

Horsham Locally-Generated Needs Study

Frequently Asked Questions

What is the purpose of the Locally-Generated Needs Study?

The Horsham District Core Strategy sets out a plan to meet future development needs and provide a framework against which to assess planning applications. The Council is reviewing its current adopted Core Strategy to consider how it can meet long-term development needs to 2026 and beyond. A key question is what level of housing development should be planned for.

The Locally-Generated Needs Study looks at evidence of housing need and demand and considers the factors which will affect future requirements for housing in Horsham District.

What does the change in Government mean for housing targets?

Under the previous Labour Government, the South East Plan (one of eight Regional Spatial Strategies covering English regions) set out housing targets for Horsham District. The Plan, which was published by the Government in May 2009, set a target for Horsham District to deliver 13,000 homes between 2006 – 2026, equivalent to 650 homes per annum.

In their election manifestos, both the Conservative and Local Democrat Parties pledged, if elected, to revoke Regional Spatial Strategies and the housing targets set out within them. Decision-making powers on levels of housing development would be returned to local Councils. This commitment has been confirmed by the new Coalition Government.

The new Government has set out in *The Coalition: Our Programme for Government*, published on 20th May 2010, that it committed to decentralising decision-making, giving new powers and control to local councils and local communities. It has now revoked the Regional Spatial Strategies, returning decision-making powers on housing and planning to local councils. The housing target in the South East Plan will therefore no longer apply, and it will be for Horsham District Council to consider what level of housing development is needed in Horsham District.

How does the Study consider what level of housing will be needed?

The level of housing needed relates to future growth in households in the District. This will be driven by future growth in the District's population and the changing structure and size of households. The Study explores these factors to consider what level of housing might be needed to 2031.

The Study identifies that a key factor which will influence future housing requirements is levels of net migration - the balance between people moving into and out of the District. It assess what level of housing would be required if net migration continues in line with past trends, but also explores a number of alternative scenarios. This includes examining how possible future economic performance might influence levels of net migration.

What level of housing development does the Study recommend?

The consultants which the Council appointed, GL Hearn and Justin Gardner Consulting, developed a number of projections in the Study to consider a range of different factors which could influence future household growth and housing demand in the period to 2031. These include birth and death rates, levels of migration to and from Horsham District, and changes in the size and structure of households. They also considered how a number of scenarios for future employment growth in the District might influence future levels of migration.

The main trend-based projection developed indicates that the District's population will grow by 20% between 2006 and 2026. This represents annual population growth of 1.0% per annum, which is very similar to past level of population growth, which have averaged 1.1% since 1991. Because of changes in the structure of households, with declining average household size, this would result in household growth of 770 per annum.

However of this projected household growth, 61% is driven by net in-migration to the District. Migration is driven by a range of factors including the high quality of life which the District offers, its accessibility, economic performance within the District and wider sub-regional economy and the balance between housing supply and demand in surrounding areas and elsewhere in the region.

The Study identifies that some net in-migration will be necessary to support the local economy. With no net migration the population of the District in work would fall by 2,800 between 2006-26. This could constrain economic growth, create skills shortages and harm the District's economic competitiveness. The Study therefore examines a number of scenarios for future economic performance, and the level of population growth and housing development which is necessary to support this. Based on current realistic scenarios for future economic performance, the Study recommends that between 610 – 660 homes should be delivered annually between 2006-26.

This recommendation is based on meeting local needs. There is a case for higher levels of housing delivery to support long-term improvements in the affordability of housing or deliver stronger levels of economic growth.

How do the Study's recommendations compare to the South East Plan figures? What are the differences between the two approaches?

The Locally-Generated Needs Study recommends that a justifiable housing requirement for Horsham District would be between 610 – 660 homes per annum between 2006-26. This is not substantially different to the South East Plan target of 650 homes per annum, or the lower 'Option 1' figures for 620 homes per annum proposed by the District and County Councils in the initial stages of preparation of the South East Plan in 2005.

The initial figures proposed by the District and County Councils were informed by similar research studies, and this is reflected in the similarity of the conclusions they come to. A key difference is that in the later stages of the South East Plan, housing targets were increased in some areas and not

others and there was a lack of transparency between evidence of housing requirements and the final figures which were arrived at.

Does the Study consider the split of housing needed in the Gatwick Sub-Region and the Rest of Sussex Areas?

The South East Plan identified different targets for the level of housing in those parts of Horsham District which are within the Gatwick Sub-Region and the Rest of Sussex area. Now that the South East Plan has been revoked, the Council is not required to set out separate policies for these areas. However it recognises that there is a need to meet local housing need and demand across the District which straddles two sub-regional housing markets. This Study has not considered the split of housing needed in the Gatwick Sub-Region and West of Sussex areas, partly because of the data available. The Council is continuing to consider the potential distribution of housing.

What is the broad relationship between economic growth and housing numbers?

The Study considers the relationship between future economic growth and housing requirements. Economic growth is influenced both by improvements in productivity and employment growth. Additional jobs might be taken up by people living in the District but commuting to work elsewhere, or by an increase in people commuting into Horsham District to work. The Study has considered these complex dynamics.

The Study assessed a range of scenarios for employment growth, ranging between net growth in employment of 125 – 340 per annum in the District. This is substantially below past employment growth, which averaged 890 per annum between 1986 – 2006. The Study assumes that these new job opportunities will be taken by people living in the District, reducing the proportion of people commuting out of the area to work over time.

The Study concludes that a realistic target for employment would be for growth between 185 – 260 jobs per annum, which would require delivery of on average between 610 – 660 homes a year. Achieving higher levels of employment growth would require stronger housing delivery than this.

Is it possible to achieve higher levels of economic growth, but with lower levels of housing?

Levels of economic activity in Horsham District are already high, with 81% of the working-age population in employment which is well above the South East. There is limited prospect to improve this to further, so population growth and in-migration will be required to support future employment growth.

Theoretically there could be some potential to reduce current levels of commuting out of the District to work. While people commute both into and out of the District, there were 9,850 more people commuting out in 2001. It might be possible to reduce this by increasing the supply of local jobs, but it is important to consider both push and pull factors. The research undertaken by the consultants GL

Hearn suggests that larger economies such as Crawley and London are going to continue to attract people to work from Horsham District.

The employment scenarios show a level of employment growth which is well below levels achieved over the past 20 years; and there a considerable risk that lower levels of housing development than the study recommends could constrain future economic performance both in terms of the workforce and skills available to local businesses, and the benefits of population growth on supporting demand for services.

Will the new homes create the jobs or should we concentrate on the economy? Do we need to ensure we provide employment opportunities with the new housing?

There is a complex two-way relationship between housing and employment, whereby the economy creates jobs which influences the housing market as people move to be near to where they find work. On the other hand, a good supply of labour allows existing companies to expand and helps attract new companies to an area. Housing development also supports population growth and demand for local services, supporting existing jobs and creating new jobs in consumer-related sectors.

The District Council is developing a coordinated strategy, working with neighbouring areas, to ensure that new housing and employment opportunities are delivered in tandem, aiming to provide local employment opportunities and limit commuting distances.

Why is there a need to provide houses for the baseline scenarios, i.e. to achieve zero employment growth or with zero net migration? Surely these should be zero?

No. Average household size has been declining in recent decades and is projected to continue to do so. This is linked to a number of factors, including an increasing proportion of older single person households (linked partly to improvements in life expectancy), as well as people not marrying, increasing divorce rates and a trend for young adults to live alone and have children at a later age. This means that more housing will be required just to accommodate the existing population, even without any net in-migration to Horsham District.

Without any net migration to Horsham District, the population would grow very slightly; increasing by 1,600 people in the period from 2006-26. This is because the birth rate is expected to exceed the death rate. The population in this scenario would however age significantly: 15,000 more people would be aged over 60 (+52%) and 8,700 more would be aged over 75 (+78%) in 2026. As these age groups typically live in smaller households, more housing would be required to house a similar population. Even with no net migration to the District, delivery of 300 homes per annum would be required.

Why does the District need to provide for such high levels of migration? Who will the housing be for?

The District is an attractive place to live, and this is reflected in strong demand for housing. The Study recommends that delivery of 610 – 660 homes per annum is an appropriate target range for Horsham District, based on what are considered realistic scenarios for the District's economic performance in the future. Net migration into the District is required to support the economy, and indeed one of the reasons people will be attracted to move to the District is the availability of jobs.

This recommended supply range requires less net migration to Horsham District than has been the case in recent years. Some net migration to the District is required both to support the economy: because of changes in the age structure, 8.6% population growth is necessary just to maintain the current working-age population and a balanced population structure.

Most housing within the District is now sold or rented privately. It is not possible for the Council to control who buys or rents homes in the private sector, or where they move from. If the Council was to unduly restrict the levels of housing development within the District, it is likely that this would contribute to future growth in house prices as demand exceeded supply. This could increasingly price local people out of the area. A lot of affordable housing is now delivered and funded through mixed-tenure development, which contain both market and affordable housing. Limiting the supply of housing would therefore also restrict development of new affordable housing.

What impact will housing delivery in surrounding areas have on housing demand in Horsham District?

The operation of the housing market extends beyond the District's boundaries. The relationship between supply and demand across London and the Greater South East as well as macro-economic conditions are both likely to impact on future trends in house prices. At a more local level, the balance between housing supply and demand in surrounding areas including Reigate, Crawley and Shoreham are likely to affect levels of housing demand in Horsham District particularly as they will influence patterns of movement to and from Horsham District. Higher potential levels of housing supply in areas such as Reigate and Shoreham are however counter-balanced by housing delivery constraints in other areas, including Green Belt in much of Surrey or limited available land in Brighton & Hove.

Further work is currently ongoing to consider the development potential at Shoreham Harbour, which is likely to be less than the 10,000 homes previously anticipated. It is expected that the nature of the area will mean that the density of development will be fairly high, with a focus on flats. Evidence from the Locally-Generated Needs Study indicates that the demand within Horsham District is focused towards development of family homes. This will limit the impact of substantial housing delivery at Shoreham.

With the revocation of the South East Plan, the emphasis has shifted towards local authorities seeking to meet their own housing needs and this has formed the focus of the Locally-Generated Needs Study. The Study considers what level of housing development would be needed in Horsham District to support its own population and economy.

Has the impact of the recession and housing market downturn been considered in the Study?

The housing market downturn has had a much more substantial impact on levels of housing delivery than underlying household growth, which is driven by changes in the population and household structures. It is not therefore a significant factor in undertaking long-term projections of household growth.

The recession has though made many commentators revise downwards their projections of future economic performance. The Locally-Generated Needs Study takes account of these lower projections of future employment growth, and recommends that a lower level of housing development will be required based on below trend levels of migration in the future.

How will the study be used?

With the new Government's intended changes to the planning system, it will now be Horsham District Council that decides what housing target to include within its Core Strategy Review. This will be informed by assessment of potential suitable land, infrastructure capacity, delivery issues and opportunities for supporting a vibrant economy, as well as consultation with local communities alongside this Study.