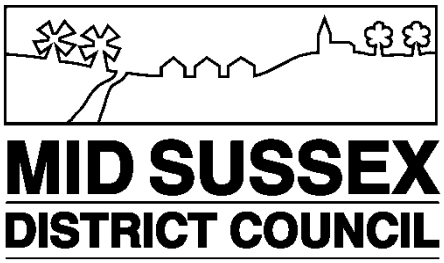
Mid Sussex District Council



Housing and Economic Development Needs Assessment (HEDNA) – Update

November 2015

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1. Introduction

1.1. The Housing and Economic Development Needs Assessment (HEDNA) was published in February 2015. The purpose of the HEDNA was to set out the methodology and calculation of the District's housing and economic development need - the Objectively Assessed Need (OAN). In effect, the HEDNA is the District Council's Strategic Housing Market Assessment as required by the National Planning Policy Framework (NPPF).

1.2. The HEDNA was published using the most up-to-date data sources available at the time, and the conclusions were based on these. The HEDNA established a baseline OAN of 570 dwellings per annum for the period 2014-2031. Further sensitivity testing and analysis of Market Signals (as defined in the National Planning Practice Guidance (NPPG)) indicated that the starting point OAN of 570dpa should be upwardly adjusted, and therefore an OAN of 627dpa was established.

1.3. Since publication of the HEDNA in early February 2015, a new set of the Government's official household projections were released on February 27th 2015. These project the household growth in each authority area for the period 2012-2037.

1.4. The NPPG was revised to state that:

> "Wherever possible, local needs assessments should be informed by the latest available information… The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth" (2a-016-20150227)

1.5. Since the original HEDNA was published, further sensitivity analysis and detailed work on Market Signals and their consequential adjustments has been undertaken. This has been in response to new data sources being released and a review of best practice, including outcomes from other Local Plan examinations. This means the OAN of 627dpa no longer reflects the most up-to-date estimate of future household growth and should be revised.

1.6. This update to the HEDNA therefore re-assesses the starting point OAN and Market Signals in order to set the District's OAN. A lot of the background information and analysis within the original HEDNA is still relevant and current – in particular relating to defining the Housing Market Area and the baseline demographic information (Section 2 of the HEDNA). It is not necessary to update those sections within this document; the results of this HEDNA Update should be read in conjunction with the context established in the HEDNA.

1.7. This HEDNA Update only seeks to establish the ***need*** for housing (the OAN) as opposed to the planned supply (provision) of housing. The District Plan will set the plan provision requirement based on other evidence. In setting the plan provision number, it is acceptable to take policy considerations (such as constraints to development) into account, whereas the OAN is strictly 'policy-off'.

1.8. The evidence base for the District Plan has shown that the maximum plan provision for Mid Sussex is 800dpa. This number has no bearing on the calculations and conclusions for the OAN undertaken within this HEDNA Update, but is important in terms of the implications for the District – such as future population projections, population age profile, impact on affordable housing need and jobs. Where appropriate within this report, the impacts for meeting the OAN and plan provision numbers to a maximum of 800dpa will be shown, for comparison.

2. HEDNA – February 2015

2.1. In order to establish the Objectively Assessed Need (OAN) for housing, the HEDNA followed the National Planning Practice Guidance (NPPG) in using the CLG household projections as a starting point.

2.2. There were two key Household Projection datasets relevant to this calculation at the time:

- **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 were known as 'interim' to reflect the fact that some data from the Census 2011 had been released, but more was awaited. 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.

2.3. It was widely acknowledged that neither of these datasets on its own would give an accurate reflection of the amount of housing need for the District for the entire plan period as there were limitations to both.

2.4. As future trends are based on past trends, and the recent past included a period when the country was in recession, it was felt that future levels of household growth shown by the CLG 2011 projections would be too low compared to the actual level of need as it would factor in the recession and a period when household growth was low. The recession meant it was harder for people to form a household (in particular younger age groups) as affordability and access to finance became more difficult, and CLG 2011 would predict this trend to continue for the whole plan period, which is unrealistic.

2.5. CLG 2008 on the other hand was largely based on pre-recession data. As forming a new household was more feasible at this time than during/immediately after the recession, this data would project into the future and potentially be too high compared to a more realistic level of need taking the recession into account, particularly in the early part of the plan period where pre-recession conditions hadn't yet returned.

2.6. The CLG data uses population projections and Household Representative Rates (i.e. the probability of different age/gender groups being head of household) to determine the household projection. The CLG 2008 and CLG 2011 data was based on the population projections available at the time they were published– in order to bring this up-to-date and therefore more robust, it was deemed appropriate to factor in the new Sub-National Population Projections data released in 2014 when performing the calculations in the HEDNA.

<u>CLG 2011</u>

2.7. Whilst CLG 2011 was the most up-to-date, it only projected forward for the first 7 years of the plan. In line with guidance within the NPPG, planning authorities would have to determine whether this rate of growth was also expected to occur for the period after 2021 - in other words, assess whether the trend shown in these figures would continue further post 2021 until the end of the plan period.

Table 1 - CLG Household Projections 2011

	Households
2014	59,036
2031	67,808
2014-2031	8,772
Per Annum	**516**

CLG 2008

2.8. Although these were out of date when the HEDNA was written, they were used for comparison due to the short-term nature of CLG 2011 and limitations within that dataset.

Table 2 - CLG Household Projections 2008

	Households
2014	61,110
2031	72,069
2014-2031	10,969
Per Annum	**645**

CLG2008/CLG 2011 – Indexed

2.9. In the absence of more up-to-date data, and in order to take these shortcomings into account and develop a realistic and pragmatic outcome, a blend of CLG2008/2011 was taken (known as an 'indexed' result). This involved using CLG 2011 for years 2014-2021 and CLG 2008 for years 2022-2021. This would mean that lower household formation consistent with the recovery from recession would continue in the short term, but a return to pre-recessionary rates of household growth would occur in the latter part of the plan period.

2.10. Specialist population modelling software, POPGROUP, was used in order to determine the outcome. The number of households in 2014 is a more accurate reflection compared to the previous CLG datasets, as explained in the HEDNA.

Table 3 - CLG Household Projections - Indexed Approach

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

2.11. As per the guidance within the NPPG, Sensitivity Testing was undertaken in order to establish whether there were any local circumstances that may have affected rates of births/deaths/migration in the past that may be one-off events that could skew the future trends as set out in the CLG Household Projections data. For example, past 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, or 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.

2.12. The sensitivity testing concluded that there was no reason to adjust the CLG Household Projections further due to local circumstances.

The starting point OAN was therefore established as 570dpa in the HEDNA.

2.13. This HEDNA Update will re-assess the OAN based on data released since the HEDNA was published, and other emerging best practice and guidance.

3. Objectively Assessed Need – Starting Point

3.1. 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)*

3.2. Following the publication of the HEDNA in early-February 2015, the CLG released new up-to-date Household Projections on 27th February 2015. This data projects the number of households within each District/Borough for the period 2012-2037, and is referred to throughout the rest of this document as 'CLG 2012'.

3.3. The NPPG was revised to state that this new set of projections should now be used as the most up-to-date estimate of future household growth, and should therefore represent the starting point for determining the District's Objectively Assessed Need (OAN). The Starting Point OAN of 570dpa established in the HEDNA is therefore superseded as it is not up-to-date and is no longer an appropriate starting point.

3.4. The NPPG states:

> "Wherever possible, local needs assessments should be informed by the latest available information The National Planning Policy Framework is clear that Local Plans should be kept up-to-date." (2a-016-20150227)

3.5. In this respect, the rest of this section updates the OAN starting point by taking into account the new data released by CLG.

Starting Point – CLG Household Projections 2012

3.6. The CLG Household Projections published in February 2015 (CLG 2012) shows the following:

Table 4 - CLG Household Projections 2012

	Households
2014	59,363
2031	70,507
2014-2031	11,144
Per Annum	**656**

3.7. This compares to 570dpa shown in the HEDNA, an increase of 86dpa using the CLG 2012 data in comparison to using the mix of CLG2008/CLG2011 data as described in the previous section. The new CLG 2012 data has also been run through the POPGROUP population modelling software (used in the original HEDNA), with the same outcome.

Differences Between CLG2008/2011 and CLG 2012

3.8. The approach taken within the HEDNA was the most robust and pragmatic approach at the time, given the data available. It was undertaken in the absence of more up-to-date information, the release of which was delayed by CLG. Sensitivity testing was undertaken in the HEDNA to ensure that the approach taken was reflective of local circumstances.

3.9. As there is a significant difference between the 570dpa starting point OAN established in the HEDNA, and the 656dpa from the newer CLG 2012 data, it is important to explain the reasons behind the increase and determine whether the new data is still reflective of local circumstances and therefore appropriate to use as a baseline OAN for Mid Sussex.

3.10. 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

Population Projections

3.11. The latest set of population projections data was released in 2014 - the ONS Sub-National Population Projections. CLG 2008 and CLG 2011 both used the published population projections available at the time of their release, and so are now out-of-date. In order to ensure robustness, the CLG 2008 and CLG 2011 datasets were updated in the HEDNA to incorporate the latest population projections released in 2014.

3.12. As the same updated set of sub-national population projections are used within the CLG 2012 data, the new data is consistent with the HEDNA in terms of population projections - there is no need to update this element. Any analysis of past/present and future population trends in the HEDNA remains up-to-date and relevant.

Household Representative Rates

3.13. As the population projections used in the household modelling are the same for both the HEDNA and the CLG 2012 data, a change in Household Representative Rates must account for the difference between the HEDNA OAN of 570dpa and the 656dpa suggested by the new CLG 2012 data.

3.14. Household Representative Rates are the probability that a person of a certain age, gender and status will be a 'head of household'.

3.15. A different rate is applied to the following groups:

Table 5 - Household Representative Rates

Gender	Age	Status
Male	5 year age bands (0-4, 5-9, 10-14…85+)	Single
Male	5 year age bands (0-4, 5-9, 10-14…85+)	In a Couple
Male	5 year age bands (0-4, 5-9, 10-14…85+)	Previously Married
Female	5 year age bands (0-4, 5-9, 10-14…85+)	Single
Female	5 year age bands (0-4, 5-9, 10-14…85+)	In a Couple
Female	5 year age bands (0-4, 5-9, 10-14…85+)	Previously Married

3.16. The Household Representative Rate will be a figure between 0 and 1; with 0 signifying nobody in the particular age/gender/status group being head of household, and 1 being everyone (100%) in the particular age/gender/status group being head of household. For example, a figure of 0.75 would mean that 75% of everyone in a particular age/gender/status group would be a head of household. A head of household equals one household.

3.17. The Household Representative Rate is then multiplied with the equivalent population projection data for that age/status group to get a total number of households.

3.18. For example, for 2014:

Table 6 - Household Representative Rates: Example (CLG 2012)

Group	Rate	Population	Households
Male, 25-29, Single	0.282	2,174	0.282 x 2,174 = **614**

3.19. In this example, there are 614 'heads of household' that are aged 25-29 and are single males, estimated for 2014. As there can only be one head of household per house, it is therefore assumed that there are 614 households of this nature. Adding all the combinations of gender, age group and status will give the total number of households within Mid Sussex for each year 2012-2037. For the purposes of the HEDNA and establishing the District's OAN, the years 2014-2031 are relevant, and this equals an increase of 11,144 households (656 per year).

3.20. The difference between the HEDNA starting point OAN of 570dpa and the new CLG 2012 figure of 656dpa is very likely to be due to an increase in the headship rate for some age/gender/status groups between the different data sets, over time.

3.21. The HEDNA showed that:

Table 7 - Household Projections: Summary

Household Representative Rates: Source	Households per year 2014-2031
CLG 2008	645
CLG 2011	516
CLG 2008/2011 Indexed	570
CLG 2012	656

3.22. As each of the above used the same population projections component in the HEDNA, it can be assumed that:

- Household Representative Rates in CLG 2008 were higher than CLG 2011, i.e. it showed that it was more likely for someone to be a head of household (therefore more households would be required). This is consistent with the fact that this dataset was pre-recession, where it was easier to form a new household, particularly for younger age groups i.e. there were less likely to be 'concealed households', younger people still living at home because they couldn't afford to form their own household.
- The CLG 2008/2011 indexed approach used Household Representative Rates that were a lot lower than CLG 2012 for years 2014-2021, and only slightly lower than CLG 2012 for years 2022-2031. It therefore slightly underestimated headship compared to newer figures.
- Household Representative Rates in CLG 2012 were slightly higher than CLG 2008. This is surprising, given the fact CLG 2008 was pre-recession, and it is assumed household formation (and therefore Household Representative Rates) have not yet returned to pre-recession rates, i.e. it is not more affordable to own a house now than it was in the years immediately before 2008.

Comparison between CLG 2012 and CLG 2008

3.23. It has been acknowledged (in Inspector's Reports and commentators on housing forecasts) that using CLG 2008 data as the basis of current plan making for the whole plan period was potentially over-estimating the level of need, as it was influenced by pre-recession

Household Representative Rates. This is why CLG 2011 was used for years 2014-2021 in the HEDNA as it is more likely to be reflective of a similar housing market to current conditions. However, it was anticipated that pre-recession rates would be returned to, and this formed the basis of using CLG 2008 (with higher headship rates) for years 2022-2031 in the HEDNA.

3.24. The newer CLG 2012 data shows Household Representative Rates higher than even the CLG 2008 data, which is surprising given that it is not considered that household ownership is more feasible now (primarily in affordability terms) than pre-recession. To sensitivity test this, a comparison between CLG 2008 and CLG 2012 for Mid Sussex is appropriate in order to explain possible changes in data and possibly temper the results from CLG 2012.

3.25. The following groups show a significant change in Household Representative Rate (HRR) between the 2008 data and 2012 data:

Table 8 - Household Representative Rate Comparison between CLG 2008/CLG 2012

Group	CLG 2012 HRR (compared to CLG 2008)		Conclusion
	2014	2031	
Male, Couple, 15-39	Decrease	Decrease	Less likely to be heads of household, compared to 2008 data
Male, Couple, 40-59	Increase	Same	More likely to be heads of household in 2014 compared to 2008 data, but the same rate in 2031.
Male, Couple, 60-69	Increase	Increase	More likely to be heads of household, compared to 2008 data
Male, Previously Married, 15-24	Increase	Increase	More likely to be heads of household, compared to 2008 data
Male, Previously Married, 25-79	Decrease	Decrease	Less likely to be heads of household, compared to 2008 data
Male, Single, 15-79	Decrease	Decrease	Less likely to be heads of household, compared to 2008 data
Female, Previously Married, 20-85+	Decrease	Decrease	Less likely to be heads of household, compared to 2008 data
Female, Single, 15-79	Decrease	Decrease	Less likely to be heads of household, compared to 2008 data
Female, Single, 80-84	Increase	Increase	More likely to be heads of household, compared to 2008 data
ALL OTHER AGE GROUPS	Same	Same	Same probability of being head of household in both new and old data.

Note: A decrease in HRR will lead to a decrease in households, an increase will lead to an increase in households as long as population stays the same.

3.26. It is perhaps not surprising that younger age groups (such as males aged 15-39) are less likely to be a head of household now, compared to the previous pre-recession data. Although there is an increase in the probability of a head of household being a male in a couple aged

40+, this is only an increase of probability from 0.99 to 1. All single males are less likely to be a head of household now, compared to information shown in CLG 2008 data.

3.27. In terms of previously married males, for the age group 15-19 the probability has increased from 0 to 0.167, and a slightly smaller increase for those aged 20-24. However, these increases are likely to be cancelled out by the decreases for ages 25-79.

3.28. For females, nearly every age group and status shows a lower or same probability of being a head of household in the new data compared to older data.

3.29. Whilst a number of age/status groups are less likely to be heads of household, and the change in Household Representative Rate has gone down, these may be outweighed by larger increases in the Household Representative Rate for other groups (e.g. male in a couple), which could give a higher total number of households overall.

Household Representative Rates – Uncertainties

3.30. The Household Representative Rate is very sensitive – a small change in the rate can have a large effect on the number of households. Using the same example as in Table 6:

Table 9 - Household Representative Rate Sensitivity

Group	Rate	Population	Households
Male, 25-29, Single	0.282	2,174	0.282 x 2,174 = **614**
Male, 25-29, Single	0.285	2,174	0.285 x 2,174 = **620**
Male, 25-29, Single	0.290	2,174	0.290 x 2,174 = **631**

3.31. This sensitivity means that even small changes in assumptions regarding the Household Representative Rate may alter the final result significantly. The fact that the household projection for Mid Sussex has increased between pre-recession data (CLG 2008) and the latest information (CLG 2012) is surprising given the widely held assumption that household formation was higher pre-recession than now, meaning CLG2008 should have shown a larger housing need number than CLG 2012. Any significant changes in Household Representative Rate between datasets may be for a few reasons:

- CLG 2008 would have made assumptions based on actual circumstances, as demonstrated in Census 2001, however as the CLG data was released 7 years after Census 2001, it became less reliable.
- CLG 2012 has been benchmarked against Census 2011 results which may better reflect the current position compared to projections based on older 2001 Census data.
- Census 2011 may have shown that headship rates projected by CLG 2008 were too low, and therefore an adjustment should be made to account for this in future projections data such as CLG 2012. In other words, CLG 2012 has been re-benchmarked against newer data.

3.32. The CLG 2012 methodology[1] does highlight some areas of concern regarding the published data, particularly with the usage of Census 2011 data to set the benchmark for Household Representative Rates.

3.33. According to the CLG 2012 methodology (p.14), further data from Census 2011 has been commissioned by CLG to produce a full set of household representative rates by age/gender/status in order to ensure the CLG 2012 data was robust, however this data was only available at the end of January 2015 and was therefore not available in time to be included within the CLG 2012 (February 2015) release. The newly commissioned data showed departures in trend for some demographic groups, and therefore was felt too

[1] Household Projections 2012-based: Methodological Report. DCLG, 2015.

unreliable to be included in the latest update. Further work is scheduled, this is reflected within the NPPG:

"Further analysis of household formation rates as revealed by the 2011 Census will continue during 2015" (2a-016-20150227)

3.34. However as at November 2015, no further household projection data has been published or is scheduled for release.

3.35. The methodology also states that Census 2011 showed that the aggregate household representative rate was lower than the value suggested by the 2008-based projections (CLG 2008), and that rates for a male in a couple are slightly lower than previous estimates. As demonstrated earlier in this section, these conclusions are the opposite of the situation shown within Mid Sussex. Given this, it is possible that CLG 2012 is potentially showing a level of household formation higher than it should be.

3.36. Although it is accepted that the CLG 2012 household projections are the most up-to-date estimate of future housing growth, and are the starting point for the OAN according to the NPPG, there is still uncertainty with regards to their reliability at present, as confirmed by its own methodology. There is also some uncertainty as to when these figures will be reviewed, and to what extent any amendments to Household Representative Rates will have on the final figures. However, in the absence of any more reliable data, it is deemed appropriate to use this as the starting point OAN, whilst understanding its caveats.

3.37. Should further revisions to the CLG 2012 data be released, a further update to the HEDNA should be undertaken in order to ensure the OAN is based on the most up-to-date and appropriate data at all times, in line with the requirements within the NPPG.

Starting Point OAN - Conclusion

3.38. The main difference between the older, pre-recession CLG 2008 data and the newer CLG 2012 data is a change in the Household Representative Rates as opposed to any significant population/demographic changes. Analysis has shown that, as expected, a number of age groups are less likely to be a head of household now, compared to the rates expected when CLG 2008 was released. However, CLG 2012 data also shows that there are some groups that are more likely to be a head of household now, compared to totals shown in past datasets, which is surprising.

3.39. The change in Household Representative Rates has largely been re-calculated since CLG 2008 was released as information from Census 2011 has been published in the past few years. The Census has been able to assess whether the projections in CLG 2008 were accurate, and if not, adjustments to Household Representative Rates and population projections made. This largely accounts for the difference between the 570dpa starting point OAN shown in the HEDNA, and the 656dpa baseline shown in this update.

3.40. The HEDNA was published prior to CLG 2012 being released – the NPPG at that time stated:

"The 2011-based Interim Household Projections only cover a ten year period up to 2021, so plan makers would need to assess likely trends after 2021 to align with their development plan periods" (2a-015-20140306)

3.41. As described in section 2, the OAN within the HEDNA consisted of using CLG 2011 for the period 2014-2021 as this better reflected the economic circumstances of the time (i.e. coming out of recession, lower household formation), with a gradual return to pre-recession formation rates (as per CLG 2008) for years 2022-2031. This was felt the most pragmatic

approach at the time to best reflect predicted circumstances, and was seen as 'best practice' as demonstrated by a number of Inspector's findings/conclusions on Local Plans.

3.42. Analysis has shown that CLG 2012 data is more optimistic regarding household formation rates than CLG 2011 and even CLG 2008 data for the short term. It shows an increased probability of forming a household than previous data showed for the early part of the plan period. The key difference between the figure in the previous HEDNA and the results in this update is therefore due to a more optimistic projection of household formation in the early years of the plan period than previously shown in older data.

3.43. Despite a number of caveats, overall it is accepted that the CLG 2012 data represents the best available data at the time of writing, and that 656dpa is therefore an appropriate starting point for OAN.

The Starting Point OAN is therefore 656dpa.

4. Sensitivity Testing and Adjustments

4.1. Whilst section 3 has concluded that the CLG Household Projections data is an appropriate starting point, the NPPG states:

> "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)

4.2. The HEDNA undertook sensitivity analysis and made allowances for the CLG 2008 and CLG 2011 data potentially not being reflective of future household formation rate trends, related to the impacts of the recession in 2008 (as described in section 2 of this report) and the fact the published CLG 2011 data only dealt with the first part of the District Plan plan period. The CLG 2012 data in this Update covers the whole plan period, and does not have the same caveats as CLG 2011.

4.3. Household and population projections data are based on past trends. Should an abnormal/one-off event occur in the past (e.g. a large employer moving in/out of the area or significant urban extensions or one-off high housing completion levels) this could have led to abnormally high/low migration levels at that time which could affect future projections, therefore future projections may not be an accurate prediction of the future.

4.4. In order to ensure this hasn't been the case in Mid Sussex, the HEDNA undertook sensitivity testing. It concluded that there were no one-off events in the past that could have impacted on future projections, and therefore the CLG projections did not require any further adjustment. This conclusion still holds and therefore will not be repeated within this Update.

4.5. There are two further adjustments that should potentially be undertaken:

- Vacancy Rate
- ONS Mid-Year Population Estimate Data

Vacancy Rate

4.6. Whilst not referred to in the NPPG, it is now becoming clearer (through Planning Inspectors' findings and similar housing need assessments) that a small adjustment should be made to allow for vacant dwellings. Vacant dwellings could include those that are used, for example, as second homes or holiday homes, or are simply not being lived in for one reason or another. These homes will be counted within the CLG Household Projections data but will not contribute towards meeting housing need.

Table 10 - Vacancy Rate Comparison between Census '91, '01, '11

	1991	2001	2011
All Household Spaces (households)	48,855	53,437	58,760
Unoccupied Household Spaces (vacant households)	1,840	1,468	1,351
Vacancy Rate	3.8%	2.7%	2.3%

4.7. The last three Census' (1991, 2001, 2011) reveal the vacancy rate falling over the last 20 years. This may be reflective of strong demand and buoyant market for housing in Mid Sussex, with fewer properties remaining vacant for significant lengths of time. If this trend was to continue, it would be reasonable to expect vacancy rates to fall during the plan period.

4.8. To ensure that housing need is met inclusive of vacant dwellings, it is appropriate to increase the starting point OAN. As the past has shown a decline in vacancy rate, an uplift of 2.3%

reflective of Census 2011 vacancy rates would be a reasonable assumption. Should the clear trend in decreasing vacancy rates materialise over the plan period, 2.3% would represent a 'worst case scenario' and is therefore a sensible amount to plan for given the data available at the time of writing.

4.9. Therefore, an uplift of 2.3% should be added to the starting point OAN:

Starting point OAN of 656dpa + 2.3% uplift (15dpa) = 671dpa.

ONS Mid-Year Population Estimates (June 2015)

4.10. There are two key datasets with regards to population which are relevant to estimates of future housing need within the District:

- **ONS Sub-National Population Projections (SNPP)** - these predict future levels of population, should recent demographic (past) trends continue. The most up-to-date data covers the period 2012-2037.

- **ONS Mid-Year Population Estimates (MYE)** - this data estimates the population for past years. The Census is the only definitive dataset for population, but this is only carried out every 10 years. The MYE data therefore gives an estimate of the population for years between each Census. The latest data was released in June 2015 and estimates the population as at mid-2014.

4.11. The NPPG states that:

"account should also be taken of the most recent demographic evidence including the latest Office of National Statistics [ONS] population estimates" (NPPG, 2a-017-20140306).

4.12. The MYE data can be used to see whether the population predicted by the SNPP was accurate.

Table 11 - Population Mid-Year Estimates

Year	SNPP	MYE	Difference
2014	142,890	144,377	+1,487
2013	141,959	142,766	+807
2012	141,162	141,162	0

4.13. The SNPP and MYE data are equal in 2012 as this is the base year for the two datasets. Table 11 shows that the MYE data estimates that there were 807 more people in Mid Sussex in 2013 and 1,486 more people in 2014 than the projections data thought there might be. Therefore, it appears at first glance that the SNPP data may be under-predicting the population going forward.

4.14. However, this does not necessarily mean there is a direct impact on the household projection, and further work has been undertaken to analyse whether any adjustments should be made to OAN to account for this.

4.15. The CLG Household Projections data uses the SNPP data in determining the number of households expected over the plan period. The SNPP data splits the population into 'household population' (i.e. those people living in a household) and 'institutional population' (i.e. those living in institutional establishments such as care homes). The CLG projections only use the 'household population' as this is relevant population for determining the number of households required. The MYE population estimate is for the total population (i.e. those in households and institutional establishments). It is therefore inevitable that the MYE figure is higher than the number used within the household projections.

4.16. The components of population change are births, deaths and migration (both internal and international). The HEDNA (February 2015) showed that the key component of yearly population change in Mid Sussex is migration, as birth and death rates are fairly stable. Levels of past and future migration are hard to accurately predict, as it is dependent on numerous external factors (e.g. availability/cost of housing, employment opportunities, attractiveness of the area, etc) and is not easily recorded compared to births and deaths.

Table 12 - SNPP and MYE - Components of Change

Data	2013 Population	Natural Change	Net Internal Migration	Net International Migration	Other Change	2014 Population
MYE	142,766	308	1,037	262	4	144,377
SNPP	141,959	256	591	110	-25	142,891
Difference	**807**	**52**	**446**	**152**	**29**	**1,487**

4.17. Table 12 shows that it is the migration element that varies the most between the MYE and SNPP data, natural change is fairly comparable. Therefore migration, in particular Internal Migration (those migrating from other authority areas within the UK), accounts for the main difference between the two datasets. This is a very dynamic component of population change. A reduced supply of housing in neighbouring authority areas (i.e. unmet housing need) may account for internal migration increasing at a quicker rate than past trends, which may be why the estimates of population in 2014 are higher than those previously predicted. Should the District Plan set a provision number higher than OAN, this could go some way to ensuring that any under-calculation of migration in the SNPP is covered.

4.18. It is also worth noting that only data for 2014 relevant to the plan period has so far been published. It is not possible to tell whether the discrepancy between the MYE and SNPP would continue throughout the plan period to 2031 – and to what extent. It may be possible that the SNPP and MYE data are more aligned in future years. Also, if migration levels should fall, the SNPP data could be over-estimating population later in the plan period, therefore absorbing any difference shown for 2014. A Plan Provision number higher than the Objectively Assessed Need could in effect make up for any difference shown between the SNPP and MYE data.

4.19. Therefore, it is unclear as to whether any adjustment to account for recent MYE data should be made now, but this will be monitored throughout the plan period to ensure that housing need derived from demographic growth (births, deaths, migration) will be met and the OAN adjusted should it be necessary to do so.

5. Market Signals

5.1. The National Planning Practice Guidance (NPPG) states:

> "The housing need number suggested by the household projections (the starting point) should be adjusted to reflect the appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings" (2a-019-20140306)

5.2. As established in Section 3, the 'starting point' for the Objectively Assessed Need (OAN) is 656dpa. This is increased to 671dpa when allowing for a vacancy rate of 2.3%.

5.3. The NPPG sets out the various Market Signals and points towards the most relevant data in order to measure each market signal. Market Signals analysis should look at:

- Land prices;
- House prices;
- Rents;
- Affordability;
- Rate of development; and
- Overcrowding

5.4. The NPPG 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.

HEDNA (February 2015) Market Signals Analysis

5.5. The HEDNA analysed each market signal in turn, and compares the information collected for Mid Sussex to neighbouring authority areas, the Housing Market Area (i.e. Mid Sussex, Crawley and Horsham) the wider South East and England, over a suitable time period – as required in the NPPG. This extensive analysis can be found in section 4 of the HEDNA. This data is still the most up-to-date at the time of writing, and it is not therefore necessary to repeat or update the information within this update.

5.6. The following conclusions were made in the HEDNA:

Land Prices – Although land price data is available from land registry, this relates to the sale prices of land at different time periods which makes trends in land prices difficult to analyse. As has been common in similar housing assessments, this market signal was excluded from assessment as it is not easily measured.

House Prices – Average house price appreciation for Mid Sussex for the period 2002-2012 is lower than regional, county and national averages and lower than all local authority areas in West Sussex other than Crawley. House price appreciation is therefore a national/regional issue rather than anything specific to Mid Sussex.

Affordability of Market Housing – Whilst affordability ratios (lower quartile house prices to lower quartile earnings) are higher in Mid Sussex compared to West Sussex and England as a whole, this is not an isolated situation or exceptional against comparable areas. The proportion of people unable to buy or rent is broadly reflective across the wider area. The proportion of household income spent on housing mortgage payments is below the UK average.

Affordability – Private Rental Market – Mid Sussex has seen a decrease in the number of lettings between 2013 and 2014, compared with an increase overall in the Housing Market Area. The supply of private rental properties remains relatively buoyant in the short

term. The decrease in the number of rentals may lead to improving market conditions in Mid Sussex, as previously rented homes come back into the market for private sale. The price of private rents in Mid Sussex has increased over the last 10 years; however this is broadly reflective of the South East region as a whole rather than unique to Mid Sussex.

Rate of Development – Whilst Mid Sussex did not met the housing requirements set out in the now revoked Regional Spatial Strategy (the South East Plan); this should be considered in the context of whether this housing requirement was a reasonable figure in the first place. The South East Plan set a housing requirement of 855dpa, however analysis in the HEDNA of the level of housing need at this time has shown that a figure of 300-500dpa was more appropriate, with around 470dpa being delivered on average.

Overcrowding, concealed households and homelessness – 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, either better or on a par with national, regional and county averages. Mid Sussex has one of the lowest level of concealed households compared to adjacent and nearby local authority areas and a consistently low rate of homeless acceptances - an average well below County, South East and national levels.

5.7. The HEDNA concluded that, although any worsening trend was not unique to Mid Sussex and was more reflective of regional/national issues, an uplift of 10% on top of the (then current) starting point OAN of 570dpa would be reasonable and consistent with the principles of sustainable development. In the absence of detailed guidance regarding the amount the OAN should be uplifted by to account for Market Signals, 10% had been quoted by two Inspectors when publishing their findings on two Local Plans (Uttlesford and Eastleigh) and was felt appropriate at that time.

5.8. Since publication of the HEDNA, further work has taken place with respect to Market Signals. Since the original HEDNA was produced, more examples of Inspectors' reports outlining the approach to be taken with Market Signals have been published, including a number of examples where no uplift has been justified or applied. Similarly, more examples of best practice and methodology have also emerged.

5.9. Of importance is the approaches taken by neighbouring authorities, in particular neighbouring authorities in the same Housing Market Area. These findings include Horsham and Crawley's Inspector's Reports which could be applicable within Mid Sussex, since the three authorities make up the Northern West Sussex Housing Market Area. Horsham proposed an upwards adjustment of 22dpa to account for affordability pressure in the 25-34 age group. At Crawley, the Inspector's Report found that an adjustment for Market Signals was not justified by the evidence.

5.10. Based on the Market Signals analysis within the HEDNA, examples of from other local authorities and similar approaches being taken in the Housing Market Area, it is concluded that the Objectively Assessed Need should be adjusted to account for Market Signals.

Market Signals Uplift

5.11. The NPPG states:

> "[Plan makers]… should increase planned supply by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, could be expected to improve affordability" (2a-020-20140306)

5.12. The OAN should therefore be adjusted to take account of Market Signals in order to improve affordability. To determine a reasonable amount to uplift the OAN by, analysis has been undertaken to understand where affordability problems within Mid Sussex lie, and make a 'reasonable assumption' regarding the level of uplift that should be applied.

Tenure

5.13. Analysis of housing tenure (e.g. whether a house is owned/in shared ownership or rented) between Census 2001 and Census 2011 reveals a change in tenure over the ten year period. There has been an increase in the numbers of people renting accommodation compared to owning/part-owning their house over the ten year period, perhaps signifying the difficulties with home ownership affordability in the housing market. At the time of Census 2001, approximately 81% owner their home outright, with nearly 19% renting. By 2011, home ownership had fallen to 74%, with around 26% renting.

Table 13 - Tenure by Age, Census 2001

Census 2001	Age 16 - 74	Age 24 and Under	Age 25 - 34	Aged up to 34	Age 35 - 44	Age 45 - 54	Age 55 - 65	Age 65 - 74	Aged 35 - 74
Households	**45,751**	896	6,911	**7,807**	10,825	11,171	7,364	8,584	**37,944**
% Owned or Shared Ownership	**81**	35	68	**65**	80	87	88	84	**85**
% Rented	**19**	65	32	**35**	20	13	12	16	**15**

Table 14 - Tenure by Age, Census 2011

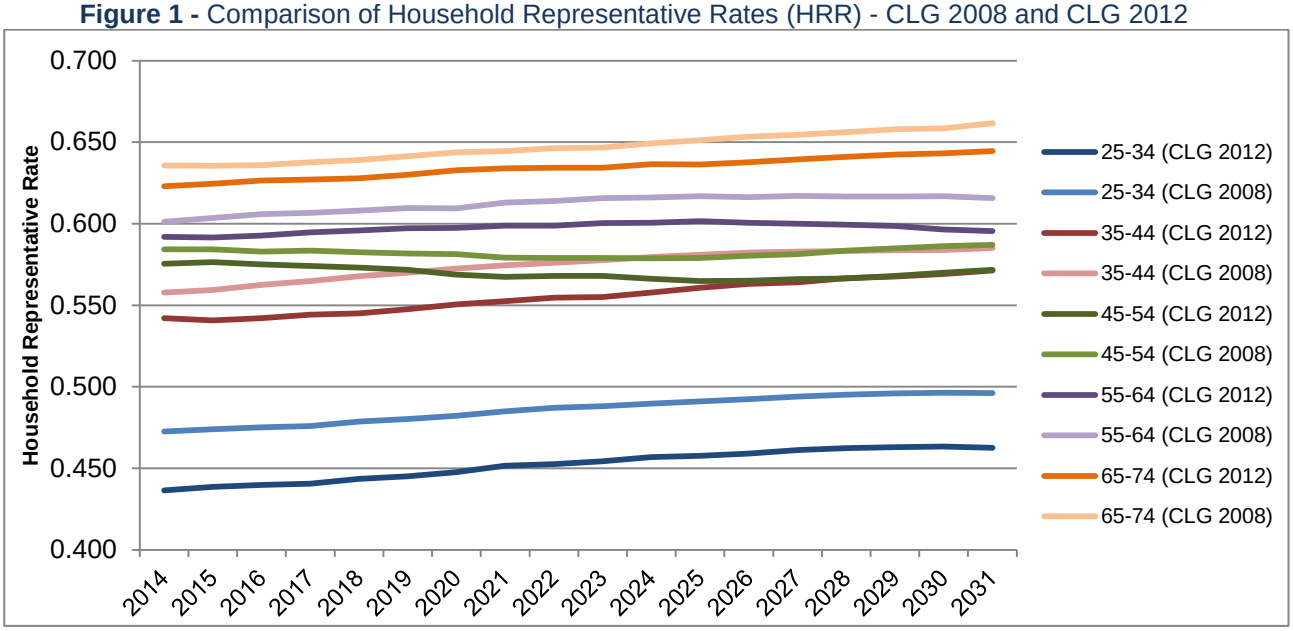
Census 2011	Age 16 - 74	Age 24 and Under	Age 25 - 34	Aged up to 34	Age 35 - 49	Age 50 - 64	Age 65 - 74	Aged 35 - 74
Households	**48,753**	892	6,281	**7,173**	17,480	16,523	7,577	**41,580**
% Owned or Shared Ownership	**74**	17	49	**45**	73	83	85	**79**
% Rented	**26**	83	51	**55**	27	17	15	**21**

5.14. Despite the two Census datasets not allowing a direct comparison for those aged 35+ due to different age bandings, in total it does show that home ownership has declined by around 6% between 2001 and 2011 for those aged 35+, with only small variations between each age group. However, there is a much larger decrease in home ownership for those aged under 35, approximately 20%.

5.15. Home ownership fell from around 35% to 17% for those aged under 24, and from 68% to 49% for those aged 25-34 between 2001 and 2011. This is not surprising, as it is acknowledged that people in younger age groups have found it more difficult to get on to the property ladder since the recession hit, due to reducing availability of mortgage finance and increasing levels of deposit required in order to secure a mortgage. This would explain a shift towards renting accommodation – whilst the monthly cost of renting may not differ too far from a mortgage, large deposits are not required compared to those needed to secure mortgage finance.

5.16. Further analysis has been undertaken to compare Household Representative Rates between data released before and after the recession (CLG 2008 and CLG 2012 respectively), similar to the broad analysis undertaken in section 3. Household Representative Rates (HRR) show the probability of someone in each age band being a 'head of household'. This will show which age groups have been impacted most by the recession, as a fall in rate over time could highlight the affordability barriers in forming new households.

Figure 1 - Comparison of Household Representative Rates (HRR) - CLG 2008 and CLG 2012



5.17. Figure 1 shows the difference in HRR pre-recession (CLG 2008) and post-recession (CLG 2012) for each age group. For all age groups, HRR are higher pre-recession compared to post-recession, as described in section 3 (noting it is not appropriate to use CLG 2008 on its own as the basis of determining OAN).

5.18. With the exception of ages 55-64 HRR are expected to increase over the plan period, suggesting that more households will be formed by all age groups compared to the start of the plan period (this represents the need for additional households – the starting point OAN). The data also reveals the amount of change in HRR between CLG 2008 and CLG 2012 over the plan period. For age groups 35+ there is a much smaller difference between the two sets of data compared to those 34 and under. This shows that the biggest change in headship has been for those aged 34 and under.

5.19. The large change in HRR pre and post-recession for age groups under 34 reinforces that it is this group where affordability issues lie and should be assisted by making a market signals uplift to the starting point OAN.

5.20. The total number of households predicted in CLG 2008 for these two age bands is higher than the equivalent data in CLG 2012.

Table 15 - Age 20-34: CLG2008/CLG2012 Comparison

Age 20-34	Estimated Households	
	2014	2031
CLG 2008	8,015	8,291
CLG 2012	7,677	7,805
Difference	-338	-486
Per Annum	**-20**	**-29**

Table 16 - Age 25-34: CLG2008/CLG2012 Comparison

Age 25-34	Estimated Households	
	2014	2031
CLG 2008	6510	6663
CLG 2012	6289	6291
Difference	-221	-372
Per Annum	**-13**	**-22**

5.21. Tables 15 and 16 show that, for the age group 20-34, the newest household projections predict between 20 and 29 fewer households per year than pre-recession household projections, an average of **24dpa**[2] across the plan period. For the age group 25-34 there are predicted to be between 13 and 22 fewer households per year than pre-recession household projections showed, an average of **17dpa**.

5.22. This implies that, should the CLG 2012 data be used to predict the number of households, it will potentially be around 24dpa too low for the age group that requires assistance the most in terms of affordability, getting on to the property ladder and reducing household suppression(e.g. younger people living with parents).

5.23. As a response to market signals analysis and the need to improve affordability in these age groups, a reasonable assumption would be to uplift the OAN by **24dpa** to ensure that pre-recession headship rates could be returned to in the age groups that require the most assistance with regards to affordability and reducing household suppression. This could be expected to improve affordability and assist with this age group in forming new households, and is consistent with the principles of sustainable development. This situation will improve further should a plan provision higher than OAN be adopted.

Starting Point OAN (671dpa) + Market Signals Uplift (24dpa) = 695dpa.

Therefore 695dpa is established as the OAN for Mid Sussex.

[2] All figures rounded to the nearest single household.

6. Affordable Housing Need

6.1. The NPPG states:
"An increase in the total housing figures included in the Local Plan should be considered where it could help deliver the required number of affordable homes" (2a-029-20140306)

6.2. An up-to-date assessment of affordable housing need is necessary to help inform planning policies and housing targets. 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) and the results of this formed part of the HEDNA (February 2015).

6.3. The affordable housing needs assessment model 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 and by the supply of stock available to meet that need.

6.4. The affordable housing needs assessment model considers 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. 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. The Total Waiting List represents the entire Housing Register, and includes 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.

6.5. The HEDNA (February 2015) at paragraph 4.160 sets out that the valid basis for identifying gross new household formation to assess affordable housing need is an approach based on the use of the CLG Household Projections. Such an approach was presented as Scenarios A and C in the 2014 Affordable Housing Needs Model. This approach is in line with National Planning Practice Guidance and is considered to present more realistic results than a variant approach that restricts household formations to those in the 16-44 years age cohort, suggested by the cancelled SHMA Practice Guidance (2007). Only the former method is utilised for this update, for the 2014 Affordable Housing Needs Model Update this generated a net annual housing need in the range of 116 -223 dwellings per annum.

6.6. Since the publication of the 2014 Affordable Housing Needs Model Update (October 2014), the Mid Sussex housing register that represents current housing need has been reviewed and updated (the housing register is reviewed annually to ensure that it accurately reflects those in current need of affordable housing). In addition, the new household formation figure has been revised upwards to account for the updated CLG Household Projections data (as set out in Section 3 of this update); and the committed supply of affordable housing has significantly changed. It is therefore considered appropriate to update the model and present its findings.

6.7. Tables 17 and 18 show the affordable housing need based on the CLG 2012 projection, as required by the NPPG, of 656dpa (i.e. the starting point OAN).

Table 17 - Affordable Housing Needs – Reasonable Preference Using CLG Household Projection, 2012

Step	Stage 1: Current Housing Need (Gross)		Source
1.1	Homeless Households and those in Temporary Accommodation	0	LA Waiting List
1.2	Overcrowding and Concealed Households	0	LA Waiting List
1.3	Households in Need in Reasonable Preference Groups	255	LA Waiting List
1.4	**Total Current Affordable Housing Need (Gross) (1.1 + 1.2 + 1.3)**	**255**	
	Stage 2: Future Affordable Housing Needs		
2.1	New Household Formation (Gross)	656	Local Authority (LA)
2.2	Proportion of Households Unable to Buy or Rent	44.2	CACI Paycheck, VOA and TPDL data
2.3	Existing Households Falling into Need and Housed per Annum	105	CORE
2.4	**Total Newly Arising Need (Gross Per Year) (2.1 x 2.2 + 2.3)**	**395**	
	Stage 3: Affordable Housing Supply		
3.1	Affordable Dwellings Occupied by Households in Need	0	LA Monitoring Records
3.2	Surplus Affordable Housing Stock	0	LA Monitoring Records
3.3	Committed Supply of New Affordable Housing	1,223	LA Monitoring Records
3.4	Units to be taken out of Management	0	Local Authority
3.5	**Total Available Affordable Housing Stock (3.1 + 3.2 + 3.3 - 3.4)**	**1,223**	
3.6	Annual Supply of Social Re-lets (net)	128	CORE
3.7	Annual Supply of Intermediate Affordable Housing for sale/let at sub-market level	43	CLG Live Table 1007
3.8	**Annual Supply of Affordable Housing (3.6 + 3.7)**	**171**	
A	Total Net Need (1.4 - 3.5)	-968	
B	Annual Flow Backlog (10%) of Total Net Need - 10yr period to relieve (A/10 years)	-97	
C	**Net Annual Housing Need (2.4 + Annual Flow (B) - 3.8)**	**127**	

Table 18 - Affordable Housing Needs – Total Housing Waiting List Using CLG Household Projection, 2012

Step	Stage 1: Current Housing Need (Gross)		Source
1.1	Homeless Households and those in Temporary Accommodation	0	LA Waiting List
1.2	Overcrowding and Concealed Households	0	LA Waiting List
1.3	Households in Need in Reasonable Preference Groups	1,286	LA Waiting List
1.4	**Total Current Affordable Housing Need (Gross) (1.1 + 1.2 + 1.3)**	**1,286**	
	Stage 2: Future Affordable Housing Needs		
2.1	New Household Formation (Gross)	656	Local Authority (LA)
2.2	Proportion of Households Unable to Buy or Rent	44.2	CACI Paycheck, VOA and TPDL data
2.3	Existing Households Falling into Need and Housed per Annum	105	CORE
2.4	**Total Newly Arising Need (Gross Per Year) (2.1 x 2.2 + 2.3)**	**395**	
	Stage 3: Affordable Housing Supply		
3.1	Affordable Dwellings Occupied by Households in Need	0	LA Monitoring Records
3.2	Surplus Affordable Housing Stock	0	LA Monitoring Records
3.3	Committed Supply of New Affordable Housing	1,223	LA Monitoring Records
3.4	Units to be taken out of Management	0	Local Authority
3.5	**Total Available Affordable Housing Stock (3.1 + 3.2 + 3.3 - 3.4)**	**1,223**	
3.6	Annual Supply of Social Re-lets (net)	128	CORE
3.7	Annual Supply of Intermediate Affordable Housing for sale/let at sub-market level	43	CLG Live Table 1007
3.8	**Annual Supply of Affordable Housing (3.6 + 3.7)**	**171**	
A	Total Net Need (1.4 - 3.5)	63	
B	Annual Flow Backlog (10%) of Total Net Need - 10yr period to relieve (A/10 years)	6	
C	**Net Annual Housing Need (2.4 + Annual Flow (B) - 3.8)**	**230**	

6.8. Assuming that other model inputs remain either unchanged (or not subject to significant change since October 2014), the model indicates a net annual housing need range of 127 - 230 dwellings per annum. Despite modelling an increased number of new household formations (656dpa compared to 546dpa in the original CLG data used in the HEDNA), this represents only a slight increase on the 2014 Affordable Housing Need Model, mainly as a result of a significant increase to the total available stock of committed affordable housing and a decrease in the number of persons in current affordable housing need as indicated by the Mid Sussex housing register.

6.9. The model has also calculated the amount of affordable housing need for those in reasonable preference groups and the full waiting list based on a range of New Household Formation figures (line 2.1 of the model). This will show the level of affordable housing need for different District Plan housing provision options, in order to assist plan makers in determining the appropriate level of housing provision to be planned for.

Table 19 - Plan Provision and Affordable Housing Need Options

Plan Provision	Net Annual Housing Need		% of Plan Provision	
	Reasonable Preference Groups	Total Waiting List	Reasonable Preference Groups	Total Waiting List
695dpa (OAN)	144	247	20.7	35.6
750dpa	169	272	22.5	36.2
800dpa	191	294	23.9	36.8
850dpa	213	316	25.1	37.2
900dpa	235	338	26.1	37.6
1000dpa	279	382	27.9	38.2

6.10. Assuming the District Plan requires 30% affordable housing on all sites:

- All plan provision options would satisfy the need of those in reasonable preference groups, as the percentage of those in reasonable preference groups ranges from 20.7 - 27.9% of plan provision.
- As the total waiting list represents between 35.6 – 38.2% of the plan provision dependent on the option, it would not be satisfied in full. However around 80-85% of the total waiting list need would be met dependent on the plan provision number chosen - a significant amount.
- This situation doesn't improve by providing higher levels of housing. In fact, the higher the housing provision, a greater percentage of the provision will fall into affordable housing need – this is because 44.2% of newly forming households fall into affordable housing need (line 2.2 of the affordable housing needs model, Tables 17/18). Providing more housing leads to an increased need for affordable housing.

Affordable Housing Need - Conclusion

6.11. 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 an increase supply of 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.

6.12. As noted in the Affordable Housing Needs Update 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.

6.13. 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.

6.14. 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 **695dpa** could provide up to **209** affordable homes per year. This would exceed the assessed current affordable needs for the reasonable preference groups and provide up to **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 any additional provision of affordable housing.

7. Economic Development Needs

Balancing Jobs and Houses

7.1. The District Council has commissioned a number of studies related to the future economic performance and demand, which together make up a full assessment of economic development needs. These include:

- Northern West Sussex Economic Growth Assessment (NLP, 2014)
- Burgess Hill Employment Sites Study (Chilmark, 2015)
- Strategic Employment Land Availability Assessment (Chilmark, 2015)

7.2. 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 an increased workforce.

7.3. The POPGROUP modelling software used for the housing projections 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.

7.4. This is done by assessing the future population profile of the District to determine the number of residents of working age. Economic Activity rates, published in the Census and the ONS Annual Population Survey set out the proportion of the population who are economically active – i.e. are in work or seeking/able to work. This provides the potential workforce within the District. The proportion of the population who currently both live and work in Mid Sussex (i.e. those that don't out-commute) is then factored in so that an estimate of the number of jobs within Mid Sussex can be calculated.

7.5. The job numbers below represent the additional jobs per annum that would be required as a result of new housing development. It represents only represents the jobs within Mid Sussex that would most likely be taken by Mid Sussex residents – i.e. the 'resident workforce'.

Table 20 - Housing Scenarios - Job Projections

Plan Provision	Mid Sussex Additional Jobs Per Annum
695dpa (OAN)	210
750dpa	273
800dpa	330
850dpa	386
900dpa	443
1000dpa	556

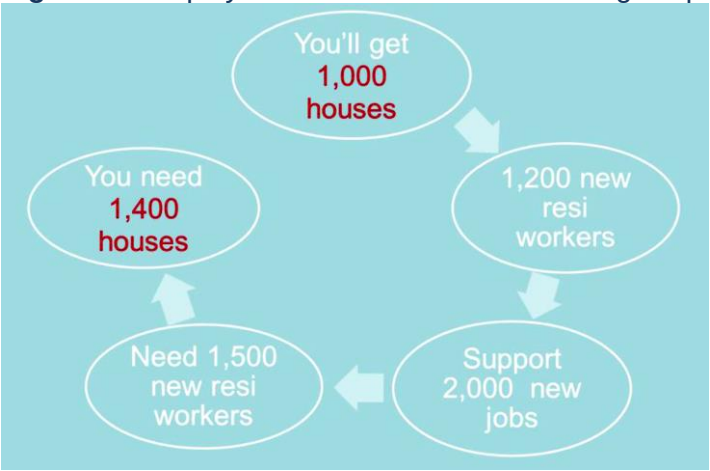
7.6. By providing 695 dwellings per annum (i.e. the OAN), this would provide a workforce equivalent to 210 Mid Sussex jobs.

7.7. Providing additional dwellings is not the only way of increasing the number of jobs within the District. For example, should the numbers of out-commuters decrease over the plan period this will also increase the resident workforce. Other policy responses such as allocating land for employment development may have an influence.

7.8. It is important to compare these figures with economic forecasting. The HEDNA (February 2015) summarises the findings of the Northern West Sussex Economic Growth Assessment (NLP, 2014). The EGA concluded that the baseline job growth within the District was 521 jobs per annum from 2011-2031. However, the HEDNA questioned the reliability of these forecasts, as average job growth in Mid Sussex from 1997-2013 was negative.

7.9. There are further doubts as to the accuracy of economic forecasting, as one of the variables of economic forecasting is projected housing supply. It therefore stands to reason that increasing housing supply to meet economic forecasts will in turn increase the economic forecast that requires more housing to be delivered – a vicious circle. This is explained in the PAS Guidance "Objectively Assessed Need and Housing Targets" (June 2015).

Figure 2 - Employment Forecast "Self-Defeating Prophecy" (PAS, 2015)



Analysis of future trends

Update on forecasts of quantitative need

7.10. The Burgess Hill Employment Sites Study (BHESS) published in March 2015 provides the most up to date information on the need for employment development in Mid Sussex. This explains that Mid Sussex has seen a steady economic recovery since the recession. The BHESS states that the forecasts are for an economic growth rate of 2.1% per annum between 2011 and 2031 (Experian, December 2014). This compares with a forecast economic growth rate of 2.35% per annum for West Sussex for the same period.

7.11. The BHESS comments that employment growth in Mid Sussex between 2001 and 2011 was slightly above the West Sussex and South East average according to the Office for National Statistics. However, economic forecasters indicate a reduction in employment in this period for Mid Sussex. The latest economic forecasts for Mid Sussex from Experian (December 2014) show a different pattern of growth by industry sector compared with the May 2013 Experian forecasts used in the EGA. This has resulted in a slight reduction in the forecast number of total jobs between 2011 and 2031 (from 10,425 in the May 2013 Experian forecasts to 9,563 in the December 2014 Experian forecasts, both on a workforce-basis). The Baseline jobs forecast according to Experian is therefore no longer 521jpa (as explained in the HEDNA), but **478** jobs per annum.

7.12. The latest forecasts for the period 2014-31 are for an increase of 4,790 jobs (FTE basis). This equates to 282 jobs per annum.

7.13. However, the study notes that the level of growth of the B use class sector jobs has reduced more markedly between the two sets of forecasts, reflecting the structural changes that have happened in the economy. The latest Experian forecasts (December 2014) indicate an increase of 676 B use class jobs per annum on a workforce basis and 205 B use class jobs on an FTE basis for the period 2014-2031.

7.14. In terms of the potential demand for employment land, the BHESS explains that these B use class employment forecasts translate into a potential land demand requirement of 19.5 hectares under a Baseline Assessment. Sensitivity analysis was then applied by the consultants to this assessment, which indicates a potential range of 15.7 to 31 hectares over

the District Plan period 2014-2031. The overall assessment of the study was that there is a realistic demand for between 25-30 hectares of employment land in Mid Sussex between 2014 and 2031.

7.15. Overall, the study concludes that the proposed 30-hectare employment land allocation is appropriate and necessary in order to ensure that Mid Sussex District can meet its economic growth objectives, support existing businesses wishing to expand and to encourage inward investment within the District, the Gatwick Diamond and the Coast to Capital LEP area more widely.

7.16. Given these findings, it is important to consider how many new jobs would be generated by the employment provision proposed in the District Plan. The development of The Hub business park on 15 hectares of land to the west of Burgess Hill is expected to create approximately 1,000 new jobs. The additional 15 hectares of employment land allocated by the District Plan would generate a further 1,500 new jobs. The District Plan also allows for the development of a science and technology park within a broad location identified to the west of Burgess Hill. This would have the potential to provide 100,000m² of research and development floorspace and 2,500 new jobs. A total of 5,000 jobs are therefore anticipated to be created during the plan period until 2031, equating to an average of **294** jobs per year.

7.17. The number of jobs proposed at Burgess Hill, plus other likely employment allocations and developments across the District, would be greater than the resident workfoce jobs that would be generated with a OAN for housing of 695dpa. It would broadly align with the additional resident workforce jobs that would be generated for housing options up to 800dpa. Housing provision higher than this would likely require further allocation of employment land.

8. Conclusion

Results

8.1. The previous sections within this HEDNA Update set out the Objectively Assessed Need (OAN) for Mid Sussex. It updates the previous HEDNA (February 2015) in light of new household projection data being released and further analysis on market signals, however the vast majority of the original HEDNA remains up-to-date and relevant, therefore should be read in conjunction with this update report.

8.2. The results have been calculated using the methodology for OAN set out in section 1 of the original HEDNA.

8.3. **Step 1: Starting Point OAN –** The most up-to-date Household Projections published by the Department for Communities and Local Government (CLG) in February 2015 have been used to determine the starting point for OAN. The data has been analysed in section 3 to ensure it is a robust reflection of potential future housing need. Work has also been undertaken to understand the differences between this set of projections and previous estimates of housing need. The starting point OAN is established as 656 dwellings per annum.

8.4. **Step 2: Sensitivity Testing and Adjustments –** As per the NPPG, it is appropriate to undertake sensitivity testing to ensure the CLG household projections, which are calculated based on national trends, are appropriate for use at the local level. A further upward adjustment of 2.3% has been made to account for vacant homes within the District, which are not contributing to meeting housing need. Therefore, the starting point OAN is increased to 671 dwellings per annum.

8.5. **Step 3: Market Signals –** The HEDNA (February 2015) analysed the range of 'market signals' described by the NPPG. The HEDNA concluded that, whilst any worsening trend in the market signals was not unique to Mid Sussex (and largely reflected regional or national issues), an uplift was appropriate to improve affordability. Section 5 demonstrates that it is the age groups aged under 34 that have been most subjected to affordability issues since the recession, and therefore an upward adjustment to the starting point OAN should be made in order to improve affordability, particularly for these age groups. An upward adjustment of 24 dwellings per annum has been calculated, which sets the OAN to 695 dwellings per annum.

8.6. **Step 4: Affordable Housing / Specific Housing Need –** A revision to the starting point OAN and updates to the affordable housing register have led to an update of the affordable housing need assessment. The OAN figure of 695dpa could provide up to 209 affordable homes per year (based on developments achieving approximately 30% affordable housing as per proposed District Plan policy). This would exceed the assessed current affordable needs for the reasonable preference groups and provide up to 85% of the need for the total waiting list. There is therefore no need to increase the OAN further to encourage an increased supply of affordable housing, however plan provision above OAN will help to deliver more affordable housing.

8.7. **Balancing Housing and Jobs –** Based on the OAN of 695dpa, modelling work has been undertaken to understand the link between the supply of housing and the requirement for jobs. This is based on the projected working age population of the District in the plan period, commuting ratios and economic activity rates. Should the OAN of 695dpa be delivered, this would lead to a jobs requirement of 210 jobs per annum.

8.8. The Objectively Assessed Need for Mid Sussex is therefore:

Starting Point OAN	656dpa
Sensitivity Testing and Adjustments	+15dpa (2.3% of 656)
Market Signals	+24dpa
Objectively Assessed Need	**695dpa**

Implications of Objectively Assessed Need: 695dpa

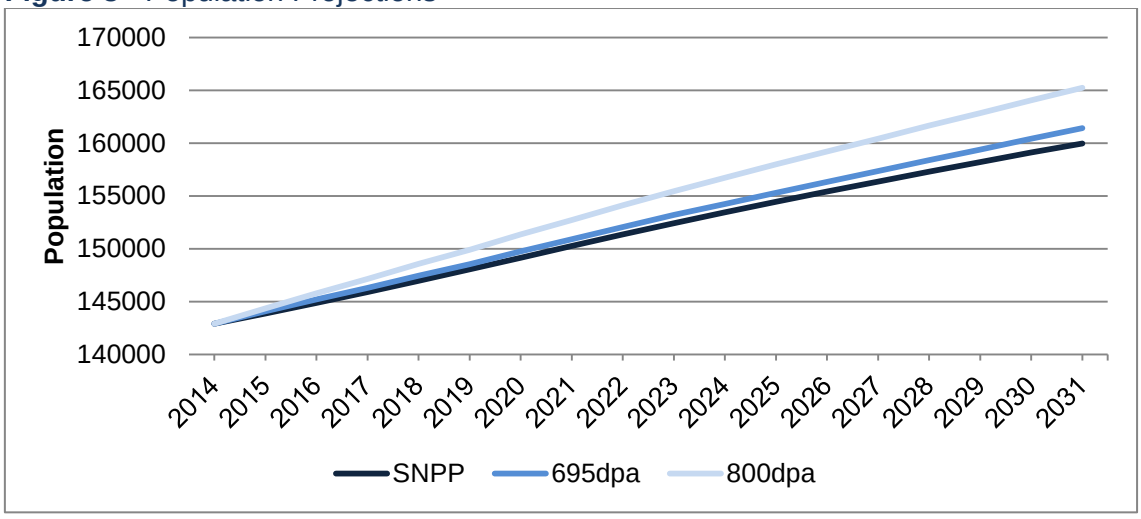
8.9. Further analysis has been undertaken in order to assess what an Objectively Assessed Need of 695dpa will mean in terms of the population, age profile and workforce. The findings will help form an understanding of the future needs and makeup of the population. Other studies within the District Plan evidence base have indicated that there is potential for a plan provision number up to 800 dwellings per annum (i.e. 105 above the OAN). The implications for supplying 800dpa are also shown, for context.

Population

Table 21 - Population Projections

Census 2011:	139,900
Estimated Population 2014: (SNPP 2014)	142,890
Population Projection 2031: (SNPP 2014)	159,973
Objectively Assessed Need (695dpa) 2031:	161,417
Plan Provision (800dpa) 2031:	165,241

Figure 3 - Population Projections



8.10. An OAN of 695dpa would increase the population of Mid Sussex to 161,417 in 2031, a population increase of around 12.9% over the plan period. A plan provision of 800dpa would increase the population to 165,241, a population increase of around 15.6% over the plan period. The housing need associated with 695dpa is predominantly based on demographic change (i.e. births, deaths and migration) and therefore would provide enough homes to meet expected population changes associate with births, deaths and migration and allows for past trends to continue. It also allows for more households to form compared with past trends, as there is an increase to account for market signals and potential suppression in household demand for the age groups younger than 34.

8.11. A housing number higher than 695dpa would allow for past trends to continue, for more households to form, and increase in-migration – particularly from neighbouring authority areas where housing need cannot be met.

Components of Population Change – Births / Deaths / Migration

8.12. The individual components of population change related to an Objectively Assessed Need of 695dpa have been modelled in POPGROUP.

Table 22 - Components of Population Change – 695dpa

Year	Population Start of Year	Births	Deaths	Natural Change NET	Net UK Migrants	Net Overseas Migrants	Migration NET	TOTAL Increase	Population End of Year
2014-15	142,890	1,524	-1,252	272	+803	+108	+911	1,183	144,073
2015-16	144,073	1,514	-1,263	251	+742	+139	+881	1,131	145,204
2016-17	145,204	1,508	-1,272	237	+728	+118	+846	1,083	146,287
2017-18	146,287	1,512	-1,281	231	+804	+122	+927	1,158	147,444
2018-19	147,444	1,509	-1,292	217	+775	+107	+882	1,099	148,544
2019-20	148,544	1,505	-1,297	208	+905	+107	+1,012	1,219	149,763
2020-21	149,763	1,501	-1,310	191	+832	+107	+939	1,130	150,893
2021-22	150,893	1,499	-1,319	180	+869	+107	+976	1,155	152,049
2022-23	152,049	1,497	-1,334	163	+871	+107	+978	1,142	153,190
2023-24	153,190	1,493	-1,346	147	+782	+107	+889	1,036	154,226
2024-25	154,226	1,488	-1,364	124	+849	+107	+956	1,080	155,306
2025-26	155,306	1,483	-1,385	97	+808	+107	+915	1,012	156,318
2026-27	156,318	1,477	-1,404	73	+847	+107	+954	1,026	157,344
2027-28	157,344	1,470	-1,427	43	+890	+107	+997	1,040	158,384
2028-29	158,384	1,463	-1,453	10	+889	+107	+996	1,006	159,390
2029-30	159,390	1,458	-1,483	-26	+942	+107	+1,049	1,024	160,413
2030-31	160,413	1,453	-1,511	-58	+955	+107	+1,062	1,003	161,417

8.13. 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 expected to come from migration. This may be for a number of reasons:

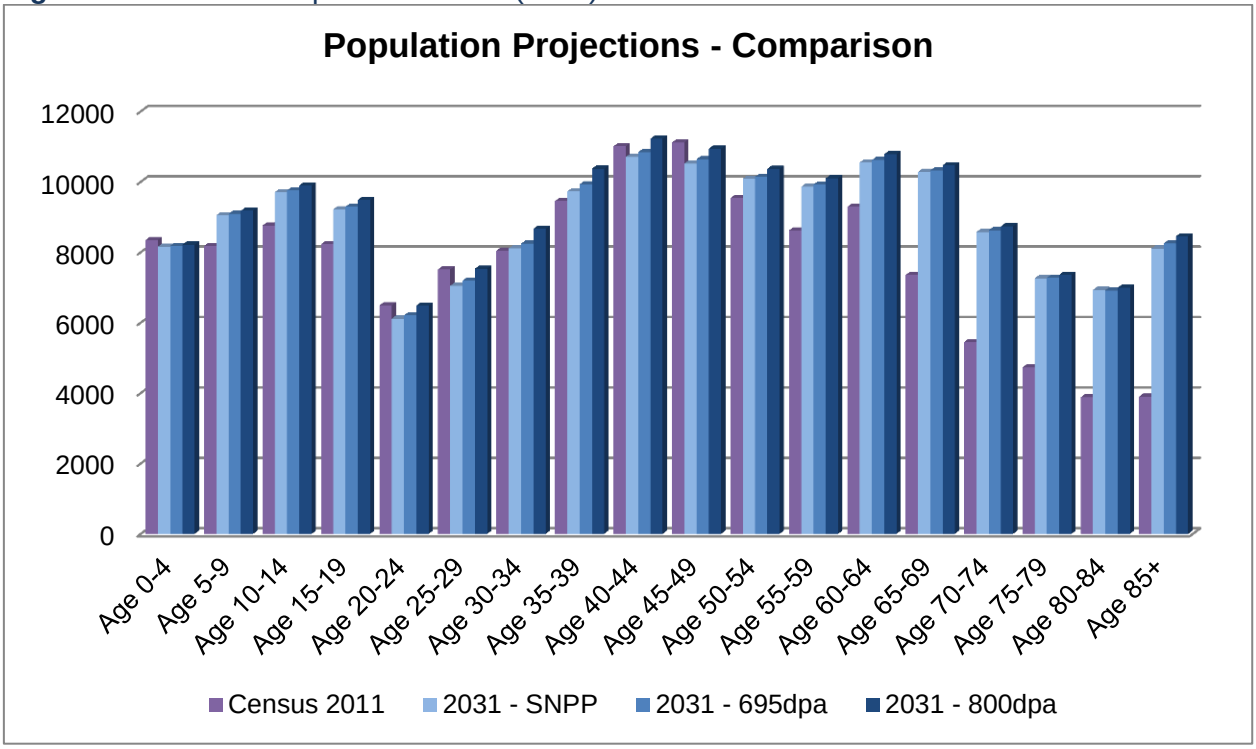
- The birth rate is decreasing, which may be as a result of an ageing population. As death rates are increasing, net natural change starts to play a lesser role in population change.
- Migration may be increasing as a result of increased supply of housing. This can be expected given the links between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

8.14. Not all of the increase in housing is accounted for by an increase in population – some of the housing increase may be as a result of the existing population forming new households. For example, younger people living with parents moving out and setting up their own household – this would not increase the population, but would increase the number of households.

Age Profile

8.15. The future age profile based on 695dpa or 800dpa is not dissimilar to the predicted age profile in the Sub-National Population Projections which can be regarded as the baseline. Figure 4 below shows the anticipated change in different age groups in 2031 for varying levels of housing provision.

Figure 4 - Predicted Population Profile (2031)



8.16. 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 compared to the age profile in 2011 as shown by Census 2011. 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.

8.17. 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.

8.18. 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.

8.19. 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).

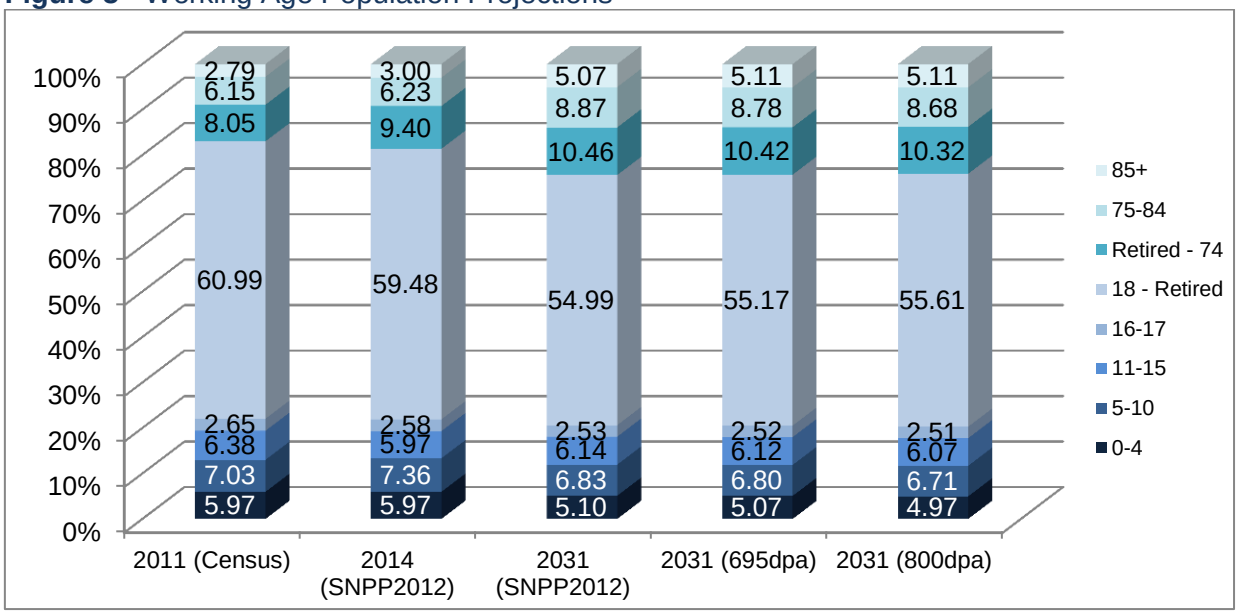
Table 23 - Propensity to Move - Migration Data (ONS)

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

Working Age

8.20. 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 5 - Working Age Population Projections



8.21. An increase in the amount of housing supplied in the District is likely to increase inward migration to the District – as shown in paragraph 8.19; this is more likely to be younger age groups of working age. However the percentage of the population that are of working age is likely to decrease by around 5% between 2011-2031, although this is largely unaffected by the amount of housing provided. As the example in Figure 5 shows, there is very little difference to the proportion of population of working age for housing supply levels between 656dpa and 800dpa. 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.

Implications for Neighbourhood Plans

8.22. As described in the HEDNA, Neighbourhood Plans can also use the same OAN methodology to determine OAN at a local level. However, most of the data used to calculate the District's OAN is only available at a District level and not at individual town/parish level, which means using the same methodology is not achievable. In order to help determine the OAN of individual towns and parishes, a methodology has been devised to assist the various Towns and Parishes preparing Neighbourhood Plans.

8.23. As a starting point for Neighbourhood Plan OAN, the household projections shown by CLG 2012 have been distributed to each town/parish based on the proportion of the District's households or population that were in each parish at the time of the 2011 Census. This therefore distributes 11,152 (656dpa) amongst the Towns and Parishes.

Table 24 - Neighbourhood Plan 'Starting Point' OAN (based on 2012 CLG Household Projections)

Parish	Census 2011 Household Proportion (%)	CLG 2012 Household Split	Census 2011 Population Proportion (%)	CLG 2012 Population Split	Average
Albourne (part SDNP)	0.45	50	0.46	51	**51**
Ansty and Staplefield	1.12	125	1.26	140	**132**
Ardingly	1.20	134	1.38	154	**144**
Ashurst Wood	1.26	140	1.31	146	**143**
Balcombe	1.32	147	1.37	153	**150**
Bolney	0.89	99	0.98	109	**104**
Burgess Hill	21.12	2356	21.53	2401	**2378**
Cuckfield	2.51	280	2.50	279	**279**
East Grinstead	19.27	2149	18.86	2104	**2126**
Fulking (SDNP)	0.23	25	0.22	24	**25**
Hassocks	5.82	649	5.48	611	**630**
Haywards Heath	20.18	2251	19.35	2157	**2204**
Horsted Keynes	1.12	125	1.13	126	**126**
Hurstpierpoint and Sayers Common (part SDNP)	4.96	553	5.09	567	**560**
Lindfield	4.40	490	4.17	465	**478**
Lindfield Rural	1.77	197	1.88	210	**204**
Poynings (SDNP)	0.31	35	0.31	34	**35**
Pyecombe (SDNP)	0.16	18	0.17	19	**18**
Slaugham	1.97	220	1.98	221	**220**
Turners Hill	1.32	147	1.37	153	**150**
Twineham	0.19	22	0.22	24	**23**
West Hoathly	1.45	162	1.56	174	**168**
Worth	7.00	780	7.42	828	**804**
MID SUSSEX	**100**	**11152**	**100**	**11152**	**1152**

8.24. The figures above are only an indication of the level of need within each Parish, based on a proportioning of the District's total. These figures can be used to guide Neighbourhood Plans with respect to housing need and inform evidence alongside any other local evidence that each parish may have. Further analysis of sensitivity testing (such as vacancy rates) may be necessary in order to determine the OAN.

8.25. The numbers are by no means a requirement or target – Neighbourhood Plans will undertake the same process as 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.

8.26. 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 indicated above (particularly in respect of Burgess Hill where large-scale strategic development is proposed). 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

8.27. This HEDNA Update revises the OAN previously set out in the HEDNA (February 2015). New data (the 2012-based CLG Household Projections) indicates a higher projection of

future housing need for the period 2014-2031 compared to older datasets, and further work has taken place regarding sensitivity testing, adjustments and Market Signals. The OAN for Mid Sussex has therefore increased to **695dpa.**

8.28. Other evidence base studies, in particular those concerned with housing supply (such as the SHLAA) and environmental capacity will help determine firstly whether the OAN can be met and secondly whether there is sufficient supply/capacity within the District to exceed it. These are policy decisions that cannot influence the OAN, but can influence the plan provision number for the District Plan.

8.29. Sections 6, 7 and 8 model the impact of meeting the OAN for affordable housing, jobs, and the impact on population profile and structure. These sections also model the impacts of increasing the plan provision to 800dpa, as the current evidence base implies that this is the maximum plan provision figure for Mid Sussex. The findings from these sections will assist in assessing options for housing provision in the District Plan Sustainability Appraisal, which will test whether proposed plan provision options are consistent with the principles of sustainable development.

8.30. It should be noted that the OAN of 695dpa is for the entire Mid Sussex District, inclusive of the area of the District within the South Downs National Park which is not covered by the District Plan (the South Downs National Park Authority is preparing its own local plan for this area). It is estimated that 1% of the District's households/population currently reside within the National Park, and it can be assumed therefore that 1% of the District's OAN would also arise from the park – approximately 7dpa.

8.31. The National Planning Policy Framework (NPPF) requires authorities to "boost significantly the supply of housing" (para 47). A housing provision that meets the OAN of 695dpa, or exceeds OAN, is above recent trends in housing delivery within the District and therefore it is felt that the requirement of the NPPF is met.