

LOCALLY-GENERATED NEEDS STUDY: NON-TECHNICAL SUMMARY

1 WHAT IS THIS REPORT ABOUT?

- 1.1 National planning policy and legislation is in the process of being changes to give district and parish councils a greater say in what new development takes place in their area, and to ensure that new development brings benefits to local communities.
- 1.2 The South East Plan, which included targets for housing development in Horsham District, is due to be scrapped. It will then be for the District Council, for the first time, to consider how many homes to plan for in Horsham District.
- 1.3 Horsham District Council has commenced a review of its planning policies, which are set out within the District's 'Core Strategy.' The Council is preparing a new Horsham District Planning Framework which will consider how much development is needed and where it should be located.
- 1.4 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. This report provides an update to a previous study undertaken in 2010.
- 1.5 The Study has been prepared by planning and property consultants, GL Hearn, supported by Justin Gardner Consulting. The two companies together bring specialist expertise in assessing future housing requirements and have undertaken similar studies for over 20 local authorities.
- 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 will then inform the development of the Council's future policies.

2 WHAT INFLUENCES THE DISTRICT'S HOUSING MARKET?

- 2.1 The report has considered a range of factors which influence housing need and demand within Horsham District, looking both at the current situation and over the longer-term to 2031.
- 2.2 At the moment, the housing market, nationally, is relatively depressed. While average house prices have recovered much of the value lost in 2009, sales volumes remain well below pre-2007 levels. The housing market in Horsham District appears however to be recovering better than in many other areas: the average price of homes sold is now above its previous peak, whilst sales in 2010 were a third (33%) down on pre-2007 levels in the District compared to 41% down across the South East and 45% nationally. However prices for a standard property have been falling.
- 2.3 The depressed housing market reflects economic conditions and the difficulties which younger households are having in getting a foothold on the housing ladder. This is particularly related to the size of deposits which are currently required to get a mortgage. However while this influences house prices and sales in the short-term, it does not fundamentally affect the number of households who will need homes over the long-term to 2031. There is a clear shortage of affordable housing. Many would-be first time buyers and those that cannot find suitable affordable housing are living in private rented homes, and rents have been growing.
- 2.4 In the longer-term, over the next 20 years, population growth, employment growth and changes in the population structure in the District are expected to result in a need for more homes.

3 HOW MANY HOMES MIGHT BE NEEDED?

- 3.1 The Study has developed a number of alternative projections for future growth in the District's population and the numbers of homes which would be required to house this population. The projections aim to aid understanding of the implications of different levels of housing provision on the population structure and economy, and to assist the Council in deciding what level of housing to plan for.

Why is there a need for more homes in Horsham District?

More homes are needed:

- To house the District's existing population – an average of 256 new homes will be required every year to house the District's existing population as a result of people living longer and in smaller households (particularly as the population of older people is expected to grow).
- To help young people onto the housing ladder – house prices in the District are 20% above the West Sussex average. Delivery of new homes will be important in helping young people to stay or return to the District, and in getting on the housing ladder including through delivering new affordable homes.
- As the District's population has been growing – the Study has considered a number of different projections for future growth in the District's population;
- To support the economy – changes in the age structure of the District's population over the next 20 years will influence the availability of people to fill jobs created by local businesses. The Study considers what level of jobs growth might be expected and how this might influence demand for homes.

- 3.2 The Government's latest official projections indicate a requirement for 13,880 homes between 2011-31 (694 homes a year). This would support 7.0% growth in jobs. These are based on recent population trends (particularly between 2003-8). If longer-term population trends are considered looking back over the last decade, a requirement for 11,800 homes is projected between 2011-31 (590 homes a year) but this would support just 2.8% growth in jobs.
- 3.3 The variation between these projections is particularly influenced by assumptions on the number of people who will move in and out of the District, and the balance between the two. Most movement in and out of the District is from surrounding areas, such as other parts of West Sussex, Brighton and Hove as well as London. Just 8% of people moving into the area over the past 7 years have moved from overseas.
- 3.4 The District has more people aged between 40-54 than in any other age groups. Over the next 20 years many of these people are likely to move into retirement. These expected changes in the population structure mean that an average of 517 homes will be required each year to keep the number of people in work constant.
- 3.5 The number of homes needed is expected to be influenced by (and influence) the future performance of the District's economy. The Study therefore considered how various forecasts for future employment growth might influence the number of homes required.

- 3.6 The UK economy is struggling to shrug off the effects of recession and it is becoming clear that these effects are going to be with us for some time. Given the uncertainty about how the economy might perform over the longer-term, a number of different forecasts for future trends in employment in Horsham District were analysed. These varied considerably from 3,000 – 7,500 jobs over the next 20 years. This compares to job growth of 19,800 in Horsham District the 20 years before the recent recession (1988-2008). There may also be people who want to live in Horsham District but work in surrounding areas including Crawley.
- 3.7 The Study has developed a number of alternative projections for population and housing requirements, taking account of the forecasts of employment growth as well as the expected changes to the population structure. These indicate that 12,700 homes (635 per annum) would be required to support modest growth in the workforce of 3,000 (4.5%) between 2011-31. To support growth in employment by 7,500 (11.4%) in Horsham District with some people commuting to jobs elsewhere, as takes place now but with no increase in out-commuting, could potentially require 16,220 homes between 2011-31 (811 per annum).
- 3.8 The various projections developed are summarised in Figure A.
- 3.9 The projected developed are based on population and economic dynamics in Horsham District. PROJ 9 also considers the implications of commuting dynamics, noting that people both commute into and out of the District to work.
- 3.10 The type of homes built could have some influence on migration levels, but primarily around the margins of the projections developed. Many people moving into and out of the District will live in existing rather than new-build housing, which has represented around 12% of total sales of housing over the last few years.

Figure A: Summary of Projections 2011 to 2031

	Population Growth		Housing Numbers			Employment Growth	
	Total 2011-31	% change	Total 2011-31	Homes per Year	% change	Total 2011-31	% change
Projections based on Past Population Trends							
ONS/CLG National Projection	19,060	14.50%	13,880	694	24.60%	4,640	7.00%
PROJ 1 - Long-Term Population Trends	15,480	11.80%	11,820	590	21.00%	1,840	2.80%
Economic-Driven Projections							
PROJ 5 - Low Growth in Employment	17,500	13.30%	12,700	635	22.50%	3,000	4.50%
PROJ 6 - Low-Moderate Growth in Employment	19,105	14.50%	13,400	670	23.80%	3,880	5.90%
PROJ 7 - Moderate-High Growth in Employment	22,010	16.70%	14,660	733	26.00%	5,480	8.30%
PROJ 8 - High Growth in Employment	25,610	19.50%	16,220	811	28.80%	7,500	11.40%
PROJ 9 - High Growth in Employment with Commuting	27,710	21.10%	17,140	857	30.40%	8,670	13.10%
Projections for Comparison Only							
PROJ 2 - Zero Net Migration	-1,270	-1.00%	4,560	228	8.10%	-7,390	-11.20%
PROJ 3 - Zero Employment Growth	12,030	9.10%	10,340	517	18.30%	0	0.00%
PROJ 4 - Constant Population	0	0.00%	5,120	256	9.10%	-6,650	-10.10%

4 HOW HAVE THE CONSULTATION OPTIONS BEEN SELECTED?

4.1 The various projections developed have been analysed to identify a number of alternative potential options. The options selected allow the implications of alternative levels of housing development in the District to 2031 to be carefully considered. The Council intends to consult with local communities across the District and other interested parties on these options in Spring 2012.

4.2 Four potential options are proposed. As one of the Council's main corporate priorities is to plan for a successful local economy with high levels of employment, all of the options support some level of employment growth. The four options are as follows:

Option 1: 12,700 homes between 2011-31 (635 homes a year)

4.3 This option would see a level of housing development below the current targets in the South East Plan (650 homes a year). It would support growth in the workforce living in the District of just 3,000 over the next 20 years.

Option 2: 13,400 homes between 2011-31 (670 homes a year)

4.4 This option would support slightly higher levels of job creation, with the District's workforce growing by 3,880 jobs. It would see a level of housing development slightly above the South East Plan targets.

4.5 Options 1 and 2 are based primarily on meeting the District's own development needs. Options 3 and 4 are proposed to test whether the District could support a higher level of development in order to contribute to supporting the wider sub-regional economy and housing market. This is in line with national Government's priorities to increase housing delivery.

Option 3: 14,600 homes between 2011-31 (730 homes per annum)

4.6 This option would support higher levels of housing development and economic growth, and would allow the workforce to grow by around 5,500 over the next 20 years. It is above the Government's official projections, but might be required given the constraints to development which exist in a number of the surrounding areas.

Option 4: 16,400 homes between 2011-31 (820 homes a year)

4.7 The fourth option is based on testing a higher level of housing growth still. It represents what can realistically be regarded as a maximum feasible rate of housing development within the

District. This option would strongly support both local and wider sub-regional economic growth over the longer-term.

- 4.8 The Government is likely to require Horsham District Council to cooperate with neighbouring districts in setting out the level of housing development to plan for. The higher levels of development set out in Options 3 and 4 take this into account.

5 WHAT OTHER FACTORS ARE IMPORTANT?

- 5.1 The Council is undertaking a range of work to consider these options in more detail. This includes assessing where development in each of the options could sustainably be located, and what infrastructure might be needed to support development and how this could be provided. It is also continuing to liaise with neighbouring Districts.
- 5.2 The infrastructure needed is likely to include transport and utilities infrastructure, open space as well as provision of education, health and community facilities. The Council will be engaging with its neighbouring Councils and infrastructure providers to consider infrastructure requirements and how this might be delivered. The Council is working towards introducing a Community Infrastructure Levy which required developers to pay to fund investment in infrastructure alongside new development.
- 5.3 The Council is also assessing the sustainability of each of the options, considering the social, economic and environmental impacts of each including any impacts on the area's quality of life.
- 5.4 The views of local communities across the District and other interested parties are also very important, and a public consultation on the potential options will be held in Spring 2012. The views expressed will then inform further development of the new plan for the District.