Horsham District Council

Locally-Generated Needs Study

2011 Update: Final Report

December 2011

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This document must only be treated as a draft unless it is has been signed by the Originators and approved by a Business or Associate Director.

DATE	ORIGINATORS	APPROVED
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Limitations

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1 INTRODUCTION & POLICY CONTEXT

1.1 Horsham District Council is progressing a review of its Local Development Framework Core Strategy. The adopted Core Strategy covers the period to March 2018 with the intention that an early review would be undertaken. The new Horsham District Planning Framework will provide for development needs over the next 20 years to 2031.

1.2 GL Hearn (GLH) and Justin Gardner Consulting (JGC) prepared a Locally-Generated Needs Study for Horsham District Council, which was published in April 2010. This provided a local evidence base of housing need and demand and considered future housing requirements, across all tenures. It considered what level of housing might be needed to 2026, should the South East Plan be abolished. The assessment was not 'policy constrained' but based on a bottom-up assessment of the dynamics and drivers of the housing market at the local level.

1.3 GLH and JGC bring specialist expertise in assessing future housing requirements, including in undertaking detailed demographic modelling, and have undertaken similar studies for over 20 local authorities.

1.4 In May 2010 a new Coalition Government was elected. In July 2010 it confirmed its intention to revoke the South East Plan and other regional strategies, returning responsibility for determining development requirements to local councils. An 'Additional Analysis' paper was prepared by GLH and JGC, dated August 2010, which updated some of the projections provided in the original Study report to take account of more recent information, and to re-base projections to 2011.

1.5 This report provides a further update of the Locally-Generated Needs Study. This takes account of more recent information released since the August 2010 report was prepared, and of emerging national planning policies.

This Study is intended to help the Council consider how many homes it might need to plan for. It considers the dynamics of the housing market and economy, and develops a number of scenarios for future levels of housing development to 2031. The report concludes by setting out potential alternative but realistic options for different levels of housing provision to inform consultation on potential development requirements, and the Council's work in moving forward with the review of the Core Strategy.

1.6 The Council needs to ensure that its future planning policies are based on robust evidence of housing needs, which this Study considers. However there are a range of other factors which are equally important including the views and aspirations of local communities, the importance of protecting the District's character and quality of life and the ability to fund and deliver infrastructure alongside new development. The Council is looking in detail at these issues.

1.7 This technical study will help inform public consultation in Spring 2012 on potential options for different levels of housing development in the District over the next 20 years. The views of the local community and other technical evidence with then inform the development of the Council's future policies.

NATIONAL POLICY CONTEXT

1.8 The South East Plan currently sets a housing target for Horsham District to deliver 13,000 homes between 2006-26, equivalent to 650 homes a year. The Coalition Government revoked the South East Plan (and other Regional Spatial Strategies) in July 2010, however following a successful legal challenge, the South East Plan was reinstated in November 2010. The Government has made clear that it will be abolished in due course, supported by the forthcoming parliamentary Localism Bill. The Localism Bill is due to be enacted in late November 2011.

1.9 The Localism Bill will provide the legal framework through which the Government can revoke Regional Spatial Strategies (RSS). The revocation of RSS will mean that the South East Plan no longer forms part of the development plan and that Horsham District's Planning Framework will not have to accord with it. Instead, it will be for the Council itself, for the first time, to determine through the review of the Core Strategy what represents an appropriate level of housing provision in the District.

1.10 Current national planning policies in Planning Policy Statement 3: Housing (PPS3)[1] sets out national policy regarding the appropriate range of factors to be taken into account in determining levels of housing provision (as set out in the box below). PPS3 was written in a climate of Regional Government and RSS's, however still gives direction as to what to consider when assessing the level of housing provision in an area.

[1] CLG (June 2011) *Planning Policy Statement 3: Housing*

Assessing an Appropriate Level of Housing: Extract from Planning Policy Statement 3: Housing (PPS3)

The level of housing provision should be determined taking a strategic, evidence-based approach that takes into account relevant local, sub-regional, regional and national policies and strategies achieved through widespread collaboration with stakeholders.

In determining the local, sub-regional and regional level of housing provision, Local Planning Authorities [and Regional Planning Bodies, working together,] should take into account:

- Evidence of current and future levels of need and demand for housing and affordability levels based upon:
    - Local and sub-regional evidence of need and demand, set out in Strategic Housing Market Assessments and other relevant market information such as long term house prices.
    - [Advice from the National Housing and Planning Advice Unit (NHPAU) on the impact of the proposals for affordability in the region].
    - The Government's latest published household projections and the needs of the regional economy, having regard to economic growth forecasts.
- Local and sub-regional evidence of the availability of suitable land for housing using Strategic Housing Land Availability Assessments and drawing on other relevant information such as the National Land Use Database and the Register of Surplus Public Sector Land.
- The Government's overall ambitions for affordability across the housing market, including the need to improve affordability and increase housing supply.
- A Sustainability Appraisal of the environmental, social and economic implications, including costs, benefits and risks of development. This will include considering the most sustainable pattern of housing, including in urban and rural areas.
- An assessment of the impact of development upon existing or planned infrastructure and of any new infrastructure required.

1.11 The Government published a draft National Planning Policy Framework for consultation in July 2011[2]. When published in final form this will provide updated national guidance on planning for housing provision, replacing PPS3. While this remains 'draft' policy at the current time, it is considered relevant to this exercise, albeit that policies may change when the NPPF is issued in its final form. It is understood that transitional guidance will be produced as well as further guidance documents on key areas. There have been a number of comments made on all areas of the NPPF, and the policies set out within it (including those referred to below) may therefore change when the document is issued in final form.

1.12 The draft NPPF includes a 'presumption in favour of sustainable development.' It states that local planning authorities should prepare Local Plans 'on the basis that objectively assessed development needs should be met, and with sufficient flexibility to respond to rapid shifts in demand or other economic changes; unless the adverse impacts of allowing development

[2] CLG (July 2011) *Draft National Planning Policy Framework*

would significantly and demonstrably outweigh the benefits, when assessed against the policies of the NPPF as a whole (para 14).

1.13 The starting point is that Local Plans should meet the full requirements for market and affordable housing in their housing market area (as defined through Strategic Housing Market Assessments). Any under-provision is expected to be addressed through collaborative working with neighbouring authorities, and this is included within the proposed tests of soundness for the plan. The Localism Bill is expected to introduce a 'duty to cooperate' on local authorities in addressing issues such as this, and in delivering sub-regional infrastructure.

1.14 Thus while the range of factors in determining housing provision set out in PPS3 are all still relevant, including a requirement for stakeholder and community consultation, infrastructure planning and Sustainability Appraisal in plan-making; the draft NPPF as currently written proposes that the starting point will be that identified development requirements should be met, unless there are specific reasons (particularly in regard to development constraints of national significance) which mean that this is not appropriate. We would consider nationally-significant constraints at a district-wide scale to include Green Belt policies, Sites of Special Scientific Interest, Areas of Outstanding Natural Beauty, or a National Park.

1.15 The draft NPPF emphasises the role of Strategic Housing Market Assessments (SHMAs) in establish full requirements for housing, identifying the scale and mix of housing and the range of tenures which the local population is likely to require over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community;
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.16 This Locally-Generated Needs Study Update builds on the findings of the Strategic Housing Market Assessments prepared by GVA and GL Hearn in 2008/9, providing updated analysis where appropriate. The report provides projections of population and household growth, taking account of migration and demographic change; and the needs of all types of housing.

OVERVIEW OF APPROACH

1.17 Housing need and demand is driven by growth in the population and changing structure and size of households. This Study uses a scenarios-based approach to develop understanding and quantify the impacts of various housing market drivers, including demographic and economic trends, in order to provide an informed assessment of housing need demand. The Study looks at five year periods from 2011 to 2031. It develops a number of projections for housing requirements over this period, taking account of potential population trends and employment growth.

1.18 The analysis is drawn together to set out potential options for housing provision (and employment) to inform future consultation on levels of development, alongside other technical work which the Council is progressing.

REPORT STRUCTURE

1.19 The remainder of this report is structured as follows:

- Section 2: Housing Market Performance & Drivers;
- Section 3: Main Population Projections;
- Section 4: Economic-Driven Population Projections;
- Section 5: Household & Housing Growth Projections; and
- Section 6: Conclusions & Consultation Options.

2 HOUSING MARKET PERFORMANCE & DRIVERS

2.1 It is important that consideration of future housing provision is set against a robust understanding of housing market performance. This section explores housing market performance and drivers.

DEFINITION OF HOUSING MARKETS

2.2 In November 2010, Government published national-level research on the *Geography of Housing Market Areas* across England (CLG, 2010)[3]. This research identifies three tiers of housing markets:

- Framework housing market areas, defined by a high level of commuting closure (77.5%)
- Local housing market areas, defined by migration patterns (50% self-containment); and
- Sub-markets, defined by neighbourhood or house type.

2.3 The CLG Study identifies the following local authorities as falling within a framework housing market area: Adur, Brighton and Hove, Crawley, Horsham, Lewes, Mid Sussex, and Worthing. The local housing market area primarily covered the local authority districts of Horsham, Crawley and Mid Sussex.

2.4 The definition of the local housing market corresponds with the Northern West Sussex Housing Market identified in the 2008 Strategic Housing Market Assessments (SHMA), which GVA Grimley prepared for the seven local authorities in West Sussex.

2.5 The definition of housing market areas within the SHMA was based on analysis of migration and travel to work patterns, housing mix and pricing; together with stakeholder consultation. Its findings were broadly consistent with those in a previous regional-level study on *Identifying the Local Housing Markets of South East England* (DTZ, 2005) which identified a Crawley-Gatwick Housing Market (including parts of Surrey).

2.6 There is a strong basis of existing joint working between Crawley Borough Council, Horsham District Council and Mid Sussex District Council and at a Gatwick Diamond level, and Northern West Sussex is identified in the SHMA as a coherent sub-regional housing market.

[3] CLG (2010) *Geography of Housing Market Areas*

HOUSING MARKET DRIVERS

2.7 The diagram below captures our understanding of the key influences on housing demand. It is drawn from the Northern West Sussex Strategic Housing Market Assessment[4] (SHMA).

Figure 2.1: Understanding Housing Demand

2.8 These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.

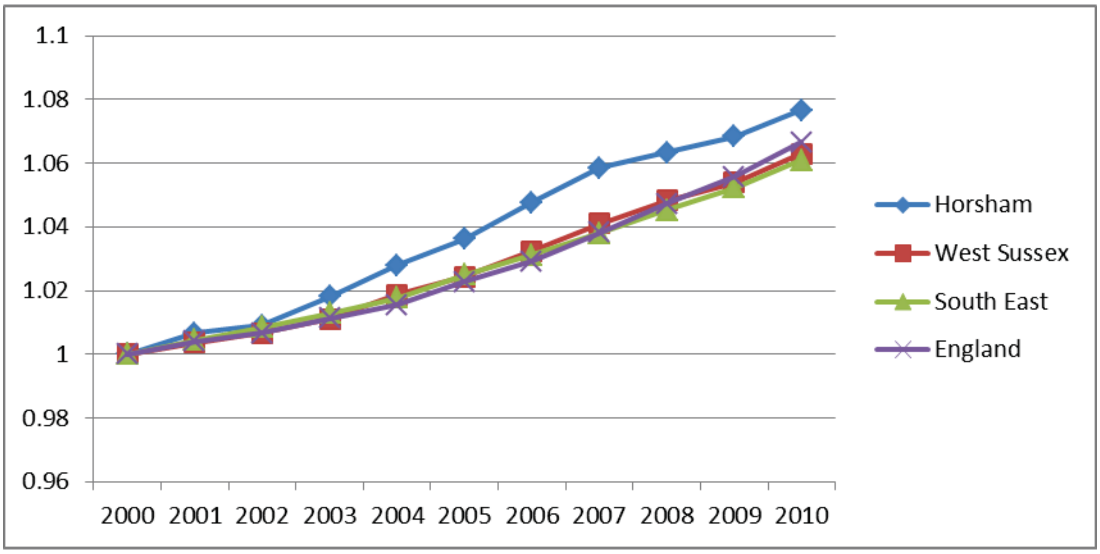
2.9 As set out in the SHMA, key drivers of housing need and demand in the long-term are demographic and economic trends (which affect total housing requirements) and housing affordability (which particularly influences the tenure of housing required). This Study particularly addresses these factors.

[4] GVA Grimley & GL Hearn (2009) *Northern West Sussex Strategic Housing Market Assessment, Final Report.*

DEMOGRAPHIC TRENDS

2.10 Horsham District had an estimated population of 130,800 in mid 2010[5]. The District's population grew by an estimated 7.7% between 2000-10, which was a slightly higher rate of growth than across West Sussex (6.3%), the South East (6.1%) and England (6.7%). Figure 2.2 indicates population trends.

Figure 2.2: Population Trends



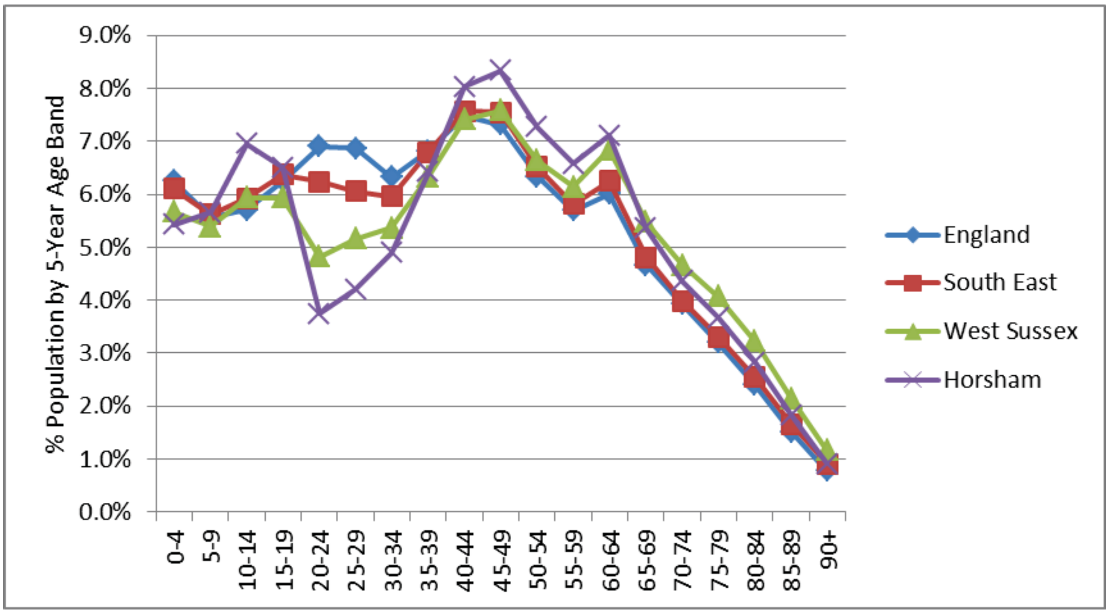
Source: ONS Mid-Year Population Estimates

2.11 A higher proportion of Horsham District's population is aged 35-64 (43.7% compared to 40.5% across the South East region). It has a below average level of younger adults aged 20-34 (12.8% compared to 20.1% across the region). Overall the proportion of the population aged 20-64 at 56.6% is marginally below the regional level (58.7%).

2.12 The proportion of the population aged 65+ is correspondingly above average (19.0% compared to 16.5% across the region) but is below average for West Sussex (20.8%) reflecting the larger elderly population in the Coastal Districts. The population aged under 15 is very marginally higher than county / regional levels (18.0% compared to 17.0% and 17.7% respectively).

[5] ONS Mid Year Population Estimates, 2010

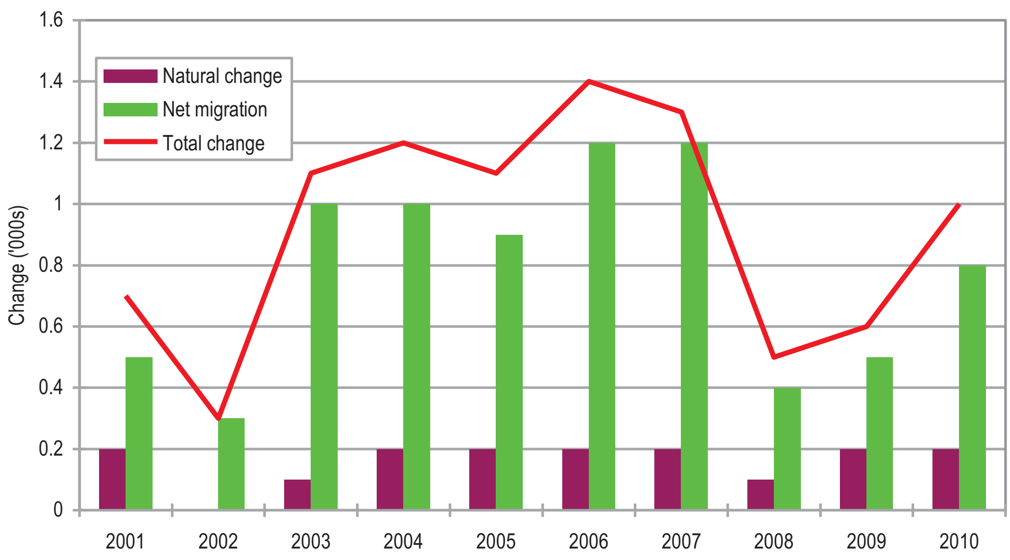
Figure 2.3: Population Structure



Source: ONS Mid-Year Population Estimates

2.13 Population growth over the last decade has resulted from a combination of natural increase, as the birth rate has exceeded the death rate, and net in-migration to the District. Net in-migration has been the more significant driver, as Figure 2.4 indicates. Net migration over the past five years has averaged 820 persons per annum; whilst over the last 10 years the average has been marginally lower at 780 persons per annum.

Figure 2.4 Components of Population Change, Horsham



Source: ONS Mid-Year Population Estimates

2.14 Net migration over the last three years (2008-10) has been notably lower than in the preceding five year period. However the trend is upward.

2.15 A detailed analysis and commentary of demographic trends is provided in Section 3 and used to develop population projections based on past population trends.

HOUSING OFFER

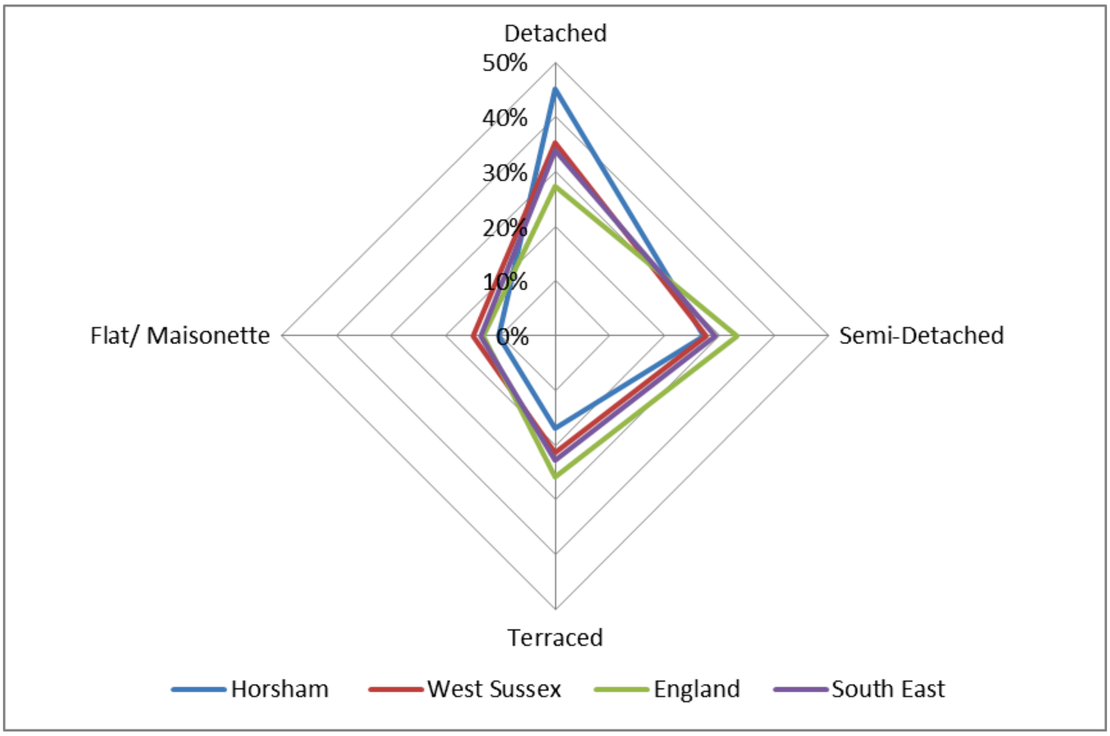
2.16 88% of the housing stock is in private sector ownership[6] which is above average for the County (87%) and region (86%) and significantly above the national average (82%). In 2010, the proportion of stock in private sector ownership had grown slightly to 89%.

2.17 Of the private sector stock, a high proportion was detached at 45% in 2001 compared to 34% across the South East and 35% in West Sussex as a whole. A below average proportion of the housing stock was terraced (17% compared to 23% across the South East) or flatted (10% compared to 14% across the South East); the typically cheaper types of housing.

2.18 The housing offer influences affordability pressures and levels of housing need within the District.

[6] HSSA, April 2009

Figure 2.5: House Types – Private Sector Housing Stock



Source: Census 2001

2.19 There is a strong relationship between the housing offer and the high quality of life and quality of place which the district offers. Horsham District is an attractive place to live and has road and rail links which make it relative accessible to regional markets. This is manifest in high house prices and a housing offer which is biased towards larger, more expensive properties.

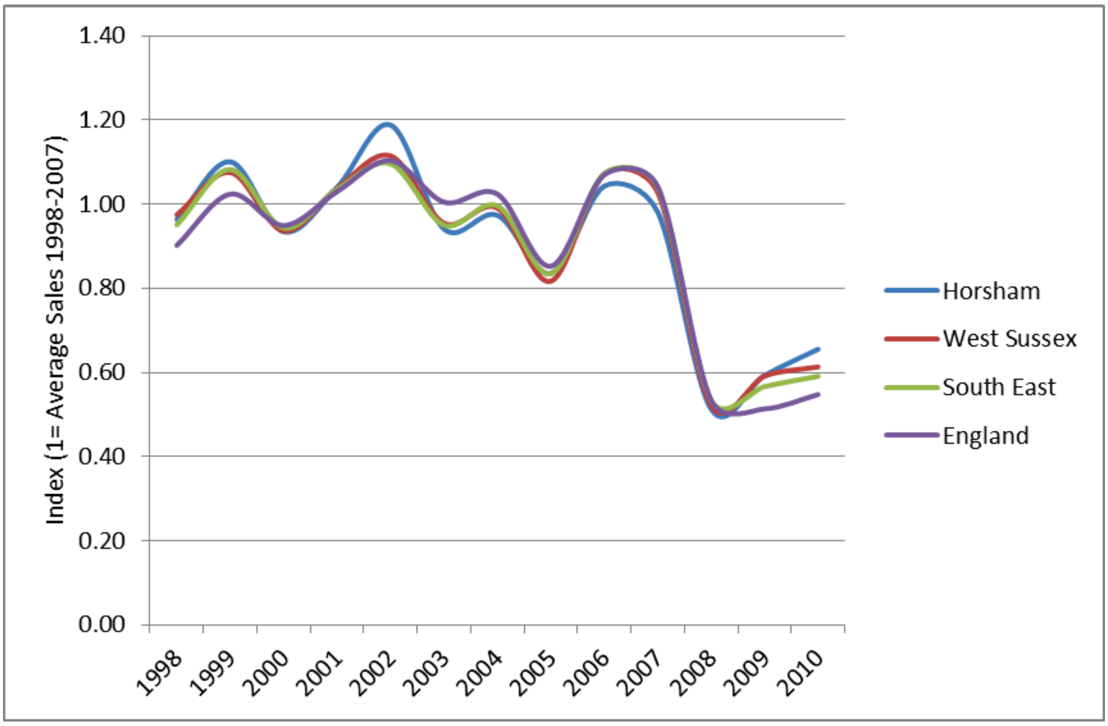
HOUSING MARKET INDICATORS

2.20 Spatial variation in house prices is indicative of relative demand. The average house price in Horsham District is £270,000 in Q2 2011 which is 23% above the South East average (£220,000), 20% above average for West Sussex (£225,000) and 53% above the national average (£177,000). It is now marginally above its previous peak in Q3 2007. However average prices are influenced by the mix of properties being sold.

2.21 House price changes are indicative of the balance between supply and demand. Over the decade to 2007 house prices in Horsham District increased by an average of 18% per annum. However the downturn in market confidence, a reduction in the availability and credit and more cautious attitudes to lending, and the onset of an economic recession have combined to cause a market correction. Over the last 12 months, the average (mix adjusted) house price in the District has fallen.

2.22 Sales trends provide an indication of effective demand for market housing. Figure 2.6 shows that sales volumes fell significantly between 2007-8, since when there has been very little recovery. Sales volumes in 2010 were a third down (33%) on pre-2007 levels in Horsham District, compared to 41% down across the South East and 45% nationally.

Figure 2.6: Housing Sales Trends (Private Sector)



Source: CLG/ HMLR

2.23 Housing affordability remains a significant issue within the District. The ratio of lower quartile house prices to lower quartile earnings stood at 9.29 in 2009, which is above the 8.57 County average and significantly above average for the region (7.71) and England (6.28). In 2010 this had increased to 11.4, compared to 9.5 across West Sussex and 8.5 across the South East.

2.24 Affordability pressures are compounded by the housing mix, with both a low proportion of social housing and within the private sector stock, a low proportion of flatted and terraced properties which are typically cheaper.

2.25 Future housing market conditions will be influenced by a range of factors, both macro-economic and local. The evidence however indicates that the within a regional context, housing demand within the District can be expected to remain relatively strong.

ECONOMIC PERFORMANCE

2.26 The District has an above average employment rate, which is recorded as 79.0% between April 2010 – March 2011; which is above the regional level, 74.6%, and significantly above the national average of 70.3%. While the employment rate in the District fell during 2009 it has grown in 2010 and early 2011. The average employment rate between 2008-10 was 77.7%.

2.27 Unemployment within the District at 4.4% is below average, with the South East posting a 5.8% rate which itself is below the national average of 7.6% (year to Spring 2011). It is however higher than it was when the initial LGNS Study Report was prepared. The latest statistics on Job Seekers Allowance Claimants indicate a 1.8% rate in Horsham compared to 2.6% across the South East and 2.9% nationally. JSA Claimant levels have remained relatively stable over the past year and a half in the District.

2.28 In the short-term, there is likely to be some latent capacity within the local economy which can absorb some economic growth without either increasing employment (through improvements in productivity) or increasing the size of the labour force (through migration). However given the relative low unemployment, this is expected to primarily be a short-term factor.

2.29 The District has a concentration of employment in higher value-added business sectors, including business and management consultancy; insurance; and pharmaceuticals, and records above average knowledge-based and creative businesses. The population in also quite entrepreneurial, with self-employment of 15.9% (compared to 10.9% across the South East and 9.0% nationally).

2.30 The District however has a net outflow of commuters to work. This is reflected in a jobs density of 0.75, based on 2009 figures, which was below the South East average of 0.80. The 2001 Census indicated that 58% of the resident workforce worked in the District, but that there was a net outflow of 10,800 persons (equivalent to 18% of the resident workforce). We understand that the District Council is keen to deliver local economic growth to reduce levels of net out-commuting. Commuting estimates from the Annual Population Survey in 2008 however indicate that the level of self-containment (the proportion of residents working in the District) has risen slightly from 56% to 58%[7], with a reduction in commuting to Crawley.

2.31 Employment in Horsham District grew strongly between 1993 – 1999. On average employment grew by 2,410 jobs per annum while the working-age population grew by a more

[7] It should be noted that this change is however within the error margins associated with the APS Survey data

moderate 1,030 persons on average[8]. It is these sorts of circumstances which we would expect to result in reductions in net out-commuting.

2.32 However since 2000 growth in employment and the working-age population have been more subdued, employment growing by an average of 172 persons annually between 2000-8 which has been more moderate than the growth in the working-age population of 475 per annum. Net employment growth over this period has been notably lower.

2.33 Relatively weak employment growth in the District since 2000, even before the onset of the recession, together with expected macro-economic trends are reflected in 'baseline' employment growth forecasts. Experian's January 2009 forecast for instance indicates employment growth of 125 jobs per annum between 2006-2026 (with net growth of 156 jobs per annum between 2011-26).

2.34 There is a symbiotic relationship between the housing market and economy, whereby:

- Housing provision influences the labour market. It can influence the available supply of labour as well as skill levels. Housing supply constraints could result in shortages of labour (overall and in certain skills sectors) which can result in recruitment difficulties or contribute to wage inflation.

- Housing provision also contributes to economic growth, supporting jobs directly in the construction sector and local supply chains (short-term), but also often through increasing the base of customers for local consumer-related services.

- The economy on the other hand influences the housing market, affecting households wealth and influencing migration (for which jobs are one of a number of drivers). Where housing provision is constrained, levels of in-commuting to meet local employment could increase or alternatively out-commuting could reduce.

2.35 Experian's *Visioning Horsham* Report (March 2008) has explored the relationship between the housing market and the economy within Horsham District. It identifies that the District's high quality of life helps to drive housing demand for larger properties, and that this pattern will be difficult to address.

2.36 In the absence of policy intervention, young people and first-time buyers will continue to find it difficult to work in the District, and that with technology making it easier for people to work remotely, the District will be an increasingly attractive place for high earners to locate, driving demand for detached and semi-detached properties.

[8] Employment figures based on Experian 2009 forecasts, derived from Annual Business Inquiry and Self-Employment data. Working-age population figures based on ONS Mid Year Population Estimates

2.37 The *Visioning Horsham* Report sets out that:

- Housing policy must promote integration between Horsham's different socio-economic groups;

- There will be a high demand for family-orientated housing given the District's role in the wider sub-region;

- Affordable housing provision should be as high as possible, with a minimum 40% provision (albeit that policy in this area must be influenced by development viability and funding for affordable housing); and

- That there is a need for complimentary intervention to improve leisure provision, the night-time economy and accessibility to retain younger households.

3 MAIN POPULATION PROJECTIONS

INTRODUCTION

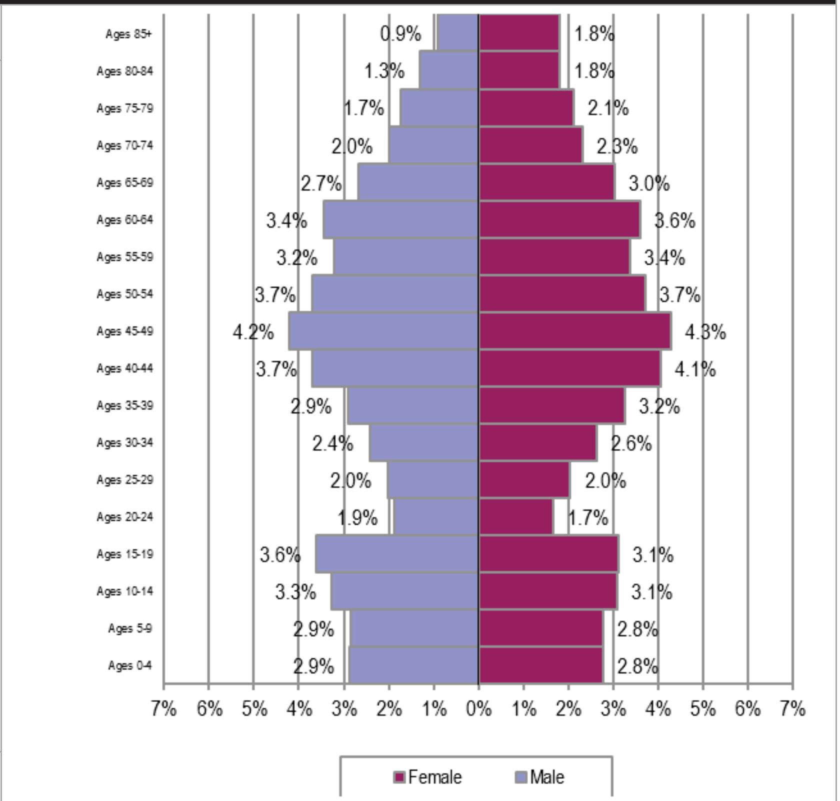
3.1 In this section we examine the structure of the existing population in Horsham District, fertility and mortality rates and levels of migration into and out of the local authority area. This information is used to construct our principal trend-based population projections.

BASELINE POPULATION

3.2 The baseline for our projections is taken to be mid-2011 with the projection run for five year intervals over the period up to 2031. The estimated population profile as of 2011 has been taken from the ONS 2008-based population projections updated to reflect actual and estimated levels of births, deaths and migration in the period from 2008 to 2011. The overall population in mid-2011 was estimated to be 131,600 with slightly more females than males.

Figure 3.1 Population of Horsham (5 year age bands) – 2011

Age group	Male	Female
Ages 0-4	3,770	3,637
Ages 5-9	3,753	3,635
Ages 10-14	4,291	4,061
Ages 15-19	4,739	4,094
Ages 20-24	2,474	2,184
Ages 25-29	2,667	2,682
Ages 30-34	3,189	3,454
Ages 35-39	3,818	4,275
Ages 40-44	4,857	5,332
Ages 45-49	5,531	5,621
Ages 50-54	4,870	4,882
Ages 55-59	4,229	4,438
Ages 60-64	4,539	4,732
Ages 65-69	3,517	3,973
Ages 70-74	2,626	3,034
Ages 75-79	2,298	2,773
Ages 80-84	1,704	2,367
Ages 85+	1,187	2,369
All Ages	64,057	67,543



Source: Derived from ONS 2008-based population projections

FERTILITY RATES

3.3 To project the number of births we have looked at age-specific fertility rates. This is the number of births each year to women in particular age groups (taken in five year bands from 15 to 44). Below we have highlighted various data about fertility rates in Horsham (and other areas for comparative purposes) before moving on to set out the assumptions about future fertility used in our projections.

3.4 The data shows that in 2010, Horsham had a Total Fertility Rate (TFR) of 2.03. This compares with a regional figure of 2.01 and a national average of 2.00. The total fertility rate describes the average number of children born to a mother over her childbearing lifespan.

Figure 3.2 Live Births by residence of Mother and Total Fertility Rate (2010)

Area	Live births	TFR
Horsham	1,313	2.03
South West	106,434	2.01
England	687,007	2.00

Source: Office for National Statistics

3.5 Local level figures can be quite variable year on year and we have therefore looked at the period from 2004. Figures 3.4 and 3.5 below show the number of live births in each of Horsham, the South East region and England. In Figure 3.5 an index has been used to consider trends since 2004.

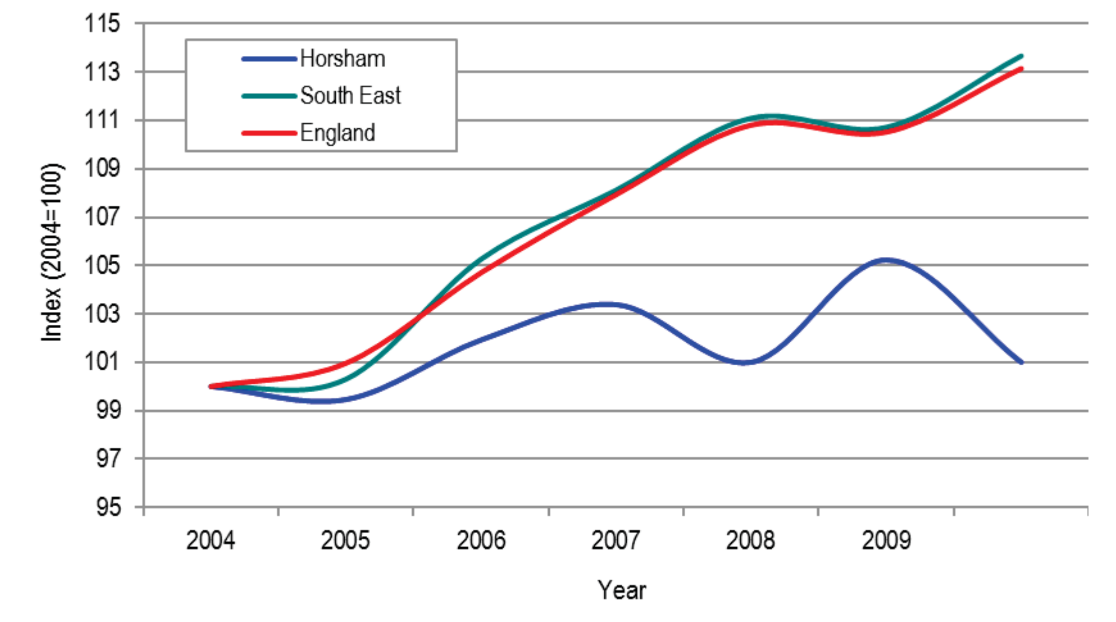
3.6 The data shows that the number of births in England has steadily increased over this period (with roughly the same pattern for the South East). The figures for Horsham show more variation year-on-year with no discernable trend.

Figure 3.3 Live Births, 2004 to 2010

Year	Horsham	South East	England
2004	1,300	93,635	607,185
2005	1,293	93,919	613,028
2006	1,325	98,566	635,748
2007	1,344	101,238	655,357
2008	1,313	104,024	672,809
2009	1,368	103,669	671,058
2010	1,313	106,434	687,007

Source: Office for National Statistics

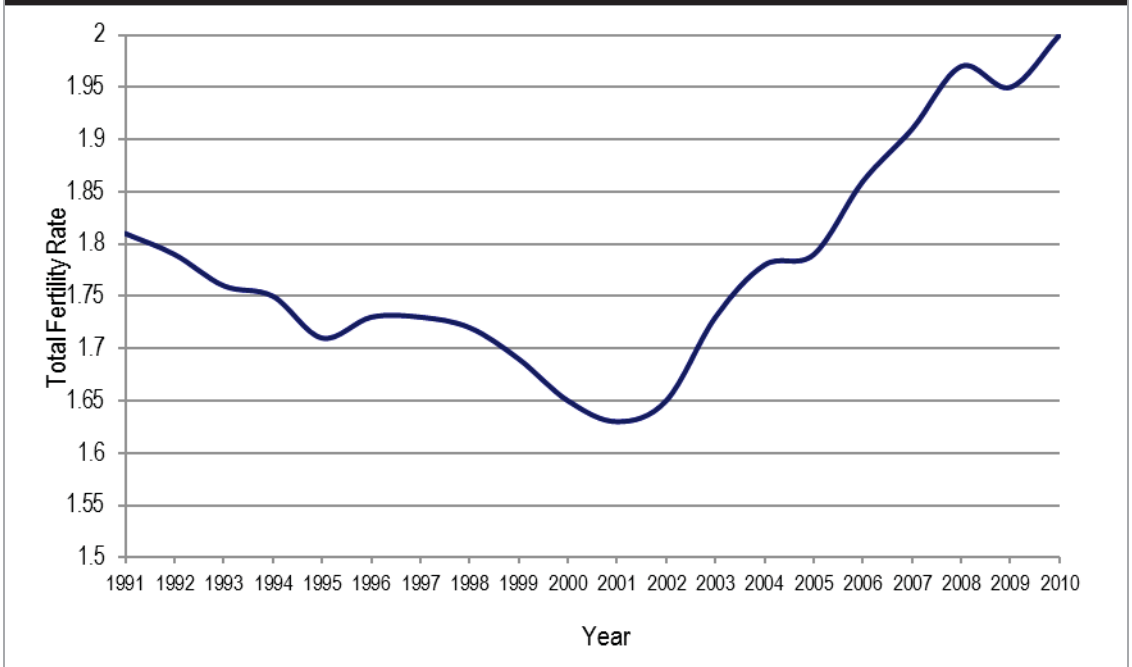
Figure 3.4 Number of Live Births 2004 to 2009 (Indexed 2004=100)



Source: Office for National Statistics

3.7 We can also look at longer term trends. The figure below shows the TFR in England from 1991 to 2010. The data shows that fertility rates dropped between 1991 and 2001 and have been steadily rising since then. The data also shows a slight drop in TFR in 2008-9 with an increase for 2009-10.

Figure 3.5 Total Fertility Rate in England 1991 to 2010



Source: Office for National Statistics

Fertility Rate Assumptions

3.8 Given the evident trends, as described above, it is clear that assumptions about future fertility rates will be difficult to accurately predict. The general position taken by ONS in their 2008-based population projections is that fertility rates will be fairly constant over the next 25-years and at a level about 5% below 2008 estimates. However, as the data above shows, the trend since 2008 has, if anything, been of upward fertility rates.

3.9 Whilst it is unclear if this trend will continue there is equally little evidence to suggest that projecting forward should be at a lower level than is currently seen. We have therefore projected forward on the basis that the TFR in Horsham will remain at a level close to figures seen over the past few years (from 2006 to 2010). This gives a TFR of 1.99 which is held constant throughout the projection period. This is marginally higher than the rate assumed in the April 2010 report (1.86).

3.10 It should be noted that for the purposes of projecting the number of households and housing requirements the fertility rate assumptions is of relatively little importance – this is due to the fact that very few of those born during the projection period will form separate households within the period.

Age-Specific Fertility Rates

3.11 In addition to establishing overall fertility rates it is necessary to make an estimate of the distribution of births amongst women of different ages. We have assumed that the national distribution of Age-Specific Fertility Rates (ASFRs) applies to Horsham (suitably adjusted for differences in the overall fertility rate). The table below sets out the ASFRs by age. The data again remains unchanged throughout the projection period for our main analysis.

3.12 The data shows that the number of annual births is predicted to rise from 24 per thousand for females aged under 20 to peak at around 117-118 in the 30-34 age group (figures are births per year) before dropping off to reach around 13 per thousand in the over 40 age group. To be consistent with national projections the fertility rates for the youngest age group are applied to the female population aged 15-19 whilst the figures for the oldest age group are applied to the population aged 40-44.

Figure 3.6 Age Specific Fertility Rates in Horsham	
Age group	Rate (per thousand)
Under 20	24.1
20-24	73.8
25-29	107.8
30-34	117.5
35-39	61.4
Over 40	13.4

Source: Based on ONS data

Ratio of Male to Female Births

3.13 A further consideration required for projecting the population is the ratio between male and female births. For the purpose of our projection we have assumed a ratio of 1.05 male births per female birth which is consistent with national data for the period from 2004 to 2010.

DEATH RATES

3.14 Death rates input into the model are based on life tables produced by ONS for use in national projections. These are then adjusted to take account of life expectancy in the local authority area. A life table is a table which shows, for each age, what the probability is that a person of that age will die before their next birthday. Life tables are constructed separately for men and for women because of their different mortality rates.

3.15 We have looked at the most recent estimates of life expectancy at birth for people born between 2007-9 to assess death rates. The table below shows average life expectancy from January 2007 to December 2009 for Horsham, the South East and England. The data shows that life expectancy in Horsham for both males and females is better than regional averages and significantly better than national figures.

Figure 3.7 Life Expectancy at Birth, 2007-2009		
Area	Males	Females
Horsham	80.5	83.6
South East	79.4	83.3
England	78.3	82.3

Source: Office for National Statistics

3.16 When projecting changes in death rates into the future, we are driven by the assumptions used in national projections. The national figures set out three options for mortality plus a scenario where there is no change in mortality (which has been called a 'special case' scenario). We believe that death rates are likely to improve and have therefore used the 'principal variant' scenario from ONS and applied this to data for Horsham. The ONS data looks at a period from 2008 to 2033 (i.e. 25 years) and we have assumed a linear improvement in death rates over this period.

3.17 The table below sets out the key scenario used in ONS projections and how this is estimated to apply to Horsham. The ONS figures are for 2008 and 2033 whilst we are principally looking at the period 2011 to 2031. The figures show improvements for both sexes with greater improvements in areas with currently lower life expectancy (consistent with ONS projections). In addition, for females the improvements in life expectancy are slightly lower than for males. This pattern is consistent with ONS assumptions '*that for most ages these improvements will gradually converge to common 'target rates' of improvement*'.

Figure 3.8 Life Expectancy, 2008 to 2033

Year	England		Horsham	
	Male	Female	Male	Female
2008	77.9	82.0	-	-
2011	-	-	81.3	84.3
2031	-	-	84.5	87.1
2033	83.5	87.1	-	-

Source: Based on ONS data

MIGRATION

3.18 Probably the hardest assumption to make for a local level projection is around migration. Although the 2001 Census would be considered as the main source of information about the profile of migrants it is slightly problematic, particularly as international out-migration is not measured; and the Census is for one year only.

3.19 We have therefore looked at past trend data about the overall level of in and out-migration and data from ONS about the projected profile of in and out migrants (split between male and female and in 5 year age bands).

3.20 Migration is made up of both domestic and international migration. The table below shows annual migration estimates for the last seven years for which we have data. The information clearly shows that whilst there is some international migration both to and from Horsham the main source of migrants are to/from other destinations in the United Kingdom.

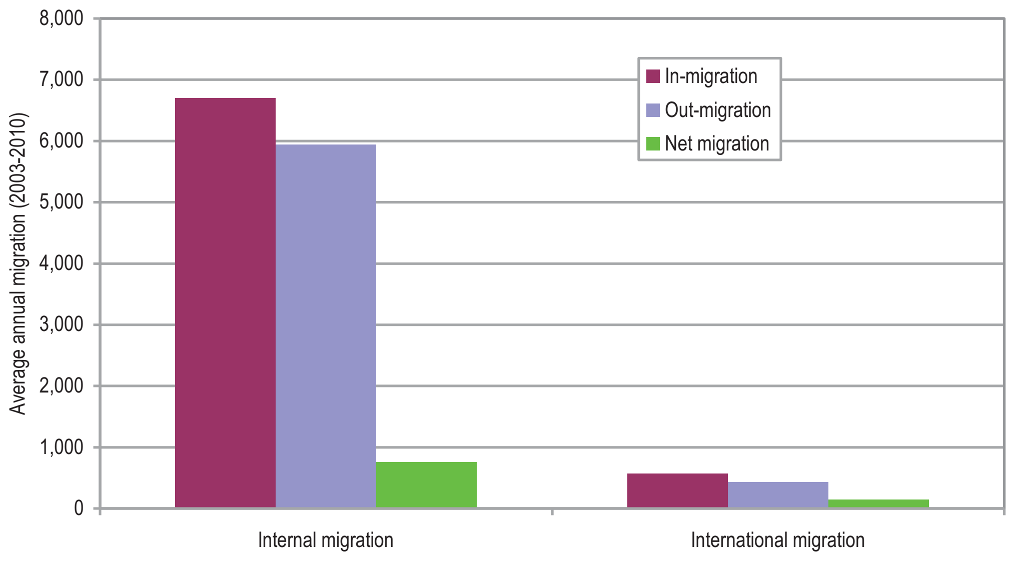
Figure 3.9: Migration into and out of Horsham 2003-04 to 2009-10

Year	Internal migration			International migration		
	In	Out	Net	In	Out	Net
2003-2004	7,200	6,200	1,000	600	500	100
2004-2005	6,700	6,000	700	600	400	200
2005-2006	6,900	6,000	900	700	400	300
2006-2007	7,100	6,300	800	800	500	300
2007-2008	6,600	6,000	600	400	500	-100
2008-2009	5,900	5,400	500	400	400	0
2009-2010	6,500	5,700	800	500	300	200
Average	6,700	5,943	757	571	429	143

Source: Office for National Statistics

3.21 Figure 3.10 below shows these figures on an annualised basis (for the past seven years). The data indicates that of all in-migration only 8% is from people moving to the area from outside the UK. A slightly lower figure (of 7%) apples to people moving away from the District (i.e. 7% of people who move out of Horsham move abroad with 93% remaining in the UK).

Figure 3.10: Average annual migration in Horsham (2003-2010)



Source: Office for National Statistics

3.22 Most migration to/from Horsham is from the immediately surrounding areas. We have used ONS statistics on internal migration flows within local authorities in England & Wales to track the main flows. This is shown in Figure 3.11. The largest migration flows to Horsham are (in order) from other parts of West Sussex, London, Surrey, and Brighton & Hove. There is a net in-migration from each of these areas, with the strongest flows from London and Surrey.

Figure 3.11: Internal Migration Flows, 2005 - 2010			
Internal Migration 2005-10	In: From … to Horsham	Out: From Horsham to …	Net Flow per Annum
Other Parts of West Sussex	9010	8210	160
Adur	1040	760	60
Arun	1170	1530	-70
Chichester	1330	1530	-40
Crawley	2270	1450	160
Mid Sussex	1870	1460	80
Worthing	1330	1480	-30
London	4980	2830	430
Surrey	4570	2780	360
Guildford	450	390	10
Mole Valley	1330	520	160
Reigate & Banstead	830	480	70
Tandridge	320	200	20
Waverley	870	670	40
Brighton & Hove	2250	1360	180
East Sussex	1050	1050	0
Lewes	370	310	10
Wealden	330	370	-10

Source: ONS

Overall Level of Migration

3.23 The figure below shows annual estimates of net migration (the balance between in- and out-migration) to Horsham over the past 10 years. There has been a net in-migration of people to the District each year over this period. The data shows how variable migration rates have been over this period with data for net in-migration ranging from 300 to 1,200 people per annum. Taking trends over the past five years suggests a net in-migration of 820 people per annum whilst figures for ten years suggests an annual net in-migration of 780.

Figure 3.12 Net in-migration to Horsham 2000-2010			
Period	Net in-migration	Period	Net in-migration
2000-01	500	2005-06	1,200
2001-02	300	2006-07	1,200
2002-03	1,000	2007-08	400
2003-04	1,000	2008-09	500
2004-05	900	2009-10	800
Average 2000-2005	740	Average 2005-2010	820
		Average 2000-2010	780

Source: Office for National Statistics (includes rounding)

3.24 As we have described just 8% of in-migration to Horsham District is international in-migration. The majority of the net-migration is accounted for by flows from Surrey, London, other parts of West Sussex and Brighton & Hove.

Migration Assumptions used for Modelling

3.25 To develop trend-based projections we have used the average level of net in-migration over the longer term (10 years). ONS in their sub-national projections tend to look at short-term trends but there is a benefit to looking at longer time periods to iron out any year-on-year variations which might be atypical when compared with normal trends. However, as shown in the table above there is actually very little difference between average net-migration levels for each of the past five and ten years (relative to many other areas).

3.26 In addition to the trend-based migration projections we have modelled the implications for population (and household) growth if there were no net in-migration to Horsham District.

3.27 The level of net in-migration assumed in our main trend-based projections of 780 persons per annum is lower than the 1071 persons per annum assumed in the May 2010 Report and the 911 persons per annum assumed in the August 2010 report. This is based on more recent trends which indicate lower levels of migration recorded between 2003-7 than between 2008-10 (see Figure 4.9).

Profile of Migrant Population

3.28 In looking at the profile of in and out-migrants in Horsham we have drawn on information provided by ONS about their migration assumptions in the 2008-based population projections. Data from the ONS projections has been taken and then adjusted to meet the net migration levels identified above (as our assumptions on net migration differ from the ONS projections). To adjust the figures we have increased or decreased levels of in-migration until the net figure (assumed in our projections) is met.

3.29 The table below shows annual migration patterns for the first and last 5-year periods (2011-16 and 2026-31) of our projection. The data shows that the figures do not vary substantially over time although there is a general increase in both in- and out-migration (consistent with a growing population) whilst figures for older people tend to get larger later on in the projection (this is again consistent with a greater proportion of the population being in older age groups). The figures provided below are taken from our 10-year trend based projection.

Figure 3.13 Annual estimated Trend-based Levels of In- and Out-Migration by Age and Sex – Horsham

Age group	2011-2016						2026-2031					
	Male			Female			Male			Female		
	In	Out	Net	In	Out	Net	In	Out	Net	In	Out	Net
Ages 0-4	258	165	93	270	165	105	258	170	88	270	170	100
Ages 5-9	192	124	67	178	117	60	195	126	69	182	120	62
Ages 10-14	237	181	55	215	153	61	259	186	73	235	160	74
Ages 15-19	177	582	-405	238	720	-482	181	544	-363	242	696	-454
Ages 20-24	506	419	86	658	512	146	478	400	79	629	499	129
Ages 25-29	420	375	45	507	421	86	379	357	22	461	395	66
Ages 30-34	429	312	117	443	288	155	430	326	104	450	306	145
Ages 35-39	344	233	111	308	208	100	385	271	113	340	232	109
Ages 40-44	281	219	62	222	177	45	294	229	65	229	179	49
Ages 45-49	229	199	30	193	169	25	207	176	31	174	142	31
Ages 50-54	171	174	-3	165	153	11	152	147	5	148	134	14
Ages 55-59	143	146	-3	141	138	4	156	153	3	154	149	5
Ages 60-64	141	133	8	154	113	40	174	163	11	188	143	44
Ages 65-69	102	99	3	108	92	15	113	116	-3	118	108	10
Ages 70-74	64	60	4	75	59	16	77	78	-2	89	77	11
Ages 75-79	56	38	18	72	50	22	71	56	15	88	72	16
Ages 80-84	44	31	14	76	50	26	67	54	12	102	81	21
Ages 85+	58	41	18	124	99	24	111	91	20	177	174	3
All Ages	3,852	3,531	321	4,145	3,686	459	3,986	3,642	343	4,275	3,839	437

Source: Derived from ONS 2008-based population projections

3.30 In translating the above figures into data for use in our projection modelling there are two other factors that need to be taken into account. These relate to the fact that we are running a projection model for five year periods and for five year age bands.

3.31 Firstly we need to recognise that within each five year age band people of certain ages are more likely to move than others. The key group affected by this is the 15-19 age group where typically the majority of migrants are aged 18 or 19 (normally reflecting moves to educational establishments). We have therefore adjusted figures on the basis of Census data to reflect a greater proportion of those moving in the 15-19 age group being aged 18 or 19.

3.32 Secondly, the data from ONS is for single years. When translating this into a projection over five years we also need to recognise that some people will be both an in- and an out-migrant to or from an area. Whilst this doesn't make any difference to net migration figures it will impact on the gross levels of both in- and out-migration. Again the figures have been adjusted to take account of likely multiple moves (based on the proportions of each age group who are in and out-migrants) for the purposes of developing projections for 5-year instead of 1-year intervals. This adjustment mainly affects those groups with high levels of both in- and out-migration (particularly the 20-29 age groups).

3.33 When projecting migration patterns for other scenarios we have used the figures in the above tables and adjusted levels of in-migration (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

POPULATION PROJECTIONS: INITIAL TREND-BASED PROJECTIONS

3.34 We set out below shows the two initial population projections carried out – the first (PROJ 1) is based on our 10-year trend assumptions about migration (net in-migration of 780 people per annum). The second projection (PROJ 2) is modelled under the assumption of zero net migration - this projection sets levels of in and out-migration the same but does allow for changes in the population due to different age profiles of in and out migrants.

3.35 In addition to these we have reproduced the 2008-based ONS projections for comparison – these have been rebased to our mid-2011 start point taking into account the estimated population profile in 2011 (see Figure 3.1).

Figure 3.14 Description of Projections used for Population Modelling

Projection	Description
PROJ 1	Trend based – linked to migration over past ten years
PROJ 2	Zero net-migration
ONS 2008-Based	2008-based ONS population projections

3.36 The figure below summarises the results from each of the above projections (for 5 year periods up to 2031). The table shows that under our initial (10-year) trend based projection, PROJ 1, the population is expected to rise by 11.8% to 2031. This represents growth in the population of around 15,500 people over the 20 years to 2031. With no net-migration (PROJ 2) it would be expected that the population would decrease slightly (by around 1% between 2011 and 2031).

3.37 Finally, ONS projections show a slightly higher level of population growth over the 20-year period than our trend based projection. This is mainly due to assumptions about migration with the ONS figures suggesting that migration will increase during the projection period with an average level above that shown by trends over the past 10-years.

3.38 The ONS 2008-based projections model future migration based on trends between 2003-8 which were higher than in the years either side of this period. This period included significant international migration, particularly from EU Accession Countries. We would expect future international migration from elsewhere in Europe to be affected by the relative performance of different countries within Europe, and the opening up of the French and German labour markets to EU Accession Countries.

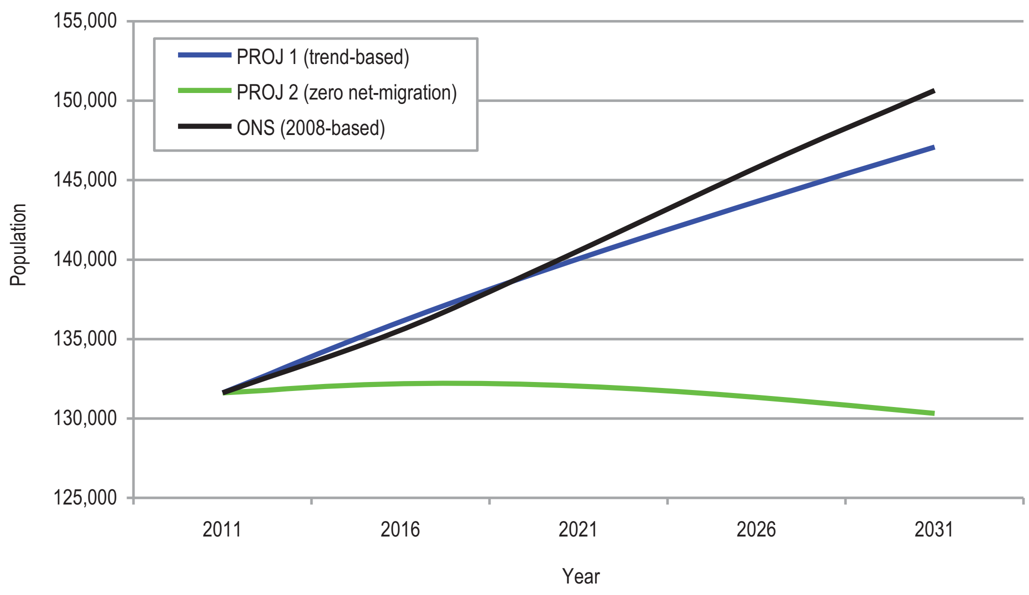
Figure 3.15 Population Estimates 2011 to 2031 – Initial Scenarios

	2011	2016	2021	2026	2031
PROJ 1 (10-year trend)	131,600 0.0%	136,095 3.4%	140,041 6.4%	143,656 9.2%	147,084 11.8%
PROJ 2 (zero net migration)	131,600 0.0%	132,195 0.5%	132,027 0.3%	131,334 -0.2%	130,326 -1.0%
ONS 2008-Based*	131,600 0.0%	135,555 3.0%	140,563 6.8%	145,787 10.8%	150,658 14.5%

* ONS figures have been rebased to our 2011 baseline position

3.39 Figure 3.16 below shows the results of the initial demographic-driven projections in graphical form. The figure confirms that under our 10-year trend based assumptions the population of Horsham is expected to continue to grow at an average of about 0.6% per annum.

Figure 3.16 Population Change, 2011 – 2031 – Initial Scenarios

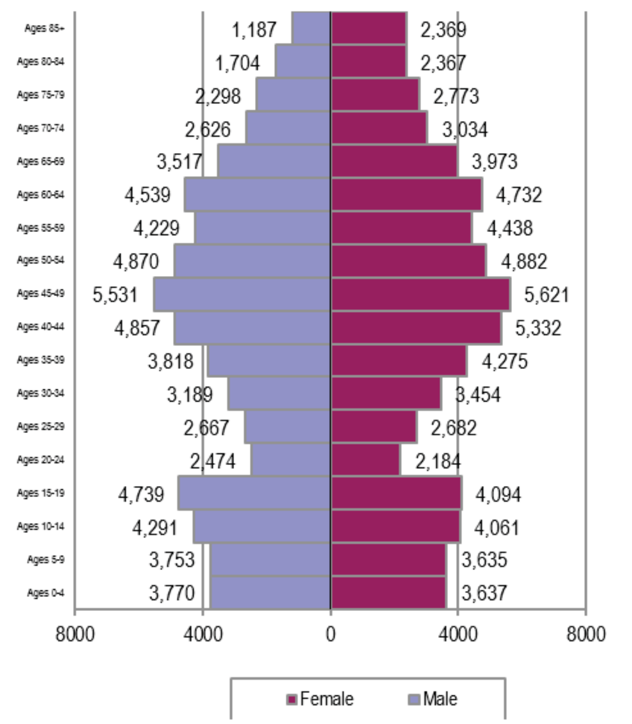
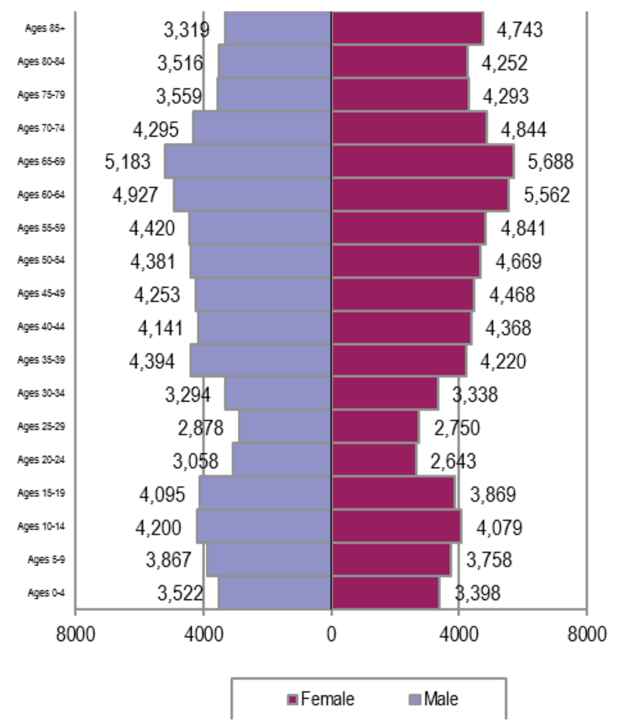


3.40 PROJ 1 indicates growth in the District's population of 11.8% between 2011-31. This compares to the 19.0% population growth forecast in the May 2010 LGN Report and the 13.3% forecast in the Updated August 2010 report. This particularly reflects lower levels of migration in recent years.

Main Trend-Based Projection, PROJ 1

3.41 With an increase in the population there will also be a change in the demographic structure. The figure below shows population pyramids for 2011 and 2031 under our initial (10-year) trend based assumptions (PROJ 1). The 'pyramids' clearly highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase from 3,556 people to 8,062.

Figure 3.17 Distribution of Population 2011 and 2031 for PROJ 1 – Main trend-based Assumptions

2011	2031
	

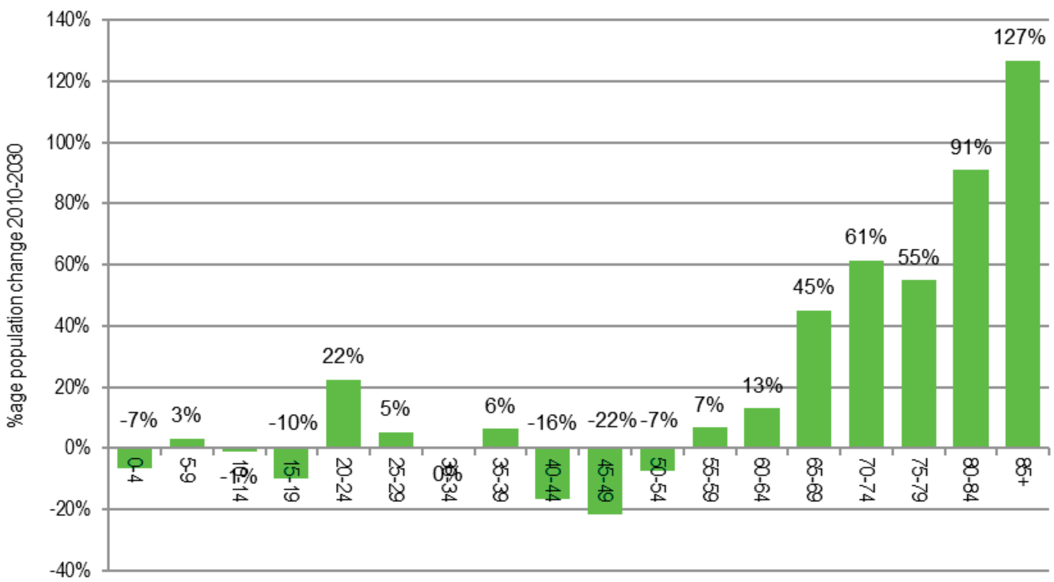
3.42 The figure below summarises the findings for key (15 year) age groups under PROJ 1 (trend-based). The largest growth will be in people aged over 60. In 2031 it is estimated that there will be 54,181 people aged 60 and over. This is an increase of 19,063 from 2011, representing growth of 54%. The percentage of people aged over 60 is projected to increase from 26.7% to 36.8% of the population. The population aged 75 and over is projected to increase by an even greater proportion, 87%.

3.43 Looking at the other end of the age spectrum we can see that there are projected to be around 1% less people aged under 15 with population decreases also seen for the 30-44 and 45-59 age groups. There is however projected to be a small increase in the number of people aged 15-29. These latter findings are particularly important as they will influence the size of the economically active population.

Figure 3.18 PROJ 1 population changed 2011 to 2031 by fifteen year age bands				
Age group	Population 2011	Population 2031	Change in population	% change from 2011
Under 15	23,146	22,824	-322	-1.4%
15-29	18,840	19,292	452	2.4%
30-44	24,925	23,755	-1,170	-4.7%
45-59	29,571	27,032	-2,538	-8.6%
60-74	22,421	30,499	8,078	36.0%
75+	12,697	23,682	10,985	86.5%
Total	131,600	147,084	15,484	11.8%

3.44 The figure below shows the percentage changes for each five year age group for the trend-based projection (PROJ 1). The figure shows that all age groups aged 60 and over are expected to increase in size (significantly for the older groups). Some other age groups also show population increases although the age band from 40 to 54 shows notable population decline.

Figure 3.19 Forecast Population Change by Age Group 2011 – 2031 (PROJ 1)



4 ECONOMIC-DRIVEN POPULATION PROJECTIONS

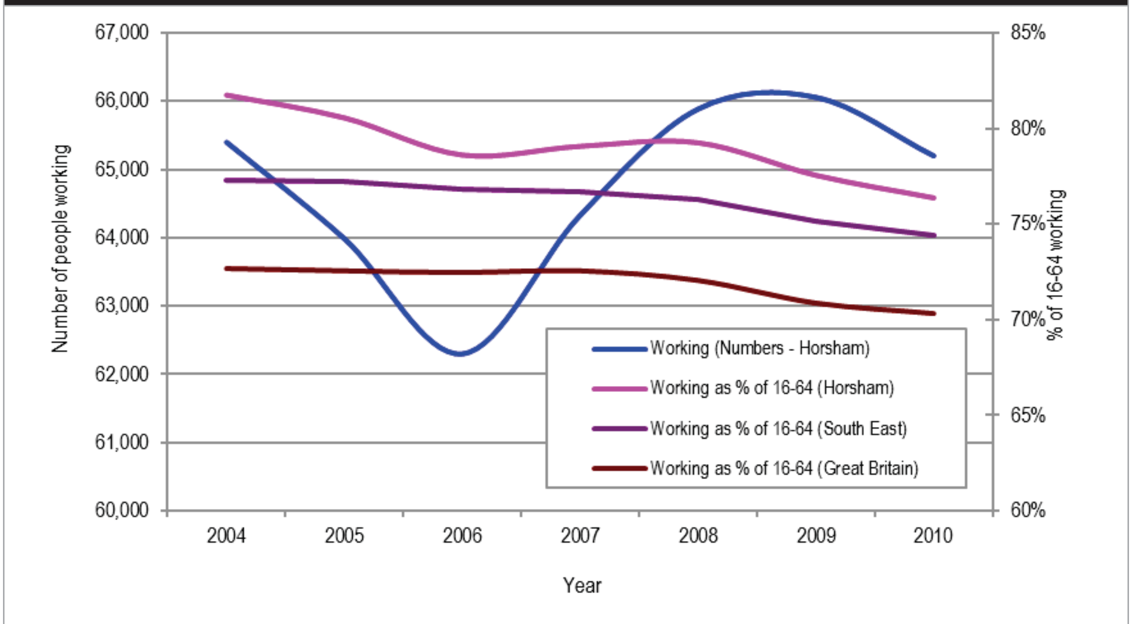
4.1 In this section we consider the relationship between the economy and the housing market in terms of aggregate demand for housing. We assess changes in the working-age population which would arise from the trend-based projection (PROJ 1) and the zero net-migration projection (PROJ 2). We then consider a number of potential scenarios for rates of employment growth to 2031, and consider what growth in the labour force would be necessary to support this. This is used to adjust levels of in-migration, recognising that employment growth will influence housing demand.

EMPLOYMENT RATES

4.2 It is necessary first to consider the demographic make-up of the current labour force in Horsham. Figure 4.1 below shows data from National Online Manpower Information Service (NOMIS) about the number of people who are working and the proportion of people of working age who are working.

4.3 The data shows that the number of people working has been variable over time with not much overall change between 2004 and 2010. The data shows that over time although the employment rate has dropped – the latter trend is consistent with both national and regional trends. It is also worth noting that employment rates are consistently above regional and national levels.

Figure 4.1 Number of People Working and Proportion of Population Working



Source: NOMIS/Annual Population Survey

4.4 For our projections we want to estimate the number of people who are working by both age and sex. We have therefore drawn on information from the 2001 Census to give us a steer on the likely proportions of different groups who work and how this might change as the population changes over time. The figure below shows the total number of people in each age/sex group and the number who are working.

4.5 It should be noted that the Census does not record persons aged over 74 who might be in work and so it is possible that a small number of people who are working are not included in the table below.

Figure 4.2 Estimated Employment Rate by Age and Sex (2001)

Age group	Male			Female		
	Working	Persons	% working	Working	Persons	% working
Aged 16 to 19	801	2,833	28.3%	680	2,595	26.2%
Aged 20 to 24	2,079	2,505	83.0%	1,880	2,481	75.8%
Aged 25 to 29	2,679	2,900	92.4%	2,501	3,135	79.8%
Aged 30 to 34	3,772	3,983	94.7%	3,242	4,451	72.8%
Aged 35 to 39	4,767	5,029	94.8%	3,800	5,256	72.3%
Aged 40 to 44	4,517	4,807	94.0%	3,692	4,701	78.5%
Aged 45 to 49	4,035	4,320	93.4%	3,561	4,405	80.8%
Aged 50 to 54	4,271	4,762	89.7%	3,576	4,727	75.7%
Aged 55 to 59	2,958	3,630	81.5%	2,416	3,879	62.3%
Aged 60 to 64	1,777	2,933	60.6%	1,031	3,086	33.4%
Aged 65 to 69	601	2,646	22.7%	342	2,861	12.0%
Aged 70 to 74	250	2,254	11.1%	138	2,671	5.2%
Total	32,507	42,602	76.3%	26,859	44,248	60.7%
Aged 16-64	31,656	37,702	84.0%	26,379	38,716	68.1%

Source: NOMIS (from 2001 Census)

4.6 Using the information in this table we are able to calculate that around 75.9% of people in the age range 16 to 64 were working at the time of the Census. Whilst this figure is close to recent estimates shown above there will have been changes in the proportions of different age bands being in employment. In making an estimate of the number of people working to use in our projections we have therefore adjusted the Census proportions to match the more recent figures shown by NOMIS.

4.7 In addition, during the projection period the pensionable age for both men and women is due to change. The key changes can be summarised as:

- The State Pension age for women born on or after 6 April 1950 will increase gradually to 65 between 2010 and 2020;
- From 6 April 2020 the State Pension age will be 65 for both men and women; and

- State Pension age for men and women will increase from 65 to 66 between April 2024 and April 2026.

4.8 We also need to consider the scope for changes in the underlying employment rate as the projection develops. As shown in the data earlier in this section, the employment rate in Horsham has dropped during the recent recession (since 2007). The average employment rate in the period from 2004 to 2007 was around 80.0% and from 2008 to 2010 about 77.7%.

4.9 For the purposes of our modelling we have therefore assumed that employment rates start (in 2011) at around 77.7% and then improves to reach about 80% by the end of the projection period in 2031. The changes to pensionable age have also been applied to employment rates as they become relevant during the projection period. The figure below shows our adjusted employment for all age groups for 2011 and 2031. The adjusted figures also take account of NOMIS data for the period 2004 to 2010 about age specific employment rates.

Figure 4.3 Adjusted Employment Rates by Age and Sex – Horsham

Age group	Male			Female		
	2001 Census	Adjusted 2011	Projected 2031	2001 Census	Adjusted 2011	Projected 2031
Aged 16 to 19	28.3%	65.9%	67.1%	26.2%	65.6%	68.2%
Aged 20 to 24	83.0%	74.7%	76.1%	75.8%	69.2%	72.0%
Aged 25 to 29	92.4%	91.5%	93.1%	79.8%	85.4%	88.7%
Aged 30 to 34	94.7%	93.8%	95.5%	72.8%	77.9%	81.0%
Aged 35 to 39	94.8%	95.2%	96.8%	72.3%	71.4%	74.2%
Aged 40 to 44	94.0%	94.3%	96.0%	78.5%	77.5%	80.6%
Aged 45 to 49	93.4%	93.8%	95.4%	80.8%	79.8%	83.0%
Aged 50 to 54	89.7%	92.4%	94.0%	75.7%	80.5%	83.7%
Aged 55 to 59	81.5%	84.0%	85.4%	62.3%	66.3%	68.9%
Aged 60 to 64	60.6%	62.4%	63.5%	33.4%	35.5%	49.2%
Aged 65 to 69	22.7%	34.2%	39.7%	12.0%	29.1%	39.3%
Aged 70 to 74	11.1%	16.7%	17.0%	5.2%	12.6%	13.1%

Source: NOMIS (from 2001 Census) adjusted using NOMIS data

4.10 When we apply the employment rates to our base population for 2011 we find around 66,100 people who are working, with an employment rate (per person aged 16-64) of 77.8%. Both of these figures are consistent with the trend data presented above.

COMMUTING PATTERNS

4.11 In addition to studying the age profile of people in work it is worthwhile to consider commuting patterns to and from Horsham. The table below summarises the data about commuting from the 2001 Census. The table shows that a greater number of people commute out of Horsham for work than commute in (about 10,600 difference). The data also shows that around 71% of people working in Horsham also live in the area whilst around 59% of people who live in the area (and are working) actually work in the area.

Figure 4.4 Travel to work patterns to and from Horsham (2001)			
Area	Live in Horsham work in…	Work in Horsham live in…	Net flow out of Horsham
Adur	791	950	-159
Arun	524	1,361	-837
Brighton and Hove	1,520	1,693	-173
Chichester	962	1,164	-202
Crawley	6,521	1,885	4,636
Guildford	633	160	473
Horsham	35,724	35,724	0
Mid Sussex	1,714	1,506	208
Mole Valley	1,563	414	1,149
Reigate and Banstead	1,151	354	797
Waverley	815	362	453
Worthing	1,249	1,862	-613
Elsewhere in the South East	2,556	1,597	959
London	4,623	701	3,922
All other areas	611	634	-23
Total	60,957	50,367	10,590
Total in/out migration for work	25,233	14,643	-
% self-containment	58.6%	70.9%	-

Source: 2001 Census (NB Figures exclude people working abroad or off-shore)

4.12 ONS neighbourhood statistics provide 2008 based estimates of commuting patterns based upon the annual population survey (APS). As the APS is based upon sampling ONS states whether findings can be regarded as statistically significant and generally this is not the case for Horsham although the data does suggest some decline in commuting from Horsham to Crawley.

4.13 Additional job growth within Horsham District could have a number of impacts. It could create demand for additional housing, leading to more people living and working within the area. It could provide more local job opportunities for those currently commuting out of the area, reducing the number commuting out and the net level of out-commuting. Alternatively it could result in an increase in the level of people commuting into Horsham to work.

4.14 Future changes to commuting dynamics are likely to be affected by a range of factors, including the relative balance between growth in employment and in the labour force in surrounding areas, and any improvements to the capacity of the transport network.

4.15 For the purposes of most of our projections, we have assumed a 1:1 relationship between growth in employment and labour supply within the District. These projections are based on meeting employment growth in Horsham District.

4.16 An alternative projection, PROJ 9, is however included which models employment growth (based on the Cambridge Econometrics 2010 projections for the South East of England Partnership Board (SEEPB)) across the South East and in London (based on the GLA's Nov 2009 Forecasts). This projection is based on labour demand, and assumes that the proportion of the workforce in local authorities across the South East who live in Horsham District remains consistent to 2001 levels (i.e. there is no change in commuting patterns).

INITIAL RESULTS

4.17 The table below shows the estimated number of people working under each of our two initial projections. The data shows that under the 10-year trend based assumptions (PROJ 1) the number of people working is projected to increase by 1,844 from 2011 to 2031. This reflects projected changes in the age structure of the population (as shown in Figure 3.19).

4.18 The zero net-migration scenario (PROJ 2) shows a drop in the number of people working. Under these assumptions we would expect to see a drop in people working of around 7,400 over the 20-year period.

Figure 4.5 Estimated Number of People Working 2011 to 2031 (PROJ 1 and PROJ 2)

Year	PROJ 1 (10-year trends)			PROJ 2 (Zero Net-Migration)		
	Total in employment	Change in employment	Cum. change	Total in employment	Change in employment	Cum. change
2011	66,109	-	-	66,109	-	-
2016	67,326	1,217	1,217	65,061	-1,048	-1,048
2021	68,162	836	2,053	63,562	-1,499	-2,547
2026	68,192	31	2,083	61,238	-2,324	-4,871
2031	67,953	-239	1,844	58,722	-2,516	-7,387
Average PA		92			-369	

COMPONENT ANALYSIS

4.19 As well as looking at the employment numbers related to a range of different migration driven scenarios we have looked at the number of people working and the population profile related to two additional scenarios as described below.

Figure 4.6: Description of additional migration lead projections	
Projection	Description
PROJ 3	Zero employment growth – to assess the population change (and migration) required to maintain current employment levels
PROJ 4	Zero population growth – to assess the consequences on the size of the working population with no increase in population

Zero Employment Growth

4.20 Under PROJ 3 (zero employment growth) it can be seen that to maintain the size of the current workforce in the District there would need to be an increase in the population. This is due to the ageing of the population and the fact that as the number of older people increases there are a lower proportion of people of working age. It is estimated that to maintain the workforce at 2011 levels would require an increase in the population of around 9% to 2031 – an increase of about 12,000 people (or 600 per annum).

Figure 4.7: Population Estimates 2011 to 2031 – PROJ 3 – Zero Employment Growth					
	2011	2016	2021	2026	2031
PROJ 3 (Zero Employment Growth)	131,600 0.0%	134,000 1.8%	136,457 3.7%	139,926 6.3%	143,633 9.1%

Zero Population Growth

4.21 If there were no increase in the overall size of the population in the district – with the population remaining at 2011 levels - there would be a significant decrease in the number of people who are working (again mainly linked to the ageing population). Maintaining a stable population throughout the projection period would see an estimated loss of about 6,650 people working in the period 2011 to 2031 – an average loss of about 330 people per annum.

4.22 This scenario would result in a notable change in the age structure of the population, with a higher proportion of people of retirement age compared to the main trend-based projection, PROJ 1.

Figure 4.8: Estimated Number of People Working 2011 to 2031 (PROJ 4 – zero population growth)			
Year	Total in employment	Change in employment	Cumulative Change
2011	66,109		
2016	64,716	-1,393	-1,393
2021	63,322	-1,394	-2,787
2026	61,402	-1,920	-4,707
2031	59,459	-1,942	-6,650
Total/average		-332	

4.23 We conclude that **because of the ageing of the population, population growth of 600 per annum is needed just to maintain the number of people in work at 2011 levels without which the workforce would shrink at a rate of 330 persons per annum to 2031.**

ECONOMIC-DRIVEN PROJECTIONS

4.24 Having estimated the likely number of people working for each time period under our main trend-based and zero net migration projections we proceed by building scenarios based on future employment growth.

4.25 As we have explained, a key question which has arisen in the course of this project is what level of net migration we might expect to see in Horsham. The initial trend based projections indicate that future population growth is particularly sensitive to assumptions regarding future levels of net migration. Migration to Horsham is driven by a range of factors, including employment opportunities and its quality of life offer.

4.26 While recognising that the reasons why people move to Horsham vary, we consider that economic performance will be a key driver of trends. We have sought to examine what level of migration the economy might be able to support, aiming to deliver a sustainable future for the area where there is balanced growth in housing and employment.

4.27 Various economic forecasts have been used to provide alternative assessments of potential future economic performance. The projections can be described as follows:

- PROJ 5: This considers baseline employment growth derived from an Experian econometric forecast dated February 2009. This forecasts 3000 additional jobs between 2011-31 (150 per annum);

- PROJ 6: This is based on the 'Successful Repositioning' scenario set out in the Part I Employment Land Review. This forecasts 3,880 additional jobs between 2011-31 (194 per annum);

- PROJ 7: This is based on the 'Revised Hybrid' scenario set out in the Part II Employment Land Review. This forecasts 5,480 additional jobs between 2011-31 (274 per annum);

- PROJ 8: This is based on the Cambridge Econometrics forecasts for South East of England Partnership Board (SEEPB) from Spring 2010. It forecasts 7,500 additional jobs (375 per annum) between 2011-31;

4.28 Projections 5-8 are based solely on employment growth in Horsham District. PROJ 9 takes account projected employment growth in areas in which Horsham residents currently work. This projects labour demand for 8,670 people in Horsham District between 2011-31.

4.29 The projections are summarised below.

Figure 4.9: Description of Economically-driven Projections

Projection	Description
PROJ 5	ELR Base (Spring 2009)
PROJ 6	ELR Successful Repositioning
PROJ 7	ELR Revised Hybrid
PROJ 8	SEEPB-CE (Spring 2010)
PROJ 9	SEEPB-CE & GLA Forecasts with Commuting

4.30 The table below indicates the projected population change under these four scenarios. The data shows that to achieve employment growth in line with the projections would require population growth over the twenty year period of between 13.3% and 21.1% (annual population increases ranging from about 875 to 1,386).

Figure 4.10 Population estimates 2011 to 2031 for Different Projection Variants					
Projection	2011	2016	2021	2026	2031
PROJ 5 – ELR Base (Spring 2009)	131,600 0.0%	135,806 3.2%	139,218 5.8%	144,099 9.5%	149,103 13.3%
PROJ 6 – ELR Successful Repositioning	131,600 0.0%	136,186 3.5%	139,987 6.4%	145,271 10.4%	150,704 14.5%
PROJ 7 – ELR Revised Hybrid	131,600 0.0%	136,875 4.0%	141,380 7.4%	147,396 12.0%	153,608 16.7%
PROJ 8 – SEEPB-CE (Spring 2010)	131,600 0.0%	136,689 3.9%	141,932 7.9%	149,036 13.2%	157,208 19.5%
PROJ 9 – SEEPB-CE & GLA with Commuting	131,600 0.0%	137,130 4.2%	142,930 8.6%	150,530 14.4%	159,313 21.1%

4.31 The economic-led projections are based on economic forecasts and scenarios prepared in 2009 and 2010. Using the Cambridge Econometrics Spring 2010 forecasts for the SEEPB we have sought to calculate indicative estimates of economic growth rates (GVA) associated with the projections. This is based on forecast improvements in productivity within the SEEPB Model (Spring 2010).

4.32 This analysis indicates that PROJ 5 (ELR Base Scenario) would support an average 2.9% growth in GVA per annum between 2011-31. The Successful Repositioning Scenario (PROJ 6) would support 3.0% GVA growth per annum (2011-31). The Revised Hybrid Scenario (PROJ 7) would support 3.2% growth in GVA per annum (2011-31). The CE 2010 forecasts (PROJ 8) are for 3.4% growth in GVA per annum between 2011-31, which was above the 3.0% forecast across the UK but below the 3.6% forecast across the South East.

4.33 It should be recognised that economic conditions have continued to change since these 2009/2010 forecasts. Economic growth in 2010 and 2011 has been much more moderate than was forecast. Figure 4.10 for instance compares the CE 2010 forecasts for the UK with the most recent (Nov 2011) forecasts from the Office for Budget Responsibility (OBR).

Figure 4.11: Comparison of UK Economic Growth Forecasts		
UK Growth Forecasts	CE Spring 2010	OBR Nov 2011
2010	1.4%	1.8%
2011	1.9%	0.9%
2012	2.0%	0.7%
2013	2.3%	2.1%
2014	2.3%	2.7%
2015	2.5%	3.0%
2016	2.2%	3.0%

Source: SEEPB CE Forecasts (Spring 2010); OBR (Nov 2011) Economic & Fiscal Outlook

4.34 Economic growth (particularly within the short-term) could be on the more moderate side of the range of economic-led scenarios developed. This reflects the prospect of a further recession in the Eurozone and the impact of this on exports, together with the prospect of continuing public sector spending cuts beyond 2015.

5 HOUSEHOLD (AND HOUSING) GROWTH PROJECTIONS

5.1 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information in to estimates of the number of households in the area. To do this we use the concept of headship rates. For the purpose of this analysis we have used information contained in the 2008-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group. This method is described in more detail below.

METHODOLOGY

5.2 Headship rates can be described in their most simple terms as the proportion of people in different age groups who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). They are used (in this section) to convert projections for changes in the size and structure of the population (as set out in the previous sections of the Report) into projections for growth in households.

5.3 The approach to using headship rates to develop household projections is consistent with that used in national projections. It is a robust approach in that it takes account of how households of different ages occupy homes and how this relates to changes in the age structure of the population over time.

5.4 For the purposes of our analysis we have used data on headship rates in different age bands from the CLG 2008-base household projections. These take males to be the default Household Reference Person in cases where the household is headed by a couple.

5.5 This approach is different to that taken in the Census where defining the HRP is based on economic activity and age (ahead of sex). For example, in a household with only one adult (e.g. a lone parent household) the HRP is taken as that person. In a household with more than one adult (e.g. a couple household) the HRP is chosen on the basis of their economic activity (in the priority order of full-time job, part-time job, unemployed, retired, other). If both (or all) people have the same economic activity, the HRP is defined as the elder of the two, or if they are the same age, the first member on the form.

5.6 The table below shows headship rates derived from the 2008-based CLG projections for each of the key periods of 2011 and 2031. The table shows what proportion of people in each age band are expected to be head of a household (in 2011 and then in 2031). The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (both in an upward and downward direction and particularly in relation to females). Estimates of numbers of households are calculated by applying headship rates to the population estimates (by age and sex) for each of the population projections developed.

5.7 We have adjusted the CLG headship rates slightly to take account of the estimated number of households in Horsham District as of mid-2011 (estimated to be 55,000 calculated on the basis of the number of dwellings from the HSSA and the number of vacant homes). The analysis assumes a 1:1 relationship between occupied dwellings and households.

Figure 5.1 Estimated Headship Rates by Age and Sex (2011 and 2031) – Horsham

Age group	Male		Female	
	2011	2031	2011	2031
Ages 15-19	1.6%	1.6%	1.2%	1.3%
Ages 20-24	19.9%	19.7%	9.7%	11.0%
Ages 25-29	60.7%	59.9%	17.9%	20.9%
Ages 30-34	83.2%	82.4%	22.5%	29.0%
Ages 35-39	90.2%	90.5%	19.8%	24.2%
Ages 40-44	93.3%	94.6%	18.4%	20.3%
Ages 45-49	93.5%	93.2%	19.8%	20.2%
Ages 50-54	94.6%	95.3%	19.4%	21.4%
Ages 55-59	95.0%	94.9%	21.5%	25.4%
Ages 60-64	96.0%	95.8%	21.7%	24.8%
Ages 65-69	96.9%	96.9%	26.5%	30.7%
Ages 70-74	96.0%	96.4%	33.4%	35.2%
Ages 75-79	94.4%	94.2%	44.8%	38.8%
Ages 80-84	91.6%	91.8%	55.0%	45.8%
Ages 85+	85.8%	88.4%	57.6%	51.3%

Source: CLG 2008-based household projections

5.8 There is some evidence at a national level that household formation rates over the past two / three years have been supressed (such as from the English Housing Survey) due to the inability of concealed households to form linked particularly to the difficulties for younger households in obtaining mortgage finance. The English Housing Survey suggests that whilst slightly down on long-term trends nationally, headship rates have far from dropped away, particularly as many newly-forming households can move into the Private Rented Sector which has increased significantly in size over the past decade.

5.9 We understand that CLG's view is that while headship rates in the short-term may be slightly lower, it is expected that over longer-term horizons (such as 20 years), that rates would return to long-term trends. The CLG view is that any reduction in formation now will be compensated by increases in the future. This is informed by their long-term data on headship trends which dates back to 1971, and includes a number of previous housing market and economic downturns.

5.10 The impact of headship rate assumptions on the projections is relatively minor set against the range of projections developed.

FINDINGS FOR THE MAIN PROJECTIONS

5.11 By applying these headship rates we find the following household estimates under our principal projections (PROJ 1 and PROJ 2). The data shows that under our 10-year trend based projection (PROJ 1) there will be an additional 577 households per annum in the period 2011 to 2031 (11,532 in total).

5.12 The zero net-migration projection (PROJ 2) shows a lower level of household growth –the estimated increase in households is around 222 per annum although it should be remembered that this projection also sees a drop in the number of people in employment.

Figure 5.2 Estimated Household Growth under PROJ 1 and PROJ 2

Year	PROJ 1 (10-year trends)			PROJ 2 (Zero Net-Migration)		
	Total households	Change in households	Cumulative change	Total households	Change in households	Cumulative change
2011	55,000	-	-	55,000	-	-
2016	58,192	3,192	3,192	56,579	1,579	1,579
2021	61,176	2,985	6,176	57,836	1,257	2,836
2026	63,906	2,729	8,906	58,738	902	3,738
2031	66,532	2,626	11,532	59,444	706	4,444
Average PA		577			222	

ESTIMATED HOUSEHOLD GROWTH UNDER CLG PROJECTIONS

5.13 Below we have provided an analysis of the growth in households estimated under the 2008-based CLG household projections (for Horsham). The data shows that these projections expect an increase in households of around 13,542 over the period from 2011 to 2031 – 677 per annum.

Figure 5.3 Estimated Household Growth in National Household Projections			
Year	CLG 2008-based household projections		
	Total households	Change in households	Cumulative change
2011	55,000		
2016	58,392	3,392	3,392
2021	61,952	3,560	6,952
2026	65,373	3,421	10,373
2031	68,542	3,169	13,542
Average PA		677	

* CLG figures have been rebased to our 2011 baseline position

COMPONENT PROJECTIONS

5.14 The data shows that under PROJ 3 (no change in the size of the workforce) the number of households is expected to rise from 55,000 in 2011 to 65,083 in 2031 – an average of 504 households per annum. This level of household growth is thus necessary just to maintain the current size of the labour force.

5.15 Under the no growth in population projection (PROJ 4) the increase in households is far lower (249 per annum). It does however need to be remembered that under this projection the number of people living locally who are also working is expected to drop significantly, with significant potential implications for economic performance and commuting patterns.

Figure 5.4 Estimated Household Growth under PROJ 3 and PROJ 4						
Year	PROJ 3 (Zero Employment Growth)			PROJ 4 (Zero Population Growth)		
	Total households	Change in households	Cumulative change	Total households	Change in households	Cumulative change
2011	55,000	-	-	55,000	-	-
2016	57,325	2,325	2,325	56,333	1,333	1,333
2021	59,685	2,359	4,685	57,660	1,327	2,660
2026	62,351	2,667	7,351	58,855	1,195	3,855
2031	65,083	2,732	10,083	59,988	1,133	4,988
Average PA		504			249	

ECONOMIC-LED PROJECTIONS

5.16 As well as estimating the number of household from our trend based projections we can apply the same process to our economically driven projections (PROJ 5 to PROJ 8). Household estimates from each of these are shown below. The data shows that the four different employment growth scenarios generate household growth of between 620 and 792 per annum (12,400 to 15,800 over the 20-year period)

Figure 5.5 Estimated Household Growth under PROJ 5 and PROJ 6						
Year	PROJ 5 (ELR Base (Spring 2009))			PROJ 6 (ELR Successful Repositioning)		
	Total households	Change in households	Cumulative change	Total households	Change in households	Cumulative change
2011	55,000	-	-	55,000	-	-
2016	58,072	3,072	3,072	58,229	3,229	3,229
2021	60,833	2,761	5,833	61,153	2,924	6,153
2026	64,100	3,267	9,100	64,591	3,438	9,591
2031	67,397	3,297	12,397	68,074	3,483	13,074
Average PA		620			654	

Figure 5.6 Estimated Household Growth under PROJ 7 and PROJ 8						
Year	PROJ 7 (ELR Revised Hybrid)			PROJ 8 (SEEPB-CE (Spring 2010))		
	Total households	Change in households	Cumulative change	Total households	Change in households	Cumulative change
2011	55,000	-	-	55,000	-	-
2016	58,514	3,514	3,514	58,437	3,437	3,437
2021	61,734	3,220	6,734	61,966	3,529	6,966
2026	65,482	3,749	10,482	66,176	4,210	11,176
2031	69,303	3,820	14,303	70,833	4,657	15,833
Average PA		715			792	

Figure 5.7 Estimated Household Growth under PROJ 9			
Year	PROJ 9 (SEEPB & GLA with Commuting)		
	Total households	Change in households	Cumulative change
2011	55,000	-	-
2016	58,619	3,619	3,619
2021	62,382	3,763	7,382
2026	66,802	4,420	11,802
2031	71,723	4,921	16,723
Average PA		836	

VACANT DWELLINGS

5.17 The analysis so far has concentrated on the number of additional households and has then translated this into an estimate of the number of additional homes required. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. We have therefore added a vacancy allowance of 2.5% to all of the above figures to make estimated housing requirements with figures shown in the table below. We consider the inclusion of a vacancy allowance to be best practice.

Figure 5.8 Estimated Annual Housing Numbers with 2.5% Vacancy Allowance (to 2031)

Projection variant	Household growth	Annual requirement with vacancy allowance
PROJ 1 – Trend-based projection	577	591
PROJ 2 – Zero net migration	222	228
PROJ 3 – Zero employment growth	504	517
PROJ 4 – Zero population growth	249	256
PROJ 5 – ELR Base (Spring 2009)	620	635
PROJ 6 – ELR Successful Repositioning	654	670
PROJ 7 – ELR Revised Hybrid	715	733
PROJ 8 – SEEPB-CE (Spring 2010)	792	811
PROJ 9 – SEEPB-CE (with Commuting)	836	857
CLG 2008-based household projections	677	694

5.18 The vacancy allowance is based on 2.5% vacancy within new stock to allow for turnover of properties within the housing stock.

COMBINED RESULTS

5.19 The headline results of all of the scenarios in terms of population, housing requirements (i.e. including a vacancy allowance) and employment numbers between 2011 and 2031 are summarised below. The first table shows annual figures with the second table showing these figures for the full twenty year projection period. Firstly we summarise the eight projections carried out:

PROJ 1 – Trend-based projection (10-year migration average of 780 per annum)
PROJ 2 – Zero net migration
PROJ 3 – Zero employment growth
PROJ 4 – Zero population growth
PROJ 5 – ELR Base (Spring 2009)
PROJ 6 – ELR Successful Repositioning
PROJ 7 – ELR Revised Hybrid
PROJ 8 – SEEPB-CE (Spring 2010)
PROJ 9 – SEEPB-CE and LGA with Commuting

5.20 Figure 5.9 summarises the projections for housing growth on an annual basis (for the 2011-31 plan period).

Figure 5.9 Summary of projections 2011 to 2031 – annual

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – Trend-based projection	774	0.6%	591	1.0%	92	0.1%
PROJ 2 – Zero net migration	-64	0.0%	228	0.4%	-369	-0.6%
PROJ 3 – Zero employment growth	602	0.5%	517	0.9%	0	0.0%
PROJ 4 – Zero population growth	0	0.0%	256	0.5%	-332	-0.5%
PROJ 5 – ELR Base (Spring 2009)	875	0.7%	635	1.1%	150	0.2%
PROJ 6 – ELR Successful Repositioning	955	0.7%	670	1.2%	194	0.3%
PROJ 7 – ELR Revised Hybrid	1,100	0.8%	733	1.3%	274	0.4%
PROJ 8 – SEEPB-CE (Spring 2010)	1,280	1.0%	811	1.4%	375	0.6%
PROJ 9 – SEEPB-CE (with Commuting)	1,386	1.1%	857	1.5%	433	0.7%
ONS/CLG projections	953	0.7%	694	1.2%	232	0.3%

5.21 The projections for housing growth range from 591 homes per annum (PROJ 1) based on past long-term demographic trends, to 857 homes per annum (PROJ 9) based on forecast economic growth, and taking account of commuting to employment centres outside of the District. The official national projections from CLG project housing growth of 694 homes per annum.

5.22 Projections 2 – 4 are component projections which aim to understand the drivers of demographic dynamics, rather than inform future policy.

5.23 Figure 5.10 summarises the projections for the 20-year plan period.

Figure 5.10 Summary of projections 2011 to 2031 – total

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – Trend-based projection	15,484	11.8%	11,820	21.0%	1,844	2.8%
PROJ 2 – Zero net migration	-1,274	-1.0%	4,555	8.1%	-7,387	-11.2%
PROJ 3 – Zero employment growth	12,033	9.1%	10,335	18.3%	0	0.0%
PROJ 4 – Zero population growth	0	0.0%	5,113	9.1%	-6,650	-10.1%
PROJ 5 – ELR Base (Spring 2009)	17,503	13.3%	12,707	22.5%	2,999	4.5%
PROJ 6 – ELR Successful Repositioning	19,105	14.5%	13,401	23.8%	3,881	5.9%
PROJ 7 – ELR Revised Hybrid	22,008	16.7%	14,660	26.0%	5,480	8.3%
PROJ 8 – SEEPB-CE (Spring 2010)	25,608	19.5%	16,229	28.8%	7,506	11.4%
PROJ 9 – SEEPB-CE (with Commuting)	27,713	21.1%	17,141	30.4%	8,667	13.1%
ONS/CLG projections	19,058	14.5%	13,881	24.6%	4,642	7.0%

6 CONCLUSIONS & CONSULTATION OPTIONS

6.1 This report has updated previous versions of the Locally-Generated Housing Needs Study prepared by GLH for Horsham District Council. In reviewing the 2010 Studies we find that these continue to remain fundamentally robust. The review of the Study has primarily involved selective updating of the projections to take account of more recent releases of data, and to 'rebase' all of the projections to a 2011 starting point. It also takes account of the 'duty to cooperate' detailed in the Localism Act and the draft National Planning Policy Framework.

6.2 In this final section of the report, we consider what might represent potentially alternative options for different levels of housing provision which could be taken forward for public consultation.

6.3 As we stated in the April 2010 report, despite the recent housing market downturn and economic recession, the structural drivers of housing demand in the district over the longer-term remain strong. The District appears to have seen a stronger recovery in housing market conditions relative to other parts of the region and county. Over the longer-term, strategic constraints in other parts of the region and county may also influence strong demand for housing in Horsham. The strong quality of life offer of the District's towns and villages, its accessibility to employment centres by road and rail, and the strong private sector business base of the sub-regional economy can be expected to support economic-driven demand in the longer-term. Restricting housing supply could harm economic performance by contributing to skill shortages and driving up wages, and through contributing to further deterioration in housing affordability.

6.4 A key driver of housing demand over the longer-term in the District are changes in the age structure of the population, and how households occupy their homes. The updated projections indicate that 256 homes will be needed each year to house the District's existing population, without any population growth; but because of changes to the age structure of the population (and particularly the number of people moving into retirement) 517 homes will be required each year just to maintain the current level of people in work. The box below draws together the projection findings.

Understanding the Projections:

- *Because of changes in how people occupy homes, 256 homes a year are required to house the District's existing population;*
- *This is partly linked to changes in the age structure of the population. Life expectancy is improving. Over the next 20 years the population over retirement age is also expected to grow in the District as those aged in their late 40s, 50s and early 60s move into retirement.*
- *As people in these age groups leave the workforce over the next 20 years, new housing is needed to attract younger households to replace them. To maintain the size of the current resident workforce in the District, 517 homes a year would be required.*
- *Employment is however forecast to grow in the District. Rates of housing and economic growth will influence one another. The scenarios developed suggest that between 635 – 860 homes a year would be needed to support different forecasts for economic performance. The level of homes needed to support employment growth will also be affected by how commuting patterns change.*

6.5 Housing provision will play an important role in helping to address overcrowding and concealed households. In 2008 at the national level over a third of men and women aged 20-34 lived with their parents. It will assist in the delivery of affordable housing and reducing barriers for young people to get a foothold on the housing market. It will also support economic performance and investment.

6.6 Horsham District Council has set out its corporate priorities within the District Plan 2011-15. These include economic development – planning for a successful local economy with high levels of employment (including an aspiration to increase employment); and working together to support the life of local communities (including through provision of affordable housing to meet local and economic needs). **Against this context it seems reasonable that all options should support some level of growth in employment in the District**.

6.7 The relationship between housing provision and the economy is complicated. It will be affected by changes in the age structure of the population, by changes to pensionable age and people working longer, and by changes in commuting patterns.

6.8 Housing and labour markets operate across local authority boundaries, with Horsham District falling within a larger travel to work area centred on Crawley and a sub-regional housing market extending to include Crawley and Mid Sussex District. Housing provision in Horsham District has and is likely to continue to play a role in supporting both the local and sub-regional economy.

6.9 Against this context, we have sought to consider what potential options for housing provision Horsham District Council might choose to take forward for public consultation. Our analysis and approach is consistent to that in the previous reports prepared, and takes account of both demographic and economic drivers of housing need and demand.

6.10 In the original Spring 2010 report we concluded that housing need/demand would likely fall between 610 – 660 homes per annum between 2006-26. The lower end of this range was based on the Experian Central Vision Scenario for the District's economy, with the higher end based on the Hybrid Scenario from the Part I Employment Land Review Report.

6.11 The 'Additional Analysis' Report finalised in August 2010 provided projections for the period between 2011-31. In this report we concluded that between 640 – 690 homes per annum would be an appropriate to plan for based on the evidence examined. This was based on achieving higher rates of employment growth but with reduced out-commuting from the District.

6.12 Based on the updated projections, we continue to consider that the demographic and economic-driven projections provide a robust basis for considering future levels of housing provision within the District.

6.13 We consider that the following potential options for housing provision should be considered for public consultation:

Option 1: 12,700 Homes between 2011-31 (635 per Annum)

6.14 This option is based on achieving 'Baseline' employment growth, and assuming a 1:1 relationship between growth in jobs and labour supply within the District. If commuting patterns remained consistent it would support 4.5% growth in jobs in Horsham District over the 2011-31 plan period (3,000 jobs).

Option 2: 13,400 Homes between 2011-31 (670 per Annum)

6.15 This option is based on achieving the 'Successful Repositioning' scenario in the Employment Land Review. Again it assumes a 1:1 relationship between growth in jobs and labour supply within the District. If commuting patterns remained consistent, it would support 5.9% growth in jobs in Horsham District over the 2011-31 period (3,880 jobs).

6.16 Options 1 and 2 represent in our view a reasonable basis for planning on the basis of meeting the District's development needs, which take account of both demographic trends and the impact of job creation within the District on demand for homes.

6.17 It is however clearly possible that job creation beyond the District's boundaries together with wider sub-regional market dynamics could create additional demand pressure for housing provision within the District, particularly taking account of the commuting dynamics (as demonstrated by PROJ 9). On this basis, we consider that the District Council should reasonable test whether it would be feasible to provide for higher levels of housing provision.

6.18 Two additional options are therefore suggested for consideration, as a basis for public consultation and technical testing. These meet local demand as well as providing a stronger contribution to meeting wider sub-regional development needs and supporting economic growth across the Gatwick Diamond. The two options are:

Option 3: 14,600 Homes between 2011-31 (730 per Annum)

6.19 This option is based on higher levels of growth in labour supply, of 275 persons per annum, supporting job creation in the District and wider sub-region. It would deliver stronger housing growth within Horsham District (at a rate of 1.3% per annum). This scenario is above the 2008 CLG household projections.

Option 4: 16,400 Homes between 2011-31 (820 per Annum)

6.20 The final option, Option 4, is based on testing what the theoretical development capacity of the District might be. It is based on a rate of housing growth of 1.5% per annum which we consider is realistically the maximum which could be achieved in the absence of significant public sector support for infrastructure investment.

6.21 There are a range of factors to be considered in deciding on what level of housing provision to plan for through the Horsham District Planning Framework. Horsham District Council are progressing work alongside this Locally-Generated Needs Study Update to consider the implications of these different options in terms of their sustainability, considering the social, economic and environmental implications of each; as well as the potential spatial implications of each option, and the infrastructure which would need to be delivered to support them. The potential to deliver infrastructure to support development will be a key factor in refining the selection of options, together with consultation with local communities and other stakeholders.

6.22 The range of options developed take account of local needs within Horsham District, which form the rationale for Options 1 and 2. Options 3 and 4 take account of the wider sub-regional market and economic dynamics, and consider the role which housing provision within Horsham District might play to supporting the success of the wider sub-regional economy.

6.23 In light of the 'duty to cooperate' within the Localism Act and the emerging policies set out within the draft National Planning Policy Framework, it will be important that the Council liaises with adjacent local authorities within the Northern West Sussex Housing Market Area to ensure that future housing supply policies respond to evidence of need and demand. Continuing sub-regional working will need to be brought together with findings from technical testing and public and stakeholder consultation on potential housing options to inform the development strategy within the Horsham District Planning Framework.