

Horsham District Council
Locally-Generated Needs Study
Non-Technical Executive Summary
April 2010

PREPARED BY

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1 INTRODUCTION

- 1.1 The allocation of land for housing development through the planning system is currently informed by housing targets. The South East Plan sets a housing target for Horsham District to deliver 13,000 homes between 2006 – 2026, equivalent to 650 homes per annum.
- 1.2 The Conservative Party has committed, if elected, to abolish the South East Plan and its associated housing targets. Instead, it proposed that housing numbers would be determined by local councils in consultation with their local communities.
- 1.3 Horsham District Council is currently undertaking a review of its Local Development Framework Core Strategy to consider and plan for the District's long-term development needs to 2026 and beyond.
- 1.4 To inform this, it has commissioned consultants GL Hearn, supported by Justin Gardner Consulting (JGC), to undertake a study of locally-generated housing needs within the District. The purpose of the Study is to ensure that the Council had a clear view of future housing requirements which was not constrained by imposed regional or sub-regional requirements.
- 1.5 The level of housing which will be required in the District will be driven by growth in the population and the changing structure and size of households. The Study explores these factors to consider what level of housing might be needed over the period to 2031, should the South East Plan be abolished.

2 APPROACH

- 2.1 Horsham District's population has grown significantly over the last 20 years. Since 1991 the rate of population growth at 1.1% per annum in Horsham District has been almost twice that at the county and regional level (0.6% per annum), both of which have seen population growth that has exceeded the national average (0.4% per annum). This reflecting strong housing demand in Horsham District and the South East Region more widely.
- 2.2 The Study has examined how changes in birth and death rates, as well as the balance between in- and out-migration might affect future growth in the District's population. It has assessed what proportion of households in different age groups are heads of households, and consider how this is expected to change in the future, to project future growth in households who will require housing.
- 2.3 Net migration to Horsham District, from other parts of West Sussex as well as Surrey and London, has particularly driven the past growth in population in Horsham District. Over the



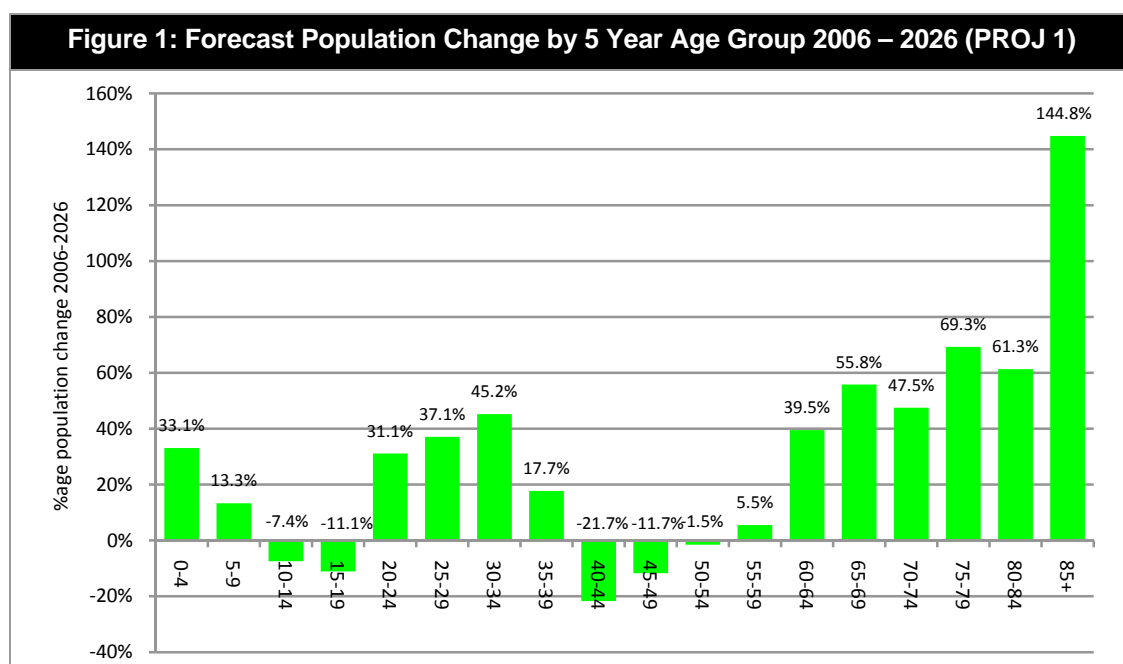
last five years for which statistics are available, 2003 – 2008, net migration to the District averaged 1080 persons a year. The projected future growth in population and households is particularly influenced by net migration, the balance between in- and out-migration into the District. A number of scenarios have therefore been developed to explore different scenarios for migration which particularly consider what level of net migration the local economy might be able to support.

- 2.4 A housing demand model has then been used to provide an indication of the implications of demographic change on the types and sizes of housing required, by relating changes in the age-structure of the population to the types and sizes of housing occupied by households in different age brackets.

2 PROJECTIONS FOR POPULATION AND HOUSEHOLD GROWTH

TREND-BASED PROJECTION

- 3.1 Our first projection, PROJ 1, is based on past trends: it expects Horsham District’s population is expected to rise by 20.1% from 2006 to 2026. The population is expected to grow in all age-bands except the 10-19 and 44-54 age groups between these dates; however the strongest growth is expected to be in those aged over 60. In 2026, this projection estimates that there will be 18,545 more people aged over 60; which represents growth of 62% in this age group. The population aged 75 and over is projected to increase by an even greater extent.



- 3.2 Taking account of changes in household sizes over time, **the trend-based projections show average growth of 769 households per annum in the District in the period 2006 to 2026.**



This is very similar to the Government's official projections for household growth in Horsham District with a difference of just 58 households projected in 2026.

Figure 2: Trend-based Projection of Household Growth (PROJ 1)			
Year	Households	Average Growth per Year	Growth from 2006
2006	53,713		
2011	57,507	759	3,794
2016	61,872	873	8,159
2021	65,941	814	12,228
2026	69,086	629	15,373
2031	72,235	630	18,522

3.3 Of this projected growth in the population, 94% results from net migration to the District with just 6% accounted for by natural change in the population, as the birth rate exceeds the death rate. However because of changes in the age structure of the population and size of households, particularly with a rise in older single person households, more households will be required to house the existing population. Of the projected growth in households, 61% is driven by net migration into the District. Delivery of 298 homes each year would be required just to house the existing population, with zero net migration to Horsham District (PROJ 2).

3.4 This exercise indicated that population and household projections for Horsham District are very sensitive to migration assumptions. **A scenarios-based approach has therefore been to consider what level of net in-migration the economy might support.**

ECONOMIC-BASED SCENARIOS

6.1 Because of changes in the age structure of the population, some net migration into Horsham District is required to maintain the size of the local labour force. With zero net migration, the working age population would decrease by 5,650 persons in the period to 2026. A reduction in the labour force could result in recruitment difficulties for local companies or an increased level of commuting into Horsham to work, albeit recognising that Horsham sits within a wider sub-regional labour market. **Delivery of 482 homes a year is required just to maintain the existing working-age population to 2026.**

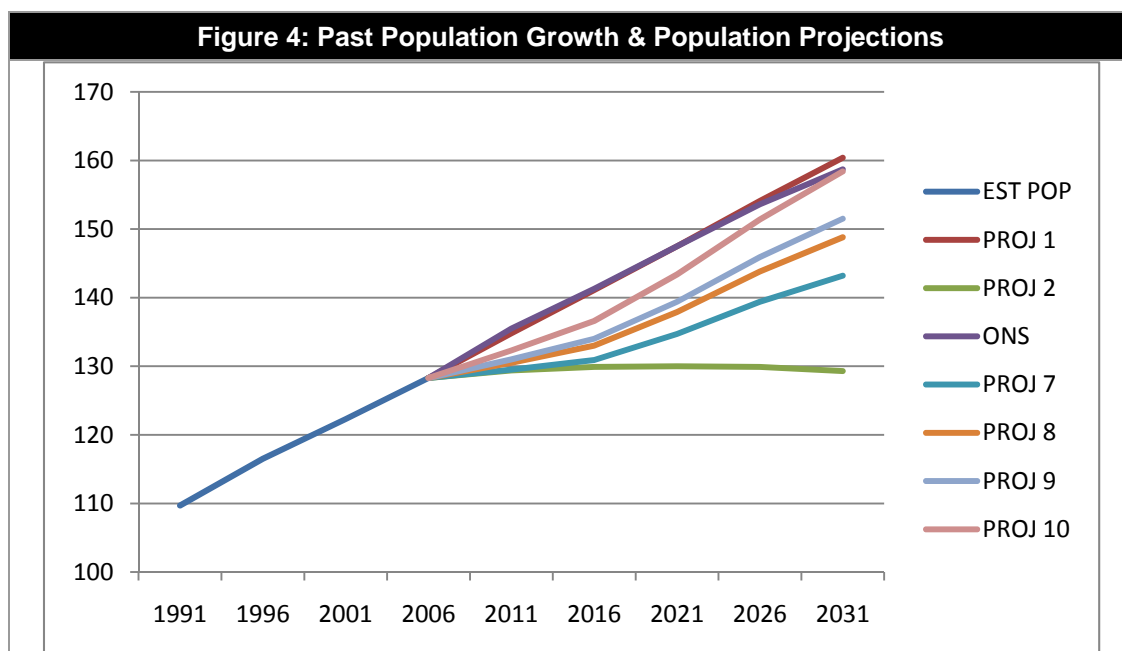
6.2 However in the trend-based scenario (PROJ 1), the number of people working is projected to increase by 8,154 from 2006 to 2026 – an average increase of 408 people per annum. This level of employment growth may well be difficult to achieve.



6.3 As there is some uncertainty regarding future levels of employment growth in Horsham District in the period to 2031, four potential scenarios have been considered. These range between current, somewhat pessimistic projections prepared in the midst of the recent economic recession to the South East Plan's more aspirational target that the region's economy would achieve above-trend growth of 3% each year to 2026. The table below summarises the scenarios projections developed.

Figure 3: Description of Employment-based Projections		
Projection	Net Employment Growth per Annum	Rationale
PROJ 7	0	Comparative Scenario to assess population/housing growth necessary to support static employment.
PROJ 8	125	Experian Baseline Projection of Employment Growth (Average over 2006-26 period)
PROJ 9	185	Based on Central Vision from Experian's <i>Visioning Horsham</i> Report (2008). Represents 2.7% annual growth in GVA.
PROJ 10	340	Achieving South East Plan target for 3% GVA growth per annum.
PROJ 11	264	Consultants Recommended Hybrid Scenario in Part I Employment Land Review

6.4 Figure 8 indicates the level of population growth which might result from the various principal and economic scenarios to 2031.





- 6.5 To support **employment growth of just 4% over the period between 2006 – 2026, equivalent to 125 additional jobs per annum, would require housing growth of 567 per annum.** This is significantly below past trends in employment growth. A more positive and realistic economic scenario would require delivery of between 610 – 660 homes each year with employment growth of between 186 – 265 jobs.

SUMMARY OF SCENARIOS

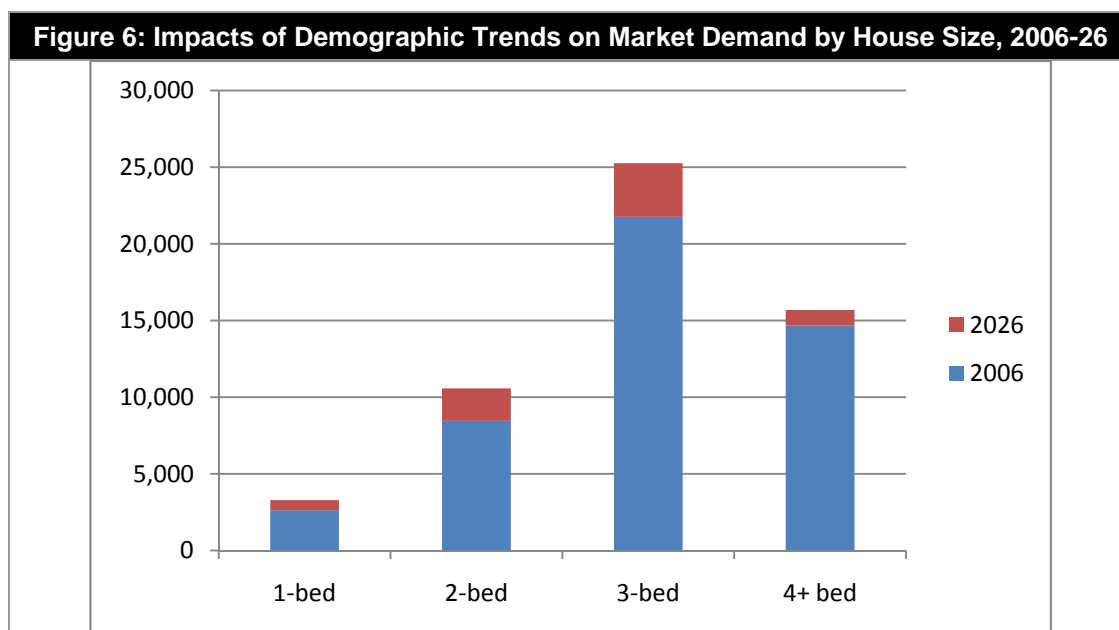
- 6.6 The table below summarises the various projections of household growth developed.

Figure 5 : Household Growth Projections, 2006-26 – All Scenarios			
Projection		Household Growth 2006-26	Household Growth Per Year
PROJ 2	Zero migration	5,966	298
PROJ 7	Zero employment growth	9,636	482
PROJ 8	Employment growth 125 pa	11,340	567
PROJ 9	Employment growth 185 pa (GVA 2.7%)	12,157	608
	RSS	13,000	650
PROJ 11	Employment Growth 264 pa (Hybrid)	13,234	662
PROJ 10	Employment growth 340 pa (GVA 3.0%)	14,269	713
PROJ 1	Trend based	15,373	769

- 6.7 In all cases it is notable that there is a relatively small increase in the number of households in the period 2006 to 2011 with the greatest increases being in the period 2016 to 2021.

4 IMPLICATIONS FOR HOUSE TYPES

- 4.1 There are a range of factors which influence housing demand. The Study has used a model to consider how changes in the size and age structure of the population might affect demand for different types of housing. This is useful in considering how these might influence housing demand, but needs to be interpreted with caution recognising that there are a range of other factors which influence housing demand. These include the existing housing stock, housing affordability, the accessibility of the area and relationship to employment centres, quality of place and economic performance.
- 4.2 The analysis indicates that **majority of demand for additional market housing will be for two and three bedroom homes;** and most in the form of houses (or bungalows). This contrasts with what has been built in the last decade, which has seen stronger development of flats.



4.3 For affordable housing, **the majority of the affordable housing requirement over the plan period to 2026 is for one and two bedroom homes, although there is a considerable requirement for three bedroom accommodation.** We also recognise need for larger properties with four or more bedrooms given the limited current stock and low turnover of these larger properties. In addition, the model suggests that just over half of the housing required should be in the form of flats.

5 CONCLUSIONS AND RECOMMENDATIONS

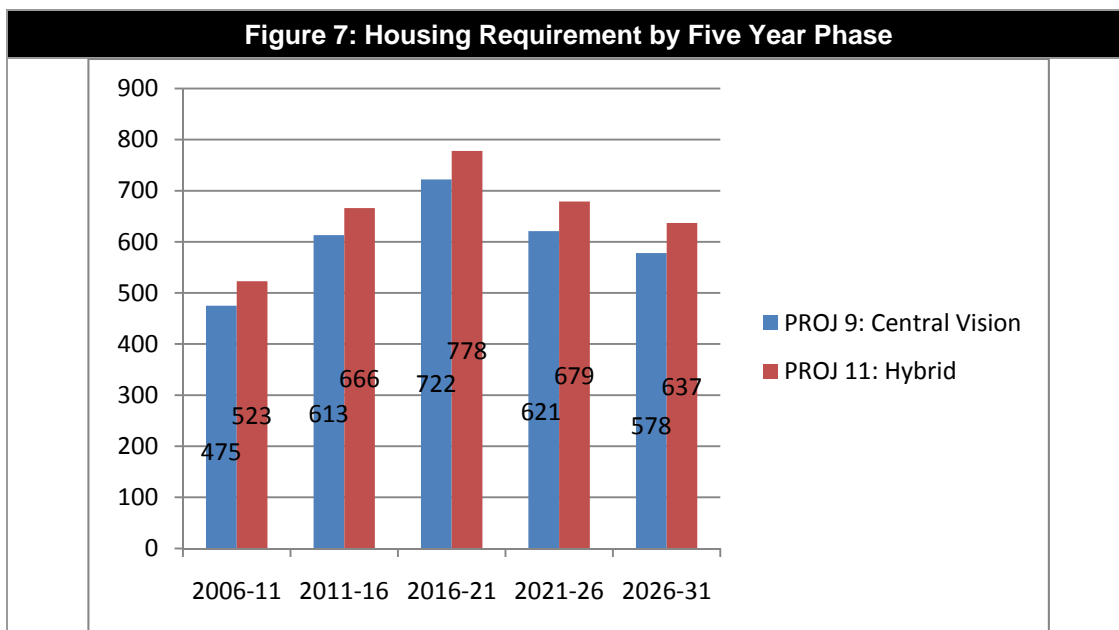
5.1 Despite the recent housing market downturn and economic recession, the structural, long-term drivers of housing demand remain strong. Recessions have a much greater effect on reducing the number of homes built than they do on limiting the number of households requiring housing. Moreover there remains significant evidence pointing to a long-term structural imbalance between housing demand and supply at the regional level. This particularly reflects the underlying economic importance of London and the greater South East to the national economy.

5.2 Increased housing delivery is needed to ensure that housing does not constrain the economy. It is needed to support economic stability, recognising that the overheating of the housing market, led by trends in London and the greater South East, was a causal factor in the economic recession, and moving forward if not addressed could influence economic viability. More housing is also needed to bring about long-term improvements in housing affordability. The National Housing and Planning Advice Unit's research proposes a target range for



housing supply between 21% - 65% above current South East Plan levels to maintain current affordability levels.

- 5.3 It is however difficult to disaggregate housing demand within an individual district, given the influence of macro-economic factors and the operation of housing markets at the sub-regional level. Housing demand in Horsham District is affected by the strong quality of life offer of its villages and market towns; its accessibility to employment centres by road and rail; and the strong private sector business base of the sub-regional economy. It is likely to continue to be influenced by the performance of London's economy and through constraints to housing supply in Surrey, in part influenced by Green Belt policy.
- 5.4 It could be argued that given the regional supply/demand imbalance for housing, that efforts should be made to maximise housing delivery to stabilise and ideally improve affordability in the medium and long-term. The Study however concludes that the level of housing development should be capable of being supported by the local economy, aiming to achieve local patterns of living and working.
- 5.5 This Study has considered what level of housing development would support a positive economic future for the District. It is considered that baseline employment growth (PROJ 7) represents an overly pessimistic view of potential future performance; while achieving the South East Plan target of 3% economic growth each year over the period between 2006 – 2026 (PROJ 10) is relatively ambitious given the impact which the recession has and will have during this period. A level of growth between these parameters can be considered realistic.
- 5.6 We consider that **the Council could reasonably set a housing requirement of between 610 – 660 homes per annum over the plan period. Each could be justified, although our preferred scenario would be the latter as this would reflect a positive response to both supporting the local economy and of Horsham District playing a full role in the wider Northern West Sussex Sub-Region.** It is based upon a level of in-migration which we consider the economy could support with active support. It is a sustainable scenario for the District's future. Recognising the wider affordability issues, it would be possible to justify using this as a floor target rather than a ceiling; and permitting further housing development where this would contribute to sustainable development.



5.7 Figure 11 indicates how this requirement varies for five year time periods to 2031. However it is recognised that there are a range of factors to be taken into account in determining the precise housing requirement and the phasing of housing delivery, including the potential supply of suitable land; and infrastructure capacity issues. These are issues that the Core Strategy Review will address.