



GL Hearn

Review of Objectively Assessed Housing Need in light of 2012-based Subnational Population Projections

Chichester District Council

August 2014

Prepared by

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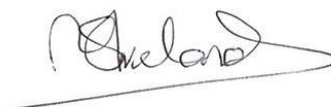
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Limitations

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

1 SUMMARY

- 1.1 This report has been prepared to update the findings of the *Assessment of Housing Development Need Study: Sussex Coast HMA*¹ relating to Chichester District, to reflect the release of new 2012-based sub-national population projections (SNPP) by the Office for National Statistics (ONS) in May 2014. It sets out revised findings regarding the Objectively Assessed Need (OAN) for housing in Chichester District to 2029.
- 1.2 This report models the level of housing need expected to arise in Chichester District. The 2012 SNPP are the first population projections to have been released by ONS which fully take account of the results of the 2011 Census and what this tells us about population trends. The analysis uses changes in the age/sex breakdown over time from the 2012 SNPP and applies household formation (headship) rates to estimate the likely level of housing need (including an allowance for empty and second homes). Analysis has been carried out for the 2013-29 period – the start point being chosen to fit with the date for which good baseline data is available (from ONS midyear population estimates) and the end date to fit in with the Council's emerging Local Plan (which will cover the 2014-29 period).
- 1.3 Between 2013 and 2029 the population of Chichester District is expected to increase by around 12.6%, this is slightly higher than is expected across the South East region (12.3%) and nationally (11%). In total, the population of Chichester District is projected to increase by about 14,600 people over the 16-year period. Population growth in the District is driven by net in-migration, with a negative level of natural change (as deaths exceed births) expected over time. With population growth there is expected to be a significant ageing of the population; although this is consistent with national and regional trends.
- 1.4 Despite the ageing of the population there is expected to be an increase in the number of people of working-age – increasing by 6,400 people once account is taken of changes to pensionable age (over the 2013-29 period).
- 1.5 The number of homes necessary to support the growing population will depend on household formation rates in different age groups. Two initial projections have been run, based on the 2008- and 2011-based CLG household projections. A midpoint between these is shown.
- 1.6 The Planning Practice Guidance additionally recommends that consideration is given to increasing housing provision to take account of market signals, in order to improve affordability. The impact of doing so has also been modelled, considering what additional housing would be needed for

¹ GL Hearn (April 2014) Document Reference: CD-10

household formation rates amongst those aged 25-34 to move back towards the level seen in 2001 over the plan period.

- 1.7 The scenarios modelled suggested household growth of between 495 and 584 per annum in the 2013-29 period. The midpoint scenario, which we consider the most robust projection for household growth, suggests an increase of 539 households per annum. Modelling an improvement in affordability and household formation rates amongst those aged 25-34 increases this to 552 homes per annum. Household growth is particularly concentrated amongst single person households and to a lesser extent lone parents.
- 1.8 To convert households into dwellings a vacancy rate was applied to the household outputs – this rate was put at 4% of new housing stock. Focussing on the midpoint methodology the outputs suggest a housing need for 9,000 homes in Chichester (2013-29) – 561 per annum. This figure increases to 574 with the modelled improvement in housing affordability.
- 1.9 **We consider that the latest evidence would support identification of an objectively assessed housing need for between 560 – 575 homes per annum in Chichester District.** This updated and refines the assessment of housing need set out in the *Assessment of Housing Development Need Study: Sussex Coast HMA* (GL Hearn, April 2014).
- 1.10 This represents a policy-off assessment of housing need in the District which takes account of the Planning Practice Guidance on *Housing and Economic Development Needs Assessments*. It does not take account of any unmet needs from adjoining areas, not policy aspirations to support economic growth. These factors are however relevant, alongside issues regarding land availability, sustainability issues and infrastructure constraints, in translating the assessment of “need” for housing into policy targets for housing provision.

2 INTRODUCTION

- 2.1 The latest set of subnational population projections (SNPP) were published by ONS on the 29th May 2014. They replace the 2010- and 2011-based projections. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2012-based national population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends). The SNPP are only population projections and do not contain headship rates (which are needed to project household growth). In this report headship rates from earlier (2008- and 2011-based) CLG household projections have therefore been utilised.
- 2.2 The SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.
- 2.3 This document seeks to take forward the 2012-based SNPP to study the likely implications for household growth and housing needs in Chichester District. Government Planning Practice Guidance on Housing and Economic Development Needs Assessment (NPPG) is clear that latest projections should be the start point for assessing overall housing need.
- 2.4 The analysis in this report uses the 2012-based projections to consider housing need, modelling a number of scenarios regarding household formation rates to provide a range of outputs for consideration. These scenarios are necessary to consider the implications of the 2012-based SNPP on housing need the District. An additional scenario has been developed to consider a potential uplift related to 'market signals' – this scenario studies the implications of seeking to improve affordability for younger households (aged 25-34).
- 2.5 The analysis uses a start date of 2013 which fits in with the latest data for which good baseline data exists (from ONS 2013 Mid-Year Population Estimates) whilst the end date (2029) has been designed to fit in with the Council's emerging Local Plan which covers a period from 2014 to 2029). Because data for 2013 has been input into a demographic model the population figures moving forward do not exactly match those in the 2012-based SNPP (for example ONS data suggests a population of 115,301 in mid-2013 whereas the 2012-based SNPP projected this to be 115,293). Differences are however clearly very slight.

Report Structure

2.6 The report is split into a number of sections considering a range of different outputs related to the new projections. These are summarised below:

- Section 3: Population Growth;
- Section 4: Changes to Population of Working Age and in Employment; and
- Section 5: Household and Dwelling Projections.

3 POPULATION GROWTH

Overall Population Growth

3.1 Table 1 shows projected population growth from 2013 to 2029 in each of Chichester, the South East and England in the SNPP. The data shows that the population of Chichester is expected to grow by around 14,600 people; this is a 13% increase – slightly above the expected increase in the region and nationally.

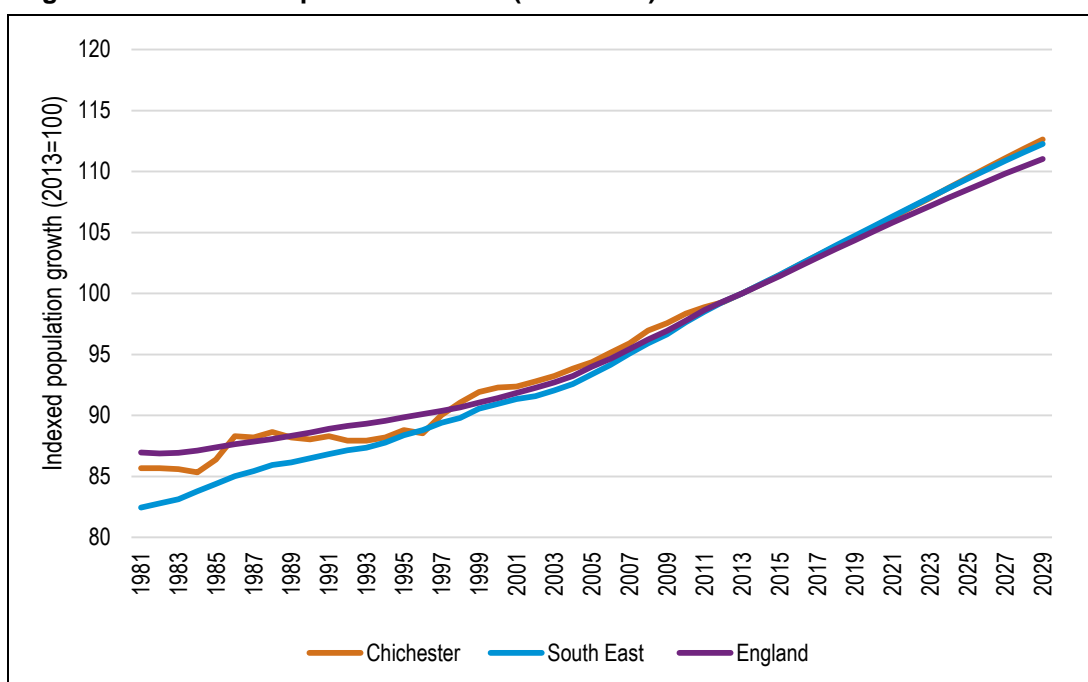
Table 1: **Projected population growth (2013-2029)**

	Population 2013	Population 2029	Change in population	% change
Chichester	115,301	129,869	14,568	12.6%
South East	8,784,800	9,862,200	1,077,400	12.3%
England	53,843,600	59,786,800	5,943,200	11.0%

Source: ONS

3.2 Figure 1 below shows past and projected population growth in the period 1981 to 2029; figures have been indexed to 100 for 2013. The data shows over the period from 1981 to 2001 that population growth in Chichester was relatively weak in comparison with the South East although stronger than seen nationally. Since 2001, the data shows growth broadly in line with national and regional comparisons. This is reflected in the similarities between levels of population growth shown in Chichester, the South East and England in the SNPP Projections (as shown in Table 1 below).

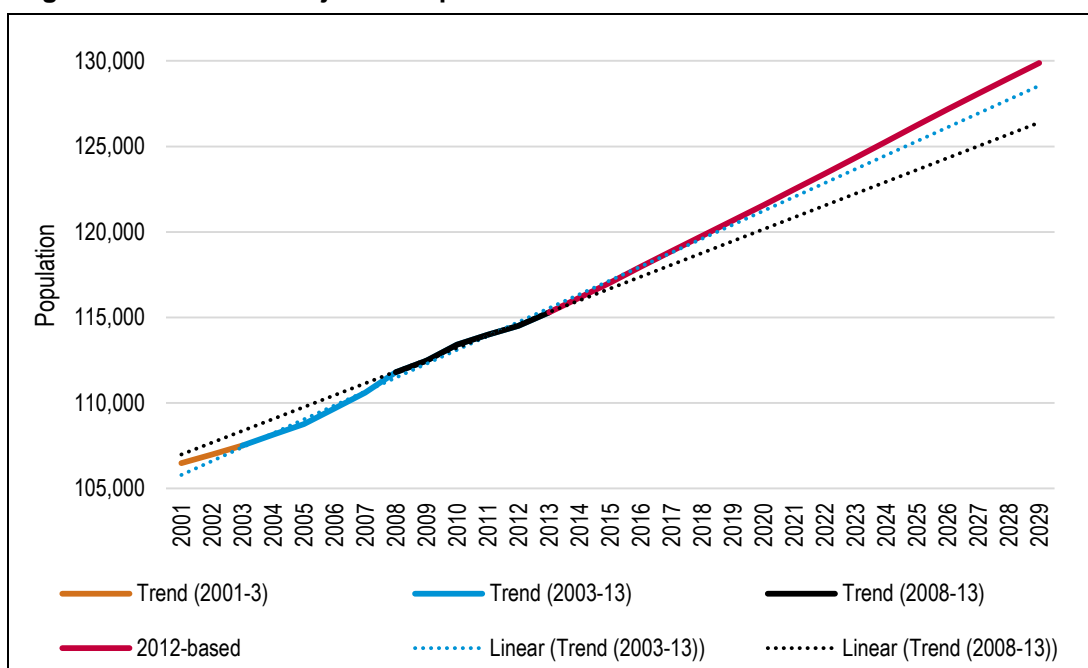
Figure 1: **Indexed Population Growth (1981-2029)**



Source: ONS

3.3 It is also worthwhile to focus this data on the more recent period (from 2001). Figure 2 shows this and plots a linear trend line for the 2008-13 period (the past five years) and also 2003-13. The data shows that the population is expected to increase at a rate which is above either of these trends and suggests that the ONS data is not suppressing population growth when compared with what has happened in the past. The increasing rate of population growth changes in the population structure, whereby a growing older population reduces levels of out-migration in comparative terms².

Figure 2: Past and Projected Population Growth – Chichester



Source: ONS

Components of Population Growth

3.4 Of the 14,600 projected increase in the population over the 2013-29 period, around 4,000 population loss is a result of projected net natural increase (fewer births than deaths) whilst around 18,700 is the projected net number of migrants³. On a per annum basis, the level of natural change is expected to decrease over time (become more negative) whilst net migration is expected to increase.

² Older persons are less likely than younger age groups to move home

³ It will be noted that these figures do not exactly tally; this is due to ONS consolidating local area projections to ensure consistency with national projections – in Chichester this has an impact of 95 over the whole projection period (6 per annum).

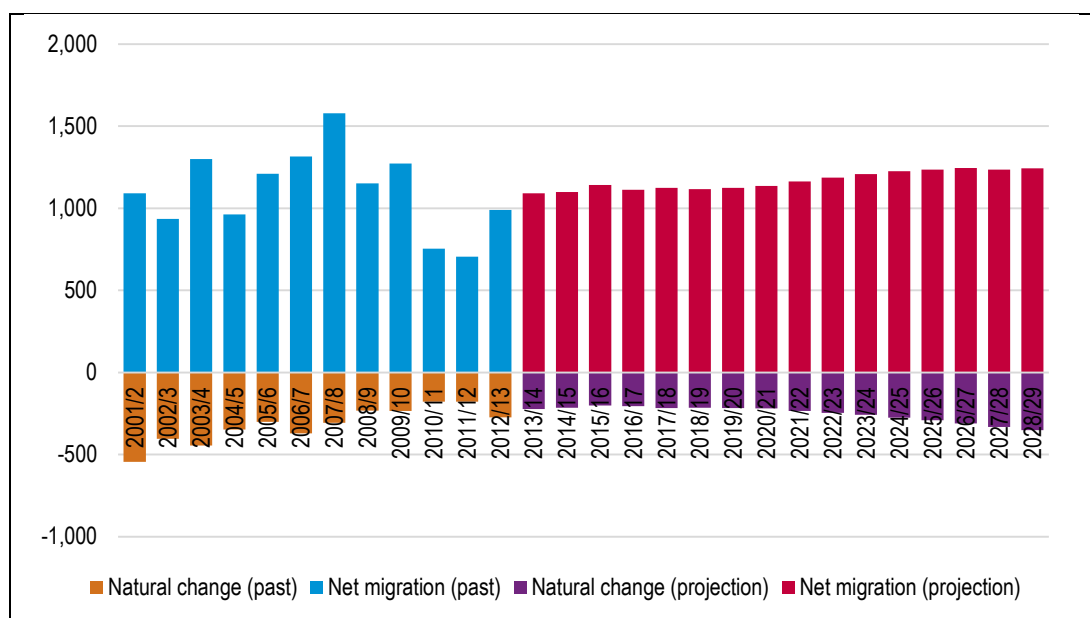
Table 2: **Projected components of change, mid-2013 to mid-2029 – Chichester**

	2013-16	2016-21	2021-26	2026-29	TOTAL
Population at start	115,301	117,974	122,482	127,161	-
Births	3,284	5,538	5,568	3,341	17,731
Deaths	3,924	6,613	6,875	4,337	21,749
Natural Change	-640	-1,075	-1,308	-996	-4,019
Net migration	3,331	5,613	6,016	3,722	18,682
Total change	2,691	4,538	4,708	2,726	14,663
Population at end	117,974	122,482	127,161	129,869	-

Source: ONS

3.5 Figure 3 below shows a summary of the components of population change along with past trends back to mid-2001. The data does suggest in the early part of the projection period that there is clear consistency between the past trends and the projection with regard to levels of natural change. For net migration the past levels have been recorded as being quite variable over time (as is the case for many areas). However, the start point of the projection (with net in-migration of 1,091 persons in 2013/14) is consistent with the average seen in the 2007-12 period. As shown in the table above, natural change is expected to decrease over time whereas net migration is expected to increase. In both cases this is expected to reflect changes in the age structure of the population.

Figure 3: **Components of population change, mid-2001 to mid-2029 (summary chart) – Chichester**

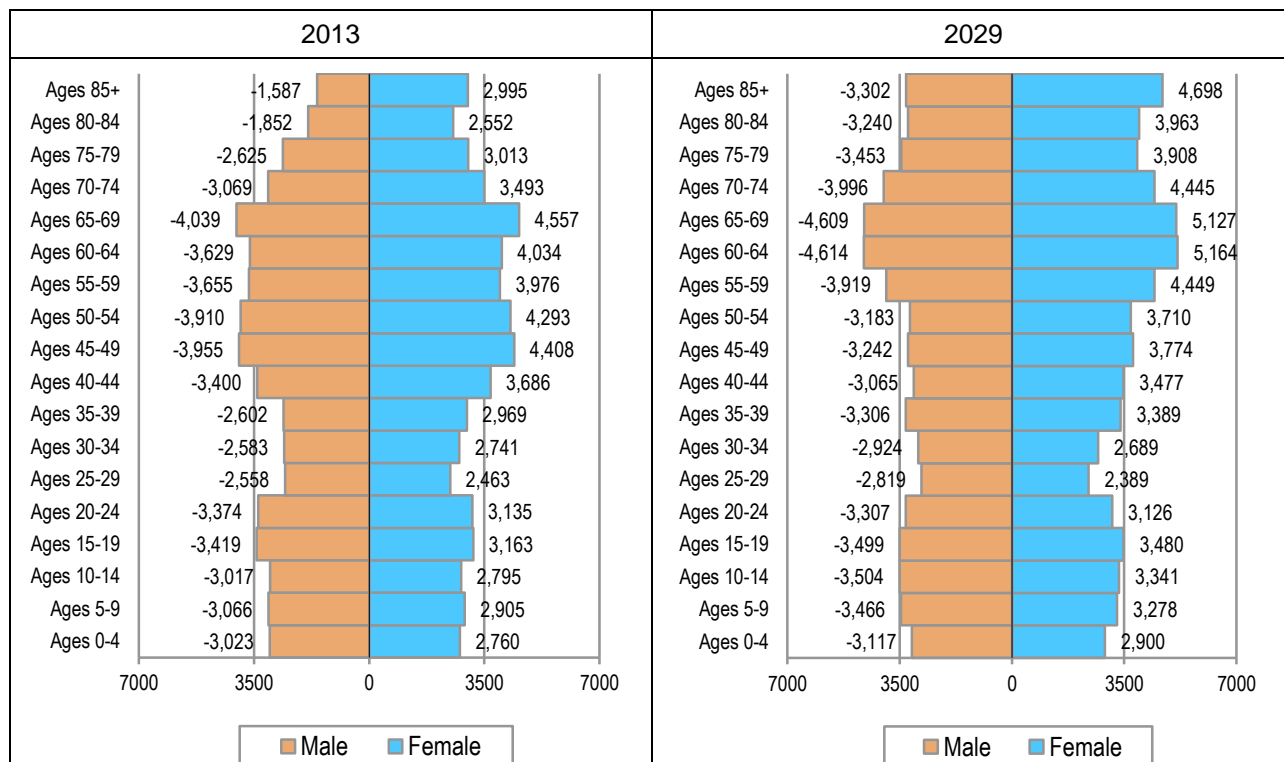


Source: ONS

Age Structure Changes

- 3.6 The SNPP projections consider how the age structure of the population will change over time, taking account of the ageing of the existing population, births and deaths, and the profile of in- and out-migration of people of different ages. With the overall change in the population will come changes to the age profile. Figure 4 below shows population pyramids for 2013 and 2029. The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population, with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase from 4,600 people to 8,000 (driven by increasing life expectancy).
- 3.7 The table on the following page, Table 3, also summarises the findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2029 it is estimated that there will be 40,700 people aged 65 and over. This is an increase of 11,000 from 2013, representing growth of 37%. The population aged 85 and over is projected to increase by an even greater proportion, 75%. Looking at the other end of the age spectrum the data shows that there are projected to be around 12% more people aged under 15 with increases (and some decreases) shown for other age groups.

Figure 4: Distribution of Population 2013 and 2029 – Chichester



Source: ONS

Table 3: **Population change 2013 to 2029 by five year age bands – Chichester**

Age group	Population 2013	Population 2029	Change in population	% change from 2013
Under 5	5,783	6,016	233	4.0%
5-9	5,971	6,743	772	12.9%
10-14	5,812	6,845	1,033	17.8%
15-19	6,582	6,979	397	6.0%
20-24	6,509	6,433	-76	-1.2%
25-29	5,021	5,208	187	3.7%
30-34	5,324	5,613	289	5.4%
35-39	5,571	6,695	1,124	20.2%
40-44	7,086	6,542	-544	-7.7%
45-49	8,363	7,017	-1,346	-16.1%
50-54	8,203	6,893	-1,310	-16.0%
55-59	7,631	8,367	736	9.6%
60-64	7,663	9,778	2,115	27.6%
65-69	8,596	9,735	1,139	13.3%
70-74	6,562	8,441	1,879	28.6%
75-79	5,638	7,361	1,723	30.6%
80-84	4,404	7,203	2,799	63.6%
85+	4,582	8,000	3,418	74.6%
Total	115,301	129,869	14,568	12.6%

Source: ONS

4 CHANGES TO THE POPULATION OF WORKING AGE & IN EMPLOYMENT

4.1 The analysis above has suggested that there will be an ageing of the population moving forward with a greater proportion of the population being in age groups 65 and over. This may have an impact on the available labour force supply. Understanding likely growth in the labour force is an important part of the NPPG which says that:

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

4.2 Guidance talks about the working age population and also the numbers who are economically active. Changes in the population in employment can be compared with job forecasts.

4.3 This document itself does not provide projections or a trend based analysis of job numbers but is able to use data about the population age structure to calculate the working age population and how this will change over time. The working age population is impacted not only by the age structure but also by changes to pensionable age. The box below summarises these changes.

Between 2012 and 2018, State Pension age will change from 65 years for men and 61 years for women, to 65 years for both sexes. Then between 2019 and 2020, State Pension age will change from 65 years to 66 years for both men and women. Between 2034 and 2046, State Pension age will increase in two stages from 66 years to 68 years for both sexes.

4.4 Drawing on information published by ONS⁴ it is possible to calculate the number of people aged over 15 who have not yet reached retirement age (the working age population). It is also useful to consider the numbers likely to be working. Assumptions have been made on the basis of studying national trends in economic activity rates between 2001 and 2011 (from the Census) and interrogation of national economic forecasts.

4.5 The analysis in this report considers potential growth in residence-based employment with a baseline taken from 2011 Census data. Our analysis of past trends does however look at economic activity, with a small downward adjustment to economic activity rates made to take account of those who are economically active but not working (e.g. people who are unemployed) to calculate employment rates. The Census definition of unemployment is as follows:

'A person is defined as unemployed if he or she is not in employment, is available to start work in the next 2 weeks and has either looked for work in the last 4 weeks or is waiting to start a new job'

⁴ see: http://www.ons.gov.uk/ons/dcp171776_330483.pdf

4.6 An explanation of the method used to project employment rates is provided in Appendix B. For the purposes of analysis, the employed population is taken to include people who are self-employed as well as employees.

4.7 By applying assumptions about working age and employment rate changes to the population projections, it is possible to calculate the working-age and working (employed) population. This is shown in Table 4 below along with figures for the total population aged 16 and over and the proportion of the population aged 16 and over. The data shows over the 16-year period that the population of working-age is expected to increase by around 6,400 people (a 10% increase). As a proportion of the total population aged 16 and over however the number of people of working-age is expected to decline from 66.2% in 2013 to 64.5% in 2029. The working (employed) population is expected to increase by around 6,100 people, with again a reduction in the employment rate (when based on the population aged 16 and over) linked to age structure changes over the period to 2029.

Table 4: **Working-age and employed population (2011-36) – Chichester**

Year	Working-age population	Employed population	Total population (aged 16 and over)	% of population (16+) of working-age	% of population (16+) who are employed
2013	63,901	54,440	96,482	66.2%	56.4%
2014	64,532	54,960	97,267	66.3%	56.5%
2015	65,149	55,536	98,010	66.5%	56.7%
2016	65,774	56,133	98,721	66.6%	56.9%
2017	66,525	56,574	99,396	66.9%	56.9%
2018	67,192	56,943	100,031	67.2%	56.9%
2019	68,144	57,313	100,705	67.7%	56.9%
2020	69,066	57,686	101,399	68.1%	56.9%
2021	69,327	58,023	102,085	67.9%	56.8%
2022	69,494	58,214	102,858	67.6%	56.6%
2023	69,689	58,491	103,698	67.2%	56.4%
2024	69,854	58,805	104,580	66.8%	56.2%
2025	69,992	59,182	105,475	66.4%	56.1%
2026	70,123	59,550	106,334	65.9%	56.0%
2027	70,249	59,913	107,205	65.5%	55.9%
2028	70,312	60,270	108,117	65.0%	55.7%
2029	70,258	60,571	108,948	64.5%	55.6%
Change 2011-36	6,357	6,131	12,466	-	-

Source: Derived from ONS data

5 HOUSEHOLD AND DWELLING PROJECTIONS

Household Growth

- 5.1 Having studied the population size and the age/sex profile of the population, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Four different scenarios for headship rates have been developed to provide a range of outputs.

Scenario 1 - Extending the 2011-based household projection headship rates

- 5.2 For the purposes of this analysis the start point is data contained in the 2011-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. Because the 2011-based CLG household projections only go up to 2021, it has been necessary to make assumptions for the remainder of the projection period. To do this changes have been projected on a linear basis based on the last five years of data in the CLG projections (i.e. covering the 2016-21 period). This approach is consistent with that used in the August 2013 Report, Updated Demographic Projections for Sussex Coast HMA Authorities⁵, which were used as the 'starting point' for considering housing need in the April 2014 Assessment of Housing Development Needs Study⁶.

Scenario 2 - Tracking 2008-based household formation rates

- 5.3 Whilst the 2011-based CLG household projections contain headship rates based on trends from 2001 to 2011 it is also necessary to consider the extent to which household formation may have been constrained by housing market factors such as the difficulty in obtaining mortgage finance. Such a check is required by the NPPG which says:

'local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained'

- 5.4 A second scenario has therefore been developed which draws on headship rates in the earlier (2008-based) CLG household projections. These are based principally on long-term trends shown between the 1971-2001 Censuses.

⁵ Reference CD-87

⁶ Reference CD-10

- 5.5 This scenario assumes that household formation rates do not continue to diverge from the previous trend but that the long term trend tracks the 2008-based trend taking account of the extent that the headship rates in the 2011-based projections were above or below the 2008-based projection at the start of the projection period. In effect, this scenario assumes that there is a permanent correction moving forwards and that the factors that have driven changes in household formation rates in the past re-assert themselves in the future.

Scenario 3 – Midpoint between 2011-based and 2008-based (tracking)

- 5.6 The third scenario considers the midpoint trend between Scenarios 1 and 2 above. The methodology recognises work carried out by the Cambridge Centre for Housing and Planning Research (CCHPR) in a September 2013 study for the Town and Country Planning Association (TCPA) – *new estimates of housing demand and need in England, 2011 to 2031*. In particular this notes:

“The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.”

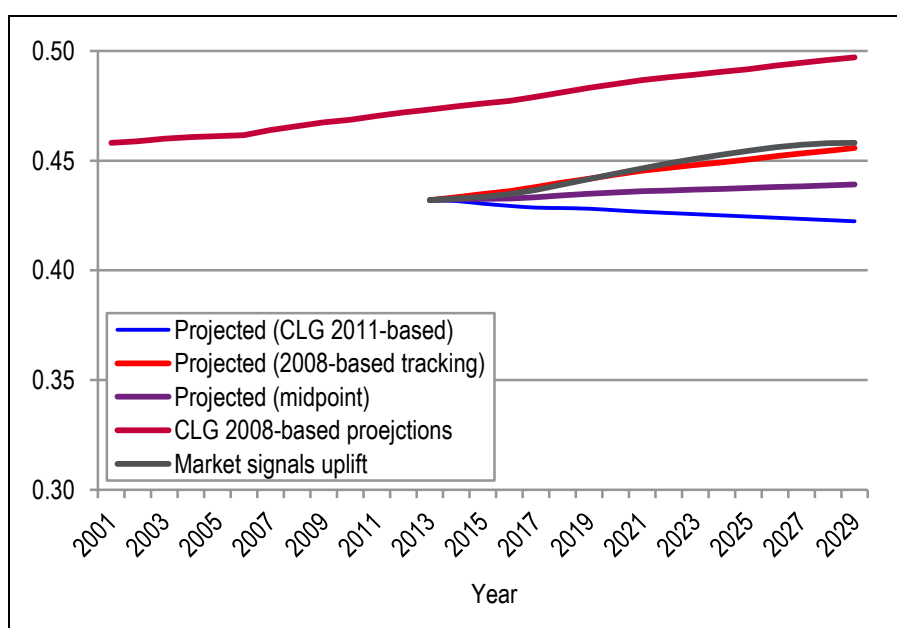
- 5.7 On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration) and hence a midpoint between 2011- and 2008-based trends is reasonable. This methodology is consistent with that accepted by a number of inspectors at Local Plan Inquiries (e.g. South Worcestershire, Derbyshire Dales).

Scenario 4 - A ‘Market Signals’ Uplift

- 5.8 The final analysis considers age specific data about the extent to which there has been constrained household formation of younger households in the District. When we consider age-specific data it is notable that those aged 25-34 have lower headship rates than was expected in the 2008-based projections and that even under our midpoint methodology (Scenario 3), the improvement moving forward still sees the rate in 2029 to be below the figure for 2001. We have therefore considered the implication of returning the household formation rates of the 25-34 age group back to the 2001 level by 2029.

5.9 Figure 5 below shows headship rates for people aged 25-34 under a range of different scenarios. The data clearly shows that in the 2011-based projection there was expected to be a continued decrease in formation rates, the core (midpoint) projection sees a moderate improvement moving forward whilst our market signals uplift shows a notable improvement and is actually projected to see an increase in headship rates slightly above the 'tracking' trend taken from the 2008-based projections.

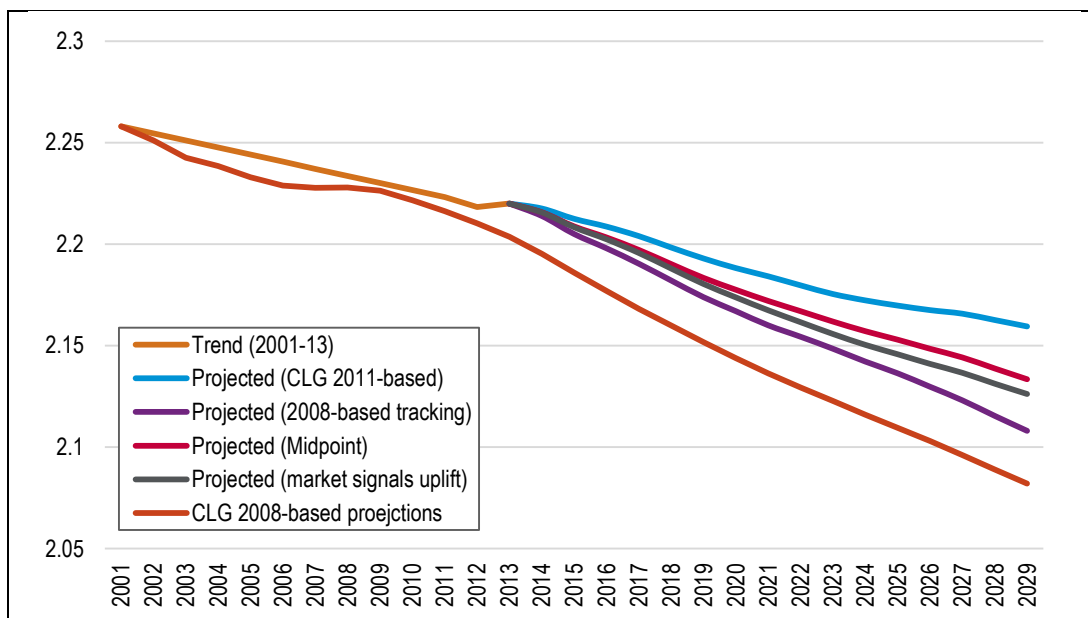
Figure 5: Projected household formation rates for those aged 25-34



5.10 A key part of this fourth scenario is that all modelling is done on an age specific basis and Appendix C shows how headship rates are assumed to change for key age groups. The appendix also shows the age specific figures for other scenarios.

5.11 To get a simple comparison of the four scenarios the figure below, Figure 6, shows how these will pan out in terms of average household size estimates. The figures are also compared with data from the 2008-based projections although some caution should be exercised on this comparison as the population bases do not match and this can have an impact on household sizes.

Figure 6: Past and projected trends in Average Household Size – Chichester



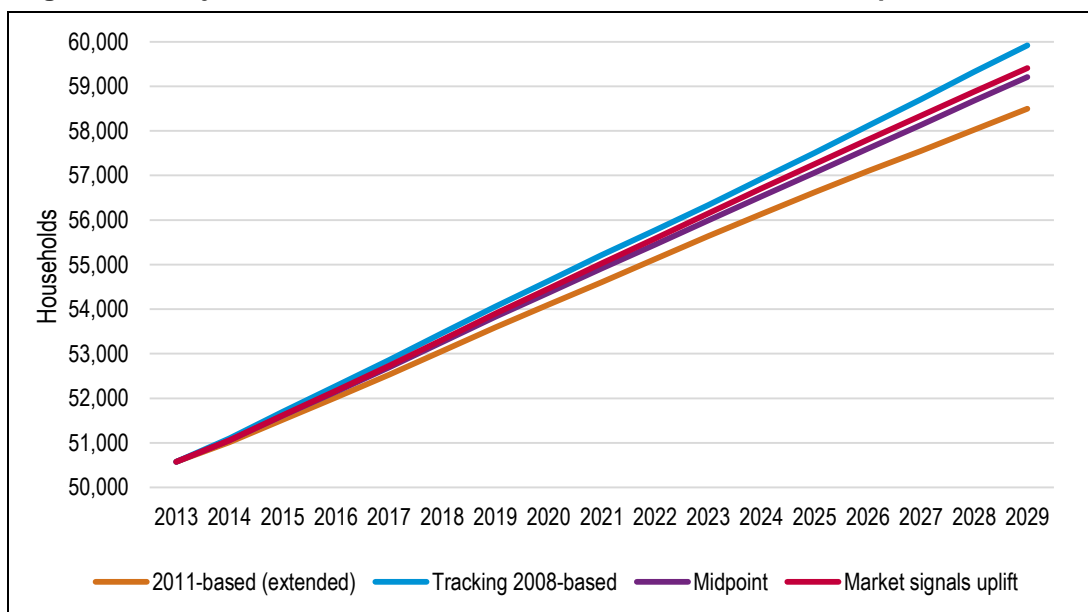
Source: Derived from ONS and CLG data

5.12 Table 5 and Figure 7 below show estimated household growth linked to the 2012-based SNPP for each of the headship scenarios described above. The analysis shows an increase in households of between 7,900 and 9,300 depending on the scenario studied – this is annual growth of between 495 and 584. The data shows that the increase in the number of households is expected to be fairly consistent over time although there are some differences between the scenarios.

Table 5: Projected household growth under different headship scenarios – Chichester

		2011-based (extended)	Tracking 2008-based	Midpoint	Market signals uplift
Households	2013	50,578	50,578	50,578	50,578
	2016	52,022	52,275	52,148	52,169
	2021	54,605	55,215	54,910	55,027
	2026	57,096	58,108	57,602	57,802
	2029	58,494	59,922	59,208	59,410
Annual household growth	2013-16	481	565	523	530
	2016-21	517	588	552	572
	2021-26	498	578	538	555
	2026-29	466	605	535	536
Total growth		7,916	9,343	8,630	8,832
Per annum		495	584	539	552

Figure 7: Projected number of households under different headship scenarios – Chichester



Household Types

- 5.13 As well as looking at overall household growth the outputs from the analysis can be used to study the projected change in household types. Whilst this output could be provided for any of the scenarios developed, the data below has been based on the ‘midpoint’ methodology.
- 5.14 Over half (54%) of the growth is accounted for by one person households which are projected to rise by 4,800 from 2013 to 2029, or 297 per year on average. This drives a decrease in the average size of households from 2.22 persons per household in 2011 to 2.13 persons per household in 2029. By 2029, 17% of the private household population in Chichester is projected to live alone compared with 15% in 2013.
- 5.15 Collectively, couple households (with or without other adults) are projected to grow by 222 per year on average, equating to 40% of the increase in total households between 2013 and 2029. Lone parent households are projected to increase by 39 per annum, which amounts to a 26% increase in this type of household between 2013 and 2029.
- 5.16 The data in this section has been summarised from a longer list of household types used by CLG. More detailed tables about household type changes can be found in Appendix D at the end of the document.

Table 6: **Household projections by household type (part return to trend headship) – Chichester**

	2013	2029	Average annual change	As % of total	Total change (%)
One person households	16,667	21,424	297	53.9%	28.5%
A couple with no other adults	23,821	27,783	248	44.9%	16.6%
A couple with one or more other adults	4,715	4,292	-26	-4.8%	-9.0%
A lone parent (with or without other adults)	2,392	3,014	39	7.0%	26.0%
Other households	2,983	2,896	-5	-1.0%	-2.9%
All households	50,578	59,410	552	100.0%	17.5%
Private household population	112,281	126,316	877	-	12.5%
Average household size (persons/household)	2.22	2.13	-	-	-

Dwelling Requirements

- 5.17 As well as providing estimates of household growth under different scenarios it is also possible to make estimates of the number of additional homes this might equate to. To do this a vacancy allowance is included in the data. A range of sources have been studied to consider what level of vacant homes in the new housing stock would be reasonable to assume.
- 5.18 Firstly, analysis of 2011 Census data about unoccupied household spaces shows 4,028 vacant homes along with 49,848 households. This would imply a vacancy rate of about 8%. However, many of the unoccupied homes are likely to be second/holiday homes, with data from CLG live tables (for 2013) suggesting a vacancy rate of just 2% once long-term vacants are excluded. Long-term vacants are excluded as it is not expected that new stock will become long-term vacants in the period to 2029. Additionally the number of long-term vacant homes has generally been decreasing over time.
- 5.19 Hence a start point for vacant homes of 2% has been used. However, it does need to be recognised that some of the new stock will become second/holiday homes and an additional 2% has been assumed to take account of this. Hence in converting household growth into dwelling requirements a vacancy rate of 4% has been applied. It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes.
- 5.20 Table 7 below therefore shows estimates of the likely housing need (for dwellings) under each of the scenarios developed. The analysis suggests a housing need for between about 8,200 and 9,700 dwellings over the 2013-29 period (515 to 607 per annum). The midpoint headship scenario shows a need for 561 homes; this rises to 574 with an adjustment to headship rates for the 25-34 age group (the market signals uplift).

Table 7: **Projected dwelling requirements under different headship scenarios – Chichester**

		2011-based (extended)	Tracking 2008-based	Midpoint	Market signals uplift
Dwelling growth	2013-16	1,501	1,764	1,633	1,654
	2016-21	2,687	3,058	2,873	2,972
	2021-26	2,590	3,008	2,799	2,887
	2026-29	1,455	1,887	1,671	1,672
Annual dwelling growth	2013-16	500	588	544	551
	2016-21	537	612	575	594
	2021-26	518	602	560	577
	2026-29	485	629	557	557
Total growth		8,233	9,717	8,975	9,185
Per annum		515	607	561	574

Implications

- 5.21 The number of homes necessary to support the growing population projected in the 2012 SNPP will depend on household formation rates in different age groups. Two initial projections have been run, based on 'tracking' trends in household formation rates in the 2008- and 2011-based CLG household projections. These two scenarios suggest a need for housing between 515 – 607 homes per annum.
- 5.22 A midpoint between these is shown which suggests a need for 561 homes per annum. Whilst trends in household formation rates in recent years have changed, and any projections are somewhat uncertain, we consider that this represents a robust assessment of demographically-based need for housing based on the current available evidence.
- 5.23 The Planning Practice Guidance however additionally recommends that consideration is given to increasing housing provision to take account of market signals, in order to improve affordability. The impact of doing so has also been modelled, considering what additional housing would be needed for household formation rates amongst those aged 25-34 to move back towards the level seen in 2001 over the plan period. Modelling this suggests a need for 574 homes per annum.
- 5.24 Based on the scenarios developed, we consider that the latest evidence would support identification of an objectively assessed housing need for between 560 – 575 homes per annum in Chichester District. This updated and refines the assessment of housing need set out in the *Assessment of Housing Development Need Study: Sussex Coast HMA* (GL Hearn, April 2014). These scenarios model an improvement in household formation rates as the economy recovers, and at the upper end of this range model an adjustment to housing need based on improving affordability over time.

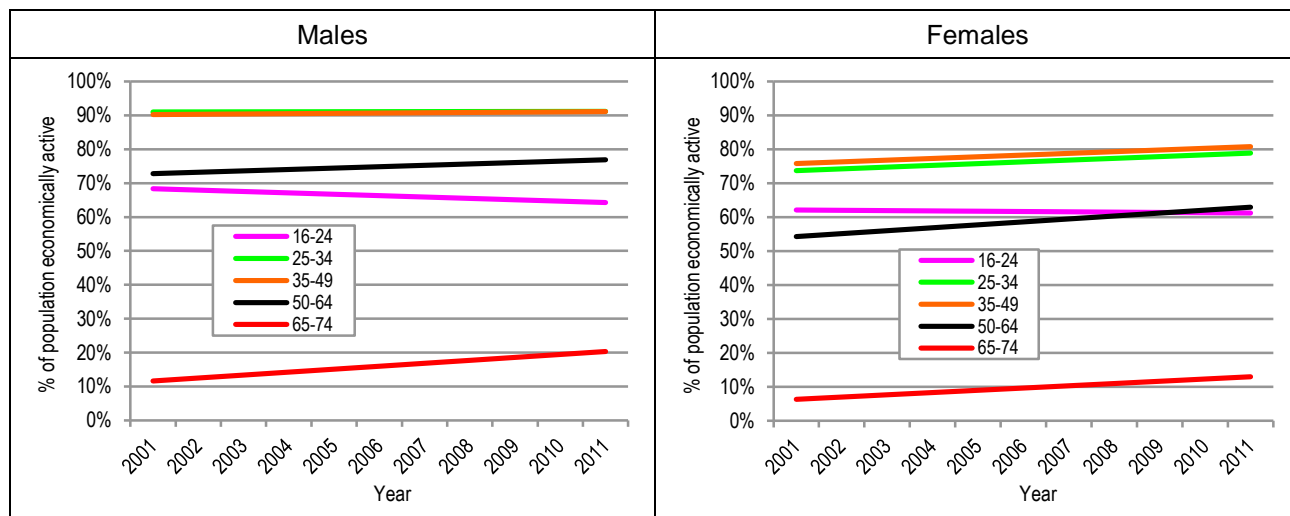
- 5.25 This represents a policy-off assessment of housing need in the District which takes account of the Planning Practice Guidance on *Housing and Economic Development Needs Assessments*. It does not take account of any unmet needs from adjoining areas, not policy aspirations to support economic growth. These factors are however relevant, alongside issues regarding land availability, sustainability issues and infrastructure constraints, in translating the assessment of “need” for housing into policy targets for housing provision.

Appendices

APPENDIX A: Employment Rate Assumptions

- A.1 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). It is not however a simple task to convert population data into estimates of the number of people who will be working as employment rates are likely to change in the future for three main reasons:
- Changes to pensionable age will potentially see people working for longer and increase the proportion of older age groups who are in employment
 - Moving out of recession there is likely to be a reduction in unemployment which would increase employment rates
 - The general trend over the past decade has been for increased economic activity for many age groups (notably older people (both sexes) and females aged 25 and over). This trend may be expected to continue into the future
- A.2 To study how employment rates might change in the future the analysis starts by looking at past trends in economic activity over the 2001-11 period from Census data. This analysis has been carried out at a national level (for England). The data shows the following key trends:
- Reducing economic activity rates for those aged 16-24 (particularly for males)
 - No particular change in rates for males aged 25-49
 - Increasing economic participation for males aged 50 and over
 - Increasing participation rates for all female age groups from age 25 and upwards
- A.3 The trends studied below are for economic activity rates although in this report the analysis is based on employment rates (which is the economically active population minus those who are unemployed). Ideally trends in employment rates would have been studied but this has proved difficult due to different definitions used in the 2001 and 2011 Census (relating to how students are recorded). For the purposes of analysis it is assumed that employment rate trends follow a similar pattern to economic activity rate trends.

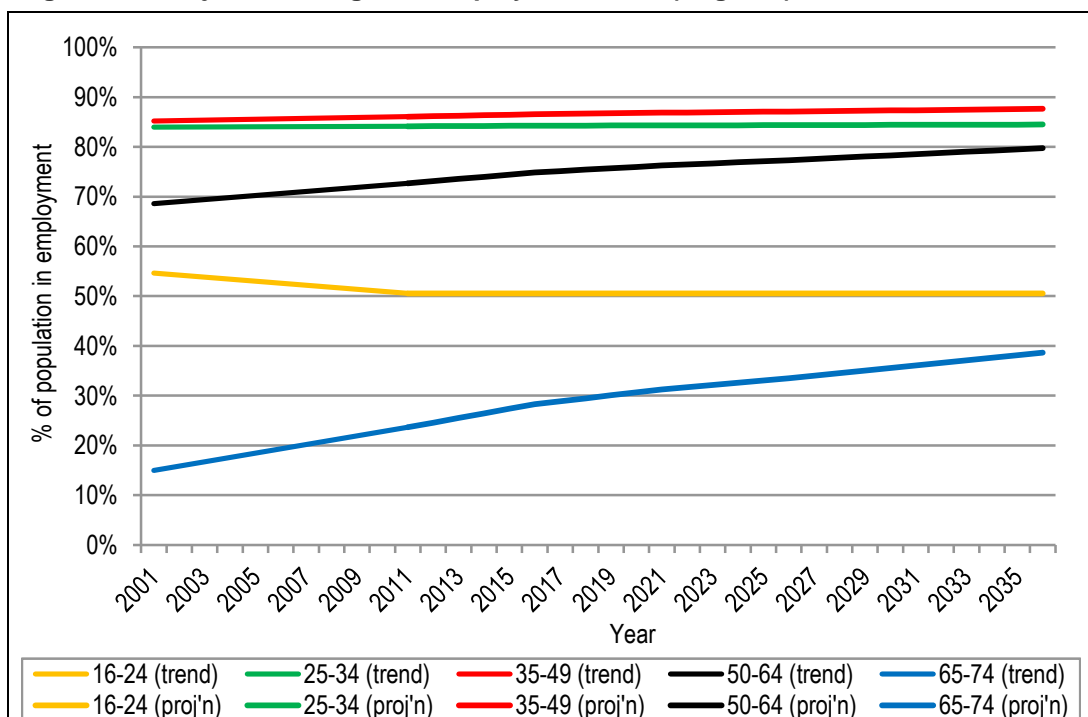
Figure 8: Past trends and projected change to economic activity rates (national)



Source: Census (2001 and 2011)

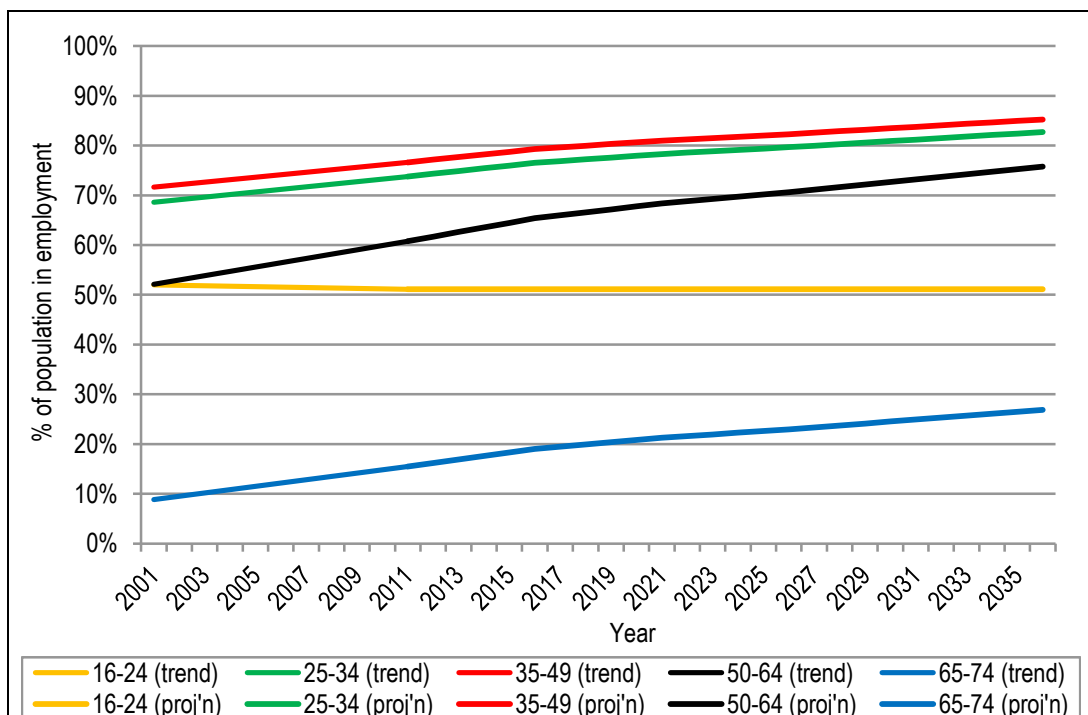
- A.4 To project these rates forward some of the reasons for these trends need to be considered. In particular the reduction in economic activity rates for people aged 16-24 is likely to some degree to be linked to an increase in students (which may not continue into the future) whilst some of the rapid increases for females are arguably unlikely to continue at the same rate as in the past.
- A.5 To try to get a realistic view about how employment rates might change in the future an analysis of a national economic forecast (from Experian) and also the national (2012-based) population projections has been undertaken. Essentially the method used works on the basis that both the Experian forecasts and the population projections are correct and then models what level of change to employment rates would be required for both the population and the number of jobs to pan-out.
- A.6 The figures below show the projected changes to employment rates for males and females through this modelling. It can be seen that for many age groups there are expected to continue to be increases in the future but that these improvements reduce over time. The figures in the charts are for employment rates (rather than economic activity as shown above) with the past trends being plotted in line with economic activity trends but to a different baseline in 2011 (which is informed by Census data).

Figure 9: Projected changes to employment rates (England) – males



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

Figure 10: Projected changes to employment rates (England) – females

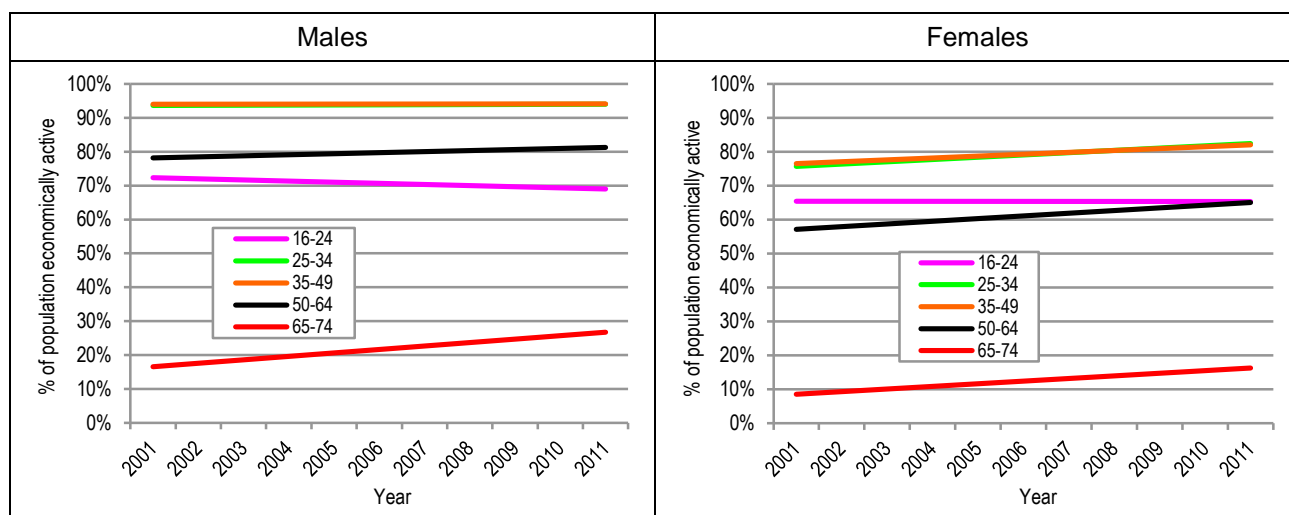


Source: Derived from Census, Experian and ONS national population projections

A.7 At the local area level the derived national data has been applied – using the incremental changes year-on-year and applied to a baseline 2011 position. The figure below shows (for Chichester) that

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

Figure 11: Past trends in economic activity rates – Chichester



Source: Census (2001 and 2011)

A.8 The table below shows the employment rates used for modelling from 2013 to 2029. From the population modelling exercise it was estimated in mid-2013 that there were 54,440 people in employment with an employment rate for those aged 16-64 of 75.5% - due to the modelled improvement in rates this figure rises to 79.4% by 2029. Looking at the employment rate based on the population aged 16-74 sees a change from 66.5% to 70.1% whilst the rate calculated as a proportion of the total population aged 16 or over would actually be expected to fall slightly.

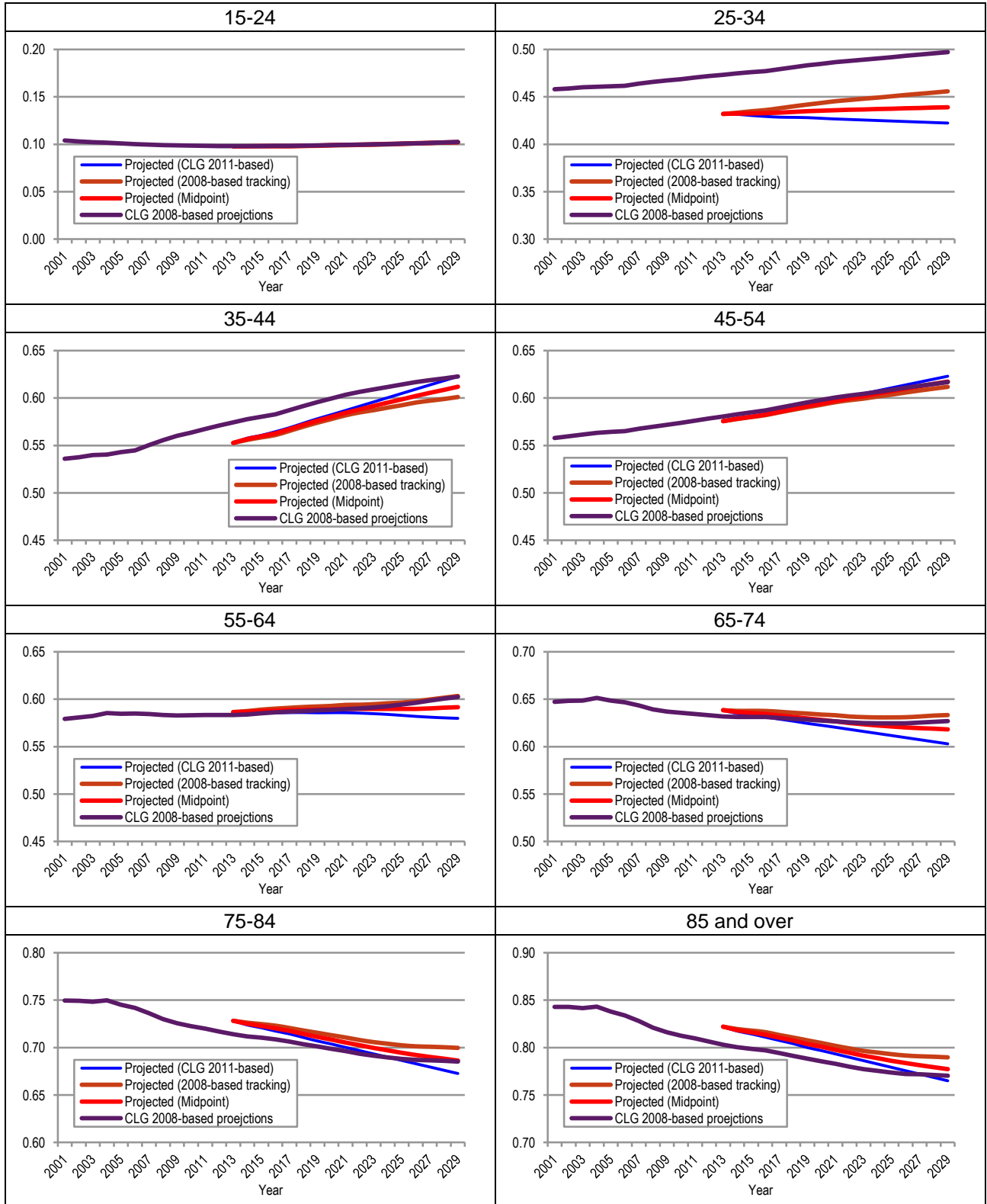
Table 8: Employment Rates by Age and Sex – Chichester

Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Male	2013	57.4%	89.5%	91.1%	79.3%	33.9%
	2029	57.4%	89.7%	92.1%	83.8%	43.4%
Female	2013	56.7%	80.4%	80.1%	65.1%	20.9%
	2029	56.7%	86.1%	85.5%	74.7%	28.1%

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

APPENDIX B: Headship Rates by Age

Figure 12: Projected household formation rates by age of head of household – Chichester



Source: Derived from CLG data

APPENDIX C: Detailed Household Type Estimates

Table 9: Detailed household types (2013-29) – midpoint headship – Chichester

	2013	2029	Change	% change
One person households: Male	5,336	6,706	1,370	25.7%
One person households: Female	11,331	14,719	3,388	29.9%
One family and no others: Couple: No dependent children	16,144	19,125	2,981	18.5%
One family and no others: Couple: 1 dependent child	2,613	2,701	88	3.4%
One family and no others: Couple: 2 dependent children	3,300	3,625	325	9.9%
One family and no others: Couple: 3+ dependent children	1,764	2,333	569	32.3%
One family and no others: Lone parent: 1 dependent child	1,183	1,583	400	33.8%
One family and no others: Lone parent: 2 dependent children	646	798	152	23.5%
One family and no others: Lone parent: 3+ dependent children	259	345	86	33.2%
A couple and one or more other adults: No dependent children	3,608	3,380	-228	-6.3%
A couple and one or more other adults: 1 dependent child	678	553	-125	-18.5%
A couple and one or more other adults: 2 dependent children	312	263	-48	-15.5%
A couple and one or more other adults: 3+ dependent children	118	96	-22	-18.4%
A lone parent and one or more other adults: 1 dependent child	205	183	-23	-11.0%
A lone parent and one or more other adults: 2 dependent children	60	54	-5	-8.6%
A lone parent and one or more other adults: 3+ dependent children	39	51	11	29.1%
Other households	2,983	2,896	-87	-2.9%
TOTAL	50,578	59,410	8,832	17.5%