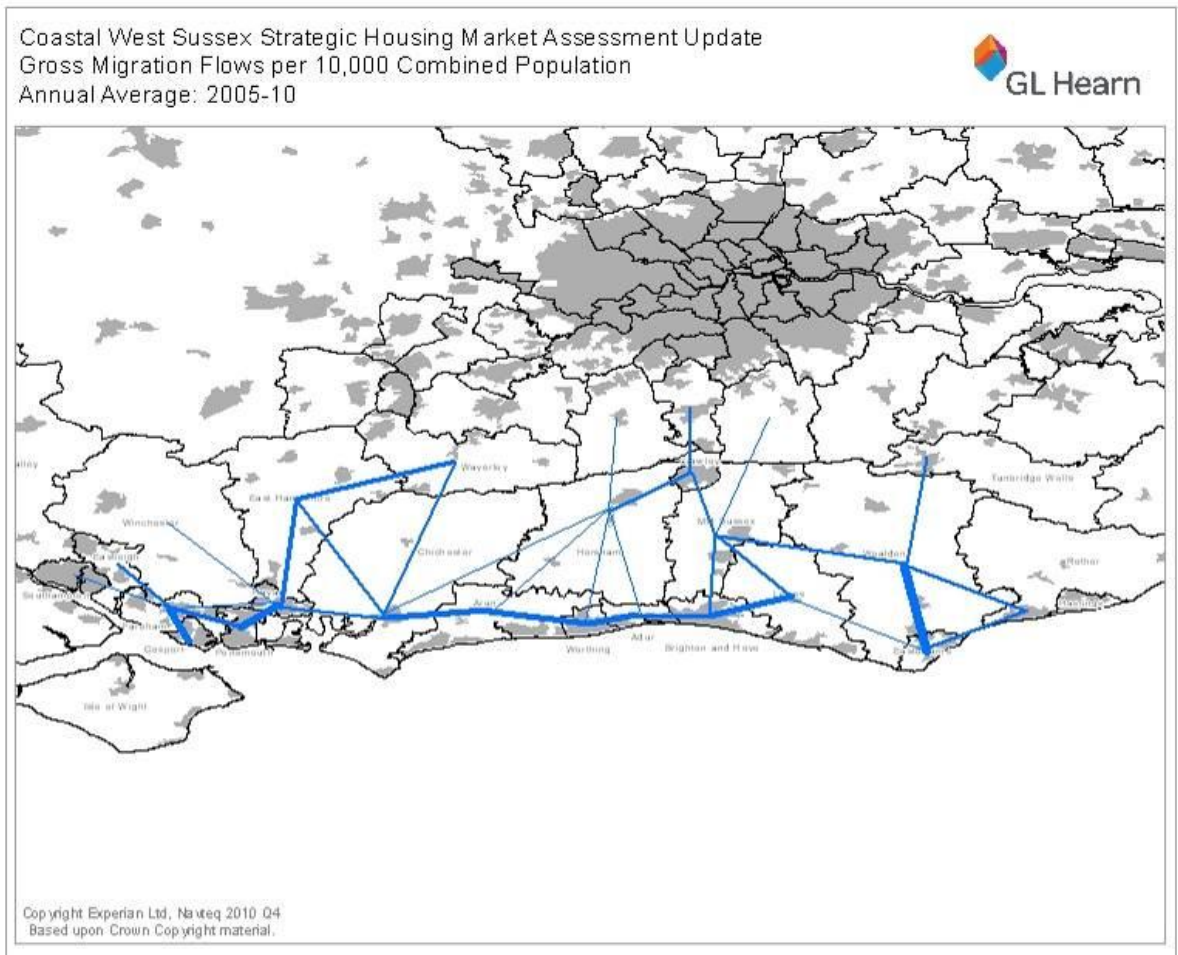


Source: ONS

2.18 We have analysed internal migration patterns between local authorities based data from the Office for National Statistics, which is derived from the NHS Central Health Register. It records moves based on NHS patient registrations and re-registrations.

2.19 Two areas with larger populations near to one another are more likely to have a stronger migration flow between them than two areas with smaller populations. We have therefore analysed gross migration patterns between local authorities and benchmarked this based on the local authorities' combined populations.

Figure 13: Gross Migration Flows between Local Authorities



Source: ONS/ GLH

2.20 The resultant analysis indicates the following clusters of local authorities with strong flows:

- Chichester – Arun – Worthing – Adur – Brighton & Hove – Lewes
- Eastbourne – Wealden – Rother
- Gosport – Fareham – Portsmouth – Havant – Winchester – East Hampshire
- Crawley – Mid Sussex – Horsham

- 2.21 The analysis supports the identification of a Sussex Coast Housing Market reflecting the almost continuous belt of urban development from Peacehaven through to Littlehampton, together with east-west road and rail links along the Coast.
- 2.22 To the west we can identify a South Hampshire Housing Market which includes Hayling Island, Havant, Waterlooville, Fareham, Gosport and Portsmouth. To the north we can identify a Northern West Sussex Housing Market covering Crawley-Horsham-Mid Sussex. We can also identify an Eastbourne focused housing market, covering Eastbourne and Wealden.
- 2.23 There are notable areas of overlap where local authorities are evidently influenced by more than one housing market. These include relationships between:
- Different parts of Chichester District and surrounding local authorities – particularly Havant, East Hampshire and Waverley;
 - Brighton and Hove and Mid Sussex; and
 - Lewes and Eastbourne/Wealden.
- 2.24 The limited links between Arun and the South Hampshire authorities is however evident (albeit that there are strong relationships with both Chichester and Worthing). The strongest relationship from Chichester District is with Arun. This supports the identification of Chichester District within a Coastal Sussex housing market as opposed to its alignment with South Hampshire.

Travel to Work Patterns

- 2.25 Commuting (travel to work) patterns reflect the functional relationships between where people live and work. We would expect there to be a reasonable degree of overlap between housing market and travel to work areas.
- 2.26 The 2009 SHMA identified travel to work areas based on work by ONS drawing on the 2001 Census. These comprise:
- Chichester & Bognor Regis – extending north through Chichester District to Midhurst;
 - Worthing – extending from Littlehampton to Lancing; and
 - Brighton – extending from Shoreham through Brighton and Hove to Lewes.
- 2.27 This we consider to represent a sensible segmentation of the HMA into different sub-markets, particularly as it aligns well with the local housing markets identified in the CLG Research.
- 2.28 Commuting dynamics may well have changed since 2001, however robust data is unlikely to be available for a couple of years until publication of travel to work matrices from the 2011 Census. Survey-based information is however available from the Annual Population Survey in 2008. We have analysed commuting dynamics using this data. Commuting dynamics have been analysed in detail in Section 5.

- 2.29 At a local authority level, self-containment of commuting patterns varies between 36% in Adur to 72% in larger employment centres such as Crawley and Brighton and Hove. Considering commuting flows, the analysis indicates:
- Strong commuting flows between Brighton and Hove and Lewes;
 - Strong commuting from Worthing to Brighton & Hove, Adur, Arun and Horsham;
 - Commuting from Mid Sussex to Brighton & Hove, but less than to Crawley;
 - Commuting from Arun to both Chichester & Worthing, with relatively minor flows through to the South Hampshire area.
- 2.30 The commuting patterns support the migration analysis with regard to the grouping of different local authorities into housing market areas.

House Price Differentials

- 2.31 The final element of analysis considers geographical differentials in house prices. To consider spatial variations in house prices, we have drawn on 'heat mapping' of house prices provided online at zoopla.com. This is based on house prices of standard properties.
- 2.32 A high-level analysis indicates that house prices in the Sussex Coast towns are notably cheaper than in the smaller settlements and rural communities located to the north, within the South Downs National Park. Figure 14 below profiles the price of a standard property in different towns.

Figure 14: Prices for a Standard Property, Spring 2012

Standard House Price, April 2012	
Gosport	£154,000
Portsmouth	£164,000
Havant	£181,000
Lancing	£190,000
Durrington	£201,000
Bognor Regis	£212,000
Waterlooville	£218,000
Worthing	£223,000
Littlehampton	£225,000
Shoreham	£243,000
Brighton	£260,000
Saltdean	£262,000
Hove	£290,000
Chichester	£300,000
Arundel	£301,000
Haywards Heath	£328,000
Burgess Hill	£328,000

Lewes	£352,000
Hassocks	£353,000
Midhurst	£355,000
Petersfield	£365,000
Pulborough	£404,000
Petworth	£495,000

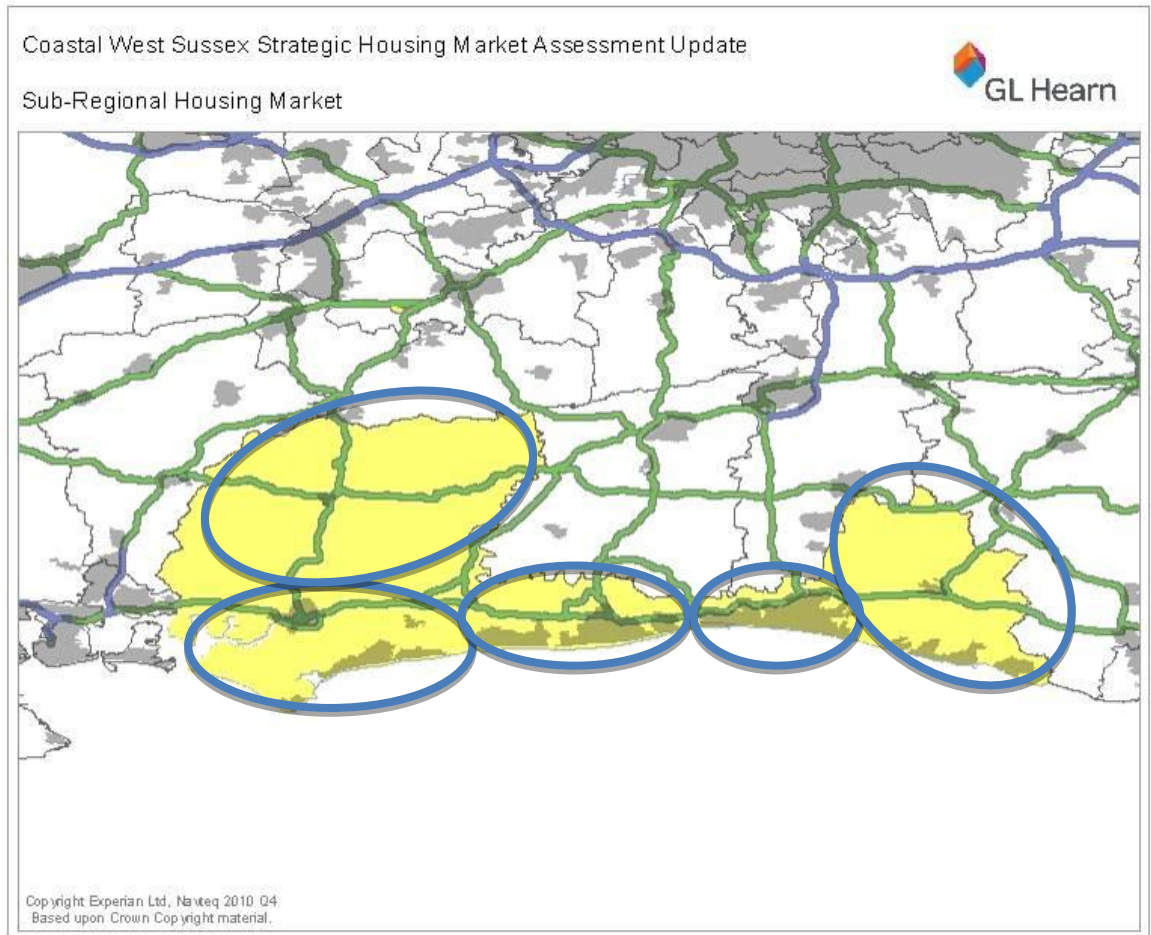
Source: Zoopla

- 2.33 Across West Sussex we see some of the highest house prices recorded in rural areas and small towns, including along the A283 through Pulborough and Petworth. There is also a concentration of higher house prices around Chichester Harbour which is potentially influenced by the popularity of this area for sailing activities. Lower house prices are found in the urban areas, particularly Bognor Regis and to a lesser extent Littlehampton. Lancing also shows relatively low prices, particularly if we consider that a greater proportion of housing for sale in this area is houses (rather than flats).

Drawing the Analysis Together

- 2.34 Drawing the analysis together, the analysis of migration and commuting patterns together with house price differentials support the identification of a Sussex Coast Housing Market stretching from Seaford in the east to West Wittering in the West along the Coast. This reflects the strong inter-relationships between the coastal towns. The housing market stretches inland to settlements such as Lewes and Chichester and northwards along the A286 in Chichester District.
- 2.35 The housing market includes the local authorities of Chichester, Arun, Worthing, Adur, Brighton and Hove and Lewes.
- 2.36 This functional housing market operates to some extent as a series of inter-connected sub-markets focused on:
- Chichester & Bognor Regis – extending north through Chichester District to Midhurst;
 - Worthing – extending from Littlehampton in the West to Lancing and Sompting in the East;
 - Brighton and Hove – including Shoreham-by-Sea and Southwick within West Sussex and extending into East Sussex.
- 2.37 There is a relatively high level of travel-to-work self-containment within these areas reflecting the functional relationships within places. This hierarchy of housing markets is set out in Figure 15 below.

Figure 15: Hierarchy of Housing Markets



2.38 For the purposes of subsequent analysis we have therefore collated statistics to provide information for :

- Coastal West Sussex – comprising the Districts of Adur, Arun, Chichester and Worthing;
- Wider Housing Market – including the above Coastal West Sussex Districts together with Brighton and Hove and Lewes;
- Sub-Areas within Coastal West Sussex – as set out below, these aim to provide more local information on the housing offer and dynamics affecting different parts of Coastal West Sussex.

2.39 Analysis has been developed for the following sub-areas based on collections of wards.

Figure 16: Sub-Areas used in this Report

Area	Wards
Adur	
Lancing & Sompting (West)	Peverel, Cokeham, Manor, Mash Barn, Churchill, Widewater
Shoreham, Southwick & Fishergate (East)	Buckingham, St. Nicholas, St. Marys, Southlands, Marine, Hillside, Eastbrook, Southwick Green
Arun	
Littlehampton	Ham, River, Wick with Toddington, Beach, Brookfield, East Preston with Kingston, Rustington East, Rustington West
Bognor Regis	Hotham, Marine, Orchard, Pevensey, Middleton-on-Sea, Felpham East, Felpham West, Bersted, Aldwick East, Aldwick West, Pagham & Rose Green
National Park	Arundel, Walberton
Other	Angmering, Barnham, Ferring, Findon, Yapton
Chichester	
Chichester City	Chichester East, Chichester North, Chichester South, Chichester West, Donnington
National Park	Bury, Easebourne, Fernhurst, Funtington, Harting, Lavant, Midhurst, Petworth, Rogate, Stedham
North East	Plaistow, Wisborough Green
South	Boxgrove, Bosham, East Wittering, Fishbourne, North Mundham, Selsey North, Selsey South, Sidlesham, Southbourne, Tangmere, West Wittering, Westbourne
Worthing	
Worthing	All Worthing Wards

Policy Implications: Functional Housing Market

The NPPF encourages local authorities to collaborate to meet housing need and demand within functional housing markets. The functional housing market stretches from Lewes District in the east to Chichester District in the west. It will be important that the local authorities in this area work together to plan strategically for future development and infrastructure. There are also inter-relationships to surrounding areas including Northern West Sussex and South Hampshire.

The housing market divides into a number of sub-markets in which there is a reasonable level of travel to work self-containment. These areas should provide a rounded housing offer to meet housing need and demand and support economic investment.

The functional housing market is sandwiched between the Sea and the South Downs National Park. There are some key challenges around land availability and infrastructure provision across the functional housing market. These are explored in subsequent sections.

3 POLICY CONTEXT

3.1 This section considers the implications of recent planning and housing policy development on housing market dynamics. It first considers national policies, before addressing current and emerging policies at a local authority level within Coastal West Sussex.

Localism Act – Planning Reforms

3.2 The Localism Act has sought to bring greater local input to planning: giving local communities a stronger role in determining what development should occur in their areas.

3.3 The Localism Act provides the legislative basis through which the Government can revoke Regional Strategies, in this case the South East Plan, and return responsibilities for setting policies for future housing provision to local authorities. Local authorities are encouraged to move quickly forward in preparing Local Plans.

3.4 The Act introduces a 'duty to cooperate' requiring neighbouring local authorities to work together on planning issues, particularly where these cross local authority boundaries.

3.5 The Act also supports neighbourhood planning, providing the statutory basis for local communities to prepare a Neighbourhood Plan. This can identify development sites, but must be in conformity both with national policy and the relevant Core Strategy/Local Plan. A 'community right to build' is also introduced whereby local communities can bring forward development proposals which meet minimum criteria where supported by a local referendum without requiring planning consent. This could for instance support delivery of affordable housing.

3.6 A new 'affordable rent' tenure has been introduced by the Government from April 2011 allowing Registered Providers (RP's) to provide, should they choose, shorter-term tenancies at a rent higher than existing social rent levels, and up to 80% of local market rents (inclusive of service charges). The affordable rented tenure is intended to be targeted at households who are eligible for social housing. Tenants will be able to claim Local Housing Allowance (LHA). Most Homes and Communities Agency (HCA) funding within the National Affordable Housing Programme 2011-15 is targeted at delivering Affordable Rented Homes.

3.7 This new tenure category will potentially impact on the capitalised values of new affordable homes built for this tenure, potentially partially compensating for reductions in grant funding. It is thus likely to have a positive effect in supporting viability.

National Planning Policy Framework

- 3.8 In March 2011 the Government published the National Planning Policy Framework (NPPF), which replaces most of the previous planning policy statements including PPS3: Housing.
- 3.9 The NPPF introduces a **presumption in favour of sustainable development**, whereby local planning authorities should prepare new Local Plans on the basis that objectively assessed development needs (both for housing and other types of development) should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the document as a whole.
- 3.10 The starting point is that Local Plans should meet the full requirements for market and affordable housing in their housing market area. Any under-provision is expected to be addressed through collaborative working with neighbouring authorities, and this is included within the tests of soundness for the plan. The proposed shift of policy means that each local authority should seek to meet its own development needs, unless there are sound reasons why it cannot do so.
- 3.11 The NPPF emphasises the role of Strategic Housing Market Assessments such as this in assessing full housing requirements, including both the scale and mix of housing. It outlines that an SHMA should be prepared collaboratively where housing market areas across administrative boundaries. It should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:
- Meets household and population projections, taking account of migration and demographic change;
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
 - Caters for housing demand and the scale of housing supply necessary to meet this demand.
- 3.12 The SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment. To increase housing supply, the NPPF proposes that local authorities should be required to maintain a 5 year supply of specific deliverable sites against their housing requirements and should include an allowance of 5% to ensure choice and competition in the market for land. However, where there has been a record of persistent under-delivery of housing, LPAs should increase the buffer to 20%.
- 3.13 Planning authorities are expected to identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand.
- 3.14 Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision are removed as are national brownfield development targets.

- 3.15 In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies would need to be considered alongside other factors including infrastructure contributions.
- 3.16 Where possible the NPPF encourages local authorities to work up Community Infrastructure Levy charges alongside the Local Plan.

National Housing Strategy

- 3.17 In November 2011 the Government published Laying the Foundations: *A Housing Strategy for England* (HM Government, Nov 2011). This outlines the Government's ambition to stimulate housebuilding, not least to support economic recovery. It identifies a number of initiatives to support this, including:
- **New-build Indemnity Scheme** – providing Government-backed 95% mortgages for new-build properties;
 - **Growing Places Fund** – providing funding for infrastructure which unblocks housing and economic growth;
 - **Initiatives to Kick-Start Stalled Developments** – including proposals to allow reconsideration of planning obligations; a 'Get Britain Building' Investment Fund to provide development finance; and 'build now, pay later' deals with public sector land; and
 - **Custom Homes Programme** – with short-term project finance support for individuals looking to build their own homes.
- 3.18 The Strategy includes initiatives to support growth and investment in the Private Rented Sector, including new 'build-to-let' models and a review of barriers to investment. It also indicates that the Government is looking at supporting greater innovation and competition between social landlords, including encouraging new private entrants to the sector, and potential new approaches to funding in the medium-term.
- 3.19 The Strategy also included proposals for **reinvigorating the Right-to-Buy** by raising the discounts available to tenants, but with a commitment to build a new 'replacement' affordable home for every home lost. It also identified a funding stream to support local authorities in **bringing empty homes back into use**.

Localism Act – Housing Reforms

- 3.20 The Localism Act has introduced a number of reforms affecting the management of social housing. We summarise these below.

Allocations Policies

- 3.21 The Localism Act gives Councils greater flexibilities in deciding who qualifies to go onto housing waiting lists (through their allocations policies) and how they treat tenants who want rather than need to move. Local authorities can thus revise their allocations policies, should they wish to do so, to prevent people with no 'need' for affordable housing from joining housing registers.

Tenancies

- 3.22 The Localism Act introduces changes to social housing tenancies, giving both local councils and Registered Providers (RP's) the flexibility to grant fixed term tenancies (as well as lifetime tenancies) should they decide to do so. A minimum fixed-term tenancy in most cases would be for five years (with two year tenancies granted only in exceptional circumstances). Shorter tenancies are considered to be one way of making better use of the existing social housing stock in meeting housing need.
- 3.23 The Government has also changed the rules on succession to make them consistent for all Council and RP tenants. The spouse or partner of a tenant who dies will have an automatic legal right to succeed, but will not have an automatic right to then pass on the property. This will not however affect joint tenancies or existing secure tenants.

Reform of Homelessness Legislation

- 3.24 Councils will be able to bring the statutory homelessness duty to an end with an offer of suitable private rented housing. People's right to refuse private rented accommodation will be withdrawn. This could potentially assist in the use of private sector housing stock in meeting affordable housing needs.
- 3.25 The Government has also recently introduced a new [nationwide home swap scheme](#) to support mobility in the social sector. In terms of social housing finance, the Localism Act also introduces 'self-financing' which allows Councils to keep money from rents to spend on upkeep, investment and management of their housing stock. It has also made changes to the regulation of the Social Housing Sector.

Welfare Reforms

- 3.26 On 8 March 2012 the Welfare Reform Act received Royal Assent. This introduces the following:

- Household Benefit Cap;
- Linking Local Housing Allowance (LHA) rates to CPI from 2013; and
- Size Criteria for Calculating Housing Benefit in the Social Rented Sector.

Household Benefit Cap

- 3.27 The Welfare Reform Act limits total household welfare payments (excluding Working Tax Credit and Disability Living Allowance) to £26,000 (£500 per week) for couple and loan parent households and £18,600 (£350 per week) for single person households. It is structured to increase incentives for households to work.
- 3.28 The Government estimates that 67,000 households will be affected, with the greatest impact being in London and the South East. To address the benefit cuts households might seek to increase their income through working more hours, or by reducing their rent or non-rent expenditure. Larger households or those in high rent areas will be particularly affected. Some households may seek to move to cheaper locations, and we may see some movement of households in receipt of benefits from London to cheaper parts of the South East including coastal towns.

Local Housing Allowance

- 3.29 Low income households living in the Private Rented Sector are able to claim Local Housing Allowance to assist in meeting their housing costs. Local Housing Allowance is determined in relation to rents in the Broad Rental Market Area (BRMA) in which a property lies.
- 3.30 In April 2011 the Government changed how LHA is calculated, shifting this from median rents in the BMRA to the 30th percentile. As of January 2012, it also introduced reforms limiting payments for single people aged under 35 to the shared accommodation rate (up from age under 25).
- 3.31 It has also introduced caps on LHA payments: £250 a week for a 1bed property or shared accommodation, £290 a week for a 2-bed property, £340 a week for a 3-bed property and £400 a week for properties with 4 or more bedrooms.
- 3.32 The Welfare Reform Act also indicates that increases in LHA rates from 2013 will be restricted to growth in inflation as measured by the Consumer Price Index (CPI). Rates will also be set annually rather than monthly. This can be expected to exert a downward pressure on rents, particularly in areas where LHA claimants form a significant proportion of the Private Rented Sector market, and may encourage some LHA claimants to move to cheaper areas.
- 3.33 Moving forward LHA will however be paid directly to landlords, which may provide some incentive for landlords to keep accepting tenants on LHA.

Housing Benefit Size Criteria in the Social Rented Sector

- 3.34 The Welfare Reform Act introduces restrictions on how much Housing Benefit working-age households in social rented properties can claim from April 2013, based on the size of the household. Currently Housing Benefit has been based on the size of the property rather than the household. This change will particularly impact on working-age households who are under-occupying homes. The policy change is focused on reducing the benefit bill, increasing mobility in the Social Rented Sector and making better use of the existing social housing stock.
- 3.35 The applicable maximum Housing Benefit which households can claim will be reduced by national proportions based on the number of rooms households have which they don't require.
- 3.36 The Government estimates that the change of policy will impact on 670,000 households nationally – 32% of all working-age households in receipt of Housing Benefit. The average cost to affected households will be a reduction in Housing Benefit of £13 per week in 2013/14.
- 3.37 The change is expected to have a greater impact in areas with less social rented accommodation and may particularly affect older, working-age households.

Local Policy – Chichester District

- 3.38 Existing planning policies relating to Chichester District are set out in saved policies from the Chichester District Local Plan (adopted 1999) together with the South East Plan. The South East Plan sets a housing target for provision of 480 homes per year – 355 in the South of the District (within the Sussex Coast Sub-Region) and 125 in the North (within the Rest of West Sussex sub-region).
- 3.39 Local Plan Policy H8 provides the basis for affordable housing contributions. Policy H9 supports the development of rural exceptions sites for affordable housing. Policy H4 sets policy regarding the size and density of development, outlining that this should respond to the existing housing mix at a local level, the character of the area and setting of the site, but with an emphasis on provision of smaller dwellings.
- 3.40 The Council has issued Interim Policy Statements to supplement policies in the Local Plan. The 2009 Affordable Housing Interim Policy Statement outlines that the Council will seek 20% affordable housing provision on schemes of 5-9 dwellings, and 40% affordable housing provision on schemes of 10+ dwellings (subject to viability) with a presumption for on-site delivery.
- 3.41 In July 2011 the Council issued an *Interim Statement on Facilitating Appropriate Development* (Updated Jan 2012) which supports development of deliverable sites for housing adjacent to settlement boundaries in the short-term in advance of the adoption of the Local Plan (Core

Strategy). It supports development of sites of up to 100 dwellings adjoining Chichester; of up to 50 dwellings adjoining East Wittering, Selsey, Southbourne and Tangmere; of up to 25 dwellings adjoining other Settlement Policy Areas elsewhere in the South of the District and up to 15 dwellings adjoining Settlement Policy Areas in the North East of the District (outside the National Park).

- 3.42 The Council is currently preparing a new Local Plan. In August and September 2011 it consulted on housing numbers and locations. This Consultation requested feedback on a number of options for housing provision, ranging from 305 – 415 homes a year in the South of the District, and for between 12-20 homes a year in the North of the District outside of the National Park. A number of locational options were outlined, which included major development at Chichester and Tangmere.

Local Policy – Arun District

- 3.43 Existing planning policies for Arun District are set out in saved policies from the Arun Local Plan (adopted 2003) together with the South East Plan. The South East Plan identifies a housing requirement for provision of 565 homes a year over the 2006-26 plan period. The Local Plan contains policies regarding affordable housing (DEV17), a rural exceptions site policy (DEV18) and nursing homes and accommodation for older people (DEV20, 21 and 22).
- 3.44 The Council set out affordable housing policy in August 2010, requiring 30% affordable housing provision for developments of 15 or more dwellings, and 15% affordable housing on all developments below this threshold.
- 3.45 Work in preparing a new Local Plan is progressing, with the intention that consultation on a Draft Local Plan will take place in Summer 2012. To date, the Council has consulted on Housing and Employment Growth Options (Nov 2010- Feb 2011). Four options for housing provision were outlined ranging from 362 – 628 homes a year, together with options for employment provision. In June 2011 the Council's members expressed a preference for housing provision of 400 homes a year, but with the West Bank Regeneration Site in Littlehampton to be treated outside of this, alongside provision of 25.5 hectares of employment land over the plan period to 2028.
- 3.46 In December 2010, the Council published *Raising the Roof: A Community-Led Housing Strategy for the Arun District 2010-15*. This set an ambition for housing to support and facilitate economic growth and sustainable communities, with key targets to deliver 1000 affordable homes (making up a minimum of 30% of new development) with 50 affordable homes in rural areas; develop new Community Land Trusts to deliver affordable housing; to increase homelessness prevention; help elderly residents to stay in their own homes; improve the energy efficiency of 500 existing homes; and bring 60 empty homes back into use.

Local Policy – Worthing Borough

- 3.47 Worthing Borough Council adopted its LDF Core Strategy in April 2011. The Core Strategy makes provision for delivery of 4,000 dwellings over the 2006-26 plan period (200 per year) in accordance with the South East Plan.
- 3.48 Meeting Worthing's Housing Needs is identified as a key strategic objective, with key elements of the Council's strategy focused on seeking to retain family homes (given the existing concentration of smaller properties in the Borough), delivering homes which are adaptable to changing life circumstances, improving the quality and sustainability of the existing stock; and reducing levels of empty homes.
- 3.49 West Durrington is identified as a mixed use strategic development site. Policy 1 allocates the site for 700 homes, with 30% affordable housing provision. Other key development sites which the Plan identifies include Teville Gate (260 homes), the Grafton site on the Seafront (100 dwellings), a number of sites around Northbrook College, Durrington (105 dwellings), and land around Worthing College/The Strand (124+ dwellings).
- 3.50 Policy 8 sets out the Council's objectives to widen the choice of high quality homes, through provision of family accommodation in high density development in and around Worthing Town Centre, through predominantly family accommodation in areas of change outside the Town Centre, and through permitting limited infilling in suburban areas for predominantly family housing. Policy 9 supports this strategic policy approach, seeking retention of existing housing stock unless there is a net increase in family housing, the existing homes are of an unacceptable standard which cannot be remedied; or where needed community facilities will be delivered.
- 3.51 The Core Strategy requires 10% affordable housing on developments of 6-10 dwellings, 20% on developments 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 (Policy 10).
- 3.52 Wider policies within the Core Strategy support provision of supported or extra care housing (as an alternative to residential care homes) and development of lifetime homes.
- 3.53 The Council's Local Development Scheme indicates that it will progress work in 2012 to consider housing needs in line with the 'duty to cooperate' introduced in the Localism Act. It will then consider how to progress future policy development including whether there is a need to review the SHLAA and progress either a review of the Core Strategy or the progression of a Site Allocations DPD. A Joint Housing Strategy for Adur-Worthing is currently being prepared.

Local Policy – Adur District

- 3.54 Adur District Council is currently preparing a draft Local Plan covering the area outside of the South Downs National Park. Consultation on four alternative housing targets was undertaken in Summer 2011, ranging from 65 (based on brownfield development) capacity) to 270 (based on demographic trends) homes per year. Further consultation on two of these housing targets – 105 homes per year and 155 homes per year – will take place in September and October 2012. In addition, housing provision of 1050 dwellings up to 2028 is proposed at Shoreham Harbour. The Council proposes to ringfence housing provision at Shoreham Harbour in recognition of the particular challenges in delivering housing in this area. However development at Shoreham Harbour will contribute to meeting the District's objectively assessed housing need and demand.
- 3.55 Current planning policies are set out in the 1996 Adur Local Plan. Policy AH3 provides the basis for seeking affordable housing within new development schemes. Policy AH5 promotes delivery of homes suitable for smaller households, whilst Policy AH9 supports the conversion of properties (which are not smaller family homes) to flats.
- 3.56 The emerging Local Plan which is being prepared for the District will, when adopted, contain a policy on affordable housing (based on the SHMA Review and further evidence). Until this time the Council's affordable housing policy is based on the saved policy in the Local Plan, the NPPF, the South East Plan and the Council's evidence base. The Council's current policy is for 30% on-site affordable housing provision on sites of 15 or more dwellings. It negotiating affordable housing provision the Council however takes account of the character of the area, site and market conditions and identified needs at the time of planning applications. Financial contributions in lieu of on-site affordable housing provision are accepted in exceptional circumstances.
- 3.57 A Joint Housing Strategy for Adur-Worthing is currently being prepared.

Local Policy – South Downs National Park

- 3.58 The South Downs National Park Authority is the planning authority for the National Park. It came into being in April 2011, and is thus at an early stage in preparing its Local Development Framework. The Authority intends to produce a Core Strategy/Local Plan followed by a Sites and Designations DPD. Initial consultation on Core Strategy Preferred Options is currently scheduled for October-November 2012.

Current & Emerging Policy in Surrounding Areas

- 3.59 Brighton and Hove City Council published a draft of its City Plan Part I in May 2012. This sets out the Council's intention to plan for delivery of 11,300 homes between 2010-30 (565 per year) based

on land availability within the City. This falls significantly short of identified need/demand for between 15,800 – 19,400 homes. It reflects the level of land availability within the City and constraints to extension of the urban area.

- 3.60 The draft City Plan focuses development towards 8 key development areas, with 55% of housing requirements expected to be met in these areas. Besides the proposed urban extension at Toads Hole Valley these are expected to be focused on higher-density development (in some cases over 100 dwellings per hectare).
- 3.61 Brighton and Hove City Council recognises that the City's existing housing offer is focused towards smaller dwellings (flats and terraced houses) and there is out-migration from the City to surrounding areas to access family housing. The nature of the City's housing supply is however likely to some degree to reinforce around this profile and thus we are likely to continue to see out-migration of families from the City.
- 3.62 Lewes District undertook initial consultation on its Emerging Core Strategy in Autumn 2011. This proposed delivery of 4,150 dwellings in the District between 2010-30 (equivalent to 208 homes per annum). This falls short of the Council's assessment of identified development needs for between 300-450 homes per annum, but is similar to the South East Plan target (220 per annum). This reflects development constraints in the area, including the National Park.

Policy Implications: Policy Context

The NPPF sets out that local authorities should plan on meeting identified development needs where possible, in line with the presumption in favour of sustainable development, unless there are nationally-significant development constraints which mean that this is inappropriate.

Across the Sussex Coast Housing Market, development potential is however significantly constrained by the geography of the area within restricted land availability in the areas falling between the National Park and the Sea; as well as key infrastructure constraints including link and junction capacity along the A27 and sewage treatment capacity in and around Chichester.

More broadly, the future mix of housing may be influenced by changes to the funding and delivery of affordable housing including the introduction of the Affordable Rented tenure which is intended to partly compensate for a reduction in the availability of grant funding. Dynamics within the affordable housing sector will be influenced by welfare and benefit reforms, whilst the supply of affordable housing could be influenced by the introduction of flexible tenancies and the Government's reinvigorated right-to-buy policies. These are considered later in the report.

4 HOUSING STOCK & SUPPLY TRENDS

The Housing Offer

- 4.1 There were 199,550 dwellings in Coastal West Sussex in 2011. The total housing stock has grown by 2.6% across the four authorities since 2007, falling short of growth achieved across the South East and England. Chichester has seen the strongest growth in stock over this period, with the lowest growth in Adur.

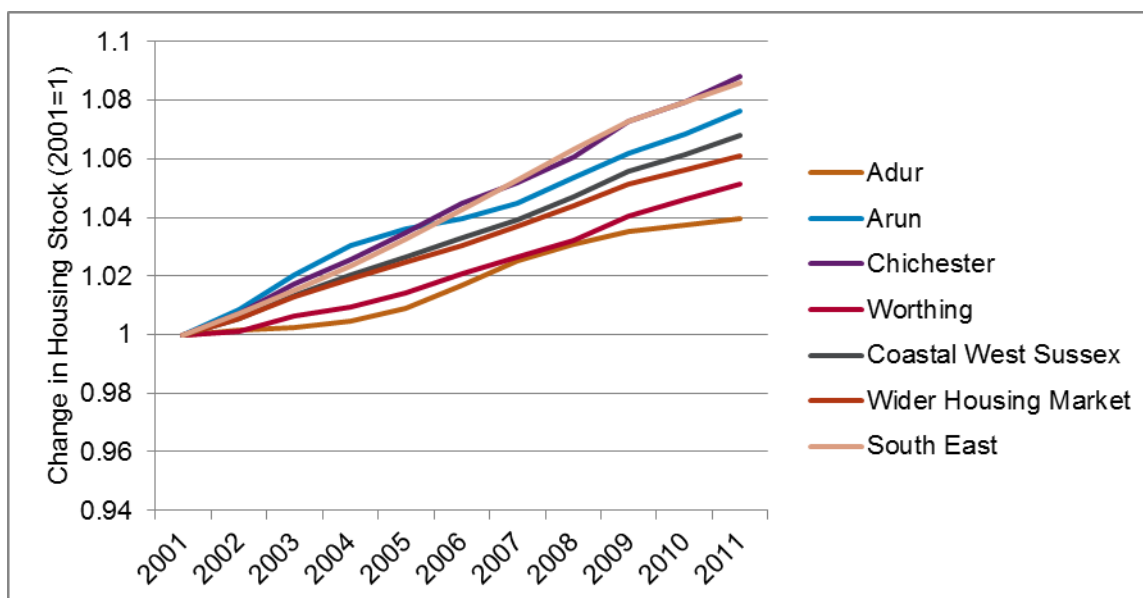
Figure 17: Housing Stock, 2011

	2007	2011	% Change
Adur	27130	27573	1.6%
Arun	68237	69900	2.4%
Chichester	52226	54097	3.6%
Worthing	46817	47984	2.5%
Coastal West Sussex	194410	199554	2.6%
Brighton & Hove	122856	125453	2.1%
Lewes	42329	43236	2.1%
Wider Housing Market	359595	368243	2.4%
South East	3565351	3,684,296	3.3%
England	22279300	22,971,520	3.1%

Source: HSSA

- 4.2 We have benchmarked growth in the housing stock in each area. Apart from Chichester, all of the local authorities across Coastal West Sussex and the wider Housing Market have seen growth in the housing stock at rates below the South East average over the last decade. This is influenced by past planning policy and the development constraints in the sub-region.

Figure 18: Changes to Housing Stock, 2001-11



Source: HSSA

- 4.3 Across the South East 14.0% of the housing stock is in public sector ownership, primarily constituting affordable housing. This is below the national average of 18.0%. In Coastal West Sussex the affordable housing stock is smaller still, constituting 11.2% of the housing stock. It is highest in Chichester District (15.0%) and Adur (12.8%) compared to 9.6% in Worthing and 8.8% in Arun. Private home ownership is thus above average.

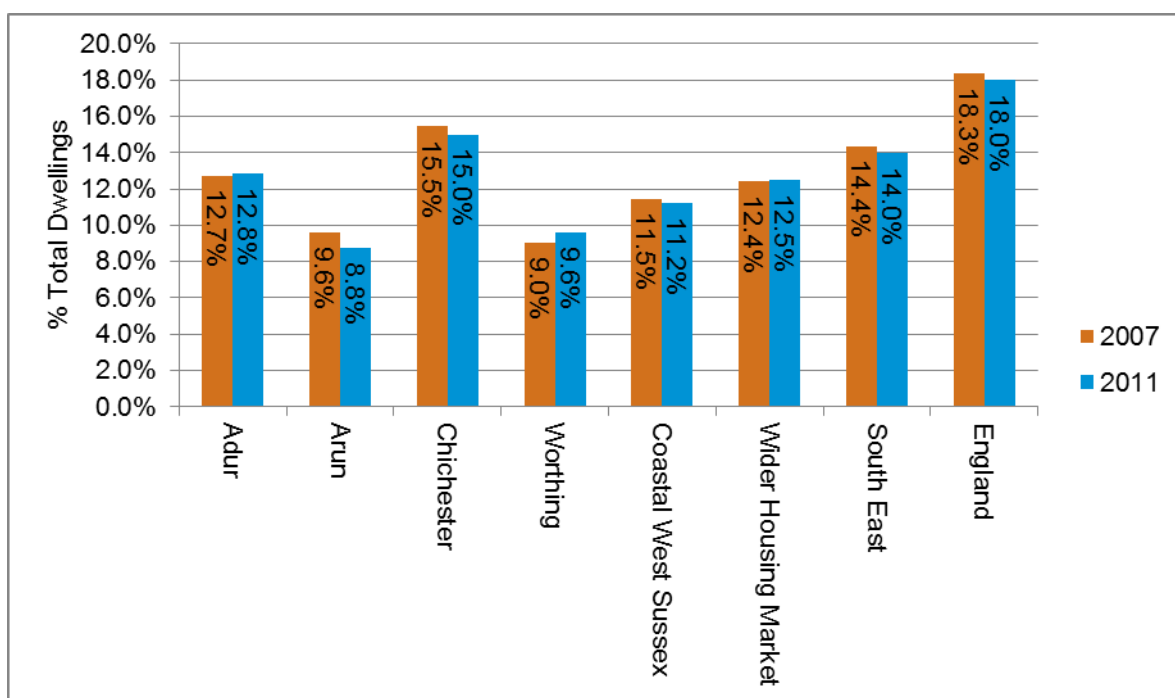
Figure 19: Tenure, 2011

	Local Authority	Housing Association	Other Public Sector	Total Affordable Housing	Private Sector
Adur	9.7%	3.2%	0.0%	12.8%	87.2%
Arun	4.8%	3.9%	0.0%	8.8%	91.2%
Chichester	0.2%	14.2%	0.6%	15.0%	85.0%
Worthing	0.0%	9.6%	0.0%	9.6%	90.4%
Coastal West Sussex	3.1%	7.9%	0.2%	11.2%	88.8%
Wider Housing Market	5.9%	6.5%	0.1%	12.6%	87.4%
South East	4.9%	8.5%	0.5%	14.0%	86.0%
England	7.6%	10.2%	0.3%	18.0%	82.0%

Source: CLG Housing Statistics, Table 100

4.4 Since 2007 the affordable housing stock has reduced marginally by -0.3% across Coastal West Sussex, driven by a decline of -0.8% in Arun and -0.5% in Chichester. This compares to a moderate growth in the stock of affordable housing of 0.1% across the Wider Housing Market.

Figure 20: Affordable Housing Stock, 2007 and 2011



Source: HSSA & RSR Returns

4.5 To provide a more detailed picture of the tenure profile of the housing stock in each District, we must look back to the 2001 Census. This highlights a larger than average private rented sector in Worthing and Chichester, with significant levels of households living rent free in Chichester District in particular. It shows that in 2001, shared ownership properties accounted for less than 1% of the housing stock in all areas.

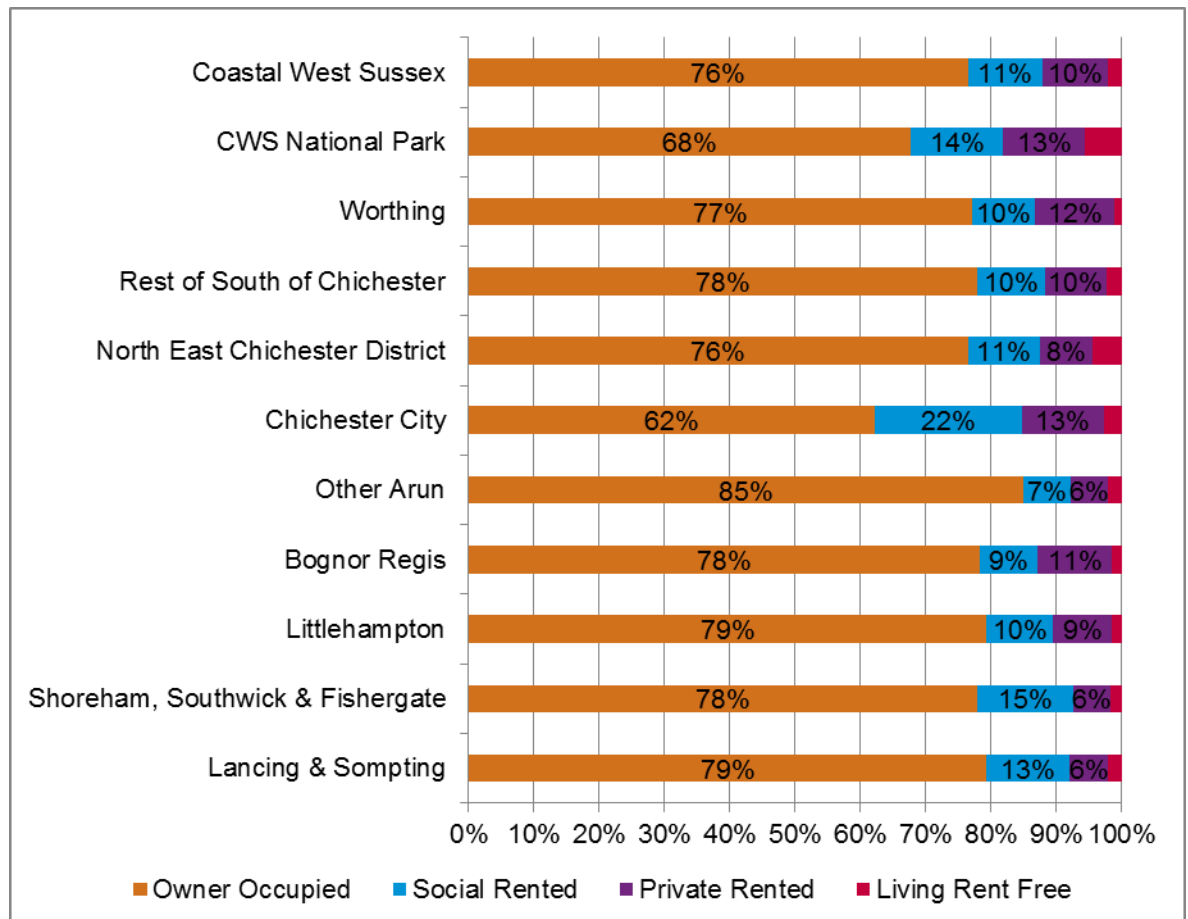
Figure 21: Tenure, 2001

	Owner Occupied	Shared Ownership	Social Rented	Private Rented	Rented from Other
Adur	78.2%	0.3%	13.8%	5.8%	1.9%
Arun	78.6%	0.9%	9.1%	9.6%	1.7%
Chichester	70.2%	0.4%	14.7%	11.1%	3.6%
Worthing	76.6%	0.4%	9.8%	12.1%	1.2%
Coastal West Sussex	75.9%	0.6%	11.4%	10.1%	2.1%
Wider Housing Market	71.0%	0.6%	12.5%	13.9%	2.0%
South East	73.2%	0.8%	14.0%	10.2%	1.9%
England	68.1%	0.7%	19.3%	10.0%	2.0%

Source: Census 2001

4.6 Figure 22 below profiles the tenure mix at a sub-area level in 2001. This highlights a sizeable private rented sector in Chichester City, the rest of the South of Chichester District (potentially influenced by horticultural employment), in Bognor Regis and in Worthing. Social renting was highest in Chichester City and Shoreham.

Figure 22: Tenure by Sub-Area, 2001



Source: Census 2001

4.7 Information is not available at a District or sub-regional level to analyse how the stock of private sector homes has changed over the last decade. At the national level, between 2001-11 the number of owner occupier households increased by just 0.6%, whilst the stock of properties in the private rented sector grew by 76%. Households living in the social rented sector fell by -3.9%. The stock of private rented properties has grown substantially over the past decade and in 2011 it is estimated that at a national level, 16.5% of households live within the sector – up from 10.1% in 2001. The impact of the sector on the housing market is greater still as it has the highest turnover of properties, with a turnover of 32% of properties per year (a third) at the national level.

4.8 Across the South East over the 2000-10 decade we have seen a decline in the proportion of households owner-occupying, with substantial growth in the size of the private rented sector which

has risen from housing 10.4% of households in 2000 to 16.5% in 2010. The social rented sector has declined marginally in size by almost 1 percentage point.

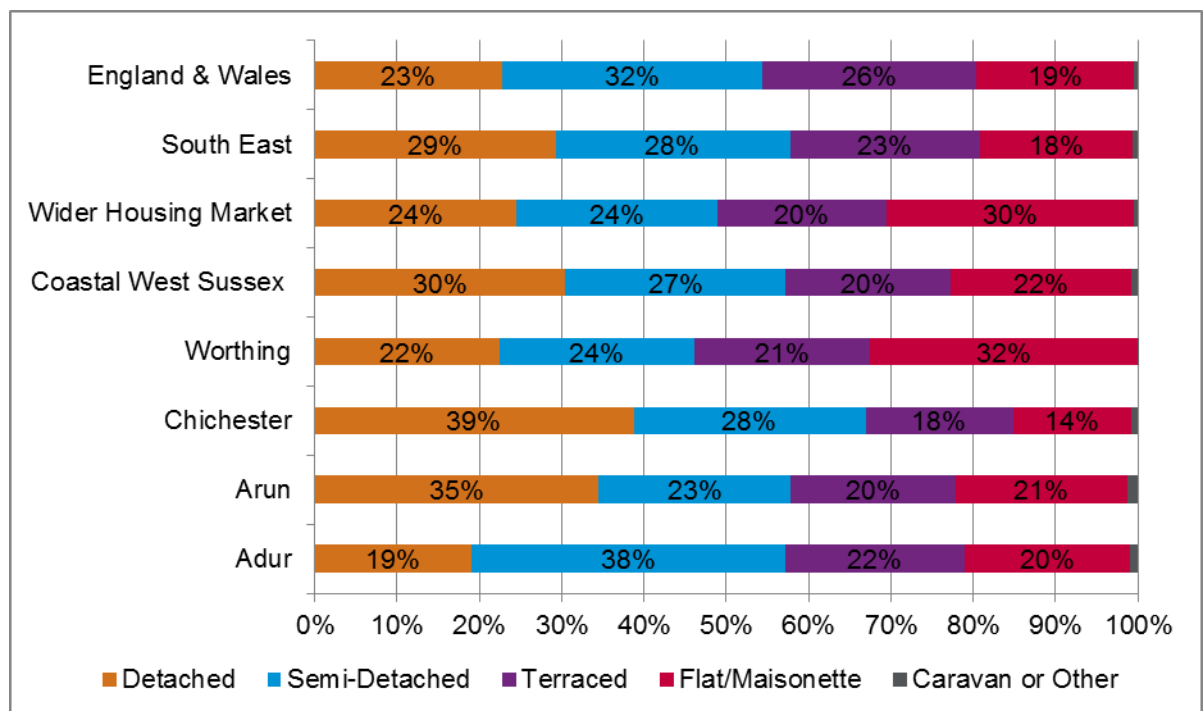
Figure 23: Tenure Changes across the South East, 2000-2010

	Owner Occupied	Private Rented	Social Rented
2000	75.6%	10.4%	13.9%
2010	70.3%	16.5%	13.2%
Change	-5.3%	6.1%	-0.8%

Source: CLG Housing Statistics, Table 109

4.9 In 2001 the profile of housing of different types across Coastal West Sussex was similar to the South East profile. There was a slightly above average proportion of flats/maisonettes (as we might expect for a Coastal location), but this becomes more apparent when looking at the Wider Housing Market with Brighton and Hove in particular having a large stock of flats.

Figure 24: House Types, 2001

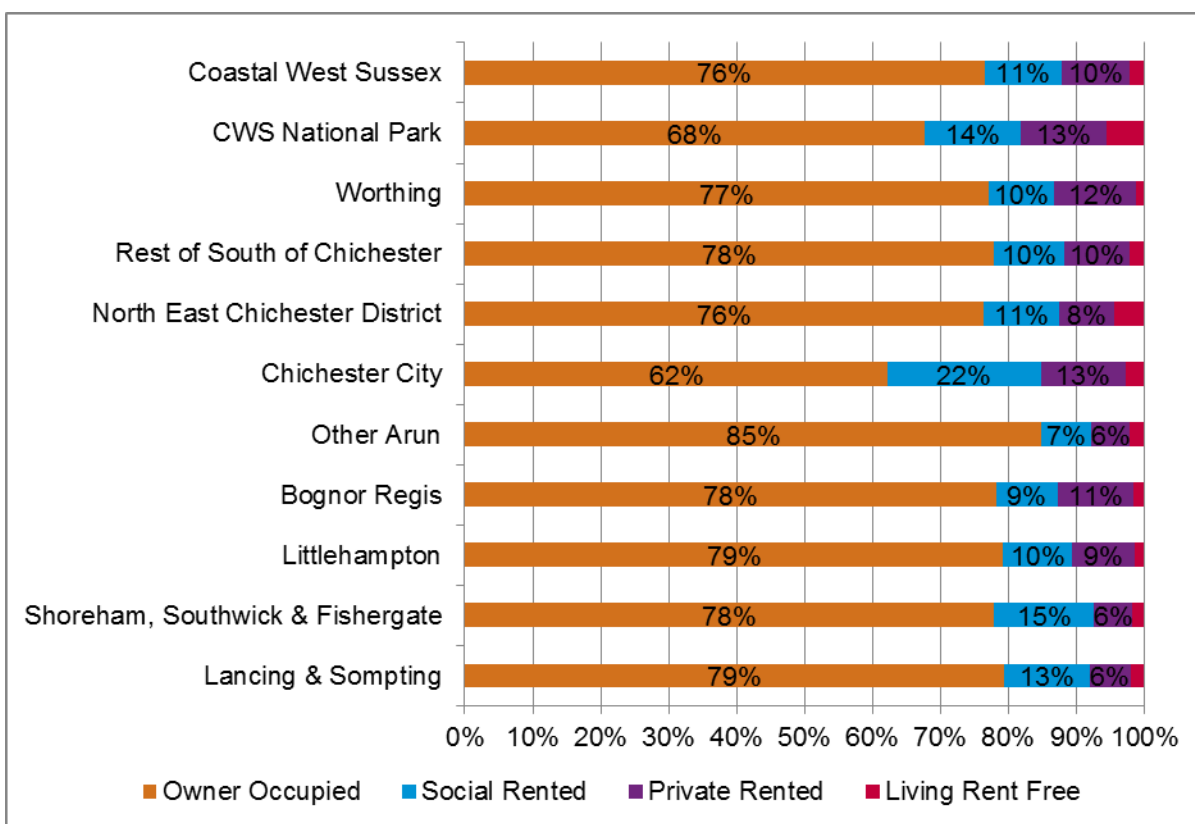


	Adur	Arun	Chichester	Worthing	Coastal West Sussex	Wider Housing Market	South East	England & Wales
Detached	19.0%	34.5%	38.8%	22.5%	30.5%	24.5%	29.3%	22.8%
Semi-Detached	38.2%	23.3%	28.1%	23.7%	26.8%	24.4%	28.5%	31.6%
Terraced	21.7%	20.0%	17.9%	21.4%	20.1%	20.5%	23.1%	26.0%
Flat/Maisonette	20.0%	20.9%	14.4%	32.5%	21.9%	30.1%	18.5%	19.2%
Caravan/ Other	1.0%	1.2%	0.8%	0.0%	0.8%	0.5%	0.7%	0.4%

Source: Census 2001

4.10 Chichester District (and to a lesser degree Arun) is notable for having a much higher proportion of detached housing. In contrast there is a strong concentration of flats/maisonettes in Worthing where it made up almost a third of the housing stock in 2001 compared with 18.5% across the region. Adur’s housing stock was focused towards semi-detached properties.

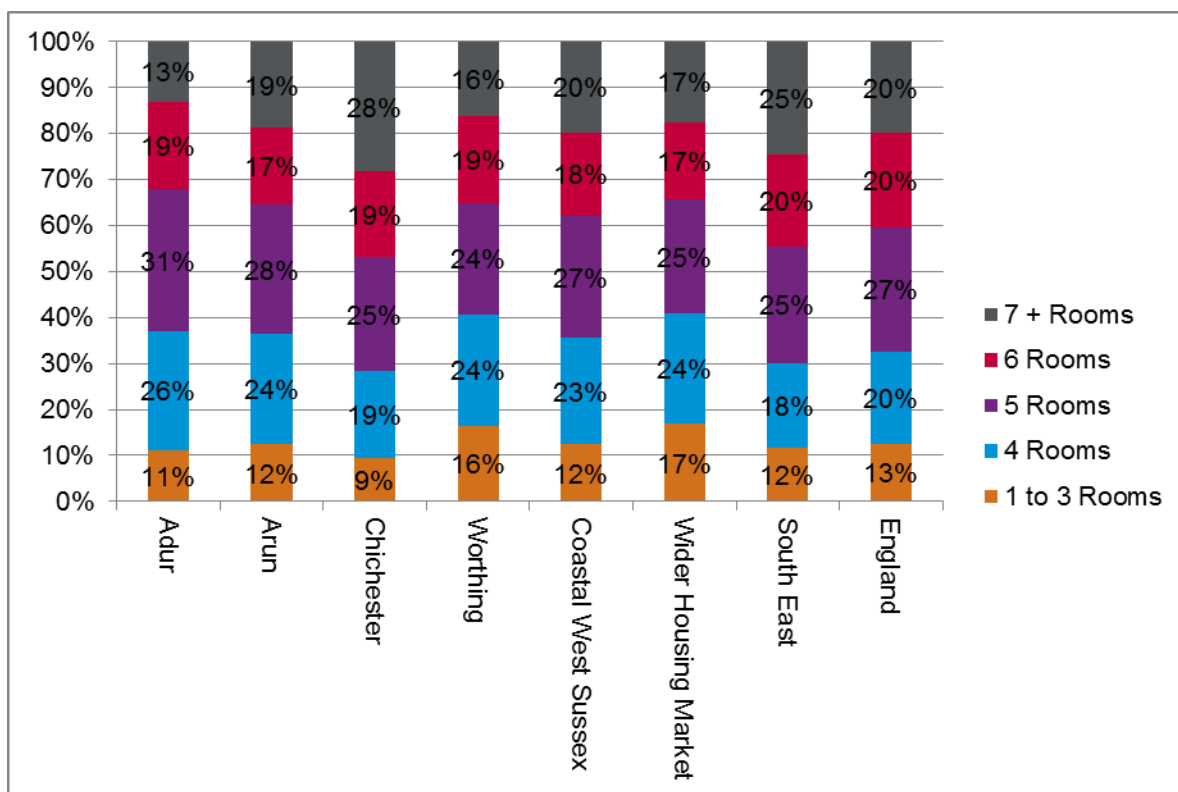
Figure 25: House Type Profile – Sub-Areas



Source: Census 2001

- 4.11 Detached housing is more prevalent in rural sub-areas. In contrast in the larger towns of Worthing, Bognor Regis, Littlehampton and Chichester City a greater proportion of the housing stock is flatted. Semi-detached housing predominates in both of the Adur sub-areas (which have a very similar profile of stock). In the National Park, detached and semi-detached housing predominate.
- 4.12 The stock profile is borne out in the mix of homes of different sizes. In Chichester District 28% of homes in 2001 had 7 or more habitable rooms (equivalent to a 4+ bed property) compared to 20% across Coastal West Sussex. In contrast in Worthing just over 40% of properties had 4 rooms or less. It is clear however that in all areas, two and three bedroom properties predominate.

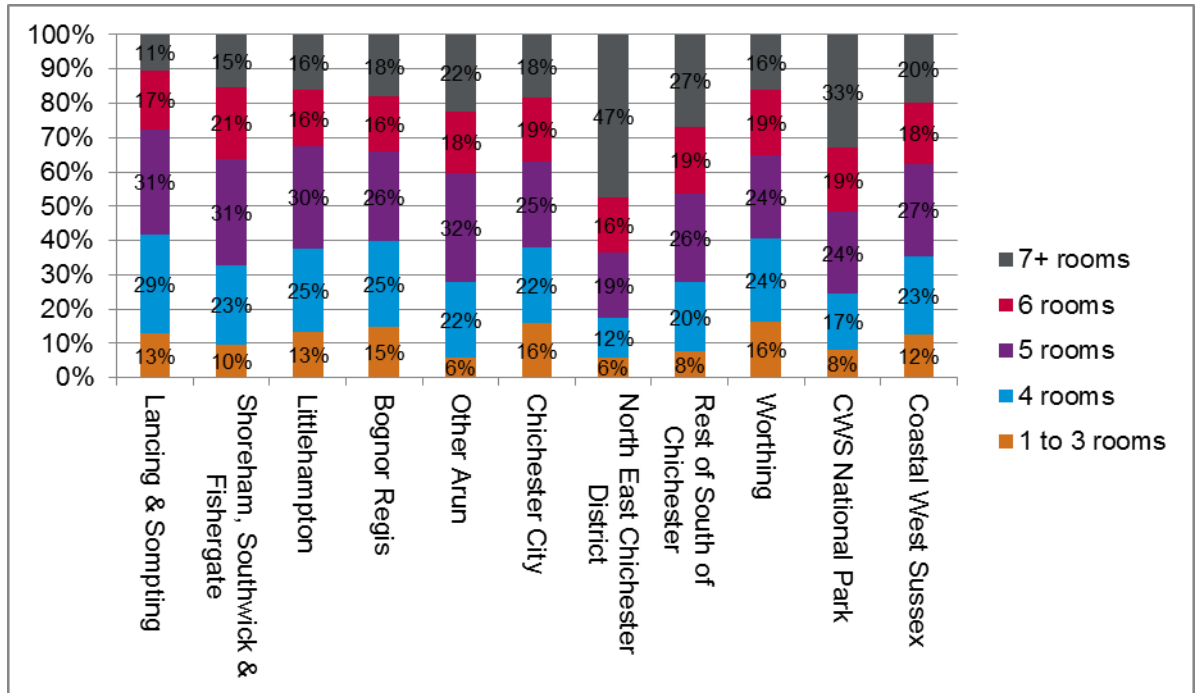
Figure 26: Size of Homes, 2001



Source: Census 2001

- 4.13 Coastal West Sussex as a whole had a housing offer biased more towards smaller properties relative to the regional profile in 2001.
- 4.14 Looking at the individual sub-areas, larger homes are most prevalent in the NE of Chichester District, the National Park and the Rural South of Chichester District. Smaller properties are more prevalent in the larger urban areas.

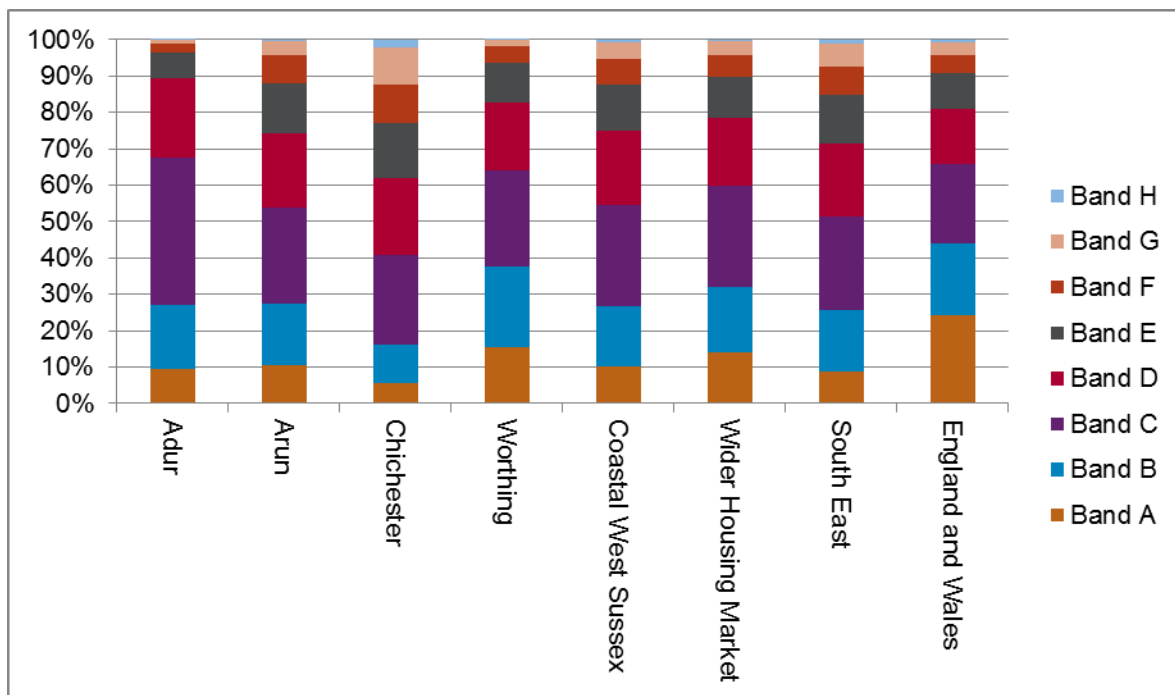
Figure 27: Sizes of Homes – Sub-Areas



Source: Census 2001

- 4.15 We can consider differences in the housing offer between areas with reference to the profile of homes in different Council Tax Bands. Overall Coastal West Sussex has a similar profile of properties in different Council Tax Bands to the South East as a whole, with marginal differences – a slightly higher proportion of Band C properties (particularly influenced by the strong proportion of Band C properties in Adur) and less in Bands F and G.

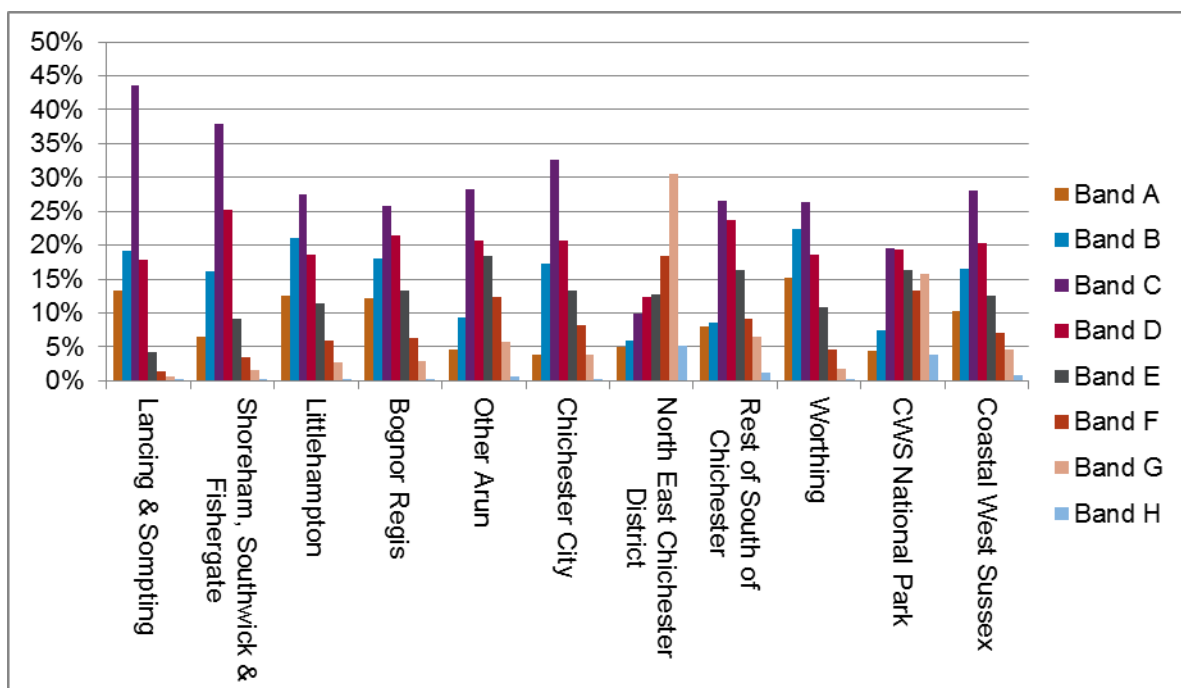
Figure 28: Dwellings by Council Tax Band, 2011



Source: VOA

- 4.16 Again Chichester District stands out as having a higher proportion of properties in Bands E and above. 38% of properties in Chichester District fall in Bands E and above, compared to 26% in Arun, 17% in Worthing and just 11% in Adur. The proportion of properties in Bands A and B is highest in Worthing at 38%.
- 4.17 The North East of Chichester District and the National Park have a housing offer which is much more strongly skewed towards larger and more expensive properties. In contrast, the level of properties in Bands A-C is strongest in Lancing and Sompting, followed by Worthing. Of the main towns, Chichester City has more properties in Bands E and above.

Figure 29: Dwellings by Council Tax Band – Sub-Areas



Source: VOA 2011

Occupancy Patterns

4.18 The larger housing stock in Chichester District (and to a lesser extent Arun) is borne out in higher levels of under-occupation. In contrast the higher proportion of smaller properties in Worthing in 2001 is likely to be an influence on its higher levels of overcrowding. Worthing is the only District in Coastal West Sussex in which overcrowding was above the South East average in 2001.

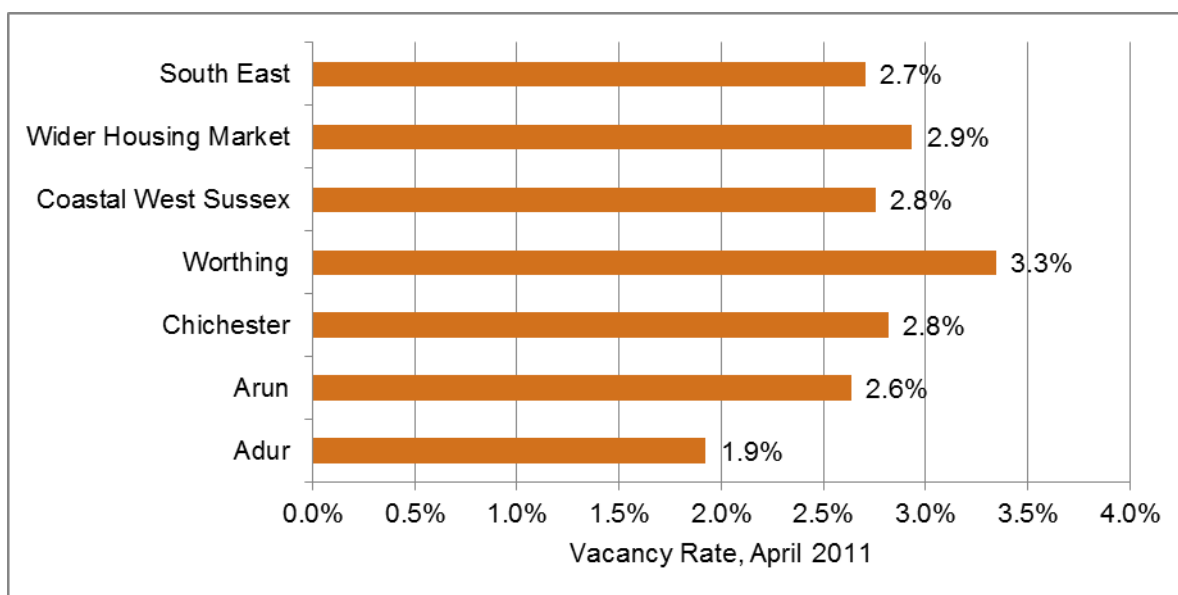
Figure 30: Overcrowding & Under-Occupation, 2001

	Notable Under-Occupancy (+2)	Overcrowding
Adur	44.8%	5.1%
Arun	49.0%	5.3%
Chichester	58.3%	4.3%
Worthing	45.2%	7.1%
Coastal West Sussex	49.8%	5.4%
Wider Housing Market	44.6%	7.9%
South East	53.4%	5.9%
England	49.1%	7.1%

Source: Census 2001

4.19 Of the total housing stock, 2.8% was vacant in April 2011 across Coastal West Sussex and 2.9% across the Wider Housing Market. We consider a vacancy level of between 2.5% - 3% as necessary to facilitate turnover of housing within a properly-functioning housing market. Since 2008 vacancy levels in all of the Coastal West Sussex authorities have declined, with the strongest decline (-0.5%) in Worthing. Adur’s low vacancy level suggests housing supply is tight.

Figure 31: Vacancy, 2011



Source: HSSA 2011

4.20 The latest publicly available data on second and holiday homes dates from 2007-8. Second home ownership is particularly significant in Chichester District where it accounts for 5.2% of the housing stock. It is also notably above average in Arun District (2.2%) and to a lesser extent Worthing (1.1%) relative to the South East (1.0%).

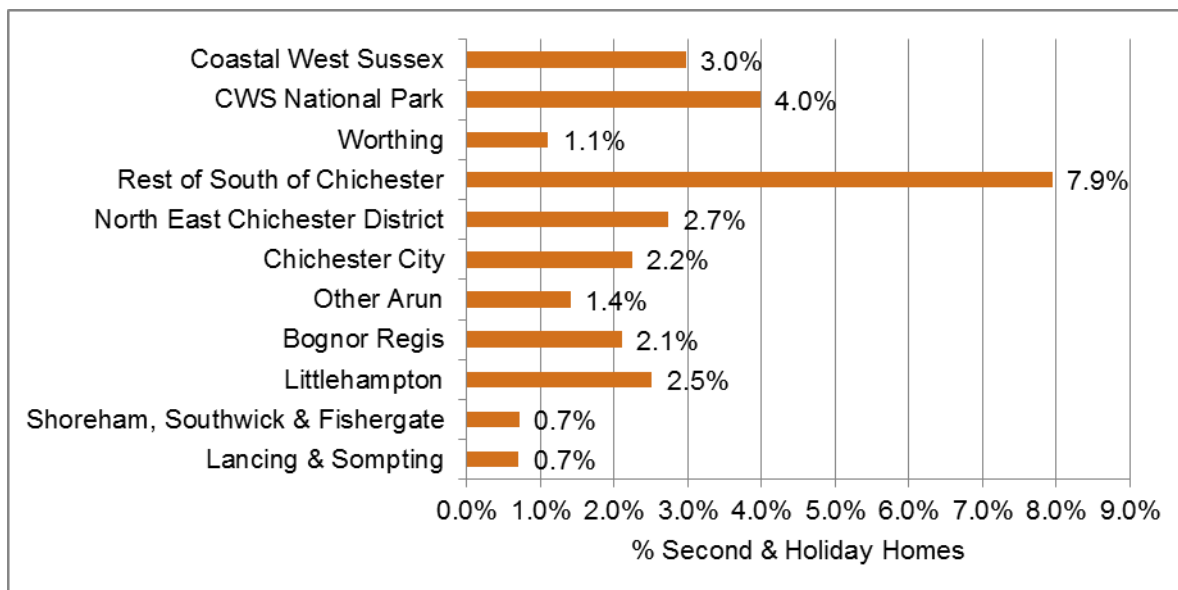
Figure 32: Second and Holiday Homes, 2007

	Second Homes	Dwelling Stock	% Second Homes	Date
Adur	193	27300	0.7%	Mar-08
Arun	1517	69072	2.2%	Mar-08
Chichester	2729	52756	5.2%	Mar-08
Worthing	494	46815	1.1%	Mar-07
Coastal West Sussex	4933	195943	2.5%	
Wider Housing Market	7418	362205	2.0%	
South East	24300	2534065	1.0%	Mar-08
England	133598	15475531	0.9%	Mar-08

Source: CLG, 2007

4.21 If we look at the individual sub-markets, the Rural South of Chichester District includes a significant proportion of second and holiday homes (potentially related to the vibrancy of the yachting sector). This accounts for almost 8% of the housing stock. Second home ownership is also above 2.0% in the National Park, NE of Chichester District, Chichester City, Bognor Regis and Littlehampton.

Figure 33: Second and Holiday Homes by Sub-Market, 2008

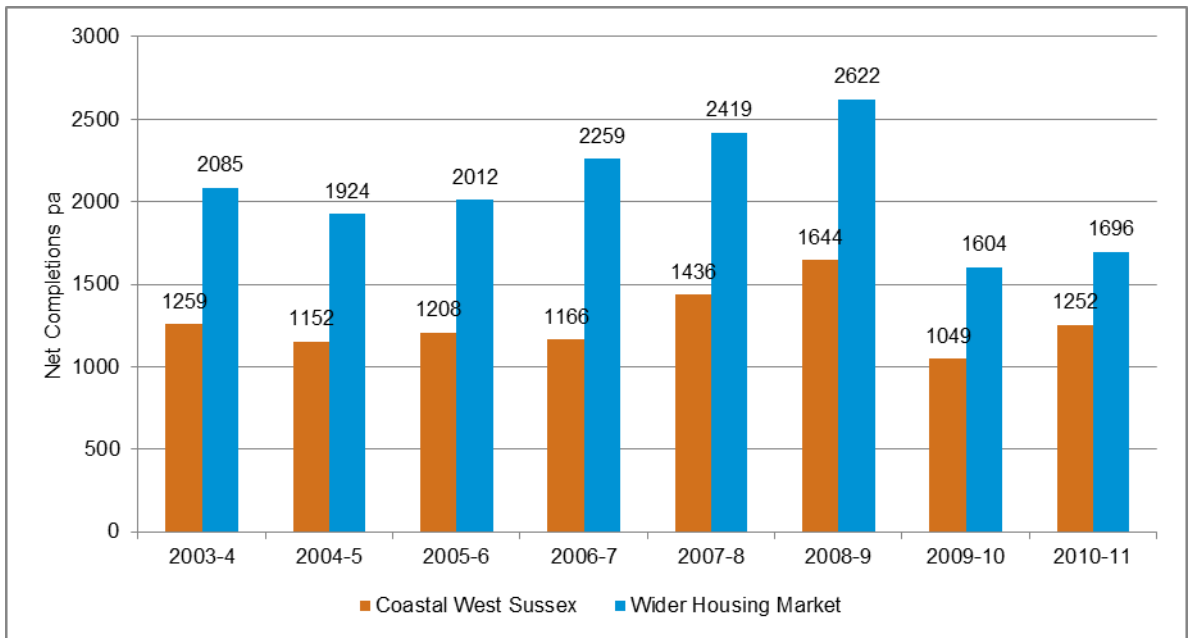


Source: CLG

Housing Supply Trends

4.22 The above analysis profiles the existing housing stock. We have also profiled how the stock of housing has changed with regards to levels of housing delivery. Across the Wider Housing Market the impact of the downturn in the housing market from 2008 on housing completions is clear. Net completions grew to 2,622 in 2008-9 but then fell sharply to 1604 in 2009-10 and 1696 in 2010-11. Completions averaged 2,247 per year between 2004-9, but for the last two years of data have dropped by 27% to 1650 dwellings per year.

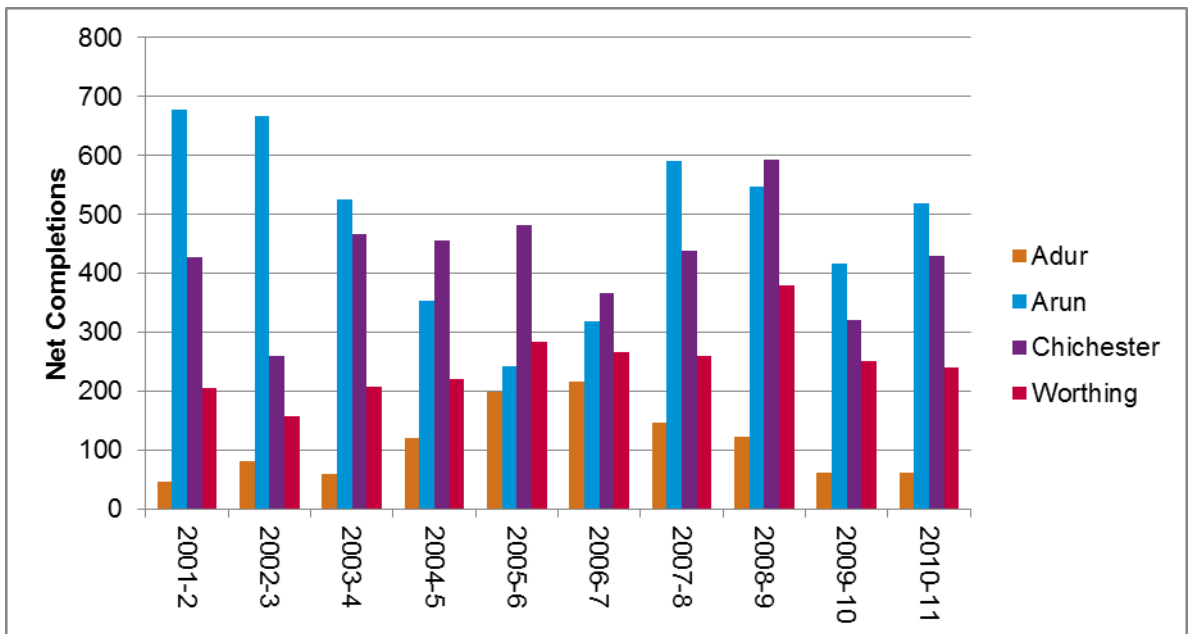
Figure 34: Net Housing Completions, 2003/4 – 2010/11



Source: WSCC/ Annual Monitoring Reports

4.23 As Figure 35 indicates there is a greater volatility in completions on a district-by-district level as we would expect.

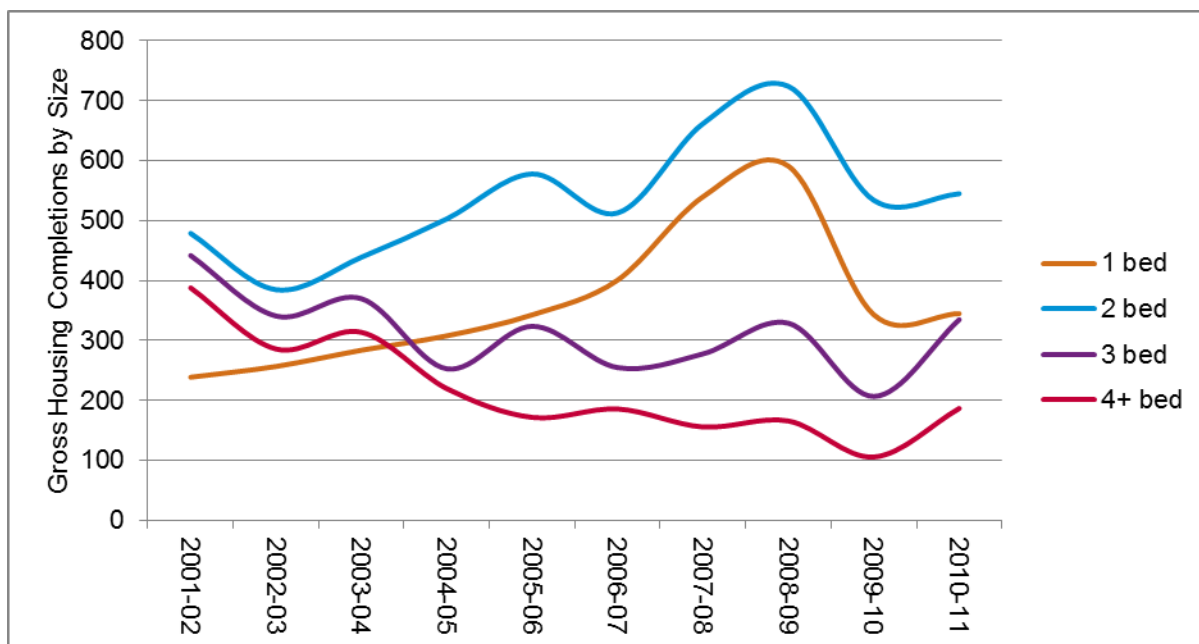
Figure 35: Net Completions, 2001/2 – 2010/11



Source: WSCC

4.24 In addition to considering the overall volume of housebuilding, we have considered how this breaks down by different sizes of property. Figure 36 highlights that since the onset of the housing market downturn in 2008 we have seen a sharp drop in delivery of one and two-bed properties. In 2010-11 there was a moderate rise in delivery of properties with three or more bedrooms, in contrast to the trend over much of the previous decade when delivery of these larger properties had been falling.

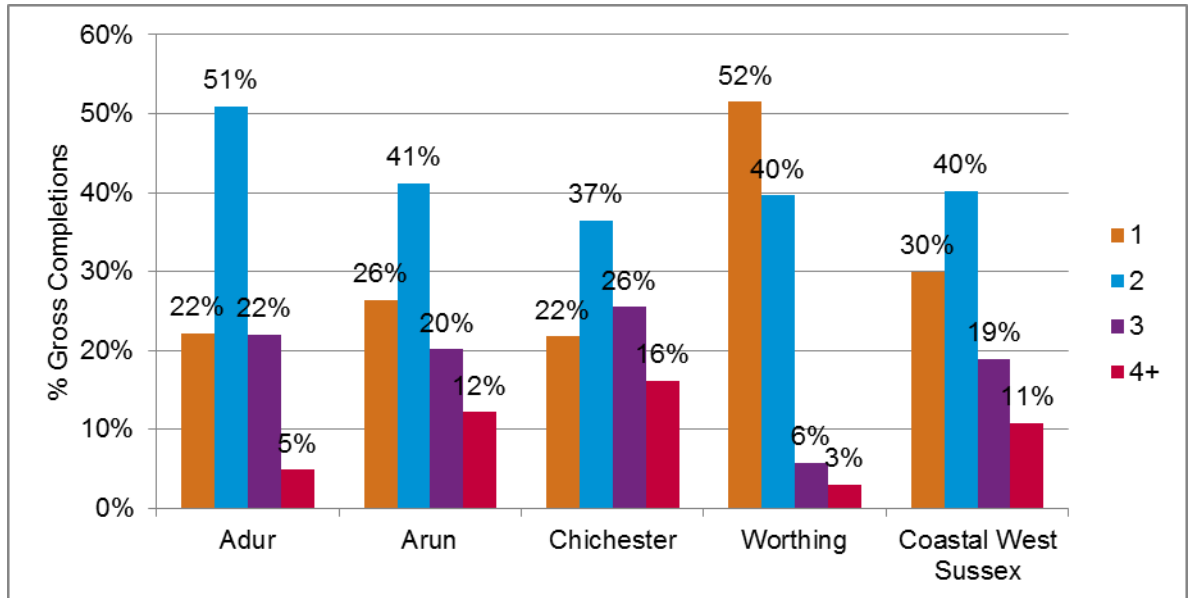
Figure 36: Housing Completions by Size of Property, Coastal West Sussex



Source: WSCC

4.25 Figure 37 profiles how housing completions by size have varied by District over the last five years (2006-11). Worthing has seen the greatest construction of 1-bed properties, making up 51% of all completions; with 51% of completions in Adur in contrast of 2-bed properties. Arun and Chichester in contrast have seen the highest levels of delivery of larger homes with 4 or more bedrooms, albeit that in both areas construction of two- and three-bed properties predominate.

Figure 37: Housing Completions by Size of Property, Districts (2006-11)



Source: WSCC

4.26 Across Coastal West Sussex, a high 70% of housing completions between 2006-11 were of one- and two-bed properties. However there is evidence that in 2010-11 the balance has started to shift slightly more towards delivery of larger homes.

Policy Implications: Housing Stock & Supply Trends

Much of the housing stock in the sub-region in 2031 will already exist today. It is therefore important to understand what's here now to consider how the housing offer should be developed.

Across the Sussex Coast Housing Market rates of housing delivery have historically fallen below regional trends (except in Chichester District) and it seems likely that this will continue.

Across the housing market the housing offer is fairly well-balanced, although the social sector is below average in size (despite the lower-value focus to the economy) with 12.6% affordable housing overall across Coastal West Sussex (but lower levels still in Arun and Worthing Districts). Overall there is an above average proportion of smaller and cheaper properties (consistent with the area's age and wealth structure).

Over the last decade the private rented sector has grown significantly in size. In 2001, private renting was highest in Chichester, the South of Chichester District, Bognor Regis and Worthing. The sector is likely to play an important role in supporting movement within the housing market and an increasing role in meeting housing need. Local authorities should encourage investment in improving standards within the sector and linking households in need to available supply (building on the number of emerging schemes).

Within the Housing Market there are complementarities between the housing offer in different areas. Brighton & Hove's housing offer is focused on smaller properties, with Adur providing more mid-value family housing. Chichester District is focused on more expensive properties (with a higher proportion of stock in Bands E and above) whilst Arun provides more mid-value housing with some residents commuting to Chichester to work. Worthing's housing offer includes a higher proportion of smaller properties in Bands A and B. Policy might look to develop greater choice in these areas including to support more local living and working.

In the period pre-2008 housebuilding in Coastal West Sussex was becoming increasingly skewed towards 1 and 2 bed properties. Delivery of these has dropped, influenced by a decline in effective demand from first-time buyers and investors and changes to the viability of delivery of flatted development (where finance costs are typically higher). In contrast we have seen in 2010-11 a moderate upturn in the delivery of larger properties with three or more bedrooms. This is starting to rebalance the profile of new housing delivered with stronger delivery of family homes.

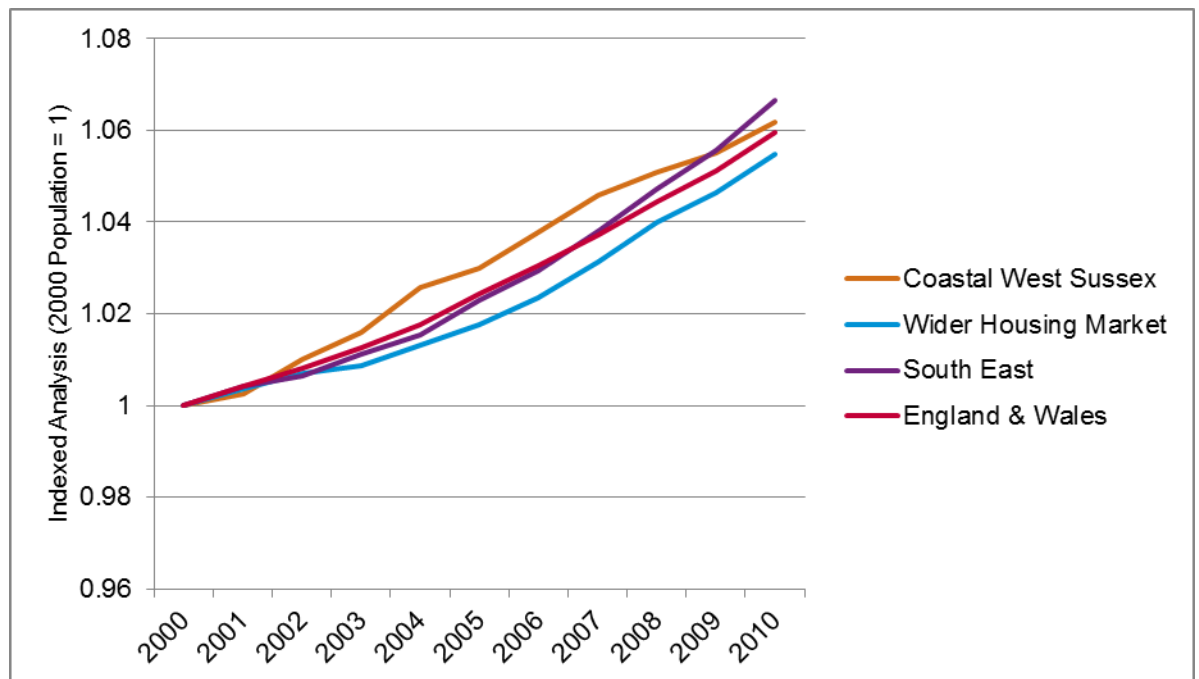
5 SOCIO ECONOMIC CHARACTERISTICS

5.1 In this section we consider the socio-economic characteristics of the population of Coastal West Sussex and the Wider Housing Market as well as the characteristics of the economy and labour market.

Population

5.2 In 2010 Coastal West Sussex had an (estimated) population of 428,900. This constituted 55% of the population of the Wider Housing Market of 785,200 reflecting the substantial population of Brighton and Hove. Figure 38 provides an indexed analysis showing relative population growth since 2000.

Figure 38: Index of Population Growth across the Housing Market Area

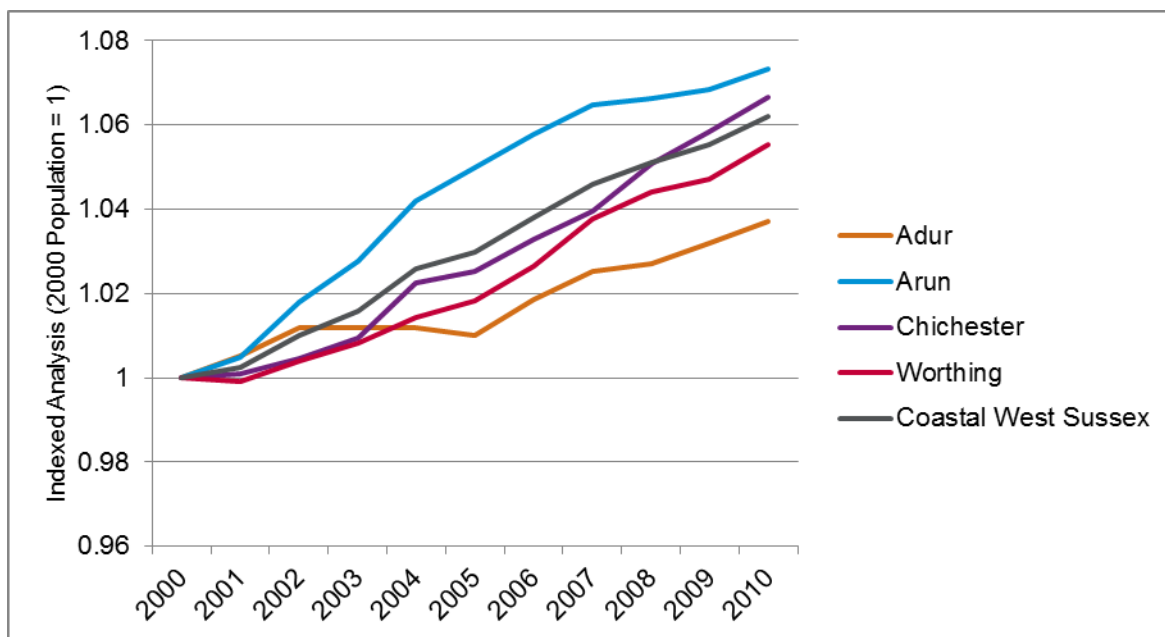


Source: ONS Mid-Year Population Estimates

5.3 Figure 38 above indicates that Coastal West Sussex's population was growing more strongly than average for the region before the housing market downturn in 2008 (despite more moderate growth in the housing stock), but has grown less strongly since. Looking at the wider housing market, population growth has been below average both in a regional and national context. This mirrors the trends in changes in the housing stock and is likely to partly reflect housing delivery/ land supply constraints.

5.4 Turning to look at individual local authorities, Arun District’s population has seen the strongest growth over the last decade (driven by net in-migration). This particularly reflects strong growth in the period pre-2007. Population growth in Worthing and particularly Adur has been below the Coastal West Sussex average. While Arun’s population has grown by 7.3% over the decade, and Chichester District’s by 6.7%, Adur’s population has grown by 3.7%. In Worthing growth has been 5.5%.

Figure 39: Index of Population Growth 2000-10, Districts

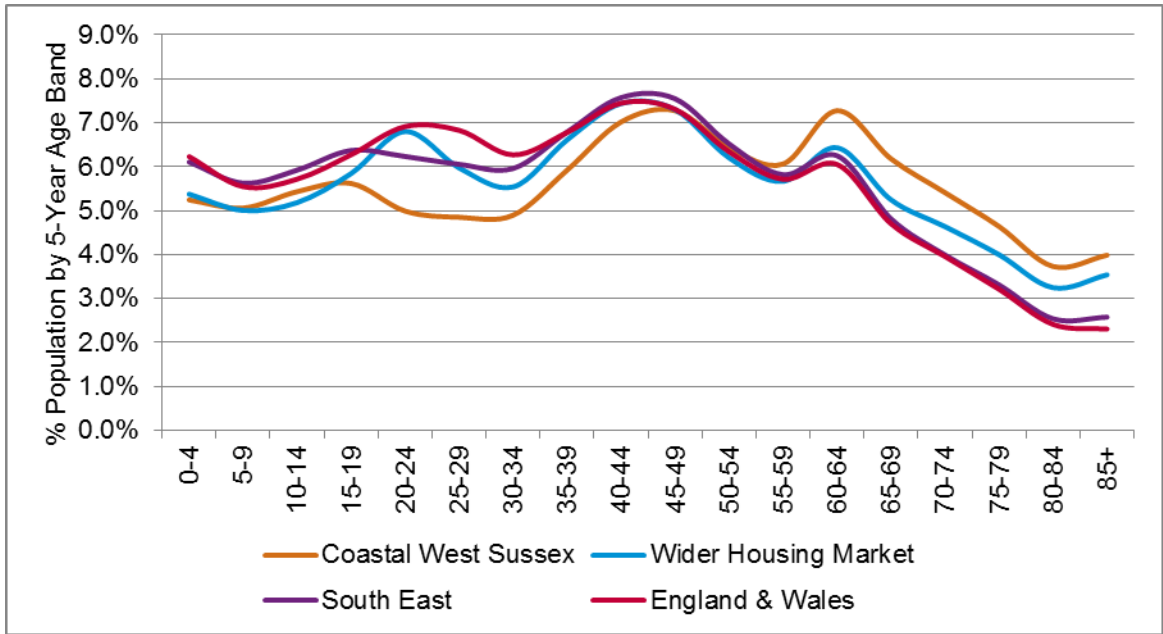


Source: ONS Mid Year Population Estimates

5.5 Figure 40 indicates the population age structure across Coastal West Sussex and the wider Housing Market. The largest age groups within Coastal West Sussex’s population are those aged 35-69.

5.6 In Coastal West Sussex, a relatively small proportion of the population is aged 15-44. The population structure is notably older than average. Relative to wider geographies, Coastal West Sussex (and the Wider Housing Market) contain an above average proportion of older persons aged over 60.

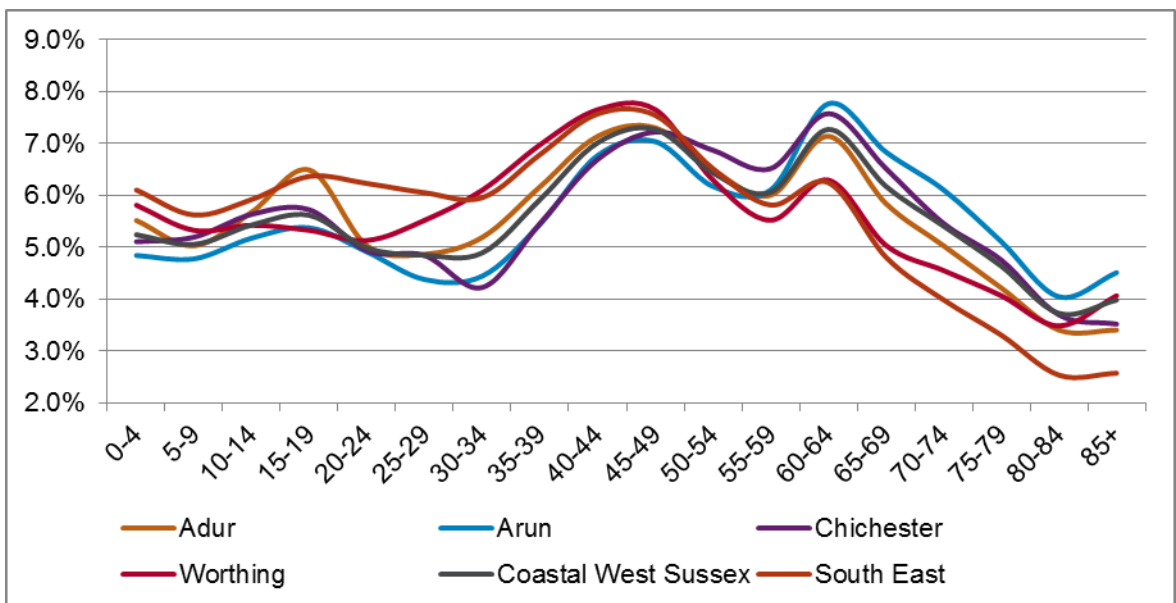
Figure 40: Population Age Structure 2010



Source: ONS Mid-Year Population Estimates

5.7 Figure 41 drills down to look at dynamics within the individual districts. We see that almost all of the Districts have a larger proportion of the population in all age groups over 50 than is the case across the South East.

Figure 41: Population Age Structure 2010 – Districts



Source: ONS Mid-Year Population Estimates

- 5.8 Arun’s population is most skewed towards older age groups. While Worthing has a sizeable older population, it has a larger working-age population than the other Districts (followed by Adur).
- 5.9 Across Coastal West Sussex 9.5% of the population is from a non-White British/Irish ethnic group and thus falls within a Black or Minority Ethnic (BME) group. This is below average relative to the South East and England.
- 5.10 The largest BME group within the sub-region is ‘white other’ which is likely to include Eastern European migrants. The second largest group is Asian/Asian British, with Worthing having a larger Asian/Asian British population than the other local authorities.

Figure 42: Ethnic Composition of Population, 2009

	White British/Irish	White Other	Mixed	Asian/Asian British	Black/Black British	Chinese or Other
Adur	90.9%	3.1%	1.6%	2.4%	1.1%	0.8%
Arun	91.3%	3.2%	1.2%	2.4%	1.1%	0.8%
Chichester	90.6%	3.6%	1.3%	2.3%	1.2%	1.1%
Worthing	88.9%	3.4%	1.8%	3.5%	1.4%	1.0%
Coastal West Sussex	90.5%	3.3%	1.4%	2.7%	1.2%	0.9%
Wider Housing Market	87.9%	4.2%	1.7%	3.3%	1.5%	1.3%
South East	86.7%	4.0%	1.7%	4.2%	1.9%	1.5%
England & Wales	84.4%	3.5%	1.8%	5.9%	2.8%	1.6%

Source: ONS Mid 2009 Population Estimates by Ethnic Group

- 5.11 Figure 43 indicates how the ethnic composition of the population has changed between 2001-2009. Over this period there has been an increase in the BME population, whilst the White British/Irish population has fallen. This may well be influenced by the relative age structure of the population of different ethnic groups. The Asian/Asian British and White Other populations have grown more strongly than other groups. The White British/Irish population has fallen (particularly in Adur and Worthing).

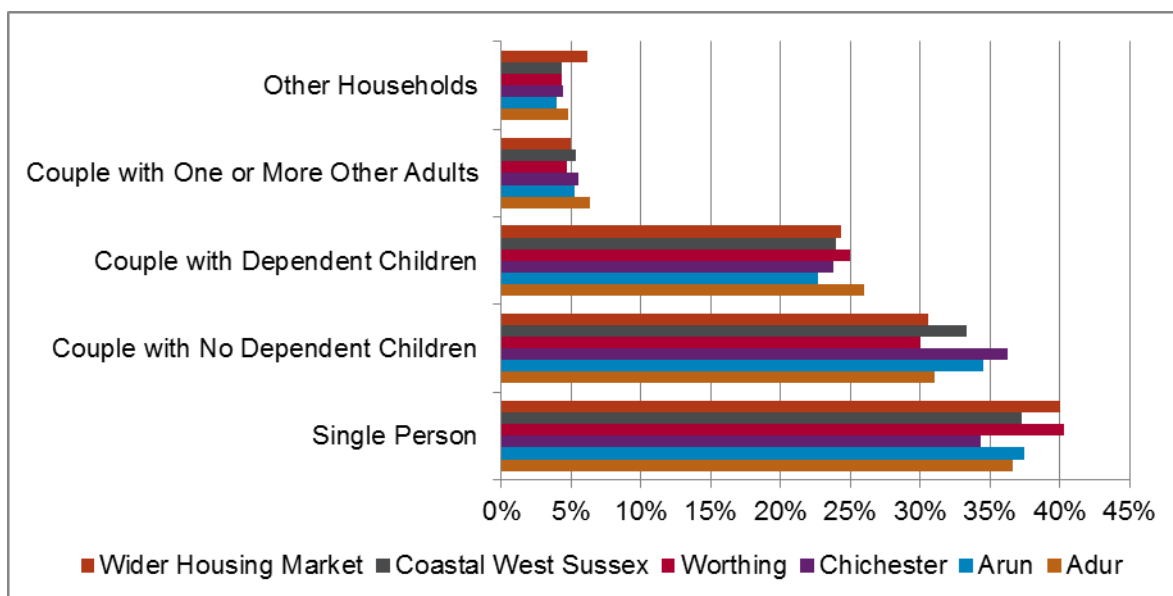
Figure 43: Changes in Ethnic Composition, 2001-2009

(thousands)	White British/Irish	White Other	Mixed	Asian/Asian British	Black/Black British	Chinese or Other
Adur	-1.7	1.1	0.4	0.9	0.6	0.2
Arun	0.4	2.5	1.0	2.9	1.3	0.7
Chichester	-0.4	1.7	0.8	2.2	1.0	0.7
Worthing	-1.7	1.3	1.0	2.6	1.1	0.4
Coastal West Sussex	-3.4	6.6	3.2	8.6	4.0	2.0
Wider Housing Market	-16.0	12.0	4.9	17.5	8.5	4.6
South East	-82.3	110.1	58.0	166.8	98.8	60.8
England & Wales	-109.2	552.9	314.7	903.0	374.7	413.2

Source: ONS Population Estimates by Ethnic Group

5.12 Household estimates are published by Communities and Local Government up to 2008. Figure 44 analyses the structure of households in different parts of Coastal West Sussex and the Wider Housing Market. In both cases the household structure is focused towards single person households and couples without children – these two groups together making up 71% of all households in 2008. Worthing has the highest level of single person households whilst Chichester District has the highest level of couples without dependent children. In contrast, Adur has the highest proportion of family households (couples with dependent children).

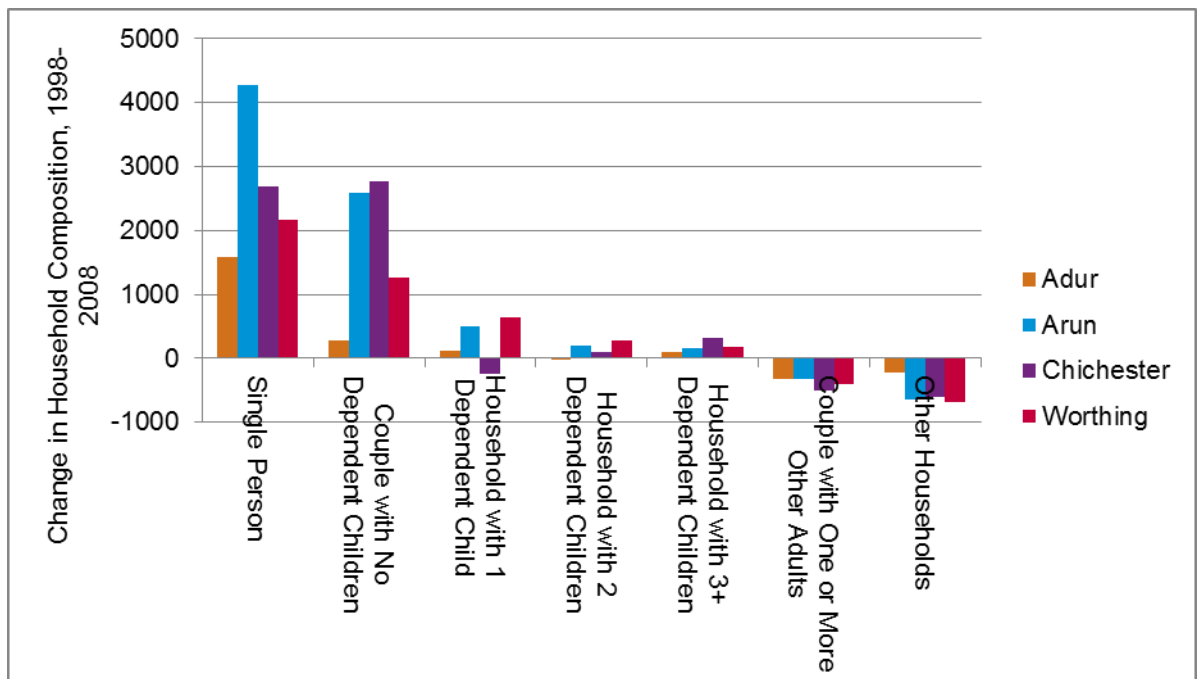
Figure 44: Household Composition, 2008



Source: CLG 2008-based Household Projections

5.13 Figure 45 analyses changes in household composition between 1998-2008. The strongest growth has been of single person households and couples without dependent children in each of the Coastal West Sussex authorities. There has been a particularly strong growth of single person households in Arun District. The numbers of other households and couples with one or more adults has declined in all four Districts.

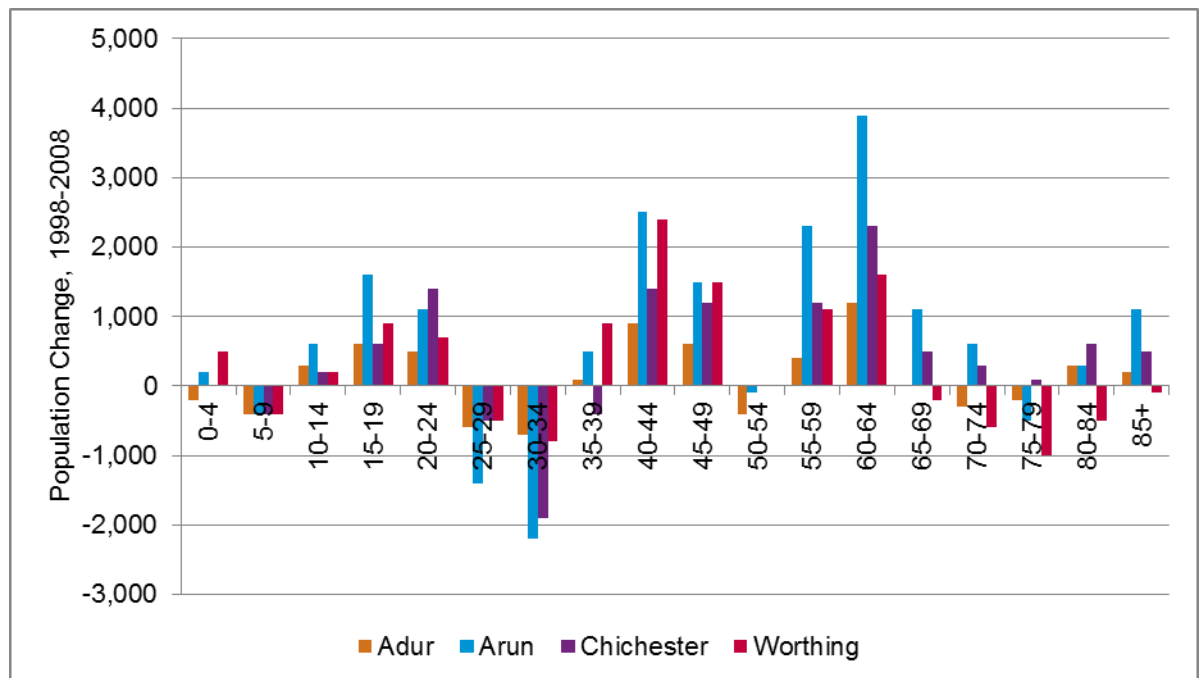
Figure 45: Changes in Household Composition, 1998-2008



Source: CLG 2008-based Household Projections

5.14 To understand the changes in household composition, it is useful to analyse how the population age structure has changed over this period.

Figure 46: Changes in the Population Age Structure, 1998-2008



Source: ONS Mid-Year Population Estimates

5.15 The strongest growth in the population between 1998-2008 has been of people aged in their 40s and between 55-64. There has also been growth in the population aged between 10-24, although the population aged 25-34 has dropped notably. The population aged over 65 has increased in Arun and Chichester Districts, but has been stable in Adur and has declined in Worthing. The population aged 15-64 has increased in all areas.

5.16 Drawing key elements of the analysis together indicates that:

- We have seen a decline in the population aged 25-34 over the 1998-2008 period as well as a decline in multi-person households. This is true as well of Brighton and Hove. This could reflect the availability of job opportunities within the sub-region as well as affordability pressures, relative to some surrounding areas;
- In contrast we have seen a strong growth in single person households, particularly in Arun and Chichester Districts. These are the Districts that have seen a stronger growth in the population of older persons;
- We have seen perhaps less strong growth in the population of older persons (65+) than we might expect for a coastal sub-region. There however appears to be a differential between dynamics in Adur and Worthing relative to Chichester and Arun Districts.
- Across all four areas we have strong growth in the population of people aged 55-64 – people coming towards the end of their working lives – who are potentially moving to the sub-region because of its quality of life. This appears to be particularly couples without dependent children.

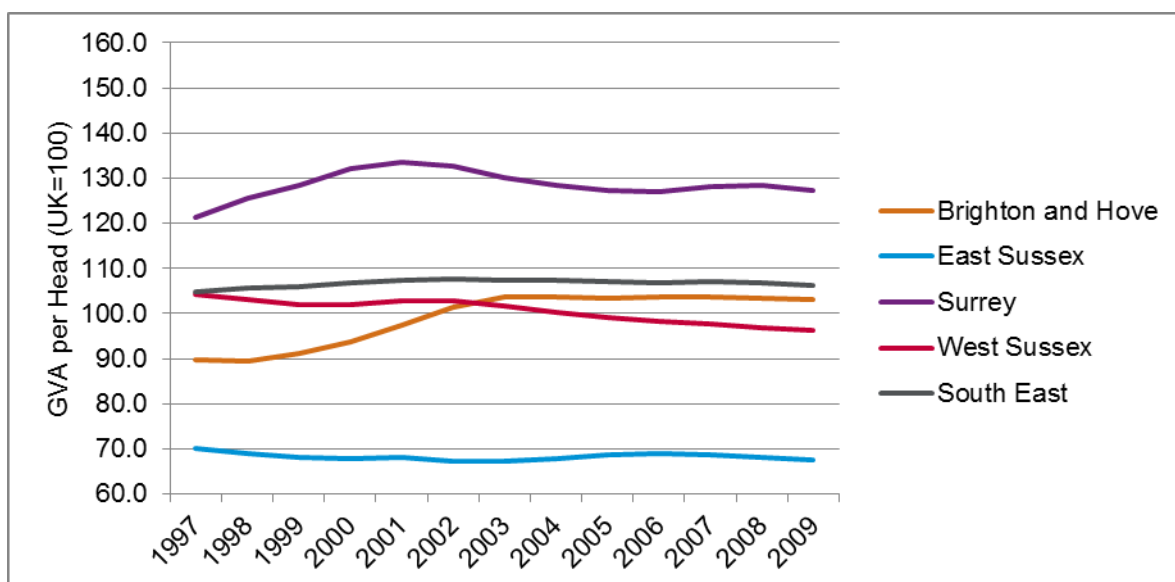
House price differentials relative to other parts of the South East is a potential influence on these trends;

- It is notable that we have also seen growth of people in their late 30s/ 40s with children in their teens. This could be influenced by the nature of the housing stock and quality of education opportunities and would support demand for family housing.

Economy & Labour Market

5.17 Next we turn to consider economic and labour market dynamics. Coastal West Sussex is a £7.3 billion economy⁵. Data on economic output is available only for county and unitary authorities. The latest data indicates that GVA per Head in West Sussex has been falling over the past decade in relative terms compared to the South East and UK. GVA per head is influenced by the productivity of a local economy as well as the density of employment and commuting dynamics.

Figure 47: Economic Productivity (GVA per Head), 1997-2009



Source: ONS

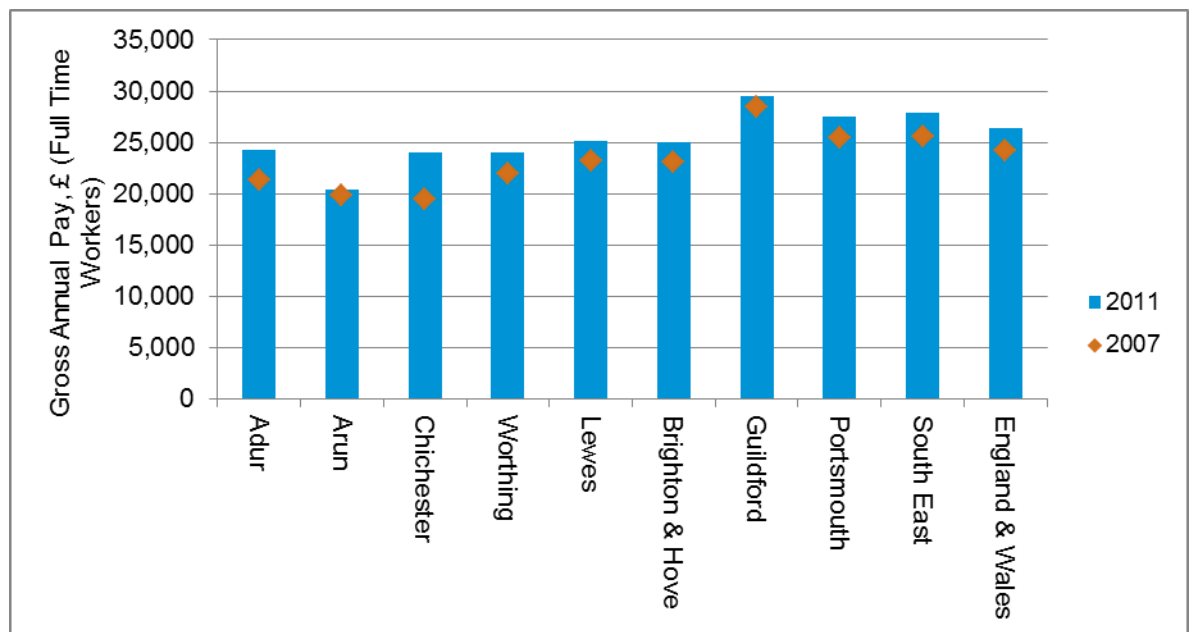
5.18 At a more local level this suggests that economic productivity is below county and regional averages in each of the four Coastal West Sussex Districts. Productivity is lowest in Arun and Adur, and highest in Worthing⁶. This is a function of both jobs densities (the balance between employment and population) and the nature of jobs (with a lower added-value focus). Furthermore there is evidence that the gap in productivity has been increasing (over the 1997-2007 period).

5.19 We can look at how relative productivity may have changed through the course of the recession through analysis of changes in workplace earnings.

⁵ West Sussex Local Economic Assessment

⁶ West Sussex Local Economic Assessment

Figure 48: Workplace Earnings (Full-Time Workers)



Source: Annual Survey of Hours and Earnings (ASHE)

- 5.20 Workplace earnings are indicative of the relative value-added of local economies. Workplace-based earnings in 2011 are below the South East and national averages in each of the Coastal West Sussex authorities. They are lowest in Arun at £20,400 per annum (gross). In the other three authorities they are similar, around £24,000. This compares with a South East average of almost £28,000.
- 5.21 The economic challenge in Coastal West Sussex is influenced by its location and economic geography:
- It is located towards the periphery of the region, at a greater distance from London than other parts of the South East;
 - The communications infrastructure is less strong than in some other parts of the region – with congested east-west transport links (in particular the A27) and higher journey times on north/south rail and road links;
 - The size and critical mass of the main towns in Coastal West Sussex, relative for instance to Brighton and Hove and Portsmouth, also influence commercial market appeal and performance. This feeds through into the size of local commercial markets and population catchments, and the town's relative appeal compared to other centres across the region.
- 5.22 These factors combine to influence the ability of key centres in the sub-region to attract and retain business investment (particularly for higher value-added activities) relative to other places within the South East region. They influence its economic performance.

- 5.23 Between 2007-11 we have seen stronger growth in earnings (and thus better relative economic performance) in Chichester District. Wage growth in Chichester District and Adur has exceeded the South East average over this period. In contrast we have seen very moderate growth in earnings in Arun District. The analysis indicates that within the sub-region, Chichester’s economy has performed more strongly through the recession whilst Arun has performed less well. This is corroborated by the modelled data on GVA from Experian which is explored later in the report.
- 5.24 Wages in surrounding areas such as Brighton and Hove, Guildford and Portsmouth are higher than in Coastal West Sussex (as Figure 48 shows) indicating stronger representation of higher value jobs. This wage differential is likely to support commuting from Coastal West Sussex to these surrounding areas.
- 5.25 To understand commuting dynamics more widely, we also need to look at:
- Differences between work and residence-based earnings;
 - Commuting dynamics; and
 - Jobs densities.
- 5.26 We consider these in turn below.
- 5.27 Figure 49 indicates differences between workplace and residence-based earnings. Workplace earnings are those of people working in an area, while residence earnings reflect those of people living in an area (some of whom are likely to work elsewhere). Arun has the lowest workplace-wages, with higher wages (supporting commuting) in Chichester, Worthing and Portsmouth. It is also noticeable that Adur and Portsmouth have higher workplace-based earnings relative to residents.

Figure 49: Earnings Differentials, 2011

Gross Annual Earnings, Full-Time Workers 2011	Residents	Workers	Differential
Adur	21,469	24,230	-2,761
Arun	22,801	20,382	2,419
Chichester	28,327	24,068	4,259
Worthing	26,344	24,039	2,305
Brighton & Hove	28,066	24,978	3,088
Guildford	33,612	29,446	4,166
Portsmouth	24,592	27,461	-2,869
South East	29,330	27,881	1,449

Source: Annual Survey of Hours and Earnings (ASHE)

- 5.28 As we identified in Section 2, travel to work areas (TTWA) within the sub-region cross administrative boundaries; with the Brighton TTWA including Shoreham; with Littlehampton falling on the border of

the Worthing and Bognor Regis & Chichester TTWAs. This is borne out in the commuting dynamics across the four authorities:

Figure 50: Commuting Dynamics, 2008

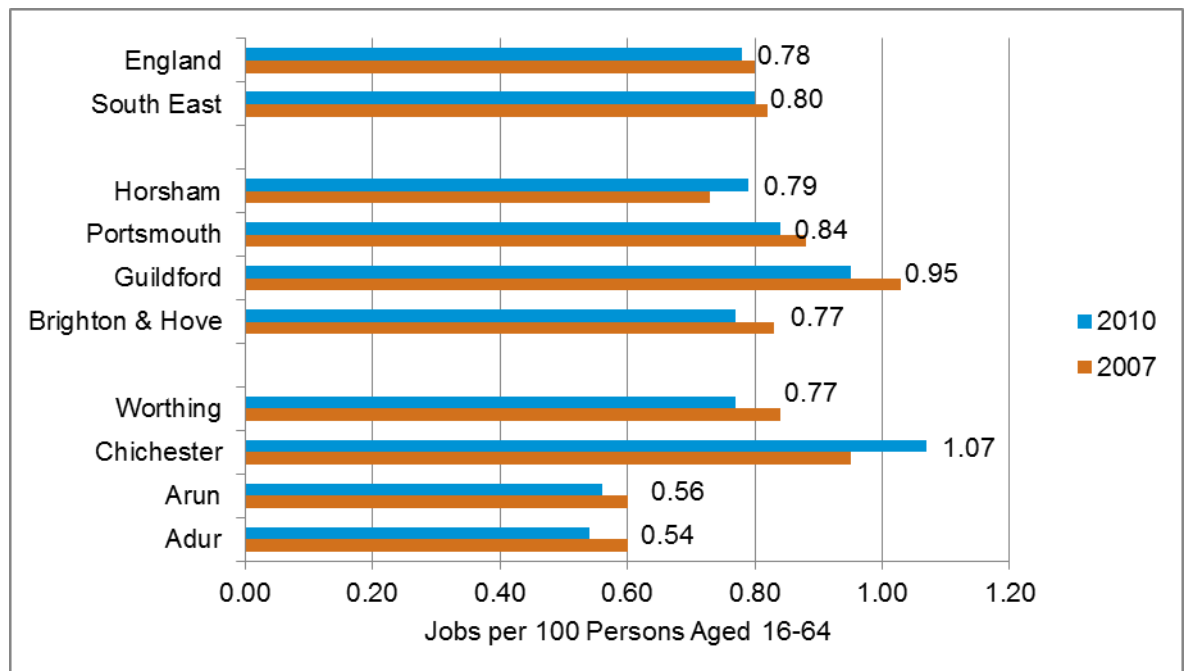
Area	Self-Containment (% Residents in Work)	Key Commuting Destinations (% Residents in Work)
Adur	36%	Worthing 23% Brighton & Hove 22%
Arun	61%	Chichester 11% Worthing 8% Horsham 4%
Chichester	62%	Portsmouth 4% Arun 4% Waverley 4% Guildford 4%
Worthing	56%	Brighton & Hove 8% Horsham 7% Arun 7% Adur 7%

Source: Annual Population Survey

5.29 Figure 51 analyses jobs density. It indicates that:

- In both Arun and Adur there are a relative low proportion of jobs relative to the size of the working-age population (56 and 54 jobs respectively per 100 residents aged 16-64). This can be expected to support some out-commuting to work, including from Adur to Worthing and Brighton and Hove; and from Arun to Chichester and Worthing (as shown above);
- Chichester District has an above average jobs density, and thus some in-commuting to Chichester District to work can be expected. In-commuting to Chichester District in 2008 was principally from Arun (15% of the workforce) albeit that there was notably in-commuting from Portsmouth and Havant (4% and 3% of the workforce respectively);
- The jobs density in Portsmouth and Guildford is above average and these areas have higher workplace wages. This can be expected to support commuting into these areas (principally from parts of Chichester District).

Figure 51: Jobs Density, 2007 and 2010



Source: NOMIS

5.30 The analysis indicates:

- A particular deficiency in the quantum of jobs in Adur and Arun Districts resulting in an imbalance overall between jobs and the size of the working-age population across Coastal West Sussex. This is likely to support net out-commuting;
- Wage differentials which will support out-commuting to work from across the sub-region to higher value employment opportunities in surrounding larger employment centres, including Portsmouth, Brighton and Hove and to London further afield.

5.31 Moving forward, we can expect the jobs density to be influenced by the relative balance between housing/population growth and employment growth; and also the nature of employment opportunities created. In regard to the latter, we can expect commuting to continue where there continues to be a 'wage incentive' to do so (see Figure 49).

5.32 Next we move on to consider the economic structure and relative performance of the Coastal West Sussex economy and its constituent districts. We have drawn on nationally available data.

5.33 Employment data from NOMIS indicates that total employment actually increased in Coastal West Sussex by 2.2% and by 0.5% across the Wider Housing Market between 2008-2010. This compares to a decline of 0.5% across the South East.

- 5.34 Drilling into the figures in further detail we consider however that there is an anomaly in the statistics for Chichester District which indicate very strong growth in employment between 2008-10 particularly in public administration; the fire service and event catering.
- 5.35 In all other areas, employment numbers have fallen slightly as a result of the recession. We have seen notable job losses in Arun and Adur Districts in particular between 2008-10.

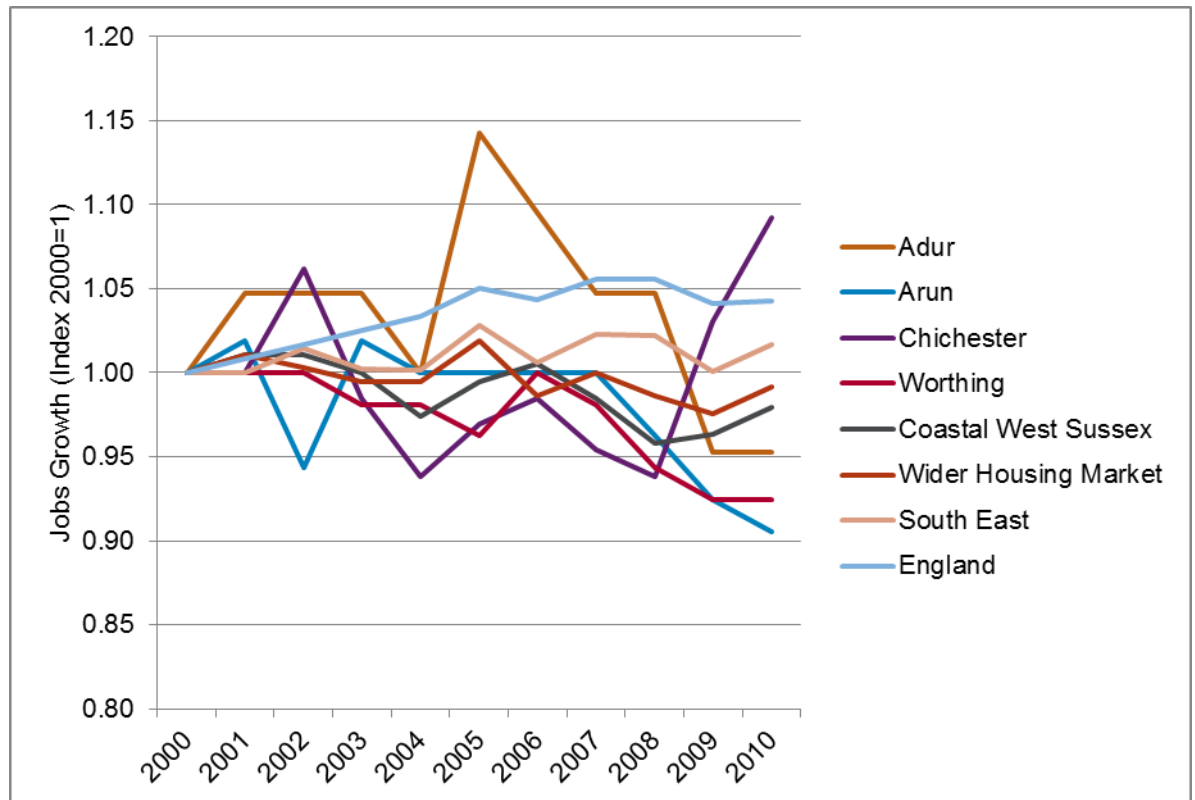
Figure 52: Total Employment, 2008-10

	2006	2008	2010	% Change 2008-10
Adur	23,000	22,000	20,000	-9.1%
Arun	53,000	51,000	48,000	-5.9%
Chichester	64,000	61,000	71,000	16.4%
Worthing	53,000	50,000	49,000	-2.0%
Coastal West Sussex	193,000	184,000	188,000	2.2%
Wider Housing Market	367,000	367,000	369,000	0.5%
South East	4,327,000	4,396,000	4,372,000	-0.5%
England	26,307,000	26,611,000	26,295,000	-1.2%

Source: NOMIS

- 5.36 Across Coastal West Sussex over this period, employment has grown in public administration, tourism, health, real estate activities and utilities; with declining employment in education and financial and business services. The manufacturing sector has performed relatively well with moderate growth in employment.
- 5.37 Figure 53 provides an indexed analysis of employment growth over the 2000-10 decade in each of the Districts. It indicates that over the decade while we have seen net jobs growth across the South East and England, in Coastal West Sussex and the Wider Housing Market total employment has fallen in net terms with employment falling in both cases since 2005/6.
- 5.38 In Arun District and Worthing employment was broadly static pre-recession, and has declined notably since. In Adur, employment growth was positive pre-recession but has since fallen back. Chichester has performed relatively well, posting employment growth before and through the recession. Before the onset of the recession, employment in Brighton and Hove was growing strongly.

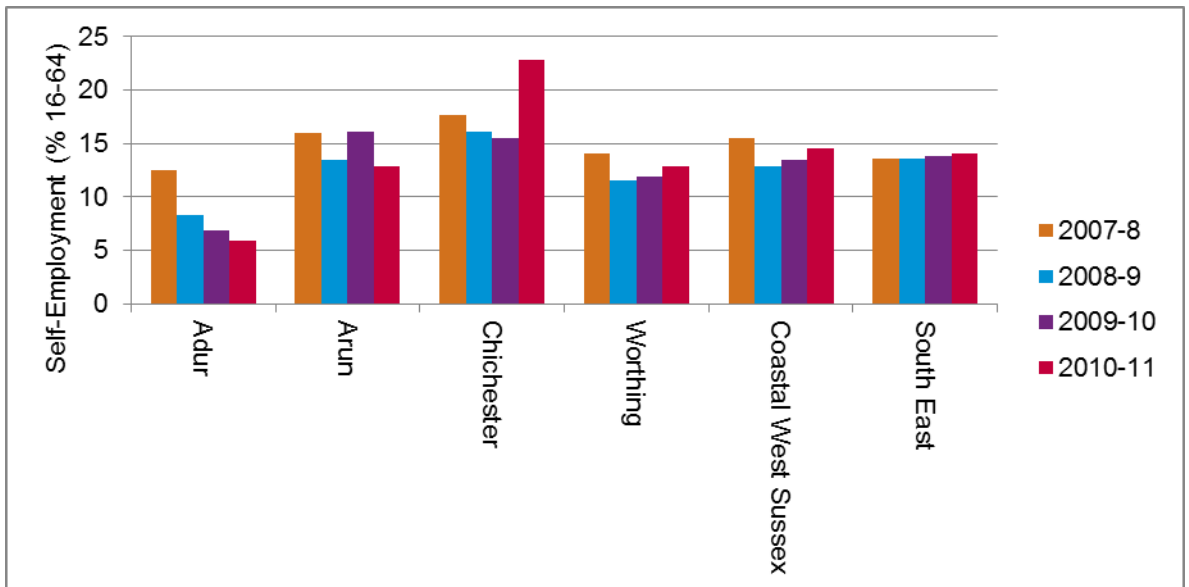
Figure 53: Employment Growth, 2000-10



Source: NOMIS (Jobs Density)

5.39 We have examined trends in self-employment based on data from the Annual Population Survey. Overall we have seen a moderate upward trend in self-employment, which in 2010/11 is above the South East average in Coastal West Sussex and the Wider Housing Market. The statistics indicate a particularly strong growth in self-employment between 2009/10 – 2010/11 in Chichester District (although again the scale of growth may reflect the error margin associated with the survey-based data). Nonetheless it is clear that levels of enterprise are strong in Chichester District in relative terms with more than 1 in 5 working residents running their own business.

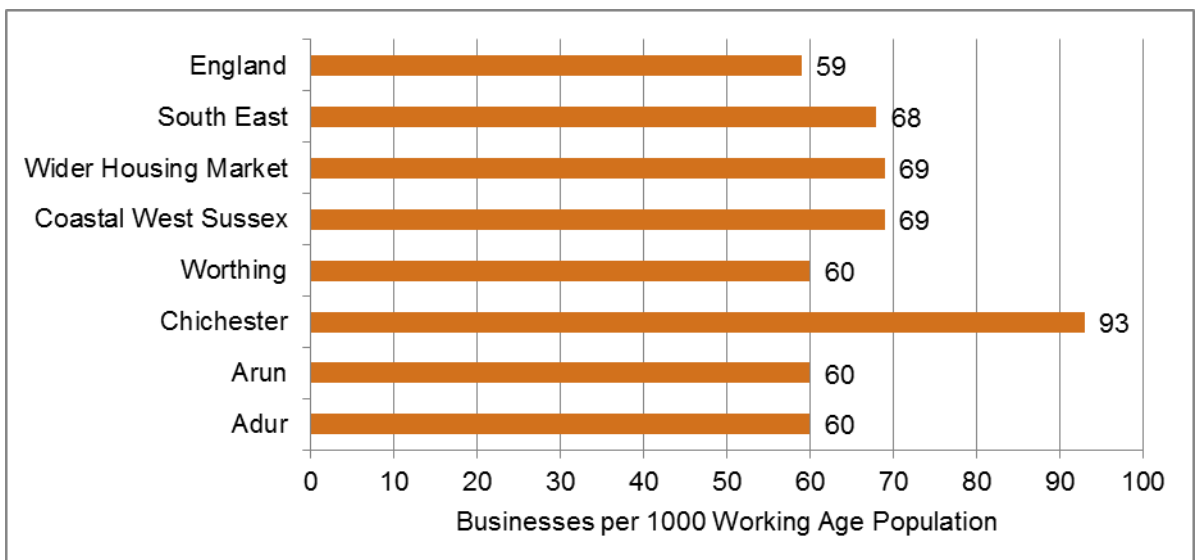
Figure 54: Self-Employment



Source: Annual Population Survey

5.40 Levels of enterprise are also evident with regard to the business density. Business density is expressed in terms of the number of businesses per 10,000 population. The density of businesses across Coastal West Sussex as a whole is broadly consistent with the South East average but this is particularly a reflection of a strong business density and levels of enterprise in Chichester District. In the other three Coastal West Sussex District's business density is below the South East average but similar to that for England.

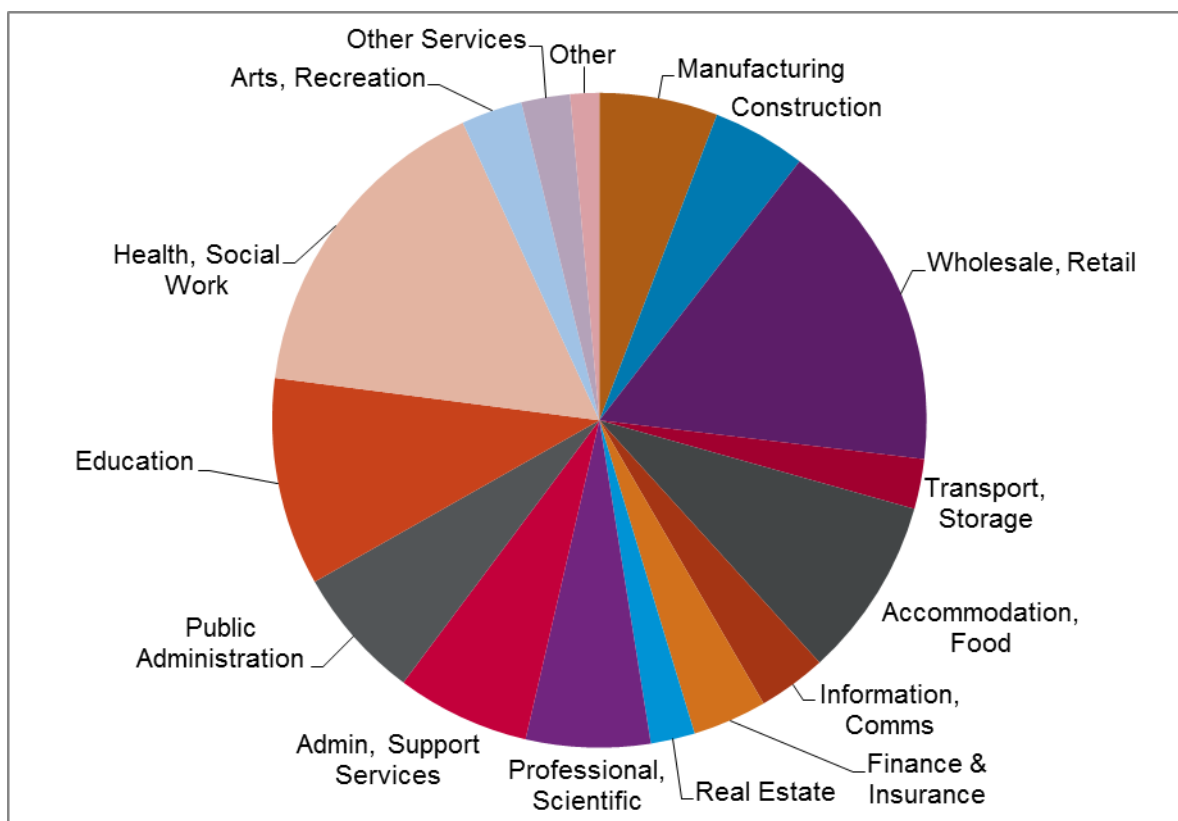
Figure 55: Business Density, 2010



Source: ONS Business Demography; ONS Mid-Year Population Estimates

5.41 Finally we turn to look at the economic structure. Figure 56 profiles the structure of employment by sector across the four Coastal West Sussex authorities. The largest employment sectors in terms of total employment are the retail and wholesale sector, health and social work, education and manufacturing. This is consistent with the regional profile.

Figure 56: Economic Structure – Coastal West Sussex, 2010



Source: NOMIS

5.42 We have also undertaken a location quotient analysis of the economic structure in the sub-region and constituent authorities. This indicates:

- There is above average employment in Coastal West Sussex in public administration, the health sector, and accommodation and food (i.e. tourism/ leisure). Manufacturing is also above average. Overall the employment structure shows an above average reliance on public sector employment and thus the economy is more susceptible to austerity measures. This reflects a below average private-sector business base.
- Across the wider housing market, the economic profile is similar although the public sector reliance is less strong and there is a greater proportion of employment (particularly in Brighton and Hove) in real estate and other services.

- Adur's economy is biased more towards industrial activities, including port-related activities, manufacturing and construction. Public sector employment is also above average. There is a low level of employment in higher value-added services.
- Arun's economy shows a strong level of concentration of employment in tourism-related activities (which are typically lower value). Manufacturing and healthcare employment are also above average. The wage analysis indicates a stronger focus on lower value-added activities relative to the other Districts;
- Employment in Chichester District is biased more towards public sector employment (influenced partly by the presence of the County Council), as well as real estate and employment in cultural/leisure activities. High public sector employment is a notable risk;
- In Worthing, the economy again has a high proportion of employment in public administration and health; but also has a strong finance/insurance sector which is influenced by the presence of some key employers such as Lloyds TSB.

5.43 Through the recession (2008-10) employment has declined in key higher service-based activities (e.g. financial services, professional services, admin and support services) as well as in the distribution and construction sectors. In contrast we have seen continuing employment growth in public administration, tourism/leisure, and health⁷.

5.44 Overall Coastal West Sussex's economy is more reliant on public sector employment, reflecting a weaker private sector business base, relative to wider West Sussex and the South East. This makes the economy more susceptible to public sector spending constraints. It also focused more towards lower value-added sectors, which will influence overall growth in productivity and wealth creation.

5.45 Overall economic competitiveness, measured by the UK Competitiveness Index, is below average. Chichester District performs best with a ranking of 78th of the 379 local authorities in the UK, with Arun performing worst (ranked 250th). All of the Coastal West Sussex authorities are ranked below the three Northern West Sussex authorities.

5.46 The economic regeneration challenge in Coastal West Sussex is thus of an overall economic focus on lower-value added activities, and potentially slower rates of economic growth relative to other parts of the region.

5.47 Looking forward, there are some key opportunities for improved performance. Strategic employment development proposals which could have a sub-regional impact on performance include:

- Enterprise@Bognor Regis
- Development at Shoreham Airport
- Shoreham Harbour Regeneration

⁷ Experian based on ONS data

- Employment opportunities linked to potential strategic housing sites at Chichester City and Tangmere.

5.48 We consider these schemes in particular as providing the potential for improved economic performance.

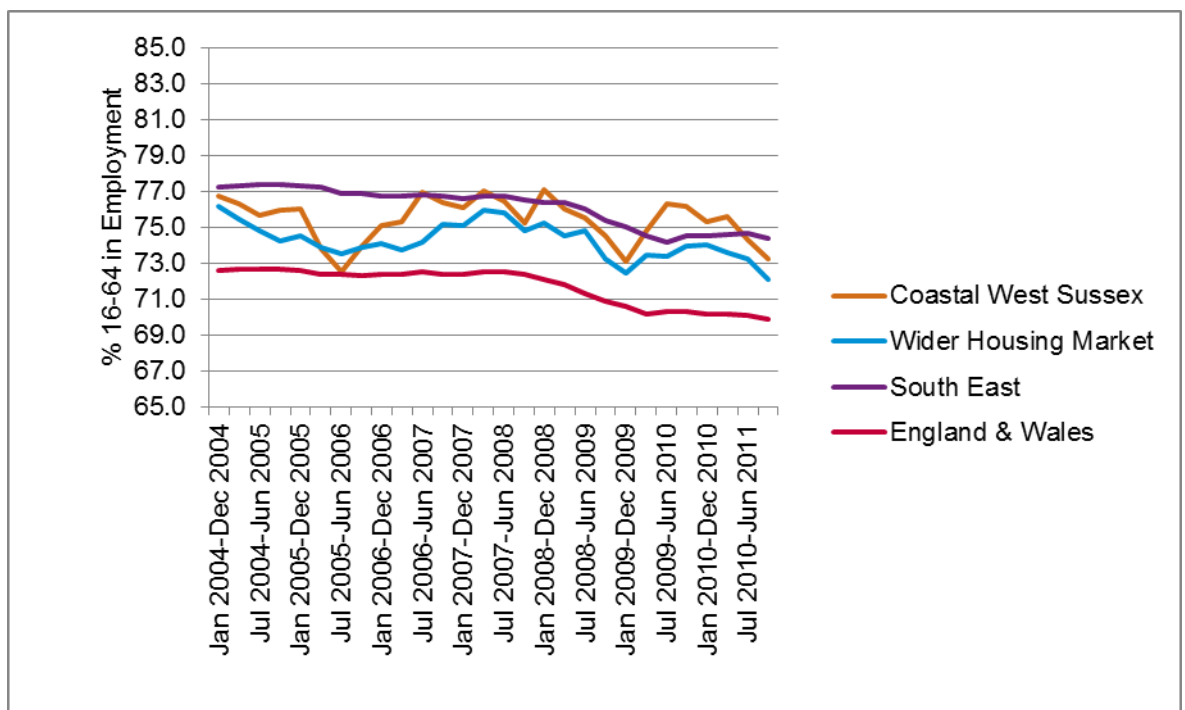
5.49 Forecasts for future economic performance across Coastal West Sussex and in the four constituent districts together with Brighton and Hove are set out in Section 8.

Labour Market

5.50 We turn next to consider key labour market indicators. We consider first trends in the employment rate, the proportion of people aged 16-64 in employment. We have seen a decline in the employment rate in 2008-9 as a result of the recession, and no real subsequent recovery. This is true nationally and across the South East. In Coastal West Sussex the employment rate recovered more strongly in 2010 but has recently slipped back below the South East average.

5.51 The latest data indicates that 73.2% of the population aged 16-64 are in employment in Coastal West Sussex compared to 74.4% across the South East. Performance in Coastal West Sussex is however above the national average.

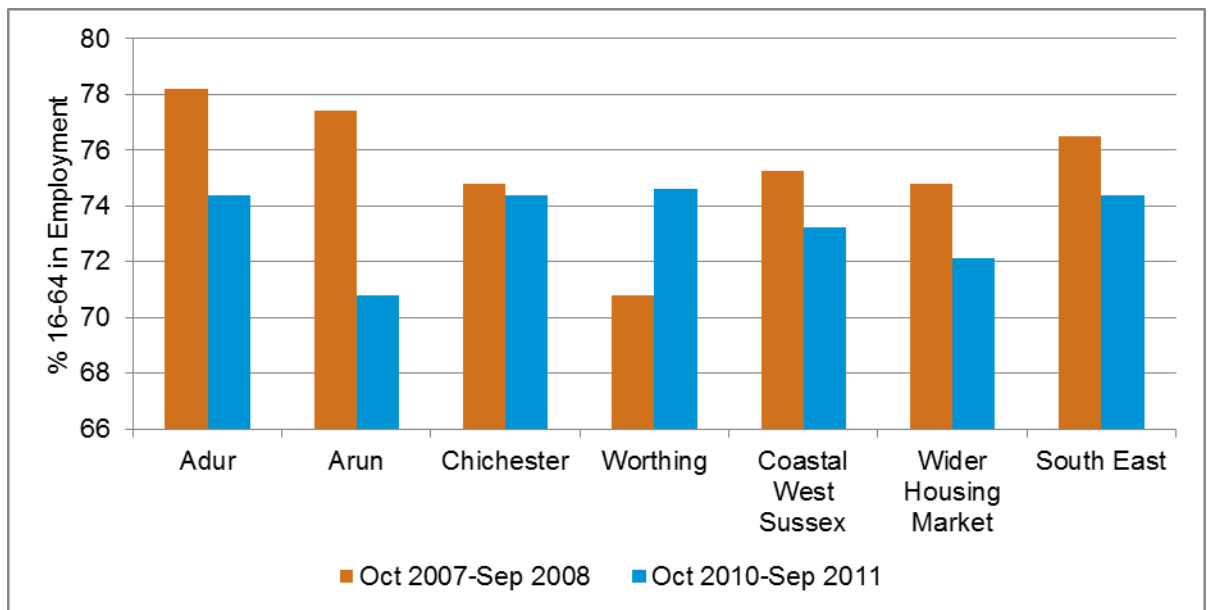
Figure 57: Employment Rate



Source: Annual Population Survey

5.52 Figure 58 profiles how the employment rate varies within Coastal West Sussex and how this has changed over the last four years. The analysis indicates that the employment rate has decreased notably in Adur and Arun Districts over this period. The employment rate in Arun is now notably lower than in the other Districts and the regional average. In contrast in Worthing, the employment rate has increased. We have seen only a moderate change in Chichester District.

Figure 58: Employment Rate – Coastal West Sussex



Source: Annual Population Survey

5.53 The analysis undertaken indicates that Chichester District's economy has performed strongest through the recession; and this is reflected in a lower level of unemployment (4.8%). The highest unemployment is currently in Adur and Worthing, followed by Arun – in each case unemployment is above the South East average.

5.54 Total unemployment across Coastal West Sussex in 2010-11 is 12,400 persons. This compares to unemployment of 10,800 in Brighton and Hove alone (7.9%).

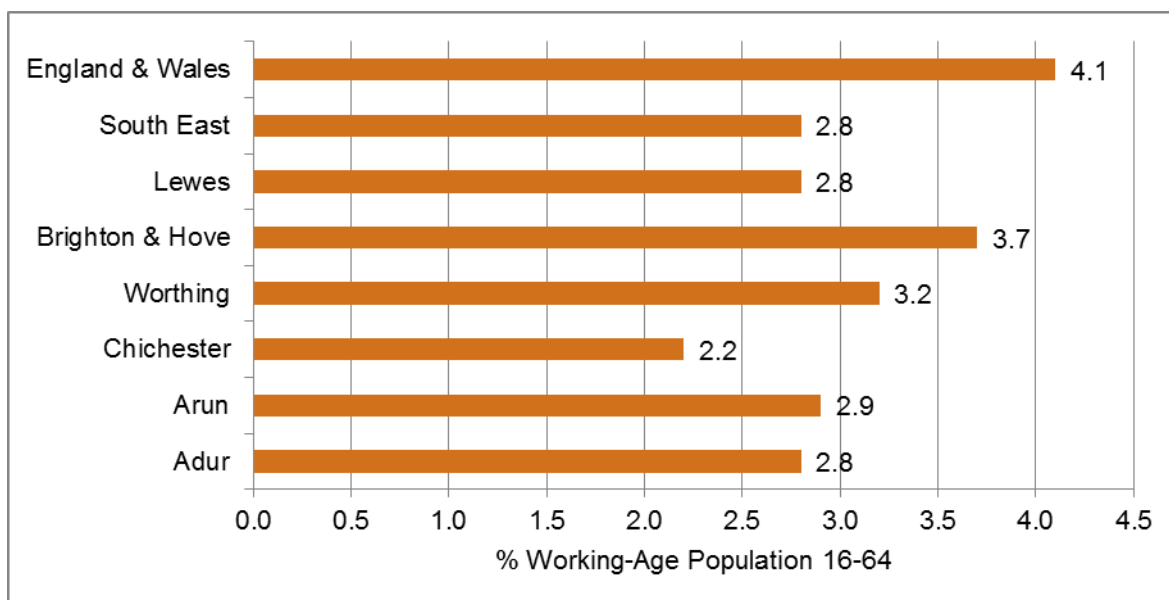
Figure 59: Unemployment, Oct 2010-Sep 2011

	Unemployed (16+)	% Unemployment (% Ec. Active)
Adur	2100	6.7%
Arun	4200	6.2%
Chichester	2700	4.8%
Worthing	3400	6.5%
Coastal West Sussex	12400	6.2%
Wider Housing Market	25700	6.7%
South East		5.9%
England & Wales		7.9%

Source: Annual Population Survey

5.55 The profile of unemployment is also borne out in the latest data on Jobseekers Allowance (JSA) Claimants (Figure 60). The trend in JSA Claimants has been upwards since mid 2010.

Figure 60: JSA Claimants, March 2012

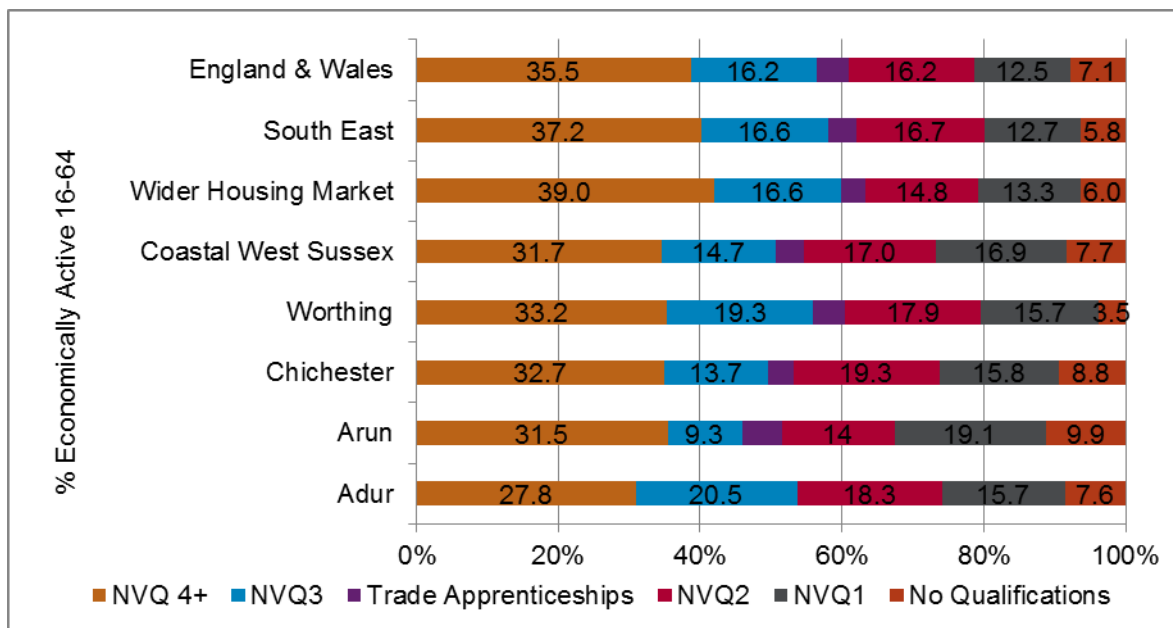


Source: NOMIS

5.56 Turning to consider the skills profile of the resident population, Coastal West Sussex has a below average proportion of people with degree level qualifications (NVQ 4+) at 31.7% (less than a third) of the population aged 16-64 compared to 37.2% across the South East. However performance

across the wider housing market (particularly reflecting the skills profile of Brighton and Hove residents) is notably stronger.

Figure 61: Qualifications of Resident Economically-Active Population, 2010-11



Source: Annual Population Survey

- 5.57 Across Coastal West Sussex there is an above average proportion of people with no or basic qualifications compared to the South East as a whole.
- 5.58 Adur in particular has a low proportion of people with degree-level skills, with a higher proportion with NVQ2 or NVQ3 level qualifications. This partly reflects the industrial structure. Given the presence of a University in Chichester, it is surprising that the skills profile in Chichester District is not stronger. Qualifications levels in Arun are amongst the lowest in the County.
- 5.59 The skills profile partly reflects the existing employment base which is more strongly focused towards lower value-added activities. The skills base does however inhibit the potential of the sub-region to attract and retain higher value activities. This said, there does appear to have been a significant increase in recent years in the population of residents holding higher-level qualifications.
- 5.60 Figure 62 below profiles the occupational profile of residents in work across the housing market and in each of the Districts. This indicates:
 - An above average proportion of people employed in managerial and professional occupations in Arun and Chichester Districts. This may partly reflect the more rural nature of these areas. Arun

however also has a significant proportion of residents employed in lower skilled/paid occupations;

- An occupational structure more biased towards low skilled jobs in Adur. In Worthing the occupational structure is more balanced, focused on middle-level skills.

Figure 62: Occupational Profile, 2010-11

% in Employment	Adur	Arun	Chichester	Worthing	Coastal West Sussex	Wider Housing Market	South East
Managers & Senior Officials	7.9	14.4	14.7	10.2	12.4	12.4	11.4
Professional	16.9	19.2	28.7	14.2	20.1	21.2	21.2
Associate Prof & Technical	18.0	14.2	11.7	16.9	14.8	16.2	15.3
Admin & Secretarial	14.0	11.4	6.5	13.3	11.0	9.7	11.7
Skilled Trades	6.5	7.9	11.4	12.9	10.0	9.1	9.9
Caring, Leisure & Other Services	9.3	10.6	10.1	7.4	9.4	9.5	9.2
Sales & Customer Service	9.1	5.8	5.8	9.6	7.3	7.9	7.4
Process, Plant & Machine	4.9	6.0	3.1	5.1	4.8	4.4	4.6
Elementary	15.3	10.4	7.9	9.8	10.3	9.5	9.3

Policy Implications: Socio-Economic Characteristics

The Sussex Coast Housing Market has an older than average population structure, with an above average proportion of people aged over 60. A growing older population will however equally have important implications on the housing market. This is examined further in Section 10.

Over the last decade we have seen a growing number of single person households (particular in Arun and Chichester Districts in which the older population is larger), as well as couples without dependent children (with notable in-migration of people aged between 55-69). Numbers of family households, with people in their 40s have also grown. However we have seen a declining population of people in their 20s and early 30s. This may be influenced by job opportunities and affordability pressures. It would seem appropriate to plan more positively to retain younger people including to ensure businesses can access appropriate skills to replace those of people moving into retirement.

The sub-regional economy has continued to fall behind other parts of the region. It is characterised by a below average private sector business base and below average productivity. This is influenced in part by the sub-region's more peripheral location within the region and communications links. Employment in the sub-region fell between 2008-10. Through the recession, Chichester District has performed notably better than other areas albeit that high public sector employment is a risk to performance in the medium-term. It has a high employment rate, low unemployment and a strong business density. Arun and Adur in particular have a relatively limited employment base and export workers to surrounding areas. Productivity (and wages) are lowest in Arun District. Brighton and Hove have seen a significant increase in unemployment in recent years.

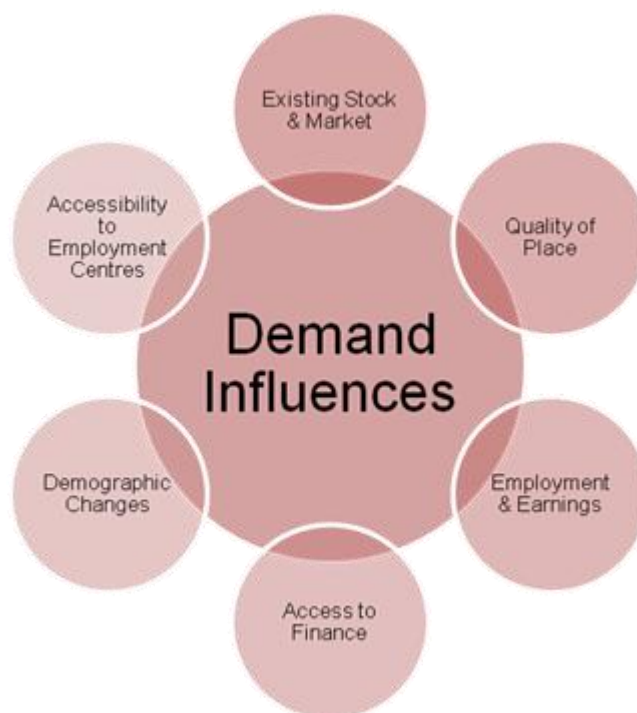
In the short-to-medium term there are opportunities to support economic growth through bringing people back into work. Programmes to combat unemployment, and provide training will help to address deprivation and limit future pressures on the housing market. However the structural challenge is to break the current low skill-low wage equilibrium, and attract higher value economic investment. There are stronger opportunities to do so in the larger towns and through building on the innovation assets such as the sub-region's universities. Improving transport links will also play an important role both in attracting economic investment and supporting access to employment opportunities.

6 HOUSING MARKET DYNAMICS

6.1 This section of the report explores housing market dynamics. It considers key influences on housing demand, looking first at macro-economic factors before moving to consider more local dynamics, building on an interrogation of house prices and sales rates together with qualitative evidence from local estate and letting agents. We draw the analysis together at the end of the section to consider prospects for the housing market.

6.2 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are summarised in the chart below (Figure 63).

Figure 63: Understanding Housing Demand



Source: GL Hearn

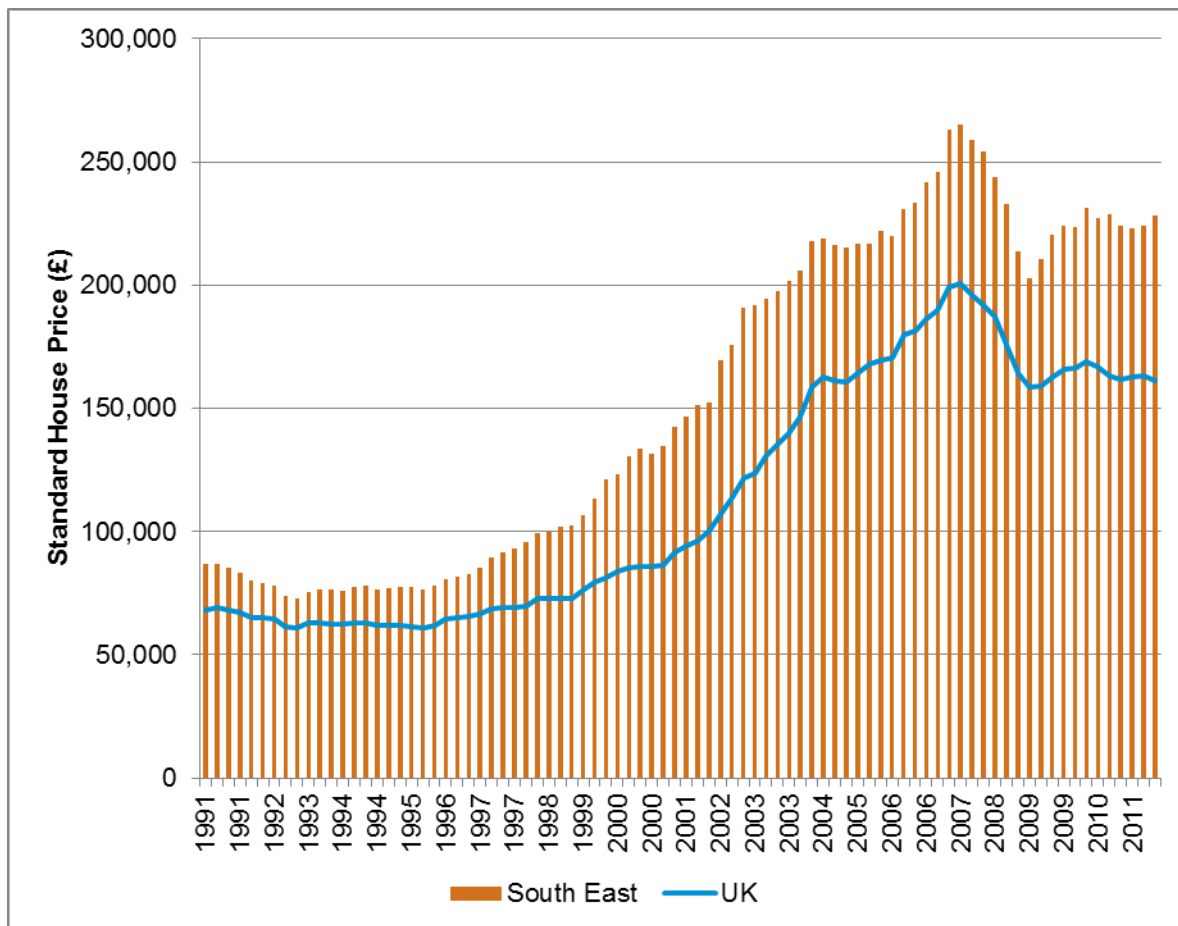
6.3 The housing market is complex. It is influenced by the economy at both a macro-economic level, in terms of interest rates and mortgage availability as well as market sentiment (which is influenced by economic performance and prospects at the macro-level). It is also influenced by the economy at both regional and local levels, recognising that employment trends will influence migration patterns (as people move to and from areas to access jobs), and that the nature of employment growth and labour demand will influence changes in earnings (which influences affordability).

- 6.4 Housing demand over the longer-term is influenced by population and economic trends. Changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products. Economic performance influences migration between different areas.
- 6.5 There are then a number of factors which play out at a more local level, within a functional housing market, and influence demand in different locations. These include quality of place, school performance and the catchments of good schools, the accessibility of areas including to employment centres (with transport links being an important component of this), and the existing housing market and local market conditions. These factors influence the demand profile and pricing, against a context in which households compete within the market for housing. Regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.
- 6.6 Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding Macro-Economic Dynamics

- 6.7 Much has been written over the last few years about economic performance and outlook. The UK economy, as well as a number of the major global economies, experienced an economic recession which lasted six quarters from Q3 2008 until the end of 2009. Over the last two years (2010 and 2011) the economy has grown but relatively weakly. As of early 2012 it has returned to recession.
- 6.8 The Halifax House Price Index (for a standard property) indicates that UK house prices fell sharply between Q4 2007 – Q2 2009. They peaked at £199,766 in Q3 2007. To Q2 2009 they then lost 21% of their value (£42,000) with the price of a standard home falling to £157,767. These trends were replicated in the South East region where prices peaked at £265,200 in Q3 2007 but then fell to £203,000 in Q1 2009 (a loss of 23%).
- 6.9 In the second half of 2009 and early 2010 there was some recovery, however house prices have been broadly stable across the South East during 2011. The latest house price data indicates that the price of a standard property in Q4 2011 lies at £228,500 in the South East and £161,300 across the UK.

Figure 64: Long-Term House Price Trends, UK & South East

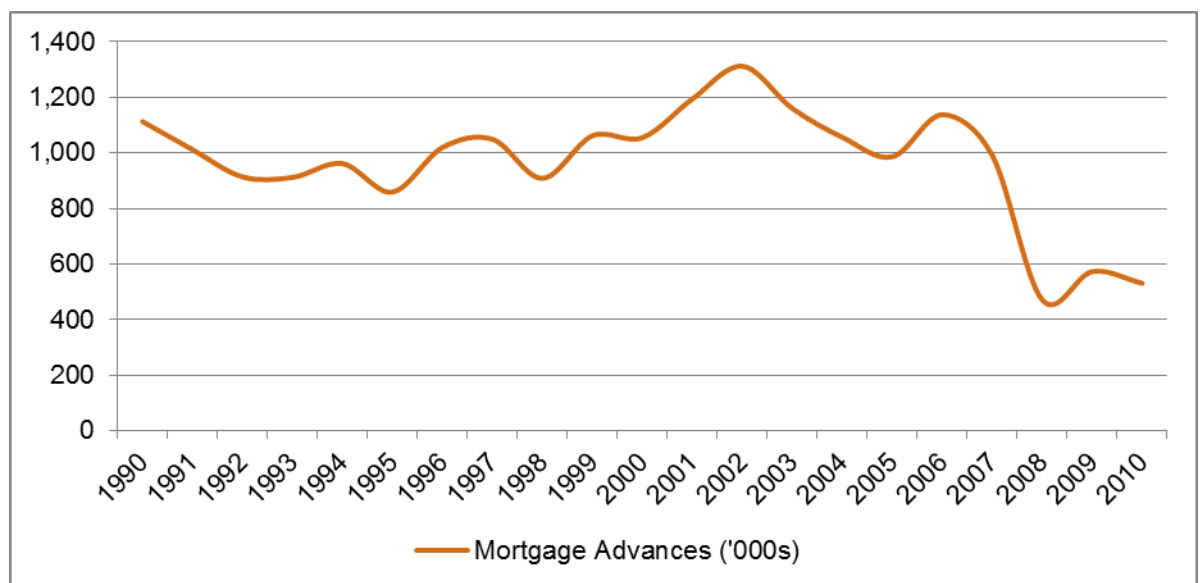


Source: Halifax House Price Index

- 6.10 The downturn in the world economy was led by the sub-prime lending crisis in the United States. This resulted in a fundamental shift in the way banks lent money both between themselves, through wholesale money markets, and to their customers (including both to home purchasers, landlords and developers).
- 6.11 From the second half of 2007, banks began to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. The net effect of this was to reduce liquidity in the financial markets and credit available (resulting in the ‘credit crunch’) and tightening of lending criteria for current and prospective homeowners. This tightening of lending criteria increased ‘barriers’ to entry for marginal mortgage applicants by reducing loan-to-value ratios (LTVs), increasing costs associated with mortgages and reducing the income multiples accepted.

6.12 This has had a significant and sharp impact on the affordability of market housing, with the most noticeably affected being on would-be 'first-time buyers' (FTBs) and buy-to-let (BTL) investors who are particularly reliant on more flexible lending criteria. The levels of both dropped. As a result effective demand for market housing and market activity dropped dramatically. This is shown in Figure 65 which charts long-term trends in levels of mortgage advances.

Figure 65: Mortgage Advances, UK



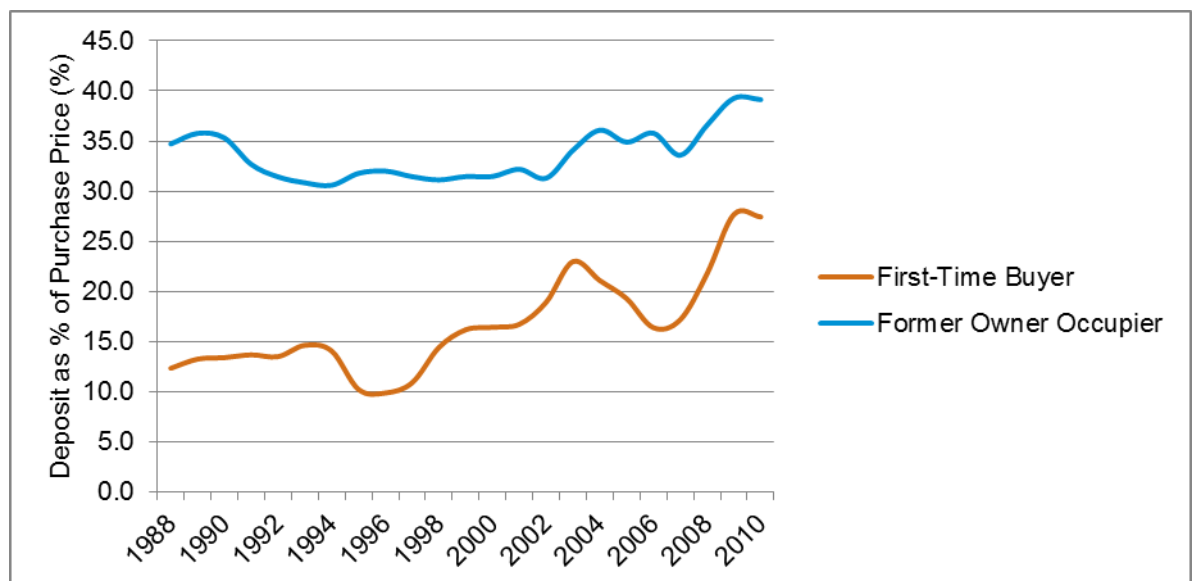
Source: Bank of England Regulated Mortgage Survey

6.13 The chart clearly indicates that levels of mortgage advances were strong in a historical context between 2001-3 and in 2006; but have fallen since the credit crunch to levels less than half those achieved at the peak of the market and around 40% below the long-term trend.

6.14 Figure 66 shows deposit requirements for first-time buyers and existing owner-occupiers. As the availability of mortgage finance increased between 2003-6, the average deposit paid by a first-time buyer fell from 23.1% to 16.4% nationally, supporting housing demand. Housing supply is relatively inelastic and was not able to keep pace; contributing to strong growth in house prices across the country. However since the onset of the credit crunch in 2007, deposit requirements have grown significantly; and stood on average at 27.5% in 2010 for first-time buyers. The latest data from the Council for Mortgage Lenders indicates that the average first-time buyer deposit (nationally) in October 2011 was 20%. The average house price to income was 3.20

6.15 The average deposit for all house purchases across the UK has risen from 29.3% of the property value in 2007 to 35.2% in 2010.

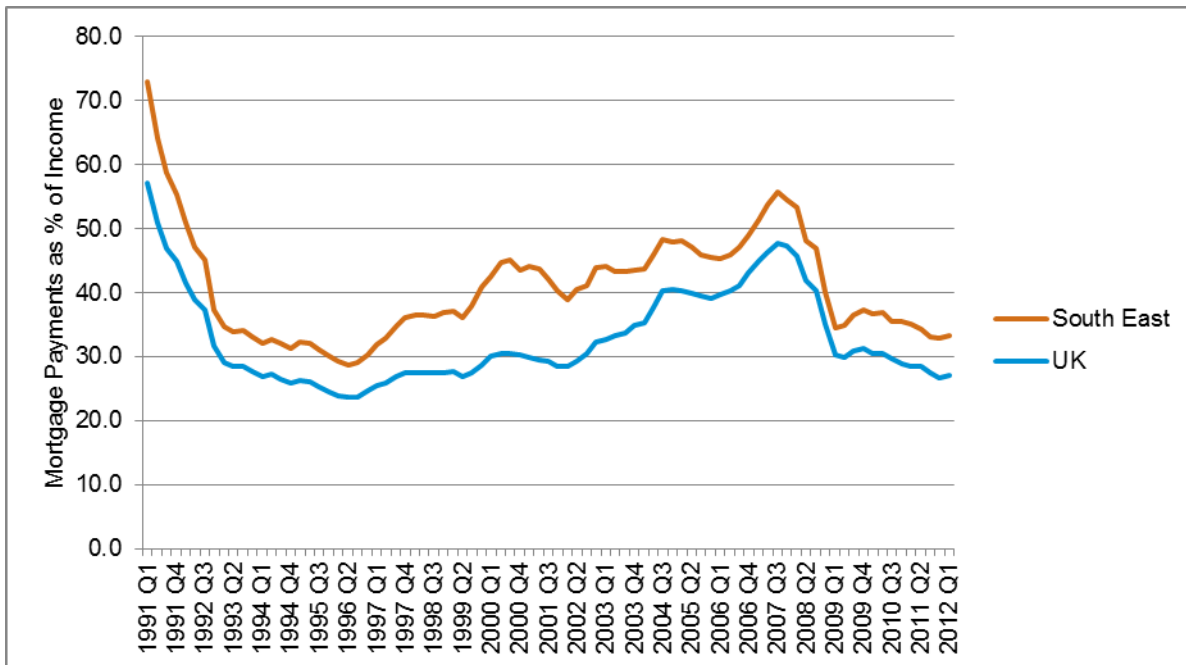
Figure 66: Deposit Requirements as Percentage of Purchase Price, UK



Source: CML Regulated Mortgage Survey

- 6.16 The level of deposits needed by many first-time buyers has led to a significant drop in the levels of buyers. Data from the Council for Mortgage Lenders indicates that levels of first-time buyers (based on mortgage advances) over the last three years, 2008-2010, were half the levels achieved between 2005-7. The latest data suggests volumes of first-time buyer loans in October 2011 were 1% down on a year previously. Younger buyers (particularly those under 30) are heavily reliant in the current market on parents and other relatives for financial support in getting on the housing ladder (the so called 'bank of mum and dad').
- 6.17 The need for savings or equity however is not just an issue for first-time buyers, but existing recent buyers and those without a large equity cushion. Funding constraints apply across the whole market, with gross lending in 2011 according to CML estimates of around £138 billion very moderate relative to their £360 billion pre-credit crunch peak.
- 6.18 Savings are the key constraint for potential new buyers. Indeed the persistence of low interest rates has helped to make monthly mortgage payments for first-time buyers the most affordable (at a national level) for almost eight years at 12.3% of income in October 2011 according to the Council for Mortgage Lenders highlighting the current affordability of monthly interest payments. Figure 67 uses a slightly different measure to indicate long-term trends in the balance between housing costs and incomes. With reductions in house prices and low interest rates, market housing is now as affordable as it was in the late 1990s on this measure.

Figure 67: Affordability of Market Housing – Mortgage Payments as Percentage of Income



Source: Halifax House Price Index

- 6.19 However despite its relative affordability, effective demand remains weak. The sharp reduction in demand experienced since 2007 is demonstrated by the drop in sales of residential property. Current sales in the UK relative to the size of the housing stock (i.e. the turnover of homes in the private sector market) are currently the lowest for more than 40 years.⁸ The absence of new entrants to the market, restrictions on movement for those without significant savings or equity, and market confidence are combining to result in very low levels of activity, synonymous with low levels of ‘effective’ market demand for home purchases.
- 6.20 The Council for Mortgage Lenders’ (CML) December 2011 Market Commentary describes some of the underlying drivers of current/ recent dynamics. Overall mortgage lending has been pretty flat for some while (which is substantiated by the sales analysis above). Prior to Summer 2011, wholesale funding conditions were getting easier and UK banks were making headway in repaying Government lending. Improvement in credit availability was resulting in improvements in the number of mortgage deals available, greater completion for lower loan-to-value business and a modestly growing risk appetite.
- 6.21 There was also a relatively strong pick-up in buy-to-let lending in 2011. The CML describes some of this as a ‘bounce-back’ following the credit crunch; but notes that the combination of strong

⁸ CML (Feb 2011) *Problems for First-Time Buyers*

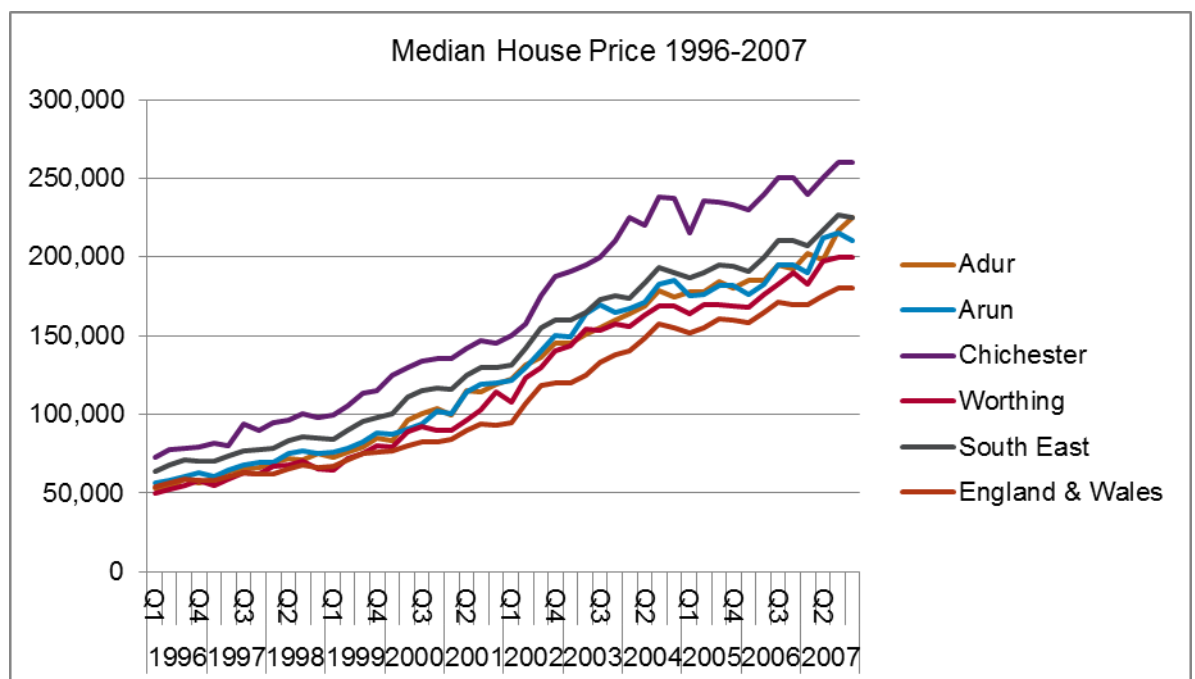
demographics, limited new-build and affordability pressures facing potential home-buyers has resulted in strong rental demand and upward pressure on rents. We concur with this view.

6.22 However in the second half of 2011, gross mortgage lending turned downwards. The escalating debt crisis in the Eurozone has resulted in a reduction in access to wholesale funding. Long-term unsecured wholesale markets remain effectively closed and this is continuing to restrict housing market performance (sales).

Housing Demand Indicators in Coastal West Sussex

6.23 Over the decade to 2007 median house prices grew strongly, increasing by 189% across the South East (and 190% nationally) with stronger growth still across Coastal West Sussex. In proportional terms house prices grew strongest in Adur (240%) and Worthing (223%) over this period. In Arun median prices grew by 202% in Chichester by a more moderate 108%. Median prices in Chichester however continued to be significantly above average relative to the region and the other three Districts. In all areas growth in house prices was strongest between 2002-2005.

Figure 68: Median House Prices, 1996-2007



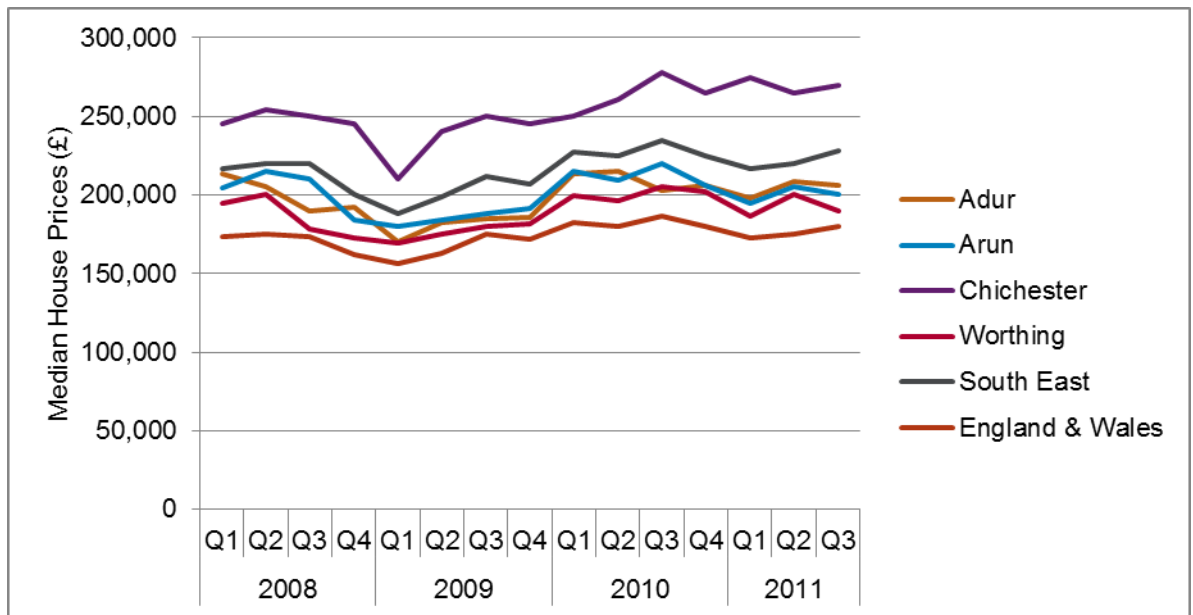
Source: HMLR

6.24 House price dynamics since 2007 have been quite different. Between Q3 2008 – Q3 2011 house prices have grown by 3.6% across the South East and 3.7% across England and Wales. Taking account of inflation over this period, house prices have fallen in real terms.

6.25 In Coastal West Sussex the strongest growth in prices has been in Adur District (8.7%) and Chichester District (8.0%) over this three year period with stronger growth recorded than average for the region. In contrast growth has been more moderate in Worthing (6.3%) whilst median house prices have fallen by -4.5% in Arun District.

6.26 Chichester District's stronger housing market performance corresponds with (and has potentially been influenced by) its stronger economic characteristics and recent performance.

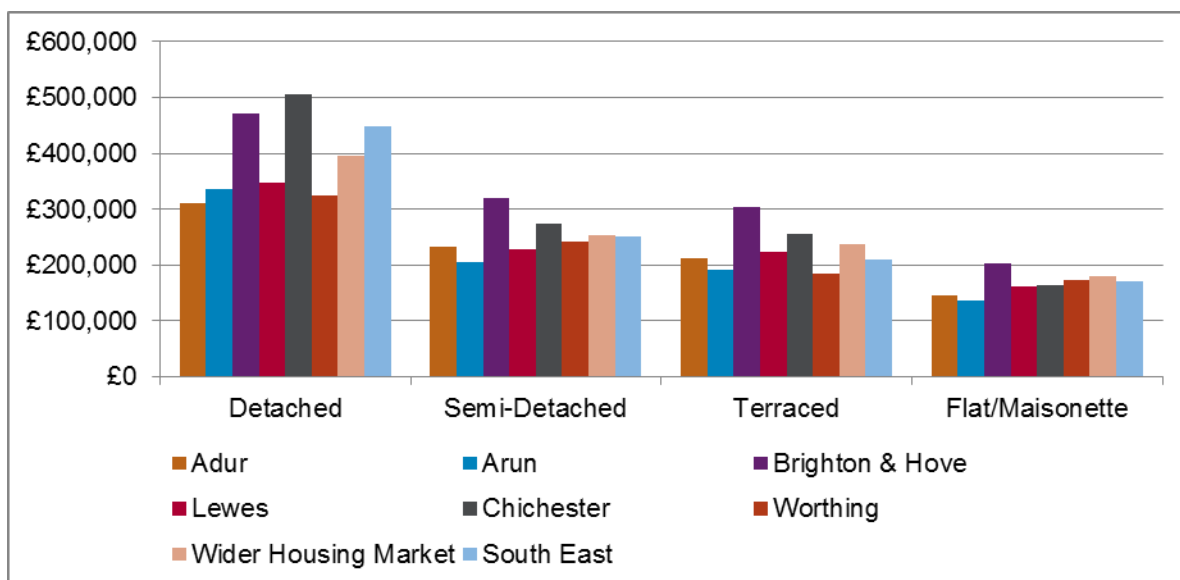
Figure 69: Median House Price, 2008-11



Source: HMLR

6.27 HM Land Registry (HMLR) has begun to make price data available on a month by month basis from February 2012. We have used HMLR data to assess average prices for sales in each District between February- April 2012. This is indicated below.

Figure 70: House Prices by Property Type



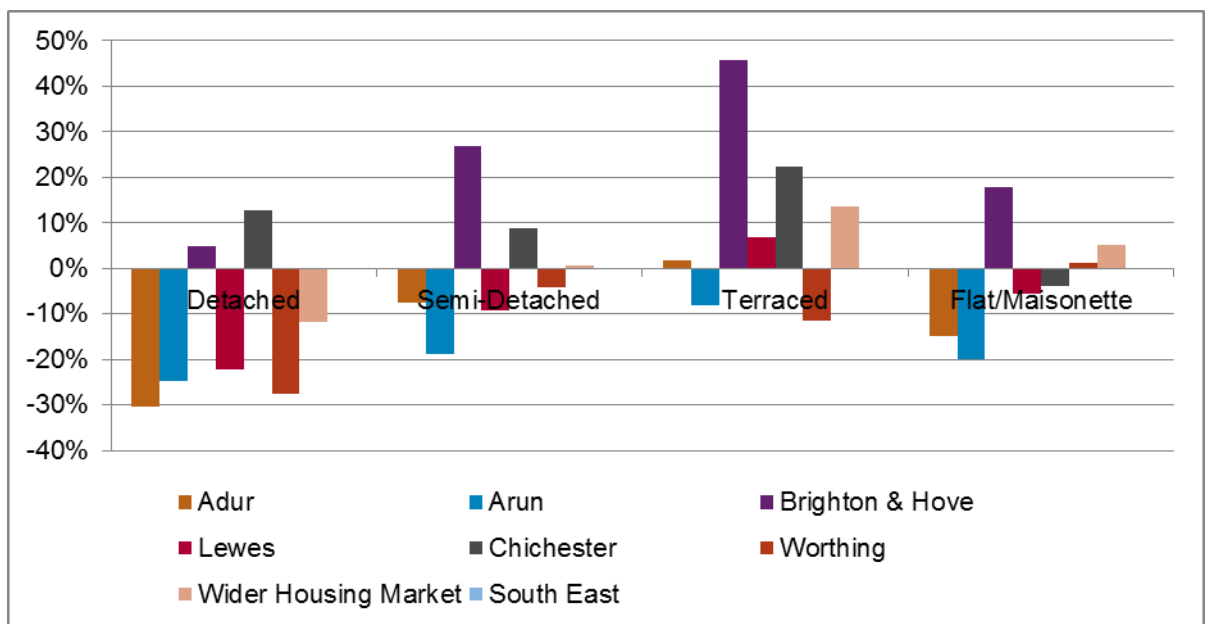
	Detached	Semi-Detached	Terraced	Flat/Maisonette	All Types
Adur	£311,541	£233,128	£212,657	£146,044	£218,738
Arun	£337,015	£204,342	£192,172	£137,566	£223,068
Brighton & Hove	£470,383	£319,606	£304,817	£202,545	£266,918
Lewes	£348,239	£228,291	£223,459	£162,361	£248,008
Chichester	£506,167	£273,815	£255,722	£165,256	£342,231
Worthing	£324,743	£241,446	£185,015	£173,718	£218,310
Wider Housing Market	£395,552	£253,154	£237,510	£180,454	£254,131

Source: HM Land Registry (Feb-April 2012)

- 6.28 Across the housing market, the most expensive housing is detached. There is a particular price premium for detached homes relative to other property types. Prices for flats/maisonettes are notably higher in Brighton and Hove followed by Worthing and Chichester Districts (indicating stronger demand) relative to other areas.
- 6.29 Figure 71 below provides an analysis of house prices for different types of property relative to the South East average (April 2012). It indicates above average house prices (and thus stronger relative demand) in Brighton and Hove (particularly for semi-detached and terraced homes) and for houses (rather than flats) in Chichester District.

6.30 In Adur, Arun and Worthing demand appears to be relatively stronger (compared to other house types) for semi-detached and terraced homes. In Worthing demand is stronger in relative terms for semi-detached homes and flats/maisonettes.

Figure 71: House Price Differentials relative to South East Average (Spring 2012)



Source: HMLR

6.31 We have used HMLR data to analyse differences in house prices between different districts. We have supplemented this with data from the Zoopla House Price Index which records the price of a standard property to assess relative housing costs. Changes in house prices over the last year and three years are also shown (although these should be treated with caution).

6.32 Figure 72 indicates that Lancing and Bognor Regis have the lowest house prices in Coastal West Sussex. They have also seen the weakest growth in house prices over the last year and three years (and indeed average house prices have declined in Bognor Regis over this period). This indicates relative weaker housing demand in these areas.

6.33 At the opposite end of the spectrum, Midhurst and Petworth – both within the National Park – have the highest house prices, and have seen the strongest relative growth over the last three years (albeit that in both prices have fallen over the last 12 months). It should be noted that for smaller settlements such as these that average prices and price trends are based on lower volumes of sales and should thus be treated with some caution. However the evidence points towards stronger relative demand, reflecting the strong quality of place which these settlements

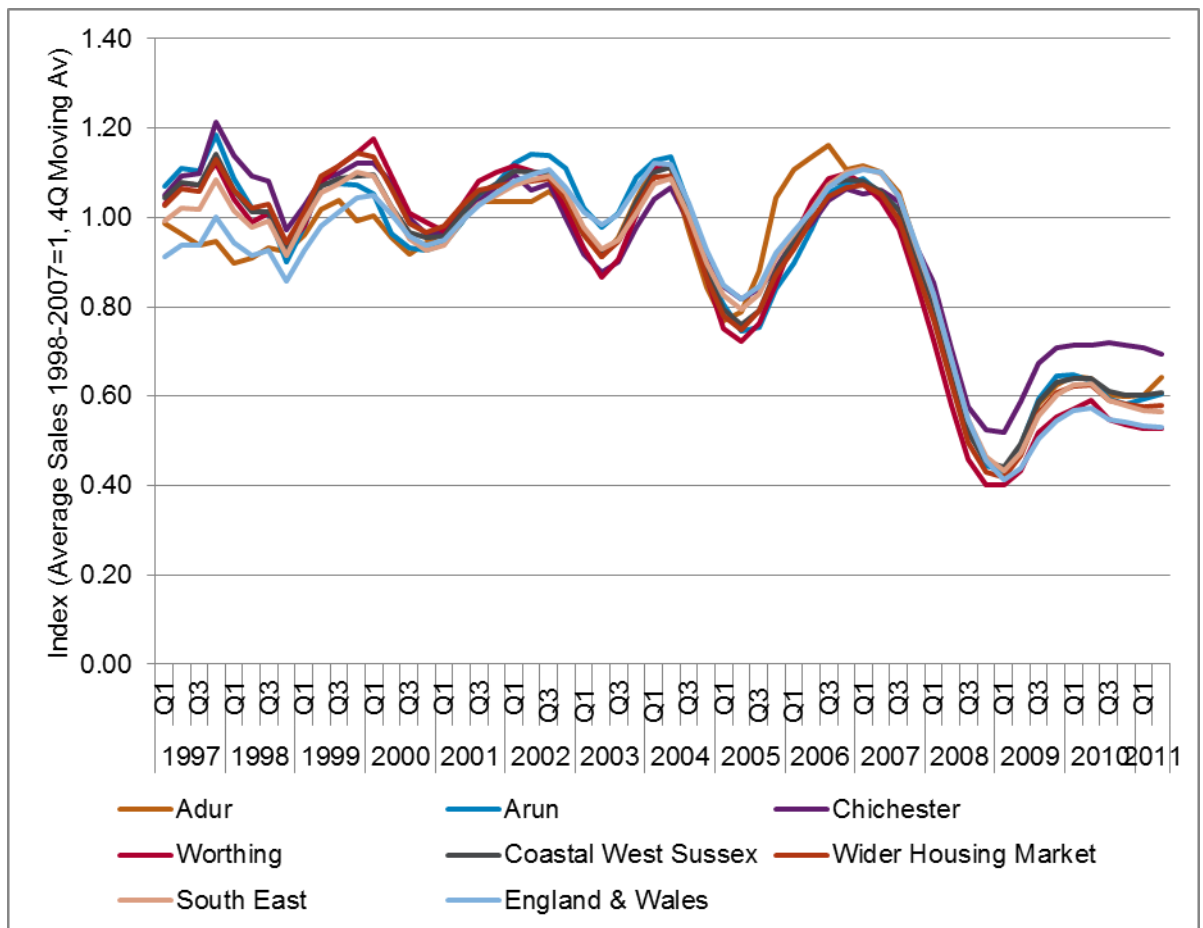
Figure 72: Prices & Price Changes for a Standard Property

	House Price, April 2012	House Price Change: 12 Months	House Price Change: 3 Years
Lancing	£192,263	£21	£10,104
Bognor Regis	£212,855	-£10,039	-£4,619
Worthing	£223,679	£654	£13,840
Littlehampton	£225,564	-£2,750	£13,983
Shoreham	£250,642	-£3,182	£19,551
Brighton	£262,483	£1,846	£28,047
Angmering	£287,913	-£3,512	£17,836
Chichester	£289,617	-£24,120	£14,838
Hove	£302,051	-£1,844	£30,276
Arundel	£307,119	£5,721	£14,591
Midhurst	£352,287	-£4,247	£32,793
Petworth	£494,343	-£5,584	£46,744

Source: Zoopla

- 6.34 Within the sub-region, house prices are above average in both Chichester and Arundel. However Chichester has seen a notable drop in house prices over the last 12 months. House prices in rural areas are generally above those in the urban areas and market towns across the Housing Market.
- 6.35 Next we turn to consider sales. We regard sales trends as indicative of effective demand for market housing. Figure 73 provides an indexed analysis of quarterly sales where 1 is the average sales by quarter over the decade to 2007 (akin to normal market conditions).
- 6.36 The market is clearly cyclical and we can see a market 'dip' in 2005, linked to a rise in interest rates. However the analysis indicates a substantial drop in sales in 2008 to a point almost 50% below the long-term trend. There was some recovery in 2009 but since this point, market recovery has stalled. Sales since 2009 have continued at around 40-50% down on the long-term trend.

Figure 73: Quarterly Sales Trends, 1997-2008



Source: HMLR/CLG

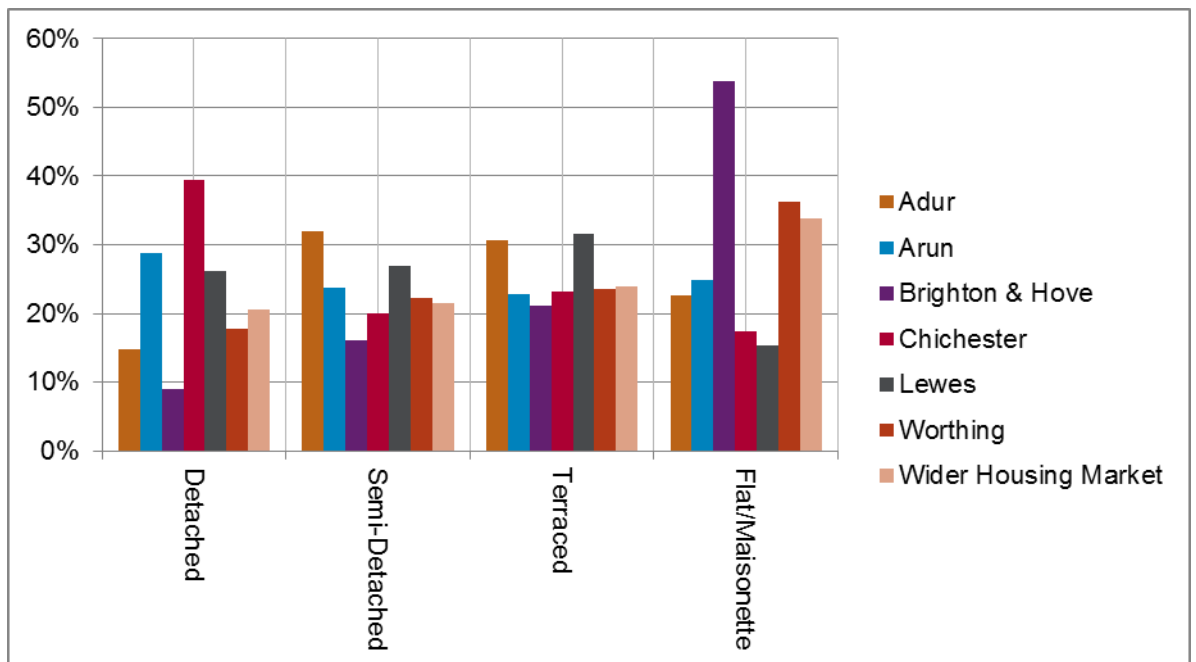
6.37 Performance however varies slightly by area. Notably, Chichester District has performed more strongly – it saw less of a drop in sales in 2008 than other Districts, and has seen a stronger recovery. Sales in Q3 2011 however remained 31% below the long-term trend. Across Coastal West Sussex sales were 41% down on trend compared to 41% across the South East. Worthing has performed comparatively less strongly with sales 47% down on the long-term trend as at Q3 2011.

6.38 Access to mortgage finance is a key constraint to market performance here, impacting on levels of first-time buyers and investment purchases towards the bottom of the market in particular. This has a cascading impact on overall market vitality and confidence (and impacts on chains of sales).

6.39 Figure 74 analyses the profile of recent property sales by type. This indicates the following:

- Chichester District's stronger sales performance most likely reflects a profile of housing stock and sales which is more strongly biased towards detached homes. The profile of buyers for these homes are likely to have significant equity in existing homes and be less impacted by mortgage finance constraints;
- The housing offer and market demand in Adur District is focused more towards mid-market family homes, with sales dominated by semi-detached and terraced housing stock;
- In contrast in Brighton and Hove, flatted stock dominates the housing offer. The housing market in Brighton is therefore currently more strongly impacted by mortgage finance constraints than other areas (with sales 45% down on long-term trends);
- This is true to a slightly lesser degree in Worthing which also has a higher proportion of sales of flats/maisonettes (36%) than other areas. Sales are 47% down on long-term trends which is higher than the South East average;
- Arun District has a similar profile of sales of different house types (relative to the other Districts), with the highest proportion of sales of detached homes. Sales are 39% down on long-term trends. Weaker housing market conditions appear to be influenced more by demand factors than the stock profile in Arun District.

Figure 74: Sales by Property Type, Feb-April 2012

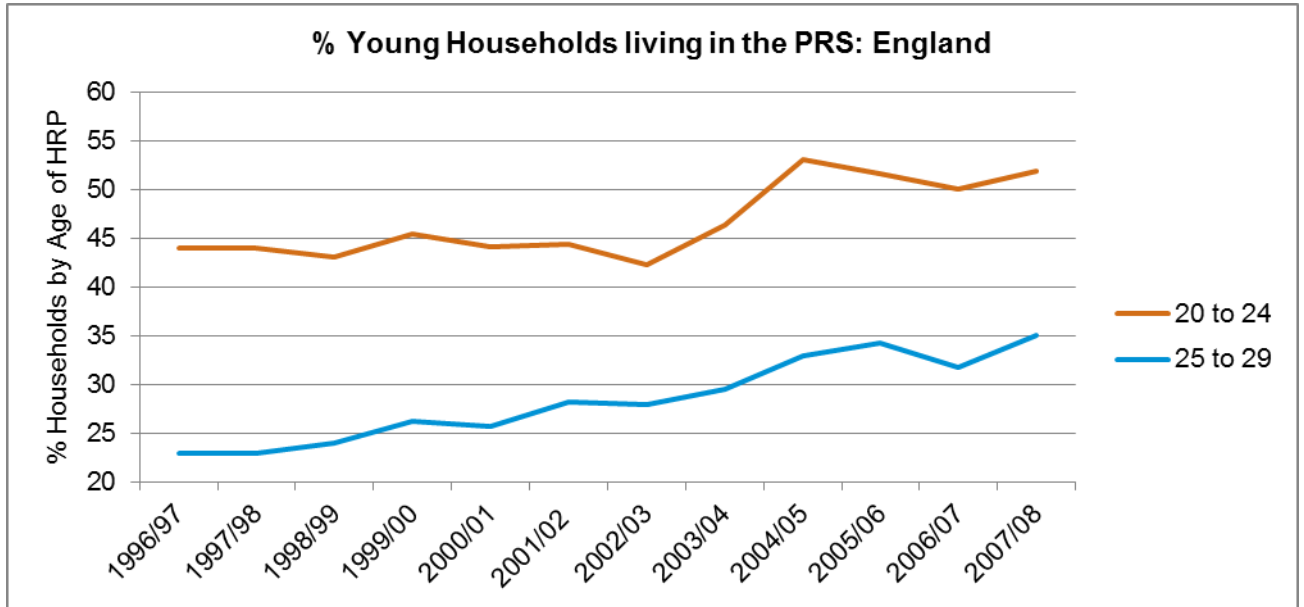


Source: HMLR

The Private Rented Sector

- 6.40 The private rented sector is an important part of the housing spectrum in an area. In British conditions it is often not a long-term choice but is an important transitional tenure. In many cases the private rented sector is a stage in the progress of a household moving into owner-occupation, but can also be a stage in the move of a household into social rented housing.
- 6.41 One of the challenges with the Private Rented Sector is that there is a lack of data on how the size of the sector has been changing and the turnover of homes. At a national level, a rising housing market prior to 2008 and the availability of buy-to-let mortgages, has led to substantial growth in the Private Rented Sector over the last decade.
- 6.42 Data from the English Housing Survey shows that the size of the private rented sector has increased by 1.8 million households between 2000 to 2010 from about 2.1 million to 3.9 million. This represents an increase of over 85% in the number of households in this tenure group. Indeed the growth in the number of households in the private rented sector is in excess of the growth of all households nationally – it has been the principal growing sector within the overall housing market over the last decade.
- 6.43 In the South East, the English Housing Survey indicates that the sector has grown by over 70% between 2000-10. It has increased from housing 10.3% of all households to 16.5% over this period.
- 6.44 The impact of the private rented sector on market dynamics is stronger still as it has the highest turnover of sectors within the market, with a turnover of 32% of properties per year nationally.
- 6.45 In the period from 2001 to 2007/8 it seems likely that much of the growth in the private rented sector was due to the availability of buy-to-let mortgages which encouraged people to invest in the sector. Along with the capital gains typically seen in the period, housing was seen as a good investment. Data from the English Housing Survey suggests a substantial growth over this period in the proportions of young households (aged under 30) being housed in this sector. Figure 75 indicates a growing proportion of households in their 20s living in private rented accommodation.

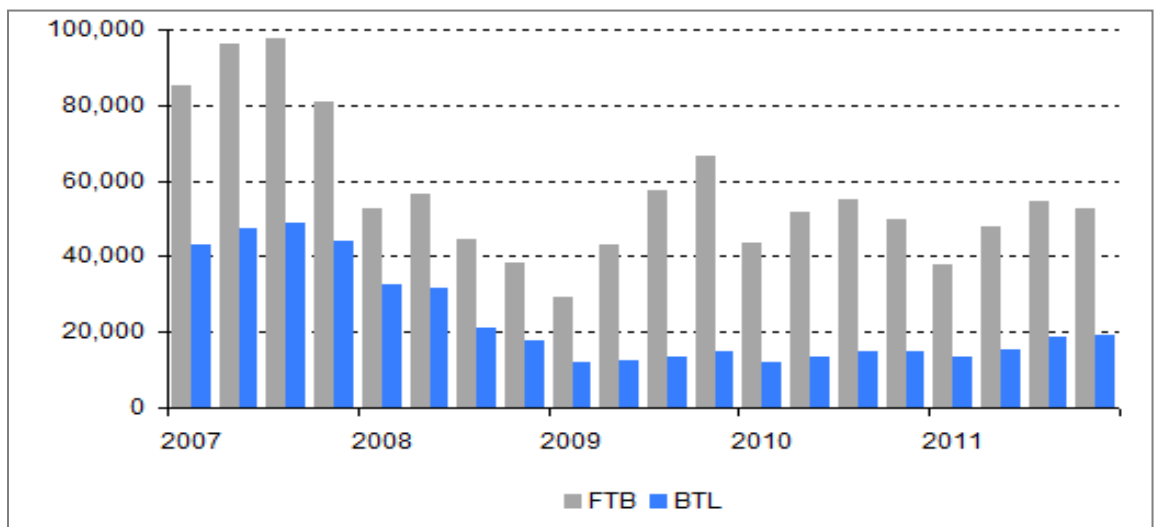
Figure 75: People in their 20s living in Private Rented Accommodation, England



Source: English Housing Survey

6.46 The continued growth in the size of the sector since the economic downturn is likely to be less driven by the supply through buy-to-let and more due to economic conditions. The economic downturn has reduced access to mortgage finance whilst investors are seeing reduced prospects for capital growth. Although yields have improved significantly, we have seen a notable drop off in Buy-to-Let lending, with just 66,000 loans granted in 2011 (just 8% of all mortgage advances).

Figure 76: First-time Buyer and Buy-to-Let Lending, England



Source: Council for Mortgage Lenders

- 6.47 With the reduction in buy-to-let activity we have also seen growth in what might be described as 'reluctant landlords' – those who ordinarily might have sold their home before moving but choose to rent it out due to difficulties finding a buyer.
- 6.48 Over the last few years many households who might otherwise have become homeowners have continued to rent as they are not able to obtain a mortgage or feel that it is the wrong time to buy. Unemployment has also been feeding into repossessions. We have also (as discussed) seen a rise in benefit claimants within the sector (in part linked to the supply of affordable housing).
- 6.49 To consider current dynamics within the Private Rented Sector we have sought to draw on research by ARLA (its latest ARLA Review & Index for Q4 2011). The ARLA Q4 2011 Review and Index indicates that at a national level:
- Rental levels continue to rise across all types of property as demand exceeds supply, however demand has seen quite a sharp decline in the latest quarter with a drop in the number of agents reporting more tenants than properties available;
 - The proportion of ARLA members who think landlords are currently buying properties has increased marginally to 20%, however there are also properties coming onto the market which cannot be sold (predominantly detached and semi-detached properties);
 - Most landlords however continue to take a long-term view, with the average life expectancy of residential lettings properties being 19.4 years. Over 80% of landlords expect to keep their properties for 10 or more years;
 - Tenants are staying in rental properties for longer, with the average tenant staying for a period of 19.3 months; however there has been some increase in the last 6 months in tenants struggling to meet rental payments (which may feed into possessions).

Market Outlook

- 6.50 In the short term the housing market is likely to continue to be affected by a number of macro economic factors. UK economic growth is relatively weak at the time of writing in early 2012 (indeed the UK economy has returned to recession).
- 6.51 Consumer and business confidence remains fragile, with risks associated with economic weakness in countries in the Eurozone (which are major export markets for UK businesses) and vulnerability to further financial shocks affecting the global banking system and capital markets which could result in further lending / mortgage finance constraints and potentially further Government borrowing. Weak economic performance in the short-term plays through into housing market confidence (and thus activity). However on a more positive side, it looks like interest rates will remain at historically low levels for some time.
- 6.52 The Office for Budget Responsibility indicates that real household disposable income was expected to contract in 2011. The near-term outlook, is highly uncertain and much would seem to depend upon how households respond to the painful rebalancing of the economy that is taking place. In the

medium-term public sector spending restraints (currently forecast to 2017) are likely to constrain economic growth potential.

- 6.53 On this basis, the macro-level outlook in regard to employment growth, economic confidence and household incomes is likely to constrain growth in housing market activity ('effective demand') in the short-term. Support from low interest rates has been shown to be insufficient to counter the downside factors in 2011, and prices may well fall more substantially in 2012 than they did in 2011.
- 6.54 Knight Frank forecast a reduction in prices of -4.1% in 2012 in the South East, with house price growth returning from 2013 (much earlier than other UK region). However it will be post 2016 before price growth, Knight Frank predict, returns to near long-term trends. House prices within the mainstream market are predicted to return to their 2007 peak by 2016. Inflation-adjusted it is predicted this will not occur until the late 2020s.
- 6.55 An extended period of low transaction numbers and price falls in real terms of forecast. While Knight Frank forecast that transaction levels will improve, they are not expected to return to pre-2007 levels in the next 5 years.
- 6.56 There is however a 'downside risk' in that should the Euro collapse there could be a further seizure of inter-bank lending and credit availability, with similar implications for the housing market as in 2008.

Policy Implications: Housing Demand

The housing market is currently subdued with sales levels a substantial 40% down on long-term trends. This reflects constraints on access to mortgage finance and households' ability to save. It particularly reflects the size of deposit required by households to secure a competitive mortgage. Price signals indicate a particular premium for detached housing in Chichester District reflecting the District and City's high quality of place offer. In Adur and Arun, the market is more biased towards mid-sized homes (2 and 3 beds) with significant demand from older households in Arun, and from families in Adur.

Over the last 10 years we have seen significant growth in demand for private rented housing, including from households who are currently unable to buy. This has driven growth in rents, contributing to affordability pressures. Looking forward it seems likely that the private rented sector will continue to be the key growth sector in the housing market.

Within the sub-region, market performance in 2012 is relatively stronger in Chichester District. In contrast it is weakest in Arun District in which sales are -39% below long-term trends, and prices in late 2011 remained -4.5% below those at the peak of the market.

We expect current subdued housing market conditions to gradually improve over the next four years, although this will be dependent on the resolution of the Eurozone crisis. This can be expected to feed through into new housing delivery. There is however a notable risk that a Eurozone default could trigger a further 'credit crunch' with significant impacts on the housing market. This would lead to further subdued rates of household formation and continuing strong demand for private rented accommodation.

7 NEED FOR AFFORDABLE HOUSING

Introduction

- 7.1 In this section we discuss levels of housing need in each of the four local authorities making up the West Sussex Coastal Housing Market area.
- 7.2 Housing need is defined in SHMA guidance⁹ as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing.
- 7.3 Affordable housing is defined in the National Planning Policy Framework¹⁰ as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.
- 7.4 Government guidance on Strategic Housing Market Assessments¹¹ sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been used herein.
- 7.5 It should be recognised that in establishing housing requirements, evidence of both housing need and demand should both be considered. This section, addressing housing need specifically, needs to be considered alongside the evidence of demand presented; and the demographic and economic-led projections of housing requirements. Land availability, infrastructure requirements, viability (as well as funding available for affordable housing), Sustainability Appraisal and the views of the local community and wider stakeholders also need to be considered in the development of planning policy. It is not a simple predict and provide issue.
- 7.6 The analysis of housing need begins with a study of income levels and housing costs, both to buy and rent in the market sector, in each of the four areas before moving on to look at estimated levels of need for affordable housing and the extent to which this need might be able to be met through intermediate housing products (including Affordable Rented Housing).
- 7.7 The analysis is based on secondary data sources. It draws on a number of sources of information including the Housing Register, demographic projections and Experian income information.
- 7.8 The housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment

⁹ CLG (2007) *Strategic Housing Market Assessments – Practice Guidance (V2)*

¹⁰ CLG (March 2012) National Planning Policy Framework

¹¹ CLG (2007) *Strategic Housing Market Assessments – Practice Guidance (V2)*

– as well as the existing supply of affordable housing (and that within the development pipeline) which can be used to meet housing need. On this basis, estimates of housing need are provided in this section for the five year period between 2011 and 2016. Towards the end of the section, we then discuss the usefulness of the housing needs analysis in considering longer-term housing requirements.

Key Definitions

7.9 We begin by setting out key definitions relating to housing need, affordability and affordable housing.

- **Housing Need:** Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market. In this assessment we have based this measure on information from the Housing Register.
- **Newly-Arising Need:** Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future (measured annually). In this assessment we have used trend data from the Housing Register and also demographic projections about the number of new households forming (along with affordability) to estimate future needs.
- **Supply of Affordable Housing:** An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.
- **Affordability:** Affordability is assessed by comparing household incomes, based on income data provided by Experian, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:
 - A. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income;
 - B. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income.

It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is required for the more attractive mortgage deals. However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact on the overall assessment of housing need is limited.

- **Affordable Housing:** The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF¹².

"Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*

¹² CLG (March 2012) National Planning Policy Framework

- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”*
- Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing.
- **Social rented housing** is defined as¹³:

Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.

- **Affordable rented housing** is defined as¹⁴:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent¹⁵.”

*The definition of **intermediate housing** is shown below¹⁶:*

“Intermediate affordable housing is ‘Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.”

7.10 As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in Coastal West Sussex.

Survey of Local Prices & Rents

7.11 An important part of the assessment of housing need is to establish the entry-level costs of housing to buy and rent. This housing needs assessment then compares this with the incomes of households within the HMA to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a ‘housing need.’

7.12 In this section we establish the entry-level costs of housing to both buy and rent in each of the four districts used in analysis. Our approach has been to carry out a desktop survey using internet sources. For each area we looked at prices and rents for different sizes of property from one to four bedrooms.

7.13 Figure 77 below shows estimated lower quartile property prices obtained from this search. The prices have been reduced slightly (on average by about 8%) to take account of the difference between asking prices and prices paid based on information from the Hometrack website.

¹³ CLG (March 2012) National Planning Policy Framework

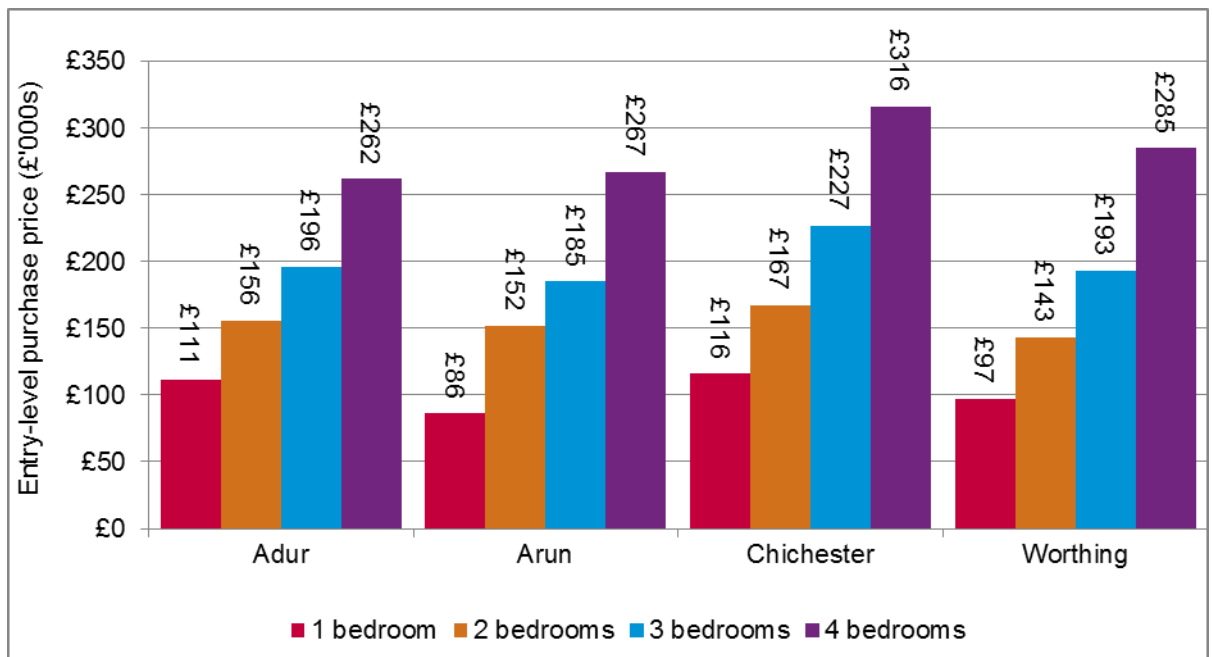
¹⁴ CLG (March 2012) National Planning Policy Framework

¹⁵ Including service charges where applicable

¹⁶ CLG (March 2012) National Planning Policy Framework

7.14 The data shows some notable differences between areas with prices in Chichester being higher than for any other area for all sizes of accommodation. Arun shows the lowest prices followed by Worthing. Overall, prices are estimated to start at about £86,000 for a one-bedroom home in Arun and rising to £316,000 for four bedrooms in Chichester. The figures exclude restricted age units such as older persons sheltered accommodation which in Chichester in particular can distort the market for smaller units.

Figure 77: Entry-level Purchase Price by District



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

7.15 Within each area (other than Worthing) we looked at different sub-areas and below we have provided an indication of entry-level prices in each of these smaller locations. Due to small sample sizes in the Chichester North East sub-area figures have been merged with those for the Chichester National Park area. The evidence that was available tended to support prices in these two areas being broadly similar.

7.16 The data shows some notable variations within districts. In Adur it is clear that prices are higher in the East (areas such as Shoreham, Southwick and Fishergate) which may to some degree be influenced by the Brighton market. In Arun the data shows much lower prices in Littlehampton and Bognor Regis than other locations whilst in Chichester prices for smaller homes appear highest in Chichester City whilst larger homes are more expensive in the north of the District including the National Park. Chichester South shows the lowest prices for most accommodation sizes within Chichester District.

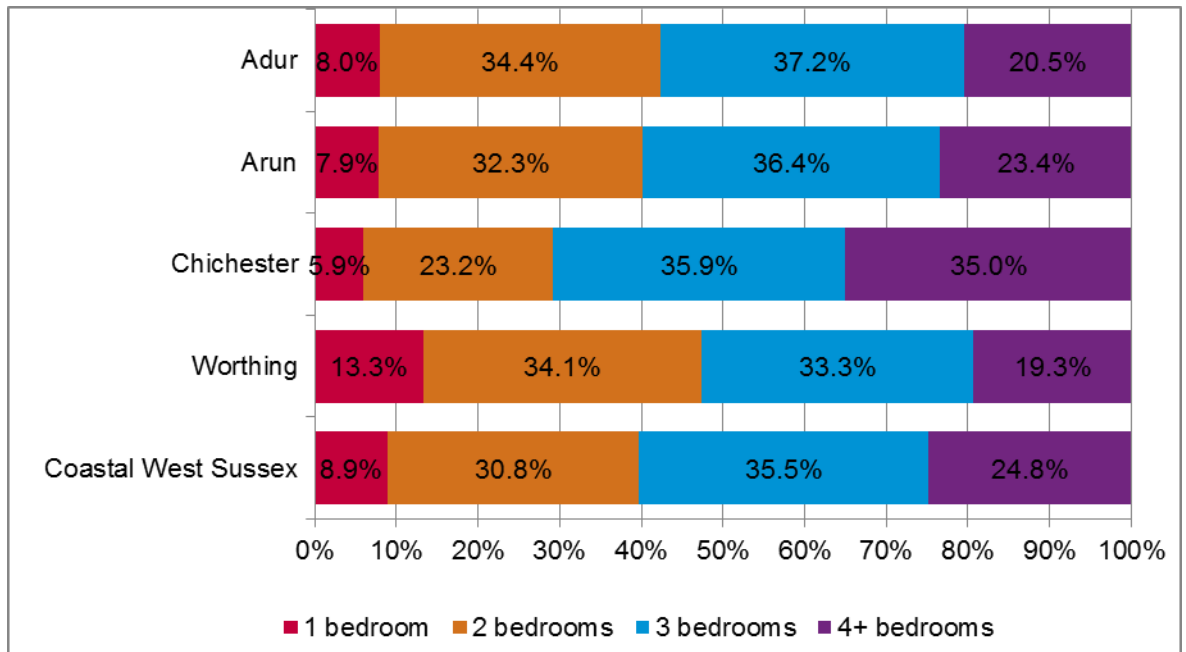
Figure 78: Estimated Entry-Level Purchase Price by Sub-Area

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Adur – West	£101,000	£156,000	£166,000	£239,000
Adur – East	£126,000	£156,000	£212,000	£276,000
Arun – Littlehampton	£74,000	£147,000	£170,000	£248,000
Arun – Bognor	£80,000	£129,000	£175,000	£248,000
Arun – National Park	£143,000	£212,000	£276,000	£377,000
Arun – Other	£106,000	£198,000	£214,000	£301,000
Chichester –City	£124,000	£179,000	£230,000	£281,000
Chichester – NP & NE	£113,000	£174,000	£256,000	£368,000
Chichester - South	£106,000	£156,000	£207,000	£290,000
Worthing	£97,000	£143,000	£193,000	£285,000

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

- 7.17 An apparent anomaly in the data can be seen for 2-bedroom homes in Adur-West (which shows the same estimated price as Adur-East when all other sizes of home are notably cheaper. This finding was correct at the time of the market survey being carried out and has been heavily influenced by a high proportion of 2-bedroom flats being on the market in Adur-East whilst in Adur-East a greater proportion of 2-bedroom homes are houses (which tend to be relatively higher priced).
- 7.18 Figure 79 below shows the volume of properties for sale in each of the districts. The data shows that in all areas the majority of properties available have two- or three- bedrooms. Chichester shows the lowest volume of one bedroom homes (6%) which compares with around 13% in Worthing. At the other end of the scale Chichester shows the highest volume of four or more bedroom homes – making up around 35% of all properties available. All other areas show around 20% of available stock to have four or more bedrooms.

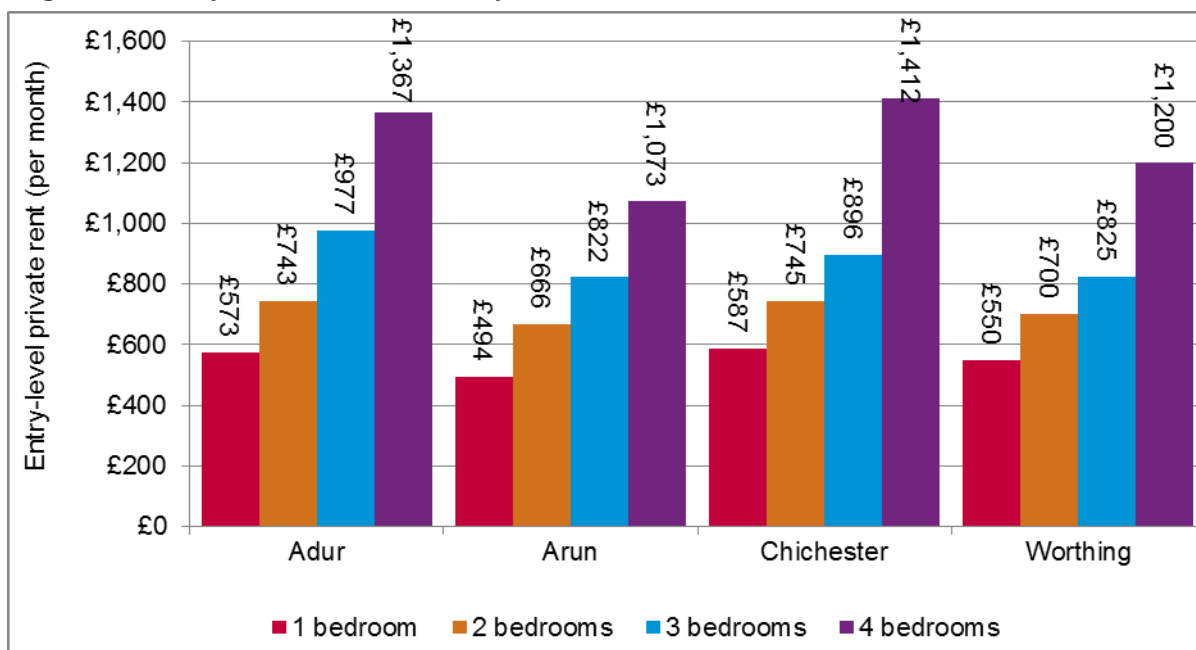
Figure 79: Volume of Properties advertised for Sale



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

7.19 The entry-level cost for private rented accommodation is presented in Figure 80 below. This indicates that entry-level rents range from about £490-£590 per month for a one bedroom home up to around £1,100-£1,400 per month for a four bedroom property. The pattern of difference between areas in terms of private rents is broadly the same as for sale prices with lowest rents being seen in Arun and the highest rents being in Chichester. Overall, the variations in rents across the HMA are not as great as for sale prices.

Figure 80: Entry-level Private Rents by District



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

7.20 Again we can provide this data for smaller sub-areas within each district. The findings from this analysis are quite similar to those for purchase prices with the East of Adur being more expensive than the West and Littlehampton and Bognor Regis showing lower rental costs than other parts of Arun. In Chichester the main urban area has some of the highest rents for smaller homes but the north of the district is more expensive when looking at larger properties.

Figure 81: Estimated Entry-Level Private Rents by Sub-Area (pcm)

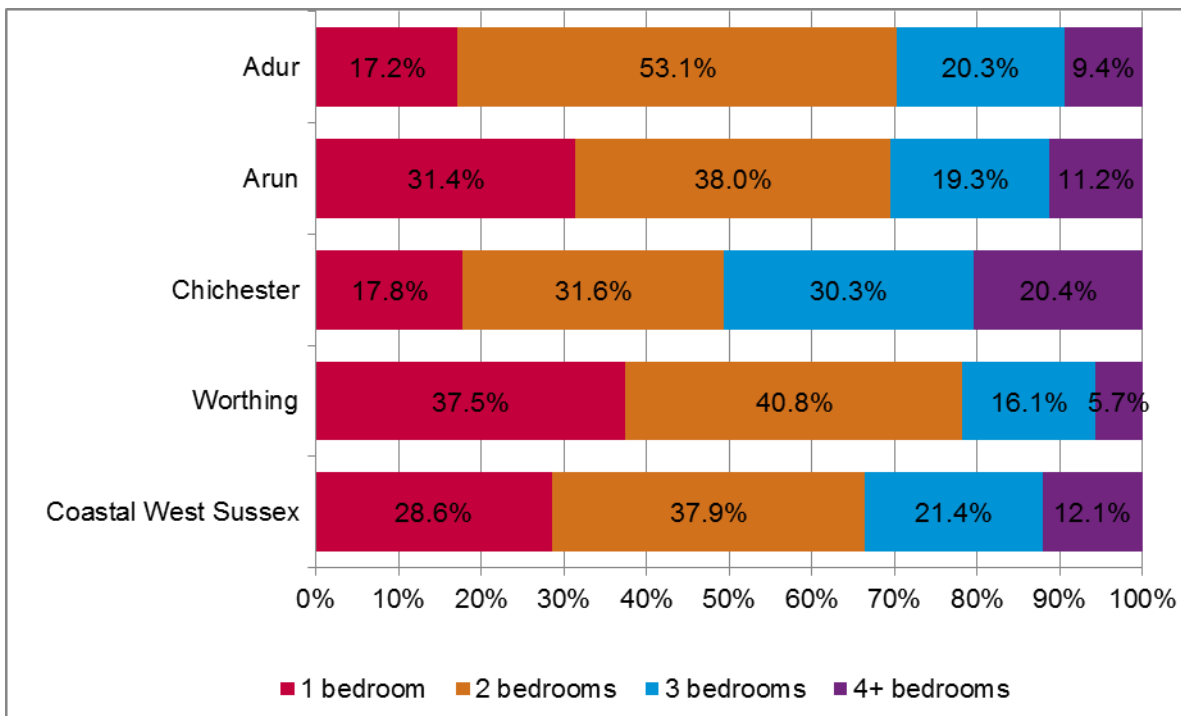
	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Adur – West	£550	£675	£900	£1,200
Adur – East	£600	£775	£1,000	£1,450
Arun – Littlehampton	£475	£695	£795	£1,000
Arun – Bognor	£495	£630	£800	£975
Arun – National Park	£700	£795	£975	£1,400
Arun – Other	£552	£737	£883	£1,044
Chichester – City	£625	£750	£900	£1,250
Chichester – NP & NE	£507	£775	£948	£1,513
Chichester - South	£575	£625	£850	£1,400
Worthing	£550	£700	£825	£1,200

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

7.21 Figure 82 below shows the volumes of properties available for rent in each district and by size of property. Compared with properties for sale the data clearly indicates a higher proportion of smaller

homes being available in most areas with some 38% of properties available for rent in Worthing having only one bedroom. The only exception is in the case of Chichester where there were quite a large proportion of three- bedroom (and four plus bedroom) homes available for rent. The sample size of properties for rent in Adur is relatively low and so some caution should be used in interpreting these results.

Figure 82: Volume of Properties advertised for Rent



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

7.22 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs. However, due to the boundaries of the Broad Rental Market Areas (BRMA) used by the Valuation Office Agency (VOA) it is not possible to make direct comparison.

7.23 Each district is within a different set of BRMAs and below we have provided details from the key ones impacting on the area. Worthing is entirely within the Worthing BRMA whilst Adur is split between Worthing and Brighton & Hove (Shoreham-by-Sea falling in the Brighton & Hove BRMA). Chichester is largely in the Chichester BRMA although small parts of the district are within the Guildford and Portsmouth areas. Finally, Arun is split between the Worthing BRMA and Chichester BRMA.

7.24 Below we have therefore provided details for the three main BRMAs for the four districts. In the area maximum LHA payments vary from £500 for a one bedroom property in Worthing up to £1,400 for four bedrooms in Brighton & Hove. The data suggests some differences between LHA rates and the findings of our market survey with the survey generally suggesting higher rental costs than used by the VoA.

Figure 83: Maximum LHA payments by Size and Market Area

Size	Worthing	Chichester	Brighton & Hove
1 bedroom	£500	£575	£650
2 bedrooms	£650	£695	£800
3 bedrooms	£795	£850	£950
4 bedrooms	£1,025	£1,200	£1,400

Source: VOA data (April 2012)

Cost of Affordable Housing

7.25 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size in each local authority can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. Figure 84 below illustrates the rental cost of lettings of social rented properties by size in 2011. As can be seen the costs are generally well below those for private rented housing indicating a potential gap between the social rented and market sectors. The data also suggests that properties in Chichester District typically have higher rents with the lowest rents being found in Arun. Overall however there is not a huge amount of variation in costs between areas.

Figure 84: Monthly average social rent levels in the Coastal West Sussex HMA

Size	Adur	Arun	Chichester	Worthing
1 bedroom	£325	£318	£374	£360
2 bedrooms	£418	£384	£415	£410
3+ bedrooms	£459	£445	£521	£452

Source: CORE

7.26 Recent changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being 'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'. In the short-term it is likely that this tenure will replace social rented housing for new delivery, however, the tenure is initially only being trailed for four years and so this situation may change in the future.

7.27 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from our market survey.

7.28 Figure 85 below shows potential affordable rents at 80% of market cost by size of property (including service charge). The data shows that affordable rents are likely to be notably higher than current social rents with the gap widening as property sizes get bigger. This information may provide some support for providing affordable rent at below the 80% maximum (particularly for larger properties), but noting that this needs to be balanced against viability considerations.

Figure 85: Cost of Affordable Rented Housing by Size and Sub-Area (per month)

Property size	Adur	Arun	Chichester	Worthing
1 bedroom	£458	£395	£470	£440
2 bedrooms	£594	£533	£596	£560
3 bedrooms	£782	£658	£717	£660
4 bedrooms	£1,094	£858	£1,130	£960

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

7.29 We can analyse this information in a bit more detail for each local authority with the table below showing average social rents as a proportion of entry-level (lower quartile) private rents for each property size. The data clearly shows that the gap between market rents and social rents increases as property sizes get larger with a one-bedroom social rent typically being around 60% of market costs but a four bedroom homes is only around 40% (figures vary by location).

Figure 86: Average Social Rent as Proportion of Lower Quartile Market Rent

Property size	Adur	Arun	Chichester	Worthing
1 bedroom	57%	64%	64%	65%
2 bedrooms	56%	58%	56%	59%
3 bedrooms	47%	54%	58%	55%
4 bedrooms	37%	47%	44%	41%

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

7.30 On the evidence in Figure 86 above it is clear that all four authorities should consider whether setting rents for Affordable Rented housing should vary from the maximum of 80% of market rents. Any variation should take account of scheme viability and the potential impact on affordable

housing delivery as well as affordability issues – noting that a higher rent may mean some households would need to claim housing benefit and/or would be prevented from working.

- 7.31 As a general rule we suggest that the Councils look at a mid-point between the 80% of market rent and the figures shown in the table above as a reasonable balance between delivery/viability and affordability considerations. Hence for a one-bedroom property it would be suggested that a rent at around 70% of market costs would be appropriate and that this might drop to around 60% for larger (four-bedroom) homes.

Gaps in the Housing Market

- 7.32 Figure 87 below estimates how current prices and rents in each of the four district areas might equate to household income levels required to afford such housing. The figures clearly indicate a gap between the costs of 'entry-level' market housing and the social rented sector – demonstrating the potential for intermediate (and affordable rented) housing to meet some of the affordable need.

Figure 87: Indicative Income required to Purchase/Rent without Additional Subsidy

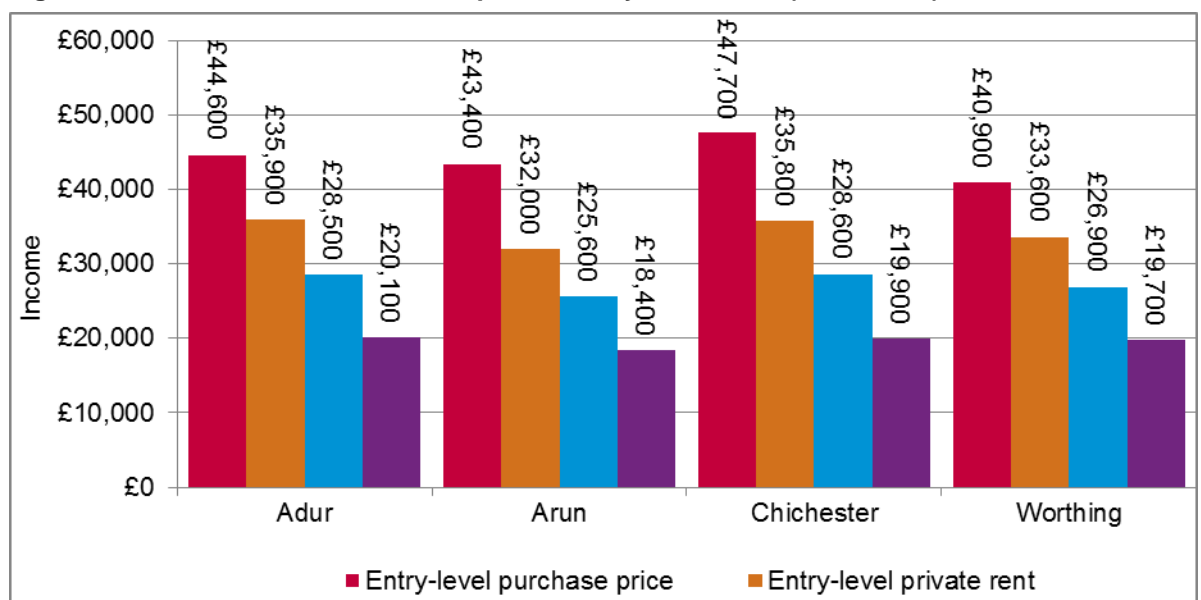
Local authority	Entry-level purchase price	Entry-level private rent	Affordable rent	Average RP rent
1 bedroom				
Adur	£31,700	£27,500	£22,000	£15,600
Arun	£24,600	£23,700	£19,000	£15,300
Chichester	£33,100	£28,200	£22,600	£18,000
Worthing	£27,700	£26,400	£21,100	£17,300
2 bedroom				
Adur	£44,600	£35,900	£28,500	£20,100
Arun	£43,400	£32,000	£25,600	£18,400
Chichester	£47,700	£35,800	£28,600	£19,900
Worthing	£40,900	£33,600	£26,900	£19,700
3 bedrooms				
Adur	£56,000	£46,900	£37,500	£22,000
Arun	£52,900	£39,500	£31,600	£21,400
Chichester	£64,900	£43,000	£34,400	£25,000
Worthing	£55,100	£39,600	£31,700	£21,700
4 bedrooms				
Adur	£74,900	£65,600	£52,500	-
Arun	£76,300	£51,500	£41,200	-
Chichester	£90,300	£67,800	£54,200	-
Worthing	£81,400	£57,600	£46,100	-

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

7.33 The calculations are based on 3.5 times household income for house purchase and 25% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

7.34 We have sought to replicate this data in Figure 88 below (based on data for two bedroom homes). The analysis indicates that in all areas the income required to rent privately is lower than that required to purchase an equivalent property. The data also indicates a notable gap between private sector rents and social sector rents, with the likelihood that many young households will have an income whereby they can afford more than existing social rents but cannot afford to rent privately without support. For two bed properties households with an income between about £20,000 and £30,000 are likely to fall within this band although this varies by location.

Figure 88: Differences in Income Required to Buy/Rent, 2011 (2 bedroom)



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

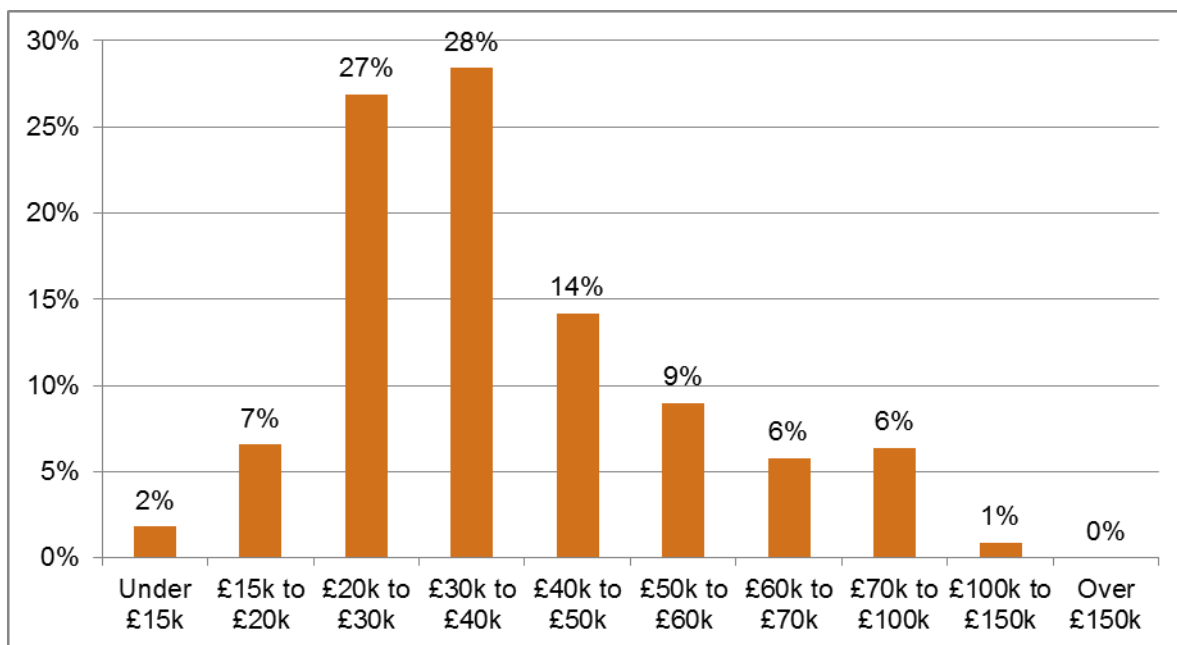
Income Levels & Affordability

7.35 Following on from our assessment of local prices and rents it is important to understand local household income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Income data was provided by Experian for each of the four districts. The data was for total household income in 2011.

7.36 Figure 89 shows the distribution of income for the whole of the Coastal West Sussex HMA. The data shows that just over a third (35.3%) of households have an income below £30,000 with a

further 28.4% in the range of £30,000 to £40,000. The overall average (median) income of all households in Coastal West Sussex was estimated to be £35,257.

Figure 89: Distribution of Household Income in Coastal West Sussex (2011)



Source: Experian (2011)

7.37 Figure 90 below shows how the distribution of household income varies for each of the four districts. Incomes are lowest in Adur and highest in Chichester – this area had a median income estimated to be 32% higher than in Adur. Worthing and Arun showed income levels only slightly (about £2,000 per annum) above the average for Adur.

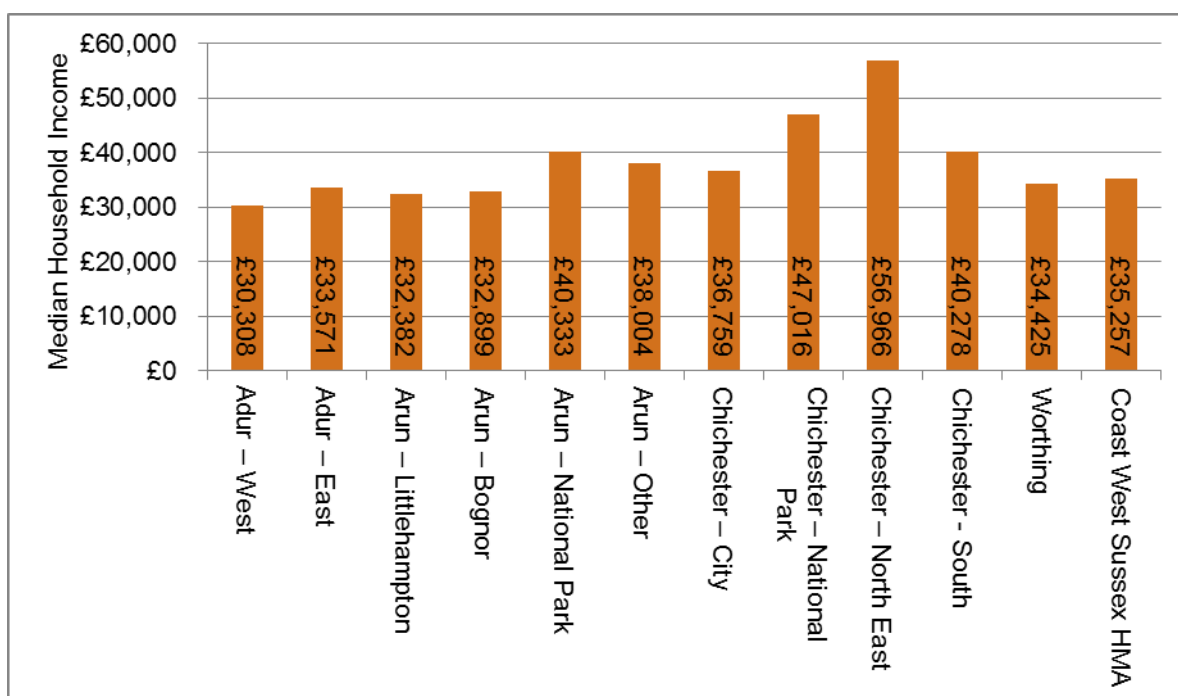
Figure 90: Household Income Levels by District

Income band	Adur	Arun	Chichester	Worthing	HMA
Under £15k	2.1%	2.4%	1.0%	1.6%	1.8%
£15k to £20k	7.1%	7.3%	4.4%	7.7%	6.6%
£20k to £30k	33.3%	28.7%	21.4%	26.3%	26.9%
£30k to £40k	35.1%	29.0%	20.1%	32.2%	28.4%
£40k to £50k	11.2%	12.9%	15.9%	16.1%	14.2%
£50k to £60k	5.1%	8.7%	12.8%	7.6%	9.0%
£60k to £70k	2.8%	5.4%	9.0%	4.5%	5.8%
£70k to £100k	3.1%	5.2%	12.7%	3.6%	6.4%
£100k to £150k	0.2%	0.4%	2.5%	0.4%	0.9%
Over £150k	0.0%	0.0%	0.1%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Median income	£32,058	£34,006	£42,260	£34,425	£35,257

Source: Experian (2011)

7.38 Within each district we have also made estimates of the average income level and distribution of income in each sub-area. This has been based on adjusting the district-wide income distributions on the basis of ward level income estimates published by ONS (with wards being grouped as required). Figure 91 below shows estimated median incomes in each of our sub-areas. There is quite some variation in the estimates with average incomes varying from £30,300 per annum in Adur – West up to around £57,000 in the North Eastern corner of Chichester District. Incomes in the National Park also appear to be notably higher than average.

Figure 91: Distribution of Household Income in Coastal West Sussex HMA



Source: Derived from Experian and ONS data

Price-Income Ratios and Affordability

7.39 By combining the income data above and our estimates of property prices it is possible to construct price:income ratios and also look at the proportion of current households who are unable to afford housing. The house price-to-income ratios used in this report are based on using data on household incomes rather than the incomes of individuals (which may be used in other reports).

7.40 Figure 92 shows the lower quartile property prices (for a two bedroom home) along with the lower quartile household incomes (calculated from the above distributions). This is used to calculate a price:income ratio. Whilst this measure does not imply anything directly about levels of housing need it does provide a good measure of relative affordability levels in different parts of the HMA and

is also a measure that can fairly easily be monitored in future (as recommended in the CLG's Strategic Housing Market Assessment Guidance).

7.41 The table shows that lower quartile house prices in the sub-regional housing market range from 5.53 times average household incomes in Worthing to 6.51 in Arun. As we have set out, it should be noted that the ratios are based on household earnings and thus differ from some other published ratios which are based on individual earnings.

Figure 92: Lower Quartile Price Income Ratios by Sub-Area (Prices based on 2 bed Home)

Location	Entry-level Purchase Price	Lower Quartile Income	LQ Price:Income Ratio
Adur	£156,000	£24,674	6.32
Arun	£152,000	£23,341	6.51
Chichester	£167,000	£29,268	5.71
Worthing	£143,000	£25,878	5.53

Source: Online Estate and Letting Agents Survey (April 2012) and Experian (2011)

7.42 We have used this data to make an estimate of the number of households able to afford market housing. This measure does not in itself provide a direct indication of levels of housing need but will provide an indication of which sub market areas households may be more or less likely to be able to access market housing without some form of subsidy (e.g. Local Housing Allowance).

7.43 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes, within each sub-market area, is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of their existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing. The table below shows the income estimated to be required to afford market housing, the number of households unable to afford and the proportion of total households.

7.44 Figure 93 below shows that across Coastal West Sussex it is estimated that around 45% of households are unable to access market housing on the basis of income levels. The area with the highest proportion unable to afford is Adur (at 59.9%) with the lowest proportion unable to afford being estimated to be Chichester (35.2%).

Figure 93: Estimated Proportion of Households Unable to Afford Market Housing without Subsidy

Area	Income required to access market	Number unable to afford	Estimated households (2011)	% of households unable to afford
Adur	£35,700	16,003	26,729	59.9%
<i>West</i>	£32,400	7,041	12,247	57.5%
<i>East</i>	£37,200	8,963	14,482	61.9%
Arun	£32,000	30,800	67,036	45.9%
<i>Littlehampton</i>	£33,400	11,509	21,718	53.0%
<i>Bognor Regis</i>	£30,200	12,303	29,259	42.0%
<i>National Park</i>	£38,200	1,503	3,363	44.7%
<i>Other</i>	£35,400	5,484	12,695	43.2%
Chichester	£35,800	17,163	48,807	35.2%
<i>City</i>	£36,000	5,931	12,079	49.1%
<i>National Park</i>	£37,200	4,555	13,513	33.7%
<i>North East</i>	£37,200	624	2,881	21.7%
<i>South</i>	£30,000	6,053	20,335	29.8%
Worthing	£33,600	21,543	45,649	47.2%
Coastal West Sussex	£35,700	85,543	188,221	45.4%

Source: *Online Estate and Letting Agents Survey (April 2012) and Experian (2011)*

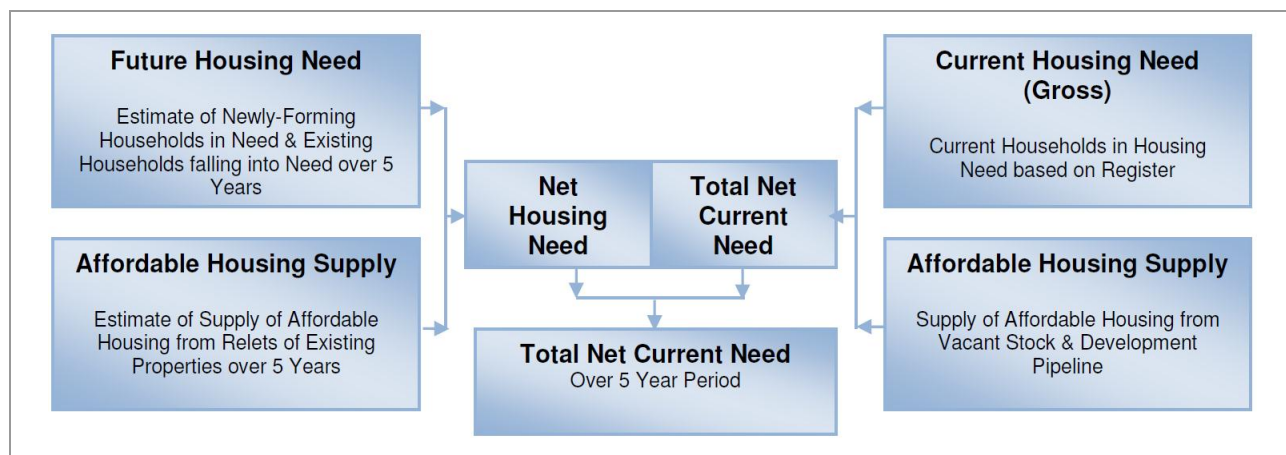
- 7.45 Drawing on data from the English Housing Survey we can estimate that newly-forming households have an income of around 70% of all household averages with social housing tenants having an average income of about 45% of the overall figure. We have used these proportions to model the profile of incomes of newly-forming households and those of the Housing Register in the housing needs analysis.

Housing Needs Assessment

- 7.46 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance¹⁷. This model is summarised in the chart below.

¹⁷ Communities & Local Government (August 2007) *Strategic Housing Market Assessment – Practice Guidance (Version 2)*

Figure 94: Overview of Basic Needs Assessment Model



7.47 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of Housing Registers. The housing needs modelling undertaken provides an assessment of housing need for a five year period (which is then annualised) with longer term estimates of likely requirements being provided through our Housing Market model (which looks at the impact of demographic change on requirements in both the affordable and market sectors). Each of the stages of the housing needs model calculation are discussed in more detail below.

Current Housing Need (Backlog)

7.48 The backlog of affordable housing need has been based on the number of households registered on the Housing Register. At the time of the assessment there were 12,376 households registered for housing in the HMA (including both transfer and non-transfer applicants). Figure 95 below shows the current locations of these households (in terms of where they are registered).

7.49 The data shows there are some variations by district with figures varying from 2.8% of households in Worthing up to 9.5% in Chichester.

Figure 95: Housing Register Applicants by District (and Sub-Area)

Area	On Register	Total number of households	% on register
Adur	1,311	26,729	4.9%
<i>West</i>	568	12,247	4.6%
<i>East</i>	743	14,482	5.1%
Arun	5,136	67,036	7.7%
<i>Littlehampton</i>	1,813	21,718	8.3%
<i>Bognor Regis</i>	2,546	29,259	8.7%
<i>National Park</i>	193	3,363	5.7%
<i>Other</i>	584	12,695	4.6%
Chichester	4,642	48,807	9.5%
<i>City</i>	1,590	12,079	13.2%
<i>National Park</i>	1,057	13,513	7.8%
<i>North East</i>	160	2,881	5.6%
<i>South</i>	1,835	20,335	9.0%
Worthing	1,287	45,649	2.8%
Total	12,376	188,221	6.6%

Source: Housing Register

- 7.50 These figures do not however represent our estimate of current (backlog) housing need. Not all households on the Register can be considered as being in housing need. Some for example will be registered for housing but have no tangible housing problems. The Housing Register data contains information about households who are in a priority category which deals with the highest and most pressing housing need. There will be other households who are not in the highest priority but who would still be classified as in housing need.
- 7.51 Figure 96 below shows the number of households registered and also the number who are considered to be in housing need. The figures for in need are taken as those households marked by the Councils as being a priority case (in bands A, B and C on the Housing Register). The data shows that overall around 43.3% of households who are registered are also considered to be in need with figures varying from 36.3% in Arun to 59.8% in Adur.

Figure 96: Housing Register Housing Need by District (and Sub-Area)

Area	Households In need	Households Not in need	Total Households	% in Need
Adur	784	527	1,311	59.8%
<i>West</i>	332	236	568	58.5%
<i>East</i>	452	291	743	60.8%
Arun	1,866	3,270	5,136	36.3%
<i>Littlehampton</i>	675	1,138	1,813	37.3%
<i>Bognor Regis</i>	916	1,630	2,546	36.0%
<i>National Park</i>	57	136	193	29.7%
<i>Other</i>	218	366	584	37.4%
Chichester	2,024	2,618	4,642	43.6%
<i>City</i>	738	852	1,590	46.4%
<i>National Park</i>	430	627	1,057	40.7%
<i>North East</i>	71	89	160	44.4%
<i>South</i>	785	1,050	1,835	42.8%
Worthing	680	607	1,287	52.8%
Total	5,354	7,022	12,376	43.3%

Source: Housing Register

- 7.52 We therefore estimate that there are a total of 5,354 households who are considered to be in housing need. We have discounted this figure to take account of households already living in affordable housing. This is because such households (although they are in need) will release an affordable home when they move and there will therefore be no net requirement for additional affordable housing to be provided.
- 7.53 Figure 97 therefore shows an initial estimate of the current housing need (backlog) taking account of transfers. The table shows an estimated transfer supply of 1,235 homes. This leaves a current housing need of 4,119 net of transfers. The need is highest in Arun (1,679 households) and lowest in Worthing (493 households).

Figure 97: Estimated Current Housing Need (Backlog) by District (and Sub-Area)

Area	Estimated Current Housing Need	Households Currently in Affordable Housing	Gross Housing Need (Net of Transfers)
Adur	784	205	579
<i>West</i>	332	79	253
<i>East</i>	452	126	326
Arun	1,866	187	1,679
<i>Littlehampton</i>	675	68	607
<i>Bognor Regis</i>	916	82	834
<i>National Park</i>	57	10	47
<i>Other</i>	218	27	191
Chichester	2,024	656	1,368
<i>City</i>	738	262	476
<i>National Park</i>	430	154	276
<i>North East</i>	71	28	43
<i>South</i>	785	212	573
Worthing	680	187	493
Total	5,354	1,235	4,119

Source: Housing Register

- 7.54 Our estimated level of backlog need is therefore 4,119. We can however additionally consider the fact that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data provided by Experian and adjusted the distribution to reflect the fact that typically (nationally) households living in the social rented sector have an average income which is around 45% of the figure for all households in an area. Overall, only 6.9% of households on the Housing Registers identified in Figure 98 are estimated to have sufficient income to be able afford market housing without financial support and so our estimate of the total backlog need across Coastal West Sussex is reduced to 3,835 households.

Figure 98: Estimated Backlog Need by District (and Sub-Area)

Area	Gross Need (Housing Register)	% Households Unable to Afford	Revised Gross Need (including Affordability)
Adur	579	97.4%	564
<i>West</i>	253	97.3%	246
<i>East</i>	326	97.6%	318
Arun	1,679	94.8%	1,592
<i>Littlehampton</i>	607	95.8%	582
<i>Bognor Regis</i>	834	94.1%	785
<i>National Park</i>	47	94.7%	45
<i>Other</i>	191	94.5%	180
Chichester	1,368	87.9%	1,203
<i>City</i>	476	93.9%	447
<i>National Park</i>	276	86.4%	239
<i>North East</i>	43	76.8%	33
<i>South</i>	573	84.6%	484
Worthing	493	96.6%	476
Total	4,119	93.1%	3,835

Source: Housing Register

Newly-Arising Need

7.55 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance¹⁸. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

7.56 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form over the five year period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 5-year age bands in 2016 relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation. This differs from numbers presented in the demographic projections which are for net household growth. The number of newly-forming households is limited to households

¹⁸ Communities & Local Government (August 2007) *Strategic Housing Market Assessment – Practice Guidance (Version 2)*

forming who are aged under 45. This methodology is recognised in the guidance¹⁹ as a robust method for assessing the number of newly forming households.

- 7.57 The estimates of gross new household formation have been based on outputs from our zero net-migration projection (PROJ 3). This is to provide the best estimate of newly forming households from within the study area. Whilst there will be some in- and out-migration of new households it is considered, under these assumptions that the number of in and out-migrant households will roughly be in balance.
- 7.58 In looking at the likely affordability of newly-forming households we have drawn on data from the Survey of English Housing (now English Housing Survey²⁰) over a number of years. This establishes that the average income of newly-forming households is around 70% of the figure for all households. This figure is remarkably consistent over time.
- 7.59 In Coastal West Sussex we have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 70% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as Local Housing Allowance).
- 7.60 We have also used our district level income data to provide a localised estimate of the likely proportion of households unable to afford market housing (again based on accessing private rented housing). Our assessment suggests that overall around 75.6% of newly-forming households will be unable to afford market housing. There is some variation by district with 59.7% of new households in Chichester estimated to be unable to afford compared with 88.5% in Adur.

¹⁹ Communities & Local Government (August 2007) *Strategic Housing Market Assessment – Practice Guidance (Version 2)*

²⁰ The English Housing Survey is continuous national survey undertaken by Communities and Local Government

Figure 99: Estimated Level of Housing Need from Newly Forming Households (Five Year Period) by District (and Sub-Area)

Area	Number of new households	% unable to afford	Total in need
Adur	1,901	88.5%	1,682
<i>West</i>	849	87.6%	744
<i>East</i>	1,052	89.2%	938
Arun	3,664	76.0%	2,783
<i>Littlehampton</i>	1,234	80.3%	991
<i>Bognor Regis</i>	1,505	73.4%	1,105
<i>National Park</i>	195	75.1%	146
<i>Other</i>	730	74.1%	541
Chichester	2,677	59.7%	1,597
<i>City</i>	558	74.8%	417
<i>National Park</i>	816	59.2%	484
<i>North East</i>	197	45.7%	90
<i>South</i>	1,106	54.8%	606
Worthing	3,310	80.7%	2,671
Total	11,552	75.6%	8,733

Source: GL Hearn/JGC Projection Modelling

Existing Households falling into Housing Need

- 7.61 The second element of newly arising need is existing households falling into need. To assess this we have again used the Housing Register data and also information about supply from CORE. We have looked at households who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. From this we have again estimated the proportion in housing need and discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although as was seen for the backlog need, very few households have sufficient income to afford market housing.
- 7.62 Figure 100 below therefore shows our estimate of likely new need from existing households over the next five years by district. The projections are based on a period which includes the housing market downturn; and as a result we would expect the figures to be influenced by changes to lending practices and growth in housing costs in the private rented sector. The data shows an additional need arising from 2,421 households, with 38.1% of these being in Chichester.

Figure 100: Estimated level of Housing Need from Existing Households (2011-16) by District (and Sub-Area)

Area	Number of Existing Households falling into Need	% of Need
Adur	325	13.4%
<i>West</i>	148	6.1%
<i>East</i>	177	7.3%
Arun	637	26.3%
<i>Littlehampton</i>	279	11.5%
<i>Bognor Regis</i>	278	11.5%
<i>National Park</i>	18	0.7%
<i>Other</i>	62	2.6%
Chichester	923	38.1%
<i>City</i>	305	12.6%
<i>National Park</i>	182	7.5%
<i>North East</i>	25	1.0%
<i>South</i>	410	16.9%
Worthing	536	22.1%
Total	2,421	100.0%

Source: Housing Register data and CORE

- 7.63 Estimates of total future housing need which is likely to arise over the next five years (2011-16) are shown below, by combining the estimates of need arising from newly-forming households and from existing households falling into need. Total newly-arising need is estimated at 11,152 households over the 2011-16 period (2,230 per annum).

Figure 101: Estimated Future Affordable Housing Need (2011-16) by District (and Sub-Area)

Area	Newly-forming Households in Need	Existing Households falling into Need	Total Newly-Arising Need 2011-16
Adur	1,682	325	2,007
<i>West</i>	744	148	892
<i>East</i>	938	177	1,115
Arun	2,783	637	3,420
<i>Littlehampton</i>	991	279	1,270
<i>Bognor Regis</i>	1,105	278	1,383
<i>National Park</i>	146	18	164
<i>Other</i>	541	62	603
Chichester	1,597	923	2,520
<i>City</i>	417	305	722
<i>National Park</i>	484	182	666
<i>North East</i>	90	25	115
<i>South</i>	606	410	1,016
Worthing	2,671	536	3,207
Total	8,733	2,421	11,154

Supply of Affordable Housing

- 7.64 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social relets and the annual supply of relets/sales within the intermediate sector.

Social Rented Housing

- 7.65 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CORE) to establish past patterns of social housing availability. Our figures include general needs and supported lettings but exclude lettings to new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

7.66 On the basis of past trend data it has been estimated that 827 units of social rented housing are likely to become available each year moving forward (4,135 over the five-year projection period). The tables below break this information down by year, source of supply and district. Over the five year period the estimated number of social relets from existing supply in each area is projected to be:

- Adur: 515
- Arun: 1,315
- Chichester: 1,320
- Worthing: 985

7.67 The tables below provide a detailed breakdown of the derivation of these figures for each local authority (with averages shown on a per annum basis). In some areas and for some time periods the number of recorded lettings look low (as do some figures for newbuild homes). However, overall, it is felt that the figures are broadly reflective of past trends and due to being taken from one source (CORE) they are also consistent across different areas. In truth the supply levels when compared with estimated need mean that variations in the data would have no significant impact on bottom-line housing needs estimates or the conclusions drawn from the analysis.

Figure 102: Analysis of Past Housing Supply - Adur

		2008/9	2009/10	2010/11	Average
General needs	Total lettings	97	170	157	141
	Newbuild	8	65	39	37
	Lettings in existing stock	89	105	118	104
	% non-transfers	64%	70%	58%	64%
	Total lettings to new tenants	57	74	68	66
Supported	Total lettings	49	48	65	54
	Newbuild	1	0	0	0
	Lettings in existing stock	48	48	65	54
	% non-transfers	60%	70%	75%	69%
	Total lettings to new tenants	29	34	49	37
Total lettings to new tenants		86	107	117	103

Source: CORE

Figure 103: Analysis of past housing supply - Arun

		2008/9	2009/10	2010/11	Average
General needs	Total lettings	271	305	300	292
	Newbuild	57	92	89	79
	Lettings in existing stock	214	213	211	213
	% non-transfers	77%	68%	72%	72%
	Total lettings to new tenants	165	145	152	154
Supported	Total lettings	189	173	130	164
	Newbuild	0	1	1	1
	Lettings in existing stock	189	172	129	163
	% non-transfers	67%	63%	72%	67%
	Total lettings to new tenants	127	108	93	109
Total lettings to new tenants		292	253	245	263

Source: CORE

Figure 104: Analysis of past housing supply - Chichester

		2008/9	2009/10	2010/11	Average
General needs	Total lettings	163	349	359	290
	Newbuild	19	78	65	54
	Lettings in existing stock	144	271	294	236
	% non-transfers	70%	59%	60%	62%
	Total lettings to new tenants	101	160	176	146
Supported	Total lettings	143	208	120	157
	Newbuild	1	3	11	5
	Lettings in existing stock	142	205	109	152
	% non-transfers	82%	80%	67%	78%
	Total lettings to new tenants	116	164	73	118
Total lettings to new tenants		217	324	249	264

Source: CORE

Figure 105: Analysis of past housing supply - Worthing

		2008/9	2009/10	2010/11	Average
General needs	Total lettings	246	193	158	199
	Newbuild	67	27	4	33
	Lettings in existing stock	179	166	154	166
	% non-transfers	70%	69%	66%	69%
	Total lettings to new tenants	125	115	102	114
Supported	Total lettings	113	178	86	126
	Newbuild	1	40	4	15
	Lettings in existing stock	112	138	82	111
	% non-transfers	74%	79%	68%	75%
	Total lettings to new tenants	83	109	56	83
Total lettings to new tenants		208	224	158	197

Source: CORE

Intermediate Housing

7.68 The supply figure is for social rented housing only and whilst the stock of intermediate housing in Coastal West Sussex is not significant compared to the social rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of Regulatory Statistical Return (RSR) data. From this it is estimated that around 37 additional properties might become available per annum. Over the five year period the estimated number of intermediate housing 'relets' from existing supply is projected to be:

- Adur: 15
- Arun: 80
- Chichester: 60
- Worthing: 30

7.69 The total supply of affordable housing is therefore estimated to be 864 per annum (or 4,320 over the next five years). The table below shows estimates of how this might arise by sub-area.

Figure 106: Estimated Supply of Affordable Housing from Existing Stock (2011-16) by District (and Sub-Area)

Area	Social Rented Supply	Intermediate Housing	Total Supply
Adur	515	15	530
<i>West</i>	220	7	227
<i>East</i>	295	8	303
Arun	1,315	80	1,395
<i>Littlehampton</i>	481	33	514
<i>Bognor Regis</i>	576	35	611
<i>National Park</i>	68	2	70
<i>Other</i>	190	10	200
Chichester	1,320	60	1,380
<i>City</i>	480	11	491
<i>National Park</i>	380	14	394
<i>North East</i>	59	2	61
<i>South</i>	401	33	434
Worthing	985	30	1,015
Total	4,135	185	4,320

Source: CORE and RSR

Net Housing Need

Excluding Development Pipeline

7.70 Figure 107 below shows our initial overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The data shows an overall need for affordable housing of 10,669 units over the next five years. The net need is calculated as follows.

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

7.71 This calculation assumes that the backlog of housing need is met over the next five years (in line with many other housing needs studies). There is a question about how realistic this is (which we will come onto).

Figure 107: Estimated level of Affordable Housing Need (2011-16) excluding Pipeline

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Adur	564	1,682	325	2,571	530	2,041
<i>West</i>	246	744	148	1,138	227	911
<i>East</i>	318	938	177	1,433	303	1,130
Arun	1,592	2,783	637	5,012	1,395	3,617
<i>Littlehampton</i>	582	991	279	1,852	514	1,338
<i>Bognor Regis</i>	785	1,105	278	2,168	611	1,557
<i>National Park</i>	45	146	18	209	70	139
<i>Other</i>	180	541	62	783	200	583
Chichester	1,203	1,597	923	3,723	1,380	2,343
<i>City</i>	447	417	305	1,169	491	678
<i>National Park</i>	239	484	182	905	394	511
<i>North East</i>	33	90	25	148	61	87
<i>South</i>	484	606	410	1,500	434	1,066
Worthing	476	2,671	536	3,683	1,015	2,668
Total	3,835	8,733	2,421	14,989	4,320	10,669

Source: Housing Register, Projection Modelling

Taking Account of Planning Consents

- 7.72 The Government guidance²¹ on needs assessment indicates that this should take account of the committed supply of affordable housing. Data on affordable housing in the development pipeline which is expected to be delivered between 2011-16 has been provided by the four local authorities.
- 7.73 Taking account of expected delivery in the period 2011-16 on sites with extant planning consent, there is a net requirement for 1,906 affordable homes in Adur (381 per annum), 2,891 affordable homes in Arun (578 per annum), 1,782 affordable homes in Chichester (356 per annum) and 2,392 affordable homes (478 per annum) in Worthing if all households in need were to be provided with a secure affordable home over the next five years.

²¹ Communities & Local Government (August 2007) *Strategic Housing Market Assessment – Practice Guidance (Version 2)*

Figure 108: Estimated Affordable Housing Need (2011-16) including Pipeline

Area	Total Need	Supply from Relets	Supply from Development Pipeline	Net Need
Adur	2,571	530	135	1,906
<i>West</i>	1,138	227	25	886
<i>East</i>	1,433	303	110	1020
Arun	5,012	1,395	726	2,891
<i>Littlehampton</i>	1,852	514	399	939
<i>Bognor Regis</i>	2,168	611	202	1,355
<i>National Park</i>	209	70	0	139
<i>Other</i>	783	200	125	458
Chichester	3,723	1,380	561	1,782
<i>City</i>	1,169	491	351	327
<i>National Park</i>	905	394	82	429
<i>North East</i>	148	61	0	87
<i>South</i>	1,500	434	128	938
Worthing	3,683	1,015	276	2,392
Total	14,989	4,320	1,698	8,971

Role of the Private Rented Sector in Meeting Housing Need

- 7.74 The Strategic Housing Market Assessment Guidance²² requires consideration of the extent of the private rented sector (through the Local Housing Allowance (LHA) system) and its ability to meet the needs of households in need to be estimated. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of December 2011 it is estimated that there were 12,700 benefit claimants in the private rented sector in Coastal West Sussex.
- 7.75 The data in Figure 109 below shows that in all local authorities the number of LHA claimants has increased over the 27-month period by 18.5% across Coastal West Sussex. The time period for analysis has been used due to this being the longest time series available from the DWP source.

²² Communities & Local Government (August 2007) *Strategic Housing Market Assessment – Practice Guidance (Version 2)*

Figure 109: Number of people claiming LHA in private rented sector (September 2009 and December 2011)

Area	September 2009	December 2011	Absolute change	% change
Adur	1,360	1,530	170	12.5%
Arun	4,280	5,400	1,120	26.2%
Chichester	1,770	2,150	380	21.5%
Worthing	3,310	3,620	310	9.4%
Total	10,720	12,700	1,980	18.5%

Source: Department of Work and Pensions

7.76 This information does not tell us how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. Nationally (from the 2009/10 English Housing Survey) it is estimated that the turnover of private rented properties is around 32% (the highest of any tenure category). In addition, comparing EHS data with DWP data suggests that the number of households claiming is around 75% of the number of claimants (this arises due to multiple claimants living in the same dwelling. If these figures are applied to the Coastal West Sussex area then this would equate to around 3,048 lettings per annum.

7.77 Over the five year projection period used for analysis we also need to take account of households making multiple moves within the private rented sector. Again assuming a turnover rate of 32% we estimate that this would mean that over five years some 8,140 households will have their needs met through the private rented sector. It would reduce the net need to 830 homes (in addition to the current affordable housing pipeline) over the period to 2016. Estimated LHA support lettings over a five year period by local authority are shown in the table below.

Figure 110: Estimated LHA supported lettings in the private rented sector to unique households over five years

Area	Number of claimants	Estimated lettings to households over 5 years
Adur	1,530	981
Arun	5,400	3,461
Chichester	2,150	1,378
Worthing	3,620	2,320
Total	12,700	8,140

Source: Department of Work and Pensions

- 7.78 In any case, it is not appropriate to treat this sector as a form of affordable housing and net it from the overall annual housing needs estimate of 10,668 affordable homes (2011-16). Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.
- 7.79 However, it should be recognised that, in practice, the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.
- 7.80 The extent to which the Councils wish to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

Understanding the Housing Needs Assessment in Context

- 7.81 The housing needs analysis concludes that there is a shortfall of 10,669 affordable homes over the period from 2011 to 2016. This reduces to 8,971 when account is taken of affordable housing in the development pipeline which is expected to be delivered over this period. However there are a number of things that need to be remembered in interpreting the housing needs analysis.
- 7.82 The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a statutory requirement to underpin affordable housing policies.
- 7.83 The needs assessment therefore does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 25% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.
- 7.84 The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of the Coastal West Sussex, whilst the stock of affordable housing has increased slightly (by about 400 units) over the last decade it has reduced notably as a proportion of all households living in the area. This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions.

- 7.85 Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).
- 7.86 In reality, there are two key factors which need to be considered:
- Some households defined as in housing need may choose to spend more than 25% of their gross income on housing costs or may not actively seek an affordable home; and
 - Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.
- 7.87 It is estimated that there are currently 12,700 Local Housing Allowance claimants housed in the Private Rented Sector.
- 7.88 As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.
- 7.89 Because of the factors described above, the housing needs analysis per se does not provide a strong basis for considering overall future housing requirements.
- 7.90 Given the current stock of affordable housing in the HMA, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is also unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play an important role in meeting housing need in the short-to-medium term.

Differences from the 2008/9 SHMA

The overall level of housing need identified (1794 homes per annum) comes out towards the higher end of the range identified in the 2008/9 SHMA (1194-1876 homes per annum). This reflects both real and methodological changes. In updating the SHMA we have sought to improve the housing needs analysis. Key changes include:

- A consistent assessment of information from Housing Registers to identify those households with a genuine housing need across the four authorities. In the 2008/9 SHMA high and low estimates were provided but there was some inconsistency as to how those households in 'reasonable preference' categories were identified;
- How newly-forming households in need are estimated. In this Assessment we have produced estimates of *gross* household formation based on demographic modelling assuming balanced migration. The 2008/9 SHMA used *net* estimates of household growth which were constrained to South East Plan housing targets. Furthermore it modelled affordability based on the income distribution of all households. In this Assessment we have modelled incomes for newly-forming households;
- The time period over which the backlog of housing need is addressed. In the 2008/9 Study it was assumed that current housing need was met over 10 years. The figures for current need in this Assessment are notably lower and we have therefore assumed in common with other studies that the backlog is addressed over 5 years.

Because of these methodological differences, comparisons between the two studies should be treated with care.

Need for Different Types of Affordable Housing

- 7.91 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. The main data sources for establishing housing need are the Housing Register and projections of newly-forming households (along with local income estimates).
- 7.92 We have assessed requirements in the form of three income bands which have been associated with three different tenures of housing – intermediate, affordable rented and social rented. Households are considered able to afford intermediate housing if their income is greater than that required to rent at 80% of market rental costs (a figure which equates with possible affordable rent maximum costs) and the income falls below that required to access the market without subsidy. Although technically an intermediate product could be provided at below this level, the reality is that most intermediate housing is priced closer to market costs than social housing costs. Households whose income falls in the gap between intermediate housing and social rented housing are allocated to affordable rented housing with lower income households placed in the social rent group. The categories of affordable housing are described in Figure 111 below.

Figure 111: Categories of Affordable Housing used for Analysis

Housing type	Description
Intermediate housing	Assigned to households who can afford a housing cost at or above 80% of market rents but cannot afford full market costs
Affordable rent	Assigned to households who could afford a social rent without the need to claim housing benefit but would need to claim benefit to afford an Affordable Rented home (priced at 80% of market rental costs)
Social rent	Households who would need to claim housing benefit regardless of the cost of the property

7.93 Figure 112 below shows figures for our assumed market entry income level and the income below which affordable or social rented housing will be required. Any household with an income in the gaps between figures is assumed to be able to afford either intermediate or affordable rented housing.

Figure 112: 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
Adur	£35,700	£25,900	£20,100
<i>West</i>	£32,400	£29,800	£20,100
<i>East</i>	£37,200	£25,600	£20,100
Arun	£32,000	£26,700	£18,400
<i>Littlehampton</i>	£33,400	£24,200	£18,400
<i>Bognor Regis</i>	£30,200	£30,500	£18,400
<i>National Park</i>	£38,200	£28,300	£18,400
<i>Other</i>	£35,400	£28,600	£18,400
Chichester	£35,800	£28,800	£19,900
<i>City</i>	£36,000	£29,800	£19,900
<i>National Park</i>	£37,200	£29,800	£19,900
<i>North East</i>	£37,200	£24,000	£19,900
<i>South</i>	£30,000	£26,900	£19,900
Worthing	£33,600	£25,900	£19,700

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

7.94 In fact there will be a considerable overlap between these categories – the first would potentially represent households who could afford affordable rented housing without the need to claim housing benefit whilst the latter category (called social rent for analytical purposes) could have their needs met through affordable rented housing (with benefit assistance).

- 7.95 Figure 113 below show our estimate of the number of households in need in each of the above categories and estimated net need levels (for the purposes of analysis the affordable and social rent figures have been combined). The first table shows actual numbers over the five year period whilst the second table shows these figures in percentage terms. The data shows that across the HMA some 20% of the need could be met through products priced at the 80% of market level suggested by affordable rented housing without the need for benefit assistance.
- 7.96 At a district level the data suggests that intermediate requirements vary from 12% in Adur to 27% in Chichester. Generally areas with higher income levels show a higher potential requirement for intermediate housing – this is due to a larger gap between the cost of market housing and the intermediate threshold (and hence more households falling into this gap). This tends to also play out at a local level with Chichester – North East for example showing a high potential requirement for intermediate housing.
- 7.97 It should be borne in mind that households' savings will influence their ability to purchase shared ownership or shared equity homes.

Figure 113: Estimated level of Housing Need (2011-16) by Type of Affordable Housing (numbers)

Area	Intermediate			Social/affordable rented		
	Total Need	Supply	Net need	Total Need	Supply	Net need
Adur	252	15	237	2,319	515	1,804
<i>West</i>	123	7	116	1,015	220	795
<i>East</i>	129	8	121	1,304	295	1,009
Arun	778	80	698	4,234	1,315	2,919
<i>Littlehampton</i>	209	33	176	1,643	481	1,162
<i>Bognor Regis</i>	378	35	343	1,790	576	1,214
<i>National Park</i>	39	2	37	170	68	102
<i>Other</i>	152	10	142	631	190	441
Chichester	694	60	634	3,028	1,320	1,708
<i>City</i>	140	11	129	1,029	480	549
<i>National Park</i>	185	14	171	720	380	340
<i>North East</i>	43	2	41	105	59	46
<i>South</i>	326	33	293	1,174	401	773
Worthing	652	30	622	3,031	985	2,046
Total	2,376	185	2,191	12,612	4,135	8,477

Figure 114: Estimated level of Housing Need (2011-16) by Type of Affordable Housing (%)

Area	Intermediate	Social/affordable rented	Total
Adur	12%	88%	100%
<i>West</i>	13%	87%	100%
<i>East</i>	11%	89%	100%
Arun	19%	81%	100%
<i>Littlehampton</i>	13%	87%	100%
<i>Bognor Regis</i>	22%	78%	100%
<i>National Park</i>	26%	74%	100%
<i>Other</i>	24%	76%	100%
Chichester	27%	73%	100%
<i>City</i>	19%	81%	100%
<i>National Park</i>	34%	66%	100%
<i>North East</i>	47%	53%	100%
<i>South</i>	28%	72%	100%
Worthing	23%	77%	100%
Total	21%	79%	100%

- 7.98 The figures for the north-east of the District should be treated with some caution given the small population base in this area. A high intermediate housing requirement in this area and the National Park is influenced by the profile of incomes of households in this area. However it should be recognised that, particularly in the short-term, many households in need which fall into this intermediate category may not have sufficient deposits to be able to purchase shared ownership or equity homes.
- 7.99 The above analysis has looked at the potential role of different tenures with the intermediate threshold being set at 80% of market rents (in line with the maximum rent for an affordable rented property). As seen earlier in this section there is in fact quite a gap between social rents and maximum Affordable Rents and so we have also looked at the likely tenure split if we were to reduce the intermediate/Affordable Rent threshold to 70% of market costs. A summary table of the outputs of this analysis is shown below.
- 7.100 Reducing the Affordable Rent threshold to 70% has been examined here by way of a sensitivity on the findings. In reality any policy that reduces rents would need to take account of the HCA Affordable Housing Programme and the requirement that registered providers are expected to maximise rents up to 80% across their whole programme in order to be eligible for any grant

funding. A policy to reduce the threshold below 80% could be more easily introduced in stock holding authorities which develop outside the HCA programme.

7.101 The table shows that moving the threshold cost of intermediate/affordable housing has quite a notable impact on the requirements for different types of housing with the figure for intermediate housing rising from about 20% to 40% (social/affordable rent dropping from 80% to 60%). At a sub-regional level these figures might suggest a broad target for affordable housing of 30% intermediate and 70% social/affordable rented.

Figure 115: Estimated level of Housing Need (2011-16) by type of Affordable Housing (percentages) – Intermediate/Affordable Rent Threshold set at 70% of Market Costs

Area	Intermediate	Social/Affordable Rented	Total
Adur	29%	71%	100%
Arun	37%	63%	100%
Chichester	47%	53%	100%
Worthing	45%	55%	100%
Total	40%	60%	100%

Impact of Welfare Reforms

7.102 The Coalition Government has heralded a period of considerable change by way of welfare reforms which will have an effect on the District's residents. The reforms are set against a backdrop of government spending cuts, which has seen funding levels drop, and an economic recession which has led to changes to the country's housing market and how housing can be accessed. A summary of the proposed welfare reforms and potential impact are shown below:

- Reducing the Local Housing Allowance (LHA) from the median rent in a Broad Rental Market Area (BRMA) to the 30th percentile from October 2011 (this is discussed in more detail below).
- Increasing the non-dependent rate from April 2011 is likely to place pressure on households with adult children still living at home who cannot contribute towards household expenses.
- Capping the Local Housing Allowance is likely to make applicants for private sector lettings less attractive to landlords.
- Capping the total benefits to a household at no more than the national average wage is likely to impact larger families.
- Limiting payments for people under 35 to the shared room rate (up from 25), making it harder to place young single people in private rented accommodation (this is discussed in more detail below).
- Limiting Housing Benefit entitlements for working age people in social housing sector to reflect family size could increase arrears (this is discussed in more detail below).
- Up rating LHA in line with Consumer Price Index (CPI) instead of Retail Price Index (RPI) may impact on the number of private sector homes available for rent.

- The move towards a Universal Credit is likely to end Housing Benefit payments direct to landlords, making benefit claimants potentially less attractive as tenants.

Changes to Maximum LHA Payments

7.103 In looking at the extent to which the private rented sector is being used to meet housing need (through LHA) it is important to consider the likely impact of the changes made as of April 2011. The key change is that calculations of the maximum amount that can be claimed goes from the median rent in an area to the 30th percentile. Figure 116 below shows figures for each of the Worthing, Chichester and Brighton & Hove Broad Rental Market Areas for median and 30th percentile rents for different property sizes. The figures are taken from the Rent Service website for June 2010 (contained within a set of tables studying the impact of LHA changes).

7.104 Generally the differences are not big although there will be a number of households previously able to claim their full rent back who would no longer be able to do so. Research by the Department of Work and Pensions (DWP) suggests that around 3,210 claimants in Coastal West Sussex will be affected by this change with an average loss of between £6 and £15 per week depending on property size and location. It is not clear how many of these claimants will be significantly affected (e.g. unable to pay the rent and potentially become homeless) but this change may well put additional stress of household finances and may at the very least force some households to move home to seek cheaper accommodation.

Figure 116: LHA levels at median and 30th centile (June 2010)

BRMA	Property size	Median	30 th centile	% difference
Worthing	Room only	£70	£62	-11%
	1 bedroom	£115	£109	-5%
	2 bedrooms	£154	£144	-6%
	3 bedrooms	£183	£173	-5%
	4+ bedrooms	£242	£219	-10%
Chichester	Room only	£73	£68	-7%
	1 bedroom	£133	£127	-5%
	2 bedrooms	£166	£155	-7%
	3 bedrooms	£201	£187	-7%
	4+ bedrooms	£276	£253	-8%
Brighton & Hove	Room only	£83	£78	-6%
	1 bedroom	£150	£138	-8%
	2 bedrooms	£190	£173	-9%
	3 bedrooms	£253	£227	-10%
	4+ bedrooms	£322	£299	-7%

Source: Rent Service

Changes to the Shared Accommodation Rate

- 7.105 There may be further issues relating to changes to the Single Room Allowance. From January 2012 benefit claimants aged 35 and under are only able to claim the single room allowance rather than the allowance for a 1 bed property. Previously this only applied to claimants aged 25 or under. Research by DWP indicates that 330 households in Coastal West Sussex may be affected by this change with their LHA reduced by an average of between £43 and £51 per week depending on location.
- 7.106 The difference between the LHA maximum for a one-bedroom property and the single room allowance is significant with the latter typically being less than two-thirds of the figure for self-contained accommodation.

Limiting benefit entitlements in the social rented sector

- 7.107 The final key area of the welfare reforms studied here relates to changes in the amount of Housing Benefit working age households can claim in the social rented sector. Currently the amount of Housing Benefit to which they are entitled, and the eligible rent part of the Housing Benefit calculation, is unrelated to the size of accommodation that claimants actually require – it is based simply on the accommodation that they actually occupy. This is in contrast to the rules that apply in the private rented sector.
- 7.108 From 1st April 2013 it is intended to introduce size criteria for new and existing working-age Housing Benefit claimants living in the social rented sector. The size criteria will replicate the size criteria that apply to Housing Benefit claimants in the private rented sector and whose claims are assessed using the local housing allowance rules. The applicable maximum rent will be reduced by a national percentage rate depending on how many bedrooms the household is considered not to require.
- 7.109 At present there is no locally specific data for Coastal West Sussex about the number of households who might be affected by this change. However, in a DWP Equality Assessment (October 2011) it is estimated that in the South East some 50,000 households will be affected (26% of working-age households in the social rented sector) and that these households will lose an average of £15 per week.
- 7.110 As with the LHA changes discussed above it is not certain how many of these households will be put into significantly financial difficulty as a result of this change but it is quite possible that this

change will see an increase in households seeking to move home and potentially require smaller accommodation.

Policy Implications: Housing Need

The housing needs assessment identifies a strong level of need for affordable housing as a result of both the unaffordability of market housing; and the limited stock of affordable housing within Coastal West Sussex. Entry level house prices in the sub-region range from 4.0 times lower quartile incomes in Chichester to 4.9 times in Adur District. As a result 60% of newly-forming households in Chichester District, 76% in Arun, 81% in Worthing and 89% of newly-forming households in Adur are not able to access market housing (either to buy or rent) without financial support.

The housing needs assessment considers levels of housing need and the ability to meet this using existing affordable properties and those in the development pipeline. It identifies a significant shortfall of affordable housing. If all households in need were to be provided with a secure affordable home, 1,794 affordable properties would need to be delivered each year between 2011 and 2016 (in addition to those currently in the development pipeline). The net need for affordable housing is calculated as 381 per annum in Adur, 578 in Arun, 356 in Chichester District and 478 per annum in Worthing. There is thus a significant requirement for new affordable housing across Coastal West Sussex, and the Councils are justified in seeking to secure additional affordable housing.

While a significant deficiency in affordable housing is identified, in practice some households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit. It seems likely that the Private Rented Sector will continue to be used to some degree to make up for a shortfall of genuine affordable housing. Taking account of this, the housing needs analysis *per se* does not provide a justification for increasing overall housing requirements.

The housing needs analysis provides evidence of housing need in support of policies seeking affordable housing in new developments. However specific policy targets for affordable housing provision should be informed by economic viability assessments which take account of current development economics. In line with the NPPF, policies for affordable housing should be considered alongside other plan policies which impact on development costs including the Community Infrastructure Levy (CIL). Affordable housing falls outside of CIL and is negotiated separately.

In regard to the mix of affordable housing, the needs evidence points towards an 80:20 split between intermediate housing and social/ affordable rented homes. This however varies by area, with a higher level of need for social/ affordable rented homes in Adur and lower level in Chichester. In the latter 25-30% intermediate housing could be supported. The 2009 SHMA conclusions suggested 20% intermediate in the short-term rising to 30% in the longer-term still remain reasonable; although a more nuanced policy may be appropriate particularly for Chichester District. Intermediate housing includes intermediate rent as well as shared equity and shared ownership properties.

Benefit reforms may impact on levels of housing need. 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. 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.

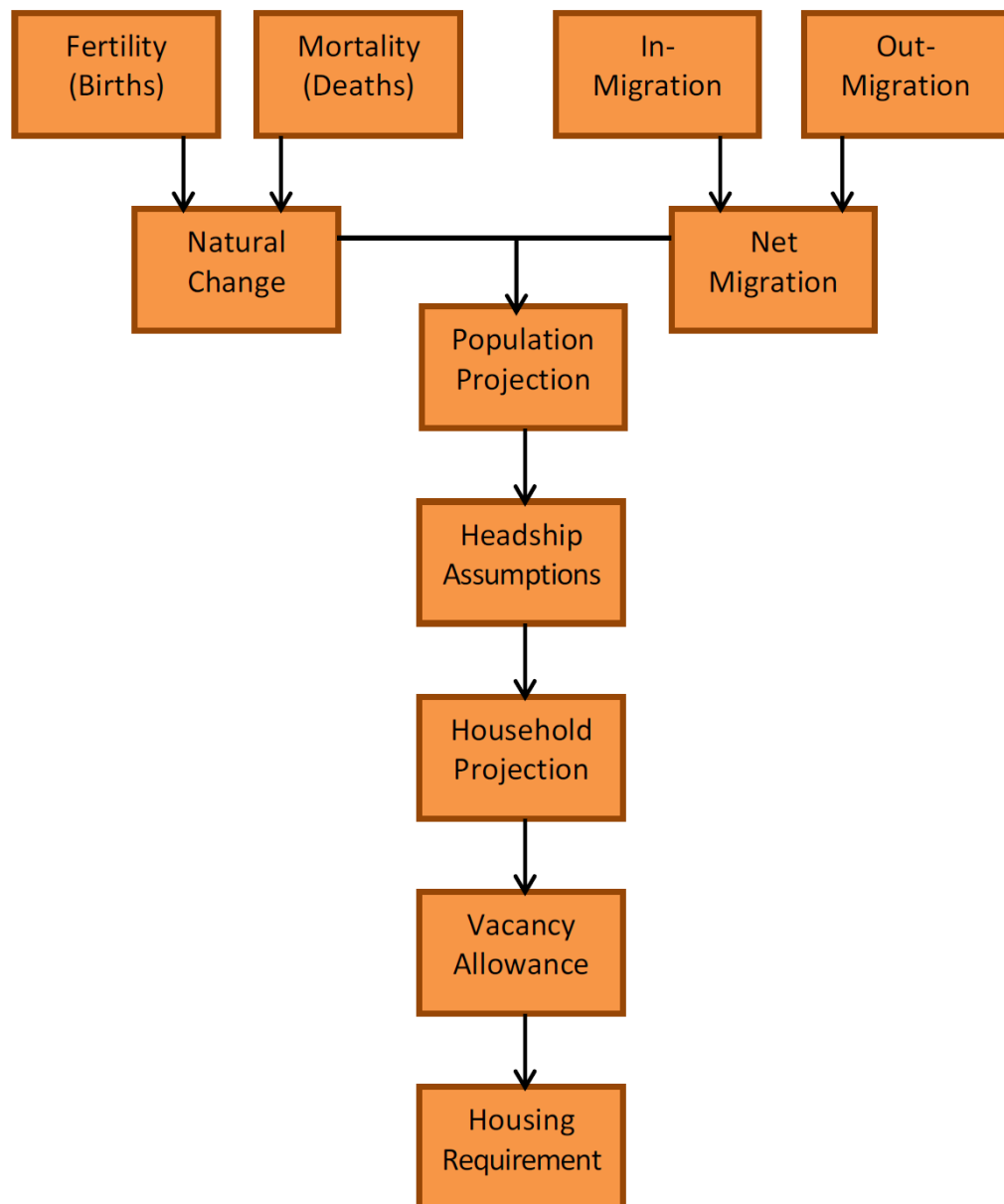
8 FUTURE HOUSING REQUIREMENTS

- 8.1 An important part of the SHMA process is to establish a reasonable basis for housing provision set against the Coalition Government's stated intention to abolish Regional Spatial Strategies (RSS) and the housing targets set out within them. In due course it is anticipated that the Government will revoke the Regional Spatial Strategies, giving individual local authorities responsibility for determining housing requirements in their areas. The 2011 Localism Act provides the primary legislation to support this.
- 8.2 In March 2012 the Government published the **National Planning Policy Framework (NPPF)**. The NPPF introduces a presumption in favour of sustainable development, whereby local planning authorities should prepare new Local Plans on the basis that objectively assessed development needs (both for housing and other types of development) should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the document as a whole. The starting point is that Local Plans should meet the full requirements for market and affordable housing in their housing market area. Any under provision is expected to be addressed through collaborative working with neighbouring authorities, and this is included within the tests of soundness for the plan. The NPPF emphasises the role of Strategic Housing Market Assessments in assessing full housing requirements, including both the scale and mix of housing within the housing market area.
- 8.3 Three of the four commissioning local authorities (Worthing being the exception) have previously completed housing requirements studies which look at a range of demographic and economic scenarios for housing development moving forward. Within this project we have not sought to redo the full analysis in these studies but have updated figures on the basis of new information that has become available. The key additional source is the 2010-based ONS subnational population projections (SNPP) which were released in March 2012.
- 8.4 The methodology adopted is based on demographic modelling with a number of different scenarios being developed on the basis of different input and output requirements such as testing different levels of migration. The modelling largely draws on detailed components of change data provided by the ONS from the 2010-based Sub-National Population Projections. The projections set out in this report were prepared in advance of the release of data from the 2011 Census.
- 8.5 This section also considers future economic performance and the potential interaction of this with demographics. This is based on econometric forecasts from Experian dated Spring 2012.

Overview of Methodology

8.6 The basis of projecting future housing requirements is a demographic model. The first thing we need to establish is the current population and how will this change in the period from 2011 to 2031. This will require us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of each District. These are the principal components of population change and are used to construct our principal trend-based population projections. Figure 117 below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure 117: Overview of Methodology



Initial Projections Run

- 8.7 As part of this assessment we have run four initial projections to assess how the population and local economy (number of people in employment) might change under different assumptions. Whilst any number of projections could be developed, those contained within this report are based on demographic trends as well as understanding the implications of different levels of employment growth in each local authority. Given that we have earlier defined Coastal West Sussex as being part of a wider (Sussex Coast) sub-regional housing market including Brighton & Hove and Lewes we have also carried out projections for these two local authority areas.
- 8.8 In all cases the projections are run from 2011 to 2031 with figures for 2011 being fixed by reference to the estimated number of households at that time. This has been based on analysis of CLG and Council data about the number of dwellings along with vacant and second homes to give us a figure for occupied dwellings which is assumed to roughly equate to the number of households in an area. The four projections run are listed below with a brief description of each following:
- PROJ 1 – 10-year Migration Trends. A projection based on levels of net migration over the past 10-years for which we have data (2000-2010). For the whole of Coastal West Sussex it is estimated that over the past ten years an average of 4,300 people (net) moved into the sub-region. For the wider Sussex Coast HMA the figure rises to 5,300.
 - PROJ 2 – 5-year Migration Trends. A projection based on levels of net migration over the past 5-years for which we have data (2005-2010). For the whole of Coastal West Sussex it is estimated that over the past ten years an average of 4,100 people (net) moved into the sub-region. For the wider Sussex Coast HMA the figure rises to 5,900.
 - PROJ 3 – Zero Net-Migration. A projection looking at the likely change in the population and housing requirements of in- and out-migration being in balance in the period from 2011 to 2031.
 - PROJ 4 – Zero Employment Growth. A projection looking at the likely population and housing requirements if levels of employment were to remain at 2011 levels.

PROJ 1 to 3– Demographic Scenarios

- 8.9 Our first three projections look at the likely household growth (and hence housing requirement) associated with different levels of net migration to each of the six local authorities. The first projection (PROJ 1) uses an average migration level over the past 10-years with the second projection (PROJ 2) providing a similar analysis based on shorter-term (5-year) migration trends.
- 8.10 The third projection might be called a “component projection” and looks at requirements with no net migration. This projection is developed for theoretical purposes only and is not an assessment of expected housing need/demand. The projection allows us to see the extent to which migration rather than natural change is a potential driver of future population and household growth.

8.11 Figure 118 below shows estimated net migration levels in all six local authorities over the past ten years. The data shows (with the exception of Brighton & Hove) that figures for 10-years are not much different from 5-year figures although there is some notable year on year variation in all cases. Of the four Coastal West Sussex local authorities the data shows the highest levels of net migration being at Arun with much lower figures being seen at Adur. These figures will to some degree reflect the different sizes of these local authorities.

Figure 118: Past Trends in Net Migration (2000-2010)

Year	Adur	Arun	Chichester	Worthing	CWS HMA	Brighton & Hove	Lewes	Wider HM
2000/1	500	1,600	600	500	3,200	1,100	900	5,200
2001/2	500	2,800	1,000	1,100	5,400	-1,700	1,100	4,800
2002/3	100	2,400	900	900	4,300	-1,500	700	3,500
2003/4	200	2,900	1,800	1,000	5,900	-1,800	1,000	5,100
2004/5	100	1,900	700	900	3,600	1,000	300	4,900
2005/6	699	1,941	989	685	4,314	430	585	5,329
2006/7	334	1,960	1,008	997	4,299	83	837	5,219
2007/8	348	1,525	1,577	890	4,340	1,253	969	6,562
2008/9	391	1,286	1,506	462	3,645	1,078	928	5,651
2009/10	280	1,590	1,291	939	4,100	1,358	1,230	6,688
10-year average	345	1,990	1,137	837	4,309	130	855	5,294
5-year average	410	1,660	1,274	795	4,139	840	910	5,889

8.12 In addition to the demographic projections, we have run a number of economic led projections. These consider the interaction of the economic and demographic dynamics and consider the demographic implications of forecast economic growth.

8.13 To inform the assessment of future housing need and demand, GLH commissioned econometric forecasts from Experian. The forecasts overlay the economic structure and past performance of local economies with Experian’s macro-economic forecasts as at March 2012.

8.14 Clearly there are a range of factors which could influence future economic performance and this affects the level of uncertainty associated with any long-term forecasting. Recent economic performance and events in the Eurozone heighten this uncertainty and thus the error margin

associated with econometric forecasts. It should also be borne in mind that the Experian economic forecasts do not take into account 'economic strategy' initiatives or key development projects which may influence future performance (in so far as their impact differs from previous initiatives or projects).

- 8.15 The forecasts do however provide an up-to-date view regarding economic performance which takes account of Government's current spending plans, recent macro-economic performance and potential.
- 8.16 Figure 119 below provides forecasts for growth in economic output, expressed as Gross Value Added (GVA). Over the 2011-31 period as a whole, Worthing is forecast to perform marginally better and Adur marginally less well relative to the Coastal West Sussex average.

Figure 119: Forecast Annual Growth in GVA, 2011-31

GVA (% Change)	2001-6	2006-11	2011-16	2016-21	2021-26	2026-31	Average 2011-31
Adur	5.6%	0.1%	1.9%	2.6%	2.6%	2.6%	2.4%
Arun	2.4%	-0.6%	2.1%	2.7%	2.7%	2.7%	2.5%
Chichester	2.9%	1.3%	1.8%	2.7%	2.7%	2.7%	2.5%
Worthing	3.8%	-0.6%	1.6%	2.9%	3.1%	3.0%	2.6%
CWS	3.4%	0.1%	1.8%	2.7%	2.8%	2.8%	2.5%
Brighton & Hove	2.1%	1.0%	1.7%	2.5%	2.5%	2.4%	2.3%

Source: Experian

- 8.17 Figure 120 below outlines forecast employment growth (workforce jobs) in each of the Districts as well as Brighton and Hove. Forecast employment growth, in proportional terms, is expected to be strongest in Chichester and Arun Districts in the west of the sub-region.

Figure 120: Forecast Employment Growth, 2011-31

Employment (Workforce Jobs)	2006-11	2011-16	2016-21	2021-26	2026-31	% Change 2011-31
Adur	-250	580	790	420	430	10%
Arun	-1710	1700	2450	1740	1740	16%
Brighton & Hove	0	4780	5520	3190	2950	12%
Chichester	2840	1820	3760	3070	2890	18%
Worthing	-1750	920	2160	1520	1370	12%

Source: Experian

- 8.18 There are a number of inputs to the forecasts, but it should be recognised that population growth is one of these. One of the inputs to the forecast is expected growth in population, which Experian base on the latest ONS population projections. In this case this would therefore be the 2010-based ONS projections.

8.19 To provide an indication of the relative influence on the forecasts, the chart below shows total projected employment growth 2011-31 and the level of employment growth in key sectors which are influenced to some degree by population dynamics (although not solely).

Figure 121: Interaction between Demographic and Economic Forecasts

2011-31	Total Employment Growth	Forecast Population Growth	Change in Employment in Population-Related Sectors
Adur	2220	7920	820
Arun	7630	28830	5590
Brighton & Hove	16440	28960	5840
Chichester	11540	20370	3940
Worthing	5970	18910	2810

Source: Experian

8.20 These ‘population-related’ sectors are residential care and social work; health; education; public administration; recreation; accommodation and food; and the retail sector.

8.21 Clearly population is not the only influence on these sectors. They are also influenced by Government spending, the strength and trends in the tourism industry and past employment trends. The level of population growth has a particular impact on the employment growth forecast in Arun District. It is also a more important influence in Worthing relative to other Districts.

8.22 Turning to look at the nature of employment growth forecast in more detail, the chart below profiles forecasts sectoral employment trends across the four Coastal West Sussex authorities.

Figure 122: Forecast Employment Growth by Sector, Coastal West Sussex

	Employment 2010	2001-6	2006-11	2011-16	2016-21	2021-26	2026-31
Agriculture, Forestry & Fishing	3360	-3.8%	-4.9%	3.6%	0.1%	-0.4%	-0.8%
Mining & Quarrying	200	6.7%	-10.0%	3.8%	0.0%	-1.1%	-2.2%
Manufacturing	13640	-3.4%	-2.0%	-1.4%	-1.3%	-1.6%	-2.1%
Utilities	1690	7.1%	2.6%	1.7%	1.3%	1.0%	0.8%
Construction	11380	0.5%	-0.5%	2.0%	1.1%	0.6%	0.5%
Wholesale & Retail	29420	-0.3%	-1.3%	0.2%	0.1%	-0.2%	-0.2%
Transport & Storage	4430	1.8%	-0.6%	1.1%	1.0%	0.4%	0.3%
Accommodation, Food & Recreation	17670	2.8%	2.5%	1.4%	1.3%	1.0%	1.0%
Information & Communications	5410	1.0%	6.0%	1.8%	1.6%	1.1%	1.0%
Finance & Insurance	5100	-4.2%	-4.0%	1.2%	1.9%	1.0%	0.8%
Professional & Other Private Services	29840	-0.5%	-0.6%	2.3%	1.7%	1.3%	1.2%
Public Services	59590	2.1%	0.7%	-0.6%	1.3%	1.1%	1.1%
Overall	174860	0.2%	-0.1%	0.5%	1.0%	0.7%	0.6%

Source: Experian

8.23 Employment growth in the short-term is relatively moderate but improves post 2016 particularly in public services. The manufacturing sector is forecast to continue to shed jobs (with a reduction in manufacturing employment of c. 4,000 jobs forecast between 2011-31 across Coastal West Sussex). Employment growth is focused in professional and private services (+11,100), public services (8,600), tourism-related activities (+5,100) and construction (+2,450).

8.24 Our forecasts indicate that the top four strongest growing sectors in terms of absolute growth in employment forecast between 2011-31 are:

- Adur: professional services, administration & support services, education, health;
- Arun: care and social work; education; accommodation & food; professional services;
- Chichester: professional services; administration & support services; education and health;
- Worthing: professional services; health; care and social work; administration & support services;
- Brighton & Hove: Professional services; administration & support services, education; residential care & social work.

Implications for Housing Demand

8.25 The Experian forecasts have been used to devise projections for labour supply taking account of existing commuting patterns (based on 2001 Census travel to work matrices between local authority areas). The projections thus take account of job growth not just in the functional Housing Market but wider areas to which there is a notable degree of commuting, including South Hampshire and

London. This takes account of employment growth across the region and in London with a consistent % of people working in each local authority living in the Sussex Coast HMA local authorities as was the case in 2001.

8.26 Economic forecasts for areas outside of Coastal West Sussex and Brighton and Hove are 2010 forecasts for other authorities in the South East prepared by Cambridge Econometrics for SEEDA and GLA 2011 forecasts for London. These however have a relatively moderate impact on labour supply forecasts in Coastal West Sussex.

8.27 This produces the following forecasts for labour supply:

Figure 123: Forecast Changes in Residence-based Employment, 2011-31

	Adur	Arun	Brighton & Hove	Chichester	Lewes	Worthing
2011-16	853	2170	4757	1870	1642	1165
2016-21	1158	3282	5515	3225	1779	2116
2021-26	771	2514	3756	2831	1801	1568
2026-31	782	2536	3757	2873	2151	1513
Total	3565	10502	17785	10799	7373	6362

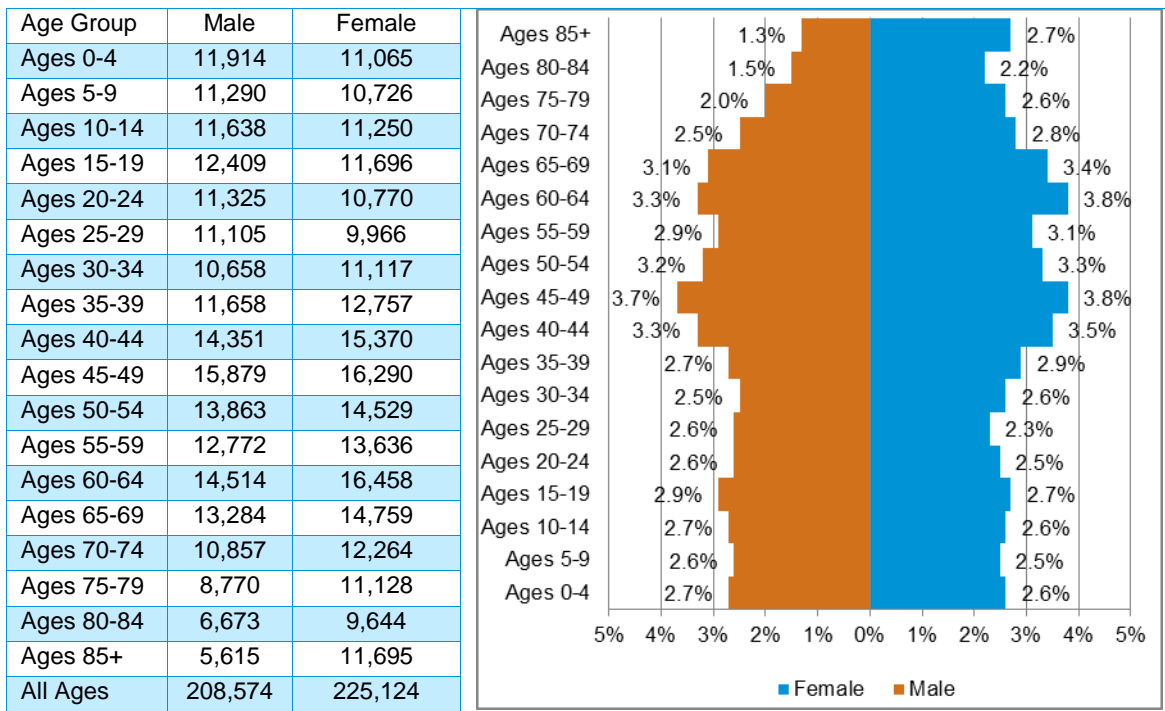
Source: Experian/ GL Hearn

8.28 In addition to this forecast, we have run a further projection, PROJ 4 looks at holding employment levels constant over time to understand what level of housing is needed to maintain the current workforce size.

Baseline Population

8.29 The baseline for our projections is taken to be mid-2011 with the projection run for each year over the period up to 2031. Data for 2011 has been fixed by reference to estimates of the number of households at this time (based on CLG data about occupied dwellings). As of mid-2011 it was estimated that there were 433,698 people living in the sub-region with slightly more females than males.

Figure 124: Population of Coastal West Sussex HMA (5 year age bands) – 2011



Source: Derived from ONS and CLG data

8.30 We can also replicate this data for the wider sub-region including Brighton & Hove and Lewes with data shown in the table below for broad 15-year age bands. The data shows a total population in 2011 of 790,773 with 55% of this being in the Coastal West Sussex HMA. The data also shows that the population is particularly ‘old’ in Arun and youngest in Brighton & Hove. Arun also has relatively few children.

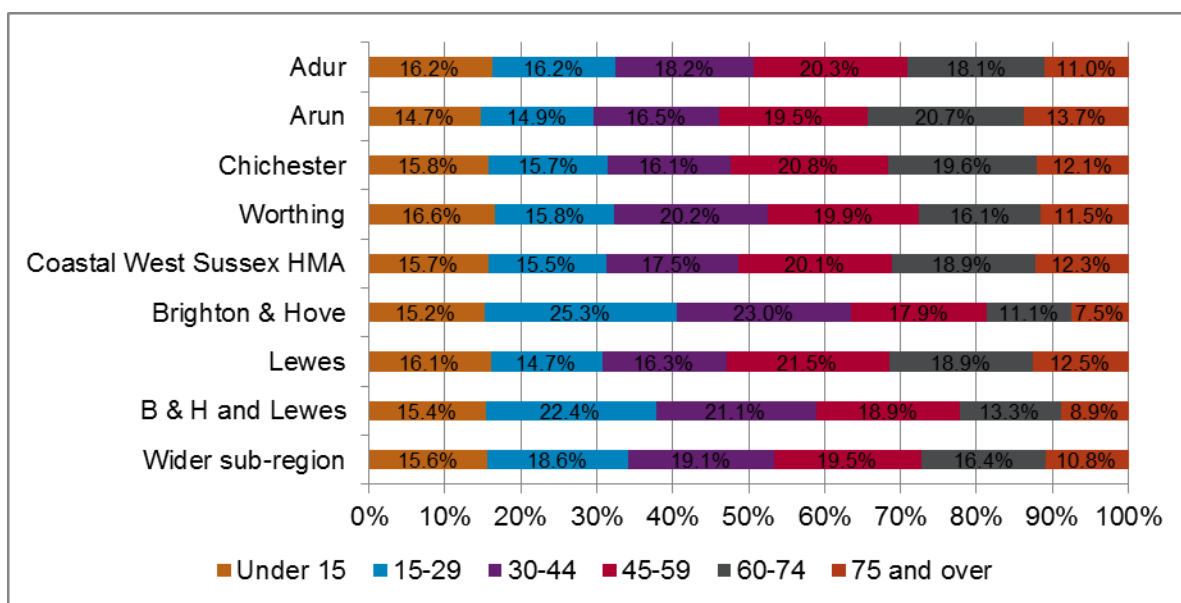
Figure 125: Age Profile (2011) – Sussex Coast Housing Market

District		0-14	15-29	30-44	45-59	60-74	75+	Total
Adur	No.	10,027	10,049	11,251	12,588	11,223	6,791	61,928
	%	16.2%	16.2%	18.2%	20.3%	18.1%	11.0%	100.0%
Arun	No.	22,551	22,838	25,332	29,923	31,778	20,977	153,398
	%	14.7%	14.9%	16.5%	19.5%	20.7%	13.7%	100.0%
Chichester	No.	18,183	18,033	18,481	23,908	22,548	13,874	115,027
	%	15.8%	15.7%	16.1%	20.8%	19.6%	12.1%	100.0%
Worthing	No.	17,124	16,352	20,847	20,550	16,588	11,884	103,345
	%	16.6%	15.8%	20.2%	19.9%	16.1%	11.5%	100.0%
Coastal West Sussex HMA	No.	67,884	67,272	75,911	86,969	82,138	53,525	433,698
	%	15.7%	15.5%	17.5%	20.1%	18.9%	12.3%	100.0%
Brighton & Hove	No.	39,246	65,415	59,363	46,095	28,653	19,338	258,111
	%	15.2%	25.3%	23.0%	17.9%	11.1%	7.5%	100.0%
Lewes	No.	15,897	14,577	16,158	21,256	18,692	12,386	98,964
	%	16.1%	14.7%	16.3%	21.5%	18.9%	12.5%	100.0%
B & H and Lewes	No.	55,143	79,992	75,521	67,351	47,345	31,724	357,075
	%	15.4%	22.4%	21.1%	18.9%	13.3%	8.9%	100.0%
Wider sub-region	No.	123,027	147,263	151,432	154,319	129,482	85,249	790,773
	%	15.6%	18.6%	19.1%	19.5%	16.4%	10.8%	100.0%

Source: Derived from ONS and CLG data

8.31 Differences between areas can more clearly be seen in Figure 126 below which highlights in particular the difference between Brighton & Hove and all other areas with regard to the current age profile.

Figure 126: Age Profile (2011) – Wider Housing Market



Source: Derived from ONS and CLG data

Fertility and Mortality Rate Assumptions

8.32 For modelling of fertility we have used the rates contained within the ONS 2010-based subnational population projections. The total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) is expected to increase in the short-term and then fall to a level below that expected in 2011/12 – this trend is expected for all areas. The data shows that all areas have similar projected fertility rates with the exception of Brighton & Hove where the figures are notably lower. Figure 127 below shows the total fertility rate (TFR) in all areas for the start and end point of our projections.

Figure 127: Total Fertility Rate (2011/12 and 2030/31)

District	2011/12	2030/31
Adur	2.05	1.92
Arun	2.00	1.87
Chichester	1.98	1.83
Worthing	2.02	1.87
Brighton & Hove	1.63	1.52
Lewes	2.00	1.87

Source: ONS

8.33 We also interrogated the ONS 2010-based projections with regard to death rates which suggested that life expectancy is expected to increase for both males and females with a gradual convergence of rates between the sexes. In all cases male life expectancy is below that for females. The ONS trends for each area follow the trends expected nationally. The data shows highest life expectancy in Lewes with the lowest figures being seen in Brighton & Hove. Within the Coastal West Sussex HMA there is not a great deal of difference between areas although Chichester shows the highest life expectancy for both males and females.

Figure 128: Life Expectancy (2011/12 and 2030/31)

District	Male		Female	
	2011/12	2030/31	2011/12	2030/31
Adur	78.5	81.9	82.1	84.9
Arun	79.5	82.7	83.2	85.8
Chichester	79.7	82.9	83.4	85.9
Worthing	78.3	81.6	82.5	85.2
Brighton & Hove	77.5	81.0	82.3	84.9
Lewes	80.8	83.8	83.9	86.4

Source: ONS

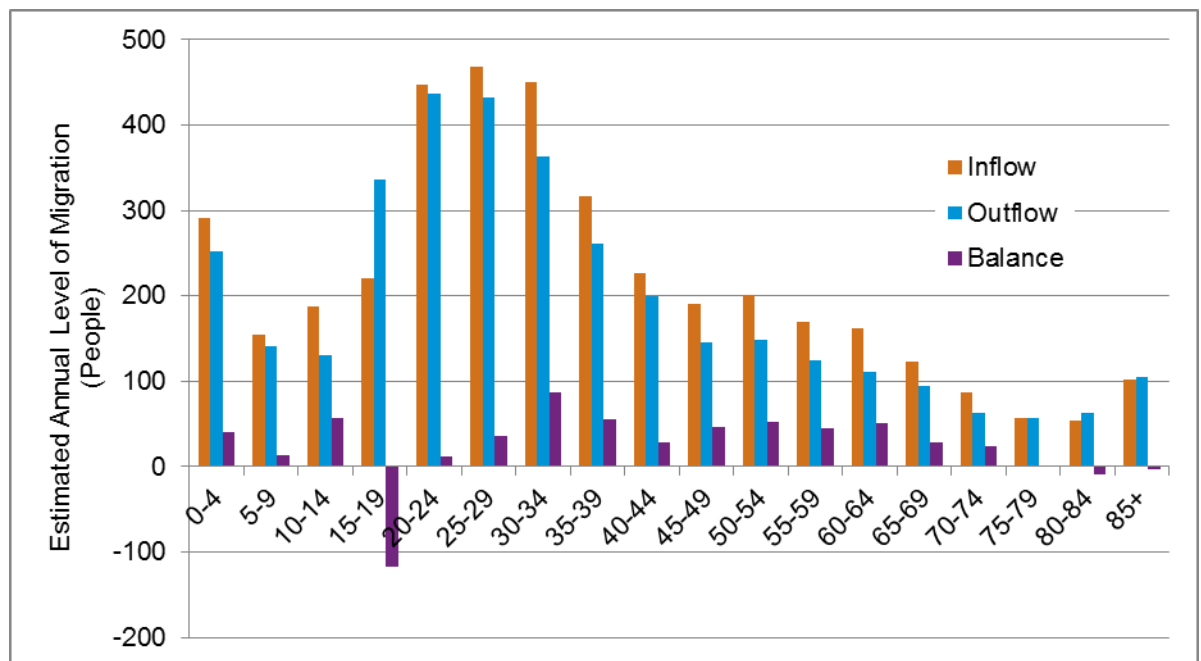
Migration Assumptions

8.34 The final element of analysis for population projections was a study of migration patterns. For the purposes of our projections we are particularly interested in the profile of migrants and have drawn on the ONS 2010-based Sub-National Population Projections (SNPP) to give us an indication of how different age groups are expected to move in- and out- of each District.

8.35 The figures below show estimated annual in-, out- and net migration rates by age group from the ONS 2010-based SNPP for the period from 2011 to 2031 for each local authority. When projecting migration patterns for different scenarios we have used the migration data and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a particular level of employment change). This approach has consistently been adopted across all analysis in all areas.

8.36 In Adur the data shows a net out-migration of people aged 15-19 (presumably linked to those moving away for further education). After this we see net in-migration for most age groups up to about age 60 to 64. The strongest in-migration is of people in their early 30s.

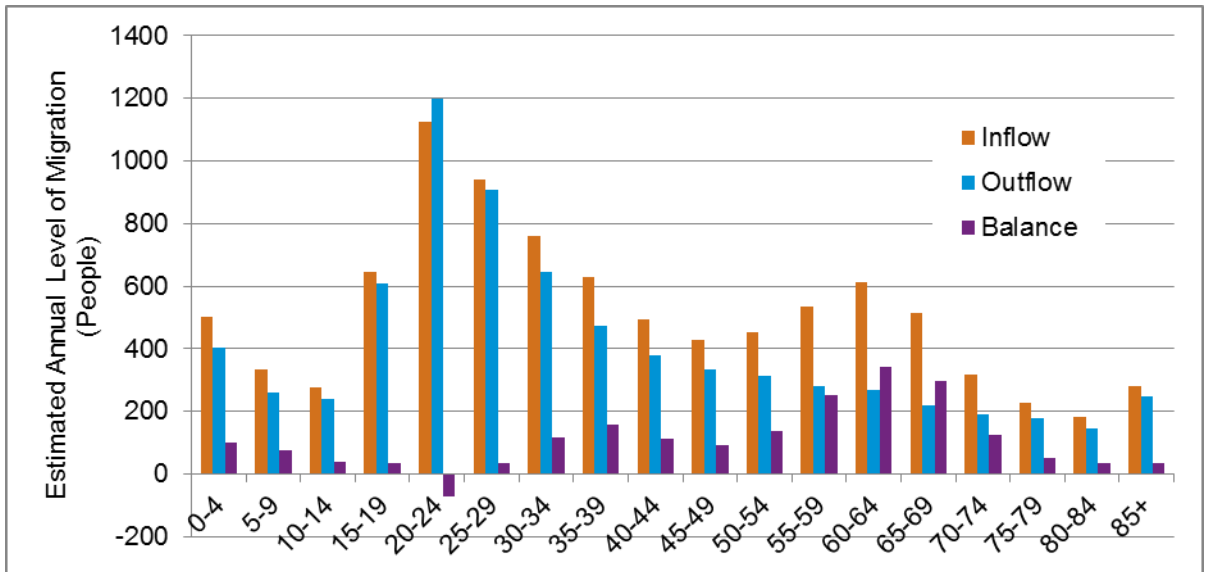
Figure 129: Estimated Annual Level of Net Migration by Five-year Age Band (2011-2031) - Adur



Source: Derived from ONS 2010-based Subnational Population Projections

8.37 In Arun we see a small out-migration of those aged 20-24 and then net in-migration for all age groups following this. Crucially (and in contrast to other areas) the migration patterns for Arun suggest significant net in-migration of people aged 55 to 69 – many of whom will be retired or approaching retirement.

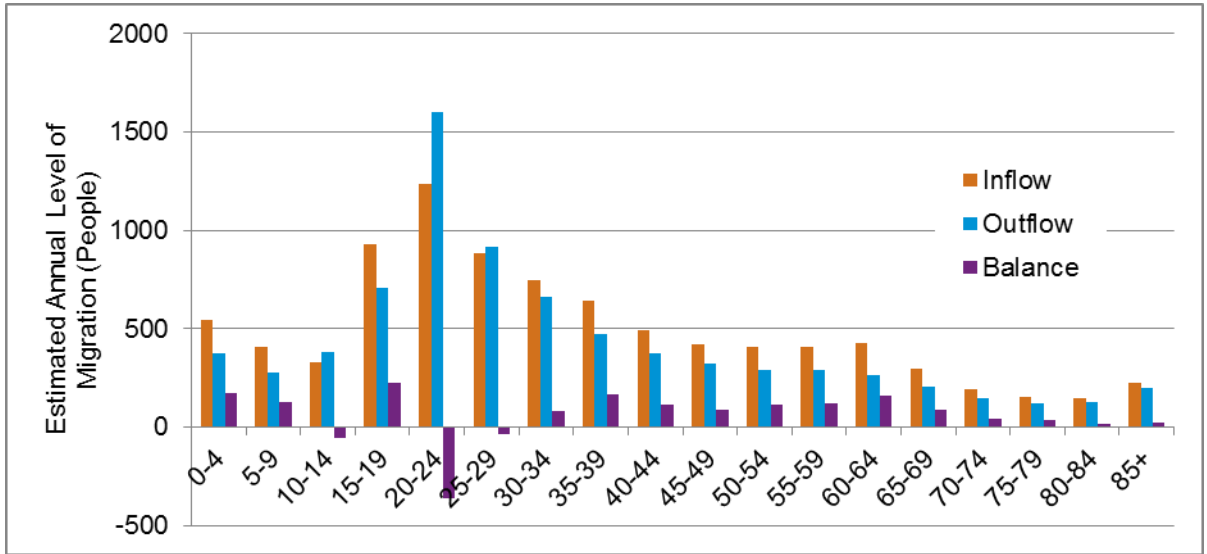
Figure 130: Estimated Annual Level of Net Migration by Five-year Age Band (2011-2031) - Arun



Source: Derived from ONS 2010-based Subnational Population Projections

8.38 Chichester also sees a net out-migration of people aged 20-24 and then net in-migration thereafter. In comparison with Arun the levels of net in-migration of older people and those approaching retirement age is more modest. Net in-migration is more focused towards those of working-age.

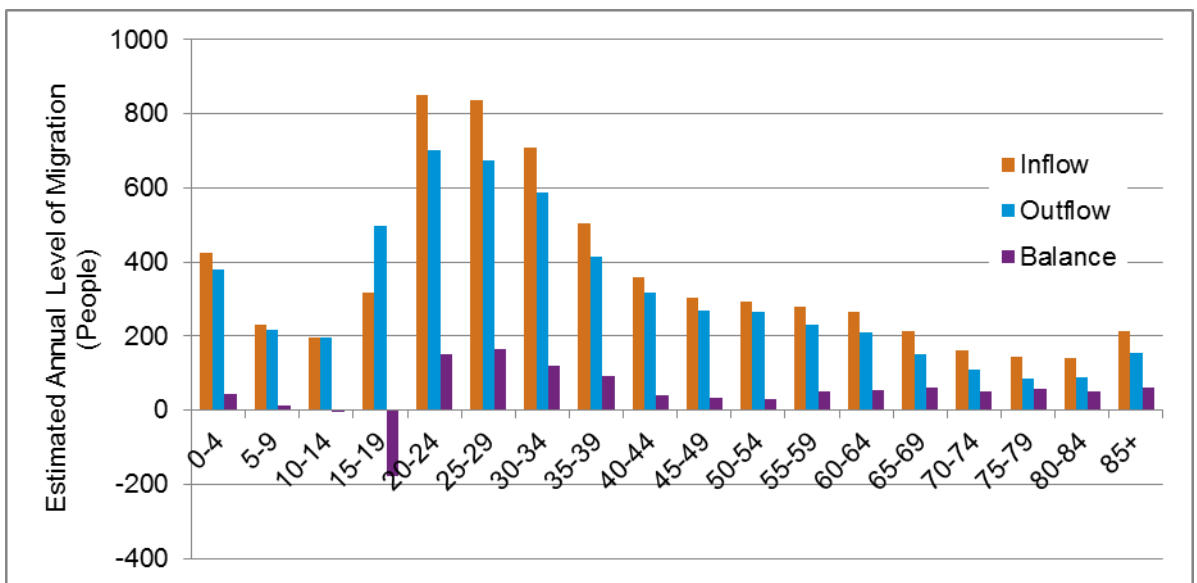
Figure 131: Estimated Annual Level of Net Migration by Five-year Age Band (2011-2031) - Chichester



Source: Derived from ONS 2010-based Subnational Population Projections

8.39 Worthing shows a migration profile which is more similar to that seen in Adur with out-migration of those aged 15-19 and then net in-migration thereafter. Net migration peaks in the age groups from 20-39 although it is positive for all age groups moving through retirement age.

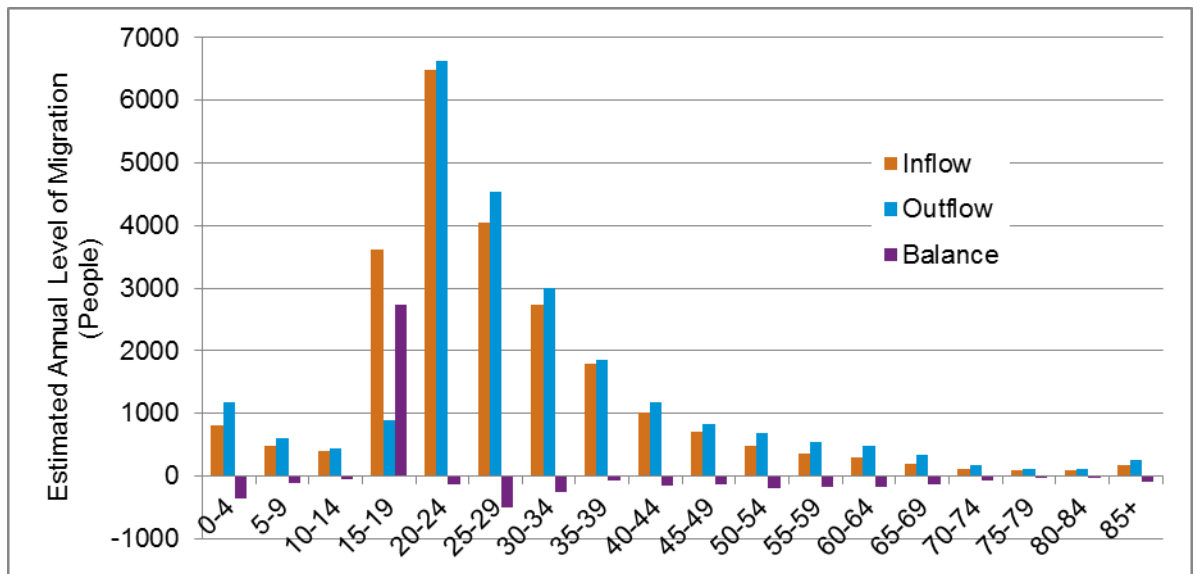
Figure 132: Estimated Annual Level of Net Migration by Five-year Age Band (2011-2031) – Worthing



Source: Derived from ONS 2010-based Subnational Population Projections

8.40 In Brighton & Hove we see a completely different pattern to any other area with substantial net in-migration of those aged 15 to 19 and then smaller levels of out-migration for most other age groups. Compared with other areas the data therefore suggests that Brighton & Hove will be better placed to retain a younger age structure.

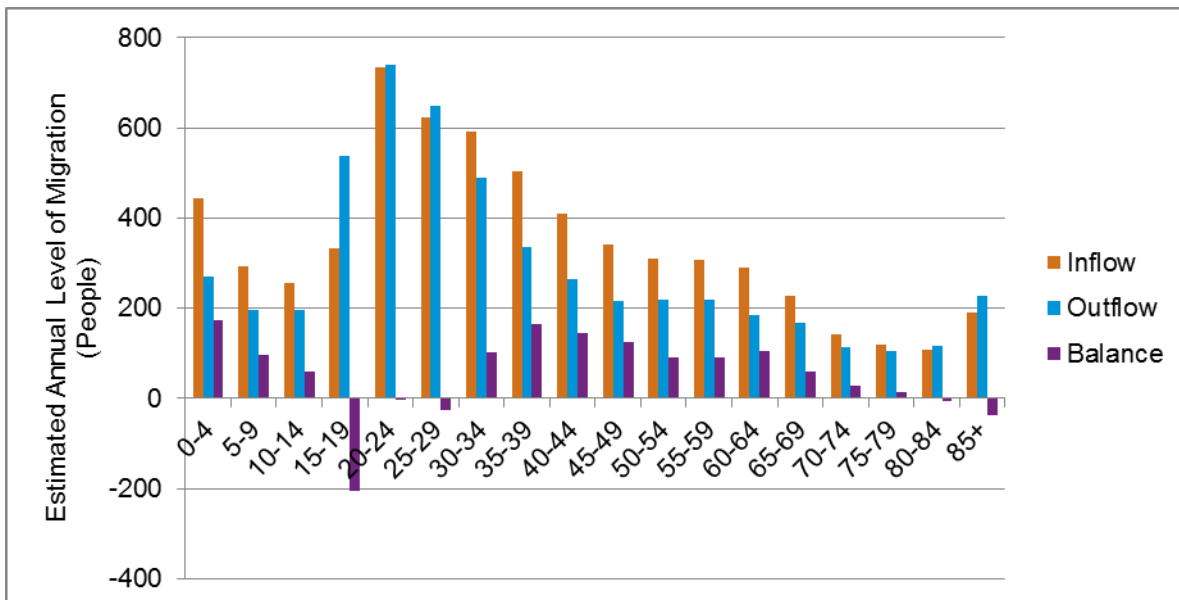
Figure 133: Estimated Annual Level of Net Migration by Five-year Age Band (2011-2031) – Brighton & Hove



Source: Derived from ONS 2010-based Subnational Population Projections

8.41 Finally, Lewes shows a migration profile more in keeping with areas other than Brighton & Hove with net out-migration of those aged 15 to 19 and then net in-migration thereafter. Net migration to Lewes is particularly high for age groups from about 30 to 64 suggesting a slightly better balance between those of working-age and retirement-compared with other locations (notably Arun).

Figure 134: Estimated Annual Level of Net Migration by Five-year Age Band (2011-2031) – Lewes



Source: Derived from ONS 2010- based Subnational Population Projections

Economic (Employment) Assumptions

8.42 With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how employment levels would change under each of our projections and also to consider the demographic implications of different levels of employment growth. The process is set out in Figure 135 below.

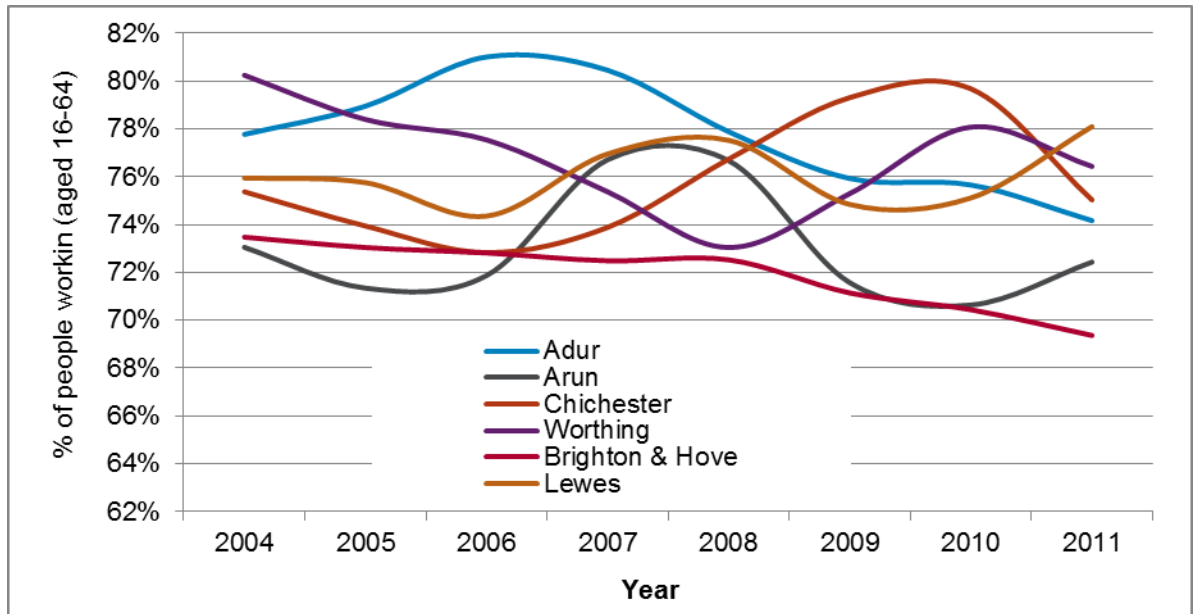
Figure 135: Overview of Economic-Driven Projection Methodology



8.43 Earlier in the report we have already set out recent trends in working patterns in the local authority area and in this section we develop this analysis to look at how this translates into employment rates (based on the proportion of the population aged 16-64 who are working). This information is shown in Figure 136 below for all six local authorities in the Sussex Coast Housing Market.

8.44 The data shows that the employment rate in all areas has been somewhat variable although in Adur and Brighton & Hove in particular there does appear to be a notable downward trend. As of 2011 employment rates varied between about 70% and 78% depending on location – a slight drop in the range (from 73% to 80%) seen in 2004.

Figure 136: Employment Rate – 2004 to 2011



Source: NOMIS/Annual Population Survey

- 8.45 Using the above data to provide us with an overall picture of working patterns we also drew on 2001 Census data and information from the Annual Population Survey to inform the distribution of workers by age and sex. In projecting forward we have used overall employment rates post-2008 (i.e. since the economic downturn) as a start point and assumed over the life of the projection that they will return to pre-2008 levels. Adjustments have also been made to take account of changes in pensionable age.
- 8.46 Figure 137 below shows overall employment rates used for modelling in 2011 and 2031. In Adur the data projects an improvement in female employment rates over time with Arun seeing improvements for both males and females. In Chichester we are not projecting any significant changes in the rates (noting that the figures for both males and females are quite high) whilst Worthing is expected to see moderate improvements for both sexes. To some degree the figures are influenced by the population profile in each area hence in some cases a small decrease in employment rates are projected.

Figure 137: Employment Rates by Age and Sex

Age group	Male		Female	
	2011	2031	2011	2031
Adur	90.4%	90.0%	61.5%	73.7%
Arun	76.8%	80.0%	66.9%	68.4%
Chichester	84.7%	83.9%	72.1%	72.7%
Worthing	80.8%	82.3%	72.9%	73.5%
Brighton & Hove	72.7%	76.7%	68.0%	69.0%
Lewes	80.6%	81.4%	72.0%	72.6%

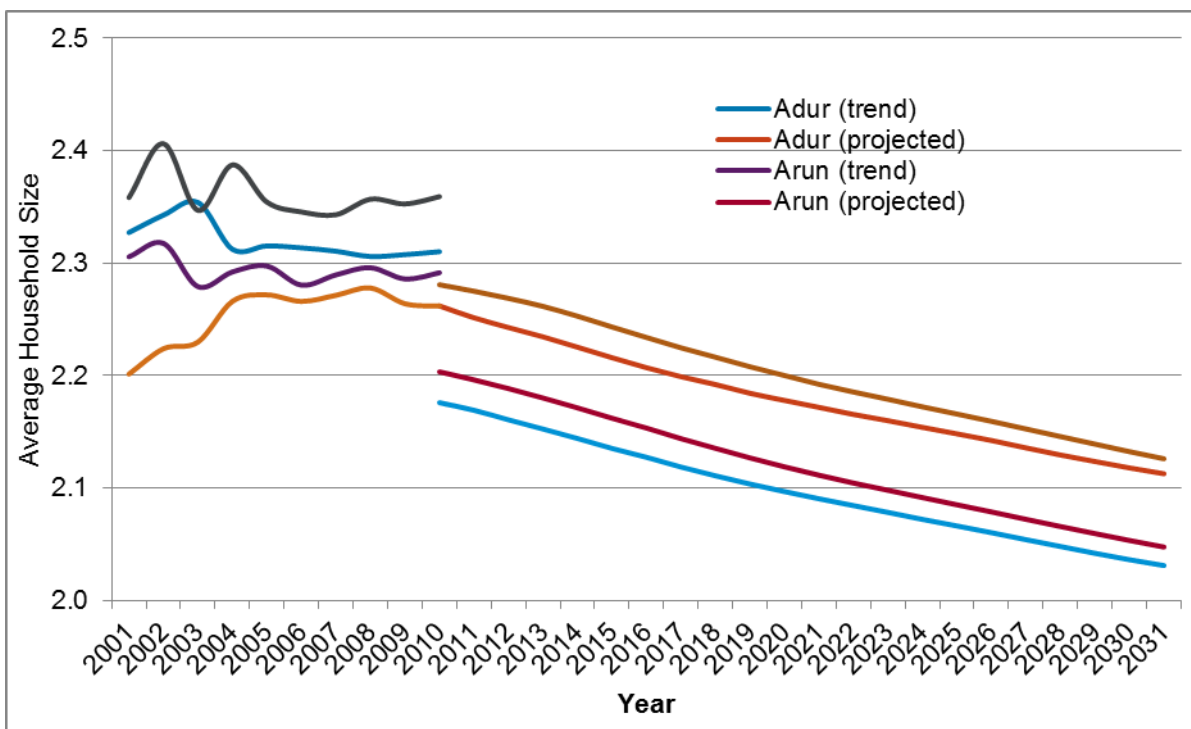
Source: NOMIS (from 2001 Census) adjusted using APS data

- 8.47 Where improvements to employment rates have been projected we have assumed that this will happen in the period from 2011 to 2021 – levelling off thereafter. The impact of changes to pensionable age have been factored in at the point at which these become relevant.

Household (and Housing) Growth Projections

- 8.48 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this we use the concept of headship rates. For the purposes of this analysis we have used information contained in the 2008-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group.
- 8.49 Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). We have however also taken account of recent trends in household formation which have generally seen less households being formed from the population than was projected in the CLG 2008-based household projections, this can clearly be emphasised in the figure that follows.
- 8.50 Figure 138 shows estimated average household sizes in each local authority (in Coastal West Sussex) from 2001 to 2010 and how these are projected to change in the future under the 2008-based CLG projections. The data clearly shows that household sizes have moved significantly away from long-term trends towards smaller household sizes and in all cases there is no strong evidence of household sizes falling over the past five/six years.

Figure 138: Past and Projected Trends in Average Household Size



Source: Derived from ONS and CLG data

- 8.51 Moving forward it is difficult to accurately predict what will happen with headship rates (and hence household sizes) although the data is clear that there has been a shift away from constant decreases in household size. For the purposes of our analysis we have used headship rates that fit somewhere in between recent trends (which are quite flat) and long-term projections which show significantly decreasing household size. Hence we project decreasing household sizes in the future but at a lesser rate than was projected by CLG in 2008.
- 8.52 This approach seems reasonable, recognising the current constraints for households in accessing mortgage finance and the weak economic outlook which are expected to suppress household formation at least in the initial years of the projections.
- 8.53 In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance. For the analysis we have assumed that around 2.5% of additional stock will be vacant. This is considered appropriate to allow for frictional turnover within the new housing stock. The assumption around vacant homes makes very little difference to the outputs of the analysis.

Population Projections

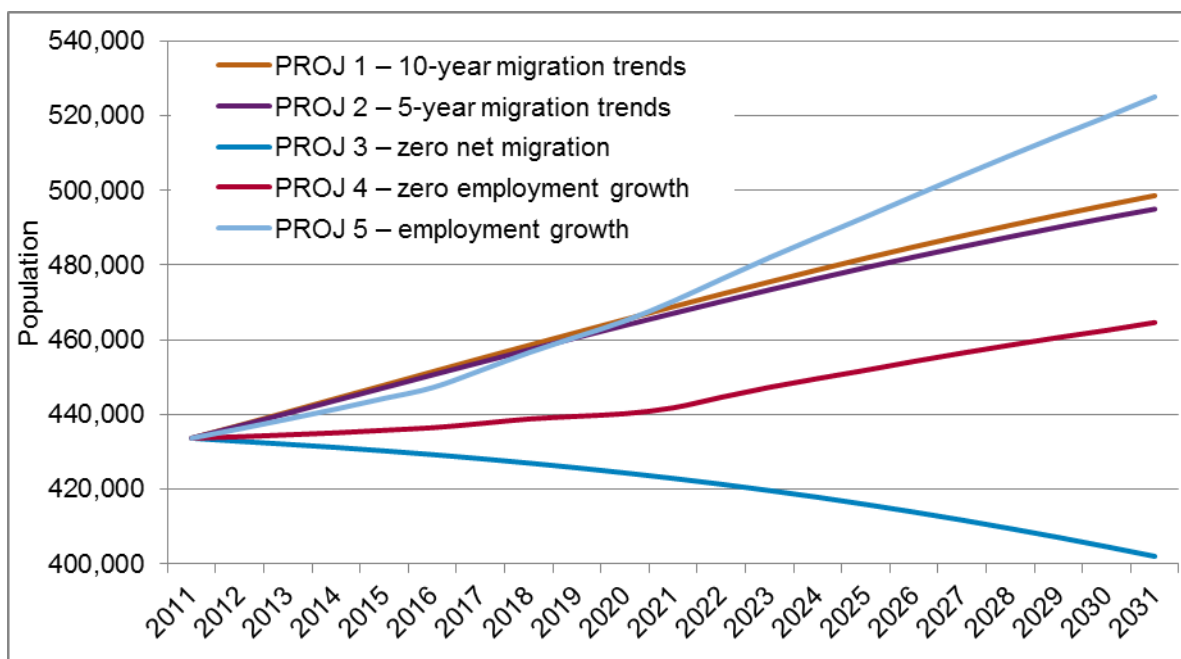
8.54 Figure 139 below shows the expected growth in population under each of the five scenarios for Coastal West Sussex. The projection linked to 10-year migration trends (PROJ 1) suggests population growth of about 15% over the 20-year period (about 65,000) with the projection linked to shorter-term migration (PROJ 2) showing a slightly lower figure (14% growth). With no net-migration (PROJ 3) we would expect to see a significant drop in population over time – reinforcing the importance of migration as a driver of population growth in the area. To maintain a constant labour supply (PROJ 4) we project that the population of the sub-region would need to increase by around 7% whilst to meet the employment projections (PROJ 5) this rises to over 21% over the 20-year period.

Figure 139: Population Estimates 2011 to 2031 – Coastal West Sussex

	2011	2016	2021	2026	2031
PROJ 1 – 10-year migration trends	433,698	451,497	468,901	484,919	498,655
	0.0%	4.1%	8.1%	11.8%	15.0%
PROJ 2 – 5-year migration trends	433,698	450,630	467,129	482,225	495,048
	0.0%	3.9%	7.7%	11.2%	14.1%
PROJ 3 – zero net migration	433,698	429,314	422,936	413,926	402,082
	0.0%	-1.0%	-2.5%	-4.6%	-7.3%
PROJ 4 – zero employment growth	433,698	436,509	441,829	454,266	464,689
	0.0%	0.6%	1.9%	4.7%	7.1%
PROJ 5 – employment growth	433,698	447,224	470,368	498,542	525,067
	0.0%	3.1%	8.5%	15.0%	21.1%

8.55 Figure 140 below shows the results of the population projections in graphical form with data provided for each year from 2011 to 2031. The data shows for both of the employment-based projections that population growth accelerates after 2021. This is because the projections assume recovery in employment rates over the 10-year period from 2011 to 2021 and thus further employment growth post 2021 is supported by higher in-migration.

Figure 140: Population Change, 2011 – 2031 – Coastal West Sussex

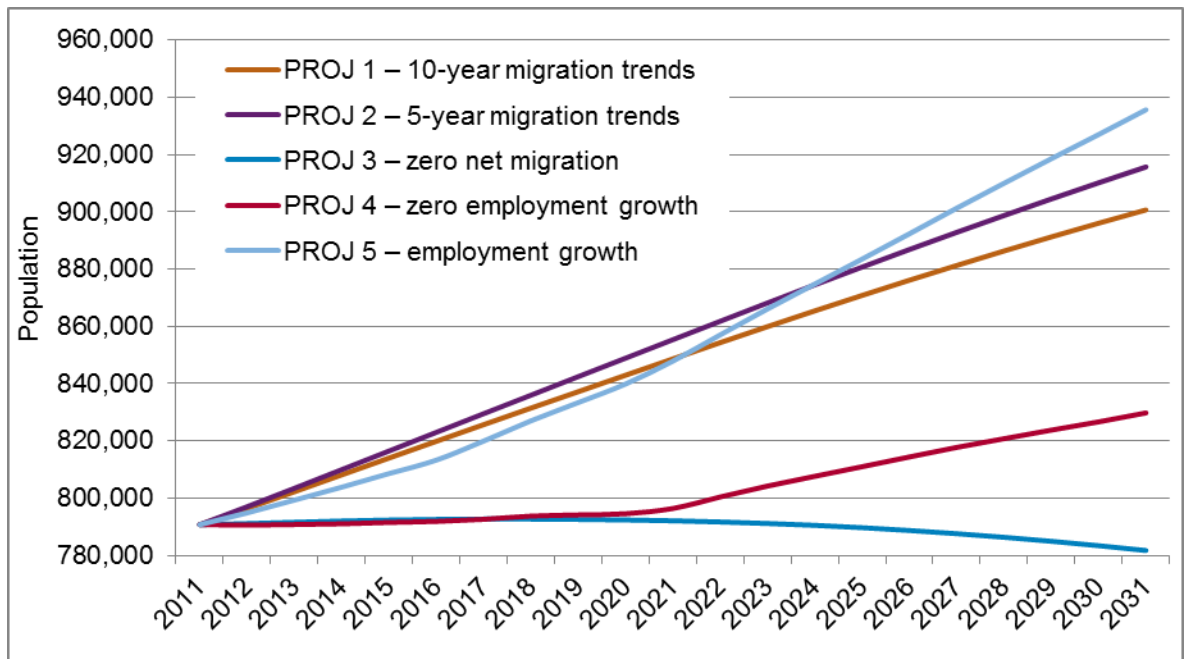


8.56 We have also provided the same data for the wider sub-region (including Brighton & Hove and Lewes). This shows higher levels of population growth in numerical terms but generally lower proportionate increases. In the case of zero net-migration (PROJ 3) we still see a drop in population but this is more moderate whilst population growth to keep employment levels constant is also lower than in the Coastal West Sussex Sub-Region. Under the employment forecast projection (PROJ 5) we also expect to see a large population growth (of 18%) – although this proportionate increase is lower than for the same projection when run just for the Coastal West Sussex sub-region.

Figure 141: Population Estimates 2011 to 2031 – Wider Housing Market

	2011	2016	2021	2026	2031
PROJ 1 – 10-year migration trends	790,773	819,876	848,659	876,120	900,669
	0.0%	3.7%	7.3%	10.8%	13.9%
PROJ 2 – 5-year migration trends	790,773	823,016	855,374	886,836	915,663
	0.0%	4.1%	8.2%	12.1%	15.8%
PROJ 3 – zero net migration	790,773	792,604	792,119	788,750	781,752
	0.0%	0.2%	0.2%	-0.3%	-1.1%
PROJ 4 – zero employment growth	790,773	791,910	796,432	814,427	829,799
	0.0%	0.1%	0.7%	3.0%	4.9%
PROJ 5 – employment growth	790,773	813,317	847,890	892,349	935,638
	0.0%	2.9%	7.2%	12.8%	18.3%

Figure 142: Population Change, 2011 – 2031 – Wider Housing Market



PROJ 1 – 10-year Migration Trends

8.57 With an increase in the population there will also be a change in the demographic structure. Figure 143 below shows population pyramids for the projection linked to past migration trends over the last 10-years (PROJ 1) for Coastal West Sussex. Over the twenty-year projection period the data shows a significant ageing of the population with the ‘pyramid’ becoming quite top-heavy by 2031.

Figure 143: Distribution of Population 2011 and 2031 for PROJ 1 – 10-year Migration Trends (Coastal West Sussex)



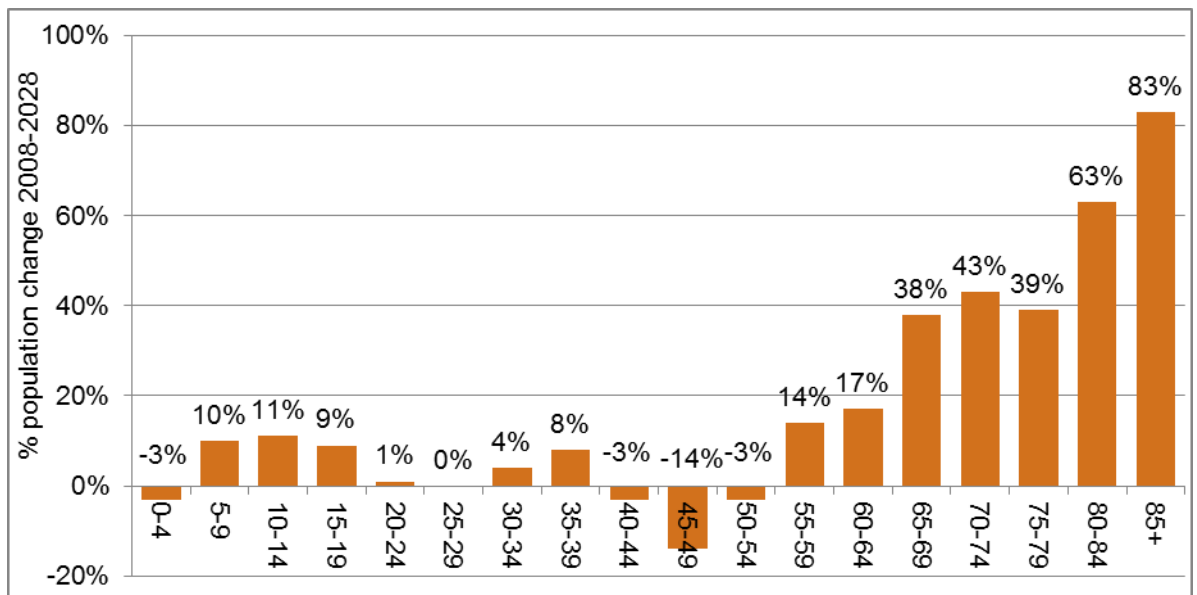
8.58 Figure 144 below summarises the findings for 15-year age groups under PROJ 1 (linked to 10-year migration patterns). The largest growth will be in people aged 75 which is expected to see a 61% increase in numbers (as a result of improvements to life expectancy). There is also expected to be growth in the population aged 60 to 74. All of the other age groups are expected to see more moderate increases in population (or small decreases). This latter finding is particularly important as this influences the size of the economically active population.

Figure 144: PROJ 1 – 10-year Migration Trends – Population Change 2011 to 2031 by Five Year Age Bands (Coastal West Sussex)

Age group	Population 2011	Population 2031	Change in Population	% Change from 2011
Under 15	67,884	71,843	3,959	5.8%
15-29	67,272	69,759	2,488	3.7%
30-44	75,911	77,901	1,991	2.6%
45-59	86,969	85,303	-1,665	-1.9%
60-74	82,138	107,897	25,759	31.4%
75+	53,525	85,950	32,425	60.6%
Total	433,698	498,655	64,957	15.0%

8.59 Figure 145 below shows percentage changes for each five year age group. The most stark trend is the increase in the population aged 85 and over (up 83%) which may have implications for future housing delivery as many of this group may require some form of specialist housing.

Figure 145: Forecast Population Change by Age Group 2011 – 2031 (PROJ 1 – 10-year Migration Trends) (Coastal West Sussex)



Economic (Employment) Changes

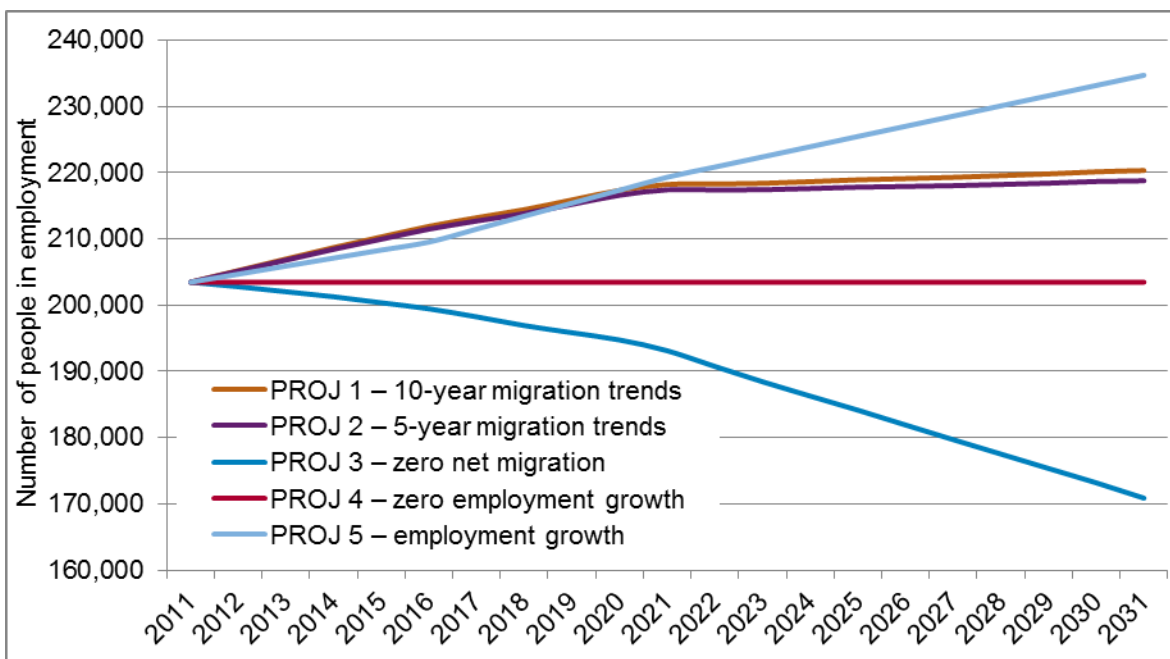
8.60 Figure 146 below shows the estimated number of people living in Coastal West Sussex who are working under each of our five projections. The data shows that under the projection linked to 10-year migration patterns (PROJ 1) that the number of people working is projected to increase by 8.3% from 2011 to 2031 (16,800 people) with the projection linked to 5-year migration patterns (PROJ 2) showing a slightly lower figure. The zero net-migration projection (PROJ 3) shows a substantial decrease in the number of people in employment – this is linked to the population profile in the area and in particular the large and increasing older person population (who are less likely to be working).

Figure 146: Employment Estimates 2011 to 2031 – Coastal West Sussex

	2011	2016	2021	2026	2031
PROJ 1 – 10-year migration trends	203,470	211,894	218,215	219,089	220,314
	0.0%	4.1%	7.2%	7.7%	8.3%
PROJ 2 – 5-year migration trends	203,470	211,476	217,397	217,906	218,769
	0.0%	3.9%	6.8%	7.1%	7.5%
PROJ 3 – zero net migration	203,470	199,448	193,120	181,909	170,885
	0.0%	-2.0%	-5.1%	-10.6%	-16.0%
PROJ 4 – zero employment growth	203,470	203,470	203,470	203,470	203,470
	0.0%	0.0%	0.0%	0.0%	0.0%
PROJ 5 – employment growth	203,470	209,528	219,309	226,993	234,697
	0.0%	3.0%	7.8%	11.6%	15.3%

8.61 Figure 147 shows the estimated number of people in employment for each year of the projection. Given assumed improvements to employment rates, the two trend based projections (PROJ 1 & 2) show relatively little increase in the labour supply after 2021.

Figure 147: Employment Change, 2011 – 2031 – Coastal West Sussex

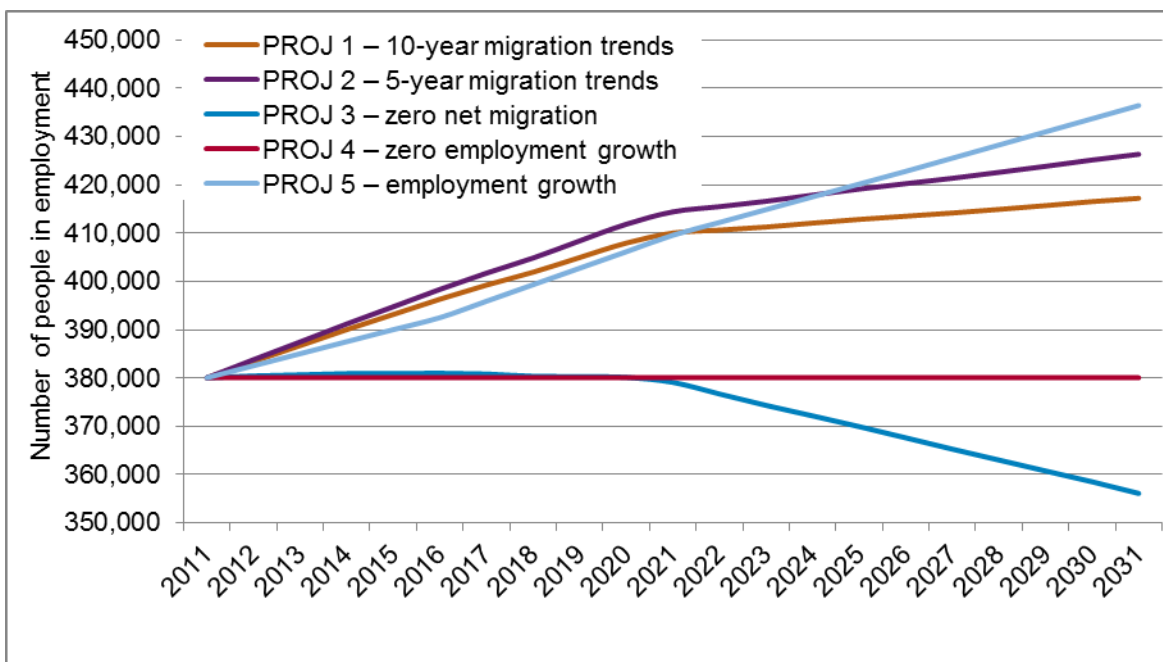


8.62 The data has also been provided for the wider housing market area. Due to the inclusion of Brighton & Hove which has a much younger population profile the data shows greater increases in employment for both of our trend-based projections and a lower decrease in labour supply with no net-migration.

Figure 148: Employment Estimates 2011 to 2031 – Sussex Coast HMA

	2011	2016	2021	2026	2031
PROJ 1 – 10-year migration trends	380,069	396,341	410,051	413,548	417,248
	0.0%	4.3%	7.9%	8.8%	9.8%
PROJ 2 – 5-year migration trends	380,069	398,368	414,440	420,285	426,358
	0.0%	4.8%	9.0%	10.6%	12.2%
PROJ 3 – zero net migration	380,069	381,021	379,121	367,629	356,123
	0.0%	0.3%	-0.2%	-3.3%	-6.3%
PROJ 4 – zero employment growth	380,069	380,069	380,069	380,069	380,069
	0.0%	0.0%	0.0%	0.0%	0.0%
PROJ 5 – employment growth	380,069	392,526	409,601	422,842	436,454
	0.0%	3.3%	7.8%	11.3%	14.8%

Figure 149: Employment Change, 2011 – 2031 – Sussex Coast HMA



Household (and Housing) Growth

8.63 The table and figure below (Figures 150 and 151) show the projected growth in the number of households under each of the five scenarios for Coastal West Sussex. Our scenario linked to 10-year migration trends (PROJ 1) suggests a household increase of 19% over the 20-year period – 35,500 additional households with a slightly lower figure being seen with 5-year trends (PROJ 2). With no net-migration (PROJ 3) we expect to see a small drop in the number of households in the HMA.

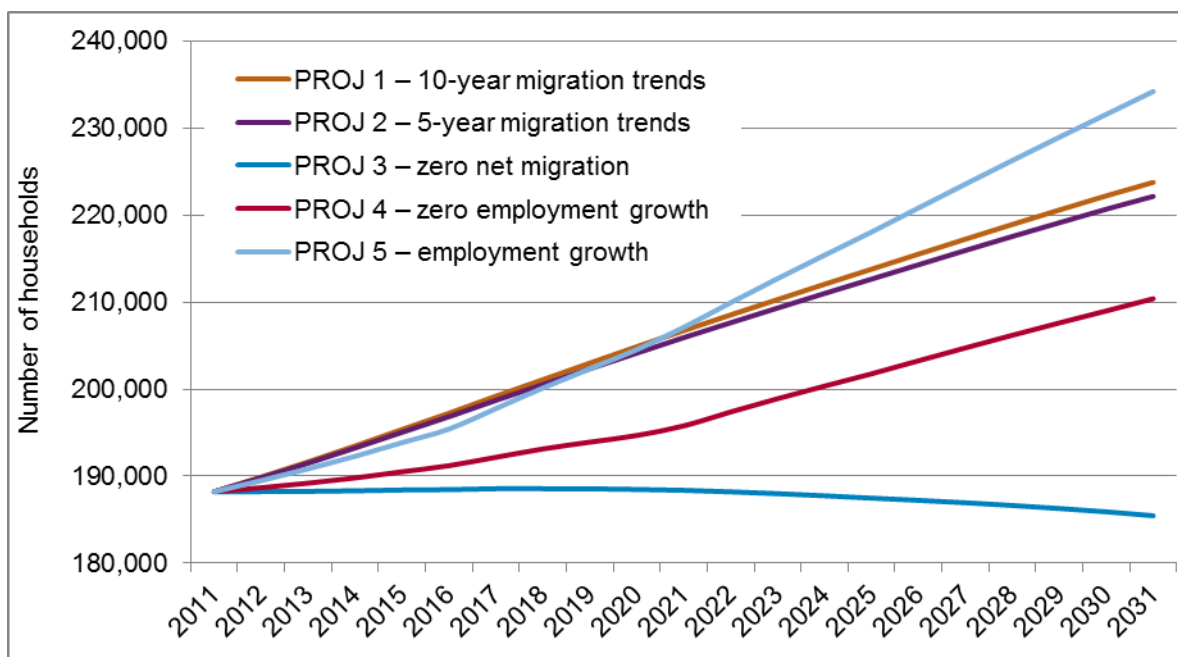
- 8.64 To maintain a constant level of workforce would (due to the ageing population) see a growth in the number of households of about 12% whilst the enhanced level of employment growth (PROJ 5) see a higher household increase of around 24% over the 20-year period.

Figure 150: Household Estimates 2011 to 2031 – Coastal West Sussex

	2011	2016	2021	2026	2031
PROJ 1 – 10-year migration trends	188,221	197,240	206,734	215,525	223,768
	0.0%	4.8%	9.8%	14.5%	18.9%
PROJ 2 – 5-year migration trends	188,221	196,844	205,921	214,301	222,153
	0.0%	4.6%	9.4%	13.9%	18.0%
PROJ 3 – zero net migration	188,221	188,462	188,375	187,224	185,460
	0.0%	0.1%	0.1%	-0.5%	-1.5%
PROJ 4 – zero employment growth	188,221	191,214	195,785	203,262	210,396
	0.0%	1.6%	4.0%	8.0%	11.8%
PROJ 5 – employment growth	188,221	195,426	207,115	220,824	234,214
	0.0%	3.8%	10.0%	17.3%	24.4%

- 8.65 Figure 151 below shows the estimated change in households for each year of the projection. Due to the way improvements to employment rates have been modelled and also the fact that employment growth (under PROJ 5) is expected to be strongest in the latter part of the projection period we see a notable increase in household growth levels after 2021. Indeed the two trend-based projections (PROJ 1 & 2) show higher levels of household growth up until about 2020 than the employment growth based projection (PROJ 5).

Figure 151: Household Change, 2011 – 2031 – Coastal West Sussex

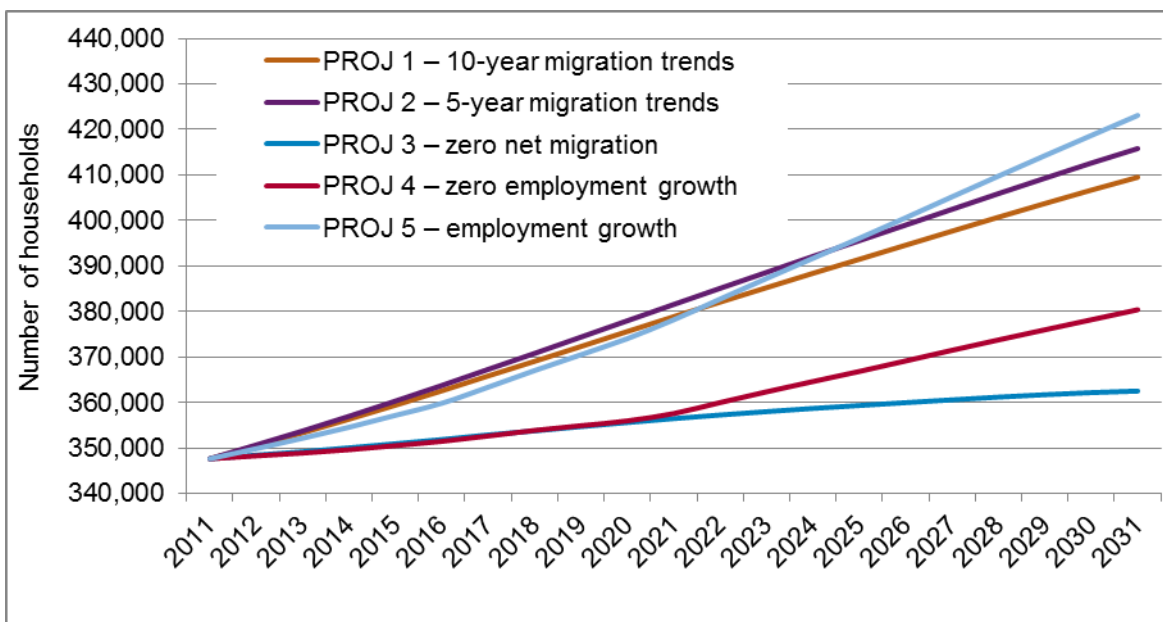


8.66 Figures for household growth are provided for the Wider Housing Market in Figures 152 and 153 below. The data shows expected increases in households of between 18% and 20% under the two trend-based scenarios (PROJ 1 & 2) rising to 22% in the case of the scenario linked to employment forecasts (PROJ 5). With no net migration (PROJ 3) we would still expect to see a 4% increase in households whilst for employment levels to remain constant (PROJ 4) this figure rises to 9%.

Figure 152: Household Estimates 2011 to 2031 – Wider Housing Market

	2011	2016	2021	2026	2031
PROJ 1 – 10-year migration trends	347,677	362,598	378,898	394,598	409,520
	0.0%	4.3%	9.0%	13.5%	17.8%
PROJ 2 – 5-year migration trends	347,677	363,774	381,589	399,037	415,832
	0.0%	4.6%	9.8%	14.8%	19.6%
PROJ 3 – zero net migration	347,677	351,910	356,510	360,003	362,553
	0.0%	1.2%	2.5%	3.5%	4.3%
PROJ 4 – zero employment growth	347,677	351,499	357,609	369,174	380,417
	0.0%	1.1%	2.9%	6.2%	9.4%
PROJ 5 – employment growth	347,677	359,864	378,212	400,634	423,109
	0.0%	3.5%	8.8%	15.2%	21.7%

Figure 153: Household Change, 2011 – 2031 – Wider Housing Market



8.67 The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. We have therefore added a vacancy allowance of 2.5% to all of the above figures to make estimated housing requirements with figures shown in the table below. This is to support turnover within the housing stock.

Figure 154: Estimated Annual Housing Requirement with 2.5% Vacancy Allowance (to 2031) – Coastal West Sussex

Projection variant	Household Growth	Annual Requirement with Vacancy Allowance
PROJ 1 – 10-year migration trends	1,777	1,822
PROJ 2 – 5-year migration trends	1,697	1,739
PROJ 3 – zero net migration	-138	-142
PROJ 4 – zero employment growth	1,109	1,136
PROJ 5 – employment growth	2,300	2,357

Figure 155: Estimated Annual Housing Requirement with 2.5% Vacancy Allowance (to 2031) – Wider Housing Market

Projection variant	Household Growth	Annual Requirement with Vacancy Allowance
PROJ 1 – 10-year migration trends	3,092	3,169
PROJ 2 – 5-year migration trends	3,408	3,493
PROJ 3 – zero net migration	744	762
PROJ 4 – zero employment growth	1,637	1,678
PROJ 5 – employment growth	3,772	3,866

Summary of Projections

8.68 A summary of the projections are shown in the tables below (one showing annual average figures and the other looking at totals over the full 20-year projection period) for Coastal West Sussex HMA. The table shows that under our projections linked to past migration trends (PROJ 1 & 2) there would be a requirement for 1,740-1,820 additional homes to be provided per annum; this would also see a positive change in the number of people in employment. With zero net-migration (PROJ 3) there is a negative housing requirement and this scenario would be expected to see negative population growth and a substantial decrease in the working population. To maintain employment levels over the next 20-years (PROJ 4) would require provision of 1,140 additional homes per annum whilst to achieve the forecast employment growth figure (PROJ 5) sees a higher requirement of around 2,360 additional homes per annum.

Figure 156: Summary of Projections 2011 to 2031 – Annual – Coastal West Sussex

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	3,248	0.7%	1,822	0.9%	842	0.4%
PROJ 2 – 5-year migration trends	3,068	0.7%	1,739	0.9%	765	0.4%
PROJ 3 – zero net migration	-1,581	-0.4%	-142	-0.1%	-1,629	-0.8%
PROJ 4 – zero employment growth	1,550	0.4%	1,136	0.6%	0	0.0%
PROJ 5 – employment growth	4,568	1.1%	2,357	1.2%	1,561	0.8%

Figure 157: Summary of Projections 2011 to 2031 – Coastal West Sussex

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	64,957	15.0%	36,436	18.9%	16,844	8.3%
PROJ 2 – 5-year migration trends	61,350	14.1%	34,781	18.0%	15,299	7.5%
PROJ 3 – zero net migration	-31,616	-7.3%	-2,830	-1.5%	-32,585	-16.0%
PROJ 4 – zero employment growth	30,991	7.1%	22,730	11.8%	0	0.0%
PROJ 5 – employment growth	91,369	21.1%	47,142	24.4%	31,227	15.3%

8.69 The tables below summarise the same information for the wider sub-region. The data shows under the two trend-based projections (PROJ 1 & 2) a requirement for between about 3,200 and 3,500 units per annum with the figure rising to 3,900 when looking at forecast employment growth (PROJ 5). With no net-migration or no employment growth (PROJ 3 & 4) the figures are more modest ranging from about 800 to 1,700 units per annum.

Figure 158: Summary of Projections 2011 to 2031 – Annual – Wider Housing Market

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	5,495	0.7%	3,169	0.9%	1,859	0.5%
PROJ 2 – 5-year migration trends	6,244	0.8%	3,493	1.0%	2,314	0.6%
PROJ 3 – zero net migration	-451	-0.1%	762	0.2%	-1,197	-0.3%
PROJ 4 – zero employment growth	1,951	0.2%	1,678	0.5%	0	0.0%
PROJ 5 – employment growth	7,243	0.9%	3,866	1.1%	2,819	0.7%

Figure 159: Summary of Projections 2011 to 2031 – Wider Housing Market

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	109,896	13.9%	63,390	17.8%	37,179	9.8%
PROJ 2 – 5-year migration trends	124,890	15.8%	69,859	19.6%	46,289	12.2%
PROJ 3 – zero net migration	-9,021	-1.1%	15,248	4.3%	-23,946	-6.3%
PROJ 4 – zero employment growth	39,026	4.9%	33,558	9.4%	0	0.0%
PROJ 5 – employment growth	144,865	18.3%	77,318	21.7%	56,385	14.8%

Projections by District

8.70 The series of tables below summarise all of the above projections for each local authority. In each case we have again provided two tables – one showing annual figures and one with figures for the whole 20-year projection period.

Adur

8.71 In Adur, the two trend based projections (PROJ 1 & 2) show an annual range of housing requirements from 186 to 215 additional units – the figure under PROJ 5 (based on forecast employment growth) is also at the upper end of this range (at 213 per annum). Both the zero net-migration and zero employment growth projections (PROJ 3 & 4) show more moderate positive housing requirements.

Figure 160: Summary of Projections (Adur) 2011 to 2031 – Annual

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	296	0.5%	186	0.7%	137	0.5%
PROJ 2 – 5-year migration trends	370	0.6%	215	0.8%	178	0.6%
PROJ 3 – zero net migration	-96	-0.2%	29	0.1%	-81	-0.3%
PROJ 4 – zero employment growth	37	0.1%	85	0.3%	0	0.0%
PROJ 5 – employment growth	360	0.6%	213	0.8%	178	0.6%

Figure 161: Summary of Projections (Adur) 2011 to 2031 – Total

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	5,914	9.6%	3,711	13.5%	2,738	9.3%
PROJ 2 – 5-year migration trends	7,392	11.9%	4,300	15.7%	3,558	12.1%
PROJ 3 – zero net migration	-1,929	-3.1%	582	2.1%	-1,616	-5.5%
PROJ 4 – zero employment growth	735	1.2%	1,697	6.2%	0	0.0%
PROJ 5 – employment growth	7,192	11.6%	4,267	15.6%	3,564	12.2%

Arun

8.72 In Arun, the two trend based projections (PROJ 1 & 2) show an annual range of housing requirements from 602 to 754 additional units – the figure under PROJ 5 (based on forecast employment growth) is higher again (at 886 per annum). The zero employment growth projection (PROJ 4) shows a more moderate housing requirement for 436 units per annum whilst with no net-migration the figures suggest a negative housing provision

Figure 162: Summary of Projections (Arun) 2011 to 2031 – Annual

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	1,383	0.9%	754	1.1%	368	0.5%
PROJ 2 – 5-year migration trends	1,019	0.7%	602	0.9%	191	0.3%
PROJ 3 – zero net migration	-810	-0.5%	-161	-0.2%	-700	-1.0%
PROJ 4 – zero employment growth	608	0.4%	436	0.6%	0	0.0%
PROJ 5 – employment growth	1,686	1.1%	886	1.3%	525	0.8%

Figure 163: Summary of Projections (Arun) 2011 to 2031 – Total

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	27,652	18.0%	15,075	21.9%	7,353	10.9%
PROJ 2 – 5-year migration trends	20,382	13.3%	12,042	17.5%	3,810	5.7%
PROJ 3 – zero net migration	-16,191	-10.6%	-3,214	-4.7%	-14,009	-20.8%
PROJ 4 – zero employment growth	12,154	7.9%	8,717	12.7%	0	0.0%
PROJ 5 – employment growth	33,710	22.0%	17,724	25.8%	10,502	15.6%

Chichester

8.73 In Chichester, the two trend based projections (PROJ 1 & 2) show an annual range of housing requirements from 438 to 497 additional units – this figure rises to 750 per annum under PROJ 5 (based on forecast employment growth). The zero employment growth projection (PROJ 4) shows a more moderate housing requirement for 367 units per annum whilst with no net-migration the figures suggest a negative housing provision figure.

Figure 164: Summary of Projections (Chichester) 2011 to 2031 – Annual

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	801	0.7%	438	0.9%	95	0.2%
PROJ 2 – 5-year migration trends	958	0.8%	497	1.0%	179	0.3%
PROJ 3 – zero net migration	-499	-0.4%	-55	-0.1%	-598	-1.1%
PROJ 4 – zero employment growth	614	0.5%	367	0.7%	0	0.0%
PROJ 5 – employment growth	1,621	1.4%	750	1.5%	540	1.0%

Figure 165: Summary of Projections (Chichester) 2011 to 2031 – Total

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	16,025	13.9%	8,755	17.5%	1,910	3.4%
PROJ 2 – 5-year migration trends	19,159	16.7%	9,943	19.9%	3,581	6.4%
PROJ 3 – zero net migration	-9,982	-8.7%	-1,108	-2.2%	-11,960	-21.2%
PROJ 4 – zero employment growth	12,275	10.7%	7,350	14.7%	0	0.0%
PROJ 5 – employment growth	32,428	28.2%	15,010	30.0%	10,799	19.2%

Worthing

8.74 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). Both the zero net-migration and zero employment growth projections (PROJ 3 & 4) show more moderate positive housing requirements.

Figure 166: Summary of Projections (Worthing) 2011 to 2031 – Annual

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	768	0.7%	445	1.0%	242	0.5%
PROJ 2 – 5-year migration trends	721	0.7%	425	0.9%	218	0.4%
PROJ 3 – zero net migration	-176	-0.2%	46	0.1%	-250	-0.5%
PROJ 4 – zero employment growth	291	0.3%	248	0.5%	0	0.0%
PROJ 5 – employment growth	902	0.9%	507	1.1%	318	0.6%

Figure 167: Summary of Projections (Worthing) 2011 to 2031 – Total

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%

Brighton & Hove

8.75 In Brighton & Hove, the two trend based projections (PROJ 1 & 2) show an annual range of housing requirements from 937 to 1,319 additional units – under PROJ 5 (based on forecast employment growth) the figure is slightly below the bottom end of this range at 907 dwelling per annum. Both the zero net-migration and zero employment growth projections (PROJ 3 & 4) show more moderate positive housing requirements although it is interesting that under the zero net-migration scenario (PROJ 3) that the figures are only slightly below our projection based on long-term (10-year) migration trends (PROJ 1).

Figure 168: Summary of Projections (Brighton & Hove) 2011 to 2031 – Annual

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	1,526	0.6%	937	0.8%	902	0.7%
PROJ 2 – 5-year migration trends	2,395	0.9%	1,319	1.1%	1,403	1.1%
PROJ 3 – zero net migration	1,367	0.5%	867	0.7%	811	0.6%
PROJ 4 – zero employment growth	-91	0.0%	219	0.2%	0	0.0%
PROJ 5 – employment growth	1,468	0.6%	907	0.8%	889	0.7%

Figure 169: Summary of Projections (Brighton & Hove) 2011 to 2031 – Total

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	30,524	11.8%	18,731	15.5%	18,046	13.9%
PROJ 2 – 5-year migration trends	47,891	18.6%	26,376	21.8%	28,067	21.6%
PROJ 3 – zero net migration	27,344	10.6%	17,332	14.3%	16,211	12.5%
PROJ 4 – zero employment growth	-1,817	-0.7%	4,371	3.6%	0	0.0%
PROJ 5 – employment growth	29,364	11.4%	18,143	15.0%	17,785	13.7%

Lewes

8.76 In Lewes, the two trend based projections (PROJ 1 & 2) show an annual range of housing requirements from 411 to 435 additional units – this figure rises to 602 per annum under PROJ 5 (based on forecast employment growth). Both the zero net-migration and zero employment growth projections (PROJ 3 & 4) show more moderate positive housing requirements.

Figure 170: Summary of Projections (Lewes) 2011 to 2031 – Annual

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – 10-year migration trends	721	0.7%	411	1.0%	114	0.2%
PROJ 2 – 5-year migration trends	782	0.8%	435	1.0%	146	0.3%
PROJ 3 – zero net migration	-237	-0.2%	37	0.1%	-379	-0.8%
PROJ 4 – zero employment growth	493	0.5%	323	0.8%	0	0.0%
PROJ 5 – employment growth	1,207	1.2%	602	1.4%	369	0.8%

Figure 171: Summary of Projections (Lewes) 2011 to 2031 – Total

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – 10-year migration trends	14,416	14.6%	8,222	19.3%	2,289	4.9%
PROJ 2 – 5-year migration trends	15,649	15.8%	8,703	20.4%	2,923	6.3%
PROJ 3 – zero net migration	-4,749	-4.8%	747	1.8%	-7,572	-16.3%
PROJ 4 – zero employment growth	9,852	10.0%	6,458	15.1%	0	0.0%
PROJ 5 – employment growth	24,132	24.4%	12,033	28.2%	7,373	15.9%

Sensitivity to Headship Rate Assumptions

- 8.77 As noted above we have assumed that headship rates will continue in the future at a level somewhere between the long-term trends projected in the CLG 2008-based household projections and past trends over the past ten years (which broadly suggest little change). To see the impact of moving away from the position in the 2008-based CLG projections we have therefore provided a sensitivity analysis to look at what the derived housing requirements would be if we reverted the assumptions back in-line with the CLG figures. In doing this we have continued to rebase the figures to our estimate of the number of households in each area in 2011.
- 8.78 Figure 172 below shows the annual household growth in each area under PROJ 1 – 10-year migration trends both with our assumed headship rates and adjusted back to CLG (2008-based) figures. The data shows in all areas that our assumptions around headship rates derive a lower housing requirement than would be the case if CLG figures were used. Under PROJ 1 (10-year migration trends) across the sub-region we estimated household growth of 1,777 per annum; if CLG headship rates were used then this figure rises to 2,156 (379 households per annum more – a 21% increase).

Figure 172: Implications of Headship Rate Assumptions (PROJ 1)

Forecast Annual Growth in Households	GLH Headship Assumptions	CLG Headship Assumptions	Difference
Adur	181	228	47
Arun	735	885	150
Chichester	427	521	94
Worthing	434	522	88
Coastal West Sussex	1,777	2,156	379
Brighton & Hove	914	1,026	112
Lewes	401	456	55
Sussex Coast Housing Market	3,092	3,638	546

- 8.79 It is clear from this analysis therefore that assumptions around headship rates can have quite an impact on assessed housing requirements. At the time of writing no new household projections are due to be published (due in December 2012). It is unclear to what extent the new projections when published will amend headship rates on the basis of new information available since the 2008-based projections were developed. We would expect the 2010-based CLG projections (when published) to show a more moderate change in headship patterns moving forward (as we have modelled) and so believe that the position we have taken in this report is as realistic as possible given the data available.

Sensitivity to Changes in Commuting Dynamics

- 8.80 In addition to the main economic projection, PROJ 5, we have run a further alternative projection in which we assume that growth in the labour force matches growth in employment.
- 8.81 PROJ 5A thus looks at the level of growth in the labour force required to meet the projected employment growth specifically within each District, assuming a 1:1 relationship between projected employment growth (workforce-based) and growth in the residence-based employment. This is thus based on the employment numbers set out in Figure 121.
- 8.82 The data (in the two tables below) shows that with a 1:1 relationship between workforce and residence based employment growth the overall estimated housing requirement is for 2,197 homes per annum in the Coastal West Sussex area. This figure is slightly below the figure found (in PROJ 5) where account was taken of commuting patterns (figure of 2,357 per annum). The difference reflects the fact that the sub-region generally has a greater level of out-commuting than in-commuting.
- 8.83 Looking at the figures for individual local authorities we find that the housing requirements have fallen in all areas other than Chichester where there is a moderate increase. The biggest difference in numerical terms can be seen in Arun where the annual housing requirement falls by more than 100 when commuting patterns are excluded.
- 8.84 Looking at the wider sub-regional housing market the data again shows a slightly lower housing requirement with the 1:1 workforce/residence employment growth. Overall, under this projection the annual housing requirement is estimated to be 3,637 homes compared with 3,866 under our main economic based projection (PROJ 5). Both Brighton & Hove and Lewes show slightly lower housing requirements under this projection when compared with PROJ 5.

Figure 173: Summary of PROJ 5A (labour force growth with 1:1 relationship between workforce-based employment growth and residence based employment growth - Annual

Area	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
Adur	239	0.4%	165	0.6%	111	0.4%
Arun	1,393	0.9%	763	1.1%	381	0.6%
Chichester	1,691	1.5%	777	1.6%	577	1.0%
Worthing	865	0.8%	491	1.1%	299	0.6%
Coastal West Sussex	4,187	1.0%	2,197	1.1%	1,368	0.7%
Brighton & Hove	1,360	0.5%	861	0.7%	822	0.6%
Lewes	1,149	1.2%	579	1.4%	340	0.7%
Sussex Coast Housing Market	6,695	0.8%	3,637	1.0%	2,530	0.7%

Figure 174: Summary of PROJ 5A (labour force growth with 1:1 relationship between workforce-based employment growth and residence based employment growth – Total (20-years)

Area	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
Adur	4,776	7.7%	3,301	12.1%	2,220	7.6%
Arun	27,850	18.2%	15,267	22.2%	7,630	11.3%
Chichester	33,829	29.4%	15,547	31.1%	11,540	20.5%
Worthing	17,291	16.7%	9,829	21.0%	5,970	11.8%
Coastal West Sussex	83,746	19.3%	43,945	22.8%	27,360	13.4%
Brighton & Hove	27,191	10.5%	17,213	14.2%	16,440	12.6%
Lewes	22,971	23.2%	11,583	27.2%	6,791	14.6%
Sussex Coast Housing Market	133,908	16.9%	72,740	20.4%	50,591	13.3%

Modelling an Alternative Migration Profile in Arun District

- 8.85 The ONS Sub-National Population Projections, which have informed the demographic projections above, show a migration profile in Arun District which is particularly skewed towards in-migration of older persons (particularly those aged 55-69).
- 8.86 Arun's emerging Local Plans sets a clear policy ambition to encourage economic growth in the District and to improve the District's jobs density. We have therefore run a further projection which

seeks to consider the implications of a different migration profile to Arun District based more strongly towards working-age residents.

8.87 The additional projection for Arun focuses on the District having similar migration patterns to the whole of Coastal West Sussex (patterns as per the 2010-based SNPP). Adjustments have been made to both in- and out-migration with overall out-migration numbers being fixed back to the levels suggested in the SNPP (albeit with a different age/sex profile). The tables below show summary results, based on the employment levels assumed in PROJ 5A, which has been developed on the basis of a growth in the number of local residents in employment of 7,630 over the 20-year projection period from 2011 to 2031. We have termed this projection 5B.

8.88 To give an indication of the impact matching migration patterns to the sub-regional position has on the figures we have also developed a projection based on the Arun SNPP migration profile but with a housing requirement figure which is the same as our economic projection (PROJ 5B). We have termed this PROJ 5C. As can be seen the additional projection suggests a housing requirement over the 20-year period for 11,521 additional homes.

8.89 The tables below show that with a migration profile more focused towards those of working-age, the growth in population would be expected to be notably higher than with SNPP migration patterns. This results from a higher proportion of the population living in larger households (e.g. particularly households with children).

Figure 175: Summary of Alternative Migration Profile Projections for Arun 2011 to 2031 – Annual

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 5B	1,180	0.8%	576	0.8%	381	0.6%
PROJ 5C	957	0.6%	576	0.8%	160	0.2%

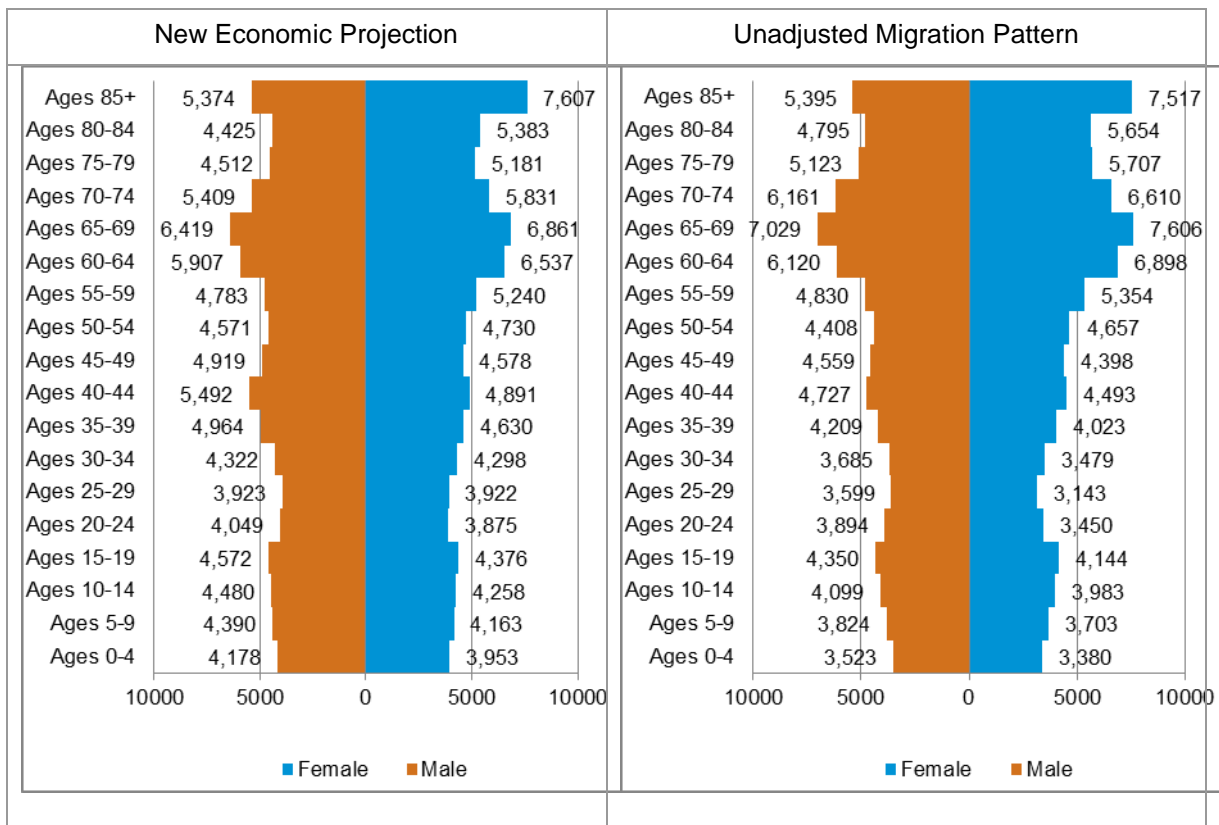
Figure 176: Summary of Alternative Migration Profile Projections for Arun 2011 to 2031 – Total

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 5B	23,609	15.4%	11,521	16.8%	7,630	11.3%
PROJ 5C	19,133	12.5%	11,521	16.8%	3,202	4.8%

8.90 In Figure 177 below we have also developed population ‘pyramids’ for each of these two projections. The pyramids show the expected population profile in 2031 under each of these two scenarios. Whilst the pyramids do not look entirely dissimilar it is clear with a migration profile that more closely

matches the sub-regional average that the proportion of older persons in the population would be expected to be lower whilst there are greater numbers of people of working age and also children. In both cases the ageing of the population can clearly be seen.

Figure 177: Distribution of Population in 2031 for the new economic projection compared with a projection based on the 2010-based SNPP (Arun)



Sub-Area Projections

8.91 The main focus of the analysis has been on likely housing requirements across the HMA, the wider sub-region and in each district. It is also of interest to study how these changes might pan-out for each of a number of sub-areas within the local authorities. We have therefore looked at likely demographic change in each area on the basis of our projection linked to 10-year migration trends (PROJ 1). The table below shows the sub-areas used for analysis in each area. These have been based on groups of wards and have been used on a best fit basis (notably in the case of National Park areas). This is consistent with analysis carried out for the National Park Authority as part of an earlier housing requirements study. In total, Adur has been split into two sub-areas with four each in Arun and Chichester. Worthing for the purposes of this analysis has been treated as a single sub-area.

Figure 178: Wards within Sub-Areas of Coastal West Sussex

Area	Wards
Adur	
Lancing & Sompting (West)	Peveler, Cokeham, Manor, Mash Barn, Churchill, Widewater
Shoreham, Southwick & Fishergate (East)	Buckingham, St. Nicholas, St. Marys, Southlands, Marine, Hillside, Eastbrook, Southwick Green
Arun	
Littlehampton	Ham, River, Wick with Toddington, Beach, Brookfield, East Preston with Kingston, Rustington East, Rustington West
Bognor Regis	Hotham, Marine, Orchard, Pevensey, Middleton-on-Sea, Felpham East, Felpham West, Bersted, Aldwick East, Aldwick West, Pagham & Rose Green
National Park	Arundel, Walberton
Other	Angmering, Barnham, Ferring, Findon, Yapton
Chichester	
Chichester City	Chichester East, Chichester North, Chichester South, Chichester West, Donnington
National Park	Bury, Easebourne, Fernhurst, Funtington, Harting, Lavant, Midhurst, Petworth, Rogate, Stedham
North East	Plaistow, Wisborough Green
South	Bosham, Boxgrove, East Wittering, Fishbourne, North Mundham, Selsey North, Selsey South, Sidlesham, Southbourne, Tangmere, West Wittering, Westbourne
Worthing	
Worthing	All Wards

8.92 The methodology used to assign the population, employment and household/housing growth figures to smaller areas is based on overall change District-wide (by age and sex) applied to the demographic profile of the local population. In doing this we are able to take account of past trends in fertility, mortality and migration to the extent that these will have shaped the current population profile (with such trends likely to shape the future population). In looking at employment and headship rates we have used local data (based on wards and groups of wards) from the 2001 Census which has been updated to match District-wide assumptions for 2011 (and the assumptions projected forward).

8.93 Figure 179 below shows the estimated population size and number of households in each sub-area as of 2011 (the starting point of the projection). The data shows that the Worthing area is the largest with around 24% of the population and 24% of households in the whole of the HMA. The two

National Park areas together back up around 9%-10% of total population and households in the HMA.

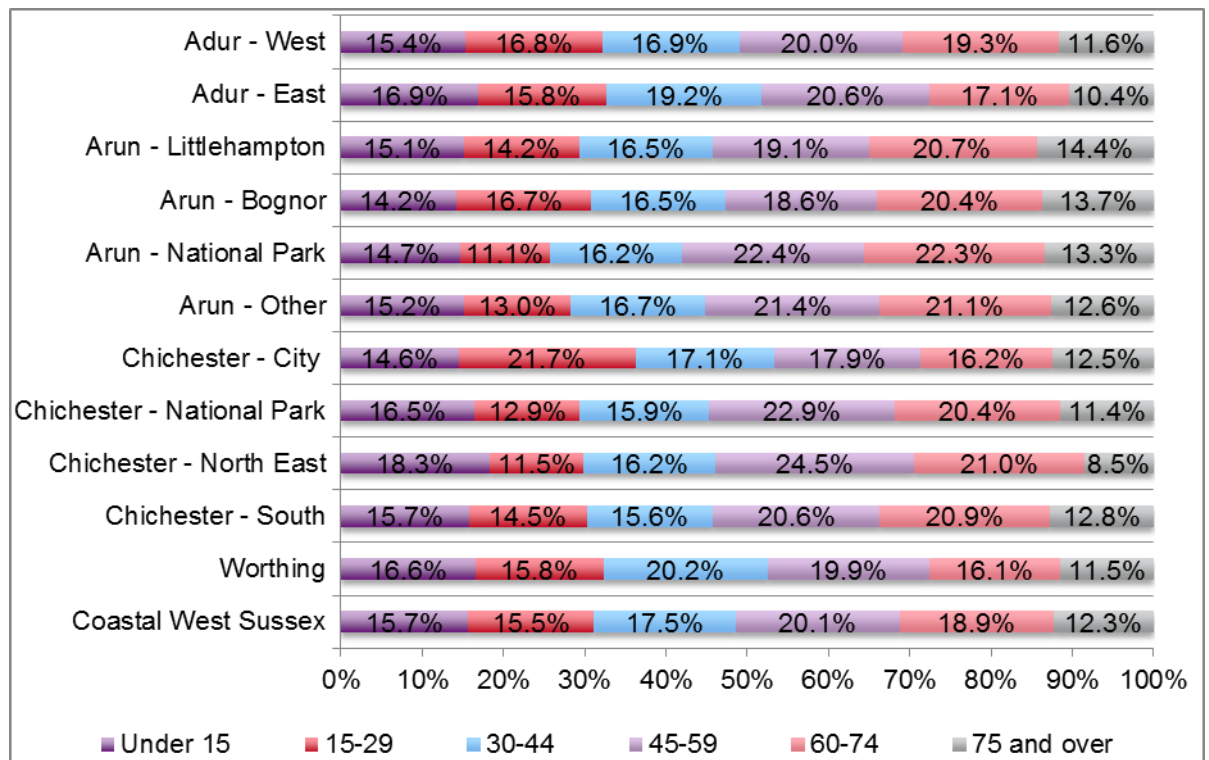
Figure 179: Population and Households in 2011 by Sub Market

Area	Population		Households	
	Population	% of population	Households	% of households
Adur – West	27,843	6.4%	12,247	6.5%
Adur – East	34,085	7.9%	14,482	7.7%
Arun – Littlehampton	48,800	11.3%	21,718	11.5%
Arun – Bognor	66,857	15.4%	29,259	15.5%
Arun – National Park	7,580	1.7%	3,363	1.8%
Arun – Other	30,162	7.0%	12,695	6.7%
Chichester – City	28,422	6.6%	12,079	6.4%
Chichester – National Park	31,697	7.3%	13,513	7.2%
Chichester – North East	7,114	1.6%	2,881	1.5%
Chichester - South	47,794	11.0%	20,335	10.8%
Worthing	103,345	23.8%	45,649	24.3%
Coastal West Sussex	433,698	100.0%	188,221	100.0%

Source: ONS

- 8.94 Figure 180 below shows the estimated age structure in each of the sub-areas split into six broad age bands. Differences in the age structure between the sub-areas can have an important impact on the population dynamics. The data shows that generally there is not a great deal of variation between sub-areas – the main exception to this is in the case of Chichester City which has a younger population than any other location. The population aged 60 and over is highest in the Arun – National Park sub-area whilst Chichester – North East has the largest proportion of children (those aged under 15). The population aged 75 and over is highest in Littlehampton.

Figure 180: Sub-Market Age Profile (2010)



Source: ONS

- 8.95 Figure 181 shows projected population, housing and employment growth over the full 20-year projection period in each area (based on PROJ 1 – 10-year migration trends).
- 8.96 The table shows that we would expect notable household growth (and possible housing delivery) in all areas with increases from 2011 ranging from 12.6% in Adur – East to 22.8% in Arun – National Park. These differences are to some degree driven by the different background demographic situation in each area within Arun – National Park for example having a particularly old population – District-wide it is the population of those aged over 60 (and particularly aged 75 and over) that is expected to see the greatest increases.
- 8.97 In terms of population growth we again project increases in all areas based on past trends with a range from 9.0% in Adur – East to 18.6% in Littlehampton. For employment growth the figures are mainly driven by district-wide figures with low increases projected in all areas of Chichester.

Figure 181: Summary of Projections 2011 to 2031 – Total – (PROJ 1 – 10-year migration trends)

Area	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
Adur – West	2,860	10.3%	1,847	14.7%	1,215	9.4%
Adur – East	3,055	9.0%	1,863	12.6%	1,523	9.3%
Arun – Littlehampton	9,063	18.6%	4,923	22.1%	2,292	10.9%
Arun – Bognor	11,995	17.9%	6,577	21.9%	3,073	10.6%
Arun – National Park	1,373	18.1%	787	22.8%	490	13.5%
Arun – Other	5,221	17.3%	2,787	21.4%	1,497	11.0%
Chichester – City	3,897	13.7%	2,237	18.1%	370	2.7%
Chichester – National Park	4,242	13.4%	2,240	16.2%	566	3.6%
Chichester – North East	780	11.0%	410	13.9%	133	3.6%
Chichester - South	7,106	14.9%	3,868	18.6%	841	3.7%
Worthing	15,365	14.9%	8,896	19.0%	4,844	9.6%
Coastal West Sussex	64,957	15.0%	36,436	18.9%	16,844	8.3%

Housing Supply

8.98 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. Key strategic constraints at a sub-regional level include:

- Nationally significant development constraints – particularly the sea, flooding and the presence of the South Downs National Park and the Chichester Harbour AONB;
- Infrastructure provision – particularly sewage treatment capacity at Chichester, as well as the capacity of A27 junctions and links.

8.99 Each of the local authorities across the Wider Housing Market has separately been progressing work to consider development potential in their area. We have collated information on emerging policies for housing provision from draft Core Strategy or Local Plan documents or discussions with individual local authorities. The table below summarises this information.

8.100 This data should be regarded as indicative. The figures used for Adur, Arun and Shoreham Harbour, Chichester District and the South Downs National Park currently have no formal policy basis. The South Downs National Park Authority, we understand, is not intending to set out a specific housing target. The figures for 2011-31 have been calculated assuming a consistent rate of development to the plan period being used.

- 8.101 The figure of 4,000 dwellings included in the table for Worthing is based on the housing requirement in the South East Plan. This took account of local constraints on land availability which continue to apply. 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.

Figure 182: Potential Housing Policies

	Potential Target	Time Period	Equivalent 2011-31	Comments
Adur (excluding Shoreham Harbour)	1,785 - 2635	2011-28	2,100-3,100	Based on South East Plan plus assessed development capacity. Council is to further consult on two options.
Shoreham Harbour (within Adur)	1,050	2011-28	1,235	Capacity-based informed by AECOM Study
Worthing	4,000	2006-26	4,000	Adopted Core Strategy based on SE Plan
Arun	9,605	2011-28	11,300	Based on higher option proposed in Draft Local Plan
Chichester	7,000	2011-29	7,780	Based on infrastructure constraints in/around Chichester
National Park (Chichester District)			2,240	Estimate based on past completions rates. No specific policy
Brighton & Hove	11,300	2010-30	11,300	Capacity-based. Includes urban extension. Set out as minimum
Lewes	4,160	2010-30	4,160	Capacity-based. National constraints including NP
TOTAL			44,115 – 45,115	

- 8.102 The table however indicates that expected housing delivery is highly likely to fall significantly short of assessed development needs. It represents at best 53% of projected requirements for the wider (Sussex Coast) Housing Market based on the main employment-led projection, 65% of requirements based on the 5-year migration projection and 71% of requirements based on the 10-year migration projections. We can therefore conclude that based on current capacity evidence and current/ emerging planning policy housing land supply might fall 30% or more below assessed housing need/demand.
- 8.103 This supply shortfall principally reflects strategic constraints on land availability and infrastructure provision evident in the sub-region.
- 8.104 The potential to deliver higher levels of development at Chichester is influenced by infrastructure constraints. The environmental restrictions on development discharging to Apuldram Waste Water

Treatment Works (WwTW) mean that the most cost-effective and deliverable solution to improving sewage treatment capacity is now seen as the expansion and upgrading of Tangmere WwTW. This reflects the impact of storm effluent discharges from the Apuldram WwTW on water quality in Chichester Harbour which is designated an SPA and RAMSAR site. The potential timescale for upgrading the Tangmere WwTW would restrict the potential for strategic development at Tangmere and Chichester City pre 2020. Chichester Harbour is also designated an Area of Outstanding Natural Beauty and thus given significant protection from development pressures in the NPPF.

- 8.105 Any further strategic development would require earlier delivery of improvements to WWT capacity. While this might be feasible it currently looks unlikely, given that improvements at Tangmere are not in the current Southern Water 2010-15 Asset Management Plan.
- 8.106 Further development in Adur, Worthing and Brighton and Hove is likely to be restricted by the availability of land.
- 8.107 Strategic development constraints affecting Arun District include the capacity of key A27 junctions. The Council is undertaking transport modelling to consider this further and how it interacts with potential development options. The evidence in the SHMA also highlights that recent economic and housing market performance in Arun District have been weak relative to other parts of West Sussex. Against this context, we would consider it unlikely that the District could achieve a rate of housing delivery which would support more than 1.0% growth in the housing stock per annum in the short-to medium-term. This is equivalent to around 700 dwellings per annum. This is however a high level assessment and should be considered in further detail if necessary.

Conclusion on Housing Requirements

- 8.108 Drawing the analysis together, the demographic projections indicate overall housing need/demand across the Wider Housing Market for between 63,400 – 69,900 homes over the period between 2011-31 (3170-3500 homes per annum) based on past demographic trends. Forecast economic growth would result in an increased requirement still for housing, with associated housing need/demand for a substantial 77,300 homes over the 20 year period (3,870 per annum). There are however some downside factors linked to rates of household formation (headship rates) in particular.
- 8.109 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 between 40,000 – 45,000 homes over the 2011-31 period. This level of housing delivery would support some growth in labour supply across the Wider Housing Market. Economic growth more widely could be supported by reductions

in out-commuting to work or increased in-commuting in surrounding areas, albeit that the feasibility of this will be affected by the relative earnings which can be achieved.

- 8.110 The constraints on housing supply are likely to limit levels of in-migration into the Sussex Coast Housing Market. As in-migration is focused towards people of working-age, this may result in a more pronounced ageing of the population profile.

Policy Implications: Housing Requirements

Demographic projections indicate a requirement for between 63,400 – 69,900 homes between 2011-31 (3,170-3,500 homes per annum) across the wider (Sussex Coast) Housing Market. Economic performance might support additional demand over and above this, depending on the impact of the current Eurozone crisis and how the sub-region's economy performs over the longer-term.

However it appears highly unlikely that this level of housing provision can be achieved in the sub-region. Completions over the last eight years have averaged 2,077 per annum with a maximum of 2,622 achieved at the peak of the market. Furthermore land availability across the Wider Housing Market is severely constrained. Coupled with infrastructure constraints in certain areas, it seems unlikely that more than 45,000 dwellings could be delivered at best over the 2011-31 period based on the LPA's own assessments of potential for housing development. It is outside of the scope of the SHMA Update to examine land availability and delivery constraints in detail.

This significant under-provision could have a number of negative consequences over the longer-term including in subdued household formation and levels of concealed households, the balance within the demographic structure, the local economy and commuting. Against this context, the authorities should seek to maximise housing delivery within environmental and infrastructure constraints.

It will also be important for the authorities to work together to articulate the sub-regional supply constraints explained above. This should be updated periodically based on the best information available and will support each authority at Core Strategy/ Local Plan examination. On the basis of the identified under-provision, we would also recommend that housing targets be expressed as minima.

9 REQUIREMENTS FOR DIFFERENT SIZES OF HOMES

INTRODUCTION & METHODOLOGY

- 9.1 As we have set out there are a range of factors which influence housing demand. These include: the existing housing stock; housing affordability; the accessibility of the area (and relationship to employment locations); demographic changes (including the scale of population growth and changes in the age structure); quality of place; and the economy (in terms of its influence on migration/labour demand and on incomes). These factors play out at different spatial scales and impact aggregate housing demand and demand for different housing products.
- 9.2 This section specifically considers need and demand for different sizes of homes. The analysis is informed by demographic modelling but this is brought together with an understanding of wider factors including:
- The need and opportunity to develop the housing offer;
 - The findings of the housing needs analysis which provide a short-term view of requirements;
 - Economic factors, such as trends in employment, overall and by occupation; and
 - Local policy and regeneration objectives.
- 9.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For the purposes of this analysis we have developed a projection linked to potential land supply (as discussed in Section 7).
- 9.4 Whilst the projection largely looks at housing distribution within a whole local authority area (split down into sub-areas on the basis of demographic profiles) we have also specifically allocated additional homes on the basis of potential delivery in the National Park (versus the rest of a district) and also an allowance for dwelling provision at Shoreham Harbour. The National Park figures are specifically modelled against the two National Park sub-areas (in Chichester and Arun) whilst the Shoreham Harbour figure is allocated to the Adur East Sub-Area and will contribute to meeting the District's housing needs.
- 9.5 Figure 183 shows the figures used in analysis for each district with additional housing provision for specific areas as appropriate. For the two National Park areas we have used data on past delivery (over the last ten years) as a guide to the amount of housing that might be provided in the future in these locations. The information of delivery in the National Park was provided by West Sussex County Council.

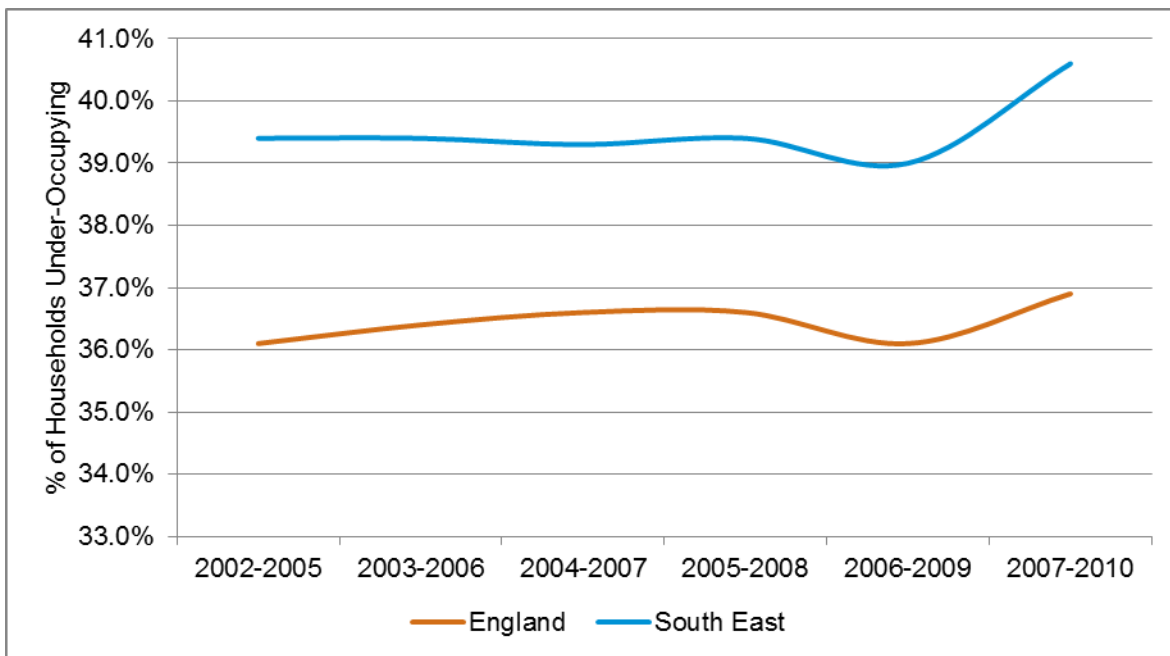
Figure 183: Housing Delivery Assumptions for Housing Market Model Analysis (2011 to 2031)

District	District figure (outside National Park)	National Park	Shoreham Harbour	Total
Adur	2,100	-	1,186	3,335
Arun	11,300	166	-	11,466
Chichester	7,800	2,072	-	9,872
Worthing	4,000	-	-	4,000
Total	23,400	2,238	1,186	26,873

Understanding how Households occupy Homes

- 9.6 As with converting population data into households, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain (particularly for market housing).
- 9.7 For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.
- 9.8 Figure 184 below demonstrates this, using data from the Survey of English Housing/English Housing Survey about the proportion of households who under-occupy their dwellings. It can be seen that nationally between 36% and 37% of households under-occupy with slightly higher figures in the South East. It is also notable that this has not changed to any significant degree over the past few years.

Figure 184: Proportion of Households Under-Occupying in England and the South East



Source: Survey of English Housing/English Housing Survey 2002-2010

- 9.9 The data therefore suggests that it would be reasonable for our projection to assume that households of specific ages will broadly continue to occupy dwellings in the same way in the future as they do currently. Our projections for house sizes are developed on this basis. They take account of how households of different ages occupy homes separately in the market and affordable sectors but assume that how households in specific age and tenure groups occupy homes will remain consistent.

- 9.10 The general methodology is therefore to use the information derived in the projections (in this case linked to potential land supply) about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1316 which provides relevant data for all wards within Coastal West Sussex). An extract of this is shown in the figure below.

- 9.11 The extract shows the number of male owner occupiers in selected age groups along with the size of accommodation that they occupy (with the example of Adur being used). By estimating how the number of HRPs in each age group changes over time we are also able to estimate the profile of housing that they would be likely to occupy.

9.12 Figure 185 below shows, for example, that 21.8% of male HRP aged 25 to 29 live in a home with six or more rooms, for the 45 to 49 age group this figure rises to 50.5%. The age profile of HRPs will therefore have an impact on the sizes of homes we would expect to be occupied. From the Commissioned Table information is available for all HRP age bands up to 85+ and for both sexes (for each local authority).

Figure 185: Extract from ONS Commissioned Table C1316 – Male HRPs in Owner-Occupied Housing by Size of Dwelling (Adur)

Dwelling size	Age of Household Reference Person									
	25-29		30-34		35-39		40-44		45-49	
	No.	%	No.	%	No.	%	No.	%	No.	%
1-3 rooms	140	17.8%	135	10.2%	137	7.9%	92	5.9%	74	5.2%
4 rooms	241	30.6%	295	22.3%	291	16.8%	217	13.8%	191	13.4%
5 rooms	235	29.9%	469	35.4%	566	32.7%	473	30.2%	439	30.9%
6 rooms	126	16.0%	280	21.1%	434	25.1%	397	25.3%	379	26.6%
7 rooms	32	4.1%	94	7.1%	172	9.9%	210	13.4%	196	13.8%
8+ rooms	13	1.7%	51	3.9%	129	7.5%	178	11.4%	144	10.1%
Total	787	100.0%	1,324	100.0%	1,729	100.0%	1,567	100.0%	1,423	100.0%

Source: ONS Commissioned Table C1316

9.13 When using the data from the Census we have made some adjustments to provide the best possible outputs. The key problem is that the Census only collects information about the number of rooms in a home rather than the number of bedrooms (which is more useful in considering dwelling sizes). Data about the number of rooms in a dwelling has therefore been adjusted to provide an estimate of the number of bedrooms. The tables below show the assumptions used to make this conversion – slightly different assumptions have been used for market and affordable housing although generally they are very similar. Information in the tables has been based on a range of surveys where information about both bedrooms and rooms was collected.

Figure 186: Relationship between the Number of Rooms and Number of Bedrooms – Market Housing

Number of Rooms	Number of Bedrooms				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
1-3 rooms	70%	30%	0%	0%	100%
4 rooms	2%	78%	20%	0%	100%
5 rooms	0%	15%	83%	2%	100%
6 rooms	0%	5%	82%	13%	100%
7 rooms	0%	0%	40%	60%	100%
8+ rooms	0%	0%	11%	89%	100%

Source: JGC analysis of Survey Data

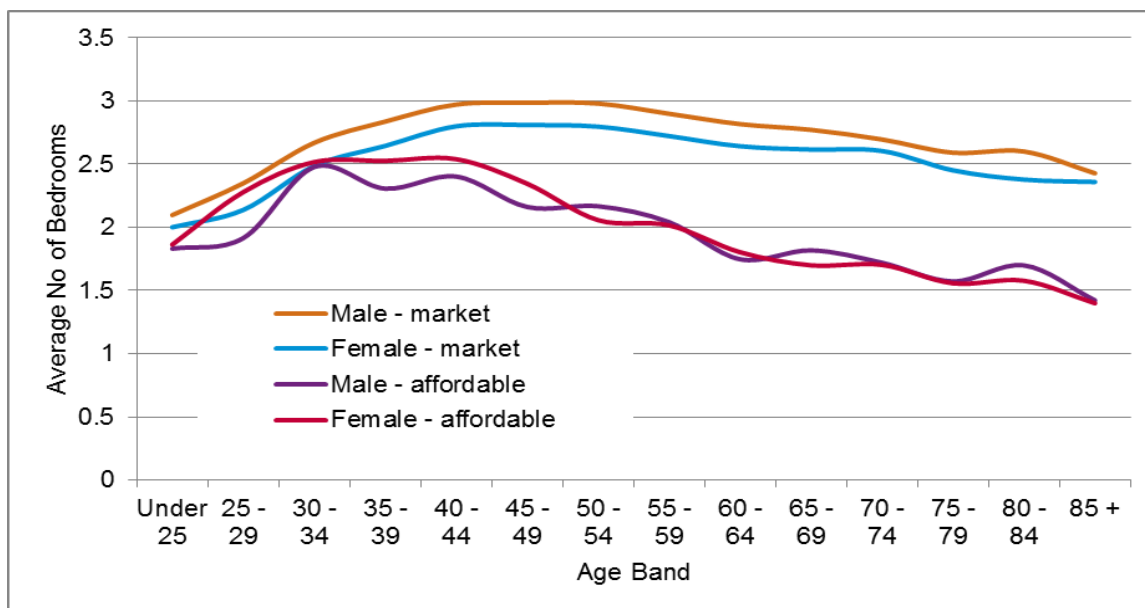
Figure 187: Relationship between the Number of Rooms and Number of Bedrooms – Affordable Housing

Number of Rooms	Number of Bedrooms				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
1-3 rooms	92%	8%	0%	0%	100%
4 rooms	6%	88%	6%	0%	100%
5 rooms	0%	12%	88%	0%	100%
6 rooms	0%	3%	83%	14%	100%
7 rooms	0%	0%	64%	36%	100%
8+ rooms	0%	0%	23%	77%	100%

Source: JGC analysis of Survey Data

9.14 Figure 188 shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes. The example given is for Worthing although all areas show broadly similar trends. The figure shows that in the market sector the average size of accommodation rises over time to typically reach a peak around the 40-49 age groups. In the affordable sector this peak appears earlier. After sizes peak the average dwelling size decreases as some households downsize as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with no discernible trend being seen in the affordable sector).

Figure 188: Average Bedrooms by Age, Sex and Tenure (Worthing)



Source: Derived from ONS Commissioned Table C1316

Establishing a Baseline Position

- 9.15 As of 2011 it is estimated that there were 188,221 households living in the Coastal West Sussex HMA. Analysis of these households based on headship rates and the size and tenure of homes provides us with an estimate of the profile of the housing stock in 2011, as shown in the figure below.
- 9.16 The baseline estimate of the tenure breakdown combines information from a range of sources (notably CLG) about the social rented housing stock and estimates of shared ownership properties from the RSR (distributed based on Census information). Market housing is assumed to be the residual.
- 9.17 Figure 189 shows that an estimated 12% of households in Coastal West Sussex live in affordable housing with 88% being in the market sector. The size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in 2011. The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 67.9% having three or more bedrooms compared to 38.7% for affordable housing.
- 9.18 These figures are for households rather than dwellings as information about the sizes of vacant homes by sector (i.e. market and affordable) is not readily available. For the purposes of analysis this will not make any notable difference to the outputs (with typically less than 3% of dwellings being vacant at any point in time). We have however translated the household projections into dwelling figures by including a 2.5% vacancy allowance. We consider this to be a sufficient vacancy level within new stock to support turnover of homes within a properly functioning market.

Figure 189: Estimated Profile of Households in 2011 by Size – Coastal West Sussex

Size of Housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	13,136	7.9%	5,676	25.0%	18,811	10.0%
2 bedrooms	40,045	24.2%	8,237	36.3%	48,282	25.7%
3 bedrooms	78,894	47.7%	7,813	34.5%	86,708	46.1%
4+ bedrooms	33,468	20.2%	952	4.2%	34,420	18.3%
Total	165,543	100.0%	22,678	100.0%	188,221	100.0%
% in Tenure	88.0%		12.0%		100.0%	

Source: Derived from ONS Commissioned Table C1316

Tenure Assumptions & Projections

- 9.19 The housing market model has been used to estimate future requirements for different sizes of property over the next 20 years. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to estimate for modelling purposes what mix of future housing will be in the market and affordable sectors.
- 9.20 Current affordable housing policies vary between the four authorities. Worthing's Core Strategy seeks 10% provision of sites of 6-10 dwellings, 20% on schemes of 11-14 dwellings and 30% on schemes of 15+ dwellings. Chichester's policy seeks 20% on schemes of 5-9 dwellings, and 40% on schemes of 10 or more dwellings. Arun is looking at a policy seeking 30% affordable housing on schemes of over 15 dwellings in Littlehampton and Bognor Regis, and 40% elsewhere in the District; with 20% on smaller schemes of 5-14 dwellings. Adur's current policy seeks around 30% affordable housing in development schemes but the Council are in the process of developing a new affordable housing policy.
- 9.21 The key assumption here is not a policy target but expected delivery. We have sought to adopt a consistent assumption on affordable housing delivery across the housing market. Some smaller sites will contribute below 30% affordable housing provision, and some will not be able to support policy targets on the basis of economic viability. On the other hand some development will be taken forward by Registered Providers. On the basis of information available we believe that 30% is probably about the maximum affordable housing delivery likely to be achieved looking across Coastal West Sussex.

Findings: Affordable Housing

- 9.22 Figure 190 estimates the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2011 and 2031 that approaching a third of the requirement is for three or more bedroom homes with the remaining two-thirds for one and two bedroom accommodation.
- 9.23 This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that one bedroom properties typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.

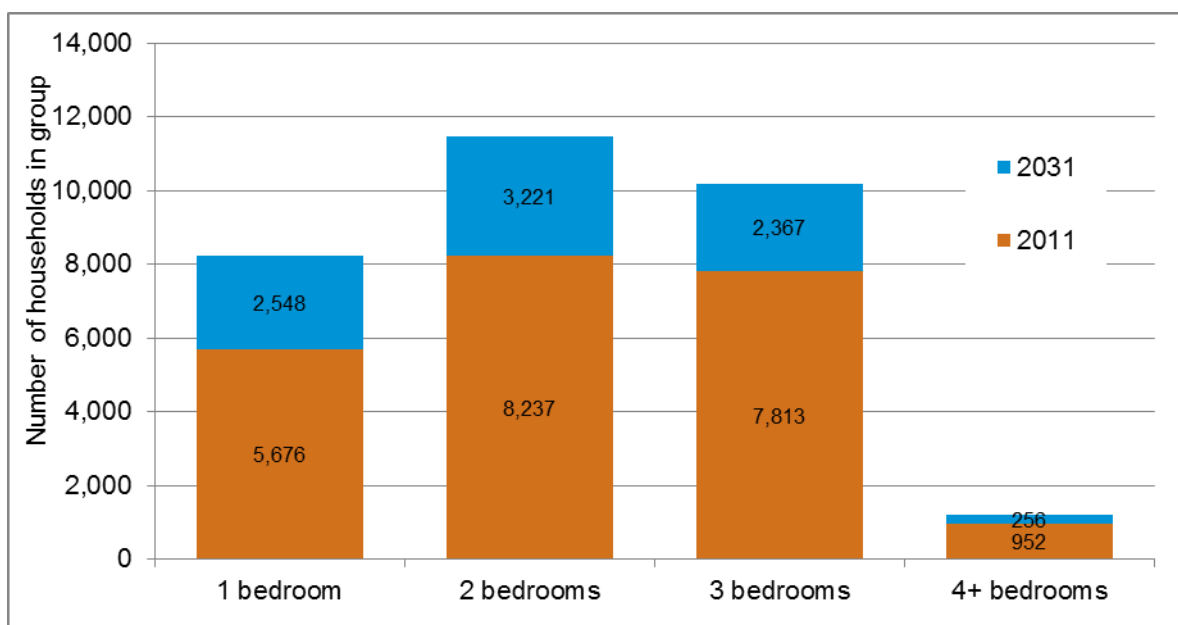
Figure 190: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing (Coastal West Sussex)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	5,676	8,223	2,548	2,611	30.4%
2 bedroom	8,237	11,459	3,221	3,302	38.4%
3 bedroom	7,813	10,181	2,367	2,426	28.2%
4+ bedroom	952	1,208	256	262	3.0%
Total	22,678	31,070	8,392	8,602	100.0%

Source: Housing Market Model

9.24 Figure 191 below shows how our estimated affordable requirement compares with the stock of affordable housing in 2011 – the figures are based on households (i.e. before adding in a vacancy allowance).

Figure 191: Impacts of Demographic Trends on Affordable Housing Requirements by House Size, 2011 to 2031 – Coastal West Sussex (Households)



Source: Housing Market Model

9.25 The analysis is based on allocating housing in accordance with the size of their household. It is perfectly justifiable for the Councils to adopt a policy position which seeks to limit provision of 1-bed properties on the basis that these offer limited flexibility and are unsuitable for all households, or alternatively promoting delivery of larger family-sized homes which can create cascading effects through the housing stock.

9.26 To study this in a bit more detail we have also looked at the relative demand for properties of different sizes based on Housing Register information. This analysis has been carried out separately for each local authority and is set out later in the chapter.

Findings: Market Housing

9.27 As we have previously identified there are a range of factors which can be expected to influence demand for housing. **This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach** to quantify demand for different sizes of properties over the 20 year period from 2011 to 2031.

9.28 Figure 192 shows estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 20,071 additional market units with the largest proportion of these being three bedroom homes.

Figure 192: Estimated Size of Dwellings Required 2011 to 2031 – Market Housing (Coastal West Sussex)

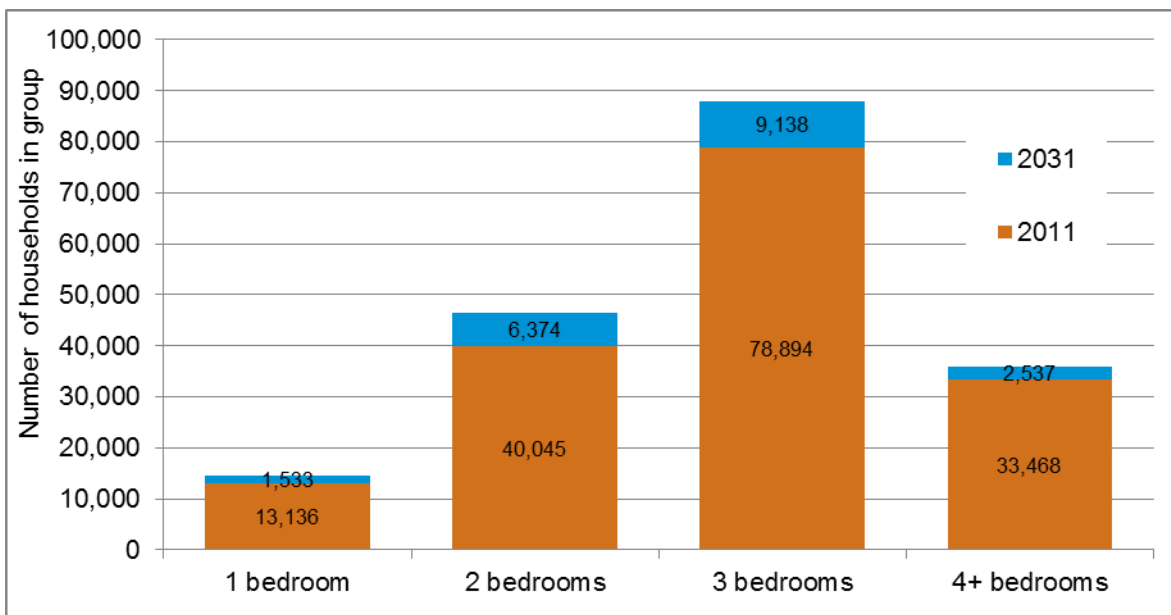
Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	13,136	14,668	1,533	1,571	7.8%
2 bedroom	40,045	46,419	6,374	6,533	32.6%
3 bedroom	78,894	88,032	9,138	9,366	46.7%
4+ bedroom	33,468	36,005	2,537	2,600	13.0%
Total	165,543	185,124	19,581	20,071	100.0%

Source: Housing Market Model

9.29 The analysis suggests that across the housing market, the focus should be on provision of two and three bedroom properties.

9.30 Figure 193 below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 2.5% vacancy allowance)). The data suggests that housing requirements are broadly similar (and reinforce around) the existing profile of stock, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of the existing stock. This is understandable given the fact that household sizes are projected to fall slightly in the future (which itself is partly due to the ageing of the population).

Figure 193: Impacts of Demographic Trends on Market Housing Requirements by House Size, 2011 to 2031 – Coastal West Sussex HMA



Source: Housing Market Model

- 9.31 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand. In determining policies for housing mix, policy aspirations are also relevant.
- 9.32 As the last three years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.
- 9.33 In the short-term we would expect stronger demand in relative terms for larger family homes (3 or more bedrooms) as the market for smaller properties is restricted by mortgage finance constraints. The buyer profile for smaller properties (including flats and terraced housing) is more biased towards investors and first-time buyers, the numbers of which are currently low in relative terms. Demand for larger family homes from middle aged and older households with equity is more prevalent.
- 9.34 There is already a relatively strong supply of properties with 3 or more bedrooms across Coastal West Sussex (and particularly in Chichester District). Over the next 20 years it is anticipated that

there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes). Overall we expect:

- Demand for medium sized properties (with two and particularly three bedrooms) from older households downsizing to release equity to fund their retirement;
- A return of the flatted market in the medium-term. While part of the demand for flats will be from older people, flatted development may also help to retain younger households with people in their 20s and early 30s, particularly where associated with development of the leisure/recreational offer through place-based regeneration;
- Continuing overspill demand for family housing from Brighton and Hove. This will particularly influence Adur District (and Lewes);
- Market demand for the development of larger housing (executive homes) particularly in areas which provide a strong quality of place. This is particularly relevant to Chichester District and the National Park. It can provide some economic benefits in developing the skills mix and supporting enterprise; however
- The delivery of entry-level family housing within the market sector will be important across the HMA in attracting and retaining younger families particularly given the strong affordability pressures prevalent.

9.35 We move on next to consider the findings on a district-by-district basis.

Findings: Adur

Affordable Housing

9.36 Figure 194 below shows estimates of the sizes of affordable housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 1,001 additional affordable units with around two-thirds of these being smaller (one and two bedroom) units.

Figure 194: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing (Adur)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	866	1,185	320	328	32.7%
2 bedroom	1,313	1,676	364	373	37.2%
3 bedroom	1,288	1,549	261	268	26.8%
4+ bedroom	153	184	32	32	3.2%
Total	3,619	4,595	976	1,001	100.0%

Source: Housing Market Model

9.37 Figure 195 shows the size requirements of households on the Housing Register along with just those in a priority group. The table also shows the proportion of lettings of different sizes of accommodation over the past three years – this has been split between general needs and supported housing. For the supported housing we do not have detailed size information but for the

purpose of analysis have assumed that this will all be one bedroom (the limited information available supports this assumption).

9.38 The data suggests that just over half of those registered (and indeed those in a priority category) require one bedroom accommodation. The differences between the whole register and those in a priority category are quite small although those in a priority group are slightly more likely to require larger (3 or more bedroom) accommodation. On the supply side it is estimated that around half of lettings have one bedroom and only 16% have three or more bedrooms.

Figure 195: Demand for and Supply of different sized Affordable Homes in Adur in 2012

Size	Demand			Supply	
	All Housing Register	In Priority Category	General Needs	Supported Housing	All Supply
1 bedroom	54.0%	55.1%	31.8%	100.0%	50.5%
2 bedrooms	29.2%	26.4%	46.2%		33.5%
3 bedrooms	15.0%	16.2%		0.0%	
4+ bedrooms	1.8%	2.2%	22.0%		16.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Housing Register and CORE

9.39 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 District-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 20-25%
- 2-bed properties: 30-35%
- 3-bed properties: 30-35%
- 4-bed properties: 10-15%

Market Housing

9.40 Figure 196 below shows estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 2,335 additional market units with just over a half (52.9%) of these being larger (three or more bedroom) units. The potential demand profile in Adur is very much concentrated on two- and three- bedroom homes with limited potential requirements for one and four or more bedroom properties.

Figure 196: Estimated Size of Dwellings Required 2011 to 2031 – Market Housing (Adur)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	1,596	1,778	182	187	8.0%
2 bedroom	6,274	7,163	889	911	39.0%
3 bedroom	12,006	13,075	1,069	1,096	46.9%
4+ bedroom	3,234	3,371	137	141	6.0%
Total	23,110	25,388	2,278	2,335	100.0%

Source: Housing Market Model

- 9.41 The limited demand for properties with four or more bedrooms is consistent with the character of the District and its socio-economic profile. We would expect provision of smaller dwellings within the District to be focused in and around the town centres and Harbour / Seafront. There is an opportunity to provide a mix of properties including one-, two- and three-bedroom homes as part of higher density development at Shoreham Harbour. Development sites elsewhere should focus on provision of family housing.

Findings: Arun

Affordable Housing

- 9.42 Figure 197 shows estimates of the sizes of affordable housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 3,440 additional affordable units with just over a third of these being larger (three or more bedroom) units.

Figure 197: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing (Arun)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	1,631	2,612	981	1,005	29.2%
2 bedroom	2,281	3,493	1,212	1,242	36.1%
3 bedroom	2,293	3,330	1,037	1,063	30.9%
4+ bedroom	290	416	126	129	3.7%
Total	6,495	9,851	3,356	3,440	100.0%

Source: Housing Market Model

- 9.43 Figure 198 shows the size requirements of households on the Housing Register along with just those in a priority group. The data suggests that just over half of those registered require one

bedroom accommodation with around 17% needing three or more bedrooms. When looking at priority categories there is a notable shift towards requirements for larger homes with 24% needing three or more bedrooms (and only 44% requiring one bedroom). On the supply side it is estimated that over half of lettings have one bedroom and only 18% have three or more bedrooms.

Figure 198: Demand for and Supply of different sized Affordable Homes in Arun in 2012

Size	Demand			Supply	
	All Housing Register	In Priority Category	General Needs	Supported Housing	All Supply
1 bedroom	50.2%	44.3%	29.0%	100.0%	55.0%
2 bedrooms	33.2%	31.7%	42.1%		26.6%
3 bedrooms	12.1%	14.1%	29.0%	0.0%	18.3%
4+ bedrooms	4.5%	9.9%			
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Housing Register and CORE

9.44 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 District-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 15-20%
- 2-bed properties: 35-40%
- 3-bed properties: 30-35%
- 4-bed properties: 10-15%

9.45 The wider analysis undertaken in this report indicates that it would be appropriate to focus provision towards delivering affordable family homes. This will help to retain younger working households in the area. On this basis we would expect delivery of 2-bed houses and not just flats.

Market Housing

9.46 Figure 199 below shows estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 8,026 additional market units with around 58% of these being larger (three or more bedroom) units. The potential demand profile in Arun is slightly more concentrated towards larger homes when compared with Adur although the focus is still very much concentrated on two- and three- bedroom homes, making up 79% of the assessed requirement.

Figure 199: Estimated Size of Dwellings Required 2011 to 2031 – Market Housing (Arun)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	5,033	5,750	718	736	9.2%
2 bedroom	15,480	18,092	2,612	2,678	33.4%
3 bedroom	28,680	32,252	3,572	3,661	45.6%
4+ bedroom	11,348	12,277	929	952	11.9%
Total	60,541	68,371	7,830	8,026	100.0%

Source: Housing Market Model

- 9.47 The mix of market housing identified through the demographic modelling would focus the housing offer slightly more towards two and three bed properties relative to the current stock profile. In Arun District we consider it particularly important that the housing offer is focused towards attracting and retaining family households. Two and three bed properties should therefore provide decent-sized rooms to appeal to families and not just single persons and childless couples. It would also be appropriate to seek to control the growth as far as possible in second home ownership (such as through removing Council Tax discounts).

Findings: Chichester

Affordable Housing

- 9.48 Figure 200 shows estimates of the sizes of affordable housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 2,962 additional affordable units with just under a third of these being larger (three or more bedroom) units.

Figure 200: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing (Chichester)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	1,704	2,445	741	759	25.6%
2 bedroom	3,102	4,335	1,232	1,263	42.7%
3 bedroom	2,737	3,575	838	859	29.0%
4+ bedroom	315	393	78	80	2.7%
Total	7,858	10,747	2,889	2,962	100.0%

Source: Housing Market Model

9.49 Figure 201 below shows the size requirements of households on the Housing Register along with just those in a priority group. The data suggests that just over half of those registered require one bedroom accommodation with around 21% needing three or more bedrooms. When looking at priority categories there is a notable shift towards requirements for larger homes with 32% needing three or more bedrooms (and only 40% requiring one bedroom). On the supply side it is estimated that over half of lettings have one bedroom and only 13% have three or more bedrooms.

Figure 201: Demand for and Supply of different sized Affordable Homes in Chichester in 2012

Size	Demand			Supply	
	All Housing Register	In Priority Category	General Needs	Supported Housing	All Supply
1 bedroom	51.4%	40.2%	31.8%	100.0%	56.2%
2 bedrooms	27.8%	28.3%	48.8%		31.3%
3 bedrooms	16.8%	24.1%	19.5%	0.0%	12.5%
4+ bedrooms	4.5%	9.9%			
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Housing Register and CORE

9.50 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 District-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 10-15%
- 2-bed properties: 30-35%
- 3-bed properties: 35-40%
- 4-bed properties: 15-20%

9.51 The suggested profile applied particularly to rented affordable housing. For intermediate affordable housing such as shared ownership homes, demand is particularly from childless couples and individuals requiring one and particularly two-bed properties.

9.52 As with other parts of the sub-region, the wider analysis undertaken in this report indicates that it would be appropriate to focus provision towards delivering affordable family homes. This will help to retain younger working households in the area. In addition, demand for 2-bedroom houses tends to be greater than for 2-bedroom flats. Flats can be difficult to let as they may not be suitable for older or less able people as well as causing problems for families with young children (access for prams and buggies). On this basis we would expect delivery of 2-bed houses and not just flats.

Market Housing

9.53 Figure 202 below shows estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 6,910 additional market units with around 69% of these being larger (three or more bedroom) units. The potential demand profile in Chichester is notably more concentrated towards larger homes when compared with either Adur or Arun although in common with those areas there is still a focus on two- and three- bedroom homes, making up 73% of the assessed requirement.

Figure 202: Estimated Size of Dwellings Required 2011 to 2031 – Market Housing (Chichester)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	2,105	2,535	429	440	6.4%
2 bedroom	7,624	9,302	1,678	1,720	24.9%
3 bedroom	19,349	22,611	3,262	3,344	48.4%
4+ bedroom	11,871	13,243	1,372	1,406	20.4%
Total	40,949	47,691	6,742	6,910	100.0%

Source: Housing Market Model

9.54 The District’s housing offer is currently strongly focused towards larger properties in Bands E and above. There is evidently market demand for larger properties (4+ beds) and this is stronger than in other parts of the HMA. Delivery of larger properties may provide economic benefits in terms of enterprise development and skills; however stronger delivery of two-bed properties in contrast may help to retain younger households with people aged between 25-34. We consider it appropriate that the housing mix focused to a slightly greater degree on smaller properties with 35% 1 and 2-bed, 50% 3-bed and 15% 4 or more bed market homes.

Findings: Worthing

Affordable Housing

9.55 Figure 203 below shows estimates of the sizes of affordable housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 1,200 additional affordable units with over three-quarters of these being smaller (one and two bedroom) units.

Figure 203: Estimated Size of Dwellings Required 2011 to 2031 – Affordable Housing (Worthing)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	1,474	1,981	506	519	43.3%
2 bedroom	1,541	1,954	413	423	35.3%
3 bedroom	1,496	1,727	230	236	19.7%
4+ bedroom	194	215	21	21	1.8%
Total	4,706	5,877	1,171	1,200	100.0%

Source: Housing Market Model

9.56 Figure 204 shows the size requirements of households on the Housing Register along with just those in a priority group. The data suggests that the majority of those registered (59%) require one bedroom accommodation – this figure actually rises (to 65%) when looking at those in priority groups. For both the whole register and priority groups the data suggests that around 11% of households require three or more bedroom accommodation. On the supply side the data also suggests that figures are dominated by one bedroom homes – making up an estimated 65.5% of lettings over the past three years. In contrast only around 9% of homes have had three or more bedrooms.

Figure 204: Demand for and Supply of different sized Affordable Homes in Worthing in 2012

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%		25.1%
3 bedrooms	9.7%	9.7%	15.2%	0.0%	9.3%
4+ bedrooms	1.0%	1.3%			
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Housing Register and CORE

9.57 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 District-wide level, the analysis would support policies for the mix of affordable housing of:

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

Market Housing

9.58 Figure 205 below shows estimates of the sizes of market housing required from 2011 to 2031 based on demographic trends. The data suggests a requirement for 2,800 additional market units with around 49% of these being larger (three or more bedroom) units. The potential demand profile in Worthing is notably more concentrated towards smaller homes when compared with other areas and the data suggests that a substantial proportion of likely requirements will be for two- and three-bedroom homes – these two sizes make up 89% of the estimated requirement.

Figure 205: Estimated Size of Dwellings Required 2011 to 2031 – Market Housing (Worthing)

Size	2011	2031	Additional Households 2011-2031	Including 2.5% Vacancy Allowance	% of Additional Homes
1 bedroom	4,402	4,605	203	209	7.4%
2 bedroom	10,667	11,862	1,195	1,225	43.7%
3 bedroom	18,859	20,094	1,235	1,266	45.2%
4+ bedroom	7,015	7,114	99	101	3.6%
Total	40,943	43,674	2,731	2,800	100.0%

Source: Housing Market Model

9.59 Worthing’s housing offer is notably focused towards properties in Bands A and B relative to the Wider Housing Market. We consider it appropriate that policy should seek to diversify the housing offer, aiming to retain existing family housing²³ (including through policies limiting sub-division) and focusing delivery of new housing in ‘areas of change’ away from the Town Centre and through suburban infill development on family homes (with 3 or more bedrooms). On this basis we consider an appropriate strategic policy for market housing for 5% 1-beds, 35% 2-bed, 45% 3-beds and 15% 4 or more bedrooms.

Overall Housing Requirements by Size

9.60 If we bring together the analysis of requirements for both market and affordable housing, the resultant mix of housing is shown in Figure 207 below. The figure indicates across the whole HMA that an estimated 51% of overall housing need and demand (market and affordable) is for 3- and 4-bedroom properties. On this basis we would recommend that around 60% of capacity for housing to be on sites suitable for and capable of delivering family housing (recognising that smaller dwellings can also be delivered on these sites).

²³ This is considered to include all properties with three or more bedrooms, as well as two-bed houses

Figure 206: Housing Mix by Unit Size across Tenures – Coastal West Sussex

Housing Requirements, 2011-31	1-bed	2-bed	3-bed	4+ bed	Total
Affordable Housing	2,611	3,302	2,426	262	8,602
Market Housing	1,571	6,533	9,366	2,600	20,071
Total	4,183	9,835	11,793	2,862	28,673
% Total Housing by Size	14.6%	34.3%	41.1%	10.0%	100.0%

Source: Housing Market Model

- 9.61 For all districts, the predominant requirement is for two- and three-bedroom properties, as Figures 202 – 211 demonstrate. For individual districts the proportion of overall homes required to have three or more bedrooms varies with 46% for Adur, 51% in Arun, 58% in Chichester and just 41% in Worthing.

Figure 207: Housing Mix by Unit Size across Tenures - Adur

Housing Requirements, 2011-31	1-bed	2-bed	3-bed	4+ bed	Total
Affordable Housing	328	373	268	32	1,001
Market Housing	187	911	1,096	141	2,335
Total	514	1,284	1,364	173	3,335
% Total Housing by Size	15.4%	38.5%	40.9%	5.2%	100.0%

Source: Housing Market Model

Figure 208: Housing Mix by Unit Size across Tenures - Arun

Housing Requirements, 2011-31	1-bed	2-bed	3-bed	4+ bed	Total
Affordable Housing	1,005	1,242	1,063	129	3,440
Market Housing	736	2,678	3,661	952	8,026
Total	1,741	3,920	4,724	1,081	11,466
% Total Housing by Size	15.2%	34.2%	41.2%	9.4%	100.0%

Source: Housing Market Model

Figure 209: Housing Mix by Unit Size across Tenures - Chichester

Housing Requirements, 2011-31	1-bed	2-bed	3-bed	4+ bed	Total
Affordable Housing	759	1,263	859	80	2,962
Market Housing	440	1,720	3,344	1,406	6,910
Total	1,200	2,983	4,203	1,486	9,872
% Total Housing by Size	12.2%	30.2%	42.6%	15.1%	100.0%

Source: Housing Market Model

Figure 210: Housing Mix by Unit Size across Tenures - Worthing

Housing Requirements, 2011-31	1-bed	2-bed	3-bed	4+ bed	Total
Affordable Housing	519	423	236	21	1,200
Market Housing	209	1,225	1,266	101	2,800
Total	728	1,648	1,502	122	4,000
% Total Housing by Size	18.2%	41.2%	37.5%	3.1%	100.0%

Source: Housing Market Model

Sub-Area Housing Requirements by Size

- 9.62 As well as providing size requirement outputs for the whole HMA and individual districts we have used the demographic data along with sub-area occupancy pattern data to provide an indication of how requirements might vary in different locations. The two tables below show outputs for firstly affordable housing and then market housing.
- 9.63 In looking at affordable housing we find some difference between areas with requirements for larger (3+ bedroom) homes ranging from 22% in the National Park area of Arun to 44% in the Arun – Other sub-area. The differences are driven by the different demographic profile in each area along with the extent to which overall housing numbers differ from those we might expect if the analysis was purely based on demographic trends (e.g. the housing delivery figures in the Arun National Park area are heavily constrained which tends to lead to the demographic data being more focused on local households rather than in-migrants. Such households tend to have requirements for smaller housing units). The figures are also to some considerable degree influenced by the current profile of stock in an area.

Figure 211: Estimated Size of Dwellings Required 2011 to 2031 by Sub-Area – Affordable Housing

Sub-area		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Adur	No.	328	373	268	32	1,001
	%	32.7%	37.2%	26.8%	3.2%	100.0%
West	No.	125	123	77	12	337
	%	37.0%	36.6%	22.8%	3.6%	100.0%
East	No.	203	249	191	20	664
	%	30.5%	37.6%	28.8%	3.1%	100.0%
Arun	No.	1,005	1,242	1,063	129	3,440
	%	29.2%	36.1%	30.9%	3.7%	100.0%
Littlehampton	No.	332	419	380	40	1,172
	%	28.4%	35.8%	32.5%	3.4%	100.0%
Bognor Regis	No.	516	579	419	56	1,570
	%	32.9%	36.9%	26.7%	3.6%	100.0%
National Park	No.	24	15	8	3	50
	%	48.6%	29.2%	15.6%	6.6%	100.0%
Other	No.	133	230	256	29	649
	%	20.5%	35.5%	39.5%	4.4%	100.0%
Chichester	No.	759	1,263	859	80	2,962
	%	25.6%	42.7%	29.0%	2.7%	100.0%
City	No.	246	346	201	22	815
	%	30.2%	42.5%	24.7%	2.7%	100.0%
National Park	No.	165	249	195	12	622
	%	26.6%	40.1%	31.4%	2.0%	100.0%
North East	No.	34	53	44	4	135
	%	25.2%	39.5%	32.6%	2.7%	100.0%
South	No.	314	615	419	42	1,390
	%	22.6%	44.2%	30.1%	3.0%	100.0%
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%

Source: Housing Market Model

9.64 Figure 212 below shows an analysis of size requirements in the market sector. As with affordable housing there is some variation between locations with requirements for larger (3+ bedroom) homes varying from 37% in the West of Adur up to 78% in the North Eastern part of Chichester District. As with the figures for affordable housing these are linked to the different demographic profile in each area as well as reinforcing to some degree the current housing offer. The figures will also be influenced by housing requirement figures which have been constrained to some degree in all areas.

Figure 212: Estimated Size of Dwellings Required 2011 to 2031 by Sub-Area – Market Housing

Sub-area		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Adur	No.	187	911	1,096	141	2,335
	%	8.0%	39.0%	46.9%	6.0%	100.0%
West	No.	83	414	291	-2	786
	%	10.6%	52.7%	37.0%	-0.2%	100.0%
East	No.	104	497	805	143	1,549
	%	6.7%	32.1%	52.0%	9.2%	100.0%
Arun	No.	736	2,678	3,661	952	8,026
	%	9.2%	33.4%	45.6%	11.9%	100.0%
Littlehampton	No.	260	922	1,242	310	2,734
	%	9.5%	33.7%	45.4%	11.3%	100.0%
Bognor Regis	No.	392	1,246	1,593	432	3,663
	%	10.7%	34.0%	43.5%	11.8%	100.0%
National Park	No.	11	44	48	13	116
	%	9.2%	38.2%	41.5%	11.2%	100.0%
Other	No.	74	466	777	197	1,514
	%	4.9%	30.8%	51.3%	13.0%	100.0%
Chichester	No.	440	1,720	3,344	1,406	6,910
	%	6.4%	24.9%	48.4%	20.4%	100.0%
City	No.	184	461	945	311	1,901
	%	9.7%	24.2%	49.7%	16.3%	100.0%
National Park	No.	63	304	680	403	1,450
	%	4.4%	20.9%	46.9%	27.8%	100.0%
North East	No.	14	56	145	101	315
	%	4.4%	17.7%	45.9%	32.1%	100.0%
South	No.	179	900	1,574	592	3,244
	%	5.5%	27.7%	48.5%	18.2%	100.0%
Worthing	No.	209	1,225	1,266	101	2,800
	%	7.4%	43.7%	45.2%	3.6%	100.0%
Coastal West Sussex HMA	No.	1,571	6,533	9,366	2,600	20,071
	%	7.8%	32.6%	46.7%	13.0%	100.0%

Source: Housing Market Model

Policy Implications: Sizes of Homes

There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis has sought to draw together a range of factors.

A detailed analysis of need for different sizes of affordable homes has been undertaken, drawing together information from the Housing Register, on the stock and turnover of existing properties of different sizes, and long-term demographic trends. On this basis the SHMA concludes that the following represents an appropriate mix of affordable homes to be sought through policy:

	1-bed	2-bed	3-bed	4+ bed
Adur	20-25%	30-35%	30-35%	10-15%
Arun	15-20%	35-40%	30-35%	10-15%
Chichester	10-15%	30-35%	35-40%	15-20%
Worthing	25-30%	35-40%	25-30%	5-10%

The mix identified above should inform strategic borough-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level (village/neighbourhood).

Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from people moving out of Brighton and Hove, particularly to Adur. Demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

In Adur, development should focus on mid-market family housing provision. In Arun, again provision of two and three bed properties should predominate. In Chichester District we recommend that policy focuses on achieving a mix of 35% 1 and 2-bed, 50% 3-bed and 15% 4 or more bed market homes. This focuses more towards smaller properties in order to counter-balance the current stock profile. Similarly in Worthing, policy should focus on protecting and enhancing the family housing offer, particularly on large sites outside the Town Centre.

Each local authority should seek to bring forward a portfolio of sites which can accommodate the mix of homes set out, and monitor the mix of housing delivered against the figures set out in this chapter. Future housing provision also needs to take account of the existing 'balance' of the housing offer in different areas.

Each district should consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties). Adur and Worthing for instance have policies in place recommending internal space standards for homes. Each district should also consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in Coastal West Sussex.

Housing needs of specific groups

- 9.65 We have established overall housing requirements for different sizes of properties over the next 20 years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.
- 9.66 Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance²⁴ whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.
- 9.67 The following key groups have been identified which may have housing needs which differ from those of the wider population:
- Older Persons;
 - Black and Minority Ethnic (BME) households;
 - Students.

Housing Needs of Older People

- 9.68 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20 years is expected to be the growth in the population of older persons.
- 9.69 Indeed as population projections show earlier in this document, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our projection work, data from POPPI (Projecting Older People Population Information) and some 2001 Census data to provide context (e.g. around under-occupation).
- 9.70 As the 2008/9 SHMA recognises the population of older persons was expected to increase substantially over the next 20 years. National policy emphasises the need to ensure that older people have access to good quality housing and the importance of this in helping them to maintain their independence and quality of life. It is important to recognise that many older persons will wish and choose to remain living in their existing homes.
- 9.71 The context to older persons housing provision can be summarised as below:
- A need to provide housing for older people as part of achieving a good mix of housing, but recognising that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;

²⁴ CLG (2007) Strategic Housing Market Assessments: Practice Guidance, Version 2

- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing over 20 years, requiring higher levels of support. However many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

9.72 West Sussex County Council's *Accommodation Strategy 2008-13* sets out the County's aspiration to promote independent living and give customer choice; alongside providing accommodation and support to vulnerable people in a better and more cost effective way. It seeks to achieve this by providing a wider range of accommodation and extending the time over which older people can live independently in their own home. The policy focus is to move away from institutional forms of accommodation (C2) towards a supported housing approach such as through provision of extra care accommodation.

Current Population of Older Persons

9.73 Below we have provided some baseline population data about older persons and compared this with other areas. The data for this has been taken from the published ONS mid-year population estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group as some housing developments are specifically targeted at the over 55 age group.

9.74 The data shows that, when compared with both the South East and England, Coastal West Sussex has a higher proportion of older persons. In 2010 it is estimated that 37.2% of the population of Coastal West Sussex was aged 55 or over compared with 29.4% in the South East and 28.2% for the whole of England.

Figure 213: Older Person Population by Age Band (2010)

Age group	Coastal West Sussex		South East		England	
	Population	% of popn	Population	% of popn	Population	% of popn
Under 55	270,274	62.8%	6,001,500	70.6%	37,500,600	71.8%
55-64	57,386	13.3%	1,028,000	12.1%	6,109,500	11.7%
65-74	49,750	11.6%	750,100	8.8%	4,485,000	8.6%
75-84	35,890	8.3%	499,000	5.9%	2,920,700	5.6%
85+	17,071	4.0%	219,900	2.6%	1,197,600	2.3%
Total	430,371	100.0%	8,498,500	100.0%	52,213,400	100.0%
Total 55+	160,097	37.2%	2,497,000	29.4%	14,712,800	28.2%

Source: 2010-based SNPP

9.75 At a District level (shown below) the data (taken from mid-2010 ONS population estimates) suggests some variation in the proportion of older people in different parts of the sub-region with figures varying from 33% of the population in Worthing being aged 55 and over 40% in Arun.

Figure 214: Older Person Population by District in Coastal West Sussex (2010)

Age group	Adur	Arun	Chichester	Worthing	Coastal West Sussex
under 55	64.9%	59.7%	62.1%	66.9%	62.8%
55-64	13.3%	13.8%	14.0%	11.9%	13.3%
65-74	10.9%	12.9%	11.9%	9.6%	11.6%
75-84	7.6%	9.1%	8.5%	7.5%	8.3%
85+	3.4%	4.5%	3.5%	4.1%	4.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total 55+	35.1%	40.3%	37.9%	33.1%	37.2%

Source: ONS 2010-Mid-Year Population Estimates

Future Changes in the Population of Older Persons

9.76 As well as providing a baseline position for the proportion of older persons in Coastal West Sussex we can use published population projections to provide an indication of how the numbers might change in the future compared with other areas. Again this data is based on the 2010-based SNPP. The data suggests that in proportionate terms the older person population in the sub-region is not expected to increase at as fast a rate as is expected in the South East although the ageing is expected to be slightly more rapid than projected for the whole of England.

Figure 215: Projected Change in Population of Older Persons (2010 to 2030)

Age group	Popn 2010	Popn 2030	Change	% change	% change South East	% change England
Under 55	270,400	276,100	5,700	2.1%	2.6%	7.7%
55-64	57,500	67,900	10,400	18.1%	16.6%	15.8%
65-74	49,800	69,800	20,000	40.2%	42.9%	38.4%
75-84	35,800	54,100	18,300	51.1%	57.8%	51.5%
85+	17,100	30,300	13,200	77.2%	100.4%	94.7%
Total	430,600	498,200	67,600	15.7%	13.6%	15.7%
Total 55+	160,200	222,100	61,900	38.6%	40.1%	36.2%

Source: 2010-based SNPP

Characteristics of Older Persons Households

9.77 We have used 2001 Census data to explore in a bit more detail some characteristics of older person households in the HMA (based on the population of pensionable age in 2001). The first table below, Figure 216, shows the number of households compared with the South East and

England. The data shows in 2001 that around 34% of households in the HMA were comprised entirely of pensioners with some variation by district. This is a notably higher figure to that for the South East and England and is consistent with the population data showing that the HMA has a high proportion of older people.

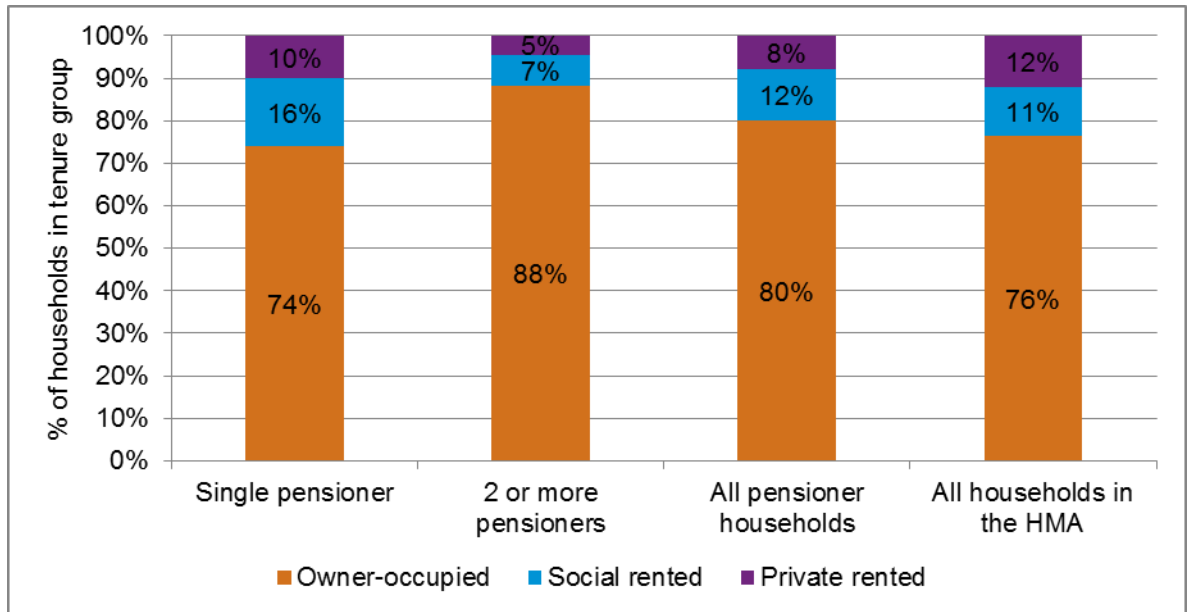
Figure 216: Pensioner Households (Census 2001)

Pensioner households	Adur	Arun	Chichester	Worthing	HMA	South East	England
Single pensioner	4,955	13,145	8,512	9,028	35,640	473,161	2,939,465
2 or more pensioners	3,318	9,784	6,624	5,294	25,020	334,299	1,908,837
All households	25,865	62,751	45,814	44,125	178,555	3,287,491	20,451,427
Single pensioner	19.2%	20.9%	18.6%	20.5%	20.0%	14.4%	14.4%
2 or more pensioners	12.8%	15.6%	14.5%	12.0%	14.0%	10.2%	9.3%
All households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	32.0%	36.5%	33.0%	32.5%	34.0%	24.6%	23.7%

Source: Census (2001)

- 9.78 Figure 217 shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in owner-occupied accommodation (80%) and are also slightly more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (8% compared with 12% of all households in the HMA).
- 9.79 There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector (and relatively more in private rented accommodation).
- 9.80 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population.

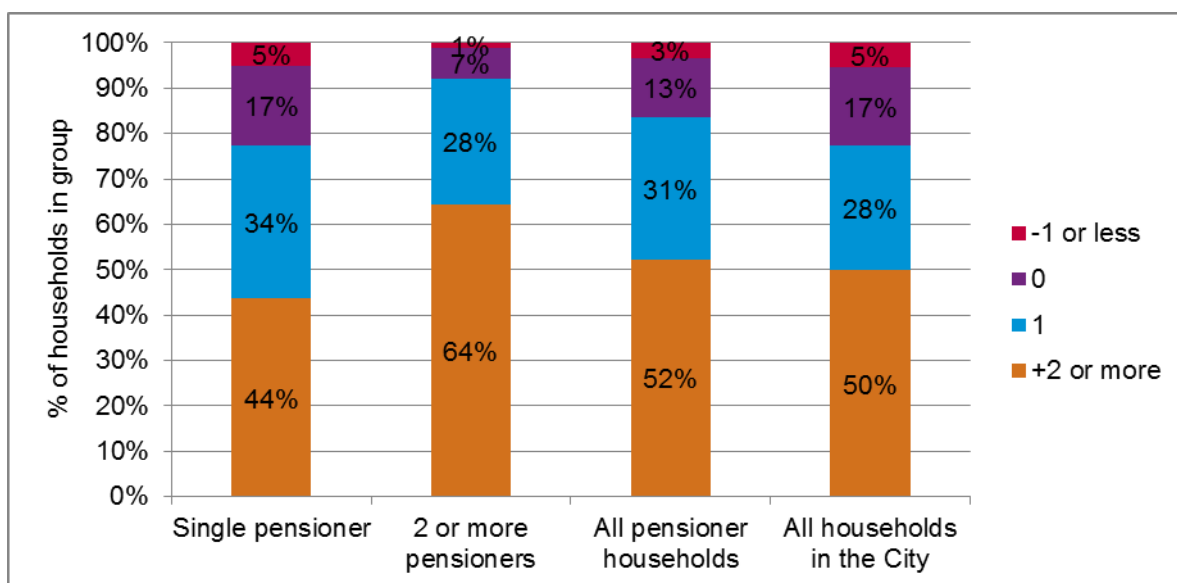
Figure 217: Tenure of Older Person Households in Coastal West Sussex, 2001



Source: Census (2001)

9.81 A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the occupancy rating. The Census data suggests that older person households are more likely to under-occupy their housing than other households in Coastal West Sussex. In total 84% have an occupancy rating of +1 or more (meaning there is at least one more room than people in the household). This compares with 77% for all households across Coastal West Sussex. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 218: Occupancy Rating by Older Person Households in Coastal West Sussex



Source: Census (2001)

9.82 It is of interest to study the above information by tenure. Figure 220 below shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2001. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were 7,400 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation.

Figure 219: Pensioner Households with Occupancy Rating of +2 or more by Tenure in Coastal West Sussex (Census 2001)

Pensioner households	Single Pensioner	2 or more Pensioners	All Pensioner Only Households
Owner-occupied	26,414	22,082	48,496
Social rented	5,614	1,798	7,412
Private rented	3,605	1,127	4,732
All tenures	35,633	25,007	60,640

Source: Census (2001)

9.83 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement; however we would expect many older households to still require family housing with space to allow friends and relatives to come to stay.

Health-related Population Projections

- 9.84 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides a baseline position for 2011 and projects forward to 2030.
- 9.85 The projections from POPPI of older households with health issues are shown in the figure below – in all cases the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.
- 9.86 Figure 220 shows that all of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 68%) with most other issues covered expected to increase by over 50%.

Figure 220: Estimated Population Change for range of Health Issues (2011 to 2030) – Coastal West Sussex

Type of illness/disability	2011	2030	Change	% increase
Limiting long-term illness	42,306	64,573	22,267	52.6%
Depression	9,162	13,638	4,476	48.9%
Severe depression	2,943	4,516	1,573	53.4%
Dementia	8,311	13,981	5,670	68.2%
Activities affected by previous heart attack	5,143	7,828	2,685	52.2%
Activities affected by previous stroke	2,423	3,774	1,351	55.8%
Bronchitis/emphysema	1,752	2,669	917	52.3%
Fall (number per year)	28,877	44,759	15,882	55.0%
Falls requiring hospital treatment (pa)	2,336	3,707	1,371	58.7%
Visual impairment	9,538	14,766	5,228	54.8%
Hearing impairment	47,147	74,987	27,840	59.0%
Mobility problems	20,771	32,810	12,039	58.0%
Obesity	26,873	39,021	12,148	45.2%
Diabetes	12,929	19,498	6,569	50.8%

Source: POPPI Website (2011)

- 9.87 In addition to projections about disabilities the POPPI data provides estimates of change in the number of older persons living alone and also a projection of the care home population.

9.88 The POPPI projections suggest that the number of people aged 65 and over living alone in Coastal West Sussex will increase by around 21,000 from 2011 to 2030 – an increase of 52%. The care home population is expected to increase from 5,300 in 2011 to 9,100 in 2030. This latter projection does not take account of whether provision for this scale of increase will be provided, or whether alternative solutions such as extra care are delivered.

Housing Need

9.89 The final topic we have looked at with regard to older persons is around the numbers on the Housing Register and those in a priority band. The first table below shows data for Adur, Chichester and Worthing. The age banding used on the Arun Housing Register information was slightly different to the other three and a separate table has been provided for this area.

9.90 The data shows that relatively few of those registered are aged 55 and over with generally smaller proportions if we look just at priority groups. In Adur some 23% of those in a priority band are aged 55 or over with figures of 21% in Chichester and 24% in Worthing. These compare with the over 55 population (as of 2010) of 35%, 38% and 33% respectively. In Arun the data suggests a similar trend although it is not possible to be specific about the figures due to the banding used. It is however evident that those registered and aged 50 or over are less likely to be in a priority band than younger households.

9.91 It is unclear from this information whether or not these figures suggest that older people are less likely to be in housing need or whether to some extent the figures might relate to the speed at which they are typically rehoused on joining the register. We would however note that a good proportion of older person households are owner-occupiers and that older people tend to be less mobile (in terms of moving home) than other groups.

9.92 Overall the data does not suggest that older persons have particularly high levels of housing need when compared with the wider population. However, changes in the older person population (as discussed above) may mean that additional and specialist provision may be required in the future. The Councils should monitor older persons housing needs through the Housing Register and also through referrals from other bodies (such as the NHS).

Figure 221: Older Person Households and the Housing Register

Age Group	Adur		Chichester		Worthing	
	% on Register	% in Priority Band	% on Register	% in Priority Band	% on Register	% in Priority Band
Under 50	71.5%	73.5%	65.8%	72.8%	70.1%	70.8%
50-54	4.5%	3.6%	7.2%	6.6%	5.8%	5.5%
55-59	5.6%	4.4%	7.5%	4.0%	7.4%	6.5%
60 and over	18.5%	18.5%	19.5%	16.7%	16.7%	17.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Housing Register

Figure 222: Older Person Households and the Housing Register - Arun

Age Group	% on Register	% in Priority Band
Under 50	70.1%	72.7%
50-65	18.2%	13.5%
66-80	9.3%	9.9%
80 and over	2.4%	4.0%
Total	100.0%	100.0%

Source: Housing Register

Policy Implications: Older Persons

The older person population in Coastal West Sussex is particularly large when compared with regional and national figures. In addition, the population is projected to increase significantly up until 2030/31.

Older persons are more likely to under-occupy homes. In the market sector there is a very limited ability to influence this. In the affordable sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Councils may wish to consider providing support and incentives to social housing occupiers to downsize. This will help to release larger affordable homes for younger households.

An analysis of older person households suggest that they are slightly 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.

Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Some households will require support. Typically the greatest support needs are 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.

The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 68% growth in older population with dementia, and 58% increase in the older population with mobility problems. 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 3,800 persons between 2011 and 2030. Care homes do not count as housing on the use class schedule; however an issue for the Councils to consider is the extent to which older persons could be accommodated within extra care housing as opposed to residential/ nursing homes and which form of care is most appropriate to meeting people's changing needs. The former (depending on the level of care) may count towards housing numbers.

Housing Needs of BME Households

- 9.93 Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

BME Population Characteristics

- 9.94 In 2001, 9% of the population of England came from a non-white group – by 2009, this is estimated to have risen to 12.5%. Over this 8-year period the non-white (British/Irish) population has risen by nearly 2 million to reach around 6.5 million – an increase of 43%. Over the same period the white (British/Irish) population has risen by just 400,000 (less than 1%). A key characteristic highlighted in national research (e.g. EHS) is the distinct tenure distribution for different groups with black households having concentrations in the social rented sector and Asian households having relatively high proportions of owner-occupation. Nationally, all BME groups are more likely than white households to live in private rented housing.

9.95 In 2009 (the latest date for which local information is available) around 9.5% of the population in the Coastal West Sussex HMA came from a non-White (British/Irish) background. This varies slightly by District with 11% of the population of Worthing being from a BME group compared with 9% in all other areas.

Figure 223: Black and Minority Ethnic Population by District (2009)

Ethnic Group	Adur	Arun	Chichester	Worthing	HMA
White	94.0%	94.5%	94.1%	92.4%	93.8%
White: British	89.9%	90.3%	89.5%	88.0%	89.5%
White: Irish	1.0%	0.9%	1.1%	0.9%	1.0%
White: Other	3.1%	3.2%	3.6%	3.4%	3.3%
Mixed	1.6%	1.2%	1.2%	1.8%	1.4%
Mixed: White and Black Caribbean	0.3%	0.3%	0.4%	0.4%	0.4%
Mixed: White and Black African	0.3%	0.1%	0.2%	0.3%	0.2%
Mixed: White and Asian	0.5%	0.4%	0.4%	0.7%	0.5%
Mixed: Other	0.5%	0.3%	0.4%	0.4%	0.4%
Asian or Asian British	2.4%	2.4%	2.3%	3.5%	2.7%
Asian or Asian British: Indian	1.3%	1.3%	1.3%	1.8%	1.4%
Asian or Asian British: Pakistani	0.5%	0.4%	0.4%	0.9%	0.5%
Asian or Asian British: Bangladeshi	0.3%	0.3%	0.2%	0.4%	0.3%
Asian or Asian British: Other Asian	0.3%	0.5%	0.4%	0.5%	0.4%
Black or Black British	1.1%	1.1%	1.2%	1.4%	1.2%
Black or Black British: Caribbean	0.3%	0.4%	0.4%	0.4%	0.4%
Black or Black British: African	0.7%	0.6%	0.7%	0.9%	0.7%
Black or Black British: Other	0.2%	0.1%	0.1%	0.1%	0.1%
Chinese or Other Ethnic Group	1.0%	0.8%	1.1%	1.0%	0.9%
Chinese	0.3%	0.3%	0.4%	0.4%	0.4%
Other ethnic group	0.5%	0.5%	0.6%	0.6%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
% non-White (British/Irish)	9.1%	8.7%	9.4%	11.1%	9.5%

Source: ONS

9.96 ONS produces estimates of population change by ethnic group for local authorities. The latest estimates are for 2009 (as shown above). Figure 224 below shows that the proportion of the population in a BME group is projected to have increased from 4.0% in 2001 to 9.5% in 2009. This represents an increase in the BME population of around 154% in just eight years.

9.97 Looking at broad BME groups we see that the Black population is projected to have risen fourfold with a similar proportionate increase in the number of Asian people. In contrast the White British population is thought to have fallen by about 1% although within the wider White population there has been an increase of 87% in the White: Other group (which is likely to be linked to in-migration from Eastern Europe).

Figure 224: Estimated change in Black and Minority Ethnic Population 2001-2009

Ethnic Group	2001		2009		Change	
	No.	%	No.	%	No.	%
White	396,500	97.9%	399,800	93.8%	3,300	0.8%
White: British	385,800	95.3%	381,400	89.5%	-4,400	-1.1%
White: Irish	3,100	0.8%	4,100	1.0%	1,000	32.3%
White: Other	7,600	1.9%	14,200	3.3%	6,600	86.8%
Mixed	2,900	0.7%	6,000	1.4%	3,100	106.9%
Mixed: White and Black Caribbean	600	0.1%	1,500	0.4%	900	150.0%
Mixed: White and Black African	400	0.1%	900	0.2%	500	125.0%
Mixed: White and Asian	1,100	0.3%	2,100	0.5%	1,000	90.9%
Mixed: Other	800	0.2%	1,600	0.4%	800	100.0%
Asian or Asian British	2,500	0.6%	11,300	2.7%	8,800	352.0%
Asian or Asian British: Indian	1,000	0.2%	6,000	1.4%	5,000	500.0%
Asian or Asian British: Pakistani	400	0.1%	2,300	0.5%	1,900	475.0%
Asian or Asian British: Bangladeshi	800	0.2%	1,200	0.3%	400	50.0%
Asian or Asian British: Other Asian	500	0.1%	1,800	0.4%	1,300	260.0%
Black or Black British	1,000	0.2%	5,100	1.2%	4,100	410.0%
Black or Black British: Caribbean	300	0.1%	1,600	0.4%	1,300	433.3%
Black or Black British: African	700	0.2%	3,000	0.7%	2,300	328.6%
Black or Black British: Other	0	0.0%	400	0.1%	400	-
Chinese or Other Ethnic Group	2,000	0.5%	4,000	0.9%	2,000	100.0%
Chinese	1,000	0.2%	1,600	0.4%	600	60.0%
Other ethnic group	900	0.2%	2,300	0.5%	1,400	155.6%
Total	404,900	100.0%	426,200	100.0%	21,300	5.3%
% non-White (British/Irish)		4.0%		9.5%		154.4%

Source: ONS

9.98 ONS produces estimates of population change by ethnic group for local authorities. The latest estimates are for 2009 (as shown above). Figure 225 below shows that the proportion of the population in a BME group is projected to have increased from 4.0% in 2001 to 9.5% in 2009. This represents an increase in the BME population of around 154% in just eight years.

9.99 Looking at broad BME groups we see that the Black population is projected to have risen fourfold with a similar proportionate increase in the number of Asian people. In contrast the White British population is thought to have fallen by about 1% although within the wider White population there has been an increase of 87% in the White: Other group (which is likely to be linked to in-migration from Eastern Europe).

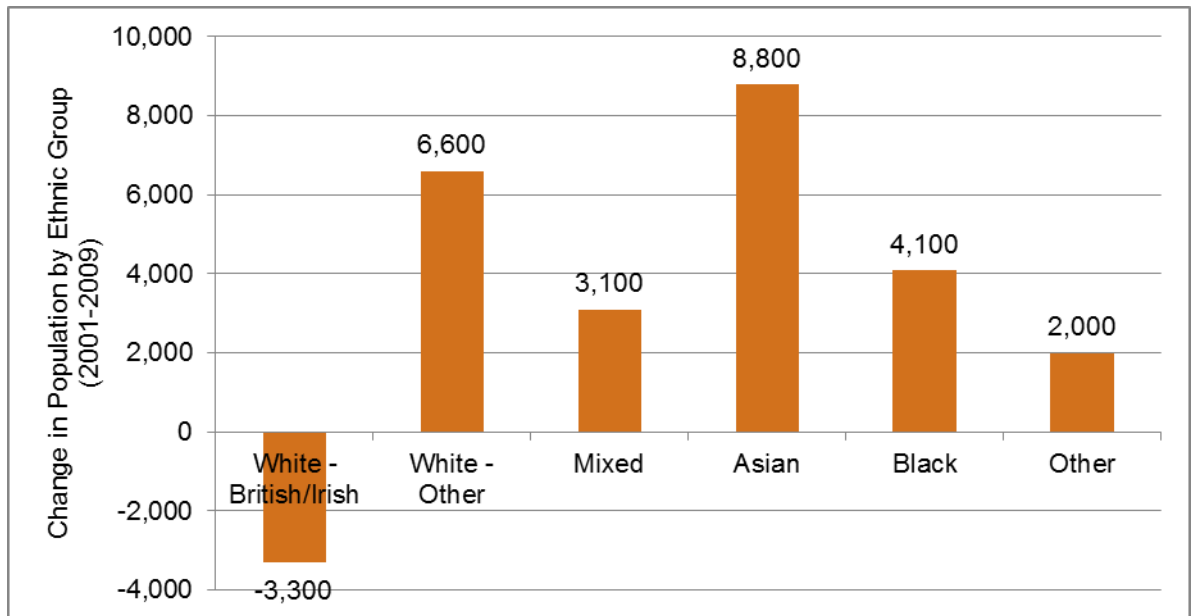
Figure 225: Estimated change in Black and Minority Ethnic Population 2001-2009

Ethnic Group	2001		2009		Change	
	No.	%	No.	%	No.	%
White	396,500	97.9%	399,800	93.8%	3,300	0.8%
White: British	385,800	95.3%	381,400	89.5%	-4,400	-1.1%
White: Irish	3,100	0.8%	4,100	1.0%	1,000	32.3%
White: Other	7,600	1.9%	14,200	3.3%	6,600	86.8%
Mixed	2,900	0.7%	6,000	1.4%	3,100	106.9%
Mixed: White and Black Caribbean	600	0.1%	1,500	0.4%	900	150.0%
Mixed: White and Black African	400	0.1%	900	0.2%	500	125.0%
Mixed: White and Asian	1,100	0.3%	2,100	0.5%	1,000	90.9%
Mixed: Other	800	0.2%	1,600	0.4%	800	100.0%
Asian or Asian British	2,500	0.6%	11,300	2.7%	8,800	352.0%
Asian or Asian British: Indian	1,000	0.2%	6,000	1.4%	5,000	500.0%
Asian or Asian British: Pakistani	400	0.1%	2,300	0.5%	1,900	475.0%
Asian or Asian British: Bangladeshi	800	0.2%	1,200	0.3%	400	50.0%
Asian or Asian British: Other Asian	500	0.1%	1,800	0.4%	1,300	260.0%
Black or Black British	1,000	0.2%	5,100	1.2%	4,100	410.0%
Black or Black British: Caribbean	300	0.1%	1,600	0.4%	1,300	433.3%
Black or Black British: African	700	0.2%	3,000	0.7%	2,300	328.6%
Black or Black British: Other	0	0.0%	400	0.1%	400	-
Chinese or Other Ethnic Group	2,000	0.5%	4,000	0.9%	2,000	100.0%
Chinese	1,000	0.2%	1,600	0.4%	600	60.0%
Other ethnic group	900	0.2%	2,300	0.5%	1,400	155.6%
Total	404,900	100.0%	426,200	100.0%	21,300	5.3%
% non-White (British/Irish)		4.0%		9.5%		154.4%

Source: ONS

9.100 Figure 226 below shows the estimated population change by broad BME group. The figure clearly indicates the decline in the white (British/Irish) population with increase for all other groups.

Figure 226: Changes in the BME Population 2001 to 2009

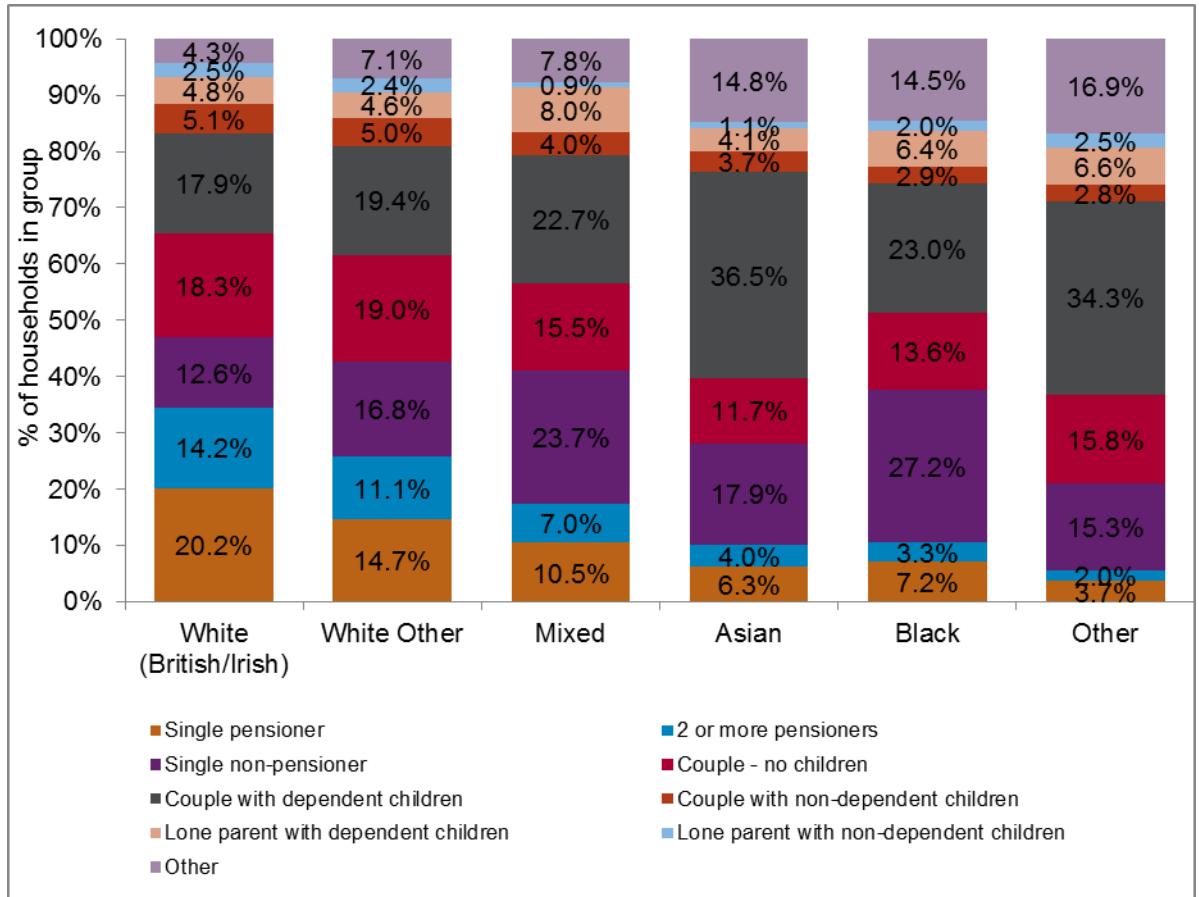


Source: ONS

Household Characteristics

9.101 We have used 2001 Census data to provide an indication of the characteristics of BME households. This information is dated, but is the best currently available for the whole population. There are notable differences between the household characteristics of BME households as against the white British/Irish population. Figure 227 below suggests that non-White households are less likely than White households to contain only people of pensionable age. Asian households are notable for the large proportion with dependent children (families) and also some of the highest proportions of 'other' households (which are often larger multi-adult households). Black and Mixed households show high proportions of single non-pensioner households.

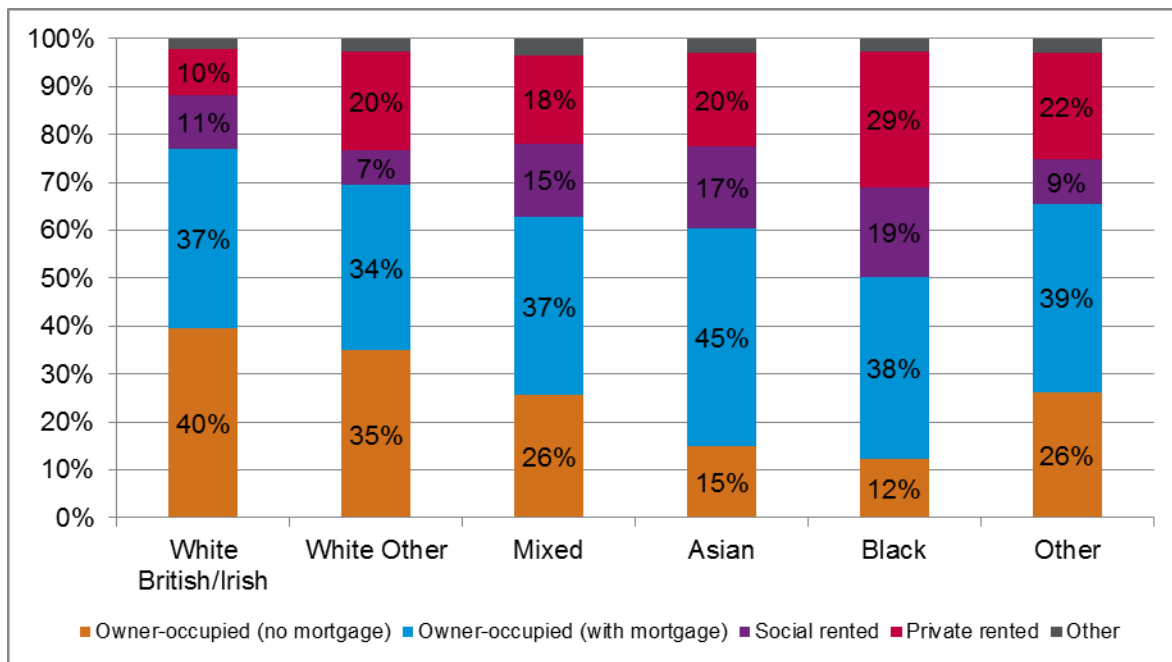
Figure 227: Household Composition by Ethnic Group in Coastal West Sussex



Source: 2001 Census data (from NOMIS)

9.102 Figure 228 shows tenure by BME groups. The key finding from this analysis is that all BME groups are more likely than White (British/Irish) households to be living in private rented accommodation. In 2001, around a fifth of Asian households were renting privately with a higher figure (of 29%) for Black households – this compares with around 10% of White (British/Irish) households. The data also shows that Black households in particular are more likely to live in social rented housing – Black households have relatively low levels of owner-occupation.

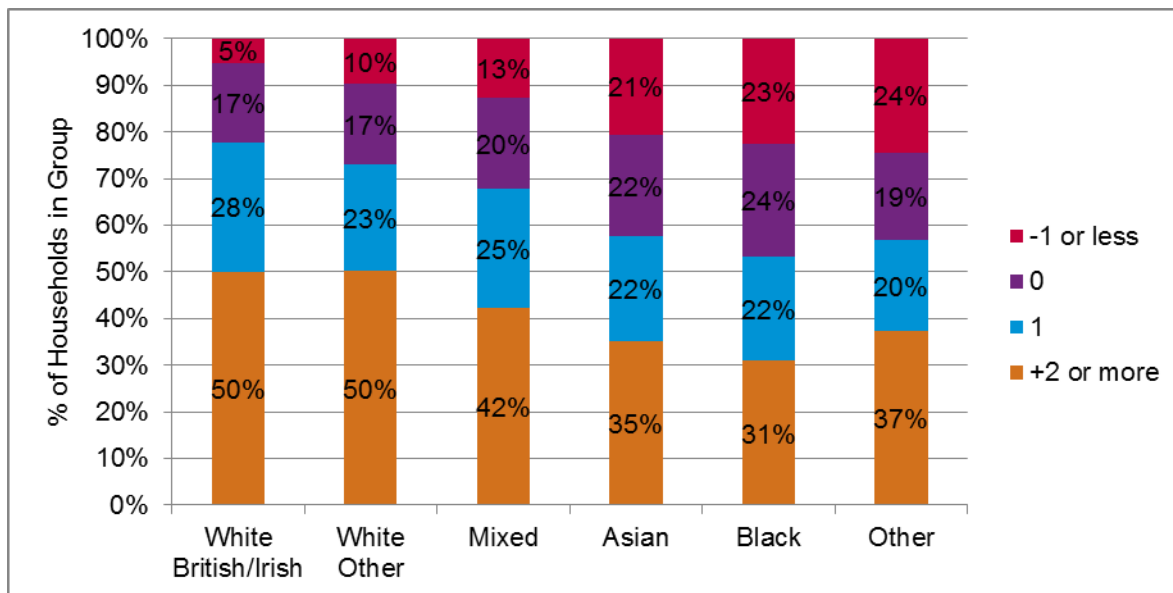
Figure 228: Tenure by Ethnic Group in Coastal West Sussex, 2001



Source: 2001 Census data (from NOMIS)

9.103 Figure 229 below shows ‘occupancy ratings’ by BME group; this is based on a person per room standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. The figures are not comparable with the more common measure of overcrowding/under-occupation using the bedroom standard but will indicate differences between groups. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British/Irish) households. In particular, the Census data suggests that around a quarter of Other households are overcrowded - this compares with only 5.1% of the White (British/Irish) group.

Figure 229: Occupancy Rating by Ethnic Group in Coastal West Sussex



Source: 2001 Census data (from NOMIS)

Housing Register (Housing Need)

- 9.104 The data presented above provides some indication of the differences between households in different BME groups although the information is rather dated and the overall size of the BME population is thought to have grown significantly since the data was collected. One data source we have which is more up to date is the Housing Register.
- 9.105 Below we have therefore presented data from the housing register for households on the list and separately for those in a priority group. Data has only been provided for Adur, Chichester and Worthing due to Arun recording ethnic groups differently making direct comparisons difficult. The data shows in all areas that the proportion of households registered from BME groups is very low - this is true for both the register as a whole and for priority groups. In both Adur and Chichester only around 5% of those registered come from a non-White (British/Irish) BME group although this rises to about 10% in the case of Worthing. In Arun, the data also suggests a similar pattern of relatively few BME households being registered and we estimate that less than 5% of those registered are from a non-White group.
- 9.106 Given estimates of the size of the BME population in 2009 the data therefore suggests that BME groups are less likely to register for housing than the White (British/Irish) population. This is despite the background data suggesting that BME households may be more likely to have housing

problems with data indicating higher levels of overcrowding and high proportions living in the private rented sector (which can often suffer from worse conditions and less security of tenure).

Figure 230: Housing Register by Ethnic Group

BME Group	Adur		Chichester		Worthing	
	% on Register	% in Priority Band	% on Register	% in Priority Band	% on Register	% in Priority Band
White: British	94.2%	94.3%	95.0%	95.3%	89.9%	90.3%
White: Irish	0.5%	0.4%	0.0%	0.1%	0.2%	0.3%
White: Other	1.2%	1.3%	0.5%	0.4%	3.1%	2.6%
Mixed: White and Black Caribbean	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%
Mixed: White and Black African	0.2%	0.2%	0.3%	0.4%	0.1%	0.1%
Mixed: White and Asian	0.1%	0.1%	0.3%	0.4%	0.1%	0.1%
Mixed: Other	0.1%	0.1%	0.0%	0.0%	0.3%	0.2%
Asian or Asian British: Indian	0.2%	0.2%	0.1%	0.3%	0.2%	0.3%
Asian or Asian British: Pakistani	0.1%	0.1%	0.0%	0.1%	0.1%	0.2%
Asian or Asian British: Bangladeshi	0.4%	0.4%	0.4%	0.3%	1.3%	1.5%
Asian or Asian British: Other Asian	0.5%	0.4%	0.4%	0.5%	0.7%	0.6%
Black or Black British: Caribbean	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
Black or Black British: African	0.8%	0.8%	0.5%	0.6%	2.8%	2.8%
Black or Black British: Other	0.4%	0.3%	0.0%	0.0%	0.3%	0.2%
Chinese	0.2%	0.1%	0.2%	0.2%	0.5%	0.5%
Other ethnic group	0.9%	1.0%	1.6%	1.2%	0.3%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Housing Register

Policy Implications: BME Groups

Drawing the analysis together, the BME population in the table appears to have grown quite strongly since 2001. The latest estimate is that BME groups make up around 10% of the Coastal West Sussex population.

BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings.

There are very few BME households on any of the Councils' Housing Registers despite some indication of likely housing problems relating to overcrowding, condition and security of tenure. 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.

The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

Housing Needs of Students

- 9.107 Within the Sussex Coast Housing Market there are three Universities, two in Brighton and one in Chichester. Brighton and Hove City Council has undertaken research separately into student housing to inform its Local Plan. This report thus focuses on Chichester University.
- 9.108 Chichester University has two campuses, one in Chichester and one in Bognor Regis. The impact of students on the housing market is influenced by:
- The level (and changes in the level) of students at the University;
 - The balance between students living in halls or other University accommodation, at home or in the private rented sector.
- 9.109 The level of student accommodation does not appear to have changed significantly since the 2008 SHMA was undertaken. This identified that the University had approximately 650 bedspaces in halls of residence on the Chichester (Bishop Otter) Campus and 210 on the Bognor Regis Campus. It also rents a number of private houses to accommodate students and overall directly accommodates around 900 students.
- 9.110 We have tracked changes in the student population since 2008 using Higher Education Statistics Agency (HESA) data. This as Figure 231 sets out, indicates that student numbers increased by 14% between 2008/9 – 2010/11 with growth primarily of undergraduate students.

Figure 231: Student Numbers at Chichester University

	Postgraduate	Undergraduate	Total
2007/8	1010	3795	4805
2008/9	1115	3890	5005
2009/10	1135	4100	5235
2010/11	1305	4395	5700

Source: Higher Education Statistics Agency

- 9.111 Since 2008 student numbers have increased by 14%. Most students are domestic, with just 2.5% of the student population made up of international students. This growth in student numbers is likely have resulted in a moderate increase in students living in the Private Rented Sector.
- 9.112 The University's Strategy 2010-13 outlines its intention to retain and invest in the Bognor Regis Campus. It is (as with many other UK universities) seeking to increase international student numbers to which Government tuition fee caps do not apply. It is also embarking on a programme of refurbishment of campus accommodation.

- 9.113 The growth of students living within the private rented sector in Chichester has influenced the dynamics of the housing market in the City, reducing the supply of entry-level private housing for first-time buyers and families and supporting price growth within this section.
- 9.114 The introduction of higher tuition fees may influence future growth in student numbers and this should be kept under review.

Policy Implications: Students

The analysis of student housing requirements identified that there is potential for changes to tuition fees to impact on growth in student numbers at Chichester University. Chichester District Council should continue to work with the University, monitor future changes in student numbers, and consider the need for any further development of student accommodation in this context in order to mitigate the impact of student growth on the wider housing market.

10 CONCLUSIONS AND RECOMMENDATIONS

- 10.1 This SHMA is intended to improve understanding of both need and demand for market and affordable housing. It takes account of changes in the housing stock, market dynamics, short- and long-term drivers of change and the impact of current and emerging policy at a national and local level. This includes the Localism Act, National Planning Policy Framework and Welfare Reforms. The assessment takes account of current market circumstances but looks over the longer-term at the underlying demand drivers (including demographic change) over the period to 2031 to inform the development of long-term planning policy.
- 10.2 The report and the process of preparing it meets the requirements of Government Guidance on preparing SHMAs (CLG, 2007).
- 10.3 This final section seeks to bring together the analysis undertaken to identify conclusions and recommendations. To do so, the consultants' team has sought to draw together the analysis undertaken, to take account of stakeholders' input and to critically review the conclusions and recommendations of the 2008/9 SHMA. The recommendations set out focus on the development of policies within the five local authorities' respective Core Strategies/ Local Plans and Housing Strategies (where applicable).

Housing Requirements

- 10.4 The National Planning Policy Framework (NPPF) has introduced a 'presumption in favour of sustainable development.' This means that Local Plans should meet objectively-assessed development needs with sufficient flexibility to respond to rapid change, unless *"any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole; or specific policies in this Framework indicate that development should be restricted."*
- 10.5 The NPPF sets out that "great weight should be given to conserving landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty, which have the highest status of protection in relation to landscape and scenic beauty ... Planning permission should be refused for major development in these designated areas except in exceptional circumstances and where it can be demonstrated they are in the public interest."
- 10.6 The NPPF also sets out that plans should be deliverable, and on this basis there must be a reasonable prospect that planned infrastructure can be delivered in a timely fashion. Deliverability is one of the tests of soundness for Local Plans.

- 10.7 Within the Sussex Coast Housing Market it seems highly unlikely that identified development needs can realistically be met over the period to 2031. This reflects the geography of the area, the statutory restrictions on development imposed by the National Park as well as other environmental designations and key infrastructure constraints. Across the sub-region land availability is significantly affected by the geography of the area. There is a limited capacity for development within existing urban areas. The potential for extensions beyond current urban boundaries in Brighton and Hove, Adur and Worthing is restricted by key development constraints including flooding and the National Park. In the west of the Housing Market Area, the potential for development around Chichester (to the south of the National Park) is affected by sewage treatment capacity which seems likely to restrict development in some locations, and influence the scale of development which can take place prior to 2021. Further work to consider these issues in detail is ongoing.
- 10.8 In Arun District, potential development is likely to be affected similarly by infrastructure issues (including the potential need for improvements to A27 junctions) as well as the market capacity of the area to absorb development. This is particularly relevant given that 'effective demand' for market housing over the last few years has been relatively weaker than in other parts of the sub-region, in part affected by weak economic performance/ drivers in this area, albeit that housing completions have held up relatively well.
- 10.9 The NPPF indicates that SHMAs should identify the scale of housing required over a plan period. Its role is to provide an objective assessment of this, based on evidence of housing need and demand and demographic projections. The demographic projections undertaken as part of the SHMA Update indicate overall housing need/demand for between 63,400 – 69,900 homes across the Housing Market Area (including Coastal West Sussex, Lewes and Brighton and Hove) over the 2011-31 period.
- 10.10 Future economic growth could potentially lead to a higher level of housing requirements over the second half of the plan period, from 2021 onwards; albeit that there is a considerable degree of uncertainty regarding future economic performance not least as a result of the on-going troubles within Eurozone economies.
- 10.11 In reality however, it looks highly unlikely that even the demographic-based projections for housing requirements will be met taking account of the prevailing strategic constraints to development which exist in the sub-region.
- 10.12 We estimate that the local authorities in the Sussex Coast Housing Market are currently planning on delivering around 41,000 homes over the 2011-31 period. This falls 45% or more short of assessed development needs (based on the demographic projections).

- 10.13 On this basis we would recommend that the local authorities make every effort to increase housing supply where feasible without compromising the objectives of sustainable development, statutory restrictions imposed by the National Park designation, or policies within the NPPF, and where it can be demonstrated that the level of housing provision being planned for can be regarded as deliverable.
- 10.14 The capacity for development in Adur is influenced by the geography of the District. Land within the district boundary is relatively intensely developed, with limited opportunities for extension of existing settlements without eroding strategic gaps between them. Significant development constraints exist in regard to flood risk and the impact of development on the road infrastructure. There are a particular set of delivery challenges associated with development at Shoreham Harbour which support the ringfencing of housing provision at the Harbour, although this will clearly play an important role in meeting the District's housing needs. In land use terms, there is also a need to balance development of housing with the need for economic regeneration. The Council intends to consult on two options for development for development outside of the Harbour, for provision of 105 homes or 165 homes per year. The evidence of housing need and demand in Adur District would support the higher of the two options being considered (outside of Shoreham Harbour), for provision of 165 homes per annum. However this needs to be balanced with a range of wider factors including land availability and tested through the Sustainability Appraisal process.
- 10.15 In Worthing, development potential is constrained by the capacity of the urban area. The Council has an adopted Core Strategy. We would however advice that the Council reviews its Strategic Housing Land Availability Assessment (SHLAA) to consider whether there are additional potential development sites which could be brought forward. In doing so, the Council should however be mindful of the need to support delivery of new employment development alongside housing provision and to protect key employment sites.
- 10.16 There are notably a greater range of potential development options in Arun District than other parts of the Sussex Coast Housing Market. The NPPF sets out that Local Plans should be 'positively prepared' – based on meeting objectively-assessed development needs in their areas and unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development. However, market conditions in Arun District are currently depressed and housing demand (as evidenced by both prices and sales trends) is notably more moderate than in other parts of the sub-regional housing market. In addition, economic performance has been relatively weak and the Council thus needs to be mindful of the balance between future housing provision and securing economic growth and investment in delivering sustainable development.

- 10.17 Against this context, we would recommend that Arun District Council continues to promote a strong economic regeneration agenda to secure new, and higher-quality economic development and investment. In regard to levels of housing provision, meeting the District's own development needs would require provision of between 600-750 homes per annum based on the demographic projections. However if we take account of anticipated economic growth and a policy position which seeks to align housing provision more strongly with supporting the economy, in terms of the profile of migration of people of different ages, the housing requirement falls to around 575 homes per annum. This aligns most closely with Arun's draft Local Plan approach.
- 10.18 We would advise that the Council however tests the potential to meet higher levels of development of up to 900 homes per annum. We consider that this is an optimistic view of future housing delivery set around the maximum level that the market could support. This should be tested through the plan preparation process, including through Sustainability Appraisal and assessment of the requirements and feasibility of delivering supporting infrastructure. This process will help to refine the scale of development to be planned for and the robustness of the Plan.
- 10.19 For Chichester District the scale of development which can be taken forward is affected by a range of factors. A substantial proportion of the District falls within the National Park affording a strong level of protection from development pressures. The scope for significant development is therefore focused in the South of the District. The scale and pace of development in this area is particularly influenced by sewage treatment capacity (including the timescales over which new capacity can be brought forward) and the scope for improvements to key junctions on the A27 Chichester Bypass. The Council currently estimate that around 7,000 homes can be delivered over the period to 2029 (subject to provision of additional waste water capacity by 2020). The Council are taking forward further work to assess the cost-benefit of alternative solutions to sewage capacity issues as well as transport modelling. This should be used to firm up potential housing requirements with a focus on seeking to maximise what can be sustainably be delivered over the plan period.
- 10.20 Given the evident development constraints which exist, it seems highly likely that the scale of development planned for across the sub-region will fall short of meeting identified development needs. On this basis we would recommend to the local authorities that:

R1: A common statement is jointly prepared which articulates the strategic development constraints which exist at a sub-regional level and limit the potential to meet development needs. This will support authorities' individual Local Plans at examination.

R2: Housing requirements within emerging Local Plans should be set out as 'minima' which can be exceeded where this is compatible with the presumption in favour of sustainable development and wider policies within Local Plans.

R3: The local authorities collaborate at a sub-region level and with neighbouring sub-regions to consider whether there are further options for strategic development which could be brought forward in the longer-term, such as through a future review of Local Plans. Local Plans should be drafted to provide for a review mechanism. 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.

- 10.21 The SHMA Update highlights some of the demographic implications of lower housing numbers, including a stronger proportional growth in the population of older persons and restricted in-migration of those of working-age; as well as the potential for changes to commuting dynamics. It will be important that these are properly thought through.
- 10.22 Relative to other parts of the region, while migration overall is biased towards those of working-age there is significant net in-migration of older age groups. Over the last decade the numbers of single person and childless couple households has grown. The population aged in their 20s and early 30s has declined not just in proportion but in absolute terms.
- 10.23 We consider that there is 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 to attract/retain younger households. A coordinated strategy for strategic economic interventions will also be important in 'making the case' for funding for investment in strategic infrastructure such as improvements to the A27.
- 10.24 We regard key strategic employment development proposals as Enterprise@Bognor, provision of new high quality sites in the Chichester/Tangmere area, Shoreham Harbour Regeneration, and development at Shoreham Airport.

R4: The local authorities should continue to work together to progress the development of the Coastal West Sussex Employment and Infrastructure Strategy including through the development of place-based delivery plans. This should include working proactively to progress key development projects, as well as coordinated action to improve skills/training across the sub-region.

R5: The potential for major development sites to support mixed use development, with housing development supporting investment in site preparation and enabling infrastructure to bring forward new employment floorspace should also be encouraged where feasible.

- 10.25 As the Employment and Infrastructure Strategy recommends, work should be progressed to de-risk key sites (particularly employment sites) and coordinate investment in infrastructure including addressing opportunities for external funding such as Growing Places and from the Highways Agency.
- 10.26 In regard more specifically to housing provision, the mix of housing brought forward should seek to attract and retain younger persons. The delivery of new affordable housing, including intermediate housing options²⁵ will be important in this regard. So will supporting the future development of the private rented sector, which at a national level has accommodated an increasing proportion of people in their 20s over the last decade. Development of the leisure and recreational offer in key towns to attract/retain a younger population will also be important and can be taken forward through wider place-based regeneration.

Supporting Housing Delivery Rates

- 10.27 The 2008/9 SHMA made a number of recommendation regarding actions which could be taken forward to maintain housing delivery rates. Market conditions in 2012 remain similar to 2008/9 with sales volumes substantially below long-term trends. The economic climate and market conditions continue to restrict 'effective' market demand and housing delivery.
- 10.28 A comprehensive, realistic and proactive approach to supporting housing delivery over the longer-term however remains appropriate, as do many of the recommendations from the initial SHMA:

R6: The local authorities should continue to progress the development of Core Strategies/ Local Plans and site allocations as quickly as possible to provide certainty and a policy framework which supports housing land allocations and planning applications.

- 10.29 Planning policy should consider the portfolio of sites taken forward through development plans, ensuring that this is capable of addressing the balance of housing requirements identified herein. We return to this later.

R7: Local Plans should seek to encourage and support delivery of a range and mix of sites which allow different housing products to be brought forward by different developers across local areas.

²⁵ Intermediate housing does not include affordable rented homes

R8: Proactive annual monitoring of delivery progress and timescales through engagement with developers and their agents, with action taken where relevant to help address delivery blockages. This should include collaborative working where necessary to secure kick-start funding such as through the Get Britain Building Fund or Growing Places Fund.

- 10.30 Where land is in public sector ownership, initiatives to incentivise development and particularly secure affordable housing delivery should be encouraged. These include 'buy now, pay later' and land value subsidy (see below).

Affordable Housing Policy

- 10.31 The SHMA Update identifies a strong need for affordable housing provision, as did the 2008/9 Report. The assessment of housing needs is a statutory requirement to inform policies for affordable housing and identifies a net need for new provision. The level of housing need is however influenced by the relatively modest scale of existing affordable housing stock; historical investment decisions and funding models; past losses of affordable housing through right-to-buy sales; coupled with the local socio-economic characteristics. Moving forward, levels of housing need could be influenced by a range of factors including the Government's Reinvigorated Right-to-Buy Policy.
- 10.32 If all households in need were to be provided with an affordable home, 2,134 affordable properties would need to be delivered each year over the next five years. This is unrealistic given current funding models. However the local authorities should work to stimulate the supply of affordable housing as far as possible.
- 10.33 Government policy has changed in a number of ways to support the delivery of affordable housing against a context of reduced public subsidy available. To support delivery, the local authorities should embrace this:

R9: Local authorities should consider their policies regarding flexible tenancies and affordable rent in liaison with Registered Providers through the development of their Tenancy Strategies. Both provide the opportunity to support affordable housing supply and should be carefully considered.

- 10.34 The evidence in the SHMA Update points to some notable differences in prices between private rent, potential affordable rents and existing social rents, indicating that there are likely to be a reasonable number of households 'in housing need' who might be able to afford more than existing social rents without Housing Benefit. Lower-income households are also able to claim Housing Benefit in affordable rented properties.

- 10.35 Flexible tenancies provide the opportunity to improve turnover within the affordable housing stock albeit that the notable gaps between the income required to access different tenure groups will mitigate against households' ability secure suitable accommodation in other tenures.
- 10.36 The housing needs model assumes that the needs of all households in need will be met by provision of affordable housing. In reality many households in need secure housing in the Private Rented Sector, supported by housing benefit. We estimate that around 1630 households per annum could have their needs met by the Private Rented Sector. The Localism Act now allows local authorities to discharge the 'homelessness duty' through provision of decent private sector rented accommodation. While there should rightly be some concerns about the quality of private rented sector accommodation, and there are risks that the LHA reforms and introduction of Universal Benefit could reduce the willingness of landlords to let to tenants in receipt of Local Housing Allowance, it seems likely that the PRS will continue to play an important role in meeting housing need.
- 10.37 Each of the local authorities is currently considering or moving to implement a Private Rented Sector Team to improve the role which the sector can meet in addressing housing need. This focuses on a brokerage role which links households on the Housing Register with landlords offering decent homes. This was addressed in the 2008/9 SHMA which referenced the 'Opening Doors' Scheme in Worthing and continues to be appropriate.

R10: The SHMA supports local authorities' current work in developing a brokerage role linking households in need to suitable properties in the Private Rented Sector. This scheme should be used to encourage investment in improving standards in the sector.

- 10.38 The 2008/9 SHMA emphasizes the role which local authorities can play in improving standards in the Private Rented Sector including through enforcement action where appropriate and licensing of Houses in Multiple Occupation (HMOs). These remain appropriate.
- 10.39 Turning to address planning policy for affordable housing, the 2008/9 SHMA proposed moving towards a 40% affordable housing policy over the longer-term. Potential affordable housing policy however needs to take account of up-to-date information on the economic viability of residential development, changes to the availability of funding and the introduction of the affordable rent tenure, and wider policies within Local Plans such as sustainability standards and Community Infrastructure Levy. This coordinated approach is emphasised in the NPPF.
- 10.40 Current affordable housing policies across the sub-region vary, with generally a different policy applying to different scales of development. Worthing's Core Strategy requires 10% affordable housing on schemes of 6-10 dwellings, 20% on schemes of 11-14 dwellings and 30% on schemes

of 15+ dwellings. Chichester's 2009 Interim Policy Statement seeks 20% on schemes of 5-9 dwellings and 40% on schemes of 10 or more dwellings. Arun's 2010 Affordable Housing Policy seeks 30% affordable housing on schemes of 15 or more dwellings, and 15% on all developments below this threshold. Adur has a target of 30% affordable housing on sites of 15 or more dwellings. None of the authorities has to date published a Preliminary Draft CIL Charging Schedule.

- 10.41 Each local authority should ensure that it has appropriate viability evidence to support its affordable housing policies as part of the development of the Local Plan and/or CIL. This will ensure that affordable housing policies take account of the combined impact of policies in the plan as well as CIL on development viability.

R11: Local authorities should review the viability of affordable housing as part of the development of its Local Plan and/or CIL as appropriate to take account of provisions in the NPPF. This will inform site size thresholds, % affordable housing requirements and the tenure mix.

- 10.42 The 2008/9 SHMA concluded that a differential policy for affordable housing applicable to different sized development was appropriate. This has been taken forward since and remains appropriate. Equally the conclusions of the 2008/9 SHMA that flexibility and negotiation to take account of abnormal site development costs (or existing use value on brownfield sites) remain appropriate. In particular CIL will be a mandatory charge on development and thus affordable housing provision may be a key area of negotiation on sites where viability is challenging. CIL should be set at a level which supports affordable housing delivery.

- 10.43 On land in public sector ownership, higher levels of affordable housing provision should be sought.

- 10.44 Since the 2008/9 SHMA national policy regarding exceptions sites has evolved. Government is supporting provision of some market housing as part of exceptions developments to cross-fund affordable housing delivery. This is a sensible approach.

R12: Authorities should consider policies regarding exception site development in the development of their Local Plans. These should support some market housing provision if necessary to support affordable housing delivery but with a focus on maximizing affordable housing provision to meet local need. Market housing would need to be justified through submission of a viability appraisal as part of a planning application.

- 10.45 The identification and allocation of additional development sites in appropriate locations through Neighbourhood Plans should also be supported where these contribute to sustainable development.

- 10.46 In regard to the tenure mix of affordable housing the housing needs analysis in Section 7 provides a recommended tenure split based on the housing needs evidence. This is for 20% intermediate housing across Coastal West Sussex and 80% social/ affordable rent. Intermediate housing is defined as in the NPPF (as detailed in Section 8). A higher level of intermediate housing provision is identified as appropriate in Chichester District and potentially Worthing.
- 10.47 The 2008/9 SHMA recommended that 20% intermediate housing would be appropriate in the short-term, rising potentially to 30% over the longer-term as housing market conditions improve. There continue to be key restrictions on effective demand for shared ownership/equity products linked to households' savings and ability to access household finance. Equally, the strategic aspiration of the recommendations was to develop the scope and profile of intermediate housing over the long-term to meet the needs of households who cannot afford to buy but can afford to pay more than existing social rents. There continue to be a significant number of households in this category. Looking over the longer-term the aspiration to develop the quantity and range of intermediate housing remains appropriate to provide a choice of housing options.

R13: The 2008/9 SHMA recommended that 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. This remains an appropriate strategic aspiration.

- 10.48 The 2008/9 SHMA findings indicated that there is a need to raise the awareness, understanding and perceptions of intermediate housing options; and that these housing options should be made available to a wider range of households remain appropriate. The analysis undertaken highlights the notable drop in population aged in their 20s and early 30s across Coastal West Sussex over the last decade. Enhanced provision and access to intermediate housing options (as well as social/ affordable rent) may help to attract and retain these groups, supporting the sub-regional economy.

Overall Housing Mix

- 10.49 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis has sought to draw together a range of factors.
- 10.50 Across Coastal West Sussex we would expect demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay. We expect continued demand for family housing from people moving out of Brighton and Hove. Equally delivery of affordable entry-level family housing and shared/ flatted accommodation will be important in helping attract and retain younger

households in the area. Future housing provision also needs to take account of the existing ‘balance’ of the housing offer in different areas.

10.51 We have considered need for different sizes of affordable housing taking account of housing need, the existing stock and turnover of properties of different sizes, and long-term demographic trends. Whilst the majority of households on waiting lists often require smaller properties, those in need of larger properties often have to wait much longer for a home. Provision of larger, family-sized housing can also create chains of lettings releasing smaller properties for other households. We conclude that the appropriate mix of homes is as follows:

R14: Strategic policies for the mix of affordable housing to be sought through new development should reflect provisions in the table below. However in applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level (village/neighbourhood).

Figure 232: Proposed Mix of Affordable Homes

	1-bed	2-bed	3-bed	4+ bed
Adur	20-25%	30-35%	30-35%	10-15%
Arun	15-20%	35-40%	30-35%	10-15%
Chichester	10-15%	30-35%	35-40%	15-20%
Worthing	25-30%	35-40%	25-30%	5-10%

10.52 It is expected that the majority of 1-bedroom accommodation would be provided as flats with houses being most appropriate for 3 or more bedroom homes. For two bedroom accommodation we would encourage provision of houses where possible as such accommodation is suitable for a greater number of households – for example, flatted accommodation may not be suitable for older people or those who are less able whilst households with young children who are still using prams/buggies may also have access problems for some types of flatted development.

10.53 In regard to market housing, we expect demand to be focused towards two and three-bed properties. In Adur, development away from the Harbour/Seafront and town centres should focus on mid-market family housing provision. In Arun, again provision of two and three bed properties should predominate. In Chichester District we recommend that policy focuses on achieving a mix of 35% 1 and 2-bed, 50% 3-bed and 15% 4 or more bed market homes. This focuses more towards smaller properties in order to counter-balance the current stock profile. Similarly in Worthing, policy should focus on protecting and enhancing the family housing offer, particularly on large sites away from the Town Centre.

- 10.54 There is a clear economic regeneration challenge across Coastal West Sussex. Across the sub-regional housing market the provision of decent-sized family homes will help to attract and retain economically active households, supporting economic regeneration.

R15: Each local authority should seek to bring forward a mix of sites which is capable to delivering the housing mix set out in Section 9. For large strategic sites consideration should be given to setting out specific policies regarding the expected mix of housing.

R16: Each district should consider whether it is appropriate to set out specific internal space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties).

- 10.55 We consider that there continues to be a role for development of the urban living offer through higher density development in town centres and areas with strong public transport accessibility. However it is accepted that in the short-term flatted development continues to be influenced by viability issues, including the high finance costs of development.

- 10.56 We also consider it appropriate for policy to seek to influence how existing properties are adapted to meet changing needs. The older population within the sub-region is expected to grow over the plan period to 2031. Policy should support the extensions to existing properties to accommodate extended families. However thought needs to be given to the appropriateness of sub-division of existing properties (particularly in Adur-Worthing).

R17: Local Planning Authorities should also consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in Coastal West Sussex.

- 10.57 The 2008/9 SHMA recommended that larger sites should include a mix of housing to deliver mixed communities and support regeneration. This would include a mix of housing types and sizes, as well as housing for older people; community facilities, open space and other infrastructure. We consider that this remains appropriate.

Housing Requirements of Specific Groups

- 10.58 The 2008/9 SHMA considered the requirements of a number of particular groups in the population including older persons, students and BME communities. We have sought to refresh the analysis relating to these groups.

Older Persons

- 10.59 The older person population in Coastal West Sussex is particularly large when compared with regional and national figures. In addition, the population is projected to increase significantly up until 2030/31.
- 10.60 The analysis undertaken indicates that 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.
- 10.61 Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in growth in households with specific housing needs. Typically the greatest support needs are 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.
- 10.62 The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 68% growth in older population with dementia, and 58% increase in the older population with mobility problems. 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 3,800 persons between 2011 and 2030.
- 10.63 Continued growth in the population of older persons was projected in the 2008/9 SHMA and is supported by the demographic modelling undertaken as part of this project. Many of the recommendations in the 2008/9 SHMA relating to housing needs of older persons thus remain valid.

R18: Planning policy should promote delivery of homes for older persons, including lifetime homes and delivery of specific housing for older persons as part of major development schemes.

R19: The local authorities should consider development of specific registers of accessible housing.

R20: The development of shared equity models targeted at older persons should be encouraged, working with Registered Providers.

BME Groups

- 10.64 The BME population in Coastal West Sussex appears to have grown quite strongly since 2001. The latest estimate is that BME groups make up nearly 10% of the Coastal West Sussex population.
- 10.65 BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings.
- 10.66 There are very few BME households on any of the Councils' Housing Registers despite some indication of likely housing problems relating to overcrowding, condition and security of tenure. 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.
- 10.67 The analysis undertaken identifies a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.
- 10.68 On this basis the following recommendations are appropriate:

R21: Undertake focused research to consider housing needs of BME households in the sub-region and different BME groups within this.

R22: Engage further with BME groups to identify and target housing support needs more effectively and address barriers to accessing affordable housing through multi-agency working.

Students

- 10.69 The analysis of student housing requirements identified that there is potential for changes to tuition fees to impact on growth in student numbers at Chichester University. Chichester District Council should continue to work with the University, monitor future changes in student numbers, and consider the need for any further development of student accommodation in this context.