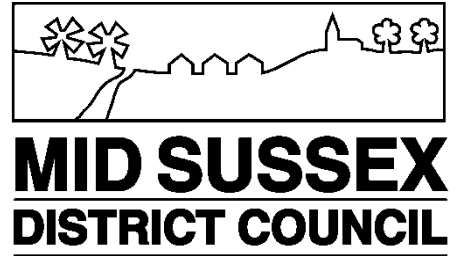


Mid Sussex District Council



Housing and Economic Development Needs Assessment (HEDNA)

February 2015

NOTE: A further update to this HEDNA was published in June 2015, to incorporate recent CLG Household Projections updated date. Therefore, this HEDNA and the HEDNA Update should be read in conjunction with one another.

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Draft HEDNA – This HEDNA has been published in draft form. The final version will be published alongside the Pre-Submission District Plan for consultation and will take in to account any further updates – particularly the publication of the new CLG Household Estimates in late February 2015.

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1. Introduction

Housing and Economic Development Needs Assessment (HEDNA)

- 1.1. This Housing and Economic Development Needs Assessment (HEDNA) sets out the methodology and calculation of the District's housing and economic development need.
- 1.2. The National Planning Policy Framework (NPPF) includes the requirement for Local Authorities to undertake a Strategic Housing Market Assessment (SHMA) to assess their full housing needs. The HEDNA is, in effect, a SHMA with respect to assessing housing need and has been written in accordance with the SHMA/housing needs methodology as set out in the National Planning Practice Guidance (NPPG).
- 1.3. The NPPG states that the primary objective of identifying need is to:
 - *identify the future quantity of housing needed, including a breakdown by type, tenure and size;*
 - *identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development; and*
 - *provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply.(2a-002-20140306)*
- 1.4. Alongside the HEDNA, further evidence base studies have been published. These are:
 - **SHMA (2009, updated 2012).** This was a joint study between the Northern West Sussex Housing Market authorities – Mid Sussex, Crawley and Horsham. These studies concentrated predominantly on affordable housing need rather than overall housing need. Each authority had also individually undertaken a separate study to look at overall housing need.¹
 - **Affordable Housing Needs Model Update (2014).** This updated the affordable housing model used in the 2009/2012 SHMA to establish the level of need for affordable housing. This was undertaken jointly by Mid Sussex District Council, Horsham District Council and Crawley Borough Council.
 - **Economic Growth Assessment.** This assessed the current and predicted future of the economy and analysed options for future growth both in terms of floor space and jobs. This was largely based on the NPPF and subsequent NPPG requirements for economic needs assessment. This too was undertaken jointly with Horsham District Council and Crawley Borough Council.
- 1.5. This HEDNA therefore incorporates the requirements of a SHMA in respect of housing need and draws together economic evidence within the Economic Growth Assessment so that the issues of housing and employment, which are interlinked, can be reviewed together in one assessment. The need for housing, and the implications for labour force and jobs within the District, are assessed together in order to help determine the plan housing provision figure for the District Plan.

¹ A Local Housing Assessment (2011) was produced and published by Mid Sussex District Council and set out the housing need for the period 2011-2031. This document has now been superseded by this HEDNA.

Objectively Assessed Need (OAN)

1.6. The NPPF states:

“To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” (para 47).

1.7. In general terms, the Objectively Assessed Need (OAN) is not defined. However, the NPPF and the accompanying Planning Practice Guidance (NPPG) advise that this need number should be the total amount of housing that would be needed to meet, as a minimum, expected levels of growth in population over the plan period.

The aim of the OAN should be to:

“meet household and population projections, taking into account of migration and demographic change” (para 159)

1.8. The NPPG provides further information on how this should be calculated in the “Housing and Economic Development Needs Assessments” section. The guidance states that the assessment of housing and economic development needs includes the Strategic Housing Market Assessment (SHMA) requirement as set out in the NPPF.

1.9. The OAN with respect to this assessment will be for the District Plan period 2014-2031 – 17 years. This plan period is longer than the preferable 15 year plan period specified in the NPPF (para 157).

1.10. The OAN could be seen as the minimum level of housing required to be delivered within the plan period. Local Planning Authorities may decide to include a higher housing requirement in their Local Plans should they feel that would be necessary, as long as it is compatible with other national and local planning policies.

Methodology for establishing the Objectively Assessed Need and Plan Provision

POPGROUP Modelling

1.11. The CLG Household Projections have been used as the starting point for all calculations. In order to predict future population levels, age range, labour force and jobs, and to model alternative scenarios, Mid Sussex District Council has used the POPGROUP modelling software.

1.12. The POPGROUP software has been developed by Bradford Council, the University of Manchester and Andelin Associates and has become the industry standard in the UK for demographic modelling for strategic planning purposes. Owned by the Local Government Association and developed by Edge Analytics, it is used by a wide range of Councils and is respected as a robust tool for demographic modelling. It provides models for population projections in order to run a number of scenarios to assess the implications of different population levels on the number of houses, labour force and jobs required for an area. It allows sensitivity testing to take place on official projections. These tasks have all been undertaken and discussed within this HEDNA in order to determine the objectively assessed need for housing, the implications this has for labour force and jobs, and therefore how economic needs should be catered for.

Objectively Assessed Need (OAN)

- 1.13. The NPPG is clear that there is no single methodology that will provide a definitive answer for the OAN (2a-014-20140306). It does, however set out a basic method to be followed, which this HEDNA is compliant with.
- 1.14. This involves using the Household Projections published by the Department for Communities and Local Government as a starting point, and adjusting these should there be evidence that these are not the most appropriate figures. This may be because past trends (upon which future trends are based) are unlikely to continue into the future. This may be because of local circumstances or recent events that might have influenced the figures, such as recession. Sensitivity testing can then take place to look at any alternative assumptions. Finally, the figure needs to take into account market signals. These are factors in the market that could have affected the ability of people to own a home in the past and therefore, because this would be reflected in past trends, may be reflective of future trends as well.

OAN vs Plan Provision

- 1.15. The OAN should be calculated without influence from constraints – either physical or natural, or be influenced by planning policy. It should reflect the amount of housing that is needed without influence from outside factors. Other factors can be taken into account by the Local Authority when setting the Plan Provision. The NPPG states:

“The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need...However; these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans” (2a-004-20140306)

- 1.16. The Plan Provision figure, i.e. the number that the Local Authority will plan for in its Local Plan, uses the OAN as the starting point.
- 1.17. If environmental constraints evidence shows that there would be harmful effects on the environment and/or designated sites (as defined in the NPPF) of delivering certain sites or broad areas, this will have an impact on the amount of suitable, developable land available to meet the OAN. There may therefore be a justified reason (backed up by the evidence base) as to why an authority cannot meet its OAN and therefore use a lower figure as the Plan Provision. However, if the plan Provision is lower than the OAN, the authority will be deemed to have ‘unmet need’ – i.e. their housing need is not being addressed by their plan for one reason or another.
- 1.18. In reverse, the Local Authority may decide to plan for a number higher than the OAN, predominantly in order to meet other aspirations (such as economic growth) or to help meet the needs of neighbouring authorities that cannot meet their OAN – a key consideration under the NPPF and Duty to Co-Operate. This is, of course, unless there are similar deliverability/sustainability reasons to justify that this could not be achieved.

Method for Determining the OAN and Plan Provision

<p>(1) Starting Point: CLG Household Projections</p>	<p>Published by DCLG. These figures look at the predicted population for future years (demographics), and multiply this by Household Representative Rates (i.e. the estimated proportion of the population likely to be 'head of household') in order to predict the number of households for future years.</p>
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<p>(2) Sensitivity Testing</p>	<p>This involves making amendments to the CLG Household Projections if there is evidence that there are specific local circumstances that could affect demographic projections or household representative rates.</p> <p>Past trends in births, deaths and migration can be assessed to see whether these trends are likely to continue in the future. Other factors that could influence future trends in demographics should be taken into account, such as the impact of recession on headship rates and the ability to purchase property. Scenarios could be developed in order to model a range of possible outcomes.</p>
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<p>(3) Assess 'Market Signals'</p>	<p>If 'Market Signals' indicate that previous levels of supply have been constrained, the figure should be uplifted. For example, if there is a worsening trend in land prices, house prices, rents, affordability, rates of development or overcrowding, housing supply should be increased (i.e. the figure derived by (1) and/or (2) should be uplifted).</p>
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<p>(4) Affordable Housing</p>	<p>The number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market should be calculated.</p>
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Objectively Assessed Need



<p>(5) Environmental Constraints</p>	<p>It may not be appropriate to meet the full OAN if it would mean significant negative impact on the environment. If this were to be the case, it could be justified that the Plan Provision should be reduced. A Capacity Study has been produced by Mid Sussex District Council to outline the District's constraints. The proposed Plan Provision will also be tested through a Sustainability Appraisal in order to balance social, economic and environmental impacts.</p>
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(6) Land Supply	It may not be possible to meet the full OAN if there is not enough land to deliver the necessary amount of housing. Conversely, there may be more land supply than need, meaning that the Plan Provision could be higher than the OAN should the authority wish to do so. The District Council publishes a Strategic Housing Land Availability Assessment (SHLAA) in order to set out the predicted supply of land.
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(7) Unmet Needs of Neighbours	Local Authorities have a duty under the legal Duty to Co-Operate to consider the unmet needs of neighbours. The Plan Provision could therefore be above the OAN in order to cater for the unmet needs of neighbouring authorities, whilst balancing this against constraints and adequate land supply.
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Plan Provision Number

Structure of the HEDNA

- **Section 2** sets the context in terms of the current population profile, and establishes the Housing Market Area.
- **Section 3** sets out the assessment of the Objectively Assessed Need for housing (steps (1) and (2))
- **Section 4** looks further at specific housing need (including Affordable Housing) and Market Signals (steps (3) and (4))
- **Section 5** assesses the economic need, and the implications of the OAN on labour force and jobs
- **Section 6** draws the previous sections together and concludes with the Objectively Assessed Need, and implications.

1.19. The Plan Provision will be determined outside of the HEDNA process, taking into account land constraints, land supply and the unmet needs of neighbours which are subject to separate work which forms the evidence base for the District Plan.

2. Mid Sussex Context and Housing Market Area

Mid Sussex Context – Past, Present, Future Trends

- 2.1. Before assessing the future needs of the District, it is important to understand what has happened in the past, and the current 'baseline' position. This forms the starting point for any future calculations, and is used within the POPGROUP modelling to determine the housing provision in 2031 (the end of the plan period).
- 2.2. A number of data sources make up the assessment of Objectively Assessed Need. As advised by the NPPG, the sources used are all the most up-to-date at the time of writing and are all secondary data (i.e. not collected directly by the District Council). Using secondary data from reliable sources will ensure that the assessment is robust and statistically reliable.
- 2.3. The NPPG makes suggestions as to the most appropriate data sources to be used for each element of the OAN calculation. The suggested sources have been used, and where appropriate, further work undertaken to improve the accuracy of these sources (i.e. to ensure that they reflect local, rather than national characteristics).
- 2.4. The majority of this report relies on information from:
 - Census 2011. The most up-to-date Census of population, which has been issued in numerous releases between 2011 and 2014. A number of important datasets arise from the Census- in particular, accurate population, household, economic activity and travel pattern figures.
 - Sub-National Population Projections (ONS). This data uses past trends in births, deaths and migration to predict the population in future years. The latest version of this dataset was released in May 2014 and is from a '2012' base.
 - CLG Household Projections. This dataset was released in 2013, and is due to be updated in early 2015. This uses the population projections, and predicted patterns in household formation (i.e. the number of new households that are likely to form) in order to determine an approximate number of households for future years. More information on this dataset is provided later in this section.
 - Internal Migration (ONS) – This dataset looks at estimated levels of internal migration between local authorities. As migration is an important factor in changes to population levels, this is an important source of information. Even more importantly, it shows where people are moving from and to, which is vital for determining the links between authorities (particularly neighbouring authorities under the Duty to Co-Operate).

Population

Table 1: Current Population

2011 (Census 2011):	139,900
2014 Latest Estimate:	142,425

- 2.5. Since the 2001 Census, the population of Mid Sussex has grown from 127,400 to 139,900 in 2011, an increase of 12,500 people over a decade (an average of 1,250 a year). This represents a 9.8% increase of population over 10 years.
- 2.6. The ONS Sub-national Population Projections dataset is a reliable source for predicting future population levels. This data source uses past trends in births, deaths and migration to predict what the population will be for all years in the District Plan period (2014-2031). This is of course reliant on past trends in births, deaths and migration continuing into the future. It is possible that events in the past could have affected population growth at that time, and

subsequently affect the trend that will continue into the future. This could be due to:

- A particularly high level of migration in one year in the past, which could have been caused by a large housing site being completed, for example. This 'spike' in population will be carried forward for all future years, therefore potentially 'over predicting' the level of population in the future.
- Under-supply or worsening affordability of housing which has meant population growth being suppressed in the past, and therefore a trend of lower levels of population growth continuing into the future.

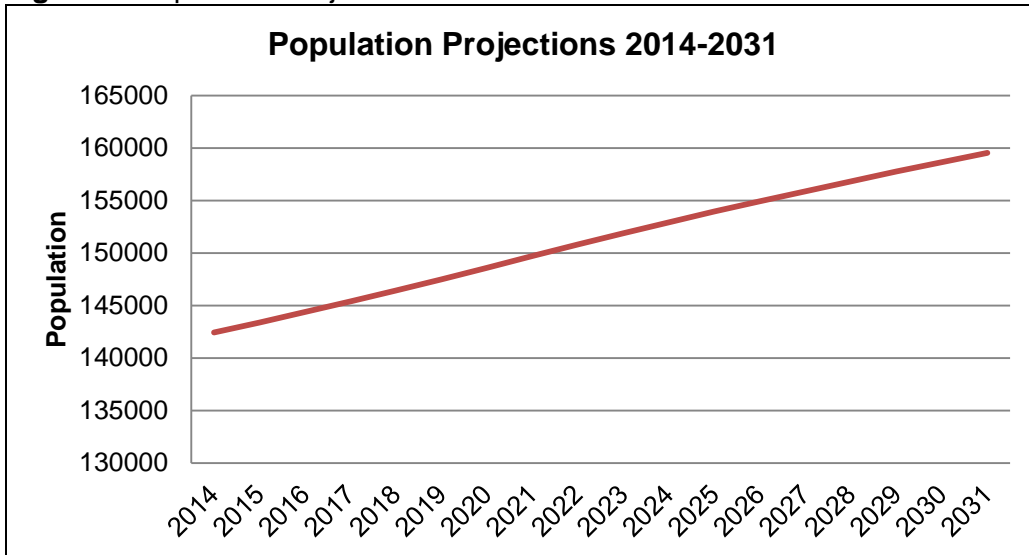
2.7. The NPPG advises that these issues should be borne in mind, and figures adjusted accordingly. This sensitivity testing will be explored later in this section.

2.8. The latest version of the Sub-national Population Projections was released in May 2014 and takes the Census 2011 results into account. The published figures have been adjusted by the District Council in order to reflect the position 'at April' for each year, so that it aligns with the District Plan monitoring period years (this is April 1st – 31st March).

Table 2: Population Projections 2014-2031 (from ONS 2011 based Sub-National Population Projections)

Year	Projected Population	Increase
2014	142,425	
2015	143,378	953
2016	144,377	999
2017	145,395	1,018
2018	146,438	1,043
2019	147,508	1,070
2020	148,592	1,084
2021	149,704	1,112
2022	150,813	1,109
2023	151,888	1,075
2024	152,930	1,042
2025	153,944	1,014
2026	154,928	984
2027	155,882	954
2028	156,825	943
2029	157,756	931
2030	158,655	899
2031	159,535	880

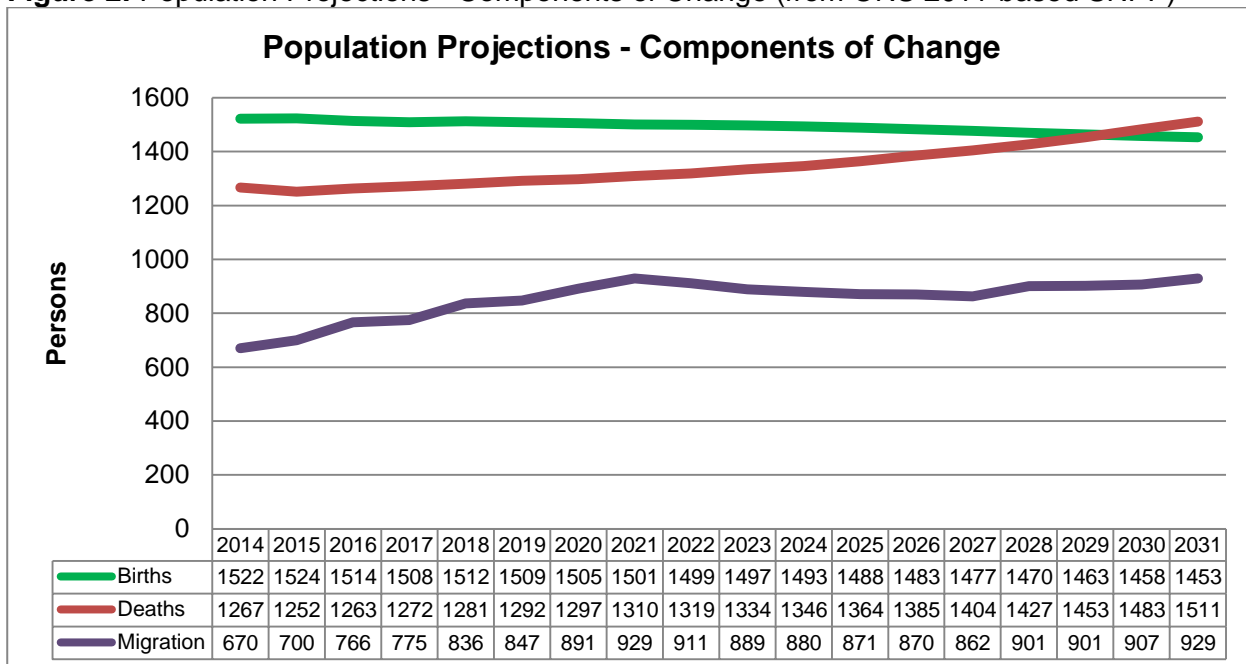
Figure 1: Population Projections – 2014-2031 Trend



2.9. The population of Mid Sussex is predicted to rise from 142,425 to 159,535 between 2014 and 2031. This is an increase of 17,110 over the 17 year plan period (an average of 1,006 persons per year). This represents a 12% increase in population over 17 years.

Births / Deaths

Figure 2: Population Projections - Components of Change (from ONS 2011-based SNPP)



2.10. Historically, birth rates and death rates have been relatively stable within Mid Sussex, and this is predicted to be the case moving forward through the plan period. The birth rate is predicted to slow down, and death rate predicted to rise over the next 17 years, but the rate at which these happen is relatively small.

Migration

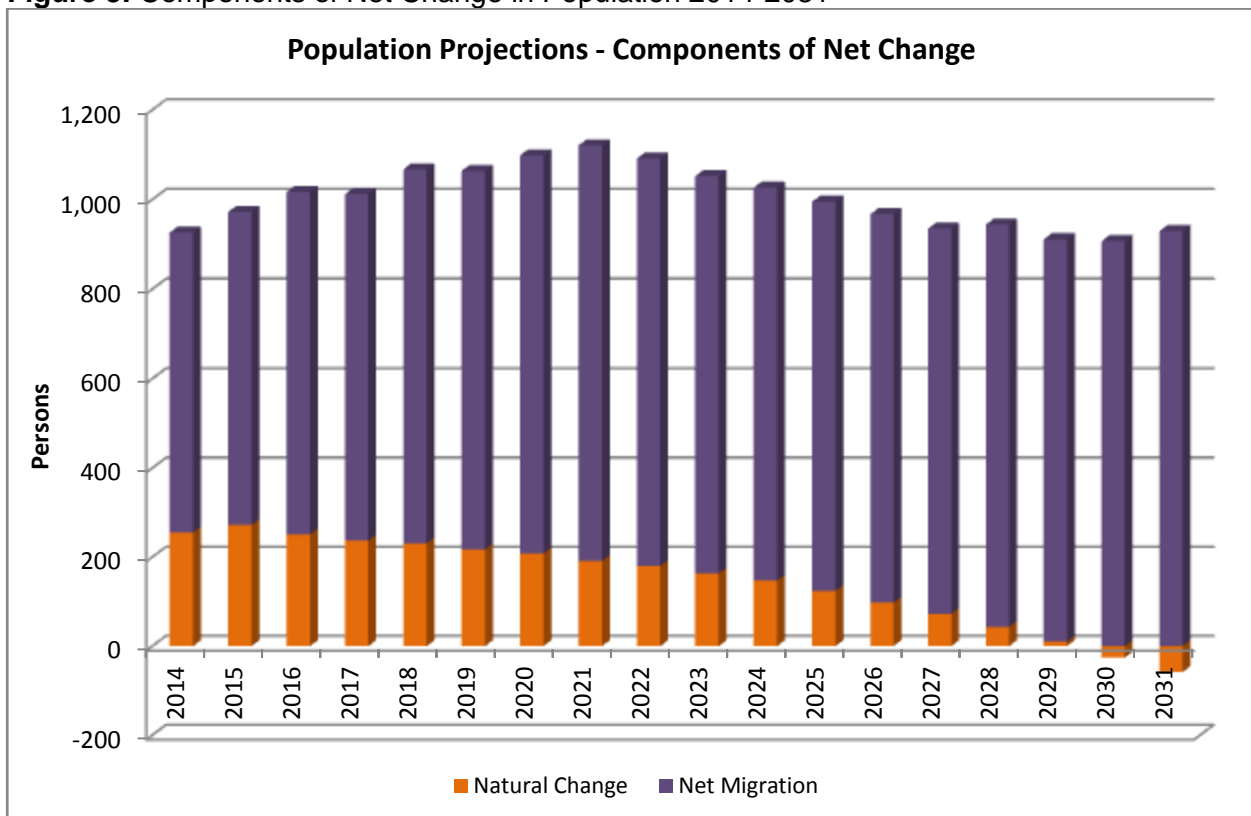
2.11. In net terms, the biggest factor in population change within Mid Sussex is migration. Migration currently accounts for around three quarters of yearly increase in population, with only a quarter from natural change (i.e. births outweighing deaths). Migration is either internal (i.e. from other Boroughs and Districts within the UK) or external (i.e. from abroad). Throughout the plan period, migration is expected to play an even greater role in population change – by 2031 it is expected that migration will account for almost all of the population increase within Mid Sussex.

2.12. Migration is difficult to predict, as people’s decision to move in and out of the District is dependent on a wide range of external factors, such as:

- More housing becoming available, which can increase in-migration
- Lack of housing available, which can increase out-migration
- Affordability of housing, reducing the attractiveness of moving to the area
- Jobs/employment and earnings, providing an incentive to move to the area
- Life-stage – Mid Sussex has historically been popular with those in retirement age moving out from city areas such as Brighton, and London in particular. In reverse, those in younger age categories have historically moved away from Mid Sussex for university or to take up jobs further afield.

2.13. The migration element of the OAN is therefore incredibly sensitive and hard to predict accurately. It is sensitive to these external factors and therefore doesn’t follow a trend. However, the population projections data makes valid and robust assumptions about future migration levels and is therefore considered the best estimate in the circumstances.

Figure 3: Components of Net Change in Population 2014-2031



Migration – Origin and Destination

2.14. It is important to look at historic patterns of migration to understand where housing need is arising from. An analysis of the Top 10 Origins (i.e. people moving TO Mid Sussex) and Destinations (i.e. people moving FROM Mid Sussex) is as follows:

Figure 4: Migration - Origin and Destination

Origin		Destination	
Authority Area	In Migrants 2002-2013	Authority Area	Out Migrants 2002-2013
LONDON ²	7,690	LONDON	3,980
Brighton and Hove	4,800	Wealden	3,110
Crawley	3,600	Brighton and Hove	2,580
Wealden	2,180	Lewes	2,470
Lewes	2,090	Crawley	2,360
Horsham	1,920	Horsham	2,240
Tandridge	1,920	Tandridge	1,270
Reigate and Banstead	1,260	Reigate and Banstead	740
Adur	510	Arun	650
Worthing	480	Eastbourne	590

2.15. The Housing Market Area part of this section explores migration flows within the local area in detail in order to understand the links within the housing market and then define it.

Age Profile

2.16. The predicted age profile of the District will be important in order to plan for the future for all age groups, as advised by the NPPG. The future age profile of the District will have an influence on:

- Educational facilities for younger age groups (although this is not strictly a factor for the OAN)
- Job opportunities, including employment allocations, for those of working age.
- Accessibility standards and provision of housing suitable for older generations.

² All London Boroughs have been amalgamated

Figure 5: Age profile from Census 2011, compared to predicted profile in 2031 (ONS SNPP 2012)

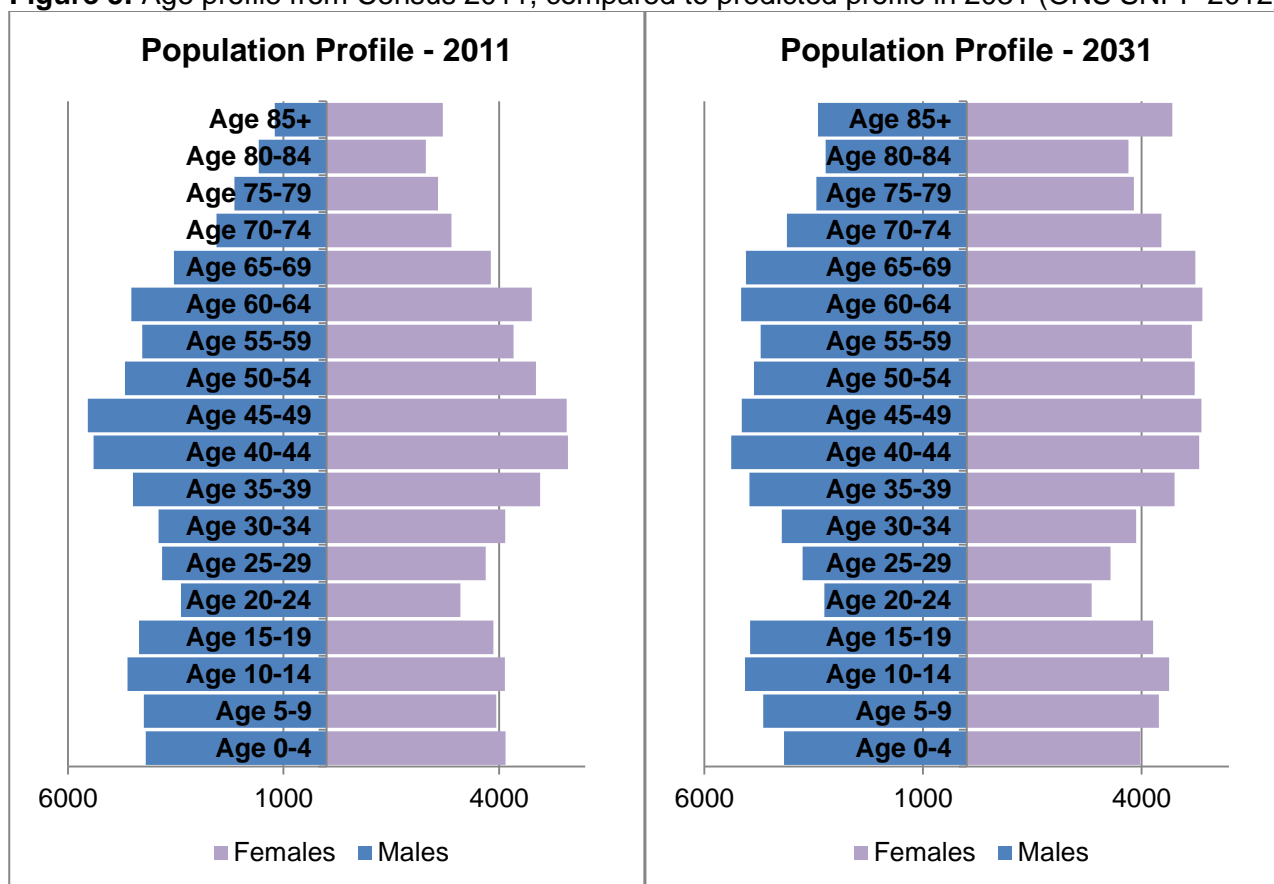


Table 3 - Predicted change in age groups 2014-2031.

AGE GROUP	% Change 2014-2031	% of 2014 Population	% of 2031 Population
0-4	- 3.53	5.9	5.1
5-9	2.27	6.2	5.6
10-14	14.12	5.9	6.1
15-19	10.84	5.8	5.8
20-24	1.67	4.2	3.8
25-29	- 6.67	5.2	4.4
30-34	- 3.57	5.9	5.1
35-39	8.99	6.2	6.1
40-44	0.94	7.4	6.7
45-49	- 6.25	7.8	6.6
50-54	- 3.81	7.3	6.3
55-59	10.00	6.3	6.2
60-64	26.51	5.8	6.6
Working Age (16-64)	3.49	62.1	57.4
65-69	15.73	6.2	6.4
70-74	36.51	4.4	5.4
75-79	48.98	3.4	4.6
80-84	72.50	2.8	4.3
85-89	74.07	1.9	2.9
90+	112.50	1.1	2.1
Older Population (65+)	45.07	19.9	25.8
TOTAL POPULATION	11.97	100.0	100.0

- 2.17. The ONS subnational population projections data shows that, although the overall population is projected to increase by 11.97% overall for the period 2014-2031, there are variations for different age groups.
- 2.18. There is a noticeable reduction in the age group 0-4. This could be due to a slowing of birth rates as shown in figure 2.
- 2.19. There is also a large reduction in the 25-34 age groups. This follows recent trends, and could be explained by predicted out-migration. As the population projections data is based on 5-year trends, the recent recession may have had an impact on projections for the future. The 25-34 age groups are the key age groups for forming new households, and high house prices within Mid Sussex may have led to people of this age moving out of the District in search of more affordable housing. Similarly, this is a key working age group at the start of their career – the recession may have impacted on appropriate jobs being available in the vicinity, and out-migration to other areas for jobs may have occurred.
- 2.20. Whilst the number of working age people is projected to increase, the proportion of the population who are working age is due to decrease from 62.1% to 57.4%. However, with forthcoming changes in retirement age and people generally choosing to work longer there may not be as big an impact on workforce.
- 2.21. An increase in the proportion of residents in retirement age is expected. This could be a reflection of the national picture of people living longer, as reflected by the much larger numbers of people aged over 80, or could be due to in-migration – Mid Sussex has historically been popular for people to move to when retiring, particularly from London and its suburbs.
- 2.22. From this analysis it would appear that migration plays a role in age structure. At the younger end of the population, a lack of affordable housing may increase out-migration to other areas – supplying the type and level of housing that meets the needs of this age group should slow the rate of out-migration. In-migration of older residents, as well as people living longer, will have an impact. These elements should be borne in mind when determining policies on housing mix and structure (type of housing and number of bedrooms, for example).

Households

Table 4: Households

Census 2011	57,409
POPGROUP Estimate 2014	59,117
Census 2011 + Completions 2014	59,216

- 2.23. According to the 2011 Census, there were 57,409 households within Mid Sussex.
- 2.24. A household is defined as:
- “one person living alone; or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area” (Census 2011).*
- 2.25. It is possible to have more than one ‘household’ living within one house unit. However, this is not particularly common within Mid Sussex and therefore the number of households is almost comparable with the number of houses.

- 2.26. The District Plan period runs from 2014-2031. In order to make the calculation of the number of houses required over this period, it is important to establish the number of households within the District in 2014.
- 2.27. POPGROUP has been used in order to estimate this number, based on headship rates and population projections. This suggests there are approximately 59,117 households within the District as at 2014.
- 2.28. As a check, housing completions (i.e. new built houses) can be used. The number of housing completions is monitored yearly through the planning process. The completions for years 2011/12, 2012/13 and 2013/14 can be added to the number of households stated in Census 2011 to give an estimate (whilst recognising this mixes households and houses). This gives a prediction of approximately 59,216 as at 2014.
- 2.29. The two figures are both very similar, so the number of households is likely to be within this range.

Housing Market Area

- 2.30. The NPPF³ sets out that local planning authorities should ensure that their development plan meets the full, objectively assessed need for market and affordable housing in the housing market area, including working with neighbouring planning authorities, as far as is consistent with the policies set out in the NPPF. The NPPF also sets out that local planning authorities should have a clear understanding of housing needs in their area and accordingly should prepare a Strategic Housing Market Assessment, working with neighbouring authorities where housing market areas cross administrative boundaries.
- 2.31. Working with the other constituent local authorities within the Northern West Sussex Housing Market Area, Crawley Borough and Horsham District Councils, a Strategic Housing Market Assessment was produced in 2009⁴, partially updated in 2012⁵ and in 2014⁶.
- 2.32. This Section provides an overview of the analysis that was first undertaken to establish the Northern West Sussex Housing Market Area in the 2009 SHMA, and where possible, it updates key sources of information used to define such areas to affirm whether the defined boundaries of the Housing Market Area remain valid and in accordance with National Planning Practice Guidance. As such and where relevant, it should be read in conjunction with the 2009, 2012 and 2014 reports.

National policy context

- 2.33. National Planning Practice Guidance defines a Housing Market Area⁷ as “...a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap. The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries”.
- 2.34. The NPPG outlines⁸ that a Housing Market Area can be broadly defined through analysis of three sources of information as follows:
- **House prices and rates of change in house prices:** reflect household demand and preferences for different sizes and types of housing in different locations
 - **Household migration and search patterns:** reflect preferences and trade-offs made when choosing housing with different characteristics
 - **Contextual data:** Such as travel to work areas which reflect the functional relationships between where people live and work and influence household price and location; and service catchments (such as schools or retail facilities) and can provide information about the areas within which people move without changing their aspects of their lives such as work or service use.

The Northern West Sussex SHMA

- 2.35. The 2009 SHMA provided extensive analysis of the various economic, travel and housing market indicators and characteristics. It identified two main housing markets in West Sussex concluding⁹ that: “*the Northern West Sussex Sub-Regional Housing Market extending south to Haywards Heath and Burgess Hill, to East Grinstead, Horley and west/ south-west to Billingshurst, Petworth and Pulborough*”. The 2009 SHMA identified in detail a secondary and

³ National Planning Policy Framework paragraphs 47, 50 178-182

⁴ West Sussex Strategic Housing Market Assessment (2009)

⁵ Northern West Sussex Strategic Housing Market Assessment Update (2012)

⁶ Northern West Sussex Housing Market Area – Affordable Housing Needs Model Update (2014)

⁷ National Planning Policy Guidance - Section 2a, Paragraph 010

⁸ National Planning Policy Guidance - Section 2a, Paragraph 011

⁹ 2009 SHMA - paragraph 2.60

partial overlap with the Coastal West Sussex area in locations to the west and southwest (reproduced as Figure 6 below).

Analysis and identification of the Northern West Sussex Housing Market Area

The Gatwick Sub-Region

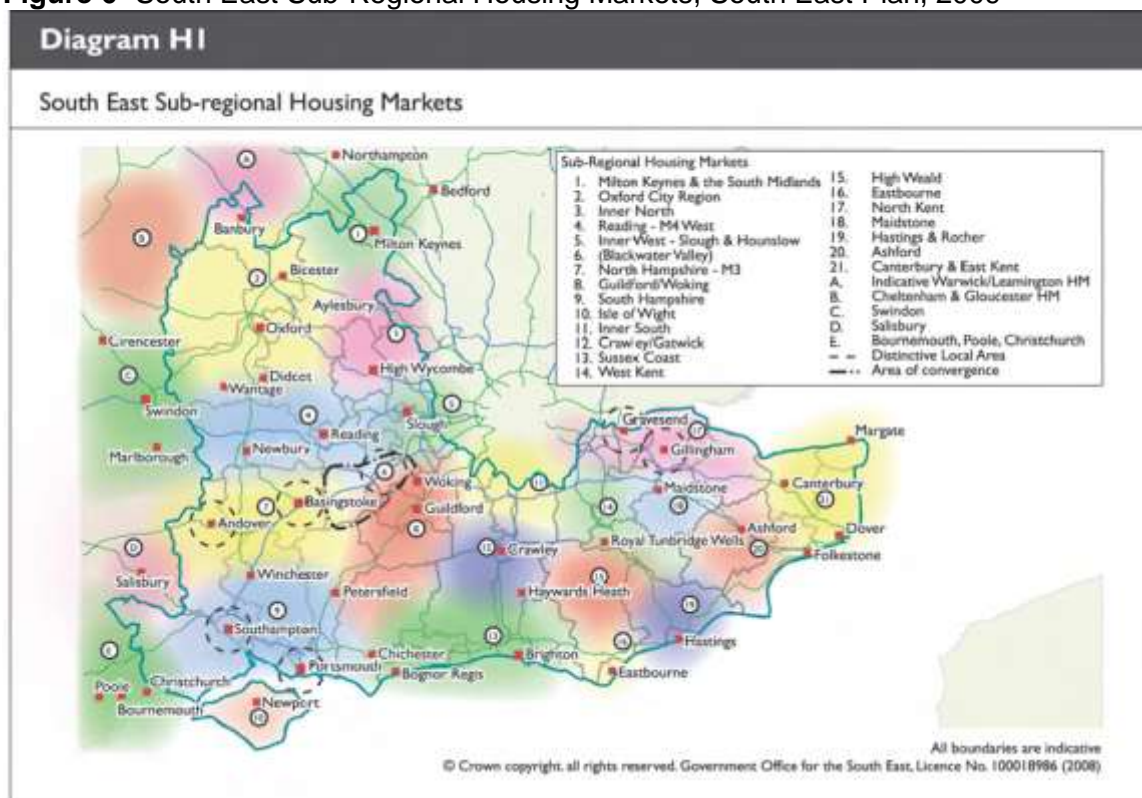
2.36. The Northern West Sussex Housing Market Area was originally identified and defined in regional level work undertaken in 2004 for the Government Office for the South East (GOSE) and the South East of England Regional Assembly (SEERA)¹⁰. This work identified and defined 21 sub-regional housing market areas with some overlap between them (predominantly in rural areas) with West Sussex falling within two housing market areas - the first covering the Sussex Coast; the second the Crawley-Gatwick Sub-Region.

2.37. The Crawley-Gatwick sub-region was considered to overlap strongly with the Crawley Travel to Work Area and is characterised by a high level of self-containment. The Crawley-Gatwick sub-region was also considered to overlap with the Brighton and Sussex Coast area to the south, South London and adjacent areas to the north of the North Downs, and the Guildford/Woking sub-region to the West.

2.38. The DTZ Study concluded that the local authorities of Crawley, Horsham and Mid Sussex should work together to prepare a Strategic Housing Market Assessment noting an overlap with the Sussex Coastal Housing Market and to a lesser extent some overlap with the Mole Valley, Reigate and Banstead, and Tandridge market with the Crawley-Gatwick Sub-Region.

2.39. These sub-regional housing markets were subsequently incorporated into the South East Plan¹¹ (see Figure 6) and the Crawley/ Gatwick Sub-Regional Housing Market became a key spatial component of the revoked South East Plan.

Figure 6- South East Sub-Regional Housing Markets, South East Plan, 2009



¹⁰ *Identifying the Local Housing Markets of South East England, DTZ Pineda, (2004)*

¹¹ *The South East Plan, GOSE/South East Regional Assembly, 2009*

Northern West Sussex Housing Market Area

- 2.40. In defining the Northern West Sussex Housing Market Area, the 2009 SHMA set out extensive analysis of the various economic, travel and housing market indicators and contextual data. It clearly identified and confirmed the earlier regional level work undertaken for GOSE/ SEERA and highlighted the heart of the Northern West Sussex Housing Market focusing on Crawley, Gatwick, Horsham and Mid Sussex as a distinct market area, but with notable overlaps and interactions with coastal West Sussex, Brighton and Hove, Surrey and London.
- 2.41. The 2009 SHMA also demonstrated that some of the relationships with adjacent local authorities in fact relate to some quite short distance inter-relationships that transcend administrative boundaries and noted the influence of rail connections to London is recognised as having a notable bearing on the Crawley-Gatwick Housing Market, both in terms of out-migration of middle-aged households from London, and patterns of commuting from the area to London.
- 2.42. The updates made to various components of the 2009 SHMA (undertaken in 2012 and 2014) did not consider in detail the boundaries of the Northern West Sussex Housing Market Area given the relatively short time period elapsed since the 2009 work as it was considered that in the intervening period, the defining characteristics of the Housing Market Area and its interactions/ overlaps with surrounding areas previously identified, will not have fundamentally altered to such an extent, that the primary focus of the Housing Market Area should be considered out of date. However, all the elements of work undertaken for this document that touch upon the defining components of the Housing Market Area, affirm previous conclusions reached on the Northern West Sussex Housing Market Area boundaries.

House prices

- 2.43. A key element of the analysis of defining housing market areas relates to analysing relative house prices and rates of change in house prices.
- 2.44. The 2009 SHMA acknowledged that analysing house prices presents a complex pattern partly due to the variance in the housing stock mix. However, it identified the following patterns:
- Clear differences in relative prices between urban and rural areas.
 - Notably lower house prices in and around Crawley and along the South Coast which could be reflective of a lower value economic bases and being on the edge of the area in a regional context.
 - A corridor of higher house prices along the route of the A29 road.
 - Higher house prices in rural areas surrounding Burgess Hill and Haywards Heath, which are likely to be particularly attractive to commuters (to Brighton, Crawley and London).

Rates of change in house prices

- 2.45. Whilst noting that a notable downturn in the market was underway, the 2009 SHMA indicated strong growth in house prices over the five year period 2002-2007 with the strongest levels being shown was in the eastern part of West Sussex, in Haywards Heath and Crawley with growth levels of 48% and 51% respectively. The 2009 SHMA highlighted a notable difference in price between the coastal towns of Worthing, Littlehampton and in Crawley compared to higher prices achieved in Horsham, Chichester and Haywards Heath. Analysis undertaken by the 2009 SHMA indicated that the house price trends over this period, and dating back to 1996/ 1997, have broadly mirrored county, regional and national trends in growth and downturn.
- 2.46. During the period 2008-2012, a series of negative impacts were experienced by the housing market leading to a fall in sales volumes and house prices in the Northern West Sussex Housing Market Area, particularly during 2008-2009. This was caused by a lack of development investments, consumer confidence and inability to secure housing mortgage finance due to the effects of the credit crunch and subsequent recession. The fall in house prices was counterbalanced by growth in 2010. Whilst analysis undertaken in the 2012 SHMA Update indicated a sharper fall in house prices at Crawley, it reconfirmed that the house price trends over this period continued to broadly mirror county, regional and national trends in growth and downturn.
- 2.47. Since 2012 the market nationally and in Northern West Sussex has shown positive signs of recovery and increased sales volumes and house prices with continuing signs of growth in the Northern West Sussex Housing Market Area, as the market recovers and demand is being driven by newly formed household and from those seeking to locate in north West Sussex, albeit with a possibility of a slowdown in price inflation 2014/15. Updated analysis undertaken for the 2014 Affordable Housing Needs Update and for this document in Section 4, confirms trends continue to broadly mirror those of the wider local and national context.
- 2.48. The 2009 SHMA drew out that there is a clear inter-relationship and operation between the individual, active housing sub-markets in the key settlements of Crawley, Horsham and south to Haywards Heath and Burgess Hill focused on the strategic road and rail routes along the London –Brighton corridor. This is due to the changes and variations in house prices, sales and rental market signals follow the same patterns (including broadly those at county, regional and national level) as those previously considered and assessed in the SHMA, 2009 and the SHMA Update, 2012. The 2014 SHMA concluded that the current market price, sales and rental data continues to show a strong and focused primary housing market

centred on the M23/A23 corridor including the towns of Crawley, Horsham, Haywards Heath and Burgess Hill with their immediate hinterlands.

Migration patterns

- 2.49. Migration patterns are a key indicator in defining housing market areas given that they reflect actual household relocation behaviour. The 2009 SHMA analysed migration patterns in detail, utilising data from various sources. Some of these datasets have been updated for the purposes of this document.
- 2.50. The 2009 SHMA analysed NHS patient registrations over a time period from 1999 to 2006 in order to understand migration flows (i.e. flows in both directions). This analysis noted a complex migration pattern between local authority areas and outlined that the strongest relations are between the authorities along the South Coast/ A27 road corridor and between Crawley, Horsham and Mid Sussex. The 2009 SHMA concluded that where there is such a strong link, it is expected that these authorities would be in the same housing market area. Analysis also showed migration flows across the West Sussex county boundary with adjacent areas between Mid Sussex and Lewes, Wealden (and to a lesser extent Tandridge); and between Crawley with Reigate and Banstead.
- 2.51. The 2009 SHMA calculated from NHS patient re-registration data that there is a net annual flow of 1,740 persons per annum (ppa) from London to the Northern West Sussex Housing Market Area (compared to 2,360ppa to the Coastal Housing Market Area). There is also a significant net annual flows to the Northern West Sussex Housing Market Area from Brighton and Hove of 430ppa and from districts to the north - Reigate and Banstead 390ppa; Mole Valley 240ppa. The data also noted significant net out-flows to East Sussex; Wealden 280ppa and Lewes 130ppa; and to the Coastal West Sussex Housing Market 600ppa. The SHMA noted that in some cases, the cross-boundary movements identified were short distance movements between towns or between towns and their immediate rural hinterland.

Self-containment of migration flows

- 2.52. It is assumed that around 70% of household moves will be contained within a functional housing market area¹². Research undertaken for the 2009 SHMA, based on 2001 Census data recording the movement of people during the previous 12 months, indicates that none of the individual districts in West Sussex achieve a level of self-containment on their own, indicating a range of 51-61%, with clear relationships beyond the County boundaries with 25-40% of moves to areas outside of the County¹³.

Table 5 - Migration flows (%) between districts in West Sussex, 2000/01

To	Adur	Arun	Chichester	Crawley	Horsham	Mid Sussex	Worthing	West Sussex	Outside of West Sussex
Adur	52.5%	1.9%	0.4%	0.7%	2.6%	1.5%	8.7%	68%	32%
Arun	1.1%	54.8%	5.7%	0.6%	2.3%	0.7%	4.8%	70%	30%
Chichester	0.1%	5.8%	51.1%	0.5%	1.8%	0.4%	0.5%	60%	40%
Crawley	0.4%	0.3%	0.2%	61%	2.8%	3.9%	0.4%	69%	31%
Horsham	0.6%	1.6%	2.2%	3.6%	49.9%	2.9%	2.1%	63%	37%
Mid Sussex	0.5%	0.4%	0.4%	3.7%	2.5%	53.9%	0.5%	62%	38%
Worthing	6.3%	6.1%	0.6%	0.5%	3.1%	0.8%	57.8%	75%	25%

¹² 2009 SHMA (Consultants GVA Grimley) – Paragraph 2.28

¹³ 2009 SHMA - Figure 2.

Source: Census 2001¹⁴

2.53. Updated analysis based on household moves recorded by the 2011 Census recording the movement of people during the previous 12 months, demonstrates that none of the authorities in West Sussex achieve self-containment indicating a range of 45% to 63%. Clear relationships beyond the County boundaries continue with 23-40% of moves to areas outside of the County.

2.54. Further analysis (Table 6) indicates similar levels of self-containment within each authority area with slight increases for Crawley (up 2% to 63%) and Horsham (up 3% to 53%) and a slight decrease for Mid Sussex (down 1% to 53%).

Table 6: Migration flows (%) between districts in West Sussex, 2010/11

To From	Adur	Arun	Chichester	Crawley	Horsham	Mid Sussex	Worthing	West Sussex	Outside of West Sussex
Adur	44.9%	2.7%	0.5%	0.8%	3.3%	1.4%	16.1%	70%	31%
Arun	0.9%	63.0%	6.2%	0.4%	1.4%	0.3%	5.0%	77%	23%
Chichester	0.3%	7.2%	49.6%	0.4%	1.9%	0.5%	0.7%	61%	40%
Crawley	0.2%	0.7%	0.5%	63.2%	3.4%	4.4%	0.5%	73%	27%
Horsham	1.4%	2.4%	2.2%	3.0%	53.1%	2.6%	2.6%	67%	33%
Mid Sussex	0.3%	0.7%	0.5%	3.6%	2.8%	52.6%	0.7%	61%	39%
Worthing	3.7%	8.8%	0.7%	0.6%	2.2%	0.7%	60.3%	77%	23%

Source: Census 2011

2.55. Further analysis (Table 7) examines the level migratory movement contained within the Northern West Sussex Housing Market based on 2011 Census data recording the movement of people during the previous 12 months. This indicates a high percentage of self-containment of migratory flows within the Northern West Sussex Housing Market, with approximately 63% of all moves remaining within this area. This is further strong evidence of a housing market centred on the three local authority areas of Crawley, Horsham and Mid Sussex.

Table 7: Migration Flows between local authorities within the Northern West Sussex Housing Market Area 2010-2011

Local Authority	Total movement origins	Destination in district	Destination in NWSHM
Crawley	11,235	63%	71%
Horsham	12,300	53%	59%
Mid Sussex	13,160	53%	59%
Total movement within NWSHM	36,695	-	63%

Source: Census 2011

2.56. Analysis of 2001 Census data in the 2009 SHMA indicated strong migratory flows between the local authority areas Adur and Worthing, Arun and Worthing and Chichester and between Crawley, Mid Sussex and Horsham and confirmed the findings from NHS Patients Registration data over the time period (1999-2006). Analysis of the 2011 Census data (Table 7) reaffirms these strong linkages, and demonstrates a high level of self-containment of migratory flows within the Northern West Sussex Housing Market Area.

Migration flows to/ from West Sussex

2.57. The 2009 SHMA analysed Census 2001 data of migration flows from West Sussex to London, Brighton and Hove and the Urban South Hampshire area (PUSH¹⁵), based on 2001

¹⁴ As per Figures 2.3, SHMA 2009 (amended by Mid Sussex)

Census data recording the movement of people during the previous 12 months. This analysis (Tables 8 and 9) indicated a strong level of interaction between Adur and Brighton and Hove with notable flows to Brighton and Hove from Mid Sussex and Worthing; and from Chichester to the PUSH area. There are also notable flows of movement from London to the Northern West Sussex Housing Market Area (5%) and to West Sussex (5%).

2.58. Updated analysis using 2011 Census data notes a similar position to that found in 2001 with a strong but a lower level of interaction between Adur and Brighton and Hove with notable flows of movement to Brighton and Hove from Mid Sussex and Worthing and from Chichester to the PUSH area. There are also notable flows of movement from London to the Northern West Sussex Housing Market Area and increasing level of interaction to the Coastal West Sussex Housing Market Area. There is also a stronger level of interaction from the PUSH authorities to Chichester.

Table 8: Migration flows from West Sussex local authorities 2000-2001 / 2010-2011

% Migration Movements from	To London		To Brighton and Hove		To PUSH	
	2001	2011	2001	2011	2001	2011
Adur	4.8%	3.4%	27.0%	12.3%	0.7%	1.5%
Arun	8.0%	3.7%	1.4%	1.4%	1.4%	3.4%
Chichester	7.3%	5.7%	0.6%	1.5%	4.8%	11.0%
Crawley	7.4%	5.3%	1.5%	1.5%	0.5%	1.8%
Horsham	7.6%	5.4%	2.7%	2.9%	0.8%	2.5%
Mid Sussex	8.1%	5.9%	4.7%	4.2%	0.6%	1.4%
Worthing	5.5%	4.0%	5.2%	4.2%	0.9%	1.7%

Source Census 2001/2011

Table 9: Migration flows to West Sussex local authority areas 2000-2001 / 2010-2011

% Migration Movements to	From London		From Brighton and Hove		From PUSH	
	2001	2011	2001	2011	2001	2011
Adur	2.3%	3.5%	10.2%	25.7%	0.7%	1.0%
Arun	3.5%	6.2%	1.8%	1.6%	2.3%	2.6%
Chichester	4.8%	8.3%	1.1%	0.8%	5.4%	9.7%
Crawley	5.1%	7.8%	1.7%	1.1%	0.5%	0.9%
Horsham	4.9%	7.4%	2.3%	3.2%	1.3%	1.3%
Mid Sussex	5.5%	9.0%	3.5%	6.4%	0.8%	0.8%
Worthing	3.5%	5.6%	3.1%	6.6%	1.1%	1.1%

Source: Census 2001/2011¹⁶

2.59. The 2009 SHMA concluded that analysis of migration patterns supported the identification of the Northern West Sussex Housing Market area consisting of the local authority areas of Crawley, Horsham and Mid Sussex, whilst also noting that there is an external influence on this area from London (5% of all moves to the area originating from London, and from Surrey and to a less extent, from Brighton into Horsham and Mid Sussex districts). Where updated research has been undertaken, the migratory pattern indicators support this conclusion.

Commuting Patterns

2.60. National Planning Policy Guidance¹⁷ sets out that housing markets reflect the key functional linkages between places where people live and work. In analysing this key area of data, it is expected that there would be a reasonable degree of overlap between the housing market area and the travel to work area¹⁸. Analysis on the patterns and scale of commuting

¹⁵ Partnership for Urban South Hampshire Area – this is an area stretching from Havant/Portsmouth in the east to Southampton / New Forest in the west and includes the Isle of Wight.

¹⁶ As per Figures 2.6/2.7, SHMA 2009 (amended by Mid Sussex)

¹⁷ National Planning Policy Guidance - Section 2a, paragraph 010

¹⁸ SHMA 2009 - Paragraph 2.36

interactions within and outside the Northern West Sussex HMA was undertaken for the 2009 SHMA and the 2014 Affordable Housing Needs Assessment Model Update

- 2.61. The 2009 SHMA reproduced defined 'Travel to Work Areas' (TTWAs)¹⁹, which updated work presented at a regional level²⁰, by the Centre for Urban and Regional studies based on 2001 Census data. Such areas are based upon at least 75% self-containment of travel to work trips.
- 2.62. The work identified four 'Travel to Work Areas' across West Sussex including a Crawley Travel to Work Area that extends north to the M25, east to East Grinstead, west to Pulborough and Storrington and includes Burgess Hill and Haywards Heath and falls on the border with the Brighton 'Travel to Work Area'. The area identified as the Crawley 'Travel to Work Area' includes much of the Northern West Sussex Housing Market Area and supports the identification of this area.

Figure 7: 2001-based 'Travel to Work Areas'



- 2.63. The 2009 SHMA analysed Travel to Work data in greater detail to assess commuting patterns from some of the smaller settlements. For practical reasons, this was undertaken by analysing the amount of people travelling to a series of identified key centres from wards in the surrounding areas. 5% and 10% travel to work threshold were used to assess the primary and secondary area of influence to these on the basis that 5% provided a sensible means of defining the functional travel to work area associated with the centres.
- 2.64. The Travel to Work analysis confirmed results consistent with the defined 'Travel to Work Areas' and indicated:
- The Brighton travel to work catchment area extends to Seaford, Lewes, Burgess Hill and Worthing;
 - Crawley travel to work catchment area includes East Grinstead, Haywards Heath, Horsham, Billingshurst and Horley;
 - The Chichester travel to work catchment extends north to Midhurst.
- 2.65. The results also confirmed that the Horsham Travel to Work Area is largely contained within that of Crawley and that the catchment areas of Burgess Hill, East Grinstead and Haywards Heath all fall within the catchment areas of the larger towns of Crawley and Brighton.

¹⁹ SHMA 2009 - Figure 2.10

²⁰ Identifying the Local Housing Markets of South East England

2.66. Further work to assess the influence of large urban areas surrounding West Sussex for the 2009 SHMA indicated:

- London's primary travel to work catchment is almost contiguous with the border of West Sussex, with large swathes of West Sussex falling into its secondary catchment area;
- Evidence of strong commuting from parts of Crawley, East Grinstead and Haywards Heath to London and a strong interplay between the Northern West Housing Market area and Guildford, likely influenced by the strong transport accessibility by road/rail;
- Reasonably strong levels of commuting from the rural and urban areas in Mid Sussex to London and from the northern areas of Horsham and Chichester Districts;
- The primary Brighton and Hove Travel to Work area extends on all sides from the unitary authority's boundary with particular influence in Adur and Mid Sussex.

2.67. The 2009 SHMA concluded that the analysis of travel to work patterns supports the identification of a Northern West Sussex Housing Market Area which extends from Crawley and Horsham to East Grinstead, Haywards Heath and Burgess Hill and to the west to Billingshurst, Pulborough, Petworth and Storrington noting that the latter two overlap to some degree with the Coastal West Sussex Housing Market Area.

2.68. Further work utilising Census 2011 Travel to Work data undertaken within the 2014 Update²¹ and for this document, indicate similar patterns of travel to work for the three local authorities in the Northern West Housing Market Area as those previously identified in the 2009 SHMA.

- Mid Sussex has a total in-commuting flow of 20,410 people. 19.6% of those people commuting into Mid Sussex travel to work from Brighton and Hove, 13% from Crawley and 11.6% from Wealden. Lewes (10.5%) and Horsham (9.8%) are also significant in-commuting locations to Mid Sussex.
- Mid Sussex has a total out-commuting flow of 31,745 people. 22.4% of those people commuting out of Mid Sussex travel to work from Crawley, 11% to Brighton and Hove and 10.5% to Westminster and the City of London. Out-commuting to Horsham is less significant at 5.5%.
- Crawley is a major employment centre, particularly given the employment offer in and around Gatwick Airport. It has total in-commuting flow of 43,232 people. It has a strong inward commuting flow from Mid Sussex (16.5% of those people commuting into Crawley) and Horsham (14%), but also from Reigate & Banstead (11%) and Brighton and Hove (8.5%).
- Crawley has a total out-commuting flow of 19,029 people. The main out-commuting flows are to Reigate and Banstead (18% of those people commuting out of Crawley) and Mid Sussex (14%) and Horsham (13%).
- Horsham has a total in-commuting flow of 16,728 people. For Horsham, the in-commuting position is more mixed with a wider spread of in-commuting locations including Crawley (14.5%), Worthing (12%) and Arun (11%) in the Coastal West Sussex HMA area and from Mid Sussex (10.8%).
- Horsham has a total out-commuting flow of 26,688 persons 23% of those people commuting out of Horsham travel to work to Crawley and 7.5% to Mid Sussex. 6.5% of out-commuting is to Westminster and the City of London and 6% to Brighton and Hove.
- The principal locations of in and out-commuting are unchanged from those previously identified. The patterns and spread of in-commuting to the Northern West Sussex authority areas is similar to that set out in the SHMA 2009.

²¹ Northern West Sussex HMA – Affordable Housing Needs Update (2014) Paragraphs 2.14-2.21

- Levels of out and in-commuting flows between the centres in Northern West Sussex are particularly prominent and continue the trends highlighted in the 2009 SHMA. A significant level of people both live and work within the Northern West Sussex Housing Market Area with on average, 72% of all people living and working within this area from Crawley, Horsham and Mid Sussex with 75% of Crawley employees living and working within the Northern Housing Market Area.
- The Travel to Work information highlights the continued economic relationships between the Northern West Sussex Housing Market Area with London and the Coastal West Sussex area, particularly Brighton and Hove although for Mid Sussex this is to a much lesser extent with the Coastal West Sussex area beyond Brighton and Hove.
- The level of out-commuting to London and of Brighton and Hove (and Coastal West Sussex area) is notable for each local Northern West Sussex authority area. The levels observed are not dissimilar to those identified in the SHMA, 2009.
- The pattern and spread of in-commuting to the Northern West Sussex Area is similar in its composition and characteristics to that previously set out in the SHMA 2009 with overall levels of in-commuting increasing.
- Travel to work data demonstrates the continued, significant and strong levels of out and in-commuting flows, particularly between the centres in Northern West Sussex but also with Brighton & Hove (and the Coastal West Sussex area) and with London.
- The commuting pattern is reflective of a strong level of self-containment within Crawley, Horsham and Mid Sussex as the primary travel to work area; and then of a wider secondary contained pattern of commuting flows to/from other local authority areas in Northern West Sussex as well as to Brighton and London.

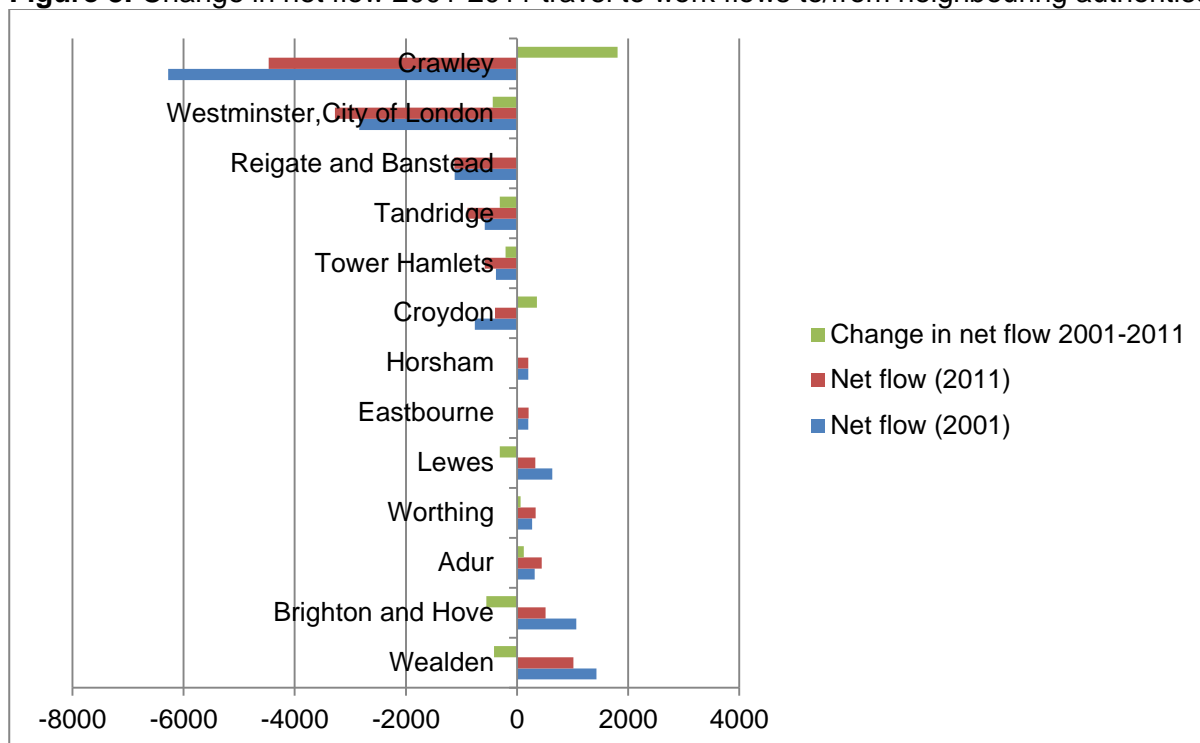
Table 10: Comparison of 2001 Census and 2011 Census travel to work flows to/from neighbouring authorities

2001						
Out-commuting	No. of people	%	In-commuting	No. of people	%	Net Flow
Crawley	8,293	28.2	Brighton and Hove	3,832	20.3	1,070
Brighton and Hove	2,762	9.4	Wealden	2,490	13.2	1,432
Reigate and Banstead	1,590	5.4	Lewes	2,088	11.0	636
Tandridge	1,588	5.4	Crawley	2,016	10.7	-6,277
Horsham	1,506	5.1	Horsham	1,709	9.0	203
City of London	1,466	5.0	Tandridge	1,005	5.3	-583
Lewes	1,452	4.9	Adur	610	3.2	321
Westminster	1,385	4.7	Worthing	559	3.0	274
Wealden	1,058	3.6	Reigate and Banstead	468	2.5	-1,122
Croydon	978	3.3	Eastbourne	298	1.6	202
Adur	289	1.0	Croydon	222	1.2	-1,466
Worthing	285	1.0	Westminster	12	0.1	-1,373
Eastbourne	96	0.3	City of London	0	0.0	-756
Other	6,659	22.6	Other	3,608	19.07	-3,051
Total Out	29,407		Total In	18,917		-10,490

2011						
Out-commuting	No. of people	%	In-commuting	No. of people	%	Net Flow
Crawley	7,119	22.4	Brighton and Hove	4,008	19.6	516
Brighton and Hove	3,492	11.0	Crawley	2,651	13.0	-4,468
Westminster, City of Ldn	3,313	10.4	Wealden	2,375	11.6	1,017
Tandridge	1,834	5.8	Lewes	2,131	10.4	328
Horsham	1,805	5.7	Horsham	2,011	9.9	206
Lewes	1,803	5.7	Tandridge	940	4.6	-894
Reigate and Banstead	1,727	5.4	Adur	779	3.8	445
Wealden	1,358	4.3	Worthing	688	3.4	337
Croydon	667	2.1	Reigate and Banstead	598	2.9	-1,129
Tower Hamlets	592	1.9	Eastbourne	332	1.6	208
Worthing	351	1.1	Croydon	271	1.3	-396
Adur	334	1.1	Westminster, City of Ln	36	0.2	-3,277
Eastbourne	124	0.4	Tower Hamlets	11	0.1	-581
Other	7,226	22.8	Other	3,579	17.5	-3,647
Total Out	31,745		Total In	20,410		-11,335

Source: 2001/2011 Census

Figure 8: Change in net flow 2001-2011 travel to work flows to/from neighbouring authorities



Source: 2001/2011 Census

2.69. The Census 2011 commuting data illustrates strongly similar patterns and characteristics to the commuting flow detailed in the SHMA, 2009 although for the Northern Western Housing Market Area, more people are now commuting from Crawley into Mid Sussex than in 2001 with less commuting to Crawley; and more people commuting to Horsham than in 2001. It is pertinent that the level of self-containment seen within the Northern West Sussex Housing Market Area is high with around 72% of all of all people living and working within this area. This broadly supports the work previously undertaken in the identification of 'Travel to Work Areas' of which such areas are based upon at least 75% self-containment of travel to work trips and therefore further supports the identification of the Northern West Sussex Housing Market area.

Service catchments (such as schools/ retail facilities)

2.70. Retail catchment areas provide an insight into the function of larger towns and their influence on surrounding settlements and provide understanding of the functional relationships between places and service provision.

2.71. The 2009 SHMA utilised CBRE definitions of catchment areas for major retail centres, based on those postal sectors where at least 15% of shoppers visit a defined retail centre. This indicated that Crawley is a major retail centre, the catchment area for which extends across the Mid Sussex district as well as the catchment area of Horsham (as a lower order retail centre). It indicates that Brighton's catchment area extends to Burgess Hill.

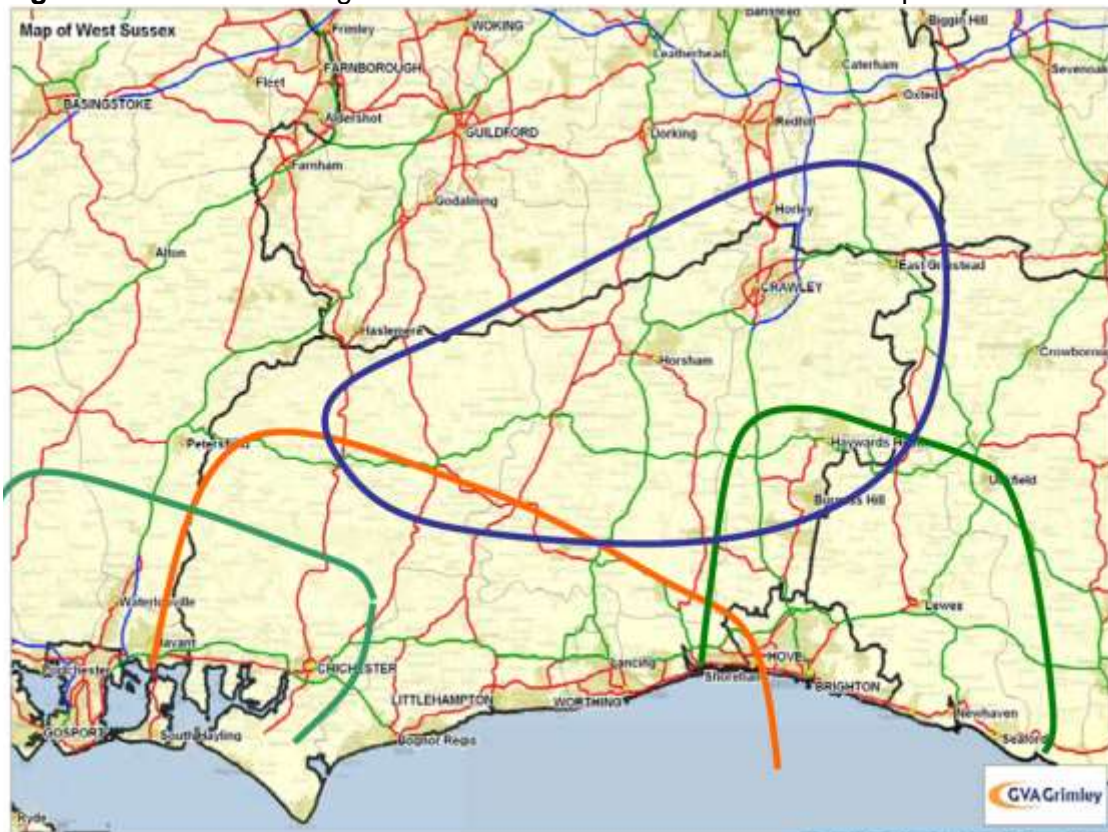
2.72. The 2014 Mid Sussex Retail Study confirms the influence of Crawley and to a lesser extent Brighton on food and comparison goods retailing²². The Study indicates that Crawley is a draw for a large area of northern Mid Sussex for food shopping. For comparison shopping Crawley is a particularly strong draw across Mid Sussex (28.5% market share) with Brighton gaining a 19.6% market share. For comparison goods shopping, the lower order retail centres gain a much smaller market share with Horsham gaining a 1.3% share of the market.

²² Mid Sussex Retail Study Update 2014 available at www.midsussex.gov.uk/planning/7952.htm

Conclusion – Housing Market Area

2.73. The 2009 SHMA concluded²³ that there are two main housing markets in West Sussex with the Northern West Sussex Sub-Regional Housing Market extending south to Haywards Heath and Burgess Hill, to East Grinstead, Horley and west/ south-west to Billingshurst, Petworth and Pulborough. The SHMA, 2009 identified in detail the secondary and partial overlap with the Coastal West Sussex area in locations to the west/southwest.

Figure 9: Defined Housing Market Areas and Areas of Market Overlap



2.74. The SHMA, 2009 concluded that the Northern West Sussex Housing Market includes:

- The main towns of Crawley, Burgess Hill and Haywards Heath which are adjacent to the A23/ M23 and served by the London to Brighton mainline railway. This corridor offers strong accessibility to employment and services (including in London and Brighton), and this is reflected in strong housing demand.
- An area to the west of the A23/M23 corridor the area more rural in nature, with attractive smaller settlements offering high quality of place and a housing offer focused more towards larger properties with strong demand. Commuting patterns are more dispersed, with a mix of people working locally, commuting to the larger economic centres of Crawley and Horsham and north to London (particularly in the north of Horsham District).

2.75. The 2009 SHMA noted that across the Housing Market the housing, the quality of place offer varies providing for a range of requirements, with different parts of the market providing a complementary offer to one another.

²³ Paragraph 2.60 2009 SHMA

2.76. The NPPG outlines²⁴ that a Housing Market Area can be broadly defined through analysis of three sources of information as follows:

- **House prices and rates of change in house prices:** reflect household demand and preferences for different sizes and types of housing in different locations
- **Household migration and search patterns:** reflect preferences and trade-offs made when choosing housing with different characteristics
- **Contextual data:** Such as travel to work areas which reflect the functional relationships between where people live and work and influence household price and location; and service catchments (such as schools or retail facilities) and can provide information about the areas within which people move without changing their aspects of their lives such as work or service use.

2.77. The SHMA Update, 2012 and the 2014 Affordable Housing Needs Model Update did not consider the boundaries of the Housing Market Area in detail, given the relatively short period of time elapsed between the work and concluded that the defining characteristics of the Housing Market Area and its interactions/ overlaps with surrounding areas previously identified will not have fundamentally altered such that the primary focus of the Housing Market Area should be considered as out-dated. Updated research undertaken for these documents on house prices and travel to work indicators further confirmed the Northern West Sussex Housing Market Area. Updated research undertaken for this document on house prices, migration, travel to work and retail catchment all support the conclusion that the Northern West Sussex Housing Market Area is focused upon Crawley, Horsham and Mid Sussex; and that Crawley Borough, Horsham and Mid Sussex District Councils, should primarily consider and plan for the Northern West Sussex Housing Market Area established in the 2009 SHMA.

2.78. The 2009 SHMA noted, that it is not possible to draw a fixed boundary around the Northern West Sussex Housing Market Area, and there are important inter-relationships between the Northern West Sussex Housing Market and that in Brighton and East Sussex to the south/ south-east; to the Coastal West Sussex Housing Market (particularly in Horsham District); and to Surrey to the north as well as key links to London.

²⁴ National Planning Policy Guidance - Section 2a, Paragraph 011

3. Assessing the Objectively Assessed Need for Housing

Establishing the Baseline OAN

3.1. The rest of this section undertakes the first steps in establishing the Objectively Assessed Need. It is predominantly focussed on demographic (i.e. 'people' based) information, following the approach set out in the NPPG, to set a baseline for OAN. Section 4 of this report will look further at any adjustments that may need to be made to the baseline figure, to account for those in specific housing need and previous market forces (i.e. Market Signals), and Section 5 will assess the economic implications.

Step (1) - Starting Point: CLG Household Projections

3.2. The NPPG states:

"Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need" (2a-015-20140306)

3.3. There are two key Household Projection datasets that are relevant:

- **2011-based Interim Household Projections (CLG 2011).** The most up-to-date at the time of writing. These were released in 2013 and take into account the 2011-based Sub National Population Projections, the first to be released following Census 2011. They are known as 'interim' as further information from the Census had not yet been released, and more trend data was required. They project forward to the year 2021.
- **2008-based Household Projections (CLG 2008).** These were released in 2010 and take into account the 2008-based Sub National Population Projections. These were established projections based on observed trends since Census 2001, but pre-dated Census 2011. They project forward to the year 2033.

3.4. CLG 2011 superseded CLG 2008, and is due to be updated again in February 2015 (to be known as the 2012-based Household Projections, CLG 2012, as the base date will be 2012).

3.5. Although the NPPG requires the most up-to-date data to be used, there are limitations to CLG 2011. Numerous recent Inspectors' Reports on Local Plans²⁵ have warned against using the CLG 2011 data in isolation, hence the need to use CLG 2008 in combination in order to ensure a robust prediction of future housing need.

3.6. Projection data is based on past trends. If something has happened in the past that is different from the norm, this will impact on the future predicted trends. There is therefore potential that the recent recession (2008 onwards) will be reflected in the CLG 2011 data, and wouldn't have been the case in the CLG 2008 data.

3.7. The recession meant it was harder for people to form a household (in particular the younger age groups 25-34) as affordability and access to finance became more difficult, and therefore fewer new households were forming. This trend would then be reflected within the CLG 2011 data and, as future projections are based on past trends, would be reflected in future projections. These would suggest that fewer new households would need to form in the future – which may not be the case. In other words, CLG 2011 could be under estimating the future housing need, whereas in reality once the impact of the recession has passed it

²⁵ e.g. South Worcestershire Development Plan, 2013 and Reigate and Banstead Core Strategy 2013.

becomes easier to get on the property ladder and form new households, and that housing need still exists. The NPPG states that the CLG projections are trend based and:

“...do not attempt to predict the impact that future government policies, changing economic circumstances or other factors have on demographic behaviour” (2a-015-20140306)

- 3.8. There therefore should be an adjustment to account for recent recessionary impacts in order to best reflect what may happen in the future. This can be done using the pre-recession CLG 2008 data. More information on the methodology for this is explained later in this section.
- 3.9. The household projections are made up of two elements:
- **Population Projections** These are released as a standalone component by the ONS ('Sub-National Populations Projections') and are incorporated in to the household projections data to predict future levels of population for different ages/gender/living status.
 - **Household Representative Rates**, the rates at which different ages/gender/living status are likely to be a 'head of household'.

Population Projections x Household Representative Rates = Households

- 3.10. Both the published 2008 and 2011 CLG Household Projections rely on old population projections data (2008-based and 2011-based respectively). A newer set of population projections was released in May 2014, known as the 2012-based population projections as the base year is 2012. This dataset predicts future population levels for the period 2012-2037.
- 3.11. The Household Representative Rates is the element that may have been impacted by the recession, and adjustment is needed in order to better reflect reality.

CLG Household Projections - Results

- 3.12. The plan period for the District Plan is 2014-2031. The CLG Household Projection datasets have a base data of 2008/2011 respectively. They therefore project forward and estimate the number of households within the District for 2014. The POPGROUP modelling also establishes a figure for 2014. It is also possible to establish a rough estimate for the number of households in the District in 2014 by taking the 'actual' Census 2011 figure, and adding the number of housing completions since this date. This is explained in Section 2.
- 3.13. There are therefore three potential figures for the number of households in 2014. This will impact on the results, as this number is subtracted from the projected number of households in 2031 to derive a plan period number. The following results therefore include all three for comparison, notated as follows:
- **Calculated 2014.** The addition of the number of households present in 2011 and the net housing completions since then. This totals 59,216 and is a good indication of the number of households in the District as at 1st April 2014 (plan start date)
 - **Projected 2014.** This is the number of households in the District according to the CLG data, and is based on a projection. CLG 2008 estimates this as 61,110 whereas CLG 2011 estimates this is 59,036.
 - **Modelled 2014.** This is the number of households in the District according to the POPGROUP modelling. This is almost the same as the Calculated 2014 figure, at 59,117 households.

CLG Household Projections - 2011

3.14. The CLG 2011 dataset projects forward to the year 2021. As the plan period runs until 2031, the published household projections have been projected forward a further 10 years until 2031, based on trends.

Table 11- CLG Household Projections 2011

	Households	
	'Calculated' 2014	Projected 2014
2014	59,216	59,036
2031	67,808	67,808
2014-2031	8,592	8,772
Per Annum	505	516

3.15. Due to the different figures for the start date, the figure is likely to be between 505-516 dwellings per annum. However, the two start date figures are very similar, giving confidence that the CLG 2011 projections are relatively reliable.

CLG Household Projections - 2008

3.16. The CLG 2008 dataset projects forward for the whole plan period.

Table 12 - CLG Household Projections 2008

	Households	
	'Calculated' 2014	Projected 2014
2014	59,216	61,110
2031	72,069	72,069
2014-2031	12,853	10,969
Per Annum	756	645

3.17. The two different starting figures produce a large range between 645-756 dwellings per annum, indicating this dataset on its own is not accurate. The CLG 2008 projections are older and therefore less reliable the further they look into the future. They over-estimate the number of households in 2014 by around 2,000 (compared to the 'calculated' figure and analysis of the 2011 dataset, above). This is most likely due to the impact of the recession, and a similar over-estimate of the number of households in 2031 is likely as there is reason to suggest new households are not forming as easily as they were pre-recession. The most likely estimate is therefore towards the lower end of the range.

Indexed CLG 2008/2011 Result – Using POPGROUP

3.18. The POPGROUP model has been used in order to produce an 'indexed' result based on CLG 2008 and CLG 2011. This uses the CLG 2011 data for years 2014-2021. This reflects the lower headship rates expected in this period as the recovery from recession continues. It is not expected that pre-recessionary headship rates will be returned too immediately or quickly as the market recovers. To account for the recession and the likelihood that pre-recession headship rates will be returned to, CLG 2008 data has been used for years 2022-2031.

Table 13 - CLG Household Projections - Indexed Approach

	Modelled 2014
2014	59,117
2031	68,813
2014-2031	9,696
Per Annum	570

3.19. This figure sits almost halfway between CLG 2008 and CLG 2011.

Step (2) - Sensitivity Testing

3.20. The CLG Household Projections are a robust starting point, but are produced on a national rather than local level. The NPPG allows for adjustments to be made to the starting point data, should there be justification to do so.

“Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates” (2a-017-20140306)

3.21. An assumption regarding the relevant household formation rates has already been made in step (1), by using an indexed approach to best reflect potential future change as the most recent CLG projections (2011) are not reflective of future trends. The NPPG also states that *“account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates” (2a-017-20140306)*. The most recent population projections (May 2014) were used in the calculations in step (1). It is not expected that any variation in births and death rates are likely to occur, and that this dataset is also appropriate to be used as published.

3.22. Further changes can be made to reflect local circumstances although there needs to be thorough and robust justification when deviating from the CLG Household Projections. This additional change is most likely due to specific local circumstances regarding the migration element of population projections, as this is variable. Such local circumstances may be:

- Migration levels being particularly high for a short period, due to an abnormally high number of housing completions or a large employer moving in to the area within the last five years.
- Migration levels being particularly low for a short period, due to a lack of housing completions or large employers moving out of the area within the last five years.

3.23. As population projections are based on five year trends in births/deaths/migration rolled forward, they will inevitably have been influenced by whatever policy was in place during those previous 5 years – for example, permitting new housing could impact on migration, and this trend will be rolled forward into future projections.

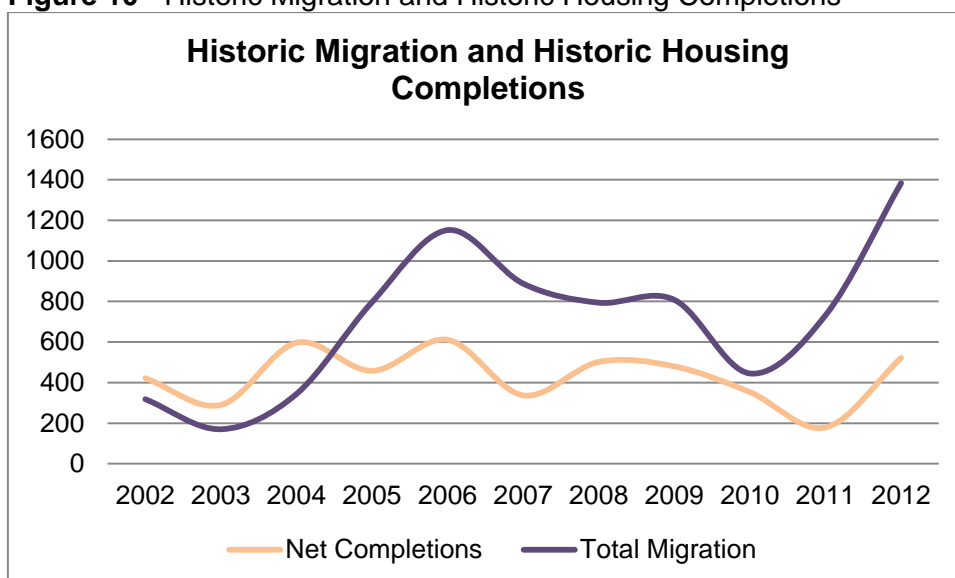
3.24. The two examples above highlight this. If a large urban extension was completed in the previous 5 years, drawing in-migrants to the area, this will have increased population at a greater rate than previous trends for a short time – an anomaly or ‘spike’ in the figures. This spike in population will then be rolled forward into the future; therefore future population projections may be too high. This point was picked up by the Inspector examining Reigate and Banstead’s Core Strategy (2014), who had an unusual peak in population figures due to receiving New Growth Point status.

- 3.25. Sensitivity testing should therefore be conducted to limit any impact from anomalies in the past and adjust for them as necessary.
- 3.26. The OAN should be determined as ‘policy-off’- in other words, should not be influenced by any predicted changes in policy (such as housing supply or government policy). However, there has never really been a situation where no policy has been in place, so future trends will always be influenced by whatever policy was in place in the past. If a spike in population was a one off, and unlikely to be repeated, future population levels should be adjusted downwards. If it is predicted to happen again, there will be no need to make any adjustment.

Completions vs Migration

- 3.27. Providing more houses can have the knock-on effect of encouraging inward migration – i.e. people from other areas moving to Mid Sussex as the supply of housing has increased. New housing developments can attract people to the District. Historic housing completions and net migration are compared below.

Figure 10 - Historic Migration and Historic Housing Completions



- 3.28. Figure 10 shows a peak in migration in 2006 which may coincide with the completion of major housing sites at Bolnore Village over the previous few years, and similarly there is a slump in total migration between 2009/2010 as completions slow down across the District. It is by no means a perfect link, and other factors such as the recession and availability of finance may have also played a part, but there is a correlation between the two to suggest that completions can encourage migration.

- 3.29. The historic levels of houses completed for occupation can be analysed further to get a better understanding of whether there are any particular one-off ‘spikes’ in the past, and what may have caused these.

Table 14- Historic Housing Completions - Key Events

Year	Completions (Net)	Significant Events
2002	422	East Grinstead (St. James House) and Haywards Heath (Boltro Road, Harlands House and Southdowns Park) sites account for most completions.
2003	290	No significant sites, lots of smaller completions. Bolnore Phase 1 begins.
2004	597	Adoption of Local Plan, allocating sites. Completions predominantly Bolnore Phases 1 and 2 (allocated within the Local Plan).
2005	458	Predominantly Bolnore Phase 2. Other significant developments in Burgess

		Hill (Upper St. Johns Road), East Grinstead (Moat Road, Railway Approach, Tower Close and Fairfield Road)
2006	611	Bolnore Phase 3. Other significant developments in Copthorne (Brookhill Road), East Grinstead (Cantelupe Road) and Haywards Heath (Colwell Gardens)
2007	337	Predominantly Bolnore Phase 3. Other significant developments in Balcombe (Balcombe Garage), East Grinstead (Maypole Road) and Pease Pottage (Hemsley's Nursery).
2008	502	Adoption of Small Scale Housing DPD, allocating sites.
2009	480	Allocated sites coming forward – e.g. Burgess Hill (Folders Farm), Cuckfield (West of High Street), East Grinstead (St. Margaret's Convent) and Hurstpierpoint (Albourne Road)
2010	353	Allocated sites coming forward – e.g. East Grinstead (London Road), Hassocks (Mackie Avenue), Haywards Heath (St. Paul's School).
2011	179	Lower amount of net completions due to demolition of 109 units at Wilmington Way, Haywards Heath.
2012	522	Allocated sites coming forward – e.g. Burgess Hill (Folders Meadow), Cuckfield (Chatfield Road), Hassocks (Mackie Avenue) and Haywards Heath (former St Francis Hospital site)
2013	749	Large amount of net completions due to rebuild of units at Wilmington Way, Haywards Heath. Other allocated sites coming forward – e.g. Burgess Hill (Folders Meadow and Manor Road), Haywards Heath (Bolnore Phases 4 and 5, Sandrocks), Lindfield (Gravelly Lane and Newton Road).
2014	536	Allocated sites coming forward – e.g. Burgess Hill (Maltings Park and Manor Road), East Grinstead (Holtye Road), Haywards Heath (Bolnore Phase 4a), Lindfield (Gravelly Lane).

3.30. The above analysis shows that, whilst there are strong years and weak years, there is no particular spike in the completions level that might not be repeated in the future. Whilst 2013 (749 completions) may appear to be a one-off in recent times, a lot of this is counter balanced by the large number of demolitions in 2011 (only 179 net completions) as one particular site (Wilmington Way, Haywards Heath) was regenerated.

3.31. A lot of stronger years are helped by large numbers of completions at a large urban extension (Bolnore Village) which was allocated in the Local Plan. This, however, has been spread across a 10-year period and may not be considered a 'one-off'. A similar result may occur should the large urban extension at Burgess Hill (Northern Arc), which is a preferred site for allocation in the District Plan, come forward. There have also been a number of allocated sites (either Local Plan or Allocations DPD) of various sizes being brought forward, this trend is likely to continue as Neighbourhood Plans allocating smaller scale housing sites become 'made' (adopted).

3.32. Although there are some years that have had more housing completions than others, there is no significant period where completions have been consistently high, encouraged larger than normal levels of migration in the past, and therefore had a large influence on long-term migration trends. As a result of this sensitivity testing it is therefore not deemed appropriate to adjust the projected migration levels in the Sub National Population Projections that are fed into the CLG Household Projections, and that the migration levels as published is appropriate for Mid Sussex.

Conclusion – Baseline Objectively Assessed Need

3.33. The starting point for the OAN should be a robust estimate of the number of households required in the District. Whilst CLG 2011 is more up-to-date, there is reason to believe that the projections are too low – this is because the data is based on past trends, and in the recent past (2008 onwards) the country has been in recession. This has made it difficult to form households. Whilst CLG 2008 was published before the recession took hold, it is likely that this projection is too high, as it is unlikely that pre-recession household formation rates will be returned to for the foreseeable future.

- 3.34. An indexed approach forms the most logical approach to dealing with external factors such as the recession. In the absence of more up-to-date figures (CLG 2012 is due for release in February 2015), an indexed approach brings the two sets of projections closer to reality. This approach is identified within the PAS guidance²⁶, and most significantly by the Inspector examining the South Worcestershire Development Plan, amongst others since.
- 3.35. A baseline OAN of **570 dwellings per annum** (9,696 2014-2031) is therefore established.
- 3.36. The following sections of this report will assess the implications of this baseline figure. This will include assessing market signals and specific housing need (e.g. affordable housing) in order to establish whether this baseline level should be increased. The impact of this number on the economy will also be explored.

²⁶ “Objectively Assessed Need and Housing Targets – Technical Advice Note” PAS, 2014

4. Assessing Specific Housing Needs

Market signals

- 4.1. The National Planning Policy Framework (NPPF) sets out the central land-use planning principles that should underpin both plan-making and decision-taking, including making a response to market signals²⁷.
- 4.2. The NPPG²⁸ states that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and the supply of dwellings. The NPPG highlights that prices or rents rising faster than the national/ local average may well indicate particular market undersupply relative to demand.
- 4.3. The NPPG sets out six market signals:
 - Land prices;
 - House prices;
 - Rents;
 - Affordability;
 - Rate of development; and
 - Overcrowding
- 4.4. The NPPG²⁹ sets out that an appropriate comparison of market signals should be completed with an upward adjustment made to housing provision where a worsening trend is identified, although care should be taken to identify short-term volatility. The NPPG is clear that where an upward adjustment is required, this should be set at a level that is *reasonable* and; whilst the response should reflect the significance of the affordability constraints (e.g. rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the response should also be *consistent with the principles of sustainable development*.
- 4.5. The NPPG recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions could be expected to improve affordability.
- 4.6. The following section looks at market signals to assess whether any indicate a particular issue with market undersupply relative to demand; and whether an upward adjustment should be made over the demographic-led baseline already identified.
- 4.7. The NPPG requires market signals to be assessed against comparators in the housing market area; similar demographic and economic areas; and nationally. It draws upon and provides additional analysis and should be read in conjunction with the findings of the West Sussex Strategic Housing Market Assessment (2009), Northern West Sussex Strategic Housing Market Assessment Update (2012) and the Northern West Sussex Housing Market Area – Affordable Housing Needs Model Update (2014)³⁰.
- 4.8. Analysis compares Mid Sussex with West Sussex, the South East and England, against which to benchmark wider trends; across the Northern West Sussex Housing Market Area (formed of Crawley, Horsham and Mid Sussex); and adjacent and nearby local authorities for

²⁷ NPPF – Paragraph 17

²⁸ NPPG – Paragraph 2a-019-20140306

²⁹ NPPG – Paragraph 2a-020-20140306

³⁰ All the reports can be viewed at www.midsussex.gov.uk/planning/7672.htm

comparative assessment including those identified as having the greatest housing market area linkages to Mid Sussex (Adur, Brighton and Hove (both part of the Coastal West Sussex Housing Market Area), Lewes, Wealden, Tandridge and Worthing as well as the remaining Coastal West Sussex Housing Market Area authorities (Arun and Chichester) and Reigate and Banstead which was found to have some overlap with the Northern West Sussex Housing Market Area.

- 4.9. Due to a lack of readily available data on land prices for the housing market in Mid Sussex and surrounding areas, this market signal has been excluded from assessment.

House prices

Background

- 4.10. Housing market dynamics are influenced by macro-economic factors such as interest rates and the availability of finance, the relative strength of housing as an investment and by differentials between housing demand and supply at the national, regional and sub-regional level. Spatial variance in house prices is indicative of relative demand, and the level of house price change is influenced by supply/ demand dynamics.
- 4.11. Housing demand is influenced by levels of new household formation and by migration movements. New household formation is influenced by the local population structure. It is also influenced by the availability and affordability of suitable housing. There is a close inter-relationship between housing demand, housing supply and affordability.
- 4.12. Since the mid to late 1990's, relatively sustained macro-economic stability and growth together with historically low interest rates have supported strong growth in the housing market where demand was continually rising, boosted by sustained healthy economic conditions (above trend GDP growth, low unemployment and rising employment), and where supply was limited as the rate of housebuilding failed to respond to this demand (particularly in the South East). In addition, there has been a one-off improvement in affordability as the economy has moved from a high-inflation and interest rate era of the 1970s and 1980s to the low inflation and interest rate era of more recent times. These conditions have generally supported continued market confidence, made home ownership accessible for more households, and have made housing an attractive investment proposition.
- 4.13. Migration is influenced by a range of factors, including economic performance in terms of levels and types of employment available, quality of place, accessibility and transport infrastructure, and the affordability of housing. These trends are as applicable to past trends as to the future.
- 4.14. The on-set of the recession in late 2007 and early 2008 shifted this period of stability leading to the worst post-war recessionary period and a very lengthy period of economic restructuring, negative growth and faltering recovery. However, in 2011 and 2012 economic growth improved averaging 0.5% pa and during 2013 and 2014, economic growth improved significantly. Whilst the economy is expected to lose momentum through 2015, growth is still expected at 2.4%³¹.
- 4.15. The residential market has improved significantly, markedly over the period from mid-2013 to the end of 2014. As a result, house prices have increased in the past 12 months, with Nationwide Building Society recording prices around 2% below their market peak in 2007, nationally, and 20% above the previous peak in London and 10% in the South East. House price capital growth is anticipated to continue into 2015 (6%) and in the short-term for the period to 2018, albeit at a slower rate (4.5-5.5%).

³¹ OBR – Economic and fiscal outlook – December 2014, HMSO

House prices

- 4.16. The NPPG outlines that longer term changes in house prices may indicate an imbalance between the demand for and the supply of housing.
- 4.17. The latest available CLG figures (2013) indicate that median house prices for the three constituent local authorities of the Northern West Sussex Housing Market Area have increased in the period from the SHMA Update in 2012 (based on 2010 data). The median in Crawley has increased to £195,000 from £184,000; Horsham from £260,000 to £279,975. The increase in Mid-Sussex is less marked, with median prices showing no overall growth for the period 2010 to 2013 at £250,000 as a result of a price decrease and recovery in the intervening period.
- 4.18. All median house prices within the North Western Sussex Housing Market Area are above the national average. Median prices in Crawley (£195,500) are 6% above the England average (£184,000), but below the median average for West Sussex (£235,000) and the South East (£237,800). In Horsham, the median price (£279,975) is 52% and 14% above respectively; and in Mid Sussex the median price (£250,000) is 36% and 5% above respectively.
- 4.19. The picture with comparative authorities is mixed with all indicating above the England average, with around half at or above the West Sussex and South East average with the highest prices achieved outside of the Northern West Sussex Housing Market Area in Reigate and Banstead, Chichester and Tandridge. Mid Sussex is therefore not unique in having high median house prices in the context of its position within the South East and its median house prices are not disproportionately above those found in the more rural, inland comparative areas

Table 15 - Median House Price (2012)

Area	£
Adur	215,000
Arun	210,000
Brighton and Hove	245,000
Chichester	270,000
Lewes	230,000
Reigate and Banstead	275,000
Tandridge	285,000
Wealden	235,000
Worthing	200,000
Crawley	188,000
Horsham	272,450
Mid Sussex	250,000
Northern West Sussex HMA	236,800
Coastal West Sussex HMA	223,750
West Sussex	230,000
South East	237,800
England	183,500

Source: CLG Table 586, June 2014

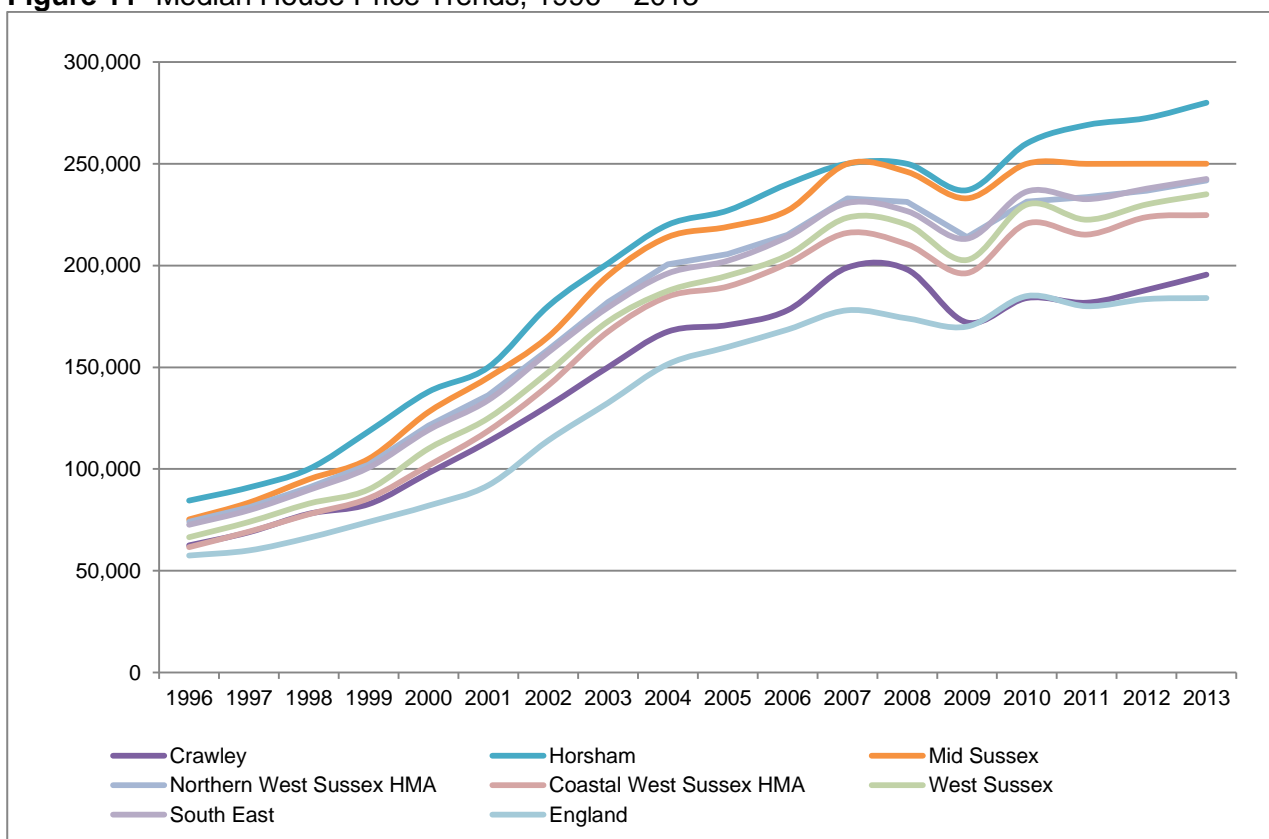
House Price trends

- 4.20. Median House Price Trends over the longer-term period from Q1, 1996 to Q2, 2013 are shown in Figure 11. This demonstrates the substantial inflation in house prices during the

1990s and early 2000s shown across all areas, prior to the on-set of the recession in 2008. The chart also shows the subsequent relatively slow paced recovery since 2008 with median price recovery yet to consistently reach above the pre-recessionary market in peak in 2008. Figure 12 demonstrates the continued volatility in median house prices on a quarter-by-quarter basis during 2010 – 2013, with Mid Sussex being no exception.

4.21. For the North West Sussex Housing Market Area, in Crawley, median price growth has continued to closely track the England average for 2009 to 2013. Other areas, including Horsham and Mid Sussex have shown more substantial price growth, with a sharp fall but quicker recovery during the early part of the recession. Horsham and Mid Sussex have also seen greater volatility than either West Sussex as a whole or the England average for 2009 – 2013. However, this volatility is likely to be a result of short-term localised sales dynamics that are affected by small numbers of higher value purchases (above £1.5m) on a quarter-by-quarter basis as data from HM Land Registry (through The Property Database Ltd) on house sale prices confirms³².

Figure 11- Median House Price Trends, 1996 – 2013



³² 2014 AHNU, Chilmark Consultants

Figure 12 - Median House Price Trends, by quarter - 1996 – 2013



Source: CLG Table 582, June 2014³³

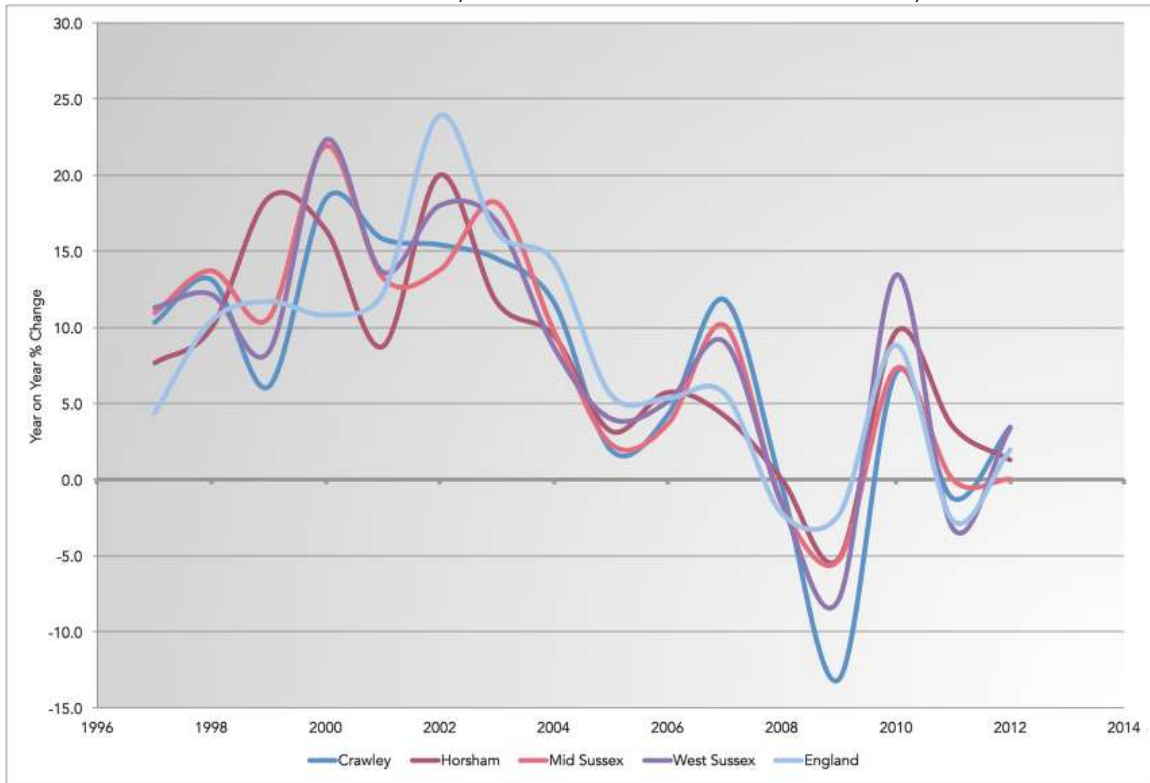
Annual house price inflation

- 4.22. Strong annual price growth was experienced in the North Western Sussex Housing Market Area within each local authority areas in the period 1996/97 to 2007/08 with annual growth of circa 10% and above recorded for each authority in the late 1990s and early 2000s.
- 4.23. In 2007/ 08, a period of economic recession commenced. The post-2008 situation clearly emphasises the market downturn experienced in the Northern West Sussex Housing Market Area between 2008 and 2010 with significant price deflation and annual decreases of some - 5% (in Horsham and Mid Sussex) to -10% (in Crawley) during the immediate recessionary period.
- 4.24. Figure 13 indicates short-term price inflation during 2010 and 2011 with prices increasing by approximately 10% in those years before much more modest levels of price inflation (circa 2.5% -3%) during 2012 and into 2013.
- 4.25. Whilst more recent data is not currently available, the 2014 AHNM considered that the emerging picture is likely to show that price inflation will continue over the period 2013-14 but that beyond 2014, growth is likely to be more restrained as Mortgage Market Controls and rising interest rates impact on demand and dampen price inflation.
- 4.26. Regional data available since the publication of the 2014 AHNM for the South East suggests that growth has continued strongly throughout 2014 with average house price inflation from November 2013 – 2014 of 10.8%. However, it is perhaps too early for the effects of the Mortgage Market Controls to impact upon the market and interest rates continue to be held at a record low levels with increases not now expected until later in 2015³⁴.

³³ As referenced in Figure 2 - 2014 AHNU

³⁴ OBR – Economic and fiscal outlook – December 2014, HMSO

Figure 13 - Annual House Price Inflation, Northern West Sussex Authorities, 1997 – 2012



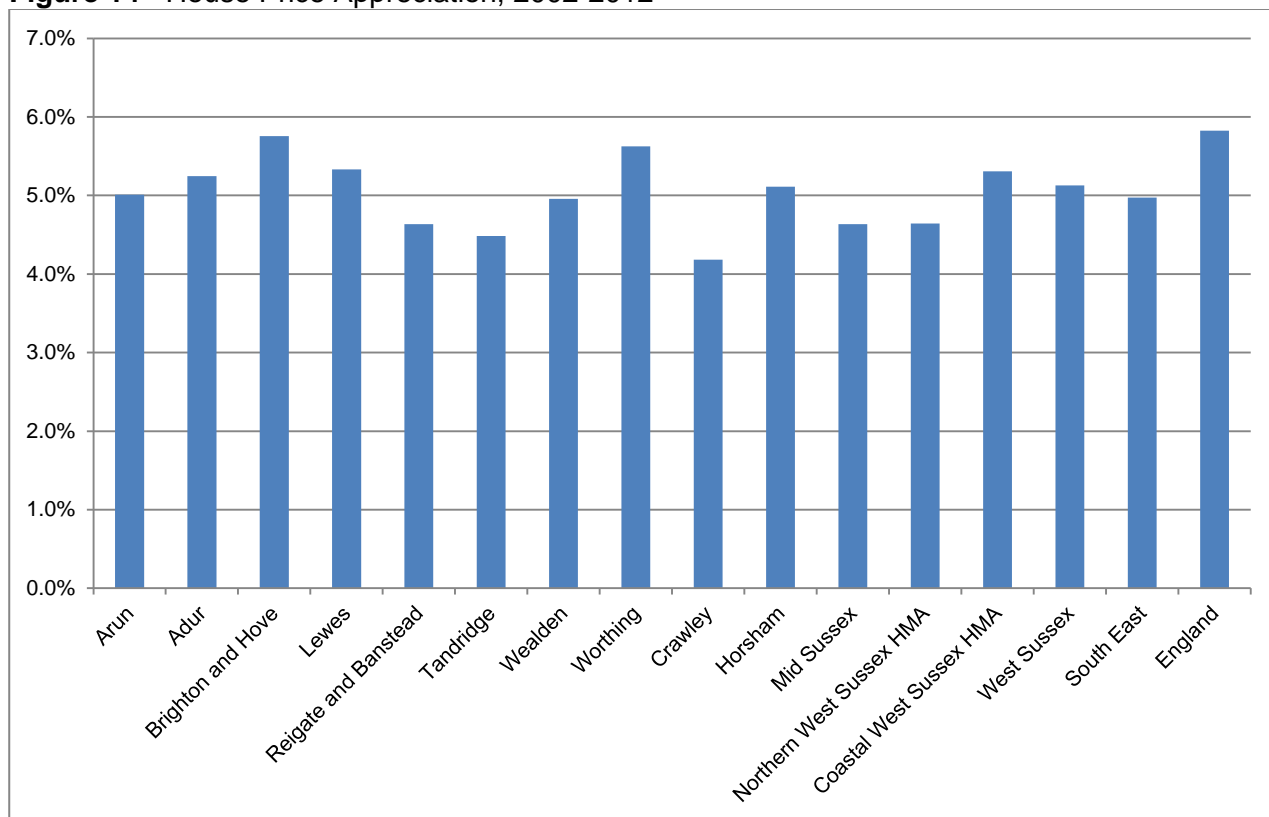
Source: CLG Table 586, June 2014³⁵

Annualised house price change

- 4.27. Analysis of ten-year annualised growth (2002-2012) considered to be reflective of an economic cycle that encompasses both the pre-recession growth and recessionary periods, indicate a longer term trend towards annual average growth of 4.2% to 5.1% for the North Western Sussex Housing Market Area (average 4.6%) with Mid Sussex indicating a 4.6% increase over this period. This compares to an annual average growth from 5 to 5.6% for the Coastal West Sussex Housing Market Area (average 5.3%), Brighton and Hove 5.8%, Lewes 5.3%, Wealden 5% and Tandridge 4.5%. The ten-year annualised growth for England is 5.8%.
- 4.28. This indicates that average house price appreciation for Mid Sussex for the period 2002-2012 is below regional, county and national averages and below all local authority areas in West Sussex other than Crawley. This underlines that house price appreciation is a national and regional issue and the levels of growth seen at Mid Sussex is not an isolated issue or disproportionate.

³⁵ As referenced in Figure 3 - 2014 AHNU

Figure 14 - House Price Appreciation, 2002-2012



Source: CLG Table 586, June 2014

Figure 15 - House Price Appreciation, 2002-2012

Local authority	%
Arun	5.0%
Adur	5.2%
Brighton and Hove	5.8%
Chichester	5.3%
Lewes	5.3%
Reigate and Banstead	4.6%
Tandridge	4.5%
Wealden	5.0%
Worthing	5.6%
Crawley	4.2%
Horsham	5.1%
Mid Sussex	4.6%
Northern West Sussex HMA	4.6%
Coastal West Sussex HMA	5.3%
West Sussex	5.1%
South East	5.0%
England	5.8%

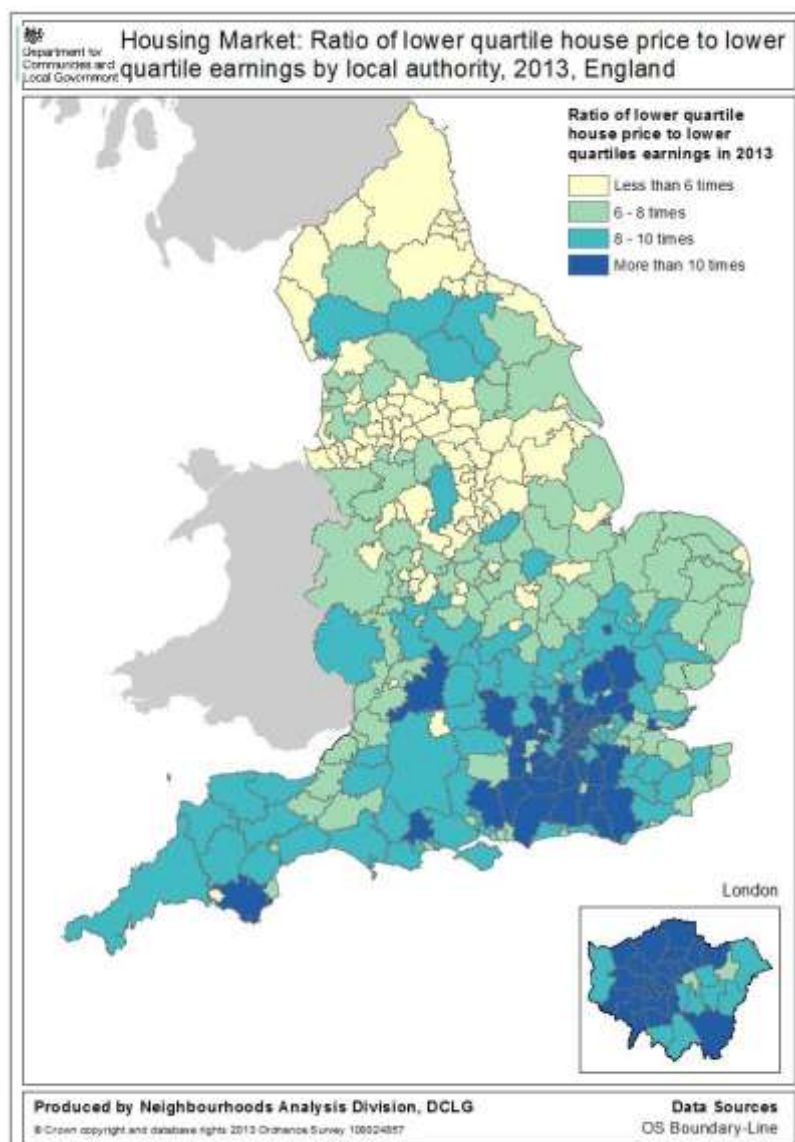
Source: CLG Table 586, June 2014

Market Housing affordability

- 4.29. The NPPG identifies that assessing affordability³⁶ involves comparing costs against the ability to pay, with the relevant indicator being the ratio between lower quartile house prices and lower quartile earnings.
- 4.30. An assessment of the affordability of market housing was undertaken for the Northern West Sussex Housing Market Area in the 2009 SHMA, 2012 SHMA Update and the 2014 AHNM.
- 4.31. Lower quartile house prices and private sector rents are used to reflect entry-level housing costs. Table 16 sets out the comparative analysis of the ratio between lower quartile house prices and lower quartile earnings.
- 4.32. The 2014 AHNM highlighted that a significant affordability issue for entry to the private housing market remains in the Northern West Sussex Housing Market Area with continued relative unaffordability of lower quartile housing for those entering the housing market with lower quartile prices to lower quartile earnings at 7.3:1 in Crawley; 11:1 in Horsham and at 10.2:1 in Mid Sussex for 2013. The ratios for Horsham and Mid Sussex are above that for West Sussex (8.9:1) and substantially higher than England (6.5:1).
- 4.33. The lack of affordability of housing is notable in the Northern West Sussex Housing Market Area but this neither an isolated situation or exceptional against comparable areas. Wider analysis indicates that issues of affordability are displayed on a regional basis with a ratio of 9.2:1 for the South East (and beyond as demonstrated in Figure 3.X). Of the 12 areas assessed (Table 16), seven had an affordability ratio of 10:1 or above with a rate as high as 13.9:1 indicated for Tandridge.

³⁶ NPPG Paragraph 2a-019

Figure 16 - Ratio of lower quartile house price to lower quartile earnings by local authority, 2013



4.34. Given the on-going volatility of the economy and housing markets, the proportion of new households unable to purchase or rent without assistance has varied over the course of the housing market area assessments undertaken in 2009, 2012 and 2014. Figure 17 shows that the proportion unable to buy or rent in all three local authority areas indicated in the 2014 AHNM, has decreased slightly from the position in the SHMA Update 2012; and is now closer to that recorded in the SHMA 2009. Despite the changes, there remain a significant proportion of new households that are unable to purchase or rent on the private market without financial support in each of the Northern West Sussex HMA authorities. This is reflected in the Affordable Housing Needs model and is accounted for in the total and reasonable preference housing waiting lists (both explained further in this section).

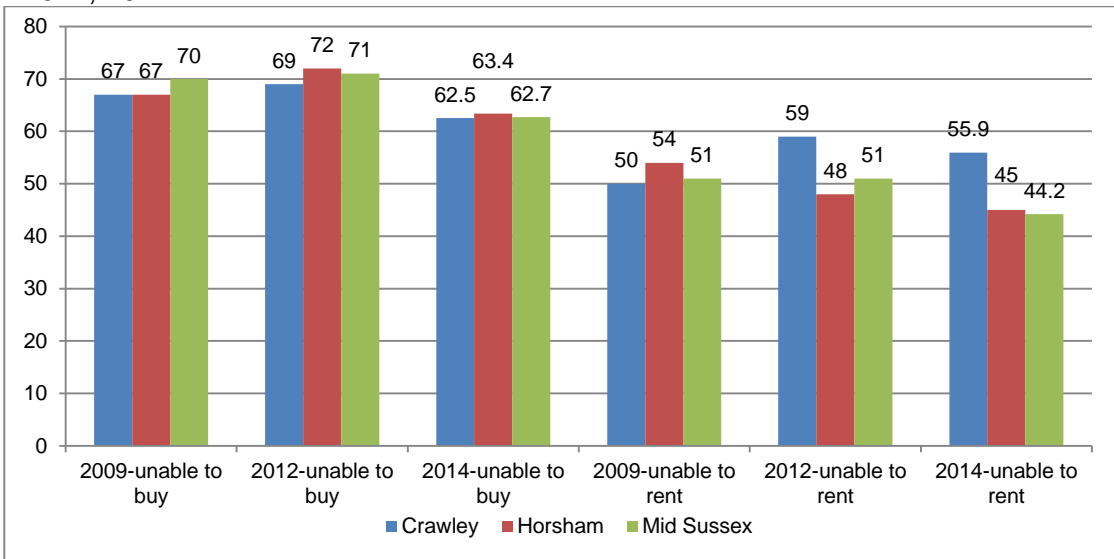
Table 16 - Ratio of Lower Quartile Prices to Lower Quartile Earnings, 2009 – 2013

Local authority / Year	2009	2010	2011	2012	2013
Crawley	7.48	7.56	7.53	7.77	7.28
Horsham	9.29	11.19	10.01	10.96	11.04
Mid Sussex	9.76	9.88	10.18	10.33	10.20
Adur	8.68	10.29	9.75	9.71	9.64
Arun	9.03	10.02	9.62	9.85	9.60
Chichester	10.00	10.98	11.25	10.81	11.78

Worthing	7.82	8.72	8.57	8.61	7.53
Brighton and Hove	8.49	9.66	9.46	9.39	9.58
Lewes	8.52	10.06	10.31	10.02	10.05
Reigate and Banstead	8.36	9.76	8.84	9.33	10.16
Tandridge	11.72	11.93	12.61	13.30	13.90
Wealden	9.66	10.54	9.95	11.12	10.20
West Sussex	8.57	9.50	9.10	9.38	8.88
South East ³⁷	8.49	9.45	9.01	9.18	9.20
England	6.28	6.69	6.57	6.58	6.45

Source: DCLG Table 576

Figure 17 - Proportion of new households unable to purchase or rent without assistance 2009, 2012, 2014

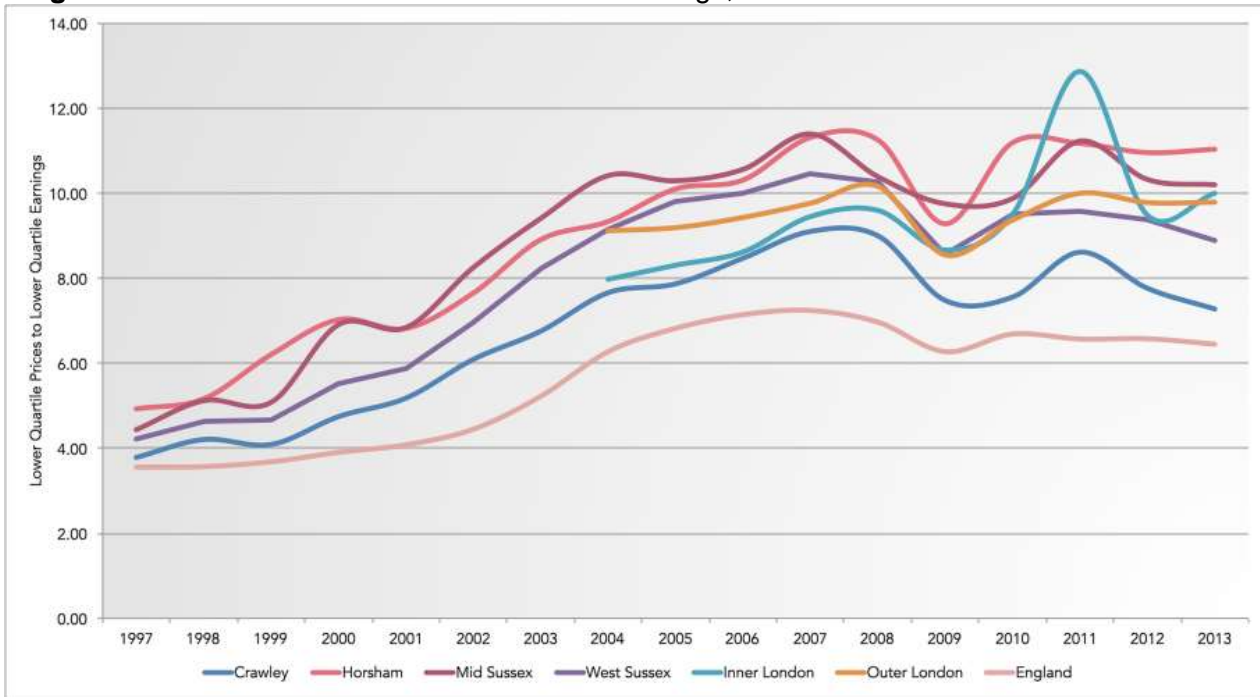


Source: 2009 SHMA, 2012 SHMA Update; 2014 AHNU

- 4.35. The 2014 AHNM also looked at the longer-term lower quartile price to earnings ratio that highlighted the growing and sustained reductions in affordability of market housing over the period 1997 to 2013 for Northern West Sussex and Inner and Outer London boroughs for comparison (figure reproduced below).

³⁷ Median value

Figure 18 - Ratio of Lower Quartile Prices to Earnings, 1997 – 2013

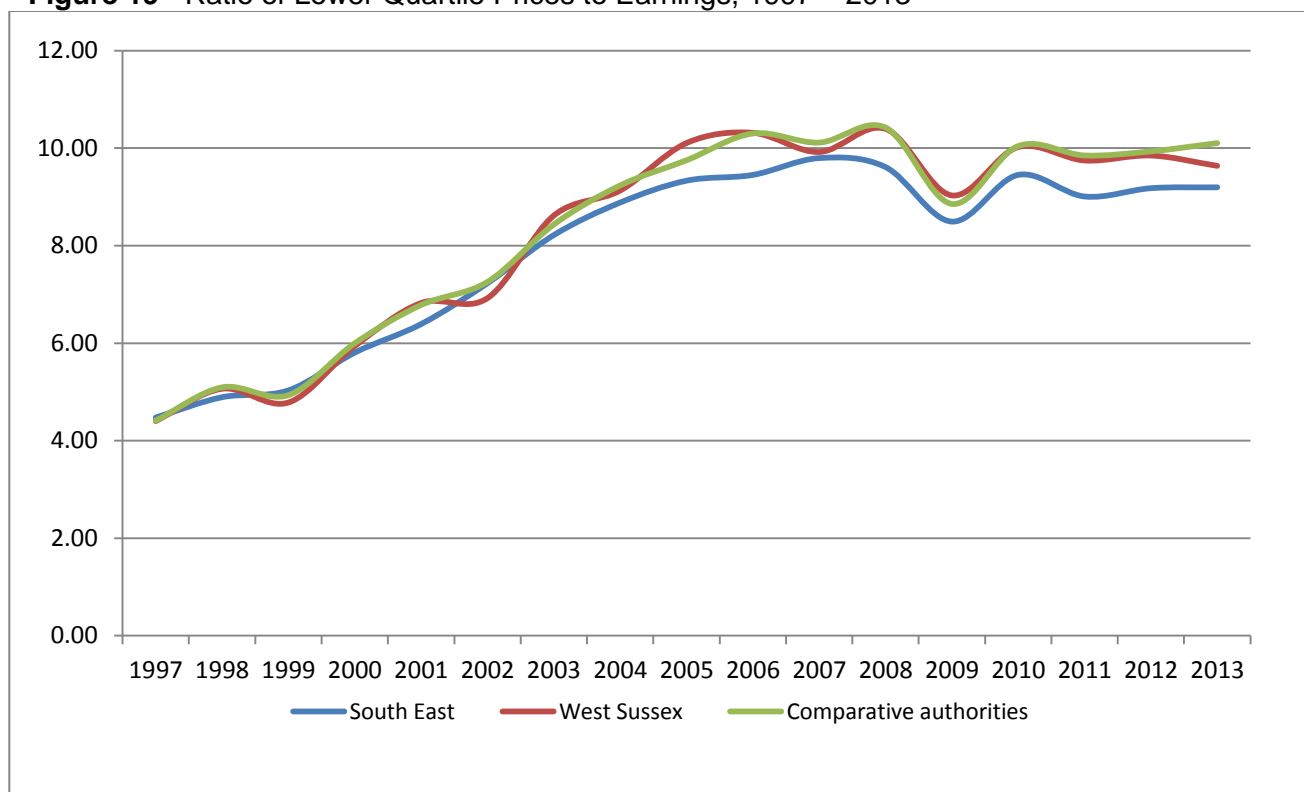


Source: CLG, Live Table 576, 2014³⁸

- 4.36. The figure demonstrates that price falls during the early parts of the recession in 2008/09 did not support a significant or sustained improvement in the affordability of entry-level market housing. Horsham has continued to show the most significant change in the affordability ratio, but Mid Sussex has also demonstrated volatility between 2011 and 2013 (the 2014 AHNU notes that volatility is likely to be a result of short-term localised sales dynamics that are affected by small numbers of higher value purchases (above £1.5m) on a quarter-by quarter basis as data from HM Land Registry (through The Property Database Ltd) on house sale prices confirms).
- 4.37. The 2014 AHNU noted that the longer-term trend continues to be of rising unaffordability in all three Northern West Sussex local authorities, broadly reflecting nationwide trends through the 1990s and 2000s. Further analysis (Figure 19) of the median values at regional, county and for all the comparative authorities demonstrates that this trend is not isolated to the Northern West Sussex Housing Market area or Mid Sussex, and is broadly reflected across a wide area.

³⁸ As referenced in Figure 9 - 2014 AHNU

Figure 19 - Ratio of Lower Quartile Prices to Earnings, 1997 – 2013



Source: CLG, Live Table 576, 2014

4.38. The 2014 AHNU examined affordability³⁹ further comparing mortgage payments (interest and capital) relative to household disposable income. The data, available at regional level only, indicates that whilst the recession caused a relatively stable period of affordability, recent trends again suggest an increase in the proportion of household income spent on housing mortgage payments, with data indicating an affordability level of 34.1% of household income at Q1, 2014 (below the long-term UK average of 35.9% of household income). By comparison, the figures for Greater London suggested mortgage payments currently account for 39.1% of household income at Q1, 2014.

Private Rental Market

4.39. The private rental market comprises a significant element of the housing market and traditionally accommodates those unable or unwilling to purchase housing.

4.40. High and increasing rents in an area are indicative of potential stress in the market. However, the size of the private rental market and therefore overall supply of private rents has historically tended to be driven by market conditions and investment returns for buy-to-let investors rather than solely being led by supply and demand from tenants. However in recent years and particularly through the recession, private rental markets have expanded significantly as households that would usually have chosen to purchase have become increasingly excluded from the sales market due to factors such as mortgage finance lending restrictions, economic uncertainty and employment insecurity.

4.41. The 2014 AHNM noted that the private rental market in Northern West Sussex is underpinned by structural changes in the way that the UK housing market operates, the effects of housing finance changes and the growth in the unaffordability of market purchase property in London and within the Northern West Sussex Housing Market Area. A further layer of demand for private rental property is due to the local circumstances of major

³⁹ 2014 AHNM - Paragraph 3.65

employment locations such as Gatwick Airport that tend to support transient and temporary workforces requiring private rental accommodation near to their place of work.

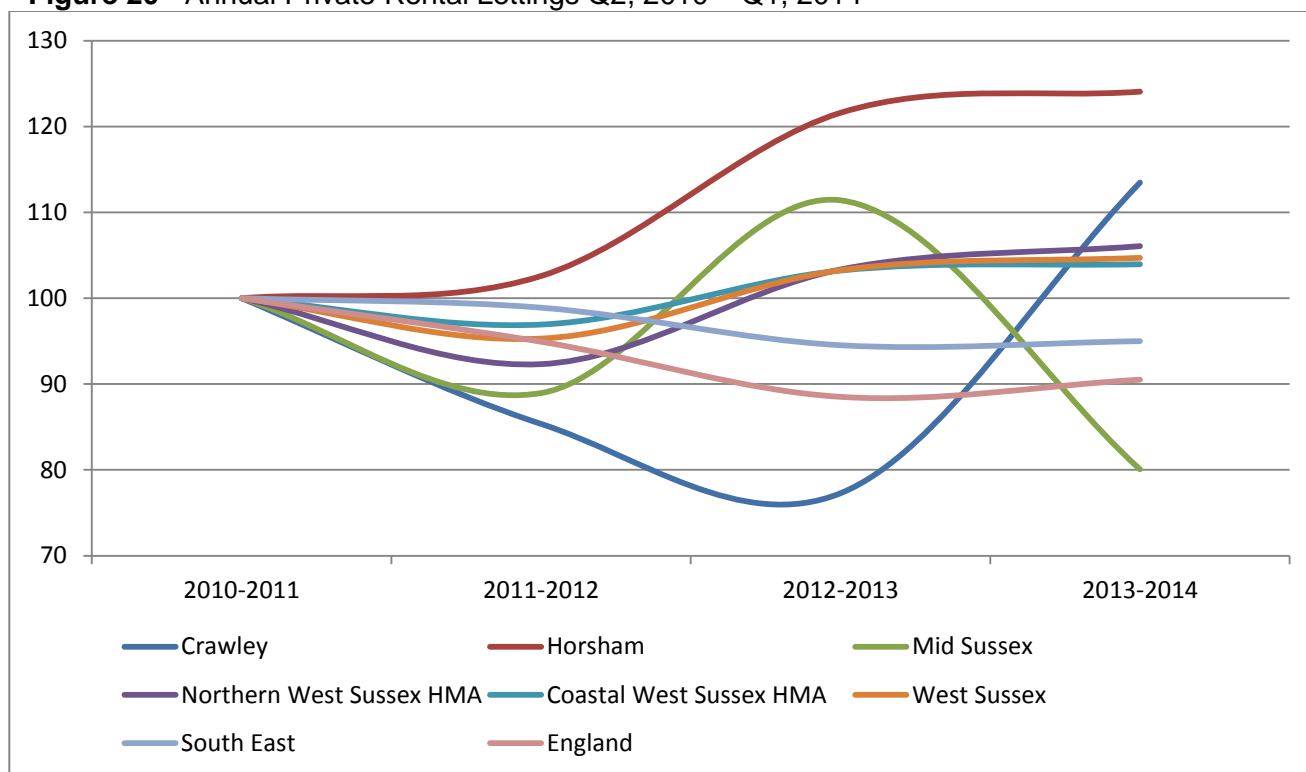
- 4.42. Table 17 shows the number of properties let in the private market as recorded by the Valuation Office Agency (VOA), excluding all lettings where no evidence of a financial transaction was recorded. The dataset provides a useful indication of the extent and relative strength of the private rental market in each of the three local authority areas of Northern West Sussex and compares this in the context of the Coastal West Sussex Housing Market Area, county, regional and national levels.

Table 17 - Annual Private Rental Lettings Q2, 2010 – Q1, 2014

Area	2010-2011	2011-2012	2012-2013	2013-2014	2010-2014
Adur	281	320	344	410	45.9%
Arun	1,993	1,656	2,009	1,509	-24.3%
Brighton and Hove	3,580	3,027	3,145	3,536	-1.2%
Chichester	1,167	1,090	1,209	1,049	-10.1%
Lewes	933	832	810	702	-24.8%
Reigate and Banstead	893	981	724	1,091	22.2%
Tandridge	346	311	372	480	38.7%
Wealden	706	529	553	837	18.6%
Worthing	1,184	1,417	1,212	1,840	55.4%
Crawley	854	729	660	969	13.5%
Horsham	852	874	1,036	1,057	24.1%
Mid Sussex	833	741	928	667	-19.9%
Northern West Sussex HMA	2,539	2,344	2,624	2,693	6.1%
Coastal West Sussex HMA	4,625	4,483	4,774	4,808	4.0%
West Sussex	7,164	6,827	7,398	7,501	4.7%
South East	80,789	79,897	76,364	76,745	-5.0%
England	527,715	500,968	467,081	477,656	-9.5%

Source: VOA Lettings Administrative Information Database, 2010 – 2014

Figure 20 - Annual Private Rental Lettings Q2, 2010 – Q1, 2014



Source: VOA Private Rental Market Statistics

- 4.43. The dataset evidences the increase in private rental lettings over the period from April 2010 to March 2014 in the Northern West Sussex Housing Market area with the increase in lettings consistent over the past three years, particularly for 2013-2014. This is not as pronounced in Mid Sussex as it is with Crawley and Horsham, with Mid Sussex showing a significant decrease in the in the number of lettings between 2013 and 2014.
- 4.44. The 2014 Affordable Housing Needs Update⁴⁰ drew out further evidence about the growth and strength of the private rental market from the Association of Residential Letting Agents (ARLA) survey of members⁴¹ which provides regular evidence of market activity trends across the UK; and from discussions with local letting agents.
- 4.45. The ARLA survey indicated an increasing average tenancy length and a growth in achievable rents that indicate a growing stability and maturity in the private rental market where investors are more cautious about making new buy-to-let investment purchases, but equally are not selling existing private rental properties back into the market in great numbers. The 2014 AHNU concluded that the supply situation should therefore remain relatively buoyant in the short term and the picture now appears more stable than that reported in the Northern West Sussex SHMA Update, 2012.
- 4.46. The 2014 Affordable Housing Needs Update also undertook research through discussions with local letting agents. This research found that across the Northern West Sussex Housing Market Area that demand for rental properties continues to out-pace supply leading to increases in rental prices across all property sizes and types, that the private rental market was supported during the recession by a lack of access for households to the owner occupier housing market leading and that demand in each local authority area continues to be driven by the inability of households to secure mortgage funding for purchases, increasingly due to the levels of mortgage deposit required (typically 25% deposit on the purchase value) and the impact of Mortgage Market Controls on those wishing to purchase.

⁴⁰ 2014 AFNU - Paragraph 3.77

⁴¹ ARLA Members Survey of the Private Rented Sector, Second Quarter, 2014 (from 2014 AHNU)

4.47. The marked decrease in the number of rentals in 2013-2014 from 2010-2011 in Mid Sussex, against a backdrop of stable market conditions for those seeking to rent properties, suggests an improvement in market conditions in Mid Sussex for those looking to purchase homes rather than rent privately, even if investors are not selling previously rented homes back into the market in great numbers, and against increasingly stringent checks by mortgage lenders that make it easier to secure a private rental letting agreement than to secure a mortgage for purchase.

Rental levels and affordability within the private rental market

4.48. An assessment of the affordability of the private rental market was undertaken for the Northern West Sussex Housing Market Area in the 2009 SHMA, 2012 SHMA Update and 2014 AHNU.

4.49. Analysis of private rental levels, undertaken in the 2014 AHNU, examined the current average monthly private rental cost (across all properties). This was based on a monthly mean average mortgage cost, based on repayment of a 90% loan over 25 years at 4.4% interest.

4.50. The dataset (set out in Table 18) identifies that private rental costs are between 56% and 80% of mortgage costs for similar properties in the three local authority areas. For Mid Sussex, the figure is 60%.

Table 18 - Private Rental Costs Compared to Average Monthly Mortgage Costs, 2014

Area	Mean Average Monthly Mortgage Cost (repayment)	Mean Average Monthly Rental Cost (all properties)	Rent as % of Mortgage Cost
Crawley	£1,088	£870	80%
Horsham	£1,741	£980	56%
Mid Sussex	£1,564	£934	60%

Source: VOA, Money Supermarket Mortgage Calculator and Consultants CCL Calculation⁴²

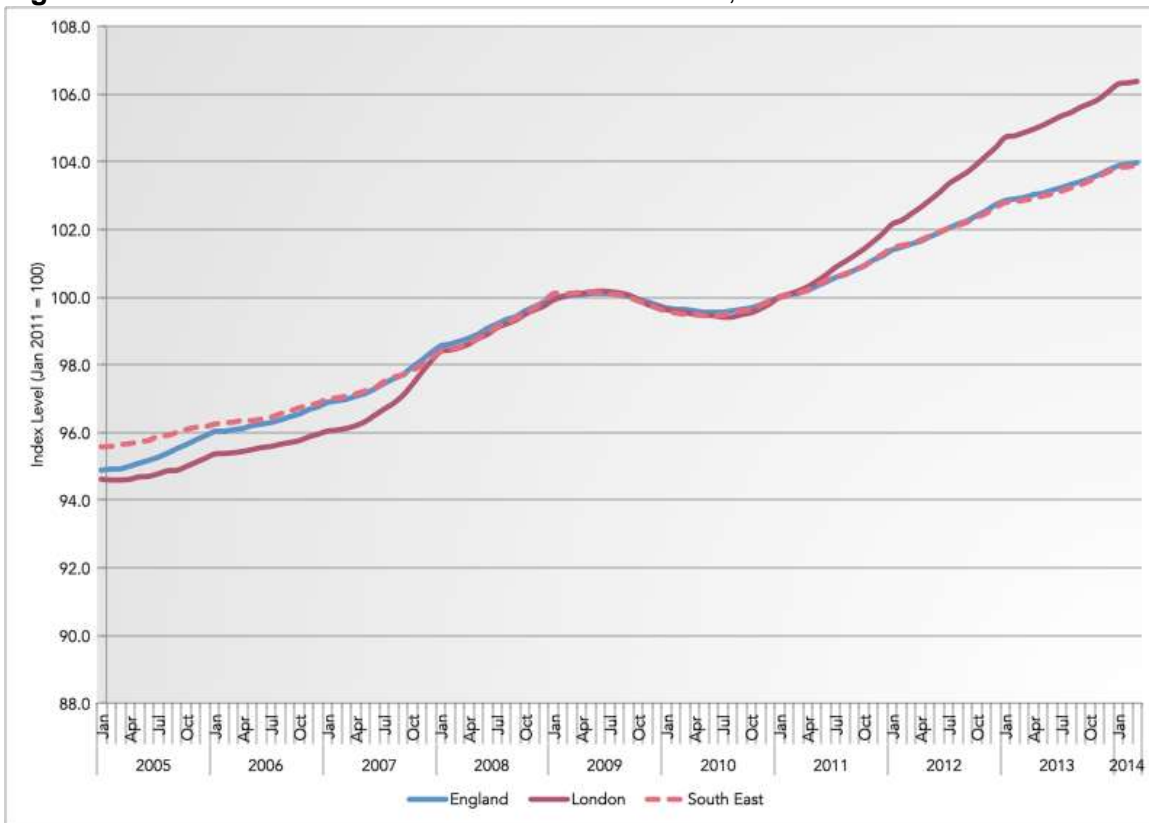
Changes in price of renting

4.51. Analysis of the Index of Private Housing Rental Prices published by the Valuation Office Agency (VOA) (available only at regional level and above), was undertaken by the 2014 Affordable Housing Needs Update. This research indicates that growth in the price of renting has been sustained in the South East over a long period. Rental price growth did slow and fall between Q1, 2009 and Q4, 2010, as a likely result of the impact of the economic recession. However, since January 2011, significant and sustained growth has been experienced, growing by some 3.9 points. In context, over the longer period, growth of 5.5 points has been experienced since Q1, 2008.

4.52. By comparison, the growth in the price of private renting in the South East is not dissimilar to the national trend, and in fact broadly mirrors increases experienced at the national level. London has seen stronger growth since Q1, 2008, growing by some 8 points with much of this growth experienced in a pronounced period of price inflation since January 2011, of some 6.4 points.

⁴² As referenced in Table 8 - 2014 AHNU

Figure 21 - Index of Private Rental House Price Growth, 2005 - 2014



Source: VOA, Private Housing Rental Prices Index, March 2014⁴³

⁴³ Figure 13 - 2014 AHNU

Short-term changes in the price of renting

Table 19 - Median monthly rent Q2, 2010 – Q1, 2014

Area	2010-2011 (£)	2011-2012 (£)	2012-2013 (£)	2013-2014 (£)	2010-2014 %
Adur	700	700	700	750	7.1%
Arun	650	675	650	700	7.7%
Brighton and Hove	850	825	825	900	5.9%
Chichester	750	775	775	800	6.7%
Lewes	750	780	795	820	9.3%
Reigate and Banstead	800	825	900	900	12.5%
Tandridge	875	900	950	975	11.4%
Wealden	725	750	750	795	9.7%
Worthing	600	625	625	650	8.3%
Crawley	750	775	825	850	13.3%
Horsham	795	785	850	850	6.9%
Mid Sussex	795	795	800	850	6.9%
Northern West Sussex HMA	780	785	825	850	9.0%
Coastal West Sussex HMA	675	694	688	725	7.4%
West Sussex	700	725	725	750	7.1%
South East	700	725	750	750	7.1%
England	570	575	585	595	4.4%

Source: ONS - Private Rental Market Statistics

- 4.53. The 2014 AHNU concluded that the Northern West Sussex HMA witnessed a significant price and sales decline in the private rental market during the recession which has now started to emerge as the economy recovers and housing consumer confidence grows. Price, sales and rental signals demonstrate more upward growth now than when previously considered in the SHMA Update, 2012.
- 4.54. The situation with regard to private rental increases in Mid Sussex since 2010 is broadly reflective of that seen in the South East region at around a 7% increase in median monthly rental prices. For the Northern Western Housing Market, this indicates a rate above this at 9%, although this is somewhat skewed by the substantial increase of 13.3% at Crawley. Increases seen at Mid Sussex are at the lower end of the range and in this context, it does not indicate that private rental costs in Mid Sussex can be isolated as under any significantly different pressure from market conditions than the comparative areas.

Rate of development

- 4.55. National Planning Policy Guidance outlines that the rate of development should be considered in the context of market signals. This can be assessed by comparison of the supply and the number of completions against planned numbers. The NPPG sets out that if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan. A summary assessment is provided in Table 21.
- 4.56. Any assessment comparing rates of development against a planned provision figure must be considered in the context of whether the housing requirement for that period was a reasonable figure to plan for in the first place. It is therefore important to note that Mid Sussex consistently objected to the targets proposed and set by the revoked South East Plan, including the initial 'Option 1' figure of 14,100 dwellings (705 dpa) proposed in 2006. This objection was made on the basis of how the figures were derived, impact on the

environment, deliverability, infrastructure and service support and an imbalance against employment needs.

- 4.57. Further evidence that the South East Plan requirement figure was unreasonable is underlined by the comprehensive work undertaken to ascertain a housing target for the District Plan based on an objective assessment of housing need (see Section 3). This assessment looks at the plan period from 2014-2031 and is therefore reflective of the need. Further analysis can be undertaken to determine what the level of housing need would have been at the time the South East Plan was published.
- 4.58. The revoked South East Plan set a housing requirement of 17,100 (855 net dpa) for Mid Sussex for the plan period 2006-2031. Before its adoption, the target figure for Mid Sussex was 9,705⁴⁴ (647 net dpa) set by the West Sussex Structure Plan 2001-2016, a 32.1% per annum increase. Whilst the South East Plan figure is no longer the housing target for Mid Sussex, following revocation in March 2013, until a target is set by the District Plan, it is this former requirement that any “persistent under delivery” is currently measured against, by Mid Sussex.
- 4.59. The starting point now for Objectively Assessed Need is the CLG Household Projections, and these form the starting point within this HEDNA. If this methodology was to be applied to the previous RSS period (2006-2026) using the CLG Household Projections data that was published at the time (i.e. CLG2004 and CLG2006), the results show that an indication of the overall housing need in Mid Sussex (albeit approximate) is a lot lower than the requirement of 855dpa allocated to Mid Sussex in the South East Plan.

Table 20 - CLG 2004 / 2006 Household Projections

Data	2004	2006	2011	2014 ⁴⁵	2016	2021	2026	2029	2031
CLG 2004	53,000	53,000	54,000	55,200	56,000	58,000	59,000	60,000	60,667 ⁴⁶
CLG 2006		53,000	55,000	56,800	58,000	60,000	63,000	64,200 ⁴⁶	65,000

	2006 -2026	2014 – 2031
CLG 2004:	300dpa	322dpa
CLG 2006:	500dpa	482dpa

- 4.60. Monitoring demonstrates that the supply of housing (completions) have been consistently below the South East Plan housing requirement. The main reasons for undersupply in recent years have been caused by the significant step-change increase in housing requirements and the subsequent impact that this had on plan-making in Mid Sussex; the delivery of new strategic sites; delay to the delivery of previously allocated housing sites; and the overarching impact of the recent economic recession on housing completions.
- 4.61. The substantial increase in housing numbers introduced by the South East Plan, particularly though the course of its examination effectively undermined the plan-making process that Mid Sussex adopted at the time to maintain an adequate supply of deliverable short and longer term housing sites. In order to top up the supply of short-term housing sites to meet the requirements of the West Sussex Structure Plan, the Council prepared its Small Scale Housing Allocations Document (adopted April 2008) whilst pursuing through other channels,

⁴⁴ 10,175 gross dwellings

⁴⁵ Extrapolated figure

plan-making for the delivery of strategic sites at locations set out in the West Sussex Structure Plan and subsequently, the South East Plan⁴⁶.

- 4.62. The Small Scale Housing Allocations Document was initially prepared against the requirements of the West Sussex Structure Plan but latterly accounted for an emerging South East Plan target figure of 15,100 for the period 2006-2026⁴⁷. The Document allocated a total of approximately 1,450 dwellings with an additional reserve site of 140 dwellings (since developed) to counter any shortfalls in delivery. However, the document was adopted prior to the step change in the housing requirement placed on Mid Sussex when the final version of the South East Plan was published May 2009, so the approach could not realistically foresee, or make any reserve provision against the higher requirement.
- 4.63. Strategic site progress - strategic development to the west and south west of East Grinstead was first established in the West Sussex Structure Plan (2004) for 2,500 homes as part of a mixed-use development with a comprehensive transport package, including a relief road. The South East Plan replaced the West Sussex Structure Plan in May 2009 and again set the requirement for a strategic development of 2,500 homes west and south-west of East Grinstead⁴⁸ although by this stage the difficulties in making progress with the development were recognised and the South East Plan afforded the Council more flexibility in its provision⁴⁹.
- 4.64. Following further technical work, due to significant financial and environmental constraints, the options for development to the west and south west of East Grinstead for 2,500 and a reduced scheme for 1,500 homes with a full or partial relief road were ultimately considered undeliverable. Further transport studies for East Grinstead have since provided further evidence of the significant constraint in delivering strategic development at East Grinstead and it is currently considered that within existing constraints, only smaller scale development at the town is feasible. The future development of the town is currently being progressed by the Town Council, through the East Grinstead Neighbourhood Plan.
- 4.65. Macro-economic conditions - The health of the economy has and will continue be a major factor in the supply of housing. As set out in Figure 22, the housing market has largely recovered from the recession and this is partially demonstrated by above trend completions for years 2011-2014 and particularly a spike in housing completions 2012/2013 (historically, completions average 470 dwellings per year 2004-2014). It is unlikely that the level of completions seen in 2012/2013 can be maintained over a longer term as this in part reflects the completion of sites that had been put on hold/ or experienced slowed build rates during the recession that were completed during this time. Whilst the Council will ensure full and proper consideration of viability during the development management and policy making process, it is a matter that the District Council ultimately has little influence over and a worsening economic climate is likely to be reflected in a nationwide reduction in housing completions.
- 4.66. In addition to the national economic situation, there are also unforeseen local factors that impact on housing delivery, and in some cases that have prevented some sites from being delivered. These range from landowner disputes, to viability issues, and delays in providing necessary infrastructure. For instance, long delays to the delivery of the two largest Mid Sussex Local Plan housing allocations - land to the south and south west of Haywards Heath (policies HH2 and HH3) for approximately 900 dwellings - were initially caused by substantial delays by the NHS Executive to release the land for development and subsequent delays to the delivery of the final two sections of the Haywards Heath relief road, as a result of the economic downturn. Following negotiations on the s106 agreement between the Council and

⁴⁶ An approach endorsed at the time by the Government Office for the South East

⁴⁷ Following publication of the EiP Panel Report August 2007

⁴⁸ South East Plan (2009) Paragraph 24.8

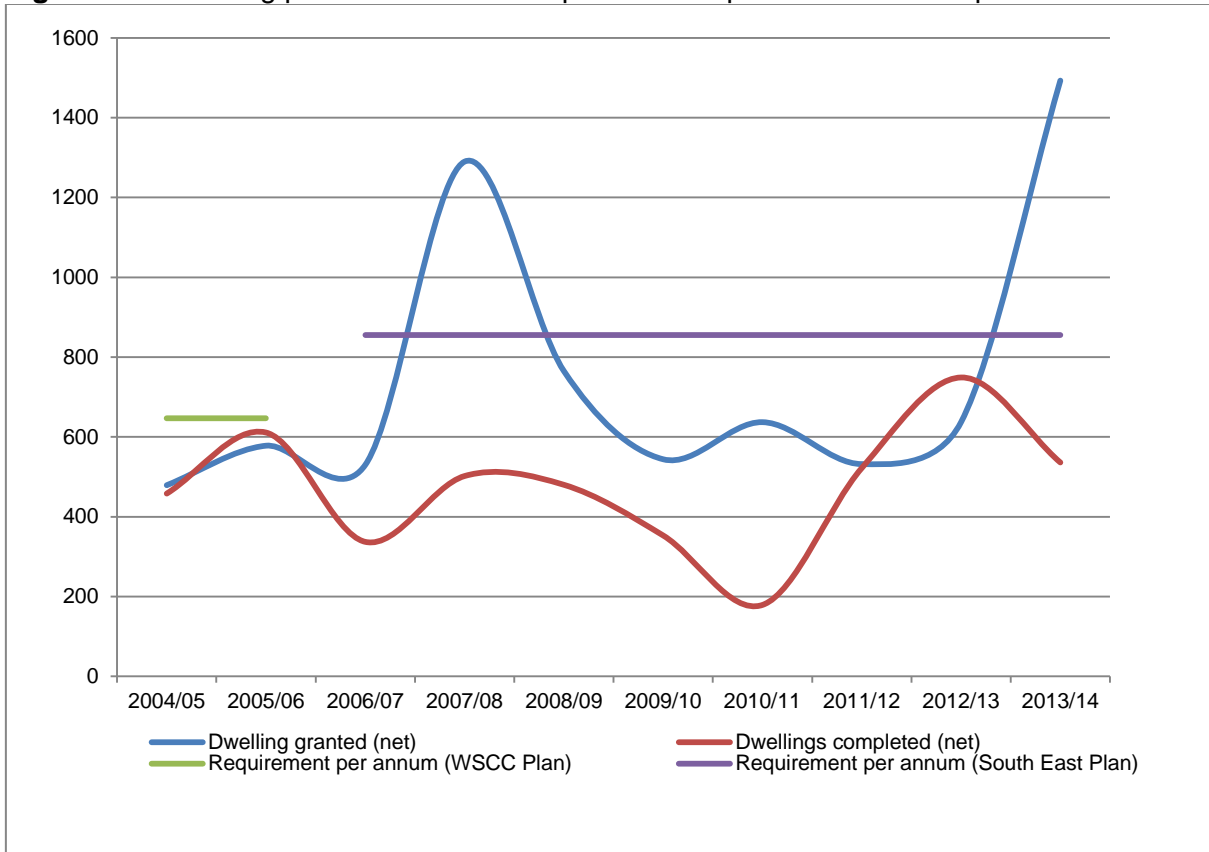
⁴⁹ South East Plan (2009) Paragraph 24.9

the developer, these were finally completed at the end of 2014. Good progress is now being made on the delivery of these sites. The District Council will continue to work with the landowners, developers and statutory agencies to try and remove these barriers.

- 4.67. Monitoring shows that the supply of housing has been consistently below the South East Plan housing requirement and as such, Mid Sussex plans to make provision for a 20% buffer against the housing provision set in the District Plan to account for historical under delivery. The Mid Sussex Housing Implementation Strategy takes account of potential risks to future housing delivery; details the Council's approach to maintaining an adequate supply of housing during the plan period; and demonstrates that a sufficient supply of housing can be provided to meet the proposed District Plan housing target, including making an allowance for a 20% buffer in the first five years of the plan period. However, should monitoring indicate an undersupply against expected delivery rates, a site allocations document will be prepared by the Council to allocate short-term housing sites⁵⁰.
- 4.68. Given the above context, it is notable that a step change in the total stock of commitments does not reflect a proportionate step change in the number of completions generated. Whilst data is unavailable for the total stock of commitments prior to 2005/06, despite two key boosts the housing land supply over the period 2004-2014 - adoption of the Mid Sussex Local Plan (2004); Small Scale Housing Land Supply Document (2008); and to a lesser extent applications granted on the basis of a lack of five-year housing land supply since early 2011 - the average completion rate over a reasonable timeframe of five years of more, has thus far not exceeded 500 dwellings per annum (see Table 21).
- 4.69. Whilst the Council remains confident that the housing target set in the District Plan is achievable through its development strategy, including the proposed approach to meeting any shortfall, challenging macro-economic conditions and local market conditions including developers phasing/ postponing builds to ensure development provide adequate returns; developer physical capacity to increase build rates and degrees of local market saturation, are likely to prevent a marked step change to the delivery rate of housing in Mid Sussex approaching the levels proposed for instance, by the revoked South East Plan.

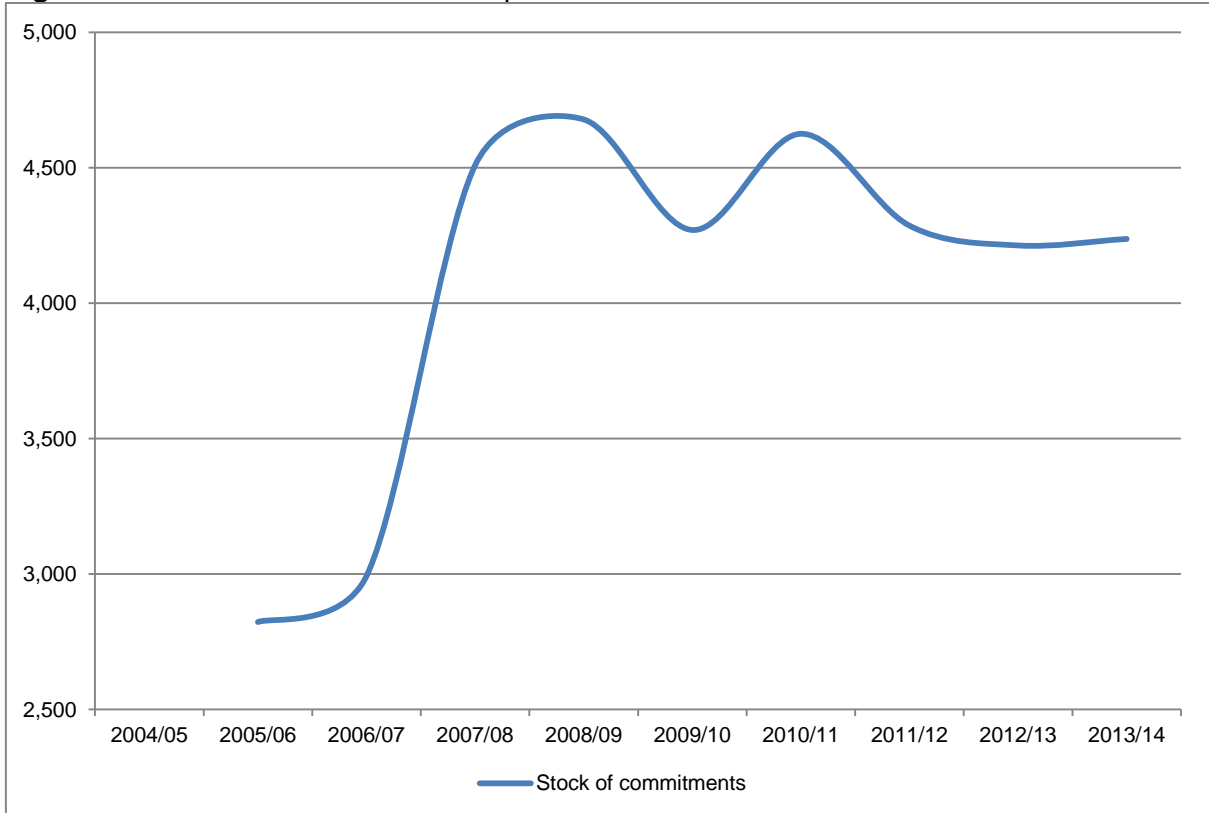
⁵⁰ As set out in District Plan 2014-2031 Policy DP5

Figure 22 - Planning permissions and completions compared to annual requirements



Source: MSDC Monitoring

Figure 23 - Stock of residential development commitments



Source: WSSC/ MSDC Monitoring

Table 21 - Permissions granted, dwellings completed and stock of commitments 2004-2014

Year	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Dwelling granted (net)⁵¹	479	578	530	1290	765	544	637	532	637	1493
Dwellings completed (net)	458	611	337	502	480	353	179	522	749	536
Requirement pa - WSCC Structure Plan	647	647	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Requirement pa - South East Plan	n/a	n/a	855	855	855	855	855	855	855	855
Stock of commitments⁵²	-	2,823	2,993	4,509	4,678	4,270	4,625	4,286	4,213	4,237

Source: WSCC/ MSDC Monitoring and MSDC Monitoring Report

Overcrowding

- 4.70. Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation may demonstrate an unmet need for housing. The NPPG suggests⁵³ that longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.
- 4.71. The Census includes data on household occupancy. The 'occupancy rating' provides a measure of whether a household's accommodation is overcrowded or under occupied based upon the number of rooms in a household's accommodation compared to the household size and requirements of those that live there. Occupancy rating values are derived from the 2001 and 2011 Census based measure.
- 4.72. Data indicates that across the Northern West Sussex Housing Market Area, 6.7% of the housing stock is overcrowded. For Mid Sussex, this figure is lower, at 5.6% of the housing stock. Overcrowding in the Northern West Sussex Housing Market Area is on par with the West Sussex average and compares favourably with the regional and national average.
- 4.73. Overcrowding has worsened in all areas, with Mid Sussex displaying one of the higher percentage changes over the time period although it must be noted that this is from one of the lowest base positions. Despite this, Mid Sussex still indicates a level of overcrowding that is equal or lower than most adjacent and nearby local authority areas which does not single it out as an area uniquely stressed by the problem.

⁵¹ On sites where permissions have been granted in multiple years (such as Extension of Time applications, amendments or Reserved Matters Applications), only the most recent/ relevant application is counted.

⁵² Commitments are sites with extant planning permission; and development plan site allocations for residential development

⁵³ NPPG Paragraph 2a-019-20140306

Table 22 - Overcrowding, 2001 and 2011 (Occupancy Rating - rooms)

Area	2001	2011	% change in overcrowded homes 2001-2011
Lewes	5.2%	5.9%	0.7%
Wealden	3.4%	3.8%	0.4%
Reigate and Banstead	5.5%	6.6%	1.1%
Tandridge	4.7%	5.5%	0.8%
Brighton and Hove	12.7%	17.1%	4.4%
Adur	5.0%	5.6%	0.6%
Arun	5.3%	6.7%	1.4%
Chichester	4.3%	5.1%	0.8%
Worthing	7.1%	9.2%	2.1%
Crawley	7.6%	9.8%	2.2%
Horsham	4.3%	5.3%	1.0%
Mid Sussex	3.9%	5.6%	1.7%
Northern West Sussex HMA	5.1%	6.7%	1.6%
Coastal West Sussex HMA	5.4%	6.7%	1.3%
West Sussex	5.3%	6.7%	1.4%
South East	5.9%	7.5%	1.6%
England	7.1%	8.7%	1.6%

Source: 2001 / 2011 Census

- 4.74. Table 23 analyses overcrowding by tenure. This indicates that overcrowding is generally higher in the private and social rented sectors than for owner occupied properties, a trend also found in 2001. This trend is reflected in the North Western Sussex Housing Market Area, with the private rented sector showing the highest level of overcrowding.
- 4.75. Mid Sussex indicates among the lowest levels of overcrowding for the owner occupied sector and social rented sector, and below average levels of overcrowding for the private rented sector. In comparison to the wider area, overcrowding in the North Western Sussex Housing Market Area is either better or on par with the national, regional and county average other than the private rented sector, which indicates a level of overcrowding 1.5% above the West Sussex average, a figure inflated by the level of overcrowding in this particular sector at Crawley.
- 4.76. The overcrowding by tenure figures suggests that whilst Mid Sussex generally shows one of the lower levels of overcrowding, the figure for the overall level of overcrowding is somewhat skewed by the levels seen in the private and rented sectors (over this time, the owner occupied sector only saw an increase of 0.3% overcrowding). This provides important context. For instance, as outlined above, although in recent years and particularly through the recession, the private rental market has expanded, the private rental market is historically driven by market conditions and investment returns for buy-to-let investors, rather than solely being led by supply and demand from tenants. Therefore, whilst an overall increase in housing numbers might be seen as a method to reduce overcrowding in this sector, it would ultimately be the choice of private investors on whether or not to make such an investment, and increase the provision of such stock. In addition, those renting in the private sector may choose to rent smaller dwellings, for instance to reduce rents in order to save deposits quicker to purchase or given the temporary nature of many rentals.

Table 23 - Overcrowding by Tenure, 2001 and 2011 (Occupancy Rating)

Area	Social Rented Sector		Private Rented Sector		Owner Occupied Sector	
	2001	2011	2001	2011	2001	2011
Lewes	16.0%	17.4%	13.0%	13.5%	2.5%	2.5%
Wealden	16.2%	16.7%	7.9%	9.9%	1.8%	1.6%
Reigate and Banstead	17.6%	17.7%	15.2%	18.4%	2.5%	2.6%
Tandridge	19.0%	15.7%	11.3%	14.2%	2.0%	2.7%
Brighton and Hove	20.4%	23.3%	27.7%	33.2%	5.1%	6.2%
Adur	14.8%	17.3%	11.9%	11.5%	2.7%	2.6%
Arun	13.8%	18.3%	18.0%	21.1%	2.5%	2.1%
Chichester	12.2%	14.0%	8.2%	11.0%	1.9%	1.6%
Worthing	18.0%	21.5%	22.3%	24.5%	3.1%	2.9%
Crawley	11.2%	15.0%	18.7%	22.6%	5.0%	4.5%
Horsham	16.0%	17.9%	9.6%	13.8%	2.0%	1.9%
Mid Sussex	14.4%	17.4%	10.4%	15.2%	1.8%	2.1%
Northern West Sussex HMA	13.3%	16.4%	12.2%	17.0%	2.7%	2.6%
Coastal West Sussex HMA	14.3%	17.4%	15.5%	18.4%	2.5%	2.3%
West Sussex	13.8%	16.9%	14.3%	17.9%	2.6%	2.4%
South East	15.0%	17.3%	15.3%	18.4%	2.7%	2.7%
England	14.9%	16.9%	16.4%	20.2%	3.3%	3.3%

Source: Census 2001, 2011

Concealed households

4.77. A concealed family is one living in a multi-family household in addition to the primary family, such as a young couple living with parents. Concealed families will include:

- Young adults living with a partner and/or child/children in the same household as their parents;
- older couples living with an adult child and their family; and
- unrelated families sharing a household

4.78. A single person is not classed as a concealed family; therefore one elderly parent living with their adult child and family or an adult child returning to the parental home is not a concealed family.

4.79. Analysis shows that Mid Sussex has one of the lowest levels of concealed households compared to adjacent and nearby local authority areas, also below the levels found at West Sussex, South East and national level. Since 2001, all areas have seen an increase in concealed households although for Mid Sussex it must be noted that this is from one of the lowest base positions. Mid Sussex still has one of the lowest comparative levels, despite indicating one of the highest overall percentage changes in all families over the same time period.

Table 24 - Concealed households 2001-2011

Area	2001	2011	% change in concealed households	% changes in all families 2001-2011
Lewes	0.9%	1.3%	0.4%	7.3%
Wealden	0.8%	1.2%	0.4%	6.7%
Reigate and Banstead	1.0%	1.3%	0.3%	10.4%
Tandridge	0.9%	1.2%	0.3%	5.7%
Brighton and Hove	0.8%	1.2%	0.4%	7.5%
Adur	0.9%	1.4%	0.6%	3.5%
Arun	0.8%	1.5%	0.7%	6.5%
Chichester	0.9%	1.7%	0.7%	6.4%
Worthing	0.7%	1.3%	0.6%	7.9%
Crawley	1.2%	2.5%	1.3%	4.6%
Horsham	0.7%	1.2%	0.5%	8.0%
Mid Sussex	0.7%	1.2%	0.5%	9.6%
Northern West Sussex HMA	0.8%	1.6%	0.7%	7.6%
Coastal West Sussex HMA	0.8%	1.5%	0.7%	6.4%
West Sussex	0.8%	1.5%	0.6%	6.9%
South East	1.0%	1.6%	0.6%	7.8%
England	1.2%	1.9%	0.7%	7.5%

Source: Census 2001, 2011

- 4.80. The Northern West Sussex Housing Market Area shows one of the higher levels of concealed households, a figure inflated by Crawley which indicates the highest level of overcrowding of the study areas and a figure above that of West Sussex, South East and national levels. However, an analysis of nationwide levels of overcrowding by the Office for National Statistics⁵⁴ (ONS), suggests that it is not just economic circumstances that might drive concealed households, but also one of cultural tradition. Research undertaken by the ONS indicated that the ten Local Authorities with the highest proportion of concealed families, also had the highest proportions of the population identifying with a non-white or mixed ethnic group, with high proportions of the population of these areas identified as Indian, Pakistani or Bangladeshi. The high proportions of concealed families in these areas may therefore be a result of closer familial ties in Asian cultures. The proportion of the overall population of Crawley identifying with Indian, Pakistani or Bangladeshi ethnic groups is at 13%, by far the highest proportion found in the study area (for Mid Sussex the figure is 2.7%, for Horsham 2%) which strongly suggests that this is a significant driver behind the higher level of concealed households found both in Crawley and subsequently for the North Western Sussex Housing Market Area.

Homelessness

- 4.81. Local housing authorities have a statutory duty to advise and provide assistance to households who are homeless or threatened with homelessness. A 'main homelessness duty' is owed where the authority is satisfied that the applicant is eligible for assistance, unintentionally homeless and falls within a specified priority need group. Such statutorily homeless households are referred to as 'acceptances'.
- 4.82. The figures below are for those classed as statutorily homeless which are those households which meet specific criteria of priority need set out in legislation, and to whom a homelessness duty has been accepted by a local authority. Such households are rarely without a home, but are more likely to be threatened with the loss of, or are unable to continue with, their current accommodation.

⁵⁴ See www.ons.gov.uk/ons/rel/census/2011-census-analysis/what-does-the-2011-census-tell-us-about-concealed-families-living-in-multi-family-households-in-england-and-wales-/summary.html (accessed February 2015)

Figure 24- Number of homelessness acceptances per 1,000 households - 2004-2014 (selected areas)

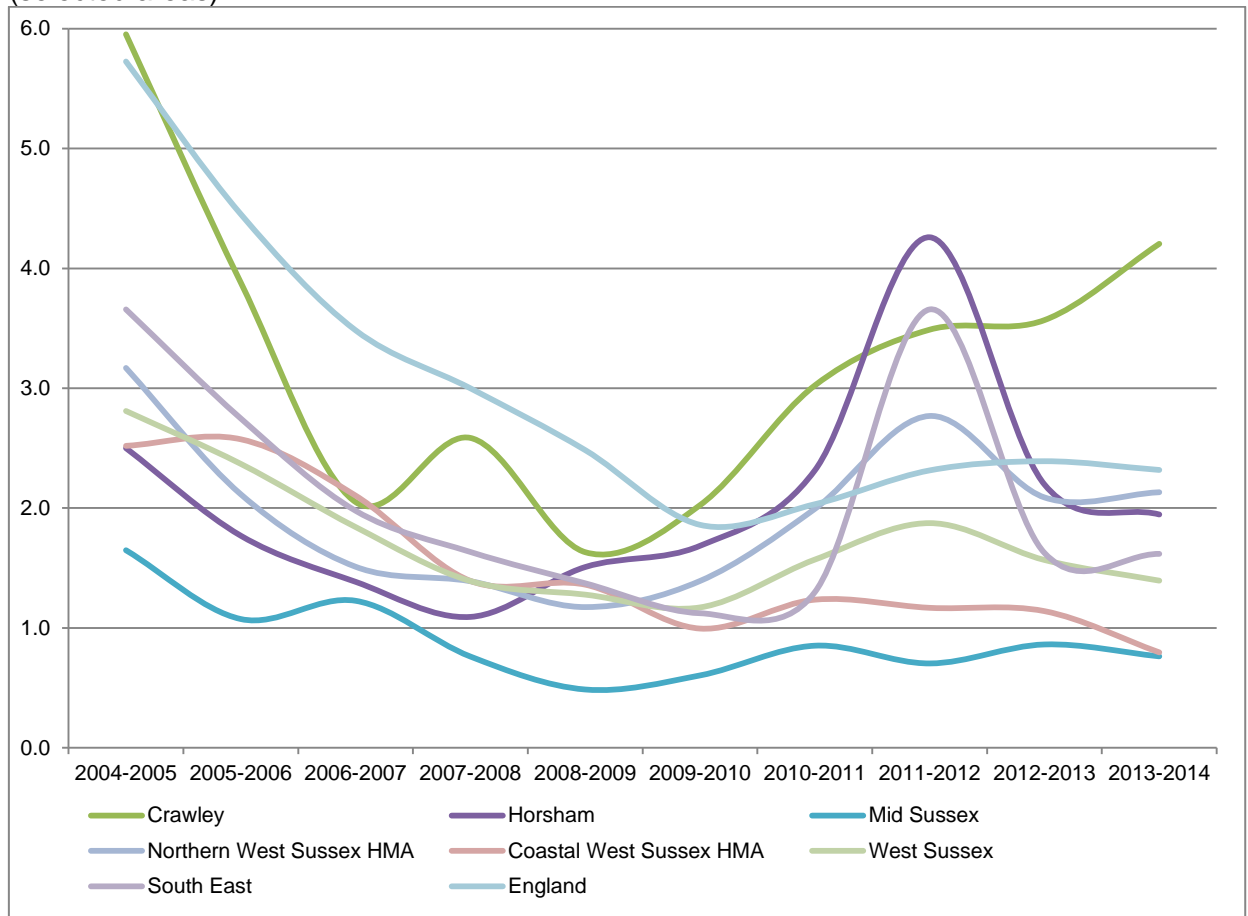


Table 25- Number of homelessness acceptances per 1,000 households 2004-2014

Area / per 1000 households	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	04-14 av.
Lewes	1.8	1.3	1.2	1.8	1.4	1.3	1.2	2.4	1.2	1.2	1.5
Wealden	4.2	4.4	2.5	2.0	3.0	1.8	2.1	1.7	1.3	1.3	2.4
Reigate & Banstead	3.9	0.7	0.2	0.0	0.2	0.2	0.4	1.1	1.2	1.8	1.0
Tandridge	1.8	1.3	0.8	0.5	0.5	0.2	0.3	0.2	0.4	0.5	0.7
Brighton & Hove	6.5	4.3	4.1	3.8	3.4	3.1	3.7	4.3	4.1	4.1	4.2
Adur	5.4	5.9	3.8	2.7	2.6	2.7	3.3	2.1	1.4	0.4	3.0
Arun	2.3	1.7	1.6	0.9	1.3	0.8	1.2	1.5	1.9	1.6	1.5
Chichester	1.3	1.7	1.7	1.1	1.4	0.9	1.0	1.0	0.9	0.7	1.2
Worthing	2.4	2.8	2.2	1.6	0.7	0.4	0.4	0.3	0.2	0.0	1.1
Crawley	6.0	3.9	2.1	2.6	1.6	2.0	3.0	3.5	3.6	4.2	3.2
Horsham	2.5	1.8	1.4	1.1	1.5	1.7	2.3	4.3	2.2	1.9	2.1
Mid Sussex	1.6	1.1	1.2	0.8	0.5	0.6	0.9	0.7	0.9	0.8	0.9
Northern WSHMA	3.2	2.1	1.5	1.4	1.2	1.4	2.0	2.8	2.1	2.1	2.0
Coastal WSHMA	2.5	2.6	2.1	1.4	1.4	1.0	1.2	1.2	1.1	0.8	1.5
West Sussex	2.8	2.4	1.8	1.4	1.3	1.2	1.6	1.9	1.6	1.4	1.7
South East	3.7	2.7	2.0	1.6	1.4	1.1	1.3	3.7	1.6	1.6	2.1
England	5.7	4.5	3.5	3.0	2.5	1.9	2.0	2.3	2.4	2.3	3.0

Source CLG Live Table 784

- 4.83. Mid Sussex has consistently had a low rate of homeless acceptances over the time period 2004-2014, and indicates an average rate well below West Sussex, South East and England. The rate for the Northern West Sussex Housing Market Area is slightly above that for West Sussex but below that for the South East and England. The figure for this Area is somewhat inflated by Crawley which has shown above average rates since 2011/12 to the latest available data 2013/14, possibly as a knock on effect from the period of economic recession. Figures 24 and 25 indicate a general increase for most areas in homeless acceptances over this same period, although these increases are much more pronounced in some areas than others. All areas indicate an improvement in 2013/14 from the levels recorded in 2004/05 and with the exception of Crawley and Reigate and Banstead, a levelling of the rate for those areas that had indicated recent increases in acceptances.

Table 26 - Comparative market signals for Mid Sussex

Rank (ranked 1= worse to 17= better)	House Prices		Affordability (market housing)		Rents		Overcrowding		Concealed households		Homelessness	
	Median (2013)	Appreciation 2002-2012	Ratio (LQ earnings to LQ house prices) (2013)	Change (2003-2013)	Median monthly rent 2014	Change% Q2, 2010 – Q1, 2014	% (all) homes over-occupied (2011)	Change (all homes) (2001-2011)	% (all) families concealed	Change (2001-2011)	Homeless acceptances 2013-14	Change homeless acceptances 2004/05 - 2013/14 ⁵⁵
1	Tandridge	Brighton & Hove	Tandridge	Tandridge	Tandridge	Crawley	Brighton & Hove	Brighton & Hove	Crawley	Crawley	Crawley	Chichester
2	Reigate & Banstead	England	Chichester	Lewes	Brighton & Hove	Reigate & Banstead	Crawley	Crawley	England	Arun	Brighton & Hove	Lewes
3	Horsham	Worthing	Horsham	Horsham	Reigate & Banstead	Tandridge	Worthing	Worthing	Chichester	Chichester	England	Horsham
4	Chichester	Chichester	Mid Sussex	Reigate & Banstead	Crawley	Wealden	England	Mid Sussex	Northern WS HMA	Northern WS HMA	Northern WS HMA	Mid Sussex
5	Mid Sussex	Lewes	Wealden	Adur	Horsham	Lewes	South East	Northern WS HMA	South East	Coastal WS HMA	Horsham	Arun
6	Brighton & Hove	Coastal WS HMA	Reigate & Banstead	Brighton & Hove	Mid Sussex	Northern WS HMA	Arun	South East	Arun	England	Reigate & Banstead	Coastal WS HMA
7	South East	Adur	Lewes	England	Northern WS HMA	Worthing	Northern WS HMA	England	Coastal WS HMA	Adur	South East	West Sussex
8	Northern WS HMA	Horsham	Adur	Wealden	Lewes	Arun	Coastal WS HMA	Arun	West Sussex	Worthing	Arun	Tandridge
9	Wealden	West Sussex	Arun	Arun	Chichester	Coastal WS HMA	West Sussex	West Sussex	Adur	West Sussex	West Sussex	Northern WS HMA
10	Lewes	Arun	Brighton & Hove	Mid Sussex	Wealden	Adur	Reigate & Banstead	Coastal WS HMA	Lewes	South East	Wealden	Worthing
11	West Sussex	Wealden	West Sussex	Chichester	Adur	West Sussex	Lewes	Reigate & Banstead	Reigate & Banstead	Horsham	Lewes	South East
12	Coastal WS HMA	South East	Worthing	West Sussex	West Sussex	South East	Adur	Horsham	Worthing	Mid Sussex	Coastal WS HMA	Wealden
13	Adur	Reigate & Banstead	Crawley	Crawley	South East	Horsham	Mid Sussex	Tandridge	Wealden	Lewes	Mid Sussex	Brighton & Hove
14	Arun	Mid Sussex	England	Worthing	Coastal WS HMA	Mid Sussex	Tandridge	Adur	Tandridge	Wealden	Chichester	Adur
15	Worthing	Northern WS HMA	-	-	Arun	Chichester	Horsham	Arun	Brighton & Hove	Brighton & Hove	Tandridge	Crawley
16	Crawley	Tandridge	-	-	Worthing	Brighton & Hove	Chichester	Worthing	Horsham	Reigate & Banstead	Adur	England
17	England	Crawley	-	-	England	England	Wealden	Brighton & Hove	Mid Sussex	Tandridge	Worthing	Reigate & Banstead

⁵⁵ All areas have shown improvement since 2001 therefore lower ranked authorities display less improvement

Summary and Conclusion – Market Signals

Summary

- 4.84. The NPPG⁵⁶ states that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and the supply of dwellings.
- 4.85. The NPPG sets out six market signals:
- Land prices;
 - House prices;
 - Rents;
 - Affordability;
 - Rate of development; and
 - Overcrowding
- 4.86. Due to a lack of readily available data on land prices, this market signal has been excluded from assessment.
- 4.87. The NPPG requires market signals to be assessed against comparators in the housing market area; similar demographic and economic areas; and nationally. Analysis compares Mid Sussex with West Sussex, the South East and England; across the Northern West Sussex Housing Market Area (formed of Crawley, Horsham and Mid Sussex); and adjacent and nearby local authorities for comparative assessment that have the greatest housing market area linkages to Mid Sussex. A summary table comparing market signals of Mid Sussex to the comparative areas is set out in Table 26.
- 4.88. The NPPG⁵⁷ sets out that an upward adjustment made to housing provision where a worsening trend is identified.

House Prices

- 4.89. Research indicates that average house price appreciation for Mid Sussex for the period 2002-2012 is below regional, county and national averages and below all local authority areas in West Sussex other than Crawley. This underlines that house price appreciation is a national and regional issue and the levels of growth seen at Mid Sussex is not an isolated issue or disproportionate to those found in the more rural, inland comparative areas

Affordability of Market Housing

- 4.90. Relative unaffordability for entry to the private housing market in the Northern West Sussex Housing Market Area is identified with lower quartile housing prices to lower quartile earnings at 7.3:1 in Crawley; 11:1 in Horsham and at 10.2:1 in Mid Sussex for 2013. The ratios for Horsham and Mid Sussex are above that for West Sussex (8.9:1) and substantially higher than England (6.5:1). The lack of affordability of housing is notable in the Northern West Sussex Housing Market Area but this is neither an isolated situation or exceptional against comparable areas. Wider analysis indicates that issues of affordability are displayed on a regional basis with a ratio of 9.2:1 for the South East. Of the 12 areas assessed (Table 16), 7 had an affordability ratio of 10:1 or above with a rate as high as 13.9:1 indicated for Tandridge.

⁵⁶ NPPG – Paragraph 2a-019-20140306

⁵⁷ NPPG – Paragraph 2a-020-20140306

- 4.91. The proportion unable to buy or rent in the Northern West Sussex Housing Market Area, indicated in the 2014 AHNM, has decreased slightly from the position in the SHMA Update 2012; and is now closer to that recorded in the SHMA 2009. Despite the changes, there remain a significant proportion of new households that are unable to purchase or rent on the private market without financial support in each of the Northern West Sussex HMA authorities. This broadly reflects nationwide trends through the 1990s and 2000s. Further analysis of the median values at regional, county and for all the comparative authorities indicates that this trend is not isolated to the Northern West Sussex Housing Market area or Mid Sussex, and is broadly reflected across a wide area.
- 4.92. Analysis of mortgage payments (interest and capital) relative to household disposable income (available at regional level only) indicates that whilst the recession caused a relatively stable period of affordability, recent trends again suggest an increase in the proportion of household income spent on housing mortgage payments, with data indicating a spend of 34.1% of household income at Q1, 2014 (below the long-term UK average of 35.9% of household income). By comparison, the figures for Greater London suggested mortgage payments currently account for 39.1% of household income at Q1, 2014.

Affordability – Private Rental Market

- 4.93. Data evidences the increase in private rental lettings over the period from April 2010 to March 2014 in the Northern West Sussex Housing Market area with the increase in lettings consistent over the past three years, particularly for 2013-2014. This is not as pronounced in Mid Sussex as it is with Crawley and Horsham, with Mid Sussex showing a significant decrease in the number of lettings between 2013 and 2014. The 2014 AHNU concluded that the supply situation of private rental properties should remain relatively buoyant in the short term and the picture now appears more stable than that reported in the Northern West Sussex SHMA Update, 2012.
- 4.94. The marked decrease in the number of rentals in 2013-2014 from 2010-2011 in Mid Sussex, against a backdrop of stable market conditions for those seeking to rent properties, may suggest improving market conditions in Mid Sussex for those looking to purchase homes rather than rent privately, even if investors are not selling previously rented homes back into the market in great numbers, and against increasingly stringent checks by mortgage lenders that make it easier to secure a private rental letting agreement than to secure a mortgage for purchase.
- 4.95. Analysis indicates that growth in the price of renting has been sustained in the South East over a long period. By comparison, the growth in the price of private renting in the South East is not dissimilar to the national trend, and in fact broadly mirrors increases experienced at the national level. The situation with regard to private rental increases in Mid Sussex since 2010 is broadly reflective of that seen in the South East region at around a 7% increase in median monthly rental prices. For the Northern Western Housing Market, this indicates a rate above this at 9%, although this is somewhat skewed by the substantial increase of 13.3% at Crawley. Increases seen at Mid Sussex are at the lower end of the range and in this context, it does not indicate that private rental costs in Mid Sussex can be isolated as under any significantly different pressure from market conditions than the comparative areas.

Rate of development

- 4.96. National Planning Policy Guidance outlines that the rate of development should be considered in the context of market signals. This can be assessed by comparison of the supply and the number of completions against planned numbers. The NPPG sets out that if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan

- 4.97. Any assessment comparing rates of development against a planned requirement figure must be considered in the context of whether the housing requirement for that period was a reasonable figure to plan for in the first place. It is therefore important to note that Mid Sussex consistently objected to the targets proposed and set by the revoked South East Plan, including the initial 'Option 1' figure of 14,100 dwellings proposed in 2006. Further evidence that the South East Plan requirement figure was unreasonable is underlined by the comprehensive work undertaken to ascertain a housing target for the District Plan based on an objective assessment of housing need (see Section 3), and further by analysis that shows the level of need for the South East Plan period (2006-2026) was in fact 300-500dpa as opposed to the requirement of 855dpa that was set.
- 4.98. Monitoring demonstrates that the rate of housing completions has been consistently below the South East Plan housing requirement. The main reasons for undersupply in recent years have been caused by the significant step-change increase in housing requirements and the subsequent impact that this had on plan-making in Mid Sussex; the delivery of new strategic sites; delivery of previously allocated housing sites; and the overarching impact of the recent economic recession on housing completions. A step change in the total stock of commitments over the period 2004-2014 has not resulted in a proportionate step change in the number of completions generated and the average completion rate over a reasonable timeframe of five years or more, has thus far not exceeded 500 dwellings per annum.
- 4.99. Whilst the Council remains confident that the housing target set in the District Plan is achievable through its development strategy, including the proposed approach to meeting any shortfall, challenging macro-economic conditions and local market conditions including developers phasing/ postponing builds to ensure development provide adequate returns; developer physical capacity to increase build rates and degrees of local market saturation, are likely to prevent a marked step change to the delivery rate of housing in Mid Sussex approaching the levels proposed for instance, by the revoked South East Plan.

Overcrowding, concealed households and homelessness

- 4.100. Mid Sussex indicates among the lowest levels of overcrowding for the owner occupied sector and social rented sector, and below average levels of overcrowding for the private rented sector. In comparison to the wider area, overcrowding in the North Western Sussex Housing Market Area is either better or on par with the national, regional and county average other than the private rented sector, which indicates a level of overcrowding 1.5% above the West Sussex average, a figure inflated by the level of overcrowding in this particular sector at Crawley.
- 4.101. The overcrowding by tenure figures suggests that whilst Mid Sussex generally shows one of the lower levels of overcrowding, the figure for the overall level of overcrowding is somewhat skewed by the levels seen in the private and rented sectors. Whilst overcrowding is not a particular issue with Mid Sussex, an overall increase in housing numbers might be seen as a method to reduce overcrowding in this sector. However it would ultimately be the choice of private investors on whether or not to increase the provision of such stock.
- 4.102. Analysis shows that Mid Sussex has one of the lowest levels of concealed households compared to adjacent and nearby local authority areas, also below the levels found at West Sussex, South East and national level. Since 2001, all areas have seen an increase in concealed households although for Mid Sussex it must be noted that this is from one of the lowest base positions. Mid Sussex still has one of the lowest comparative levels, despite indicating one of the highest overall percentage changes in all families over the same time period.
- 4.103. Mid Sussex has consistently had a low rate of homeless acceptances over the time period 2004-2014, and indicates an average rate well below West Sussex, South East and England.

Conclusion

- 4.104. The NPPG⁵⁸ sets out that an upward adjustment should be made to housing provision where a worsening trend is identified. Whilst analysis suggests that a number of the market signals are showing signs of worsening trends, this is tempered by the fact that Mid Sussex is not an isolated case in its regional context, and does not demonstrate higher levels of, or disproportionate indicators of stress, when compared to comparative areas. In addition, Mid Sussex continues to demonstrate very low levels of overcrowding, concealed households and homelessness. Notwithstanding, affordability does remain an issue for Mid Sussex, particularly for those wishing to enter the housing market. It is therefore considered that some upward adjustment to the assessed housing need figure is justified.
- 4.105. The NPPG recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions could be expected to improve affordability. However, the NPPG is also clear that where an upward adjustment is required, this should be set at a level that is *reasonable* and; whilst the response should reflect the significance of the affordability constraints and the stronger other indicators of high demand, the response should also be *consistent with the principles of sustainable development*.
- 4.106. It is considered that an uplift of 10% on top of the assessed housing need figure would represent a reasonable response to account for market signals whilst remaining consistent with the principles of sustainable development. In addition, it is also notable that a step change in the housing provision would in any case, be unlikely to be reflected in the desired build rates on the ground and not provide the potential to assist with market signals, due to the supply and likely location of potential development sites (site specific issues aside); the relation of available sites to existing and proposed development, particularly at Burgess Hill, overriding issues of infrastructure capacity; the related issue of developers physical capacity to notably increase build rates; and the potential for local market saturation.
- 4.107. It is notable that a suggested uplift rate of 10% on top of the demographic need has been directed as a reasonable response by Planning Inspectors to market signals in other areas (e.g. Uttlesford Local Plan, Eastleigh Borough and Horsham District Council)

The Objectively Assessed Need accounting for market signals is therefore 570dpa + 10% = 627dpa.

⁵⁸ NPPG – Paragraph 2a-020-20140306

Housing requirements of specific groups

- 4.108. The NPPF sets out⁵⁹ that local authorities should address the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and cater for housing demand and the scale of housing supply necessary to meet this demand.
- 4.109. The NPPG⁶⁰ states that once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. Plan makers should look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs on the back of whether they plan to attract a different age profile, for instance increasing the number of working age people. This exercise should examine current and future trends of:
- The age profile of Mid Sussex;
 - Types of household (singles, couples, families by age group, number of children and dependents);
 - Current housing stock size of dwelling; and
 - Tenure composition of housing

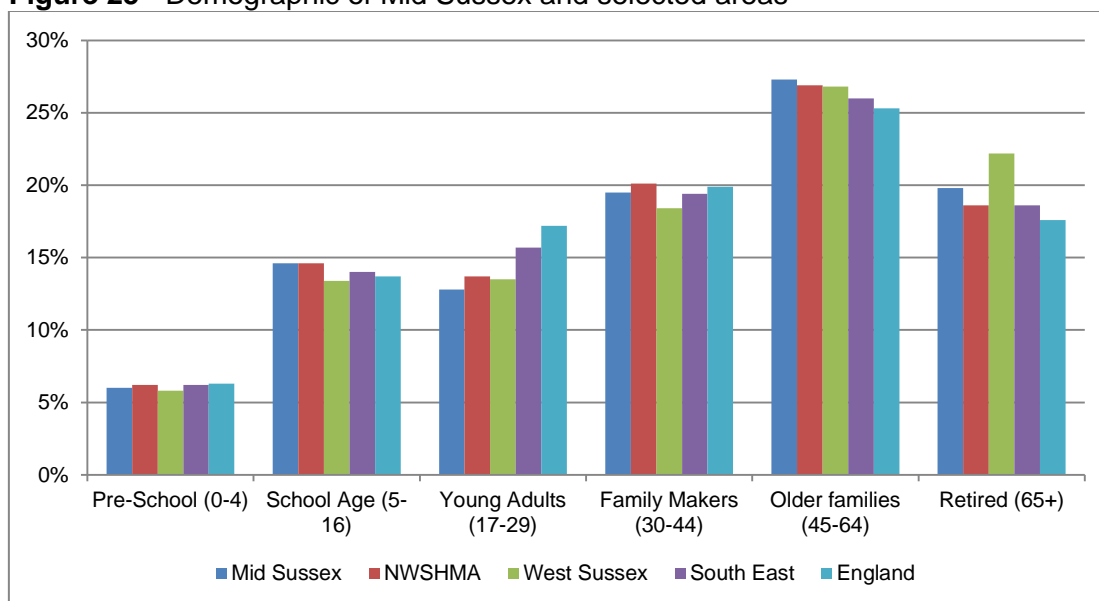
Age profile of Mid Sussex

- 4.110. Changing demographics are a key driver of change in the housing market and are a key influence on housing demand, both now and in the future.
- 4.111. Figure 25 and Table 27 sets out the 2014 age profile of Mid Sussex and selected areas. The data indicates that Mid Sussex and the Northern West Sussex Housing Market have a relatively high level of older families (45-64) and older persons (65+) in comparison to the regional and national average, that together contribute to 47.1% of the total population.
- 4.112. Mid Sussex and the Northern West Sussex Housing Market have a relatively lower level of young adults (17-29) at 13.7% of the total population in comparison to the regional and national average (15.7% and 17.2% respectively).

⁵⁹ NPPF - Paragraph 159

⁶⁰ NPPG Paragraph 2a-021-20140306

Figure 25 - Demographic of Mid Sussex and selected areas



Source: Sub-National Population Projections 2012 base (released 2014)

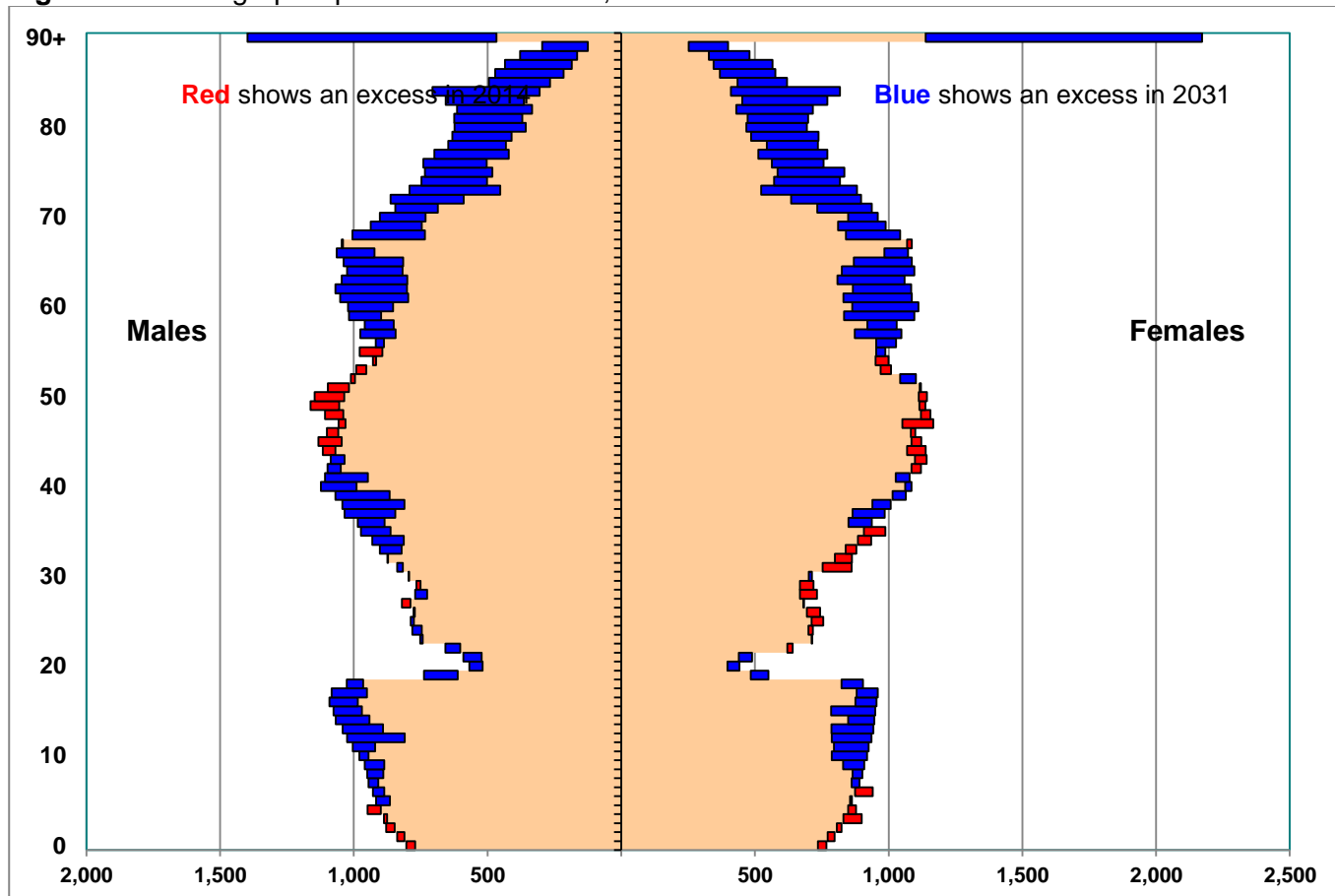
Table 27 - 2014 Demographic of Mid Sussex and selected areas

Age group	Mid Sussex	NWSHMA	West Sussex	South East	England
Pre-School (0-4)	6%	6.2%	5.8%	6.2%	6.3%
School Age (5-16)	14.6%	14.6%	13.4%	14.0%	13.7%
Young Adults (17-29)	12.8%	13.7%	13.5%	15.7%	17.2%
Family Makers (30-44)	19.5%	20.1%	18.4%	19.4%	19.9%
Older families (45-64)	27.3%	26.9%	26.8%	26.0%	25.3%
Retired (65+)	19.8%	18.6%	22.2%	18.6%	17.6%

Source: Sub-National Population Projections 2012 base (released 2014)

4.113. Figure 26 sets out the 2014 age profile of the district against the predicted 2031 profile, assuming that the implementation of a District Plan housing provision of 627 dwellings per annum (see Section 6).

Figure 26- Demographic profile of Mid Sussex, 2014 and 2031



Source: Sub-National Population Projections 2012 base (released 2014)

- 4.114. The age profile set out in Figure 26 indicates that although there is growth in a number of the young and middle age brackets, the age profile of Mid Sussex is ageing. It is expected that for the period to 2031, there will be significant general growth in the age groups 65+, male and female.
- 4.115. The ratio between older dependency groups and those generally of an economically active age will also worsen. At 2014, the ratio between those aged 65+, and those aged 16-65 is 0.33:1 (3 persons of economically active age to one person aged 65+). By 2031, this ratio is expected to rise to 0.45:1 (2.2 persons of economically active age to one person aged 65+).
- 4.116. The population of those aged 60+ (females) and 65+ (males), is expected to increase by 44% or about 14,400 persons, from 32,509 persons at 2014 to 46,921 persons at 2031. This is proportionally much more than the forecasts of overall population increase, which indicates an increase of 13.5%, or about 19,360 persons from 142,890 to 162,250 persons and outstrips the growth of those considered to be of an economically active age, which are expected to increase only by 3.8%, or about 2,980 persons, from 79,110 persons to 82,093 persons.
- 4.117. The median age of people in the district is expected to increase from 42.1 (all persons) in 2014, to 44.8 in 2031 (all persons).

Types of household - Household composition

- 4.118. Mid Sussex has one of the highest proportions of married/ co-habiting couples and households with dependent children of the areas studied, above West Sussex, the South East and England. Mid Sussex also has a below average proportion of single person households and single parent households. Mid Sussex also currently has a below average

proportion of all pensioner households although the rate is above that of the South East and England.

4.119. The number of couple households in Mid Sussex has reduced since 2001-2011, a trend which has continued on from the findings of the 2009 SHMA which noted a reduction in these groups from 1991-2001. Conversely the number of single person households has grown. There has also been a reduction in the number of all pensioner households which also continues a trend noted in the 2009 SHMA.

Figure 27 - Household composition 2001 and 2011

Area / Category	All pensioner		Single person household		Dependent children		Married/ Cohabiting couples		Single parent		All student	
	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
Lewes	33.0%	28.3%	31.0%	30.2%	26.4%	26.4%	43.4%	42.7%	7.2%	9.3%	0.03%	0.05%
Wealden	31.1%	28.3%	26.9%	27.6%	27.8%	27.0%	48.7%	46.5%	6.5%	8.0%	0.01%	0.01%
Reigate & Banstead	24.2%	20.8%	29.1%	27.4%	28.9%	31.1%	49.4%	49.8%	6.2%	8.2%	0.01%	0.03%
Tandridge	25.2%	23.3%	27.0%	26.7%	29.9%	30.4%	51.1%	49.5%	6.0%	8.0%	0.00%	0.02%
Brighton & Hove	23.4%	17.0%	39.4%	36.4%	22.6%	24.5%	35.5%	36.0%	8.6%	9.9%	1.19%	2.36%
Adur	32.0%	27.5%	31.1%	31.7%	26.4%	25.9%	43.4%	42.2%	8.3%	9.5%	0.01%	0.02%
Arun	36.5%	32.1%	32.8%	33.0%	23.4%	23.2%	40.4%	39.6%	7.2%	8.2%	0.11%	0.12%
Chichester	33.0%	30.3%	30.1%	32.0%	24.6%	23.7%	43.4%	41.7%	6.8%	7.5%	0.39%	0.60%
Worthing	32.4%	25.4%	36.4%	35.9%	24.6%	25.8%	39.6%	39.6%	7.6%	9.0%	0.07%	0.10%
CWSHMA	34.0%	29.3%	32.8%	33.3%	24.4%	24.4%	41.4%	40.5%	7.3%	8.4%	0.16%	0.23%
Crawley	21.9%	16.7%	26.8%	28.4%	31.8%	32.9%	46.1%	44.2%	10.0%	11.4%	0.01%	0.03%
Horsham	25.0%	24.6%	26.6%	28.2%	29.4%	28.3%	51.7%	48.9%	6.4%	7.2%	0.01%	0.01%
Mid Sussex	24.7%	22.9%	26.9%	27.5%	30.1%	29.7%	51.3%	49.3%	6.9%	7.8%	0.02%	0.02%
NWSHMA	24.0%	21.8%	26.8%	28.0%	30.3%	30.1%	50.0%	47.8%	7.6%	8.6%	0.01%	0.02%
West Sussex	29.5%	26.0%	30.1%	30.9%	27.0%	26.9%	45.2%	43.8%	7.5%	8.5%	0.10%	0.13%
South East	24.6%	21.9%	28.5%	28.8%	29.2%	29.4%	47.5%	45.7%	7.9%	9.2%	0.35%	0.53%
England	23.7%	20.7%	30.1%	30.2%	29.4%	29.1%	44.8%	43.1%	9.5%	10.6%	0.39%	0.56%

Source: Census 2001 and 2011

Current housing stock: size of dwellings

4.120. Figures for size of dwellings are derived from the 2001 and the 2011 Census although the two datasets were not collated in the same manner. The 2001 Census provides information on the size of housing, but this is based on the total number of rooms (excluding bathrooms, toilets, halls or landings or rooms that can only be used for storage). The 2011 Census collected data for the number of bedrooms.

4.121. The 2009 SHMA made some assumptions to relate this to dwelling size (Table 28) utilised to analyse the housing stock:

- 1-4 room dwellings equate to a 1-2 bed property assuming this includes a kitchen, and could include one or two reception rooms.
- 5-6 room dwellings equate to a 2-3 bed property assuming this included a kitchen and one or two reception rooms.
- 7+ room dwellings equate to properties with 4 or more bedrooms.

4.122. It is considered that the figures are more accurately comparable to the 2011 Census for a range of size of dwellings (1-3 bedrooms and 4+ bedrooms):

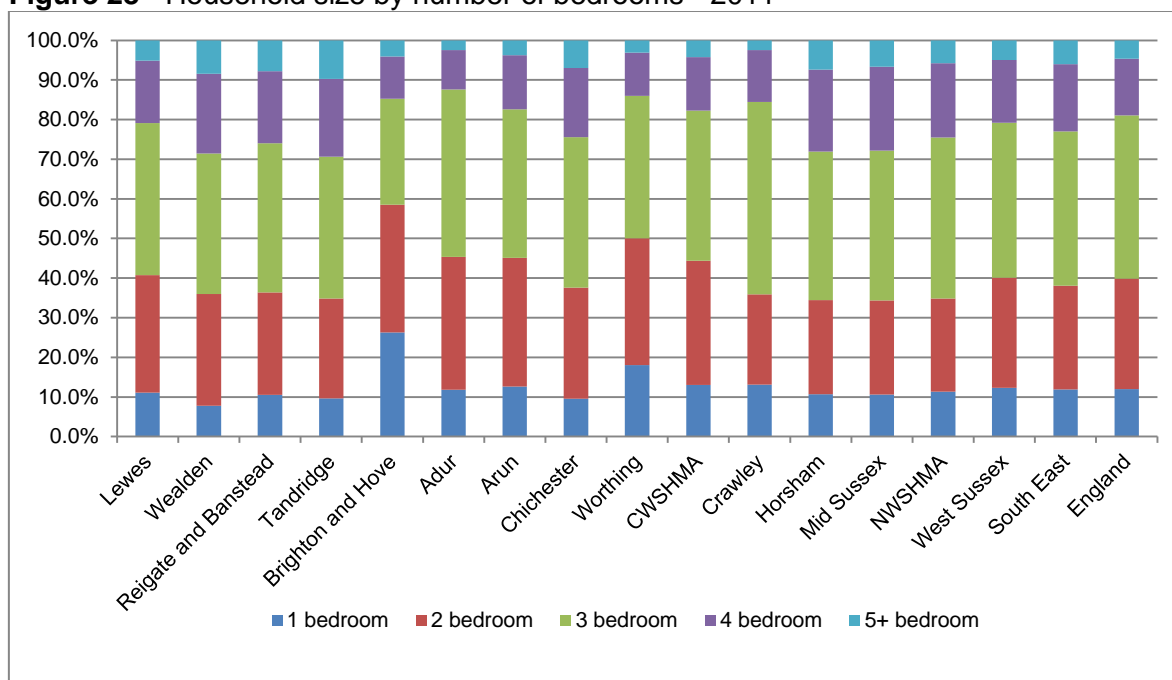
Table 28 - Household size by number of bedrooms - 2001

Area	1 - 2 bed (1-4 room dwellings)	2-3 bed (5-6 room dwelling)	4+ (7+ room dwelling)
Lewes	33%	45%	22%
Wealden	27%	41%	32%
Reigate and Banstead	29%	43%	28%
Tandridge	27%	40%	34%
Brighton and Hove	52%	35%	13%
Adur	37%	50%	13%
Arun	36%	45%	19%
Chichester	28%	43%	28%
Worthing	41%	43%	16%
CWSHMA	36%	45%	20%
Crawley	30%	52%	18%
Horsham	27%	42%	32%
Mid Sussex	26%	44%	29%
NWSHMA	28%	45%	27%
West Sussex	32%	45%	23%
South East	30%	45%	25%
England	33%	48%	20%

Source: Census 2001

4.123. The Census 2011 data set out in Figure 28 and Table 29 indicates that across the Northern West Sussex Housing Market, two and three-bed properties are the most abundant size of housing stock, comprising around 64% of all households. This is consistent with all the adjacent and nearby areas and the regional and national picture.

Figure 28 - Household size by number of bedrooms - 2011



Source: Census 2011

Table 29- Household size by number of bedrooms - 2011

Area	1 bed	2 bed	3 bed	4 bed	5+ bed
Lewes	11%	30%	38%	16%	5%
Wealden	8%	28%	35%	20%	8%
Reigate and Banstead	11%	26%	38%	18%	8%
Tandridge	10%	25%	36%	20%	10%
Brighton and Hove	26%	32%	27%	11%	4%
Adur	12%	34%	42%	10%	2%
Arun	13%	32%	38%	14%	4%
Chichester	10%	28%	38%	17%	7%
Worthing	18%	32%	36%	11%	3%
CWSHMA	13%	31%	38%	13%	4%
Crawley	13%	23%	48%	13%	2%
Horsham	11%	24%	37%	21%	7%
Mid Sussex	11%	24%	38%	21%	7%
NWSHMA	11%	23%	41%	19%	6%
West Sussex	12%	28%	39%	16%	5%
South East	12%	26%	39%	17%	6%
England	12%	28%	41%	14%	5%

Source: Census 2011

4.124. The Northern West Sussex Housing Market housing market also has a slightly above average proportion of larger dwellings, with 25% of households in properties with four or more bedrooms, particularly marked in Horsham (28%) and Mid Sussex (28%) compared to 17% for the Coastal West Sussex Housing Market, 23% across the South East region and 19% nationally). 11% of properties are 1 bed, which is marginally below the regional and national average whilst the stock of two bedroom households at 24% is notably below these averages. Whilst not fully comparable, the position with regard to the housing stock in terms of size of dwelling is largely unchanged since 2001.

Future growth in households – by type

4.125. Analysis of future needs of households, by type can be undertaken from population and household estimates, by establishing the net growth in different household types and converting this to a proportion of total estimated growth. This analysis is summarised in Table 30, based on the OAN figure of 627 dwellings per annum, which includes an adjustment made to account for market signals.

Table 30 - Future notable growth in households by composition and impact of need for dwelling by size and type based on OAN of 627 dwellings per annum

Household type	Likely dwelling type	Estimated Net Growth	Estimated Proportion of Total Growth	Adjusted Estimated Proportion of Total Growth
Single person and couple households	Small houses / smaller apartments (1-2 beds)	2,256	21.2%	21.2%
Elderly households (single person and couple households)	Accessible homes, bungalows, sheltered accommodation, care homes (1-2 beds)	5,226	49%	49%
Small family households (couple or lone parent with 1 dependent child)	Small family houses / larger apartments (2-3 beds)	871 / 1,580 adj.	8.2%	15%
Family households (couple or lone parent with 2+ dependent children)	Family houses (3+ bed)	879 / 1,594 adj.	8.2%	15%
Other households (e.g. houses in multiple occupation)	Varied depending on composition of household ⁶¹	1,424 / adj, to 0	13.4%	

Source: MSDC analysis of POPGROUP forecasts using OAN of 627dpa

4.126. Table 31 indicates that the over the plan period, there will be a significant need for smaller dwelling types, with the majority of new households being 1 or 2 person households with a very high proportion of need arising for elderly persons (75+) with the majority of such households being 1 or 2 person households. A significant proportion of future household growth will also be for family sized homes at around 30% of total growth, with 15% of total household growth requiring smaller family sized homes of 2-3 bedrooms and 15% requiring larger family sized homes of 3+ bedrooms.

Tenure composition of housing

4.127. Owner occupied properties are the dominant form of tenure of housing in Mid Sussex although this has seen a significant decline since 2001 reducing 5.2% to 74.3% of all properties, although this is still above average for the areas studied. Over the same time period, private rented tenures have seen a significant increase of 4.5% of all properties although the level of private renting in Mid Sussex is still below average. At the same time there has been a slight increase in the shared ownership / social rented tenure groups.

⁶¹ Whilst not clearly defined in the POPGROUP forecasts, it is considered that "other households" are likely to be largely formed of houses in multiple occupation. Demand for such property will be for smaller family homes upwards and the data is proportionally adjusted to the small family/ family household groups accordingly.

These trends are reflected at the West Sussex, regional and national level albeit there have been reductions in social renting at regional and national levels.

- 4.128. The increase in private renting is a trend noted in the 2009 SHMA, whereupon the effects of the 1998 Housing Act, that introduced the Assured Shorthold Tenancy, making it easier for landlords to evict tenants where they had a clear right to possession and the introduction of buy-to-let mortgage products in 1996 that facilitated wider investment into the market were marking significant increases in this area of tenure.

Table 31 - Tenure composition of housing

Area / Tenure	Owner Occupied		Shared ownership		Social rented		Private rented or living rent free	
	2001	2011	2001	2011	2001	2011	2001	2011
Lewes	77.6%	72.7%	0.5%	0.7%	11.0%	10.9%	10.8%	15.7%
Wealden	82.5%	78.7%	0.8%	0.8%	7.9%	7.7%	8.8%	12.8%
Reigate & Banstead	78.2%	73.0%	0.6%	1.2%	12.5%	11.9%	8.7%	13.8%
Tandridge	79.8%	75.9%	0.4%	0.9%	11.2%	10.8%	8.6%	12.3%
Brighton & Hove	61.1%	53.3%	0.6%	0.9%	14.7%	15.0%	23.7%	30.9%
Adur	78.2%	73.8%	0.3%	0.6%	13.8%	13.1%	7.7%	12.6%
Arun	78.6%	73.8%	0.9%	0.8%	9.1%	8.8%	11.3%	16.5%
Chichester	70.2%	67.2%	0.4%	0.9%	14.7%	14.9%	14.7%	17.1%
Worthing	76.6%	69.3%	0.4%	0.5%	9.8%	10.0%	13.2%	20.2%
CWSHMA	75.9%	71.0%	0.6%	0.7%	11.4%	11.3%	12.1%	17.0%
Crawley	67.3%	59.0%	1.0%	1.4%	23.5%	23.9%	8.2%	15.7%
Horsham	78.5%	74.5%	0.5%	0.7%	11.2%	11.6%	9.7%	13.3%
Mid Sussex	79.5%	74.3%	0.7%	1.0%	10.2%	10.6%	9.6%	14.1%
NWSHMA	75.7%	70.2%	0.7%	1.0%	14.3%	14.6%	9.3%	14.3%
West Sussex	75.8%	70.6%	0.7%	0.8%	12.7%	12.8%	10.9%	15.8%
South East	73.2%	67.6%	0.8%	1.1%	14.0%	13.7%	12.1%	17.6%
England	68.1%	63.3%	0.7%	0.8%	19.3%	17.7%	12.0%	18.2%

Source: 2001 and 2011 Census

Identifying the needs of different groups

Private rented sector

- 4.129. The NPPG⁶² outlines that tenure data from the Office of National Statistics can be used alongside analysis of market signals to provide the basis to understand the future need for private rented sector housing.
- 4.130. The private rental market comprises a significant and seemingly growing element of the Mid Sussex housing market evidenced by rents and increases in tenure although Mid Sussex showed a significant decrease in the number of lettings between 2013 and 2014. There is however evidence that the supply situation should therefore remain relatively buoyant in the short term.
- 4.131. The marked decrease in the number of rentals in 2013-2014 from 2010-2011 in Mid Sussex, against a backdrop of stable market conditions for those seeking to rent properties, does suggest that market conditions have improved in Mid Sussex for those looking to purchase homes rather than rent privately, even if investors are not selling previously rented homes back into the market in great numbers, and against increasingly stringent checks by mortgage lenders that make it easier to secure a private rental letting agreement than to secure a mortgage for purchase.
- 4.132. High and increasing rents in an area are indicative of potential stress in the market. However, The situation with regard to private rental inflation in Mid Sussex, since 2010 is broadly reflective of the South East region at around a 7% increase in median monthly rental prices. Increases in rent seen at Mid Sussex are at the lower end of the range of comparable analysed areas and in this context, do not indicate that private rental costs in Mid Sussex can be singled out as under any significantly different pressure from market conditions than comparable areas.
- 4.133. The private rented sector saw the biggest increase in overcrowding over the period 2001-2011 at 4.8%, compared with the social rented sector (3%) and owner occupied properties (0.3%). Despite this, Mid Sussex still has one of the lowest rates of overcrowding in this sector against comparative local authority areas and a rate lower than the South East and national level.
- 4.134. The size of the private rental market and therefore the overall supply of private rented properties has historically tended to be driven by market conditions and investment returns for buy-to-let investors rather than solely being led by supply and demand from tenants. In addition, given the private nature of this market, and that there are few market interventions that the planning system can make such as an overall increase in housing numbers that would that would guarantee an effective and marked increase in the stock of such homes, with the aim to reduce overcrowding and lower rents in this sector, it is ultimately the choice of private investors on whether or not to increase the provision of such stock, based on a decision of obtaining adequate returns on investment.

People wishing to build their own home - self-build

- 4.135. Mid Sussex does not currently keep a record of households wishing to build their own homes therefore there is currently no identified need to make provision of land for such use in the Development Plan.
- 4.136. The Government is supportive of the self-build sector and in October 2014, issued a public consultation on the matter⁶³ on proposals to give prospective builders, a right to a plot of land

⁶² NPPG Paragraph 2a-021-20140306

from their local council. The results of this consultation are being tracked by the Council to ensure the Development Plan is reflective of any requirement to make provision of land for such use. Meeting any identified need for land can be provided for through a future land allocations document.

Family housing

- 4.137. The NPPG⁶⁴ sets out that local household projections can identify current numbers of families, including those with children. This is cross checked with the current market offer to establish whether there are significant deficiencies in the supply of such housing that may require market intervention in order to boost supply.
- 4.138. Mid Sussex has an above average proportion of larger family sized dwellings, with 28% of households in properties with four or more bedrooms, compared to 21% for West Sussex, 23% across the South East region and 19% nationally. For smaller sized dwellings, Mid Sussex indicates that 62% of the housing stock is properties of two or three bedroom. This is below West Sussex at 67%, the South East at 65% and 69% nationally. The position with regard to two bedroom properties (24%) is also lower than that of West Sussex (28%), South East (26%) and England (28%).
- 4.139. The housing mix is reflected in the Mid Sussex demographic profile, which is orientated towards middle-aged families with children. Over the period to 2031, the predicted age profile of Mid Sussex indicates an increase in the younger age groups (Pre-School and School Age), a slight decrease in Young Adults, and an overall increase in Family Makers and Older Families with significant increases in older residents (65+). In addition, Census 2011 (see Figure 42 – Section 6) shows that nearly 48% of all those that moved to Mid Sussex in 2011 were in the age group 25-49 which would contain a high proportion of those with families. There is also a relatively high number of 16-24 year olds moving out of the area – this is most likely for further education (university) and starting careers outside Mid Sussex (in particular, London).
- 4.140. Analysis of future needs of households, by type, summarised in Table 3.** notes that a significant proportion of future household growth is likely to be for family sized homes at around 30% of total growth, with 15% of total household growth requiring smaller family sized homes of 2-3 bedrooms and 15% requiring larger family sized homes of 3+ bedrooms. The existing stock of such dwellings indicates a proportion that is at the lower end of comparable local authority areas and against provision at county, regional and national levels. This suggests that attention should be given in the housing mix towards family sized homes with an emphasis on smaller sized properties (3 bed) and particular attention towards 2 bed properties given that there is also an estimate of high need for this type of property from other household types (Single Person / Smaller Households and Older persons).
- 4.141. The 2009 SHMA concluded that demand for family housing is likely to remain strong in Mid Sussex and should remain one of the key focuses for housing delivery in the Housing Market. Further research indicates that this conclusion remains valid.

Single Person Households / Smaller households

- 4.142. Analysis of future need at 2031 arising from population and household estimates (Table 30) highlights that the majority of need arising in Mid Sussex over the plan period will be for smaller dwelling types, with the majority of households being 1 or 2 person households. The proportion of Mid Sussex stock of 1 and 2 bed dwellings (35%) is below that of West Sussex (40%), the South East (38%) and England (40%). In addition, there is also an estimate of need for this type of property from other household types (see Family Housing and Older

⁶³ Right to Build: Supporting Custom and Self-Build Consultation, DCLG, October 2014

⁶⁴ NPPG Paragraph 2a-021-20140306

Persons). This suggests that a significant uplift of smaller dwelling types, one and two beds, is required not only to meet the projected requirement, but also to account for the relatively low baseline position of such supply.

Older people

- 4.143. An ageing population is a national issue which poses a significant housing challenge and the ageing population structure in Northern West Sussex, including Mid Sussex, is likely to be a significant influence on future housing needs and requirements.
- 4.144. Analysis of future need at 2031 arising from population and household estimates (see Table 30) highlights that the majority of need arising in Mid Sussex over the plan period will be for elderly persons (75+) with the majority of such households being 1 or 2 person households. The proportion of Mid Sussex stock of 1 and 2 bed dwellings (35%) is below that of West Sussex (40%), the South East (38%) and England (40%). In addition, there is also an estimate of need for this type of property from other household types (see Single Person Households/ Smaller households and Family Housing). This suggests that a significant uplift of smaller dwelling types, one and two beds, is required not only to meet the projected requirement, but also to account for the relatively low baseline position of such supply.
- 4.145. The 2009 SHMA recognised that while there are a range of specific housing products which target the older market, the vast majority of older people wish and choose to remain living in the homes which they have lived in for many years, noting that the type of accommodation which people need to gain independence varies considerably and can range from general needs property with specific adaptations to meet individual needs to simple alterations such as widening of doors (highlighting the need for the provision of adaptable homes). For others, the emphasis is on providing support on an ongoing basis.
- 4.146. The 2009 SHMA outlined that the decisions of older households will influence the supply of housing available for other groups, and that there may be opportunities to support some older households to downsize to release a supply of larger family housing for younger families and reduce levels of under-occupancy (78% in Mid Sussex). This will be dependent on the availability of attractive, suitable housing in the right locations.
- 4.147. The 2009 SHMA outlined the requirements of specific supported care homes that are likely to be required. In terms of accessible homes, the need for bungalows was outlined, that should aim to be of at least two bedrooms in size to provide flexibility and reasonable space standards.
- 4.148. Research undertaken for this document continues to indicate a significantly ageing population in Mid Sussex, and supports the conclusions reached by the 2009 SHMA. As indicated, the needs of the older age groups are more specialised and fragmented than the general market needs of younger age groups and there is increasing emphasis on independent living; therefore it is beyond just suggesting an uplift to the supply of the stock of smaller 'general houses and apartments'. However, it is likely that an element of increased supply of smaller 'general housing' for this group is required, and when combined with the need for such sized dwellings with other groups, this adds to the overall significant need for such smaller properties, paying attention to ensuring that they are suitable and adaptable toward future needs, and including the provision of bungalows where possible.

Households with specific needs (i.e. disabled people)

- 4.149. Data indicating the demand for housing for disabled persons is not particularly reliable, for example applications for Disabled Facilities Grants only covers those that apply and who, under a means test, are eligible for grant funding. It is highly likely that this indicator underestimates the needs of disabled people in Mid Sussex.

4.150. It is considered that the pragmatic approach to catering for the needs of disabled people is to ensure that new housing is accessible and beneficial to a wide range of people who occupy or visit the dwelling, and provide particular benefit to older and disabled people, and adaptable for future needs, including those of wheelchair users for instance the approach route to the dwelling, changes in level within the dwelling and door and corridor width.

Calculating affordable housing need

4.151. Affordable housing is defined in Annex 2 of the National Planning Policy Framework (NPPF) as “*social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices...*” The National Planning Practice Guidance (NPPG) outline that there are a range of market demand and supply-side contextual factors that are relevant for plan-makers to consider in order to determine policies for the proportion of future total housing supply that should be sought as affordable housing. The viability of new residential development to provide affordable housing is also identified as a critical factor⁶⁵.

4.152. An up-to-date assessment of affordable housing need is therefore necessary in order to help inform the planning policies, housing targets and spatial plans for the local authorities in Northern West Sussex. It does not alone determine the proportion of affordable housing that should be sought as a component of the total planned future housing supply as this is a function of the Local Plan process which combines affordable housing needs information with other analyses including: objectively assessed housing needs, development viability, land capacity and housing investment data.

Affordable housing needs assessment model

4.153. The NPPG sets out that Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of the number of

- homeless households;
- those in priority need who are currently housed in temporary accommodation;
- over-crowded households;
- concealed households;
- existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);
- households from other tenures in need and those that cannot afford their own homes.

4.154. An update to the affordable housing needs assessment model was undertaken in the Northern West Sussex Housing Market Area – Affordable Housing Needs Model Update in 2014 (2014 AHNM). The update accords and aligns with the guidance contained in the National Planning Practice Guidance⁶⁶. The 2014 AHNM sets out the methodology employed in more detail.

4.155. The AHNM is designed to demonstrate the amount of affordable housing that will be necessary in order to meet housing needs at the local level in Northern West Sussex. The model is based upon an assessment of the ability to meet current and future affordable housing need through existing and committed future affordable housing stock. The results of the assessment are therefore influenced by the level of affordable housing need (demand) that arises, but also by the supply of stock to meet that need.

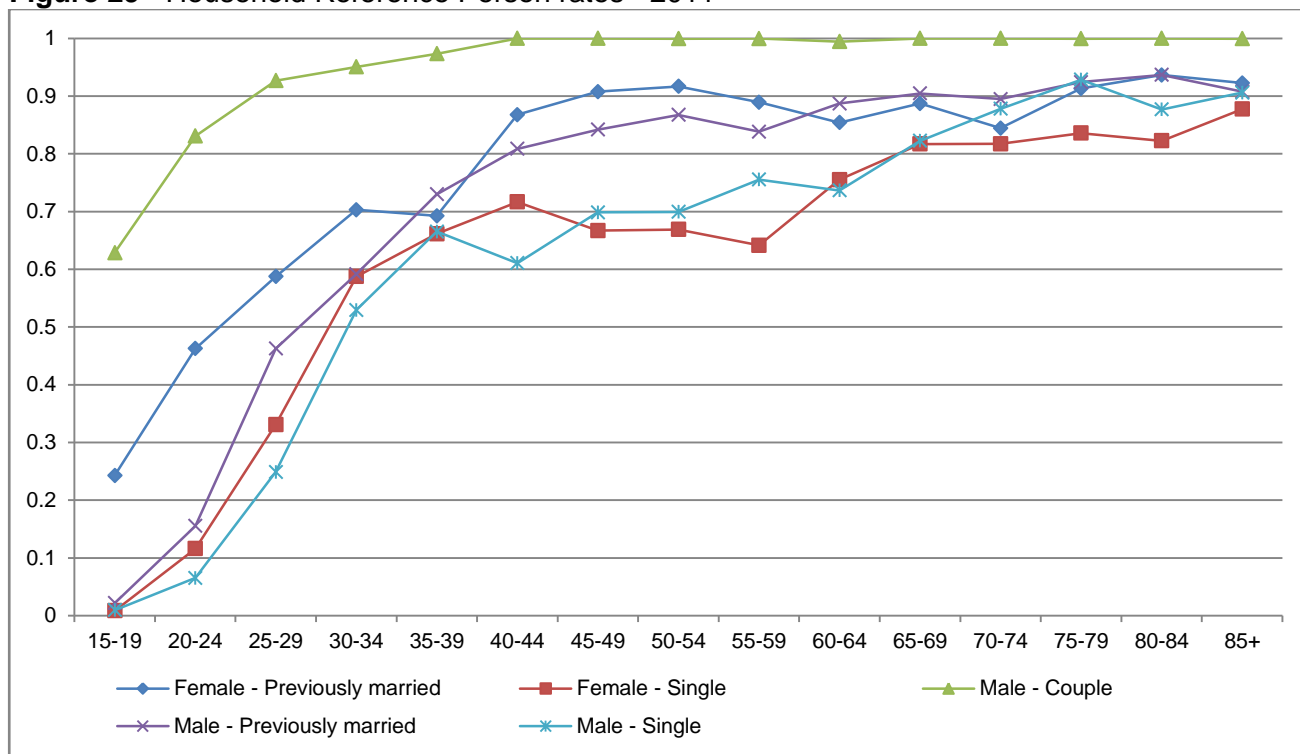
⁶⁵ NPPF Paragraph 173

⁶⁶ NPPG Section 2a Paragraphs 024 – 029 (all 20140306)

- 4.156. The Affordable Housing Needs model presents four affordable housing needs scenarios. The Scenarios consider the differences in affordable housing needs arising from those groups that local authorities are required to give “reasonable preference” to, as opposed to the entire local authority housing waiting list.
- 4.157. The Reasonable Preference groups form the Low Estimates of affordable housing needs in the Model. Reasonable preference groups include those households that are homeless and in priority need, those occupying unsanitary or overcrowded housing, and people who need to move on medical or welfare grounds.
- 4.158. The Total Waiting List (High Estimates) represent the total Housing Register and include other households who cannot afford to rent or buy property without assistance and may therefore be living with parents and unable to set up their own home.
- 4.159. The scenarios are presented representing a reasonable range within which planning policies can seek to secure and deliver new affordable housing:
- Scenarios A and B show the affordable housing needs for those in reasonable preference categories (the Low Estimate)
 - Scenarios C and D set out the affordable housing needs calculations for the whole Housing Register Waiting List (the High Estimate)
- 4.160. The NPPG identifies⁶⁷ the use of the CLG Household Projections as forming the basis for identifying gross new household formation. The cancelled SHMA Practice Guidance (2007) identified in Annex B, paragraphs 15-17 suggests a variant approach that restricts the formation of new households to those in the 16-44 years age cohort on the basis that new household formation plateaus at ages 45 and above.
- 4.161. Two different gross new household formation figures are used as the basis for future affordable housing needs to reflect on the different interpretations of the NPPG Guidance as to what constitutes “Gross New Household Formation”. The 2014 AHNM recognised that there are different views as to which approach to establishing gross new household formation is most appropriate, noting that it is not an exact science. On this basis and as a sense check, it was considered appropriate for the purposes of the 2014 AHNM to model Affordable Housing Needs scenarios using both the CLG Household Projections (Scenarios A and C) and the SHMA Practice Guidance approach (Scenarios B and D) and present the results for each.
- 4.162. The cancelled SHMA Practice Guidance approach does not prescribe a specific scenario to use. However, in limiting household formation to those aged 16-44 years, it does not take account of formation in older age groups arising from changing household circumstances such as divorce/ separation and does not take account of the dissolution of households arising from deaths in the older age groups or the joining up of households for those aged 44+, as demonstrated by the changes in Household Reference Person in Figure 29.
- 4.163. By not accounting this movement, which will include a source of housing that will arise as a result of changing household circumstances, this approach may present an artificially high net annual housing need figure that is disproportionate to net household formation in comparison to household projections which are the starting point for identifying objectively assessed needs and the basis for forming planning policies to meeting future housing needs.

⁶⁷ NPPG Paragraphs 2a-016-20140306 and 2a-025-20140306

Figure 29 - Household Reference Person rates - 2011



Household representative rates – DCLG Household Projections 2011-based

- 4.164. Utilising the CLG Household projection methodology is therefore considered to provide a much more realistic estimate as it accounts for changing household circumstances, migratory pressures, and dissolution of households. On this basis, Mid Sussex considers that only the outputs of the affordable housing needs model, presented as Scenarios A and C in the 2014 Affordable Housing Needs Model should be considered appropriate which generate a net annual housing need in the range of **116 -223 dwellings per annum**.
- 4.165. Although each Scenario highlights the continuing high level of affordable housing requirement needed in each local authority area, the result is a marked reduction in annual affordable housing needs in comparison with the results of the SHMA Update 2012 (Table 9) which indicated a net annual housing need range of 221 – 467 dwellings per annum. This is mainly as a result of the combined effects of a marked increase in the supply of affordable housing; an increased, committed future affordable housing supply; and a review and revision of the Mid Sussex local authority housing register that refined the number of households on the waiting list.

Table 32- Net Annual Affordable Housing Needs (Dwellings Per Annum) – Scenarios A and C outputs

	Crawley	Horsham	Mid Sussex
Scenario A – CLG Projection, Reasonable Preference Groups (Low Estimate)	197	225	116
Scenario C – CLG Projection, Total Waiting List (High Estimate)	268	246	223

Source: 2014 AHNM 2014 - Table 13

Conclusion

- 4.166. The affordable housing needs analysis represents a snapshot of the current affordable needs position. The assessment shows that despite successes in reducing the waiting list by supplying more new affordable homes over recent years, Mid Sussex has an affordable housing need that is greater than the supply of such housing on an annual basis. The analysis therefore demonstrates that there is a need for new affordable housing in future and provides the underlying justification for affordable housing policies contained within the District Plan.
- 4.167. As noted in the SHMA 2014, this evidence must be combined with other information that considers the viability and deliverability of housing developments; the role of new infrastructure provision; and critically the overall Objectively Assessed Need for housing, in order to set affordable housing targets and appropriate thresholds through District Plan policy.
- 4.168. The Objectively Assessed Need (OAN) is based on demographic projections and cannot differentiate between the market and affordable sectors and for reasons of double counting, cannot be a sum of affordable need plus market demand.
- 4.169. The resulting housing provision derived from the OAN will include a large element of affordable housing delivery, as a result of District Plan policy requiring the provision of affordable housing. The OAN figure of **627** (which already accounts for and makes an allowance for market signals) would provide up to **188** affordable homes per year⁶⁸. This would meet the assessed current affordable needs for the reasonable preference groups and almost 85% of the need for the total waiting list. Notwithstanding the above, in terms of making provision for affordable housing, this figure is considered appropriate and the OAN does not require any further upward adjustment to make an additional provision of affordable housing.
- 4.170. The different sizes of affordable housing that are required by those on the local authorities' housing waiting lists is an important dimension in determining the characteristics of future affordable housing provision. The number of bedrooms required is used as the measurement for affordable housing size in accordance with the NPPG.
- 4.171. The 2014 SHMA examined this issue in detail (Paragraph 4.82 onwards) and recommended that a range of different size affordable housing be sought. The majority of those on the housing waiting lists are seeking smaller accommodation (one and two bed units). There is also a need to supply larger properties (three and four bedrooms) as households requiring larger properties usually have to wait longer to secure appropriate accommodation.
- 4.172. The recommended affordable housing mix is detailed below as the starting point for negotiation on a site-by-site basis based on current affordable housing size requirements and revealed waiting list demands.

⁶⁸ Based on a calculation of existing commitments against Mid Sussex Local Plan Affordable Housing Policy H4 (provision of 30% affordable housing on sites of 15 or more dwellings); and future District Plan and Neighbourhood Plan housing allocations against Mid Sussex District Plan 2014 -2031 Pre-Submission Draft Policy DP29 (provision of a minimum of 30% affordable housing for all residential developments providing a net increase of 11 dwellings and above or a maximum combined gross floorspace of more than 1000m²; and for residential developments in the High Weald Area of Outstanding Natural Beauty providing a net increase of 6 – 10 dwellings, a commuted payment towards off-site provision, equivalent to providing 30% on-site affordable housing.

4.173. The recommended mix is as follows:

- 1 bed – 25%
- 2 bed – 50%
- 3 bed – 20%
- 4+ bed - 5%

4.174. The SHMA 2014 also looked at the need for intermediate housing (Paragraph 4.97 onwards). The NPPF⁶⁹ defines Intermediate Housing as “homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing”.

4.175. The SHMA 2014 concluded that current evidence demonstrates a strong and continued revealed demand for Intermediate Housing despite financial lending and deposit requirement restrictions. Discussion with the Zone Agent confirms that demand remains significant and has not been substantially affected by rising house prices, availability of equity or changes to lending controls.

⁶⁹ National Planning Policy Framework - Annex 2

5. Economic Development Needs

5.1. The focus of this section of the HEDNA is on the employment needs of the district both in terms of the number of jobs (in relation to an increased need as a result of new housebuilding linked to the OAN established in previous sections) and employment floor space for the group of B class sectors outlined below:

- **B1 Business** (offices, research & development, light industry)
- **B2 General Industrial**
- **B8 Storage or Distribution** (wholesale warehouses, distribution centres).

Balancing Jobs and Houses

5.2. It is accepted that there is a link between people and jobs, and the formation of additional households will provide a need for additional jobs to be created to accommodate the increased workforce.

5.3. Previous sections have identified a range of housing need figures. The POPGROUP modelling software can use the background data (predominantly population projections by age) to convert the projected number of households to a projected workforce, and then to jobs.

5.4. This is done by assessing the population profile of the District, determining the number of residents of working age, and then using economic activity and commuting ratios to predict how many jobs this equates to.

5.5. The results for the various scenarios assessed within the HEDNA is as follows:

Table 33 - Housing Scenarios - Job Projections

Approach	Dwellings Per Annum	Jobs Per Annum
CLG 2008 Starting Point	645	272
CLG 2011 Starting Point	516	111
Baseline (Indexed 2008/2011)	570	180
Baseline Plus Market Signals	627	249

5.6. The POPGROUP modelling software indicates that the provision of an average of 627 new dwellings per year over the plan period 2014 – 2031 would generate a need for 4,238 jobs over the same period, equivalent to 249 jobs annually.

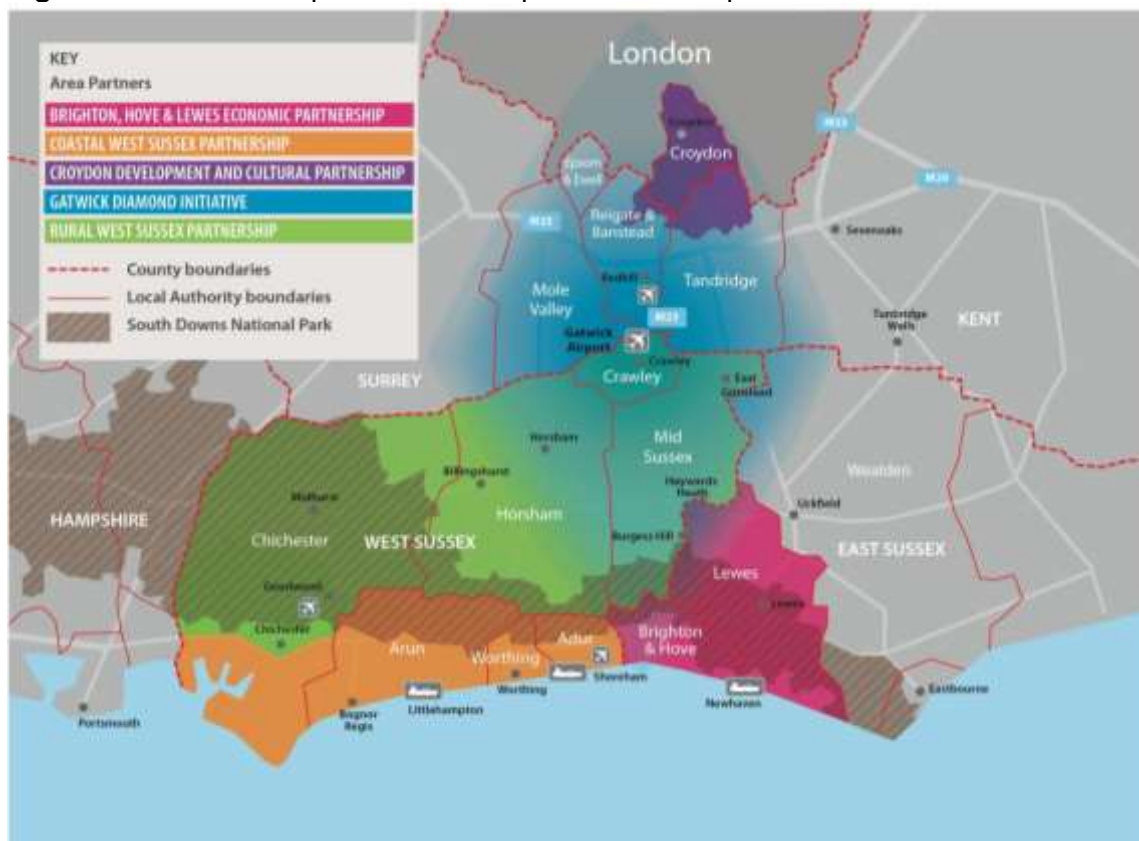
Employment Land

Context

5.7. Demand for B class employment land and floorspace represents the particular focus of this section. This reflects the approach of the National Planning Policy Framework (NPPF) which states that significant weight should be placed on supporting growth and planning proactively to meet the development needs of businesses, and that local planning authorities should make every effort to meet the development needs of business. In this context, business uses are recognised as a key barometer of economic need, and this represents the most appropriate basis on which to plan positively for economic growth. References to 'employment space' are intended to mean both these elements. Industrial space in this report includes both manufacturing and distribution uses.

- 5.8. The National Planning Policy Framework requires local authorities to “set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth” (paragraph 21). In evidence base terms, this should be underpinned by “a clear understanding of business needs within the economic markets operating in and across their area” (paragraph 160). Local planning authorities should then use this evidence to assess “the needs for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period” (paragraph 161).
- 5.9. Coast to Capital is the Local Enterprise Partnership (LEP) for Brighton and Hove, Croydon, the Gatwick Diamond, Lewes and West Sussex (Figure 30).

Figure 30- Coast to Capital Local Enterprise Partnership area



- 5.10. Coast to Capital submitted a Strategic Economic Plan (SEP) to the Government in March 2014 in order to secure investment to promote continued growth within the LEP area.
- 5.11. The SEP highlights the important strategic employment opportunity that exists at Burgess Hill. In particular, it notes that proposals are at a highly advanced stage and there are no significant obstacles to delivery. The SEP states that the proposals also have the potential to impact positively on the wider region and beyond. These wider benefits will support high end economic and business growth across the Coast to Capital and South East LEP areas.
- 5.12. The Gatwick Diamond (including the Surrey districts of Epsom & Ewell, Reigate and Banstead, Mole Valley and Tandridge) is one of the LEP’s five economic sub-areas. The Gatwick Diamond is a reasonably long-standing and widely accepted spatial concept which was included within the former South East England Economic Development Agency Regional Economic Strategy and formed a sub-regional planning area for the purposes of the South East Plan.
- 5.13. The Gatwick Diamond Initiative is a business-led partnership set up in 2003 with the aim to grow the region’s existing jobs base, attract new jobs and secure investments from

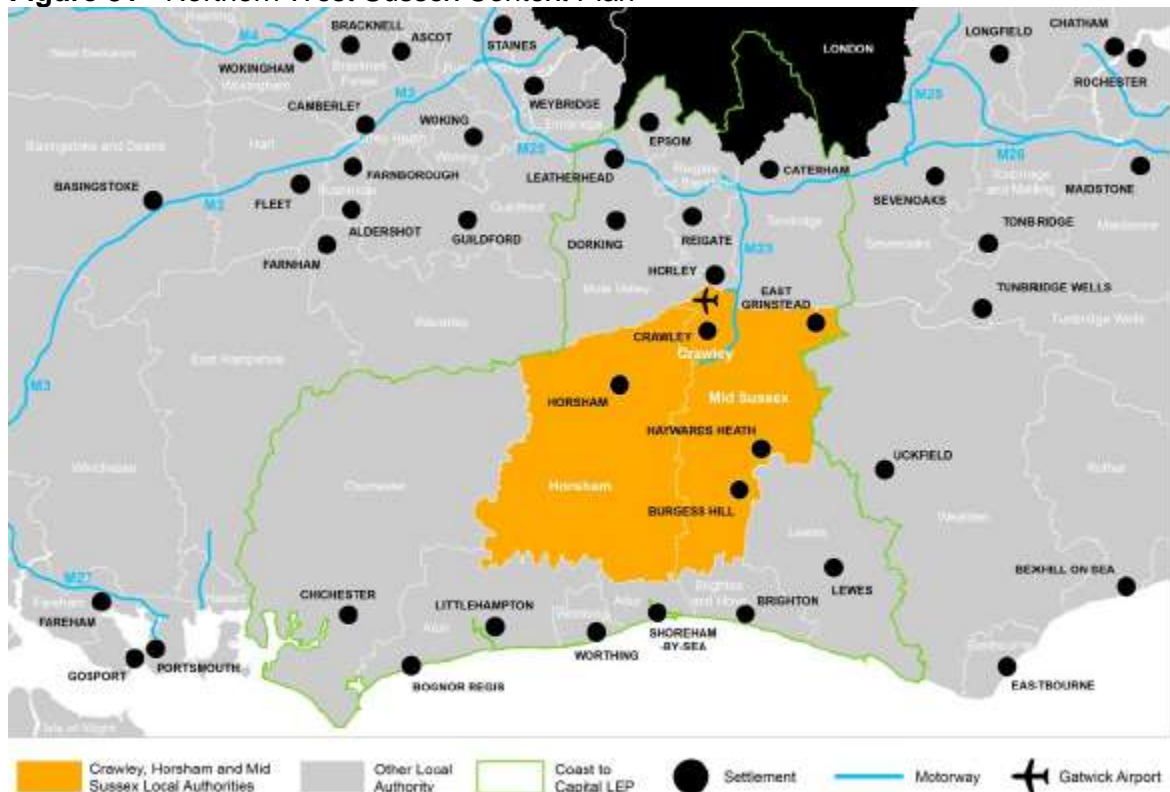
companies that most closely match industry strengths. Key objectives identified in its 2013-16 Strategic Business Plan include:

1. To promote the area as a world class business location
2. To attract investment whether from UK, government or abroad
3. To help retain existing businesses
4. To foster the growth of existing and new businesses
5. To maximise the benefits of technological change
6. To contribute to public sector decision making at a local, regional and national level.

Definition of the functional economic area

5.14. The Northern West Sussex sub-region lies in the north-east corner of West Sussex and comprises the three local authorities of Crawley, Horsham and Mid Sussex (Figure 31). Crawley/Gatwick is a major centre of employment and Gatwick Airport is the UK's second busiest. Connectivity is enhanced by the mainline rail and A23/M23 corridors linking to London and Brighton through the centre of the sub-region; the M25 lies just to the north of the sub-region. The central part of the sub-region lies within the High Weald Area of Outstanding Natural Beauty, while the South Downs National Park lies on the southern fringe, to the south of Burgess Hill.

Figure 31 - Northern West Sussex Context Plan

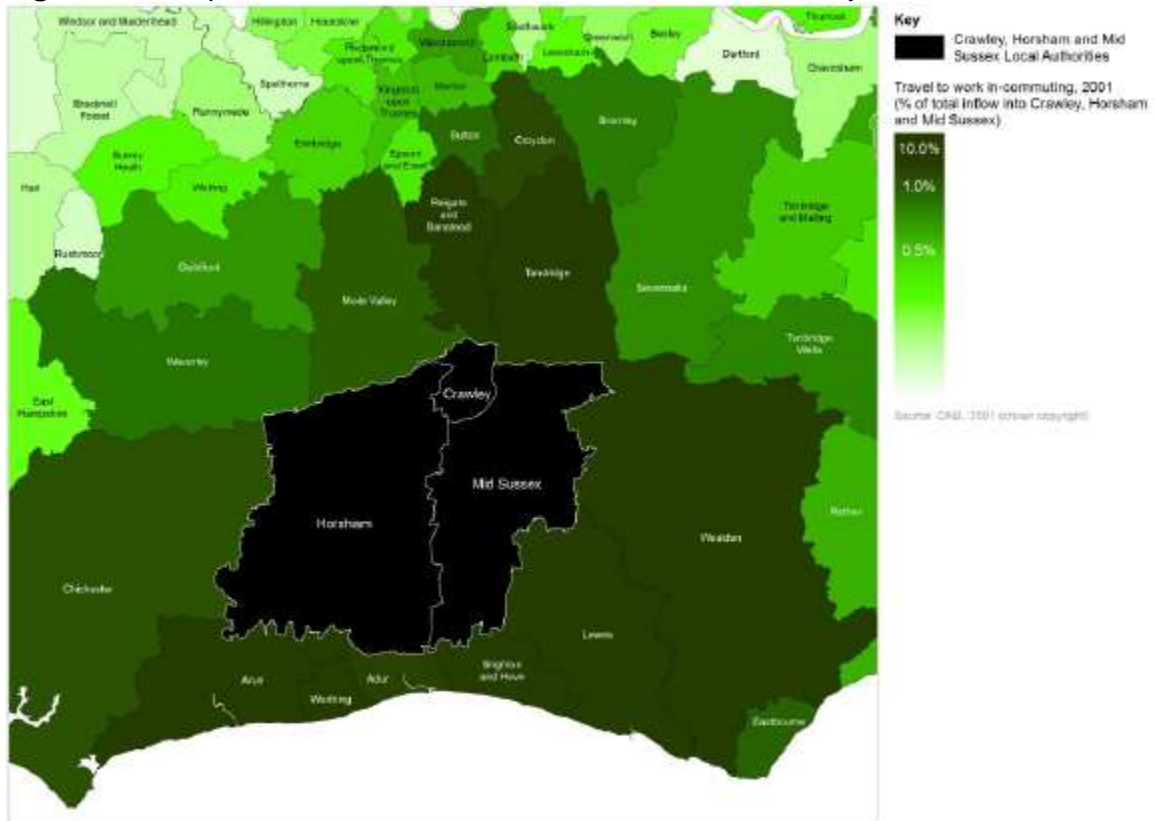


5.15. Together, as part of the Coast to Capital LEP area and part of the Gatwick Diamond, they form a functional economic area. The three authorities share a number of common characteristics and important linkages with other sub-regions, not least in terms of commuting and transport connectivity.

5.16. Examining commuting flows can help in defining the functional economic market area of a particular local economy. Based on 2011 Census data, Northern West Sussex is a net importer of labour with an aggregate inflow to the sub-region of nearly 58,000 workers and an aggregate outflow of just under 49,000 workers.

5.17. Figure 32 illustrates the local authority areas from where Northern West Sussex draws the largest proportions of in-commuters. This shows a broad geographical footprint, but also a clear concentration along the A23/M23 corridor and along the A27 Sussex coastal strip. It underlines the functional economic market area importance of both the Gatwick Diamond and Coast to Capital LEP areas.

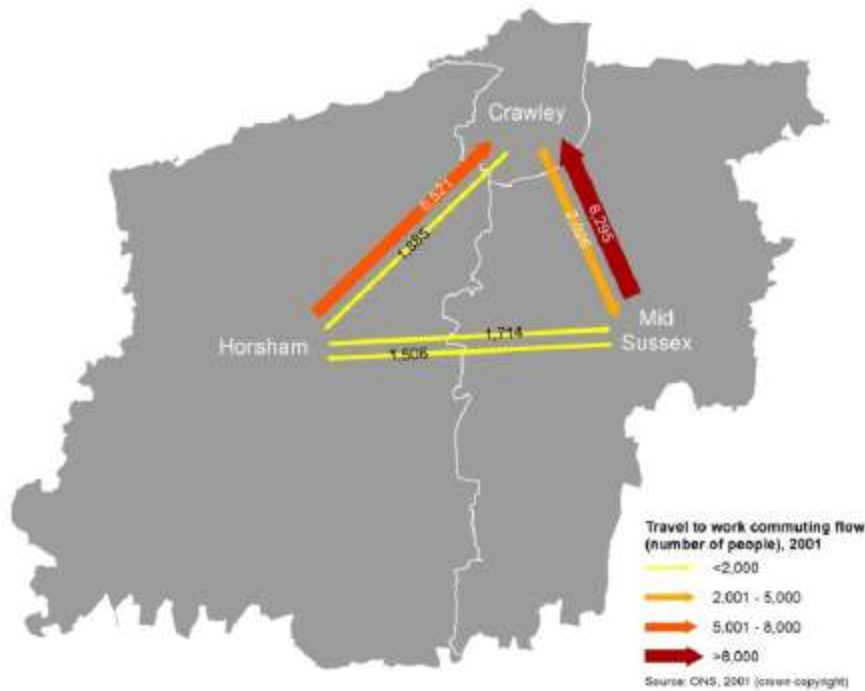
Figure 32 - Proportions of in-commuters to North West Sussex by district, 2011



Source: 2001 Census / NLP analysis

5.18. As the largest workplace economy, Crawley attracts significant daily commuting flows from both Horsham and Mid Sussex, amounting to over 13,000 people. However, there is also an important reverse flow from Crawley to Mid Sussex amounting to just over 2,650 people and flows between Horsham and Mid Sussex amounting to between 1,800-2,000 people in each direction (Figure 33).

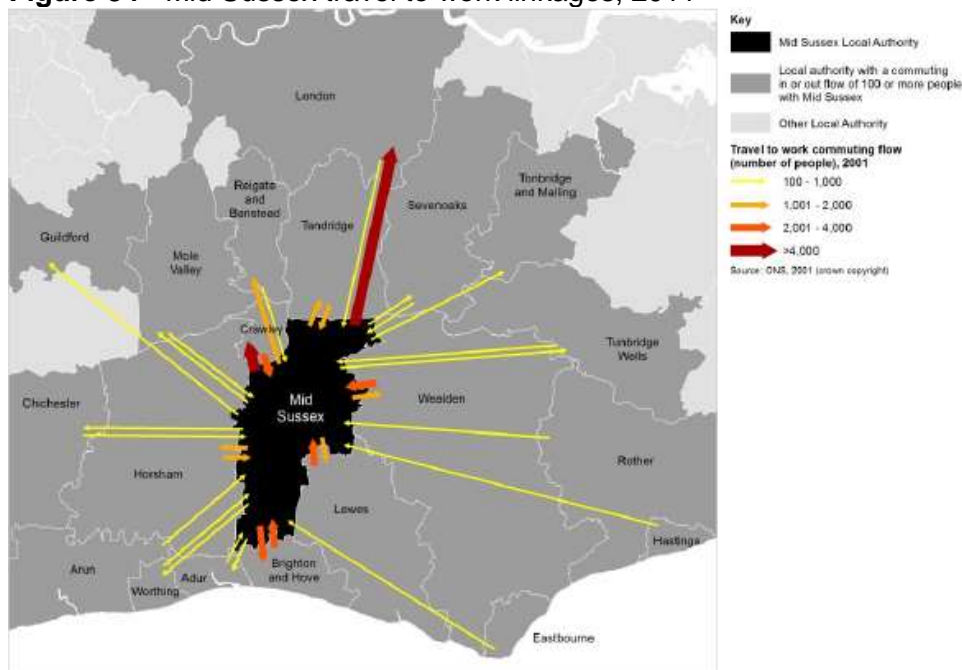
Figure 33 - Internal commuting linkages within the sub-region



Source: NLP analysis

5.19. In 2011, 43.6% of Mid Sussex’s residents worked outside of the District indicating a very high rate of out-commuting. In total, about 32,000 residents work elsewhere, predominately in the adjoining area of Crawley (22%), as well as smaller proportions to other areas such as Brighton & Hove (11%), Reigate & Banstead (5.4%), Tandridge (5.8%) and Horsham (5.7%) (Figure 34). London also accounts for a significant proportion (25.2%) of all out-commuting from Mid Sussex and although the capital is just beyond the District’s immediate functional economic area, this significant out-flow means that the District maintains strong economic links with London.

Figure 34 - Mid Sussex travel to work linkages, 2011



Source: Census 2001

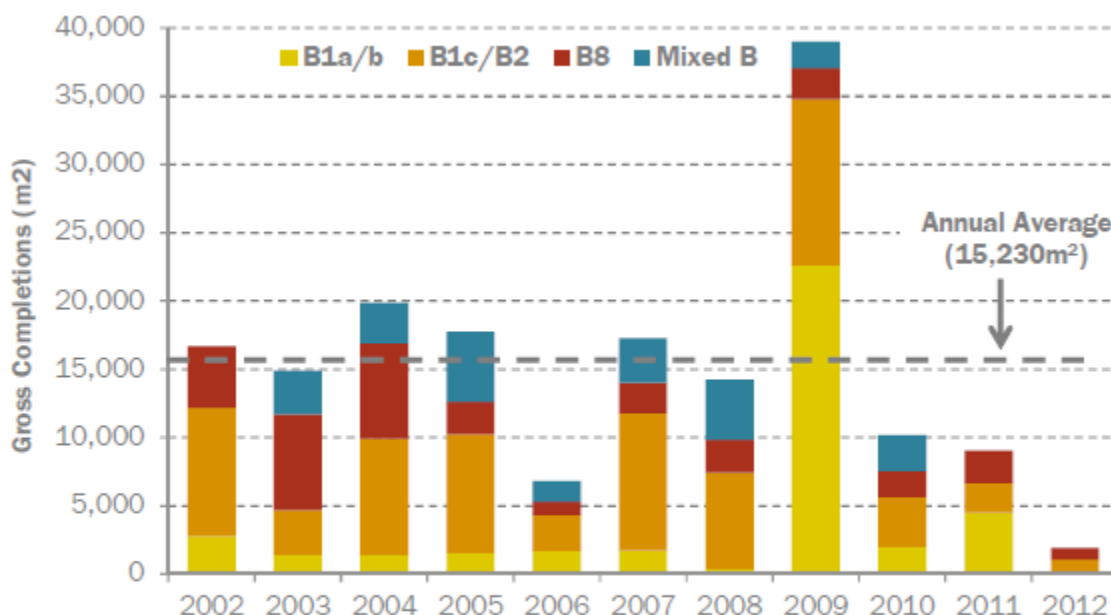
5.20. At the same time, approximately 20,500 workers commuted into Mid Sussex, predominately from the adjoining districts of Brighton & Hove, Crawley, Wealden and Lewes. The key sectors of employment amongst in-commuters include utilities and manufacturing, business services, and wholesale and retail. On this basis, Mid Sussex is a net exporter of labour, with a net out-flow in the order of 11,335 residents, equivalent to some 15.5% of its resident workforce.

Assessment of current situation for economic uses

Recent pattern of employment land supply and loss to other uses

5.21. The gross amount of floorspace developed for employment uses in Mid Sussex over the last 11 years is shown in Figure 35 below. This indicates that an average of 15,230m² of gross B-Class space was developed per year across the District between 2002 and 2012. The majority (6,235m² or 41%) of new floorspace was developed for B1c and B2 factory/industrial uses; 24% or 3,645m² for office (B1a/b) uses; 20% (3,080m²) for B8 distribution uses; and 15% (2,270m²) for mixed B uses.

Figure 35 - Gross development rates 2002-12



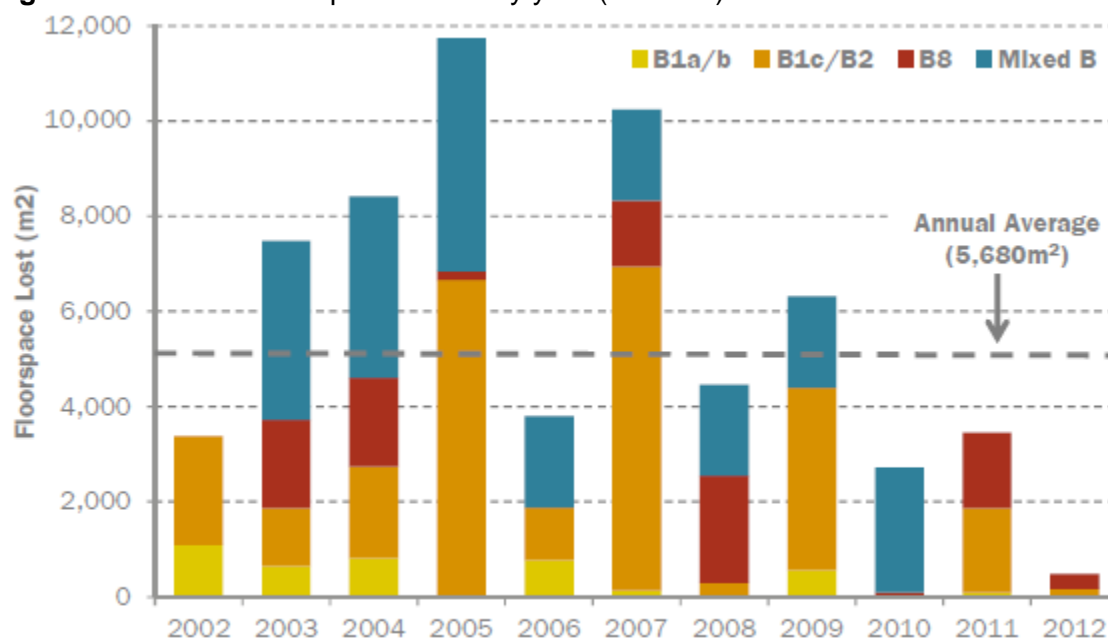
Source: Sussex County Council

5.22. Development of new B class space in Mid Sussex has been relatively even over the last 11 years, with the exception of 2009 which saw gross development peak at 39,010m² (almost double the annual average rate of development between 2002 and 2012), and the years 2006 and 2012, which both recorded relatively low gross completions of 6,800m² and 1,880m² respectively.

5.23. Across the period as a whole, the net development rate was significantly lower, at just over 9,550m² p.a., reflecting losses of B class space through redevelopment to other uses as detailed below.

5.24. Mid Sussex recorded an annual average loss of 5,680m² for the period 2002-2012, with most of this involving losses from B1c/B2 factory space (42%) and mixed B class space (36%) (Figure 36).

Figure 36 - B Class floorspace losses by year (2002-12)



Source: Sussex County Council

- 5.25. By comparison, losses of B1a/b office and B8 distribution space were relatively modest over the last 11 years, averaging 380m² and 870m² per annum respectively. Past losses of employment land to other uses have been very variable by year, with the years 2005 and 2007 standing out as recording significant losses of B1c/B2 industrial and mixed B class space.

Market intelligence

- 5.26. The UK commercial property market is still recovering from the financial crisis of 2007/8 and the ensuing recession and property slump. Falls in the capital value and rental levels of office and industrial premises of up to 40% combined with stricter lending criteria from banks and the abolition of tax relief on empty property mean that property development is less profitable, finance is hard to obtain and the risks of developing space without an end-user identified are high. As a result, speculative development has become very rare in virtually all of the UK outside of prime London markets. This is particularly the case in more economically marginal locations, and those without a significant existing commercial property market, where lenders and developers are likely to be especially cautious.
- 5.27. There are differing views on how the market will evolve in the coming years, in particular the recovery of commercial values and rents and the appetite for business investment will vary in different locations and sectors.
- 5.28. Northern West Sussex has a relatively buoyant commercial property market, boosted by its central location within the wider South East and excellent transport links and connectivity, making it an attractive and competitive business location for a wide range of industries. Strong quality of life factors and access to a highly skilled workforce combine both to retain indigenous firms within the sub-region and to attract investment from elsewhere.
- 5.29. Each of the three local authority areas within Northern West Sussex has a different role to play in economic and property market terms. As the largest economic and commercial centre in the sub-region, Crawley attracts the strongest levels of demand from business occupiers, across both office and industrial sectors and from major multinational firms as well as local SMEs. Alongside the wider Gatwick Diamond area, the Borough benefits from the presence of an international airport as well as excellent rail and road links and accommodates 48% of

all employment floorspace in Northern West Sussex. It also represents one of the few commercial centres in the South East that continues to attract speculative development (albeit on a modest scale) in the current climate. By comparison, Horsham and Mid Sussex Districts have traditionally had more localised commercial property markets and a smaller overall stock of business accommodation.

- 5.30. The commercial property market in Northern West Sussex is relatively insular and self-contained, with local agents reporting that the majority of enquiries for business space tend to originate from within the sub-region itself. This is thought to be due to poorer perceptions amongst businesses outside of the area regarding the scale and range of premises available and access/connectivity away from the key strategic routes. The notable exception to this is Crawley which accommodates the largest employment site in the Gatwick Diamond area at Manor Royal. This enables the Borough to be more external facing in terms of the scale of occupier requirements that can be met within the Borough, many of which originate from outside of the sub-region.
- 5.31. Whilst key centres such as Crawley/Manor Royal and Burgess Hill compete from time to time with other locations within the Gatwick Diamond and Coast to Capital LEP area (including the nearby M23/M25 corridor and Brighton/South Coast market) for occupiers and investment, property market inter-relationships between the three authorities are not particularly strong, with few recent examples of firms relocating elsewhere within the sub-region.
- 5.32. Echoing broader UK trends, demand for commercial space in Northern West Sussex has generally weakened following the economic downturn in 2007/08. The office market in particular has been impacted by occupier uncertainty alongside more general changes in working practices which influence demand for premises. For example, office centres within Northern West Sussex (particularly the towns of Horsham and Haywards Heath) have been affected by wider business consolidation practices, with parent companies operating outside of the area streamlining existing operations through the closure of sites (for example, Novartis Pharmaceuticals at Horsham). Nonetheless, local agents have reported some upturn in the level of office enquiries received over recent months across a range of size bands. By comparison, the industrial market in Northern West Sussex remained relatively static throughout the economic downturn, continuing to attract demand from a variety of sectors and for a range of premises sizes.
- 5.33. Issues relating to the quality and age of employment space are common across all three authorities within the sub-region. Vacancy levels are generally low within good quality, modern office and industrial accommodation, while very limited demand for 'Grade B' premises – typically comprising stock that is ageing, of a poorer quality and not configured to meet modern business requirements – has increased vacancy levels within this category of premises. At the same time, very little new stock has been developed in the sub-region in recent years, and local agents expect to see a shortage of accommodation at the high quality end of the market in the near future, for both offices and industrial, across all three districts.
- 5.34. Furthermore, the view amongst local agents is that the sub-region is 'running out of space' to meet the spatial requirements of businesses, both local companies looking to expand/relocate and new companies potentially moving into the area. For example, agents have reported that they already struggle to find suitable sites to accommodate larger occupiers (particularly for industrial space up to 2,800m²). Some occupiers in the sub-region have been forced to make compromises and identify temporary solutions to accommodate their needs, for instance by locating their operations on split sites, although there is a risk that this activity is displaced from the sub-region as space becomes increasingly constrained in future. This could have a harmful effect on the Northern West Sussex economy as jobs are lost due to a lack of suitable employment space forcing occupiers away, particularly when other competing centres nearby such as the M3 corridor are reported to still have significant space/strategic business sites available to develop.

- 5.35. Local agents have consistently reported that there is a need to allocate additional land in the sub-region to maintain a high quality business offer and improve the choice for occupiers. However, location is key and any new space must appeal to the market in order to be viable in the current climate and foreseeable future. Accordingly, agents have suggested a number of potential locations for a new strategic employment site/business park including the northern part of Crawley Borough (benefiting from the town's existing transport and connectivity strengths), the north-eastern part of Horsham District as well as land close to Burgess Hill, which would be likely to be more industrial in nature. Whilst any such site(s) would invariably be located within the boundaries of a specific authority, depending upon their configuration they could provide the potential to accommodate wider business needs arising from across the sub-region, as well as freeing up and enabling 'churn' on smaller scale sites within Northern West Sussex's other key employment areas such as Manor Royal (a normal market process which is currently being constrained by lack of alternatives).
- 5.36. The rural areas of Northern West Sussex also accommodate provision of employment space. This takes the form of purpose built, stand-alone business parks of which examples in Mid Sussex include the Rowfant Business Centre and Bolney Grange Business Park. There are also examples of small units in converted farm buildings, for example Backlands Farm, Hickstead. These sites accommodate a range of sectors and industries from professional services and recreation to construction and wholesale.
- 5.37. Many rural businesses face particular challenges to continued economic growth and prosperity, including poor infrastructure and access to facilities (such as high speed broadband), low density of firms leading to a poorer choice of local employment opportunities for rural residents, and limited access to affordable housing for employees in many areas. The availability of broadband and good access is essential to ensuring the growth and expansion of the local rural economy.
- 5.38. Agents have reported limited demand for rural business space, which tends to comprise poorer quality, older stock, with units typically below 450m² in size. Very little new space has been brought forward in the last 20 years or so. Nevertheless, continued growth of this type of premises was considered inevitable to meet the needs of what is essentially a very local market consisting of rural businesses which operate in this area. These premises can also play an important role in providing affordable workspace and retaining home based businesses within the local community.
- 5.39. Mid Sussex's three main towns of Haywards Heath, Burgess Hill and East Grinstead represent key commercial centres and accommodate the majority of the District's employment space, each with a distinct commercial property market character. In general, the District has seen very little new employment development in recent years, resulting in an ageing stock and stream of occupier requirements that cannot be met. The profile of demand varies within the District and is explored in more detail below.
- 5.40. **Haywards Heath** represents Mid Sussex's main office location, benefiting from a well-served mainline railway station, highly skilled local labour force and attractive town centre environment with a strong retail and leisure offer which has been subject to recent improvements. The town has remained an important office destination since the 1980s when Haywards Heath attracted a number of large financial institutions who purpose-built office premises, clustered around Perrymount Road. Demand has remained steady for good quality, modern office premises, and is likely to be driven in future by local, smaller scale occupiers across a mix of sectors, but mainly within business and financial services.
- 5.41. In terms of supply, much of the town's office space is relatively old and requires refurbishment. This is starting to have an impact on pushing up vacancy levels in and around the town centre, particularly around the Perrymount Road area. There has been a limited amount of modern space built in recent years, especially top quality Grade A space. This has partly been caused by a lack of readily available land for new development, with local agents

citing anecdotal evidence that requirements for premises and sites are being driven outside of the District.

- 5.42. **East Grinstead** is located in the north-east of the District and is characterised by a mixed commercial property market. In the past, the town benefitted from the land constraints associated with nearby centres such as Crawley, particularly before office development was permitted at Manor Royal. The town's commercial market grew up around a small number of large office occupiers, many of which have since relocated leaving behind significant swathes of office space for which demand cannot be replicated. Some of this space has since been lost to other (predominately residential) uses, with the remainder struggling to achieve asking rents of £10ft² for refurbished, second-hand office space, much of which remains vacant. East Grinstead is no longer regarded as a strong office location, characterised by limited levels of occupier demand and the town has seen little new development in recent years. The town suffers from relatively poor infrastructure and transport connections, particularly compared with elsewhere in the sub-region. A number of town centre office buildings have been converted to residential use in recent years.
- 5.43. In contrast, East Grinstead's industrial market is more buoyant, particularly for light industrial (B1c) and distribution (B8) uses, with the majority of stock accommodated within the three main industrial locations of Birches Industrial Estate, Charlwoods Road and Imberhorne Lane. Although demand is largely locally driven, the town does occasionally attract overspill occupiers from nearby centres such as Crawley. The Birches represents the most recent new industrial development in the town (completed in 2006/07), just over half of which is reported to have been taken-up to date, largely to higher quality uses. Local commercial agents have noted that, without intervention, future industrial development in East Grinstead is likely to become increasingly constrained by a lack of available land. Demand is typically driven by occupier requirements below 650m² where supply is currently very limited.
- 5.44. Located in the south of the District, **Burgess Hill** has an established and successful industrial market, largely concentrated across Victoria Business Park, Sheddingdean Business Park and Bolney Grange Business Park (outside of the settlement boundary). Demand remains steady from industrial occupiers for a range of premises sizes. Along with other centres in Mid Sussex, Burgess Hill's industrial market is characterised by a diminishing supply of available land for development.
- 5.45. A planning application has gained a resolution to grant planning permission subject to the completion of a S106 agreement for the development of a new high quality business park (known as 'The Hub') on part of the strategic allocation to the north-west of Burgess Hill (as set out in Policy DP8 of the District Plan) which could provide pre-let/sale opportunities for a mix of B class uses from 4,500 to 50,000m² on a build to suit basis. Local agents indicate that interest is already being shown by potential occupiers, and believe that a new site of this scale is needed to accommodate demand arising both in the short term as well as over the longer plan period. As part of Mid Sussex's participation in the Greater Brighton City Deal, there is also a proposal to develop a high-tech Science Park (referenced in Policy DP2 of the District Plan) in a broad location to the west of Burgess Hill.
- 5.46. The office market in Burgess Hill is less well established due in part to poorer transport links compared with other locations in the sub-region, a relatively poor quality town centre environment and wider regeneration issues. Nevertheless, the town accommodates a number of office sites including The Brow and Civic Way in the town centre and parts of the Victoria Business Park (such as the Woodlands Office Park). Vacancy levels within these office premises is relatively high, and local agents have reported receiving very few requirements for office space in Burgess Hill. In early 2014, American Express confirmed their intention to re-occupy Sussex House in Burgess Hill, a 15,500m² B1a office complex, having previously vacated the building in 2011.

- 5.47. A business survey was undertaken as part of the Northern West Sussex Economic Growth Assessment (April 2014) in order to gain a better understanding of the needs of businesses operating within the sub-region and the main factors that support and inhibit business growth. This involved a sample of 39 firms across a range of B class sectors and locations in Crawley, Horsham and Mid Sussex. A summary of the key findings is set out below.
- 5.48. Respondents were based across the sub-region, although the majority were located within Crawley (67%). 24% were based in Mid Sussex and a further 9% based in Horsham. Businesses surveyed comprised a range of sizes; just under half (47%) had fewer than 10 employees, while 18% had more than 100 employees.
- 5.49. Respondents currently occupy a range of business premises, although the most common were offices (50%). 14% of respondents occupy a factory/workshop unit, with a further 14% working from home. 9% occupy a warehousing unit. Respondents provided mixed views on the quality of their site, although the majority (69%) rated the quality of their site and surrounding environment as good or very good. Just 11% of business respondents are unsatisfied with their current premises/site, largely due to a lack of adequate parking and space for expansion. However, the majority of respondents cited that their premises were adequate to meet their current requirements.
- 5.50. Just under half (43%) of businesses have experienced difficulties in finding suitable premises/sites to expand, upgrade or relocate to within the local area. The most commonly cited difficulties include finding premises in the right location/close to their existing building, at the right size, with the right ownership arrangements (i.e. freehold) and a lack of on-site parking. Businesses would like to see greater flexibility within the planning system (i.e.
- 5.51. speeding up the time it takes to process planning applications), more support from the local authority/business organisations to help them search for suitable property and more flexible ownership options, for example the opportunity to purchase their site/premises on a freehold basis.
- 5.52. Just over half (51%) of respondents are considering expanding their premises in the next five to ten years, and of these, the majority (56%) believe they would be able to find a suitable site/premises to accommodate this expansion within their local authority area, either through expansion on their existing site (19%) or by relocating elsewhere in the District (38%). A further 19% cited that they would relocate to another site within the Northern West Sussex/Gatwick Diamond area.
- 5.53. The most common factors that business survey respondents cited for keeping them in Northern West Sussex were:
- proximity to a reasonably skilled local workforce
 - firms had built up a successful business/client base in the sub-region
 - good access and transport infrastructure, with good proximity to both Gatwick Airport, London and the South Coast ports
 - high quality of the local area and surrounding environment, with many business owners/employees choosing to live and work locally.
- 5.54. At the same time, business respondents cited a number of factors that could prevent their business from staying in the area, or make them consider relocating. These include a perceived lack of investment in improving internet services, citing a lack of high speed broadband as a key weakness of Northern West Sussex as a business location, lack of affordable business premises and poor parking provision and congestion around some of the area's key employment sites at peak times.
- 5.55. Research undertaken by Local Futures in 2013 identified a number of key strengths and weaknesses of the Gatwick Diamond (and individual local authorities within it) as a business location. It found that Mid Sussex performed less well, particularly with regards to its business accommodation and supporting infrastructure offer. This research implies

significant scope for Mid Sussex to improve its sites and premises on offer to businesses, especially if it is to compete effectively with other authorities within both the wider Gatwick Diamond and South East area for business and investment in future.

- 5.56. More recently, a survey conducted by the Burgess Hill Business Parks Association in September 2014 found that 74% of those businesses which had responded had grown in the previous 12 months, whilst a significant number of businesses reported a need to move or expand their premises within the next 18 months

Market signals (*changes in rental values and differentials between different land values in different uses*)

- 5.57. As shown in Table 34, rental levels within Northern West Sussex’s key commercial centres vary significantly, with both office and industrial stock in Crawley commanding the highest rents, although this does vary depending upon the quality and age of premises. Within the Borough, rents tend to be higher in Manor Royal than Crawley town centre and Three Bridges area. Rental levels across the remaining centres in Horsham and Mid Sussex are generally similar and offer a cost advantage over both Crawley and nearby areas such as Brighton & Hove, Guildford and Reigate.

Table 34 - Industrial and office rents in Northern West Sussex and comparator locations

Location	Industrial (£ / sqft)	Offices (£ / sqft)
Crawley – Manor Royal	7 - 10	15 - 25
Crawley – Town Centre / Three Bridges	7 - 8	10 - 20
Horsham	6 - 8	10 - 15
East Grinstead	7 - 8	9 – 10
Haywards Heath	n/a	16 – 17
Burgess Hill	7 – 8	9 - 11
Brighton & Hove	10 – 12	10 – 20
Worthing	5 - 7	10 - 12
Guildford	7 - 10	15 – 19
Reigate	n/a	15 - 20

Source: Survey of Commercial Agents / VOA / NLP analysis

Information on any infrastructure complaints

- 5.58. As noted above, businesses have cited a number of factors that could prevent their business from staying in the area, or make them consider relocating. These include a perceived lack of investment in improving internet services, citing a lack of high speed broadband as a key weakness of Northern West Sussex as a business location, lack of affordable business premises and poor parking provision and congestion around some of the area’s key employment sites at peak times.
- 5.59. Many rural businesses also face challenges to continued economic growth and prosperity, including poor infrastructure and access to facilities (such as high speed broadband), low

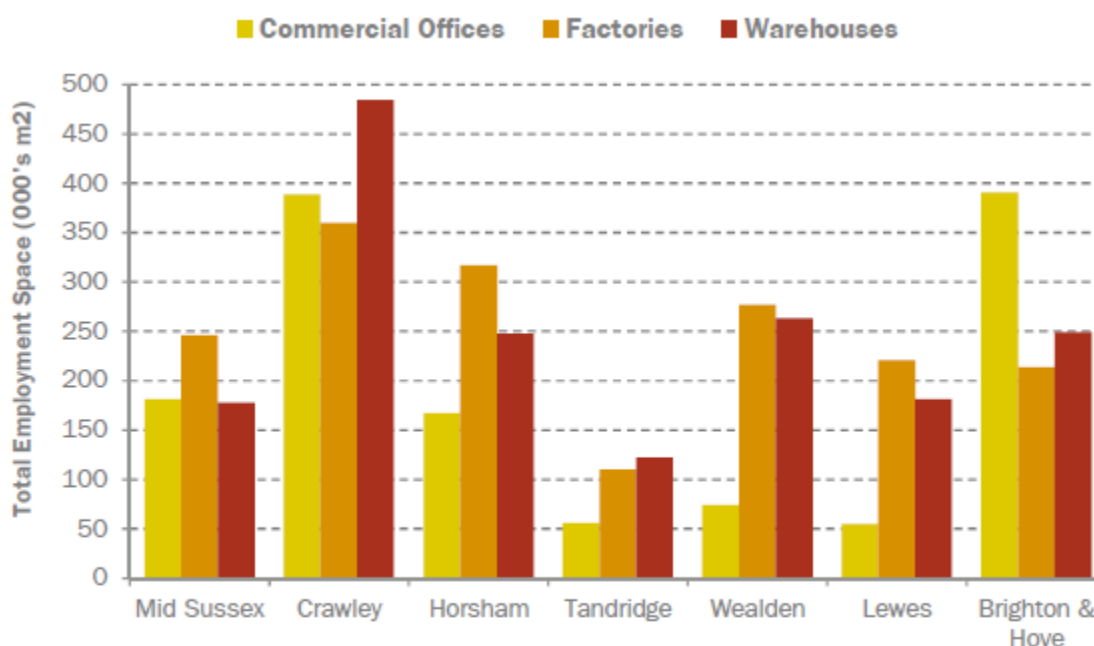
density of firms leading to a poorer choice of local employment opportunities for rural residents, and limited access to affordable housing for employees in many areas.

5.60. The availability of broadband and good access is essential to ensuring the growth and expansion of the local rural economy. On this issue, West Sussex County Council has contracted with BT Telecommunications plc to build the necessary communications infrastructure to provide improved broadband services throughout the county. The £20 million project is being funded by the County Council, the Government and BT Telecommunications plc and is due to be completed by spring 2016. The District Plan contains a policy on Communications Infrastructure (DP20) and supports development proposals required to expand the electronic communication network District-wide (including high speed broadband).

Existing stock of employment land

5.61. Mid Sussex contained 605,000m² of B class floorspace in 2008, broken down by main uses and compared with employment space levels in nearby districts as shown in Figure xx. Echoing the trend across the rest of the Northern West Sussex sub-region, Mid Sussex's supply of employment space largely comprises industrial uses, with manufacturing and distribution/warehousing) accounting for 41% and 29% of total stock respectively. However, the combined supply of factory and warehousing space in Mid Sussex is the third smallest of all seven adjoining districts (Figure 37).

Figure 37- Employment floorspace by district ('000m²)

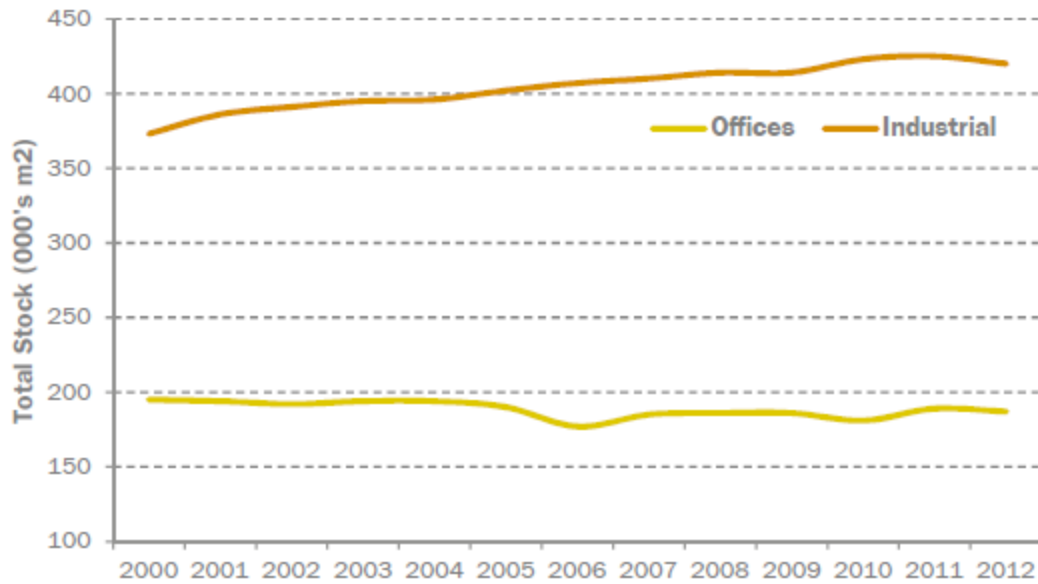


Source: VOA 2008 / NLP analysis

5.62. At 181,000m², the commercial office stock in Mid Sussex represents around 30% of all employment space. Of all adjoining Districts, only Crawley and Brighton & Hove recorded more commercial office space than Mid Sussex in 2008.

5.63. Commercial office space in Mid Sussex decreased by 4% over the 12-year period 2000-2012 according to published Valuation Office Agency (VOA) data (Figure 38), compared with an increase of 12% across the South East as a whole. By contrast, total industrial space grew by just under 13% over the same period, an increase more than six times as significant as the 2% recorded for the South East.

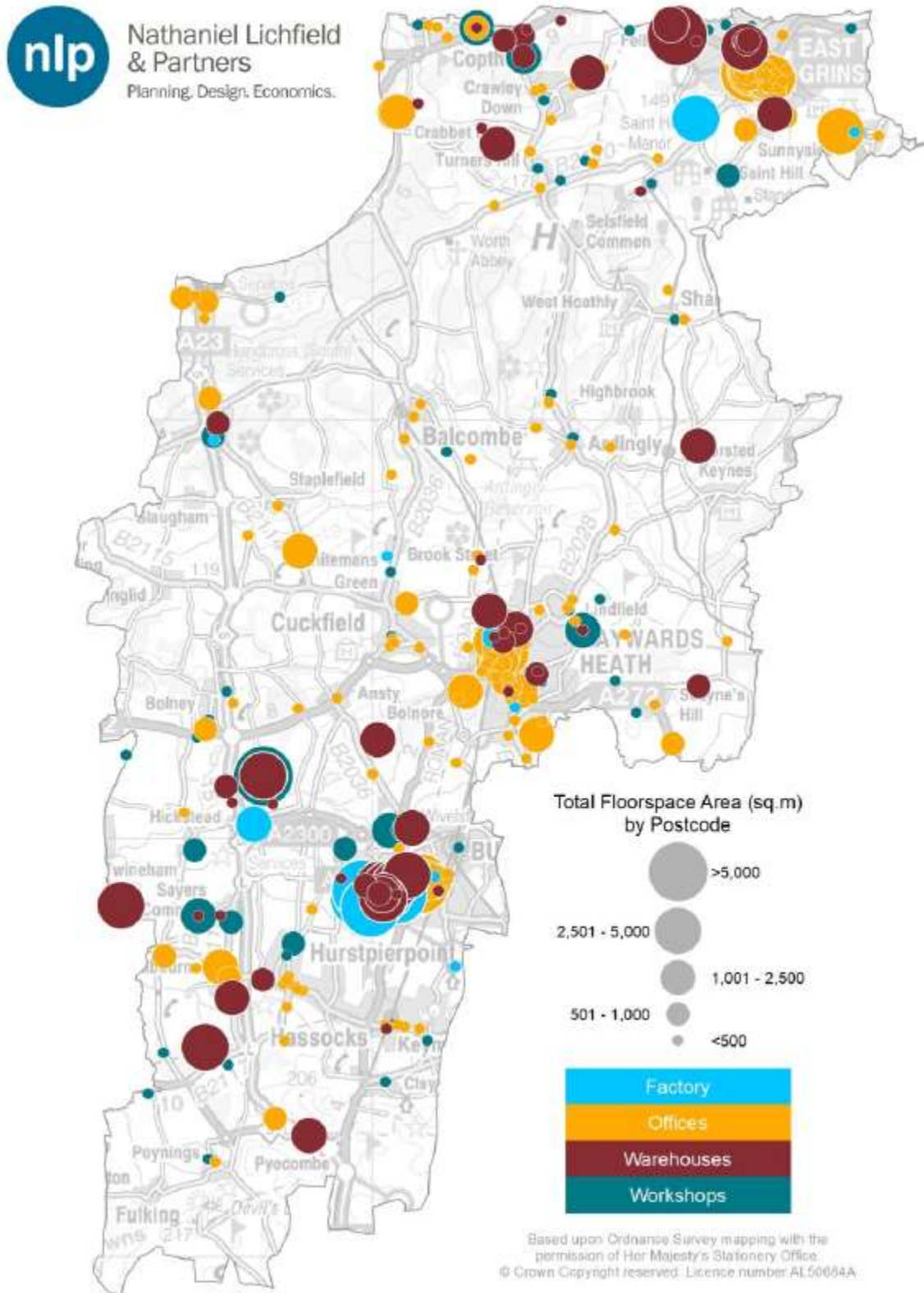
Figure 38 - Change in employment floorspace in Mid Sussex, 2000-2012



Source: VOA Employment Floorspace Statistics / NLP analysis

- 5.64. Figure 39 shows the distribution of B class employment space across Mid Sussex using the latest available VOA data. This indicates that the District's office stock is primarily concentrated within the towns of Haywards Heath (31%), Burgess Hill (25%) and East Grinstead (24%), with the remaining space scattered across smaller settlements and individual rural sites.
- 5.65. Industrial space tends to be clustered around the town of Burgess Hill (42%) and the adjoining A273 corridor. In the north of the district, East Grinstead also accommodates a sizeable stock of factory, workshop and warehousing space, equivalent to around 21% of all industrial stock in Mid Sussex.

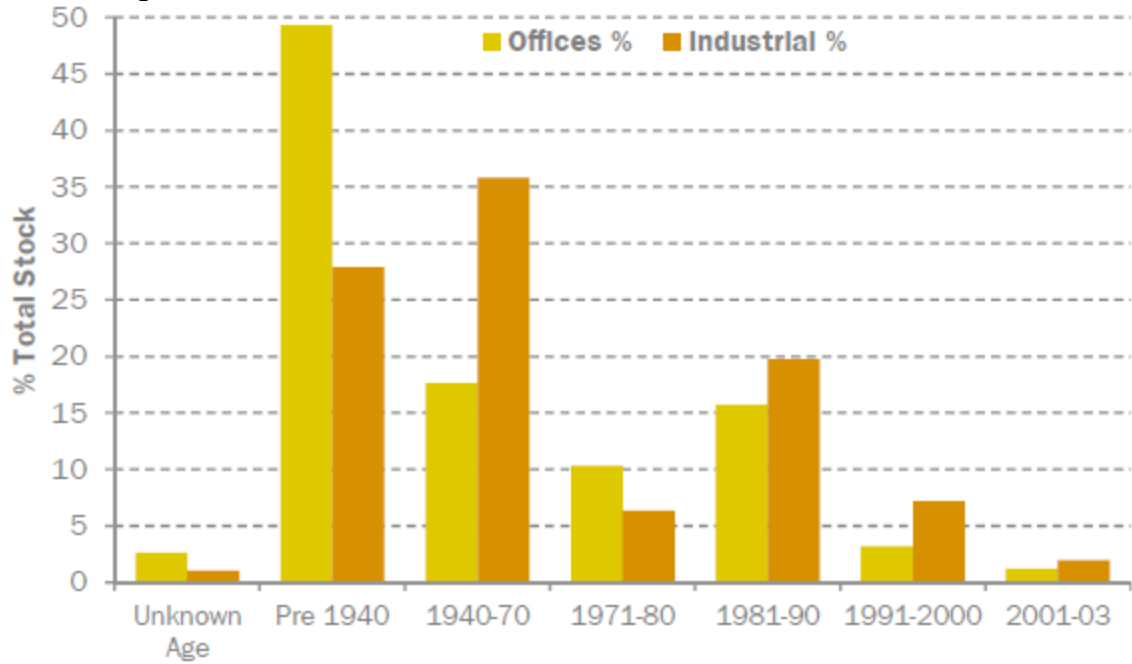
Figure 39 - Spatial distribution of employment floorspace in Mid Sussex



Source: VOA 2010 / NLP analysis

5.66. Mid Sussex's stock of commercial office space is relatively old, with 77% built before 1980 (and just under 50% built before 1940). These proportions are significantly higher than the wider South East equivalent of 65% and 40% respectively. Approximately 35,000m² of new office space has been recorded in Mid Sussex since 2003, representing an increase of 18% to the district's total office stock.

Figure 40 - Age of Premises in Mid Sussex



Source: ONS 2003

- 5.67. The picture is similar with regards to Mid Sussex's industrial space, with 70% of all stock built before 1980. This proportion is higher than the equivalent 66% across the region as a whole. The district has recorded modest gains of approximately 56,720m of new industrial space since 2003, adding around 14% to the total stock.
- 5.68. Overall, this data indicates a fairly ageing stock of employment space in Mid Sussex and lack of modern business premises in the District relative to what is recorded in other parts of the Northern West Sussex area and wider region.
- 5.69. Vacancies within Mid Sussex's office stock is slightly higher than typical market levels according to the latest commercial property market reports, at around 12% of total stock. This points to an overall surplus of office provision across the District as a whole, in purely quantitative terms.
- 5.70. Industrial vacancy is generally lower but varied across the district, reported to be around 11% in East Grinstead and 8% across Burgess Hill and Haywards Heath. These figures compare with typical availability rates of around 10% for a normal market with a reasonable amount of space available for firms to relocate and expand. However, this does not necessarily imply that all available space is of an appropriate quality or type to meet specific business needs.

Analysis of future trends

Forecasts of qualitative and quantitative need

Quantitative Factors

- 5.71. The Northern West Sussex Economic Growth Assessment (EGA), which was produced by Nathaniel Lichfield & Partners (NLP) in April 2014, provides the most up to date information on the need for employment development in Mid Sussex. This converts Experian-derived job forecasts for the period 2011- 2031 into floorspace and site area requirements for new employment development.
- 5.72. The EGA developed two potential future economic scenarios to provide a framework for considering economic growth needs in the District. These were a baseline scenario and an alternative higher growth scenario. These scenarios drew on Experian quarterly economic modelling from May 2013 which was based on national and regional projections profiled to take account of past trend growth and representation of economic sectors at a local level.
- 5.73. The baseline scenario was derived from the May 2013 model run of the Experian UK Regional Planning Service, which provides local area forecasts for 38 industrial sectors and provides detailed employment and Gross Value Added estimates for the period until 2031. The forecasts reflect a range of standard assumptions about the way in which the national and regional economy is expected to perform, incorporating short and long term drivers. The baseline scenario predicts that 10,425 additional jobs will be created in Mid Sussex between 2011 and 2031, equivalent to 521 jobs per year. This generates a requirement for 148,250m² or 30.7ha. of B class employment space (i.e. offices, industrial and warehousing). The majority of this would be needed for the Class B1a, B2 and B8 industrial uses.
- 5.74. NLP modelled an alternative higher growth scenario for Mid Sussex which explored the potential for enhanced higher-value economic growth within a number of key growth sectors identified by Gatwick Diamond and Coast to Capital LEP. It also took account of planned investment or intelligence about future sector/site potential and provided an indication of additional growth capacity over and above the baseline scenario. Under this alternative scenario, a total of 13,425 jobs would be generated in Mid Sussex between 2011 and 2031, equivalent to 671 jobs annually. This would require the provision of 242,080m² of employment floorspace or 52.8ha. of employment land.
- 5.75. The employment floorspace requirements for the two scenarios are shown in table xx below.

Table 35 - Gross Floorspace requirements by scenario to 2031

Use	1. Baseline		2. Higher Growth	
	Floorspace (m ²)	Land (ha)	Floorspace (m ²)	Land (ha)
Offices (B1a/b)	63,780	9.6	77,755	11.7
Industrial (B1c/B2/B8)	84,470	21.1	164,320	41.1
All B uses	148,250	30.7	242,080	52.8

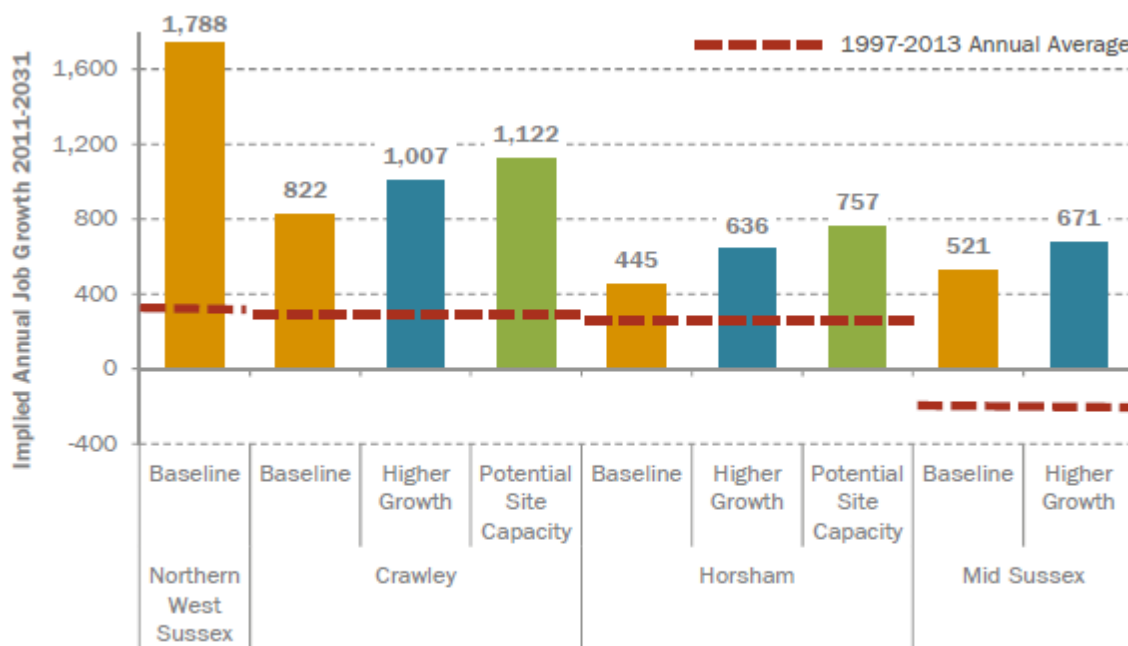
Source: NLP analysis * totals rounded

- 5.76. The EGA emphasises that although these forecasts are widely recognised as a valuable input and can indicate the broad scale and direction of economic growth in different sectors to help assess future employment space requirements, they tend to be most reliable at national and regional scales and consequently less so at the local economy level. The EGA also acknowledges that both the baseline and the alternative scenarios of employment

growth within Northern West Sussex exceed the levels of growth recorded within the sub-region in recent years (1997-2013). The EGA comments that the contrast is particularly stark with regards to Mid Sussex, with the 2013 baseline forecast implying a shift from moderate job losses over the last 16 years to relatively significant job gains over the next 20 years. Because of this, the EGA explains that planning to meet the employment and spatial implications associated with the minimum baseline scenario would in itself constitute positive planning for growth.

- 5.77. Whilst the Council accepts the findings of the EGA in general, it considers that its forecasts for employment generation should be treated with caution. Concern remains about the underlying workforce figures that were fed into the forecasts. For example, it appears that the increase in the state retirement age was the sole reason for the implied 9% increase in the working age population. In addition, the figure in the EGA of 62,155 for the total number of existing jobs in 2013 implied an unrealistic recovery from the 52,000 jobs in 2010 included in the Northern West Sussex Part II Employment Land Review.
- 5.78. The lack of realism of the Experian-derived projections in the EGA is highlighted by Figure 41 below which illustrates that the job growth of the two modelled scenarios would be far in excess of the actual annual average growth in jobs over the previous 16 years.

Figure 41 - Annual job growth implied by scenarios



Source: Experian / NLP analysis

- 5.79. The Planning Inspector who is currently examining the Horsham District Planning Framework has similar misgivings about the forecasts in the EGA. In his initial findings of 19 December 2014, the Inspector commented:

“The latest employment forecasts for the District are set out in the Northern West Sussex Economic Growth Assessment (EGA) dated April 2014. This indicates a baseline expected job increase of 445 pa, totalling 8,890 from 2011-2031 ... This would be a significant increase on the employment growth forecast in the earlier NW Sussex Economic Appraisal, (October 2010). The figure of 445 jobs pa also represents a very significant increase on historic job growth between 1997 and 2013, of 273 jobs pa. As the EGA acknowledges, the projected increase in total B class jobs could be regarded as optimistic based on past performance.”

Employment forecasts should be treated with caution and I have some doubts that there is a real need in Horsham District for job growth at the baseline rate predicted in the EGA. Nevertheless, the NPPF requires positive planning to meet employment needs and the forecasts are the most recent available.”

- 5.80. The 'Baseline Plus Market Signals' approach, a household increase of 627dpa, would lead to 249 additional jobs per annum. The Council submits that this is a more realistic and reliable jobs forecast for which to plan and that its employment strategy, centred on the Northern Arc strategic allocation at north-west Burgess Hill (District Plan Policy DP9) is a very positive response to it. Note that the 249 jobs per annum are only the jobs that would result as a product of new housebuilding. The total number of jobs within the District could also increase should out-commuting decrease or economic activity increase. Similarly, job numbers may increase as a result of a healthy supply of employment land.
- 5.81. If the EGA baseline forecast of 521 new jobs per year were to be accepted for Mid Sussex, POPGROUP indicates there would be a need to provide 843 houses per year over the plan period in order to provide a Mid Sussex resident workforce for these jobs. This figure substantially exceeds the Council's our own best estimate of the District's objectively assessed housing need of 570 homes per year (see section 1 of the HEDNA) and is an illustration of the sort of self-defeating prophecy that is described in the Planning Advisory Service's technical advice note published in June 2014 on 'Objectively Assessed Need and Housing Targets' whereby population that is output does not equal the population that is input.

Qualitative Factors

- 5.82. Whilst the District's commercial property market varies in character by location, in general it is characterised by limited new employment development in recent years, an ageing stock of employment space and a resulting inability to accommodate occupier requirements.
- 5.83. Much of the District's **office** space is relatively old and requires refurbishment and there has been limited modern space built in recent years, particularly top quality Grade A space. In part, this has been caused by a lack of readily available land for new development, and local agents have reported that requirements for office premises and sites are increasingly being driven outside of the District. While Mid Sussex's key office locations of Haywards Heath and East Grinstead have traditionally attracted large office occupiers (since the 1980s), as these single occupiers continue to consolidate their operations, future demand is likely to be driven in future by local, smaller scale occupiers for good quality, modern office premises.
- 5.84. Mid Sussex has a relatively strong **industrial** market with a focus upon the key centres of Burgess Hill and to a lesser extent, East Grinstead. However, the district's industrial market is characterised by a diminishing supply of available land for development, which is beginning to undermine the ability of Mid Sussex effectively to accommodate indigenous growth and inward investment opportunities as they arise. Industrial demand tends to be driven by occupier requirements below 650m² where supply is currently very limited.
- 5.85. Market feedback indicates that new site(s) suitable for flexible uses (but with a focus upon industrial) are needed in Mid Sussex to accommodate demand arising both in the short term as well as over the longer plan period.

6. Conclusion

Results

- 6.1. The previous sections within this HEDNA outline various different approaches and calculations for the Objectively Assessed Need:

Table 36 - Summary of Results

Approach	Dwellings 2014-2031	Dwellings Per Annum	Jobs Per Annum
CLG 2008 Starting Point	10,969	645	272
CLG 2011 Starting Point	8,772	516	111
Baseline (Indexed 2008/2011)	9,696	570	180
Baseline Plus Market Signals	10,659	627	249
Jobs Led Forecast (521 jobs per annum)	14,331	843	521

- 6.2. The HEDNA has considered a number of approaches to determine the Objectively Assessed Need for Mid Sussex and the implications of the need number on the economy. Table 36 sets out the results discussed in previous sections.
- 6.3. **Step 1: Baseline OAN** - Section 3 established that the baseline OAN should be **570dpa**. This was based on using CLH Household Projections as a starting point – with both CLG 2008 (645dpa) and CLG 2011 (516dpa) data felt to be unreflective of future need. An indexed approach was therefore taken in order to account for the recession and the impact that this may have had on past trends and future projections.
- 6.4. **Step 2: Sensitivity Testing** – Section 3 also undertook sensitivity testing on the baseline figure to ensure that it was relevant. This concluded that the published CLG figures, with an indexed approach and using more up-to-date population projections data, was the most relevant source and therefore no further adjustments were necessary.
- 6.5. **Step 3: Market Signals** - Section 4 established that, although market signals indicate potential issues with housing supply in the past, this is not a situation unique to Mid Sussex and is instead quite common across the region. Nevertheless, it is felt that an uplift to the baseline figure of 570dpa should be applied in order to improve housing supply in future years. Although the NPPG requires an uplift, it doesn't state how to calculate the extent the figure should be uplifted. Recent Inspector's Reports have indicated that a 10% uplift on the baseline OAN would be appropriate, and it is felt that this is an acceptable and relevant level for Mid Sussex. This therefore increases the OAN to **627dpa**.
- 6.6. **Step 4: Affordable Housing / Specific Housing Need** – Section 4 also established that up to 188 affordable homes per year would be provided should the OAN of 627dpa be implemented. This was then compared against the affordable housing need (as established in the Affordable Housing Needs Model Update 2014 report) and determined that this figure would meet the need of Reasonable Preference Groups.
- 6.7. **Balancing Housing and Jobs** – Section 5 established that the baseline OAN of 627dpa would generate a requirement for 249 jobs per annum. It also undertook analysis to predict the number of households that would be required in order to meet the jobs growth forecast of 521 jobs per annum outlined in the Council's Economic Growth Assessment. This gave a figure of **843dpa**. However, further analysis has shown that the 521 jobs per annum figure is not realistic, and that a figure around 250 jobs per annum is more likely.

Conclusion – That 627dpa is the Objectively Assessed Need for Mid Sussex.

Implications of Objectively Assessed Need: 627dpa

6.8. Further analysis has been undertaken in order to assess what an Objectively Assessed Need of 627dpa will mean in terms of the population, age profile and workforce. The findings will help form an understanding of the future needs and makeup of the population.

Population

Table 37 - Population Projection - 627dpa

Census 2011:	139,900
Estimated Population 2014:	142,425 ⁷⁰
Population Projection 2031:	159,535 ²
OAN (627dpa) 2031:	162,249

6.9. An additional 627dpa in Mid Sussex would increase the population to 162,249 in 2031. This is a 14% increase in population over the plan period 2014-2031. The housing need level is based on demographic change (i.e. births, deaths and migration) and therefore 627dpa provides enough homes to meet expected population changes associated with births and deaths and allows for past migration trends to continue. A housing number higher than the baseline need of 570dpa will also encourage more in-migration to the area, hence why the population is predicted to be slightly higher than the current (2014) Sub-National Population Projections.

Components of Population Change– Births/Deaths/Migration

6.10. The individual components of population change related to an additional 627 dwellings per year have been modelled in POPGROUP.

Table 38 - Components of Population Change - 627dpa

Year	Population Start of Year	Births	Deaths	Natural Change NET	Net UK migrants	Net Overseas migrants	Migration NET	INCREASE	Population End of Year
2014	142,890	1,524	1252	+272	+828	+108	+935	+1,207	144,097
2015	144,097	1,514	1263	+251	+737	+139	+876	+1,127	145,224
2016	145,224	1,508	1272	+237	+730	+118	+848	+1,085	146,309
2017	146,309	1,512	1281	+231	+773	+122	+895	+1,126	147,435
2018	147,435	1,509	1292	+217	+780	+107	+887	+1,104	148,539
2019	148,539	1,505	1297	+208	+856	+107	+963	+1,171	149,710
2020	149,710	1,501	1310	+191	+866	+107	+973	+1,164	150,874
2021	150,874	1,499	1319	+180	+783	+107	+890	+1,070	151,943
2022	151,943	1,497	1334	+163	+828	+107	+936	+1,099	153,042
2023	153,042	1,493	1346	+147	+910	+107	+1,017	+1,164	154,206
2024	154,206	1,488	1364	+124	+921	+107	+1,028	+1,152	155,357
2025	155,357	1,483	1385	+97	+961	+107	+1,068	+1,166	156,523
2026	156,523	1,477	1404	+73	+1,040	+107	+1,147	+1,219	157,742
2027	157,742	1,470	1427	+43	+1,045	+107	+1,152	+1,195	158,937
2028	158,937	1,463	1453	+10	+1,016	+107	+1,123	+1,133	160,070
2029	160,070	1,458	1483	-26	+1,035	+107	+1,143	+1,117	161,187
2030	161,187	1,453	1511	-58	+1,013	+107	+1,120	+1,062	162,249
2031	162,249								

6.11.

⁷⁰ Published figure within the ONS Sub-National Population Projections 2014.

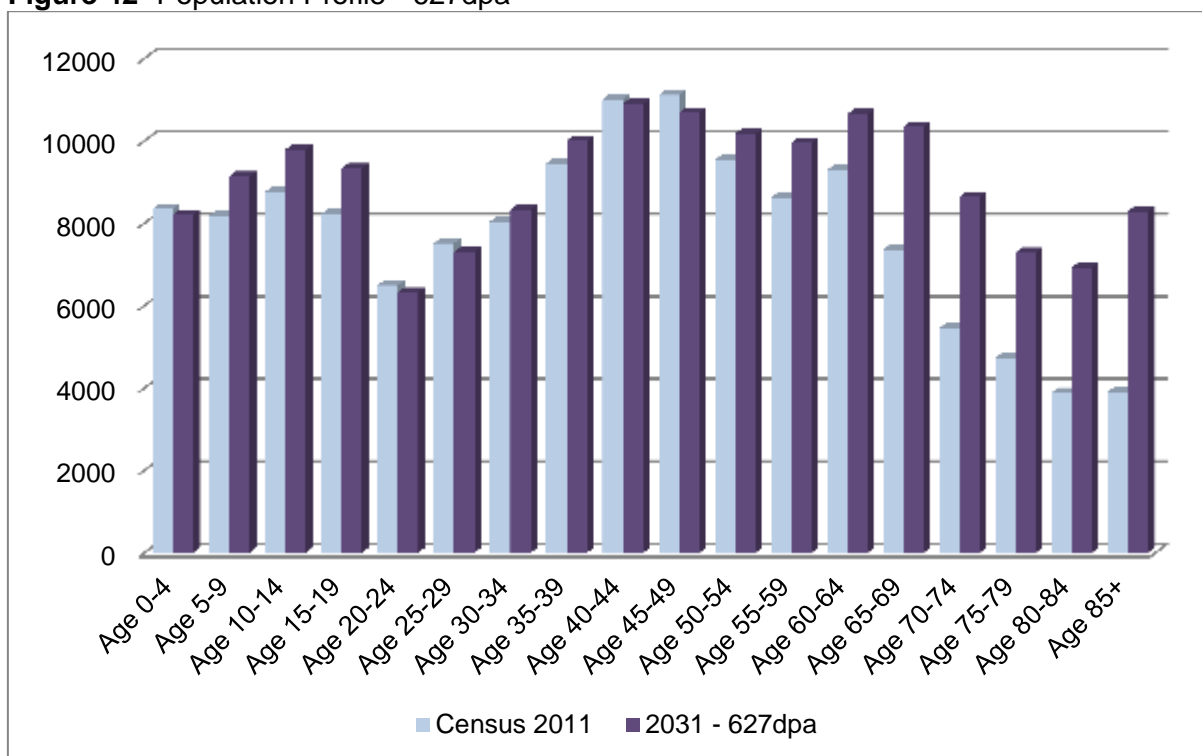
6.12. The main component of population change over the next 17 years is from migration. In the early part of the plan period, migration accounts for around 75-80% of the change in population. In the final years of the plan period, almost all population change is due to migration. This may be for a number of reasons:

- The birth rate is decreasing, which may be as a result of an ageing population. As death rates are increasing, net natural change starts to play a lesser role in population change.
- Migration may be increasing as a result of increased supply of housing. This can be expected, given the analysis between completions and migration in section 3.
- A number of Mid Sussex neighbours are unable to meet their housing need (in particular, Brighton & Hove and Crawley). Increased migration may be a reflection of recent trends, whereby housing need in these areas outweighs supply and people look to move out of these areas to Mid Sussex for housing. It is important to note that the majority of inward migration is from the UK rather than abroad.

Age profile

6.13. The future age profile based on 627dpa is not dissimilar to the predicted age profile in the Sub-National Population Projections which can be regarded as a baseline. Figure 41 below shows the anticipated change in different age groups between Census 2011 and 2031, based on 627dpa.

Figure 42- Population Profile - 627dpa



6.14. The predicted age profile of the District shows an increase in the younger age groups, a slight decrease in young adults, an increase in middle-aged residents, and a large increase in older residents. It will be important to take this into account for future planning purposes – such as the provision of jobs for the younger age groups, and facilities and suitable accommodation for older residents.

6.15. The most noticeable change in age profile is within the older age groups (65+). This is not thought to be a problem unique to Mid Sussex and is reflective of a national trend in life

expectancy increasing. A change in statutory retirement age within the plan period still means that the age groups 60-64 and 65-69 will still be economically active.

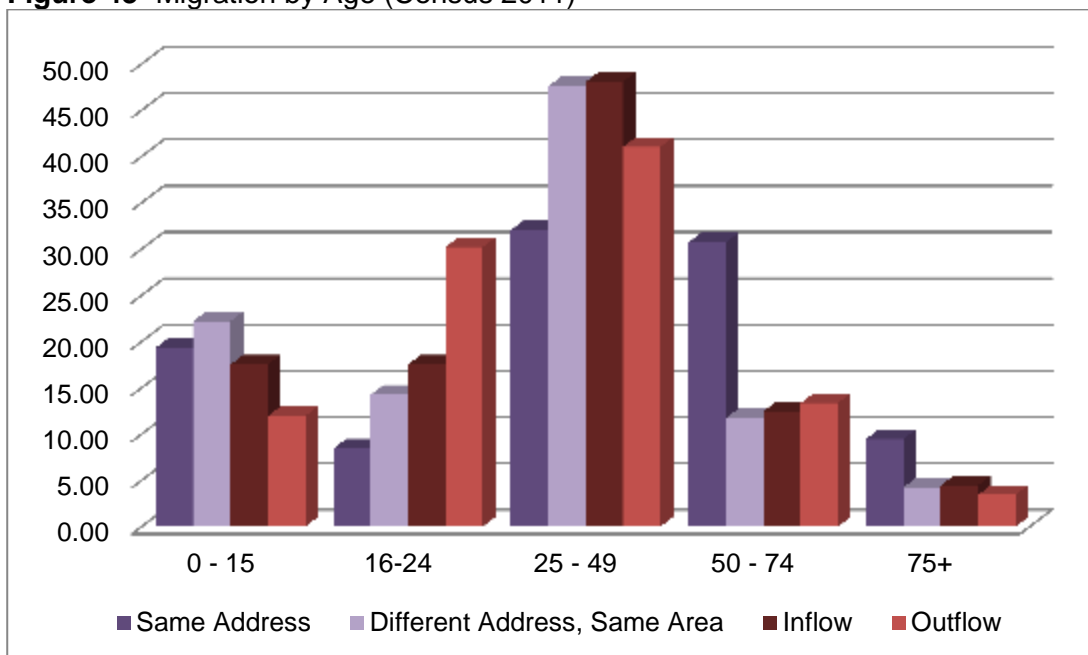
6.16. Migration can play a role in ‘refreshing’ the age structure of the District – with the right balance of households and jobs this can attract younger residents to the District in order to increase the working age population.

6.17. Census 2011 shows that the age group 25-49 have the highest propensity to move. Nearly half (48%) of those that moved in to Mid Sussex in 2011 were in this age group and whilst this was also the age group with the highest percentage of out-migrants, this was outweighed by in-migrants. There is also a relatively high number of 16-24 year olds moving out of the area – this is most likely for further education (university) and starting careers outside the District (in particular, London).

Table 39- Propensity to Move - Migration Data (ONS)

Migration	All Ages	% Aged 0 – 15	% Aged 16-24	% Aged 25 – 49	% Aged 50 – 74	% Aged 75+
Same Address	125,262	19.34	8.43	32.05	30.72	9.47
Different Address, Same Area	6,998	22.21	14.25	47.59	11.72	4.24
Inflow	7,600	17.51	17.51	48.07	12.45	4.46
Outflow	6,282	11.95	30.21	41.04	13.36	3.44

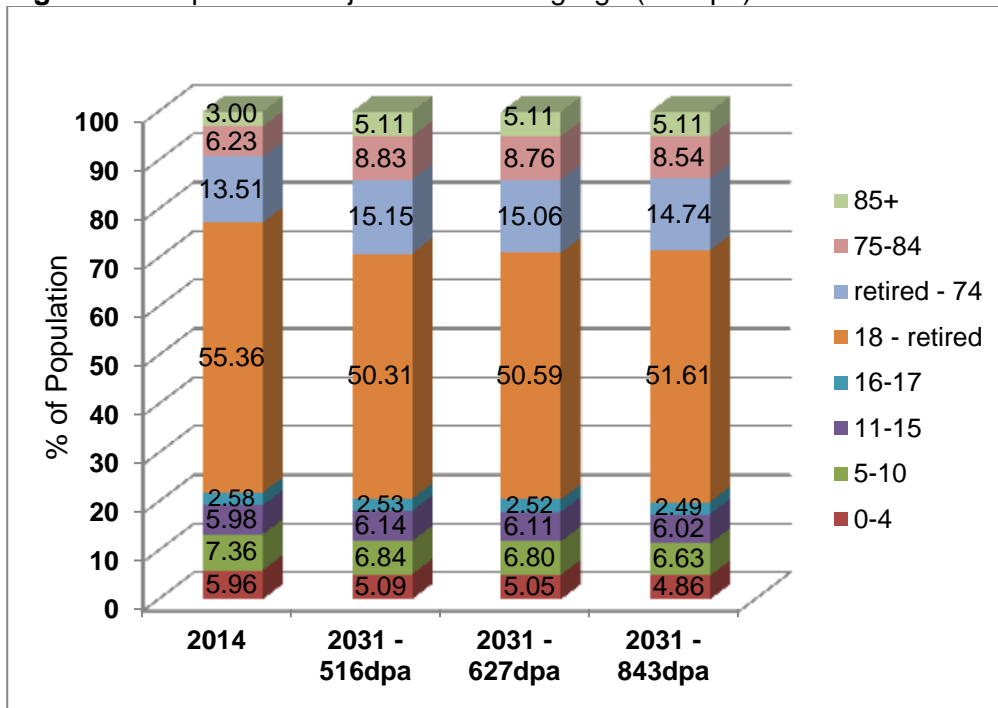
Figure 43- Migration by Age (Census 2011)



Working Age

6.18. The predicted age profile of the District can be used to determine the predicted workforce, based on an estimation of the number of people of working age.

Figure 44- Population Projection - Working Age (627dpa)



6.19. Although the number of people of working age increases over the plan period (based on 627dpa), as a percentage of the population this is a decrease. This is also the case for all options looked at within the HEDNA (from 516dpa to the jobs led 843dpa).

6.20. It can be shown that, whilst increasing the number of houses, which in turn encourages immigration, which has shown to be predominantly the younger age groups- this doesn't have a significant effect on the percentage of population of working age. It can therefore be concluded that increasing housing supply will not necessarily address the problem of a decreasing proportion of the population of working age. It is more likely that the increase in job supply (allocating more employment land, for example) will have a greater bearing on this.

Backlog / Under-Supply

6.21. Section 4 discusses rates of development with respect to Market Signals. It concludes that any assessment comparing rates of development against a planned requirement figure must be considered in the context of whether the housing requirement for that period was a reasonable figure to plan for in the first place. This is applicable when determining whether a backlog or under-supply against previous plan targets should be taken into account.

6.22. Previous housing targets were set at the regional level, in the Regional Spatial Strategy (RSS). For Mid Sussex, this was the South East Plan, adopted in 2009. Regional Spatial Strategies have now been revoked, and are now widely recognised as not being relevant in terms of future housing need. This is predominantly because:

- They were based on now out-of-date / superseded data (since the RSS was adopted, new Census, migration, travel-to-work, population and housing projections have been published)
- The RSS was not a measure of housing Need, instead they were Requirement focussed.
- The RSS figure took constraints into account.

6.23. It is clear that the RSS housing requirement for Mid Sussex, 855dpa, was significantly higher than the overall level of need for the District. The starting point for Objectively Assessed Need is the CLG Household Projections, and these form the starting point within this HEDNA. If this methodology was to be applied to the previous RSS period, the results show that an indication of the overall housing need in Mid Sussex (albeit approximate) is a lot lower than the requirement allocated to Mid Sussex in the South East Plan.

Table 40 - CLG Household Projections 2004 / 2006

	2004	2006	2011	2014 ⁷¹	2016	2021	2026	2029	2031
CLG 2004	53,000	53,000	54,000	55,200	56,000	58,000	59,000	60,000	60,667 ⁷³
CLG 2006		53,000	55,000	56,800	58,000	60,000	63,000	64,200 ⁷³	65,000

	2006 -2026	2014 – 2031
CLG 2004:	300dpa	322dpa
CLG 2006:	500dpa	482dpa

6.24. Similarly, previous work undertaken by the District Council within its now superseded Local Housing Assessment (2011) established that the baseline need was 411dpa (updated to 499dpa once Census 2011 was published). As any under-supply against the previous regionally set housing target was an under-supply against a plan requirement rather than housing need (as, on average, historic completions are within the range 300-500 shown above, on average) it is not appropriate to add any under-supply or backlog to the established OAN of 627dpa where past housing development under delivered RSS targets. The CLG Household Projections, and any adjustment to them, relate to the level of need as at the start of the plan period. This is the approach taken within this HEDNA.

6.25. Indeed, this approach is confirmed by the PAS guidance on OAN, and recent High Court Judgement which noted:

*“...There was no methodological error in the way these competing estimates for the period 2011-2031 were drawn up by reason of the notional ‘shortfall’ in housing delivery between 2006 and 2011 by comparison with the average annual figure for additional housing indicated in the South East Plan... There was no reason whatever for a person in 2011 seeking to draw up a current estimate of population growth and housing requirements looking into the future from that date to 2031 and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the first phase of the previously modelled period included in the South East Plan”.*⁷²

6.26. Consideration does need to be made as to whether previous planning (under supply of housing, constraining the market) has under-supplied need – in other words, need has been suppressed due to previous policies in place. However, this is assessed with respect to the sensitivity testing and additional uplift as a result of Market Signals, as explored in sections 3 and 4.

⁷¹ Extrapolated figure

⁷² Zurich Assurance Limited v Winchester City Council and South Downs National Park Authority (2014).

Implications for Neighbourhood Plans

6.27. The National Planning Practice Guidance (NPPG) advises that:

“Town/parish councils and designated neighbourhood forums (qualifying bodies) preparing neighbourhood plans can use this guidance to identify specific local needs that may be relevant to a neighbourhood but any assessment at such a local level should be proportionate. Designated neighbourhood forums and parish/town councils can also refer to existing needs assessments prepared by the local planning authority as a starting point.

The neighbourhood plan should support the strategic development needs set out in Local Plans, including policies on housing and economic development. The level of housing and economic development is likely to be a strategic policy”. (2a-006-20140306)

6.28. However, the data that the NPPG advises should inform such an assessment (and used in earlier sections of the HEDNA) only exists at district level and does not go down to parish level. Therefore, in order to establish the objectively assessed housing need of each parish, the District Council has established a method for distributing the OAN of 627dpa across the District

6.29. The methodology is to distribute the overall Mid Sussex figure according to the proportion of the District’s households or population that were in each parish at the time of the 2011 Census. This is a reasonable assumption since the need figure is in part based on demographic growth, and the more existing people or households there are in a town or village the more new households will emerge from them. An average figure between the household split and population split accounts for any areas where average household size is particularly high or low.

Table 41- Neighbourhood Plan OAN (based on 627dpa)

Parish	Household Split	Population Split	Average
Albourne	48	49	48
Ansty and Staplefield	119	134	126
Ardingly	128	148	138
Ashurst Wood	134	140	137
Balcombe	140	146	143
Bolney	95	104	99
Burgess Hill	2,251	2,295	2,273
Cuckfield	267	267	267
East Grinstead	2,054	2,011	2,032
Fulking	24	23	24
Hassocks	620	584	602
Haywards Heath	2,151	2,062	2,107
Horsted Keynes	119	121	120
Hurstpierpoint and Sayers Common	529	542	535
Lindfield	469	445	457
Lindfield Rural	188	201	195
Poynings	33	33	33
Pyecombe	17	18	18
Slaugham	210	211	211
Turners Hill	140	146	143
Twineham	21	23	22
West Hoathly	155	166	160
Worth	746	791	768
MID SUSSEX	10,659	10,659	10,659

- 6.30. The figures above are only an indication as to the level of need within each Parish, based on a proportioning out of the District's total. These figures can be used to guide Neighbourhood Plan with respect to housing need and inform evidence alongside any other evidence that each parish may have.
- 6.31. The numbers are by no means a requirement or target – Neighbourhood Plans will undertake the same process as per the District Plan in identifying whether this need can be met, and further evidence on constraints, suitability/availability of sites to meet this need, and sustainability considerations, will help determine the overall plan provision number within each Neighbourhood Plan.
- 6.32. It should also be noted that the District Plan housing strategy will account for existing commitments and allocation of strategic sites – in some cases this allocation will be above the 'need' figure indicate above (particularly in respect of Burgess Hill). The District Plan housing strategy will leave a 'residual' number to be allocated in Neighbourhood Plans which in reality is likely to require fewer households for each Parish than shown in the table above – however the above represents an indication of the level of 'need' before such policy considerations are accounted for.

Housing and Economic Development Needs – Conclusion

- 6.33. After analysis of past and future demographic trends, taking into account sensitivity analysis and market signals, an objectively assessed need of **627dpa** is established for the plan period 2014-2031.
- 6.34. The National Planning Policy Framework (NPPF) requires authorities to “boost significantly the supply of housing” (para 47). Analysis of historic housing completions in the District (section 4) has shown that the average number of completions over the last 10 years has been 472dpa. This has been in a period where the District Council has allocated sites for housing within the Local Plan and Small Scale Housing Allocations DPD, and in a time where the Council have not been able to demonstrate a 5-year supply of housing. A housing provision figure that equals or is greater than the OAN of 627dpa would be significantly higher than the previous level of completions within the District, and therefore it is felt that the requirement of the NPPF will be met.
- 6.35. Section 2 explains the difference between the OAN and a Plan Provision figure. The District Council will have to determine whether 627dpa can be met, given any constraints imposed by the environment or by housing supply. Should there be the potential to meet 627dpa or higher, the Council will also determine whether there is a need to assist neighbouring authorities in meeting un-met need, and the extent to which this can be achieved.
- 6.36. The Sustainability Appraisal that accompanies the District Plan will set out the range of options presented within this HEDNA, alongside “policy led” options, in order to determine the housing provision figure to be included within the District Plan.