West Sussex Strategic Housing Market Assessment

District Summaries: Mid Sussex

May 2009

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1. INTRODUCTION

1.1 In February 2008, the local authorities across West Sussex commissioned GVA Grimley, working with GL Hearn, to prepare a Strategic Housing Market Assessment (SHMA) encompassing each of the districts and boroughs in West Sussex County. SHMAs provide an understanding of sub-regional housing markets and predict the levels and mix of future housing provision. The assessment is one of the key evidence documents which will inform Local Development Frameworks (LDFs) and future revisions to Regional Spatial Strategies (RSSs), as well as regional and housing strategies.

1.2 The Strategic Housing Market Assessment has identified two distinct Housing Market areas across West Sussex County. The first is the Northern West Sussex Housing Market which includes three local authorities; Crawley, Horsham and Mid Sussex; and the second is the Coastal West Sussex Housing Market which encompasses four local authorities: Adur, Arun, Chichester, and Worthing.

1.3 The purpose of the West Sussex SHMA District Summaries is to present the key data and conclusions relevant to each of the seven districts in West Sussex. This summary focuses on Mid Sussex District and includes:

- Introduction to the District
- Current Housing Offer
- Demographic and Economic Characteristics and Trends
- Affordable Housing Need
- Housing Requirements of Key Groups
- Conclusions and Recommendations.

2. INTRODUCTION TO THE DISTRICT

2.1 Mid Sussex District is located in the east of the Northern West Sussex Housing Market. The District consists of the urban centres of Burgess Hill, Hayward Heath and East Grinstead, and large rural areas. The District benefits from good strategic accessibility, with the international airport at Gatwick, and fast links by road (A23/M23) and rail to both London and Brighton/ the South Coast.

2.2 Mid Sussex is an affluent District and offers a high quality of life. The District achieves below average levels of self-containment of migration flows. There are strong migration flows to Mid Sussex from London, Wealden and Lewes and Brighton and Hove, with households attracted by the large houses, good schools and a high quality of the place. At the same time, there are significant out-commuting flows for work from Mid Sussex to Crawley, London and Brighton & Hove, with commuters accessing higher level employment opportunities in these locations.

3. CURRENT HOUSING OFFER

3.1 The Housing Statistical Appendix identifies that the Northern West Sussex Housing Market contains some 152,450 dwellings, of which 37% (56,150) are in Mid Sussex. Mid Sussex has the largest proportion of the total dwellings in the Northern West Housing Market.

3.2 The housing offer in Mid Sussex reflects its rural nature and relatively affluent population. The housing offer is dominated by private sector ownership (80%) and hence there are very low levels of social housing (10%) and private renting (10%). Further, Mid Sussex has the highest concentration of people who own their house outright (34%) compared to the rest of the Northern West Housing Market. In 1990, Mid Sussex District Council transferred the majority of its social housing stock to the Downland Housing Association, who now own two thirds of the social housing stock in the District. Over the last decade the level of social housing completions accounted for 15% of the total amount of housing completions within the District over this time period.

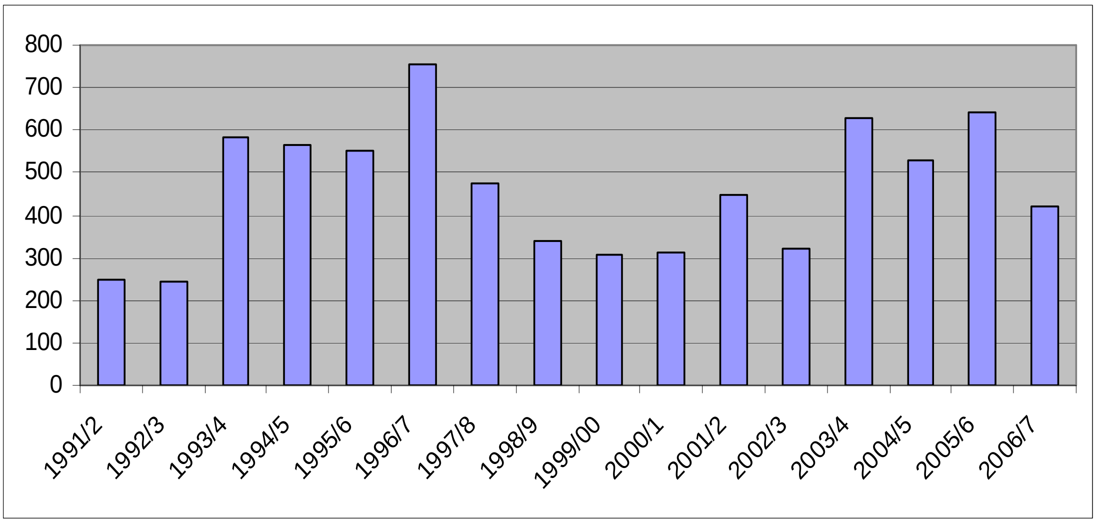
3.3 The housing offer is focused towards larger (four or more bedrooms) detached and semi-detached housing. This pattern is illustrated most clearly in East Grinstead, Burgess Hill and Haywards Heath where detached and semi-detached housing make up over 60% of the housing stock. In addition, under-occupation at 89% within the owner occupied section of the housing offer in Mid Sussex is higher than the average for West Sussex as a whole.

3.4 House prices in Mid Sussex are notably higher than in other parts of the North West Sussex Housing Market. House prices in Haywards Heath are particularly significant, with an average of £2,882 being achieved per square metre. The District has also experienced the highest levels of house price growth between 2002 and 2007, with a 48% increase over this time period.

3.5 Figure 1 shows that since 2001, Mid Sussex has seen a general increase in housing completions apart from the last year observed (2006/2007) where there was a decline in production. At a more local level, since 2001 the largest level of completions across the Mid Sussex has been in Haywards Heath where almost 1,300 units were completed. However, despite the significant levels of dwelling completions in recent years in Mid Sussex, housing delivery to date has fallen short of Government targets. Over the plan period, the District has produced an average of 499 homes each year compared to the final South East Plan

(May 2009) target of 855 dwellings per annum. These housing targets are the largest across the Northern West Housing Market.

Figure 1: Housing Completions in Mid Sussex, 1991/2 – 2006/7

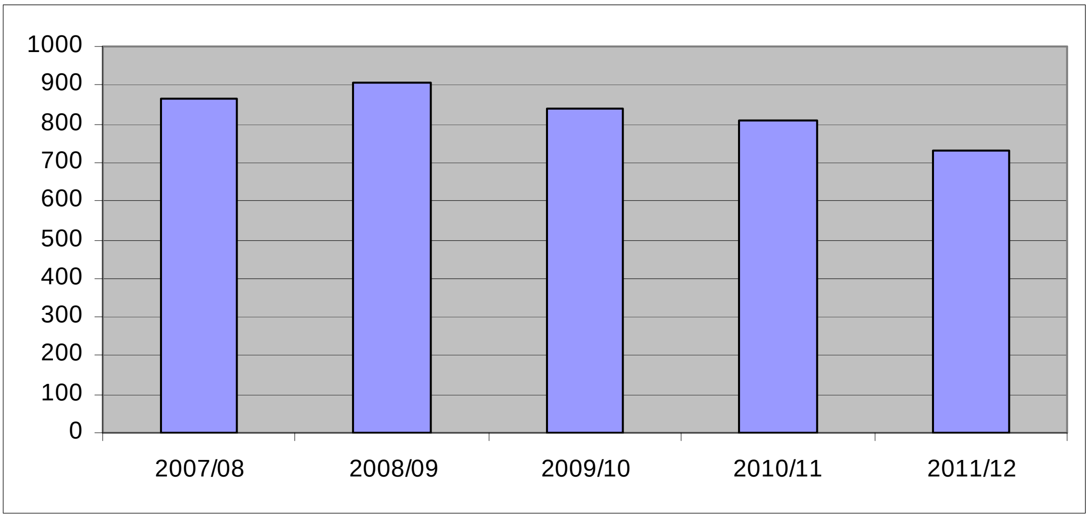


Source: WSCC Monitoring

3.6 Over the last 20 years larger homes with three or more bedrooms have made up a large proportion of new housing supply in Mid Sussex. In more recent years there has been a decline in the construction of larger housing and at the same time there has been a growth in construction of one and two-bed properties. Although the degree of shift in size of housing production is not as marked as in the other two districts of the Northern West Sussex housing markets it is notable nonetheless as a product of changing Government policies on housing density and maximising the use of previously developed land.

3.7 Over the next five years Mid Sussex is expected to see the largest amount of housing completions across the Northern West Sussex Housing Market. The housing trajectory indicates that, on average, 830 dwellings will be constructed per annum within the District. Figure 2, shows that between 2007 and 2012 the level of housing completions within the District is predicted to remain fairly constant, with a slight decline between 2009/10 and 2011/12. Mid Sussex has approximately 139 hectares of available land, which represents 34% of the total available land supply across the Northern West Sussex Housing Market (including consents and schemes under construction). The extent of the economic downturn and impact on housing market demand will determine the extent to which the future housing trajectory is met.

Figure 2: Housing Trajectory, Mid Sussex District 2007- 2012



Source: LAA Annual Monitoring Reports/WSCC/ GVA Grimley

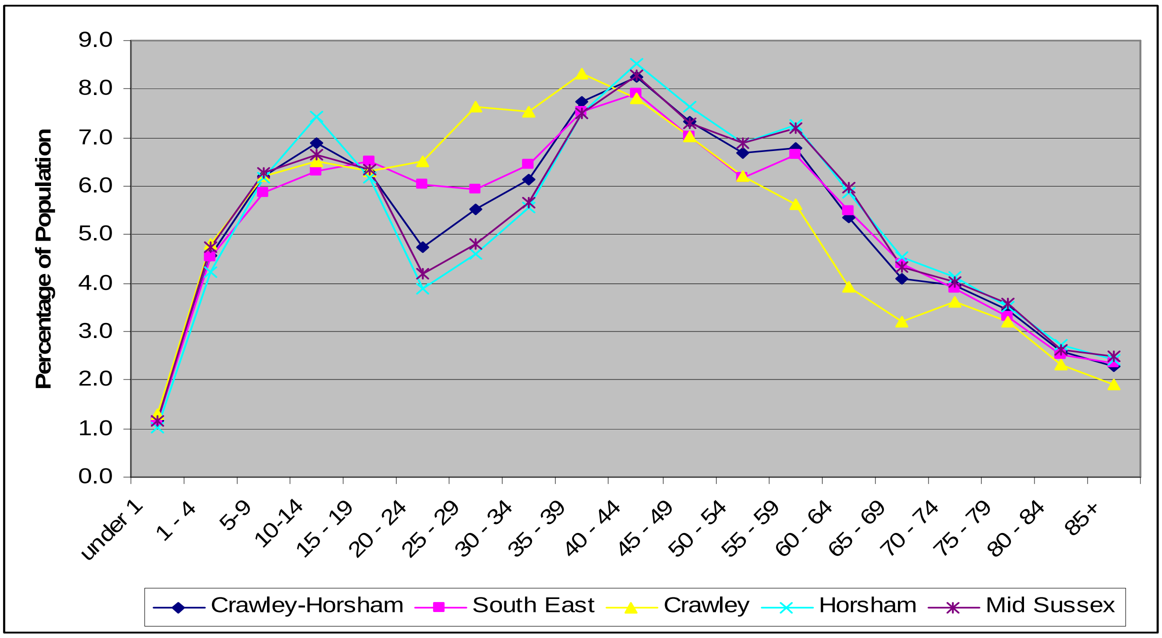
4. DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS AND TRENDS

4.1 Demographic and economic trends are key structural drivers of housing demand in the long-term.

Demographics Trends

4.2 In 2006, the estimated population in Mid Sussex was 129,100 people, which equates to 36% of the total population of the Northern West Sussex Housing Market. Mid Sussex has the largest population across the Northern West Sussex Housing Market. The majority of the population is concentrated in urban areas (75%). Figure 3, sets out the demographic profile of Mid Sussex at 2006, and indicates that the largest age groups are those of school age (5 -14) and those who aged 40-44 years which suggest there are a large amount of older families with children. Alternatively there are low levels of young adults (20-24 years). Further analysis shows that Mid Sussex does not have a diverse population, with a small Black and Minority Ethnic population, making up 4.7% of the total population.

Figure 3: Age Structure by Five Year Age Group, 2006



Source: ONS Mid-Year Population Estimates, 2006

4.3 Since the mid 1980s, Mid Sussex has seen notably lower levels of population growth (as a result of natural increase and in-migration). The District's population has grown by just 5% over the last 20 years, which is less than half the regional average. The population grew moderately between mid-1980s to mid 1990s, remained relatively consistent between 1998 and 2003, but has been growing moderately since 2004. Over the past 20 years Mid Sussex has seen the largest reduction in the young adult population (-6.3%) across the Housing Market and significant increases in those over 45 years old, and in particular those aged between 45-65 (5.9% increase). In real terms the young adult population has reduced by almost 7,000 people while the older family age group increased by 8,900.

4.4 Although Mid Sussex has seen comparatively low levels of population growth in recent years, the District is the most popular destination for in-migrants from outside the Housing Market. Mid Sussex is particularly popular for people from Brighton and Hove and London. Between 2002 and 2006 around 6,600 people moved from London to the District, with the majority of people moving from boroughs to the South of the River Thames, particularly Wandsworth, Croydon and Sutton.

4.5 An analysis of the household composition of Mid Sussex reveals that the District has the highest level of single person households in the Housing Market area at 26.9%. The District also has comparatively substantial levels of married couples (43.6%) and highest amounts of dependent children (25.7%). Future housing will need to cater for the needs of a variety of groups and in particular for middle aged families and a growing elderly population.

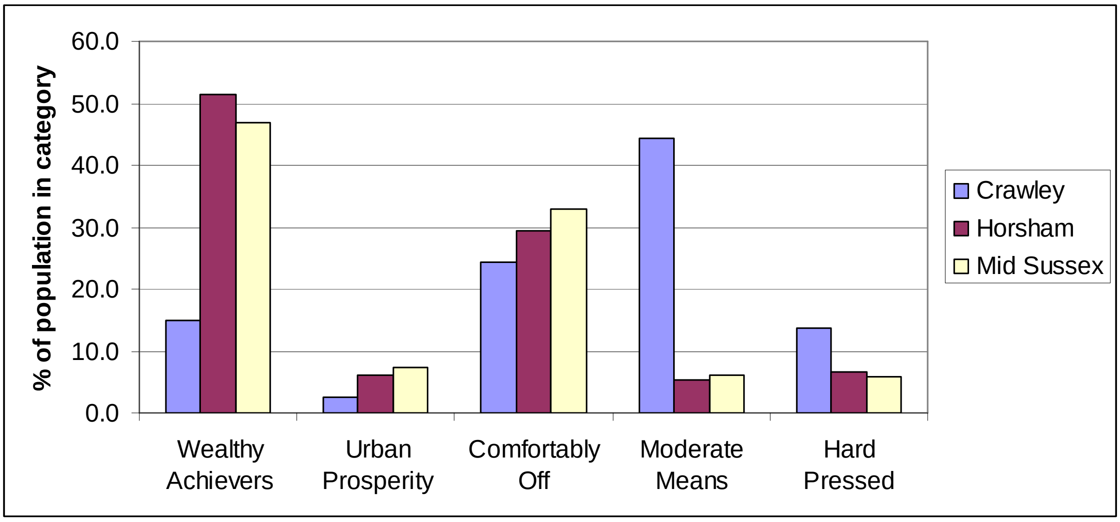
Economics Trends

4.6 The economy in Mid Sussex is not particularly strong within the Northern West Sussex Housing Market. The District has the lowest job density (the ratio of filled jobs to working age resident population), at 0.81 compared to the other districts in the Housing Market and the South East average of 0.87. Further, the amount of employment in Mid Sussex has not grown since 1998, and between 1999-2000 and 2002-2004 the employment rate in the District declined. The District has 53,847 employees, which accounts for 30% of the total number of employees in the Housing Market. However, there is a high rate of business formation and a reasonable survival rate of new businesses indicating an entrepreneurial local economy and that Mid Sussex has a good economic proposition for business development and economic growth.

4.7 An analysis of the sectoral composition of Mid Sussex at 2006, reveals that the District has comparably high concentrations of financial intermediation (8%) and Health and Social Work (14%) sectors. Key potential growth sectors moving forward at the Housing Market scale include financial and business services, the retail sector (which will be particularly boosted by the programme of regeneration schemes underway in the Mid Sussex towns) and possibly transport.

4.8 Figure **4**, indicates that Mid Sussex has an affluent population with a high proportion of wealth achievers (47%) and low amounts of those classed as moderate means (5%) and hard pressed (6%). In addition, Mid Sussex is ranked in the 20% least deprived nationally. The population of the District is also well qualified. The proportion of population who have attained NVQ3 and NVQ4 (foundation degree) qualifications is similar to the rest of the Northern West Sussex Housing Market and higher than regional and national averages.

Figure 4: Occupational Profile of the Northern West Sussex Housing Market



Source: EGI/CACI 2006

4.9 An analysis of the occupational profile of residents in Mid Sussex reveals that the District has a large proportion of residents employed within higher level managerial/professional occupations. However the occupational profile of the workplace of the District shows that there are lower proportions in professional occupations. This suggests that residents within the District who are employed in high level occupations do not necessarily work within the District. These findings support the strong out-commuting patterns to larger urban employment centres. An analysis of earnings within the District at 2007 also support this assumption, with residents earning on average of £490 per week compared to workers earnings of £450 per week.

5. AFFORDABLE HOUSING NEED

5.1 Mid Sussex has the greatest demand for affordable housing in comparison to the rest of the Northern West Housing Market. This is due to a combination of historically low levels of affordable housing giving rise to below average levels of relets and to a mismatch between local resident incomes and house prices, resulting in increasing numbers of households unable to buy homes on the open market.

5.2 The housing needs analysis provides a snapshot assessment of requirements for affordable housing in accordance with the Government's guidance. The needs assessment undertaken is strongly influenced by the actual numbers of households whose real circumstances have been assessed and defined as in housing need by the Council. It shows acute pressures on affordable housing, partly influenced by the significant barriers to market entry which currently exist. While house prices relative to earnings are now falling and interest rates are low, there remain significant barriers to home ownership aligned to the availability of mortgage products and high initial deposit requirements of lenders.

5.3 Figure 5 shows the results of the housing need assessment, which estimates that the net annual housing need in Mid Sussex is between 357 and 477 households under the gross (High Estimate) and reasonable preference groups models (Low Estimate). This compares to an annual housing requirement for 855 homes per annum in the final South East Plan (May 2009). The net annual affordable housing need of Mid Sussex is the highest of all the authorities in the Northern West Sussex Housing Market. The Low Estimate is based on acute need for social rented housing from those in defined reasonable preference groups. The High Estimate is based on meeting the need of all those on the Council's waiting list. These estimates assume that the backlog of need is met over a ten year period which appears realistic, but is longer than assumed in other needs assessments (usually five years).

Figure 5: Comparison of Net Annual Housing Need and RSS Targets

	Mid Sussex	**Northern West Sussex HM**
Net Annual Housing Need (High)	477	1054
Net Annual Housing Need (Low)	357	719
RSS Housing Target	855	1880
% Ratio **Low** (High)	**42%** (56%)	**38%** (56%)_

5.4 Figure 6, indicates the level of demand for different sizes of affordable housing, using Core letting data from 2007/08. In Mid Sussex, there is strong pressures for all sizes of properties, with greatest demand for 1 bed (50.3%) and 2 bed (29%) properties.

Figure 6: **Affordable Housing Size Requirements within Mid Sussex**

	1-Bed	2-Bed	3-Bed	4-Bed	Total
Mid Sussex	1281	731	430	104	2546
Mid Sussex	50.3%	28.7%	16.9%	4.1%	100%
Northern West Sussex HM	2420	1405	884	143	4852
% of Total	49.8%	28.9%	18.2%	2.9%	100%

Figure 7: Affordable Housing Requirements by Bed Size in Mid Sussex – General Needs

	1-Bed	2-Bed	3-Bed	4+Bed	Total
Waiting List	1281	731	430	104	2546
Lettings Per Annum	129	89	47	4	269
Ratio	9.9	8.21	9.14	26.0	9.46

5.5 Requirements by bed-size in Mid Sussex related to lettings per annum indicate a strong demand for all sizes of housing, with relatively the greatest pressure on the provision of four bedroom homes. The waiting list far outweighs the ability to let 4+ bedroom properties.

5.6 The Northern West Sussex SHMA recommends that a range of different sizes of affordable housing are planned for. Whilst the majority of households on waiting lists often require smaller properties, those in need of larger properties often have to wait much longer for a home, reflecting the limited current supply of larger properties and lower turnover rates. Provision of larger, family-sized affordable housing meets both this need and allows social housing provision to better use existing stock by creating a ‘chain of lettings’ to right size households to their housing requirements. Figure 8 sets out the recommended affordable housing size mix for Mid Sussex District.

Figure 8: Indicative Affordable Housing Provision by Bedroom Size

	1-Bed	2-Bed	3-Bed	4+Bed	Total
Mid Sussex	25%	30%	35%	10%	100%

5.7 As well as providing a snapshot assessment of housing needs, the SHMA has considered in detail wider drivers of housing demand and the implications of these over longer-term horizons. The current housing market situation represents, to some extent, conditions of market failure. Recovery of the housing market is likely to be linked to improved availability of mortgage finance; which is not expected before 2010. It may take longer still before we see levels of housebuilding return to previous levels. In the short-term therefore we are likely to continue to see a polarisation between those ‘equity-rich’ households with a stake in the market and those without.

6. HOUSING REQUIREMENTS OF SPECIFIC GROUPS

6.1 The SHMA analysed the housing requirements of specific groups whose housing needs may be different from the mainstream population.

Older People

6.2 Between 2006 and 2026 Mid Sussex is predicted to have the most significant increase in the population aged 65 and over, with a 50% increase in that age group expected over the next 20 years. There is also expected to be a substantial increase in those aged over 85 years (31%) over this time period. It will be important to provide an appropriate choice of housing for older people. This should include both specialist accommodation, particularly in the form of extra care housing as an alternative to residential care, which should be considered at an early stage in planning for larger strategic developments. More broadly advice services and help with adaptations will be important in helping older people to remain living in their own homes. It is also suggested that further work is undertaken in partnership with other local authorities and service providers to explore in more detail the potential to develop registers of accessible housing. This could involve working with the Elderly Accommodation Counsel, the development of Lifetime Homes; and an exploration of the role that shared equity housing could play to enable older people to downsize and release equity in their homes to support their retirement years.

Black and Minority Ethnic Groups

6.3 There is a very small Black and Minority Ethnic (BME) population within Mid Sussex. Nevertheless in reviewing housing policies, local authorities must engage with BME communities to identify particular housing and support needs and take action to ensure that these are being met through working with communities and partner agencies.

Gypsy and Travellers

6.4 The West Sussex County Gypsy and Travellers Study (2006) identifies that there are 36 existing authorised pitches in Mid Sussex District. SEERA carried out a consultation in 2008 on gypsy/traveller sites/pitches in the South East and identifies a need for 21 additional pitches in Mid Sussex between 2006 and 2016. SEERA's forthcoming Preferred Option on gypsy and travellers sites/pitches 2006-2016 identifies a need for 20 additional permanent pitches within Mid Sussex.

Rural Areas

6.5 There is a severe shortage of affordable housing in the rural areas of Mid Sussex with housing skewed towards larger properties and higher prices. As a result, this has led to reverse commuting, with high earners living in rural areas commuting to urban centres within the Housing Market and beyond for work. At the same time the rural economies are now supported by people living in urban centres and out-commuting to rural settlements for work. Current planning policy focuses on achieving sustainability and for building new housing predominantly within or adjacent to existing urban areas. However the SHMA stresses that a choice of housing sites and locations in West Sussex's rural areas, including those in Mid Sussex District, must be provided to maintain sustainable rural communities, allowing affordable and market housing to be delivered to meet the evident demand and to help reduce urban rural work commuting.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 The Northern West Sussex Housing Market assessment sets out clear recommendations for Mid Sussex District Council as one of the three local authorities in the Northern West Sussex Housing Market to work together to provide a clear and integrated housing policy and planning policy framework. It includes recommendations regarding housing numbers and their delivery; affordable housing policies including the mix of affordable housing; policies regarding housing size, density and design; proposals for managing the private rented sector; and for addressing the bespoke needs of other groups.

Future Housing Mix

7.2 In Mid Sussex there is a need for a greater mix of both type and tenure of housing. There continues to be a demand for larger housing, due to the large amount of families with children in the area and the decline in production of this type of housing in recent years. At the same time, the need for more affordable housing within the District is critical and therefore the SHMA stresses that a 40% affordable housing target be implemented. The mixed use town centre regeneration schemes planned for East Grinstead, Haywards Heath and Burgess Hill provide a significant opportunity to develop smaller more affordable properties. In rural areas there is particular demand for smaller and more affordable housing to help reduce reverse commuting and create more sustainable communities. Finally, a range of specialist housing options and support services must be provided for people of retirement age because this cohort is predicted to increase substantially within the District over the next 20 years.

Future Housing Land Supply

7.3 Mid Sussex needs to continue to progress with the preparation of its Local Development Framework, in particular the Core Strategy that will set out the over-arching policy for housing delivery in the period up to 2026. The Local Development Framework will need to assess the deliverability of potential housing sites and work to establish and programme necessary infrastructure to support this. Through this process the Council should ensure a range and mix of sites are brought forward and appropriately phased to deliver a range of housing products, including flatted and family housing, to meet market demand. The Council will need to work proactively to ‘monitor and manage’ housing supply and maintain a five year supply of deliverable sites. It may be necessary to identify contingency provision if potential delivery risks to bringing forward major developments are identified.

Affordable Housing

7.4 The Northern West Sussex Housing Market Assessment recommends that the Council works to maximise delivery of affordable housing and sets out a range of potential tools which could be used, including bringing vacant housing back into use and using public sector land resources. A consistent approach to LDF affordable housing policies is recommended across the Housing Market based on a 40% affordable housing requirement and standardised thresholds. An 80:20 split is recommended between social rented and intermediate housing in the short-term, with the intention that this be increased to 70:30 in the longer-term (with this position to be reviewed within a five year timeframe). This aligns with the Regional Housing Strategy and Regional Spatial Strategy.

7.5 Site and unit thresholds for the application of the affordable housing policies should be approached in a more standardised manner to avoid overly distorting the differential values that will be ascribed to each of the districts; particularly at the administrative boundaries. This is an issue for Mid Sussex as much as for each of the other local authorities in the Northern West Sussex Housing Market area. However, district policies should recognise that there are differentials in land values, costs and affordable housing requirements in their individual negotiations. It is particularly important to consider the implications of lower thresholds that may be applied in urban and rural settlements for residential schemes of less than 15 units. In situations where 5-14 residential units are proposed, it is recommended that a more flexible affordable housing requirement be applied in Mid Sussex and a 20% affordable housing requirement be set as the basis for negotiation.

7.6 Recognising difficult market conditions in the short-term particularly, it is however advised that the Council exercise some degree of flexibility in how affordable housing policies are applied to help maintain delivery rates with the potential for an interim policy statement to be prepared to clarify the terms of reference for negotiations regarding scheme viability and the level of affordable housing which can be sustained. Over both short and longer timescales, the application of affordable housing policies will need to take account of the cost of wider planning obligations, increasing sustainability standards, abnormal development costs and existing use values.

Intermediate Housing

7.7 The Northern West Sussex Housing Market Assessment recommends that further work is undertaken to raise the profile of intermediate housing products, and promotes a review of eligibility criteria where possible to increase the role which intermediate housing can play in supporting local people in making their first step onto the housing ladder.

Design Standards and Sustainable Mixed Use Developments

7.8 A significant volume of new housing is expected to be delivered in and around Mid Sussex, such as through the mixed use town centre regeneration schemes planned for East Grinstead, Haywards Heath and Burgess Hill. It is imperative that new housing is phased carefully to create stable populations and the density of development is optimised. At the same time, new housing should, where possible, seek to meet high building sustainability standards that are consistent with the Code for Sustainable Homes. The criteria in the Building for Life standard should also be seen as best practice in new housing developments.

7.9 The SHMA also encourages delivery of a high quality environment, leisure, community and local services alongside homes to create vibrant and successful places to live. It encourages the Council to continue to work proactively, including through development of Area Action Plans and Development Briefs, to bring forward sustainable, mixed developments in a timely fashion and supported by adequate infrastructure

Rural Areas

7.10 With respect to rural areas of Mid Sussex, the SHMA stresses there is a need to identify more housing sites capable of providing a mix of housing through the LDF Development Plan Process. Specific sites could be identified for affordable housing in rural areas and proactive use made of exception policies to allow affordable housing on sites that would not otherwise be granted planning permission.