SEPTEMBER 2023

South Downs National Park Housing and Economic Development Needs Assessment

ICENI PROJECTS LIMITED ON BEHALF OF SOUTH DOWNS NATIONAL PARK AUTHORITY

Iceni Projects Limited on behalf of

South Downs National Park

Authority

September 2023

South Downs National Park Housing and Economic Development Needs Assessment
DRAFT REPORT

Iceni Projects
Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT
Edinburgh: 11 Alva Street, Edinburgh, EH2 4PH
Glasgow: 177 West George Street, Glasgow, G2 2LB
London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH
Manchester: This is the Space, 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 **| w:** iceniprojects.com | **e:** mail@iceniprojects.com
linkedin: linkedin.com/company/iceni-projects | **twitter**: @iceniprojects

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KEY FINDINGS

A. The purpose of this document is to examine the need for housing and employment land in the South Downs National Park. This will provide evidence for the Local Plan Review.

B. This section sets out the key findings of this report. A fuller executive summary can be found immediately following this section.

Housing

C. As of 2021 the population of the South Downs National Park was 113,339, a growth of 0.9% since the 2011 Census. Since the 2011 Census the number of households has grown by 2.7% to 48,558.

D. We have created a population and household projection specifically for the National Park using past trends and the most recent available data (Census 2021) and run this through the standard method using calculated affordability ratios for the National Park. This method produces an unconstrained housing need figure of 350 dpa. This will continue to be the number once the Park Plan reaches 5 years old.

Area	SDNP 2014-HRRs
Average Annual Change (Step 1)	234
Affordability Ratio 2021	12.91
Adjustment Factor	1.56
Adjusted Need (Step 2)	364
Local Plan Age	4
Housing Provision	250
Cap	350
Housing Need (Step 3)	350

E. In order to maintain the existing level of economically active population, then 276 dwellings per annum would need to be delivered.

F. The level of affordable need (370 per annum) suggests the Authority should maximise the delivery of such housing at every opportunity.

G. The following represents an appropriate mix of affordable and market homes. The mix identified could inform strategic policies although a flexible approach should be adopted on site by site basis.

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	35-40%	35-40%	15-20%
Affordable home ownership	15-20%	35-40%	30-35%	10-15%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

H. In relation to older and disabled people the report identifies a need for around 1,600 housing units with support (sheltered/retirement housing) and 800 additional housing units with care (e.g. extra-care) – both mainly in market housing. This is included within the overall housing need.

I. There is also a need for around 600 additional residential and nursing care bedspaces and up to 750 dwellings to be for wheelchair users (meeting technical standard M4(3)) which are also included within the overall need.

Economy

J. Across the National Park there was around 51,000 jobs in 2022 the largest numbers of which were in Wholesale and Retail, Education, Hospitality, Healthcare and Public admin and Defence sectors.

K. The office market appears over supplied with negative net absorption and increasing vacancy rates. Conversely, there is an undersupply of industrial floorspace particularly workshop space (Use Class E(g)(iii)).

L. The labour demand forecasts have been derived by applying sector based employment forecasts from Oxford Economics to a baseline position established by ONS.

M. By 2040, the number of jobs in the National Park is forecast to increase by between around 3,000 and 4,800 jobs.

N. Our modelling suggest there will be a need for an additional 53,000 sqm of industrial space and 20,600 sqm of office space. This translates to an employment land requirement of 13.2 Ha and 5.9 Ha respectively.

EXECUTIVE SUMMARY

1. The purpose of this document is to examine the need for housing and employment land in the South Downs National Park. This will provide evidence for the Local Plan Review.

Baseline

2. As of 2021 the population of the South Downs National Park was 113,339, a growth of 0.9% since the 2011 Census. Since the 2011 Census the number of households has grown by 2.7% to 48,558.

3. Over 65's account for 26.6% of the population, much higher than the region and country. The opposite is true for the working age population which is under-represented. This is unlikely to improve as the population continues to age.

4. Single families are the largest major household group making up 66.6% of all household. Older households are in greater proportion within the SDNP than in the comparators, while households with dependent children are in lower proportion.

5. The Housing stock within the National Park is generally less dense with 39.5% of dwellings being detached and 32% having 4 or more bedrooms. Almost half of all household have two or more bedrooms than they need. The majority (68.6%) of households are owner-occupied, higher than the region and country.

Housing Need

6. The NPPF (2021) sets out in Para 61 that to determine the minimum number of homes needed, "strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

7. The PPG provides further guidance on what exceptional circumstances may justify an alternative approach, including where policy-making authorities do not align with local authority boundaries or data is not available such as for National Parks. It states that:

> *"Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels."*

8. In response we have approached the assessment of housing need in the National Park in two ways:

    - Top Down – Where we have examined the aggregate need for the local authorities in which the National Park is co-located using the standard method. This is then apportioned

to the National Park based on a pro-rata of population inside and outside the National Park in each local authority. This method produces a figure of 698 dpa for the National Park area. However, this approach does not look at the trends in population growth within the National Park and how need in future might differ from the current distribution of the population. We have therefore developed a projection specifically for the National Park which is set out below.

- Bottom Up – We have created a population and household projection specifically for the National Park using past trends and the most recent available data (Census 2021) and run this through the standard method using calculated affordability ratios for the National Park. This method produces a figure of 350 dpa based on a household growth of 234 dpa and a capped uplift of 40% and is compliant with the PPG. The table below sets out the derivation of this number.

Area	SDNP 2014-HRRs
Average Annual Change (Step 1)	234
Affordability Ratio 2021	12.91
Adjustment Factor	1.56
Adjusted Need (Step 2)	364
Local Plan Age	4
Housing Provision	250
Cap	350
Housing Need (Step 3)	350

9. As the bottom up approach is based on local demographic evidence and market signals specific to the National Park, as per the PPG it is more robust and is a better illustration of need than the top down approach.

10. We carried out further work to see what level of housing would support more positive population and economic activity levels. This work shows that, in order to maintain the existing level of economically active population, then 276 dwellings per annum would need to be delivered.

Affordable Housing Need

11. Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.

12. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

13. When looking at rented needs, the analysis suggests a need for 370 affordable homes per annum across the National Park. Despite the level of need being high in relation to demographic trend-based estimates of need, it is not considered that this points to any requirement for the Authority to increase the Local Plan housing requirement due to affordable needs.

14. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). That said, the level of affordable need does suggest the Authority should maximise the delivery of such housing at every opportunity.

15. The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

16. When looking at AHO products, the analysis is inconclusive about whether or not there is a need. Although the evidence does suggest that there are many households in SDNP who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the National Park is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

17. The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent. Overall, given the cost of housing locally, it seems very difficult for any affordable home ownership products to be provided and be considered as ‘genuinely affordable’. This again points to the need for the Authority to prioritise delivery of rented affordable housing where possible.

18. However, in deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Authority will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

19. Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable

housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Housing Mix

20. The proportion of households with dependent children in SDNP is fairly low with around 25% of all households containing dependent children in 2021 (compared with around 29% regionally and nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

21. There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population.

22. In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 30-40% to have at least 3-bedrooms.

Suggested Mix of Housing by Size and Tenure – SDNP

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	35-40%	35-40%	15-20%
Affordable home ownership	15-20%	35-40%	30-35%	10-15%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

23. The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure.

24. The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Authority should also monitor the mix of housing delivered.

25. Given the nature of the area and the needs identified, the majority of units should be houses rather than flats – particularly for homes with 2- or 3-bedrooms. Consideration will also need to be given to

site specific circumstances (which may in some cases lend themselves to a particular type of development). There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation is unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

Older and Disabled People

26. A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

27. The data shows that SDNP has an older age structure and slightly higher levels of disability compared with the national average (although this will be linked to the older age structure) – the older person population is projected to increase notably moving forward. Additionally, the older person population has some distinct characteristics, including a high representation in the owner-occupied sector. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2023-33 period include:

    - A 20% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth);
    - A 27% increase in the number of people aged 65+ with dementia and a 25% increase in those aged 65+ with mobility problems;
    - A need for around 1,600 housing units with support (sheltered/retirement housing) – mainly in the market sector;
    - A need for 800 additional housing units with care (e.g. extra-care) – again mainly in market housing;
    - A need for additional residential and nursing care bedspaces of around 600 in the period; and
    - a need for up to 750 dwellings to be for wheelchair users (meeting technical standard M4(3)).

28. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the authority could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and up to 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a quarter in the affordable sector).

29. The Authority should seek M4(3) e wheelchair accessible dwellings (constructed for immediate occupation) from affordable housing[1] and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

30. The authority should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

31. In seeking M4(2) compliant homes, the Authority should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

32. In framing policies for the provision of specialist older persons accommodation, the authority will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).

Other Groups

33. Around 18% of all households in the National Park privately rent. There has not been a significant growth in sector between the census unlike other parts of the country.

34. The Private Rental Sector in the National Park has significant affordability issues with lower quartile rents higher than upper quartile rents nationally. It also plays a greater role in providing larger homes than elsewhere in the region.

35. The Authority is required to permit self and custom-build homes which reflects the level of interest shown within its custom and self-build register. To date there has been an average of 48 people per annum registering their interest in custom and self-build plots in the National Park.

36. There is a sizable military presences surrounding the National Park although few now remain within it. Despite this thought should be given to accommodating service personnel within First Homes for which any Local Connection Test should be disapplied.

[1] The PPG (Reference ID: 56-009-20150327) states that "Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling". The National Park Authority should therefore work with the relevant planning authorities to implement these policies.

37. Given the declining population in school age children and a national policy to provide in-situ, familial and foster care before residential care the National Park is unlikely to require any additional Children's Care Homes. Although it should work to address any backlog need the County Council's identify.

Commercial Property Market Review

38. The SDNP's office market has been growing steadily and at a higher rate than the South East and England. However, the market appears over supplied with negative net absorption and increasing vacancy rates.

39. It is recommended that disused large office spaces should be repurposed into smaller units below 2,000 sqm, to meet the demand caused by downsizing and increase home-working.

40. Most demand for office space is concentrated in Petersfield and Lewes, with some demand for smaller office floorspaces in Midhurst.

41. Conversely there is an undersupply of industrial floorspace in the SDNP with a particular undersupply of workshop space. New space is required to attract business into the area most of which will require small to medium basic units below 10,000 sqm.

42. Overall, demand is relatively well distributed across the area, albeit with more demand in the Petersfield and Lewes for larger spaces.

Employment Growth

43. Across the National Park there was around 51,000 jobs in 2022 the largest numbers of which were in Wholesale and Retail, Education, Hospitality, Healthcare and Public administration and Defence sectors.

44. The labour demand forecasts have been derived by applying sector based employment forecasts from Oxford Economics to a baseline position established by ONS.

45. Given that the SDNP area does not align with a single, or even a group, of local authorities, a series of adjustments have been made to derive a set of economic forecasts. The first approach aggregates employment forecasts for each local authority in which the National Park spans (All LAs). And the second just those in Lewes and East Hampshire (EH&L) where the two largest employment centres in the SDNP is located.

46. From these we then calculate the absolute jobs change over the plan period for each sector and apply a part of this growth to the National Park based on the percentage of jobs in the SDNP relative to the wider area.

47. By 2040, employment is expected to have increased by 3,009 jobs (~6%) using the EH&L forecast and 4,813 jobs using the All LAs forecast (~9%).

Employment Land Need

48. We have examined a range of ways to determine the future need for employment floorspace in the SDNP.

49. In terms of industrial requirements, there is a wide range of forecasts (-34,000 sqm to 65,000 sqm). The relationship between industrial employment and floorspace needs are highly uncertain given the changing nature of manufacturing and logistics (e.g. due to automation).

50. The net absorption forecast falls at around the midpoint of the VOA and CoStar projections giving a degree of confidence on it appropriateness. We therefore conclude a future need for 48,179 sqm GEA of industrial floorspace.

51. In terms of office requirements,]there is also wide range of forecasts (-4,704 to 42,600 sqm). However, unlike for industrial forecasts there is a good relationship between office-based employment and office floorspace

52. We consider the employment demand based need as the most appropriate level to plan for (18,728 sqm GEA). This is also the upper median of the range of forecasts examined.

53. We also include a 10% 'margin for flexibility' which allows for the allocation of sufficient land to cover inaccuracies in forecasting, helps to provide a choice of sites to facilitate competition and allows for delays in any sites coming forward.

54. This results in a need for 53,000 sqm of industrial space and 20,600 sqm of office space. This translates to an employment land requirement of 13.2 Ha and 5.9 Ha respectively.

55. Due to limitations on data availability it is not possible to robustly breakdown the need by use class. However, market commentary and the low vacancy rate suggest a need for smaller industrial units (E(g)(iii) while the labour demand forecasts show a need for distribution space (B8). We therefore recommend that industrial allocations should allow for both E(g)(iii)/B2 and B8.

56. The level of employment land to be planned for will need to be balanced with the housing capacity in the area. If not then the need will have to be altered or discussions had with duty to cooperate partners to draw in additional labour supply.

1. INTRODUCTION

1.1 The South Downs National Park Authority (SDNPA) is in the process of updating the South Downs Local Plan (SDLP) which was adopted in 2019. The SDLP sets out the overarching planning policies for the South Downs National Park (SDNP).

1.2 To update the evidence base feeding into the Local Plan Review the SDNPA commissioned Iceni Projects and Justin Gardner Consulting to undertake a study examining the need for housing and employment land within the National Park. This is an unconstrained assessment of the number of homes and employment space needed in the area. Assessing need is the first step in the process of deciding how many homes and how much new employment space should be planned for. There are further steps in the plan-making process which take into account environmental constraints and availability of suitable sites but these are not covered in this study.

1.3 The NPPF (2021) sets out in Para 61 that to determine the minimum number of homes needed,

> *"strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals."*

1.4 The PPG provides further guidance on what circumstances may justify an alternative approach, including where policy-making authorities do not align with local authority boundaries or data is not available such as for National Parks. It states that:

> *"Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels."*

1.5 The South Downs National Park is exceptional in that no population projection are published for it and it includes parts of four Housing Market Areas and parts of twelve district council areas. As such it is considered that an alternative approach for assessing housing need is justified, and that is explored in this study.

Policy Context

1.6 The South Downs National Park cuts across twelve local authority areas, stretching from the edges of Winchester in the west to Eastbourne in the east. It includes the market towns of Petersfield, Midhurst, Petworth and Lewes.

1.7 The SDNPA is the local planning authority within the National Park. The SDNPA has two statutory purposes to:

i. Conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and

ii. Promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public.

1.8 In carrying out these purposes, the SDNPA has a duty to foster the economic and social well-being of local communities within the SDNP.

1.9 Section 62 of the Environment Act 1995 requires all relevant authorities, including statutory undertakers and other public bodies, to have regard to these purposes. Where there is an irreconcilable conflict between the statutory purposes, the 'Sandford Principle' is statutorily required to be applied and the first Purpose of the National Park will be given priority.

1.10 The Sandford Principle relates to a statement first made by Lord Sandford in his committee report on possible changes to the management and legislation governing National Parks and now in the Environment Act 1995 which states that: 'if it appears that there is a conflict between those two Purposes, any relevant Authority shall attach greater weight to the first [Purpose]'.

1.11 National Park Authorities also need to take into account the 2010 Vision & Circular which sets out national policy in respect of National Parks. In this the Government is clear that action by National Park Authorities should focus on fostering and maintaining thriving rural economies, and supporting the delivery of affordable housing.

1.12 The 2010 Circular recognises that National Parks often have higher house prices than surrounding areas, and can have low paid jobs in their local economies. It clearly sets out that national park authorities have an important role to play in the delivery of affordable housing, setting out that: *"Through their Local Development Frameworks they should include policies that pro-actively respond to local housing needs".*

1.13 At paragraph 78 it states that *"The Government recognises that the National Parks are not suitable locations for unrestricted housing and does not therefore provide general housing targets for them. The expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services".*

1.14 Adding at paragraph 79: *"The Government expects the Authorities to maintain a focus on affordable housing and to work with local authorities and other agencies to ensure that the needs of local communities in the Parks are met and that affordable housing remains so in the longer-term."*

1.15 There is thus a particular emphasis in national policy on meeting affordable housing needs within national parks; and recognition that unrestricted provision of housing is not appropriate.

1.16 The Government published an 8-Point Plan for England's National Parks in 2016. This states that 'National Parks are at the heart of the rural economy in their regions.'

1.17 The NPPF requires local authorities to set a clear economic vision and strategy based on an understanding of the existing business needs, likely changes in the market and any barriers to investment. This understanding should be achieved through working with the local business community, local authorities across the National Park area and the Local Enterprise Partnerships (LEPs).

1.18 The NPPF set out the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth, and that significant weight should be placed on the need to support economic growth and productivity through the planning system.

1.19 It sets out a requirement for local planning authorities

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

2. FUNCTIONAL GEOGRAPHIES

2.1 Functional Geographies are the geographies used to define how in reality housing and economic markets operate. Simply they can be defined as areas of search where people and businesses would consider locating to.

2.2 The Plan Making Planning Practice Guidance[2] (PPG) defines a housing market area as "a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:

- The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.

- Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).

- Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use)."

2.3 Previous Guidance issued by the then Department of Communities and Local Government[3] notes that "Economic flows often overlap local authority boundaries. This means that the functional area over which the local economy and its key markets operate will not necessarily adhere to administrative boundaries. Instead, key economic markets broadly correspond to sub-regions or city regions - known as functional economic market areas (FEMAs)."

2.4 It adds that "There is no universal approach to defining FEMAs. A city's labour market area and hospital catchment area, for example, are unlikely to have similar boundaries. Ideally, FEMAs would be defined on the basis of several markets or catchment areas which best reflect the drivers of the local economy."

[2] https://www.gov.uk/guidance/plan-making
[3] https://eprints.ncl.ac.uk/file_store/production/178387/3A1B47DB-E682-45F2-9C10-010CBBFCB8DD.pdf

2.5 The current PPG notes that “there is no standard approach to defining a functional economic market area” but sets out which factors should be taken account of including:

- extent of any Local Enterprise Partnership within the area;
- travel to work areas;
- housing market area;
- flow of goods, services and information within the local economy;
- service market for consumers;
- administrative area;
- Catchment areas of facilities providing cultural and social well-being;
- transport network.

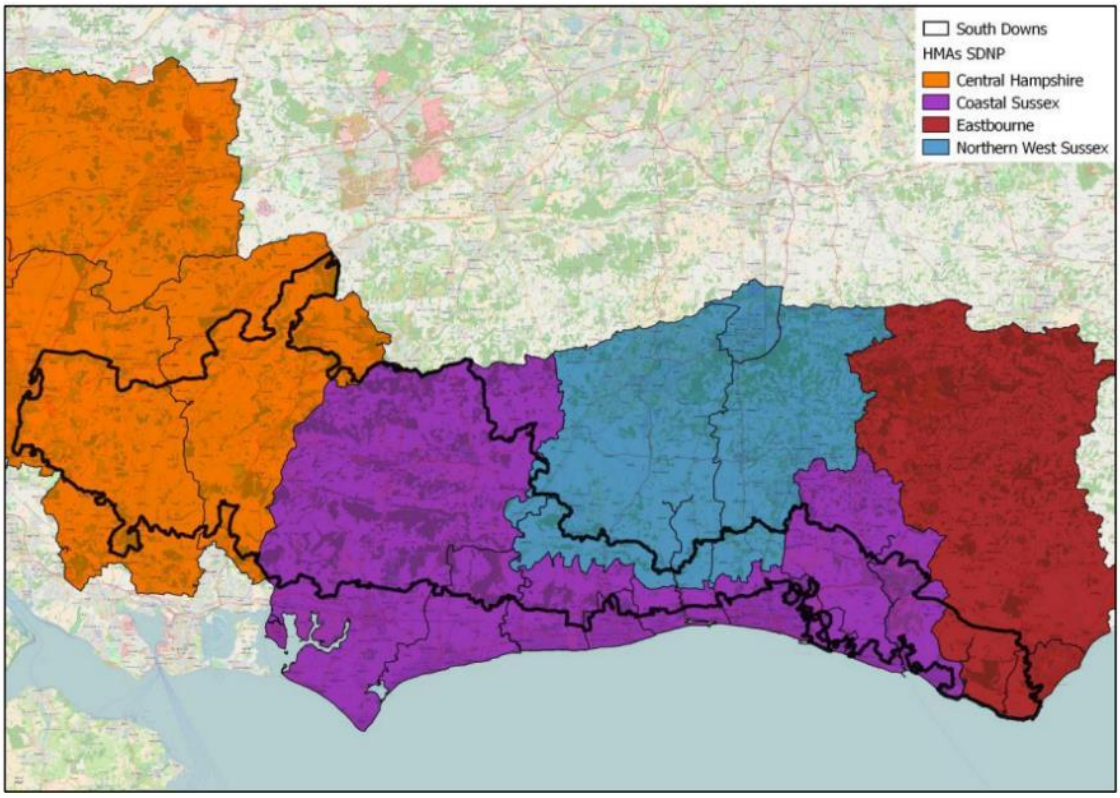
2.6 The Planning Advisory Service[4] (PAS) “Objectively Assessed Need and Housing Targets Technical advice note” gives further notes on “for convenience, it is helpful if HMAs and economic market areas are coterminous.” It also notes that “HMAs boundaries that straddle local authority areas are usually impractical”

2.7 The HMA and FEMA were identified across the South Downs National Park in the previous HEDNA (2017)[5]. This work drew on migration and commuting data from the 2011 Census. The updated version of this data has not yet been published therefore this section only provides a light touch approach. The map below illustrates these areas.

[4] https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf

[5] https://www.southdowns.gov.uk/wp-content/uploads/2018/04/TSF-08-SDNP-Housing-and-Economic-Development-Needs-Assessment-HEDNA.pdf

Figure 2.1 - Housing Market Areas Across the South Downs National Park



Source: SDNPA, 2017

2.8 There are four HMAs which cover the National Park. Most of the SDNP falls within either the Central Hampshire HMA which includes East Hants and Winchester or the Coastal Sussex HMA which includes the parts of the National Park in Chichester, Arun, Worthing, Adur, Brighton and Hove and Lewes.

2.9 Smaller parts of the National Park fall into the Northern West Sussex HMA including those parts in Horsham Mid Sussex while Eastbourne HMA covers those parts in Wealden and Eastbourne Local Authorities.

2.10 Most of the data required to examine these functional geographies has not been updated since the 2011 census thus the definitions are unlikely to have changed. We have however provided a light touch update where we can.

2.11 One area where the data has been updated is migration. As the data below shows in the last four years each local authorities closest three relationships in terms of gross migration flow (in either direction) weighted to reflect the size of the two areas in question. These have been grouped into the previous Housing Market Areas (and coloured as per the previous map). For example, East Hants closest migratory links are with Havant and then Waverly both of which are outside of the South Downs National Park. These are then followed by Chichester and Winchester which form part of the Coastal Sussex and Central Hampshire HMA.

Table 2.1 Average Migration Flow Per 1,000 Head of Population (combined) – (2017-2020)

East Hants		Winchester		Horsham		Mid Sussex		Wealden		E'bourne	
Havant	5.4	Eastleigh	6.4	Crawley	4.3	Crawley	4.1	E'bourne	10.7	Wealden	10.7
Waverley	5.1	Fareham	4.3	Mid Sussex	3.2	Lewes	3.5	T Wells	4.3	Lewes	3.1
Chichester	3.2	Test Valley	3.4	Chichester	2.4	Brighton	3.4	Lewes	3.9	Rother	2.8
Winchester	3.0	Havant	3.4	Worthing	2.3	Horsham	3.2	Rother	3.8	Hastings	2.0
Portsmouth	1.9	East Hampshire	3.0	Arun	2.2	Tandridge	2.7	Mid Sussex	2.7	Brighton	1.9
Chichester		**Arun**		**Worthing**		**Adur**		**Brighton**		**Lewes**	
Arun	7.4	Worthing	8.0	Adur	8.1	Worthing	8.1	Lewes	7.3	Brighton	7.3
Havant	3.7	Chichester	7.4	Arun	8.0	Brighton	6.1	Adur	6.1	Wealden	3.9
East Hampshire	3.2	Horsham	2.2	Brighton	3.9	Horsham	1.8	Worthing	3.9	Mid Sussex	3.5
Waverley	2.7	Adur	1.6	Horsham	2.3	Arun	1.6	Mid Sussex	3.4	E'bourne	3.1
Horsham	2.4	Brighton	1.1	Chichester	1.1	Lewes	1.1	Horsham	1.9	Adur	1.1

Source: Internal migration: matrices of moves by local authority

2.12 Taking each of the areas in turn there remains some links with East Hants and Winchester although there are closer links to Havant and Eastleigh respectively. These latter relationships reflects the wider dynamics within the Partnership of Urban South Hampshire Areas.

2.13 Horsham is closely linked to Mid Sussex and both are closely linked to Crawley. This again reflects a continuation of Northern West Sussex HMA. Eastbourne and Wealden continue to be closely linked justifying the Eastbourne HMA.

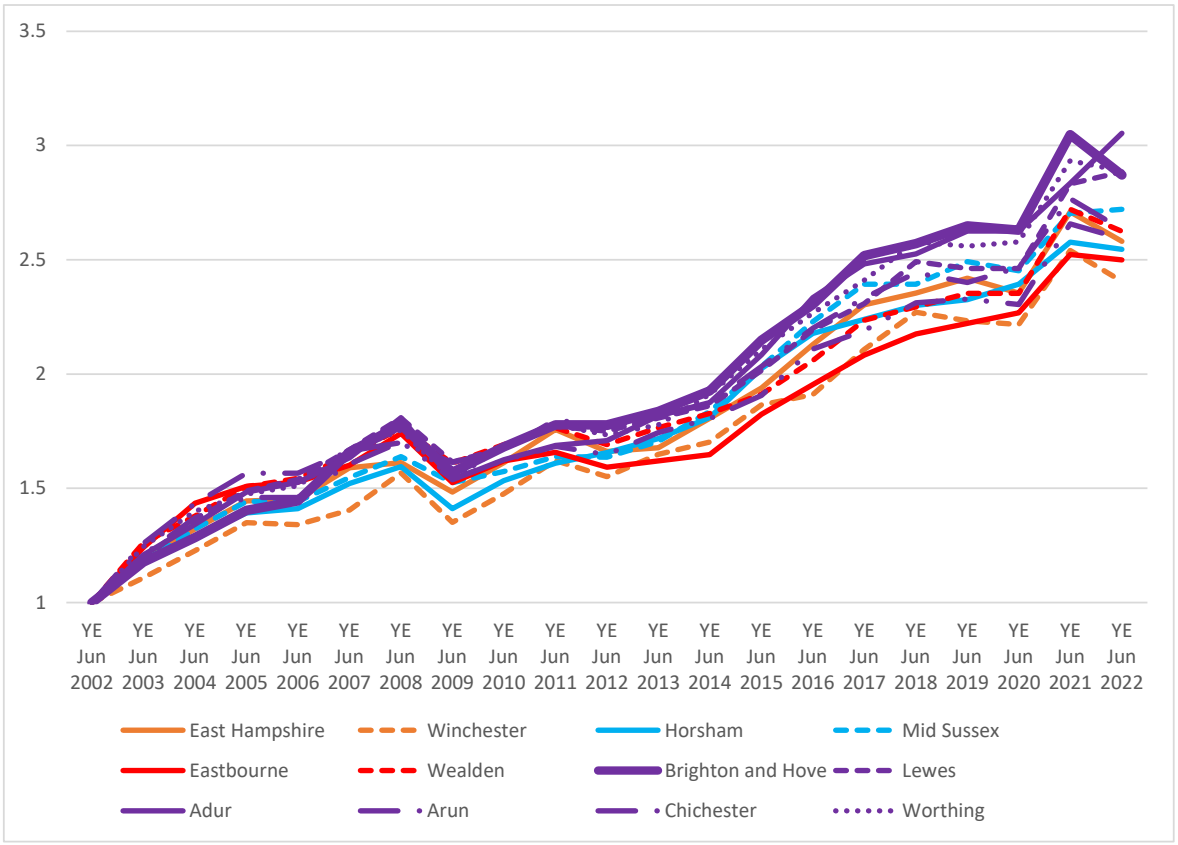
2.14 The dynamics across Coastal West Sussex remain valid with all the local authorities strongest links with other Coastal West Sussex authorities. Although ,even within this HMA there remains a split between those in the east of the HMA which have closer links to Brighton (Lewes and Adur) and the west of the HMA (Chichester and Arun) with Worthing split between the two.

2.15 This would again suggest that there is not a significant change in migration patterns to justify moving away from the previously defined HMA (see Figure 2.1).

2.16 House prices and house price change are another indicator of housing market areas. As illustrated in the figure below the Coastal Sussex HMA (purple lines) are clustered together suggesting that the HMA remains.

2.17 We can also see a broad correlation between East Hants and Winchester (orange PUSH area) and similarly Eastbourne and Wealden (red Eastbourne HMA) and Horsham and Mid Sussex (blue Northern West Sussex HMA). This again reaffirms these areas as a distinct HMA.

Figure 2.2 - Indexed house price change (2002-2022)

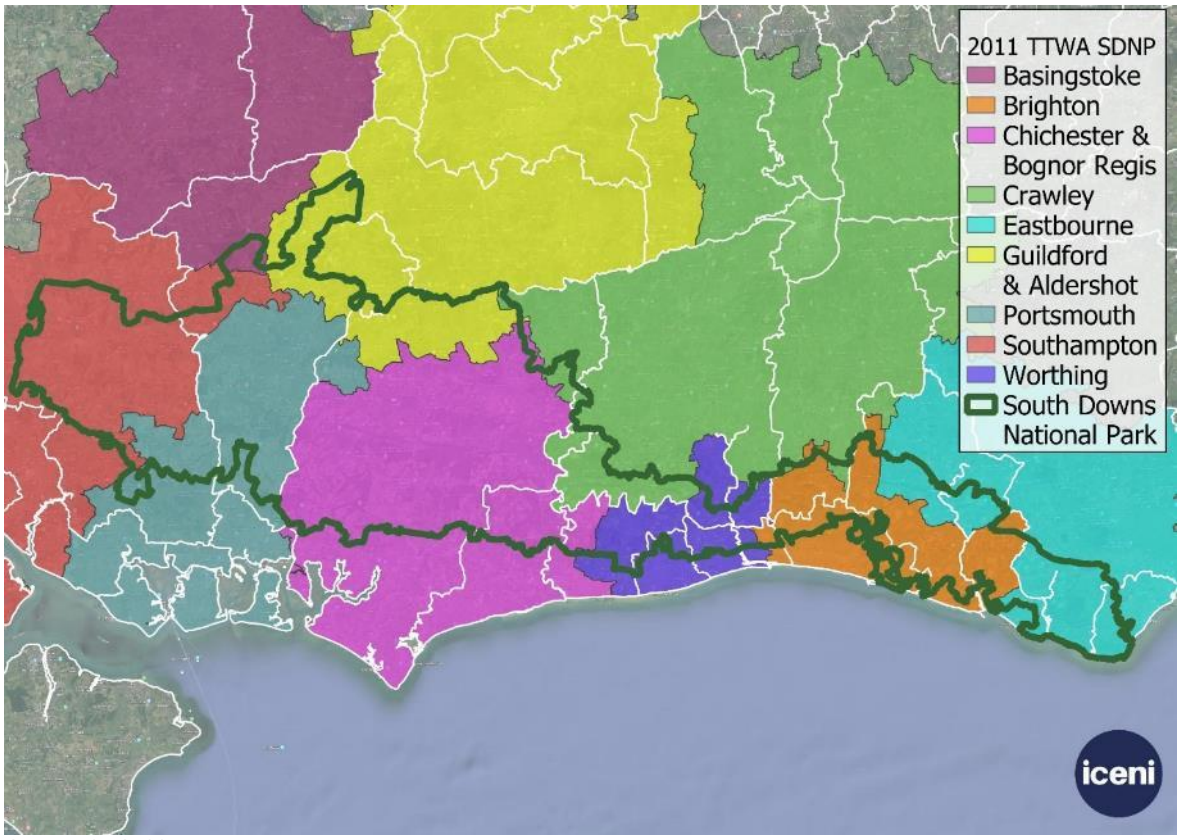


Source: ONS 2022

2.18 The previous Employment Land Review used Travel to Work Areas (TTWA) from the 2001 census. These have been updated to 2011 which is still dated but again is the most recently available data. As shown the Southampton and Portsmouth TTWA extend into Winchester and East Hants and this aligns with both areas alignment with the PUSH authorities.

2.19 Most of Chichester and the western part of Arun (Bognor Regis) are within the Chichester and Bognor Regis TTWA. The eastern part of Arun (Littlehampton) falls within the Worthing TTWA alongside Worthing district and the western part of Adur and the Southern part of Horsham. This also extends into the western part of Worthing.

Figure 3.3 - Travel to Work Areas (2011)



Source: ONS, 2015

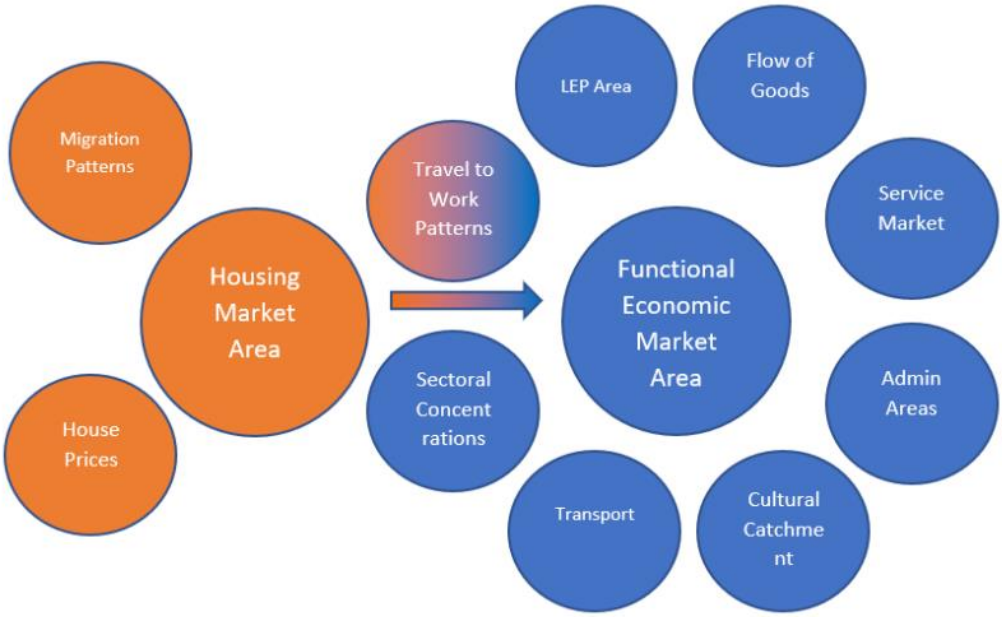
2.20 At the eastern end of the National Park the Eastbourne TTWA includes Eastbourne and parts of Wealden and Lewes. The Brighton TTWA also includes parts of Adur, Mid Sussex and Lewes. These again would ratify the current HMAs although again there is some suggestion that the Coastal HMA could be split.

2.21 In conclusion, there has been no significant changes to factors used to identify Housing Market Areas since it was previously assessed. The four HMA defined remain robust although the data does suggest a continued divergence in the Coastal West Sussex HMA which could be split between the western end of Chichester and Bognor and the Eastern end focused on Brighton although this is not conclusive.

Functional Economic Market Area

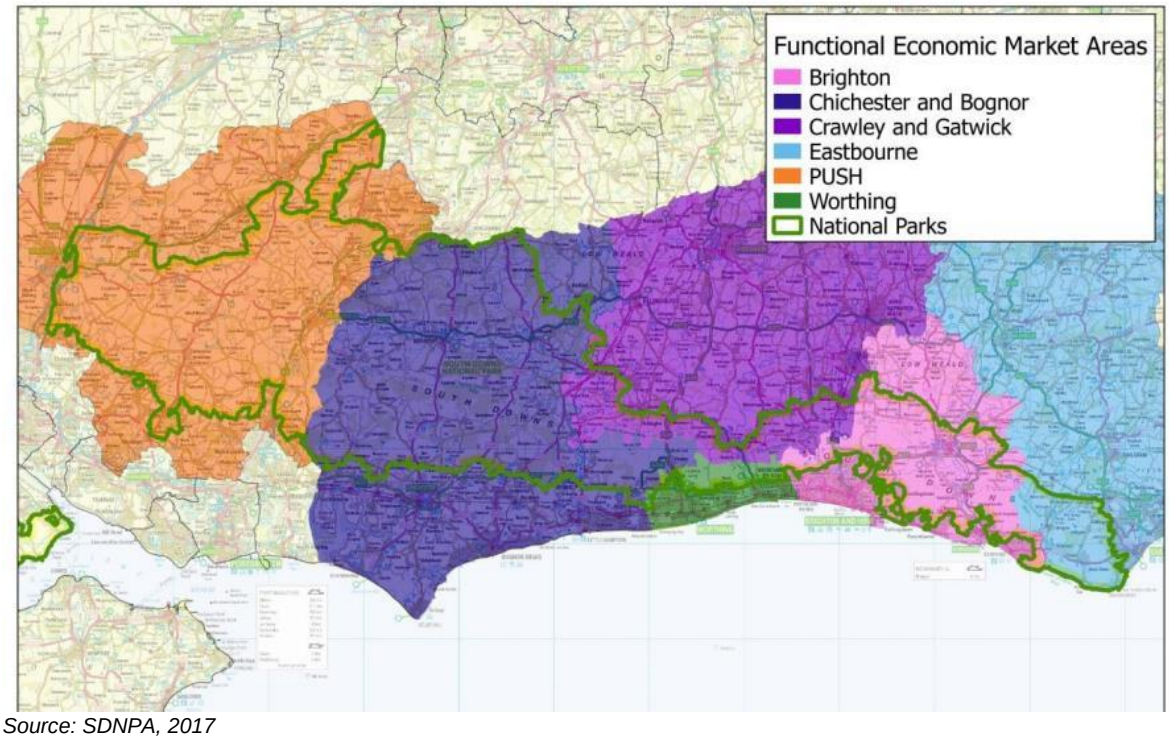
2.22 The figure below sets out the considerations for identifying a Functional Economic Market Area (FEMA) and reflects the PPG (61-069) but noting that there is no standardised approach for identifying a FEMA.

Figure 2.4 – HMA And FEMA Considerations



2.23 As illustrated, the previously identified FEMA and Travel to Work Areas are consideration for the FEMA. There is only a broad correlation between the previously identified FEMA and the HMAs across the National Park. The Coastal Sussex HMA is divided across three FEMA centred on Chichester, Worthing and Brighton. This broadly aligns with the TTWA data set out above.

Figure 2.5 - Functional Economic Market Area Across the South Downs National Park



Source: SDNPA, 2017

2.24 For the other considerations, most of the data required has not been updated since the previous definitions or are unlikely to have changed. We have however provided a light touch update where we can below:

- Extent of any Local Enterprise Partnership within the area – There are three of these across the National Park. The Enterprise M3 LEP covers Winchester and East Hampshire; the Coast to Capital LEP covers Chichester, Arun, Worthing, Adur, Horsham, Mid Sussex and Brighton and Hove and the South East LEP which includes Wealden and Eastbourne;

- Flow of goods, services and information within the local economy – Brighton is main service centre for the local economy in Sussex although there are a number of other centres including Eastbourne, Lewes, Worthing and Chichester The major service centres in Hampshire are Portsmouth and Southampton although Winchester and Eastleigh would also service the SDNP.

- Service market for consumers – Brighton is the major retail centre within the local authorities examined although those at the western end will also be serviced by Winchester, Chichester and externally Portsmouth, Guildford and Southampton and those at the eastern end by Eastbourne and to a lesser degree Lewes.

- Catchment areas of facilities providing cultural and social well-being – This is similar to the above service markets for consumers with Brighton, Winchester, Chichester and Eastbourne being the major clusters of cultural facilities although smaller town across National Park authorities (including Worthing, Petersfield and Lewes) and outside (Guildford, Portsmouth and Tunbridge Wells) it will also provide some cultural facilities to National Park residents.

- Administrative area – With the exception of Brighton and Hove, this is a two tier area with Hampshire, West Sussex and East Sussex acting as the County Councils. The Police are based across Sussex (including Brighton and Hove) and Hampshire and Isle of Wight Constabularies. The Fire Service is split across East Sussex (including Brighton and Hove), West Sussex and Hampshire and Isle of Wight; and

- Transport network – Trains are operated by Southern Rail and South Western Railway while buses are administered by the County Councils. The nearest major airports are Gatwick and Southampton.

2.25 In conclusion, there have been no major changes to these definitions since the FEMA was last examined and therefore the conclusions remain robust.

2.26 We must also remember that the purpose of these functional geographies is to ensure the relevant planning authorities engage with each other on strategic planning matters including unmet need. With this in mind the National Park Authority should continue to engage with its partner local authorities.

3. BASELINE ANALYSIS

3.1 The Office for National Statistics has produced a set of statistics for National Parks taken from the 2021 Census. This section examines the data for the South Downs National Park (SDNP) and compares it against the South East region and England.

Population

3.2 As of 2021 the population of the South Downs National Park was 113,339. This is a growth of around 996 people since the 2011 Census. This was a growth of 0.9% which is much slower than that of England (6.6%) and the South East region (7.5%). Although given restrictions to development in the National Parks this is unsurprising.

Table 3.1 Population Change (2011-2021)

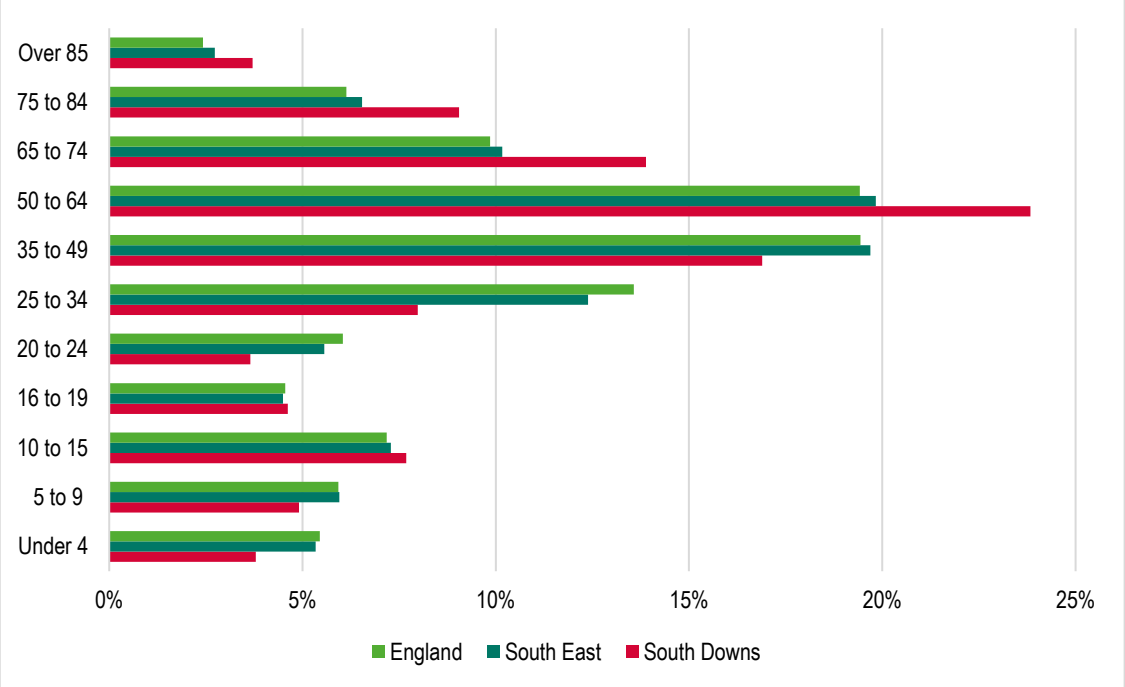
Area	2011	2021	Absolute Change	% Change
South Downs	112,343	113,339	996	0.9%
South East	8,634,750	9,278,065	643,315	7.5%
England	53,012,456	56,490,048	3,477,592	6.6%

Source: Census data 2011 and 2021

Age Profile and Economic Activity

3.3 The SDNP population is older than the region and country with the over 65's accounting for 26.6% of the population compared to 19.4% in the South East and 18.4% in England. Conversely the 16-64 age group is lower than the region and country at 57% in the South Downs compared to over 60% in the larger areas.

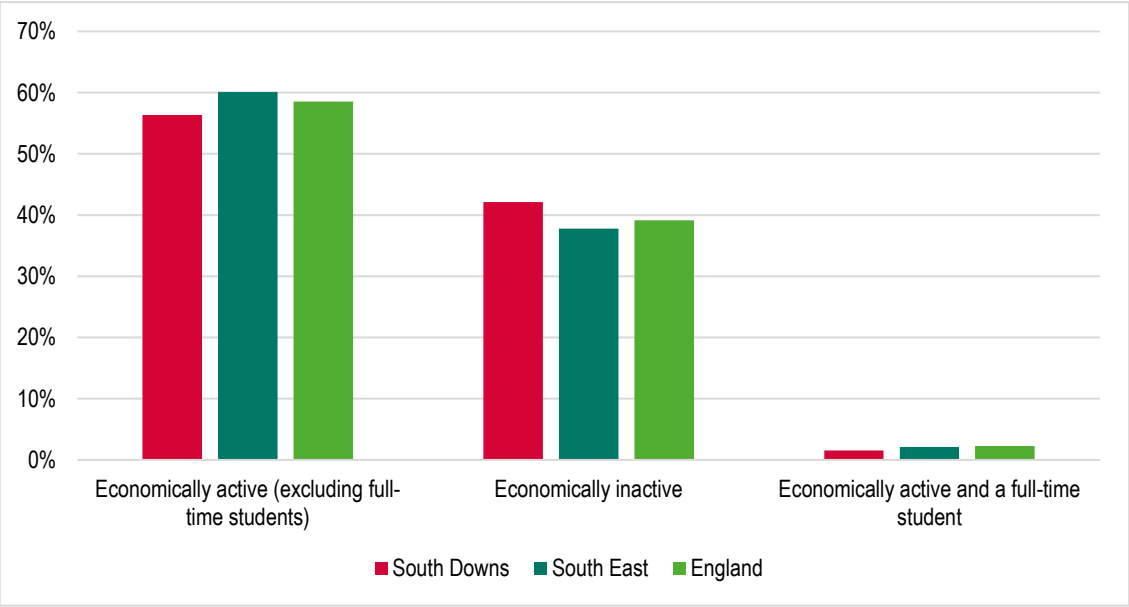
Figure 3.1 - Age Profile



Source: Census data 2021

3.4 This is unlikely to change anytime soon as the largest cohort is the 50 to 64 year olds at 23.8%. Again this is higher than the 19% seen in the comparator areas. As this group moves into retirement age this has implications on the National Parks ability to sustain a workforce. Economic activity rates in SDNP (56.3%) are already lower than both the region (60.1%) and country (58.6%) (see **Error! Reference source not found.**).

Figure 3.2 - Economic Activity



Source: Census data 2021

Disability

3.5 Despite the older population, the SDNP has a disabled population that matches the proportions seen in the wider South East region (16.1%), both are lower than the 17.3% seen in England overall. What differs between the two areas is how limited those seen as disabled are in day-to-day activities.

Table 3.2 Disabled Population

	South Downs	South East	England
Disabled under the Equality Act	16.1%	16.1%	17.3%
Day-to-day activities limited a lot	5.8%	6.3%	7.3%
Day-to-day activities limited a little	10.3%	9.9%	10.0%
Not disabled under the Equality Act	83.9%	83.9%	82.7%

Source: Census data 2021

3.6 The SDNP sees less people who are very limited (5.8%) than the South East (6.8%). This appears to be the main difference across the three areas with SNDP seeing the lowest proportion of people who are limited a lot in day-to-day tasks. This may be a factor of the rural nature of the National Park, that may not be as attractive to people who have high disability needs. It may also reflect the relative affluence of the National Park with more affluent populations tending to have better health.

Households

3.7 As of 2021 there were 48,558 households in the National Park equating to 1.3% of the South East region. The number of households has grown by 2.7% since the 2011 Census when the number of households sat at just over 47,000.

Table 3.3 Households (2011-2021)

Area	2011	2021	Absolute Growth	% Change
South Downs	47,273	48,558	1,285	2.7%
South East	3,555,463	3,807,967	252,504	7.1%
England	22,063,386	23,436,086	1,372,718	6.2%

Source: Census data 2021

3.8 Single families are the largest major household group in SDNP making up 66.6%, this is slightly higher than the region (65%) and country (63%). Conversely there a lower level of single person and 'Other' households types which sits some 2% lower than in the region and England.

3.9 Older households, both single person and single family households over 66 are in greater proportion within the SNDP than in the comparators.

3.10 Households with children generally see lower proportions in the National Park than comparator areas, cohabiting couple and lone parent families for example both see around 2% less than the

South East. Similarly other household types with dependent children are also lower than the region and country average.

3.11 Since the 2011 Census, there has been very little change with most proportions seeing less than 1% difference in 2021 compared to 2011. However, this is not the case for single family households over 65 or married/civil partnership couples. With the former increasing by 2.6% and the latter decreasing by 3.6%. This is likely a symptom of an aging population within the National Park.

Table 3.4 Household Composition (2021)

	South Downs	South East	England
One-person household	28.9%	28.4%	30.1%
Aged 66 years and over	16.1%	13.2%	12.8%
Other	12.8%	15.2%	17.3%
Single family household	66.6%	65.0%	63.0%
All aged 66 years and over	14.5%	10.2%	9.2%
Married or civil partnership couple	34.6%	33.1%	30.4%
Cohabiting couple family	9.5%	11.4%	11.6%
Lone parent family	7.7%	9.7%	11.1%
Other single family household	0.3%	0.6%	0.8%
Other household types	4.5%	6.6%	6.9%
With dependent children	1.4%	2.5%	2.7%
Other, including all full-time students and all aged 66 years and over	3.1%	4.2%	4.2%

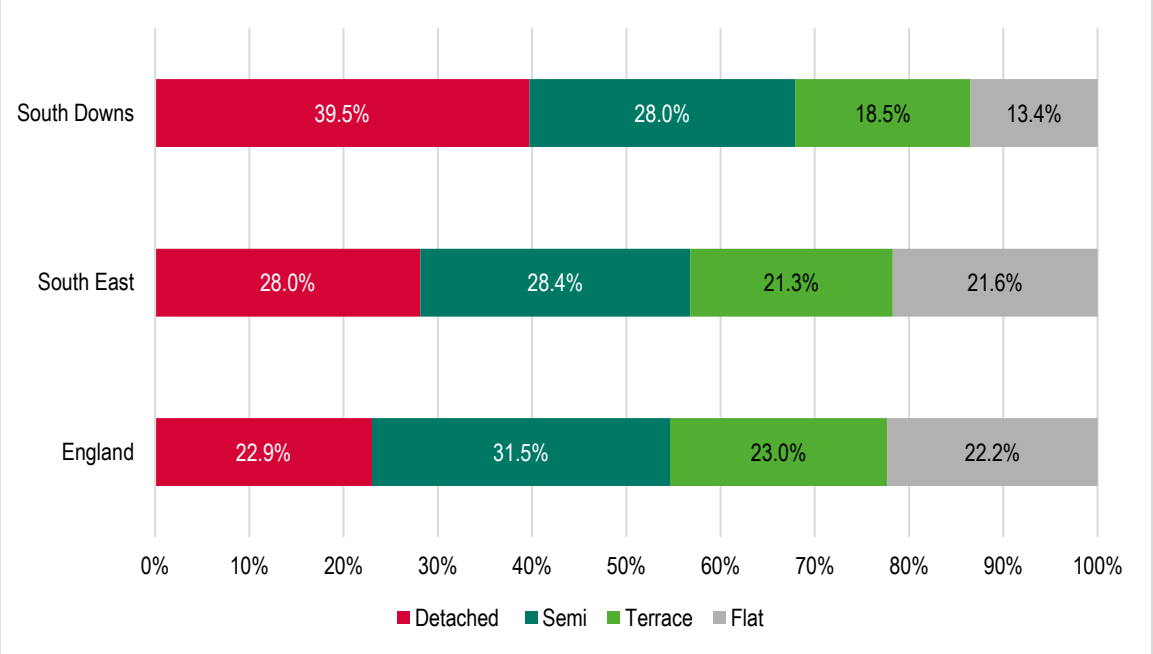
Source: Census data 2021

Housing Stock

3.12 Detached properties are by far the most common house type within the SDNP (39.5%). This compares to 28% in the South East and 22.9% nationally.

3.13 Generally, the denser a dwelling type are less common, with flats the least common at 13.4%. This will reflect the rural nature of the National Park which would not easily allow for larger numbers of very dense housing such as flats and terraces.

Figure 3.3 - Housing Type

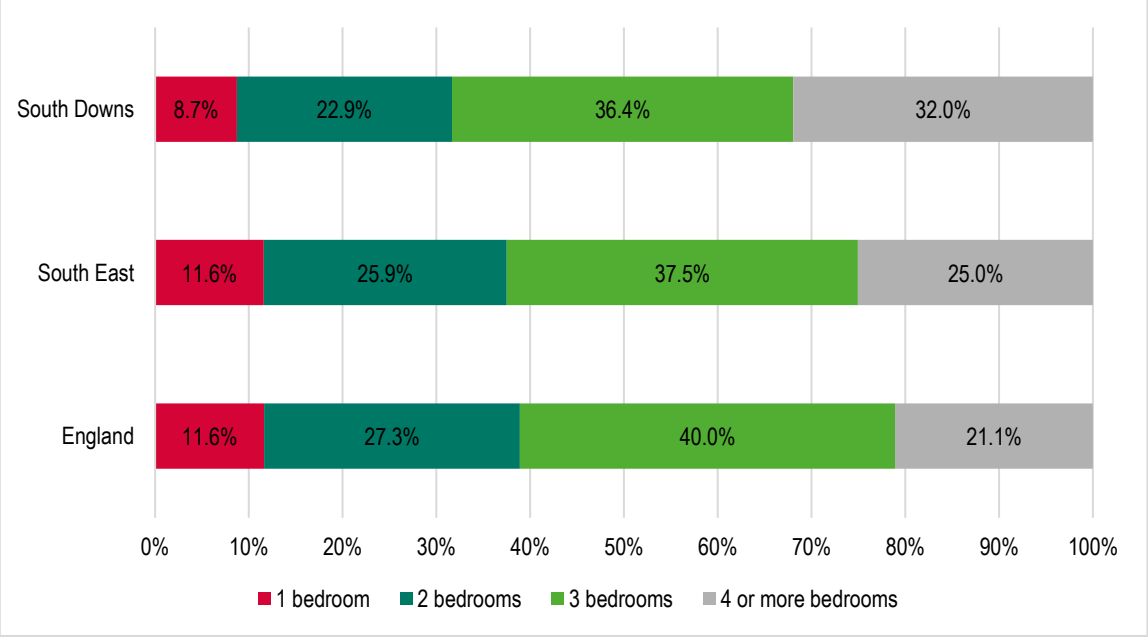


Source: Census 2021

3.14 Given the high numbers of detached and semi-detached properties in the National Park it can be expected that these translate to family sized homes.

3.15 Three bedroom properties are most common in all three assessed areas. However the percentage of 3-beds within the SDNP is lower than the country and region. Conversely there is a higher proportion of 4 plus bedroom properties.

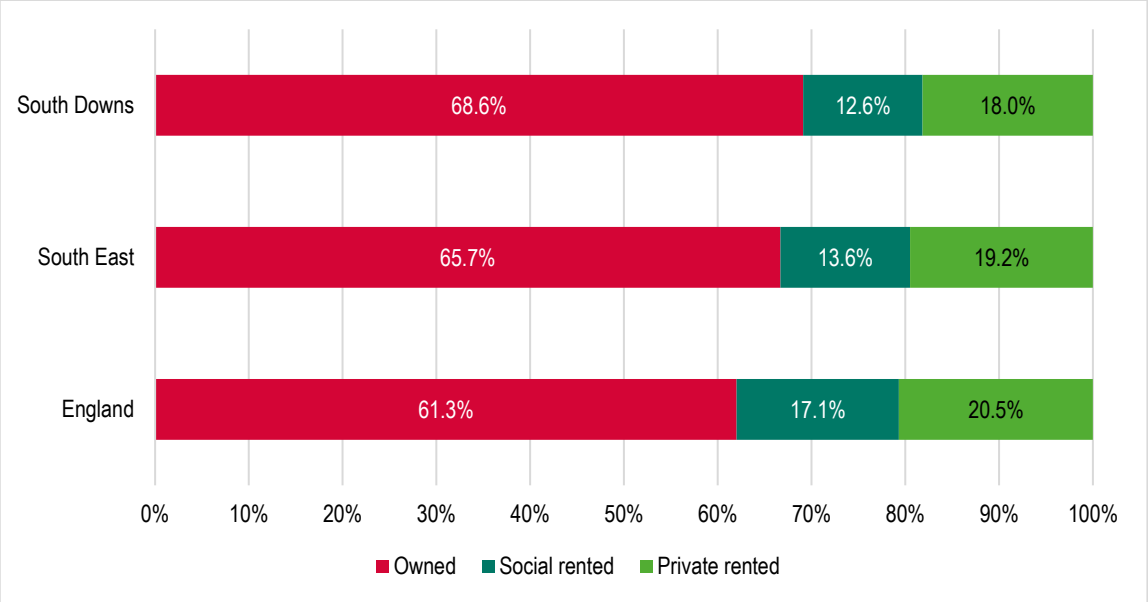
Figure 3.5 - Number of Bedrooms



Source: Census 2021

3.16 Owner Occupied (68.6%) properties are most common form of tenure in the SNDP followed by private rental properties (18%) and then social rental which includes affordable rent (12.6%).

Figure 3.6 - Tenure Type



Source: Census 2021

3.17 The level of owner occupation in the SDNP is higher than the region (65.7%) and country (61.3%) with the proportion of social renting a fair bit lower, especially when compared with England overall (17.1%).

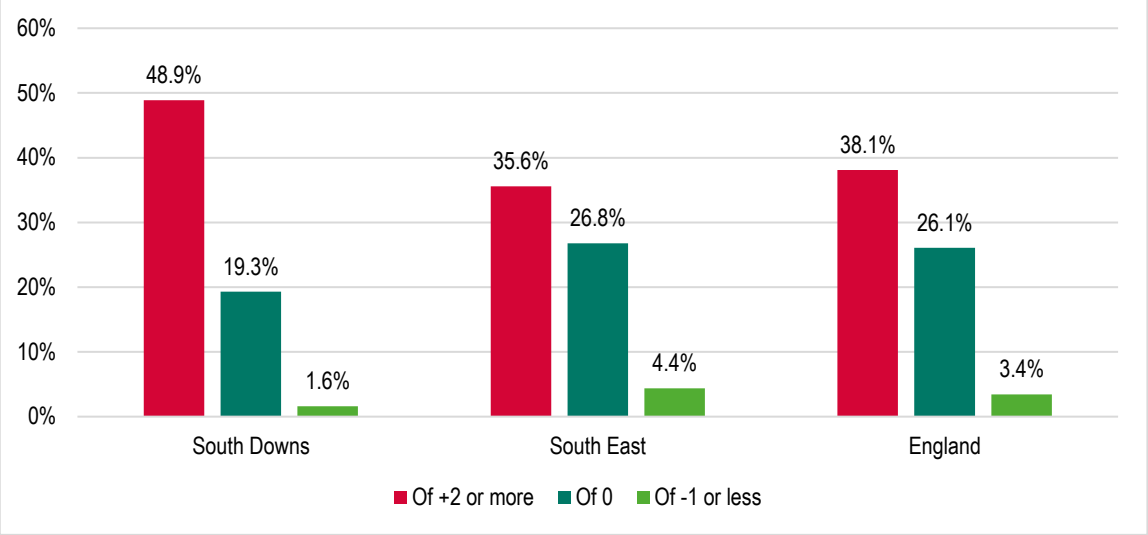
Occupancy Rating

3.18 Occupancy rating is assessed by examining the number of bedrooms in a dwelling and the required number of bedrooms for the household occupying it. The required number of bedrooms is calculated based on the age, sex and relationship of the members of each household.

3.19 Over-occupied (a negative score) means more bedrooms are required for the household, under occupied (a positive score) means that the household has more bedrooms than it requires. In relation to under-occupied properties we only focus on those with two or more extra bedrooms as often one of those bedrooms is required on a temporary basis e.g. for a live in carer

3.20 Across all areas properties are more frequently under-occupied than over-occupied or right-sized. This is particularly true in the National Park where under occupation of +2 or more is comparatively very high with almost half of all households having two or more bedrooms than they need (48.9%).

Figure 3.7 - Occupancy Rating (Bedroom Standard)



Source: Census 2021

3.21 The level of under-occupation is mainly a factor of the aging population, maintaining the family home and also an affluent are with people buying homes larger than their assessed need.

3.22 Conversely the SDNP has relatively very few over-occupied homes (1.6%) in comparison to the South East (4.4%) and England (3.4%). This reflects the types of households in the National Park (few families and HMOs) and areas with smaller BAME population although this is not statistically proven.

Baseline - Summary

3.23 As of 2021 the population of the South Downs National Park was 113,339, a growth of 0.9% since the 2011 Census. Since the 2011 Census the number of households has grown by 2.7% to 48,558.

3.24 Over 65's account for 26.6% of the population, much higher than the region and country. The opposite is true for the working age population which is under-represented. This is unlikely to improve as the population continues to age.

3.25 Single families are the largest major household group making up 66.6% of all household. Older households are in greater proportion within the SNDP than in the comparators, while households with dependent children are in lower proportion.

3.26 The Housing stock within the National Park is generally less dense with 39.5% of dwellings being detached and 32% having 4 or more bedrooms. Almost half of all household have two or more bedrooms than they need. The majority (68.6%) of households are owner-occupied, higher than the region and country.

4. OVERALL HOUSING NEED

4.1 In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the 'standard method' for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance.

4.2 The Government's intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.

4.3 The NPPF (2021) now sets out in Para 61 that to determine the minimum number of homes needed, *"strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach[6] which also reflects current and future demographic trends and market signals.*

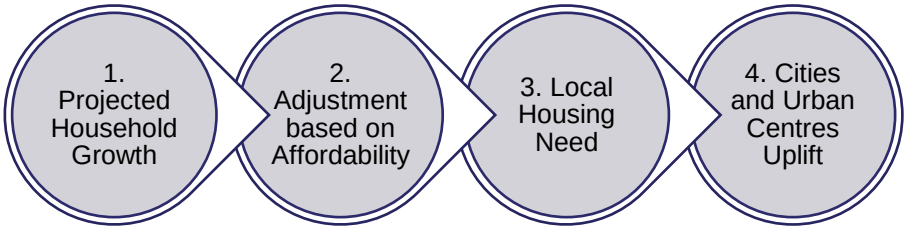
4.4 While the NPPF is not clear on what "Exceptional Circumstances" entails it would be almost certainly correct to assume that one such exception is the presence of or being a National Park. This is later confirmed by the PPG which states that for National Parks "an alternative approach will have to be used" (Reference ID: 2a-014-20190220).

The Standard Method

4.5 The standard method set out in the Planning Practice Guidance adopts a four- stage approach summarised in the Figure below.

[6] The glossary definition of local housing need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

Figure 4.1 - Overview of the Current Standard Method for Calculating Local Housing Need



4.6 Step One establishes a demographic baseline drawn from the 2014-based Household Projections and should be the annual average household growth over a ten- year period, with the current year being the first year i.e. 2023 to 2033.

4.7 Step Two applies an uplift to the demographic baseline taking account of affordability. The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is currently for 2021 and was published by ONS in March 2022.

4.8 The PPG states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent, with the calculation being as follows:

[Adjustment Factor = ((local affordability ratio – 4)/4) x 0.25]

4.9 Step Three considers whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied; however, it is the first of these which is relevant in South Downs National Park.

- The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the Local Development Plan.
- The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

4.10 A final, Step Four, was introduced by the Government through an amendment to the standard method as set out in the PPG on 16th December 2020. This additional step applies only to the 20 largest cities and urban centres in England and it is therefore not relevant for the purpose of assessing housing need in the South Downs.

4.11 The PPG also provide further guidance on alternative approaches for assessing housing need for when policy-making authority boundaries do not align with local authority boundaries or data is not available such as for National Parks. It states that:

"Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels."

4.12 In response to this lack of approach and data specifically for National Parks we have approached the assessment of housing need in two ways. In both cases we take into account the anticipated change in households as well as local affordability. In summary, these are:

- **Top Down** – Where we have examined the need for the local authorities in which the National Park is collocated using the standard method. This is then apportioned to the National Park based on a pro-rata of population inside and outside the National Park in each local authority.

- **Bottom Up** – We have created a population and household projection specifically for the National Park using the most recent available data and run this through the standard method using calculated affordability ratios for the National Park. This is also split by sub-areas based on the proportion of households in each area and a bespoke affordability ratio based on estimates of local incomes and house prices.

Top Down Approach

4.13 As outlined above we have examined the housing need using the standard method for each of the twelve local authority where the National Park is co-located. The calculation of these figures at each step is set out below.

4.14 Step 1 of the Standard Method sets out a household growth drawn from the 2014-based household projections. These show for the 12 authorities a total household growth of around 7,700 per annum over the next 10 years. This ranges from 1,234 per annum in Brighton and Hove to 310 per annum in Adur.

Table 4.1 Step 1 – Average Projected Household Growth (2023-33)

Area	Average Annual Change (Step 1)
Brighton and Hove	1,234
Eastbourne	557
Lewes	558
Wealden	857
East Hampshire	375
Winchester	435
Adur	320
Arun	895
Chichester	546
Horsham	579
Mid Sussex	699
Worthing	640
Total	7,694

Source: 2014-based Household Projections

4.15 Step 2 uplifts the figures based on the median work place based affordability ratio in each local authority. It is debatable whether such an uplift should be applied to the National Park. On one hand improving the affordability of housing to allow a greater number of people to move to the National Park is not aligning with the duty to conserve the National Park. On the other the PPG is clear that any divergence from the standard method still needs to take account of market signals which this step does.

4.16 We have therefore included within our calculations an increase to improve affordability but the precedence and necessity of this still is still to be fully established due to the lack of specific guidance on the matter.

4.17 The affordability ratios range from 9.24 in Eastbourne to 14.61 in Chichester. The corresponding uplift is 34% and 66% respectively. Applying these uplifts across each of the twelve authorities results in a housing need of around 12,000 dwellings per annum. This is the equivalent of a 55% uplift from the need using demographics alone (Step 1).

Table 4.2 Step 2 – Uplifted Housing Need

Area	Average Annual Change (Step 1)	Affordability Ratio 2021	Adjustment Factor	Adjusted Need (Step 2)
Brighton & Hove	1,234	12.86	155%	1,918
Eastbourne	557	9.42	134%	746
Lewes	558	11.64	148%	824
Wealden	857	13.76	161%	1,380
East Hampshire	375	14.51	166%	621
Winchester	435	14.14	163%	710
Adur	320	13.41	159%	509
Arun	895	12.16	151%	1,352
Chichester	546	14.61	166%	907
Horsham	579	13.93	162%	938
Mid Sussex	699	13.39	159%	1,109
Worthing	640	11.32	146%	933
Total	7,964			11,964

Source: Iceni Projects based on 2014-based Household Projections and ONS Affordability Ratios

4.18 Step 3 then caps the need at either 40% above the current Local Plan target or the 40% above Step 1. Where this is placed depends on the age of the Local Plan. Across the 12 authorities only Adur and Mid Sussex have adopted a Local Plan within the last five years. In these two areas the housing need is capped at 40% above the Local Plan target while in the others it is capped at 40% above the higher of either the Local Plan Target or Step 1.

4.19 Of the ten authorities outside Adur and Mid Sussex only East Hampshire, Winchester, Arun and Horsham have a local plan requirement greater than the household projections. In these authorities the cap is applied to 40% above their Local Plan requirement. In the other six authorities (Brighton and Hove, Eastbourne, Lewes, Wealden, Chichester and Worthing) the cap is applied at 40% above the household projections.

4.20 It should be kept in mind that the cap is only theoretical and if the uplift is less than 40% then the cap becomes redundant. The need does not increase to meet the cap. As shown in the table below, the need is reduced by around 650 dwellings to a total of around 11,300 dpa.

Table 4.3 Step 3 – Capped Housing Need

Area	Average Annual Change (Step 1)	Adjusted Need (Step 2)	Local Plan Age	Housing Target	Cap	Housing Need (Step 3)
Brighton & Hove	1,234	1,918	6	660	1,728	1,728
Eastbourne	557	746	10	240	780	746
Lewes	558	824	6	345	781	781
Wealden	857	1,380	10	450	1,200	1,200
East Hampshire	375	621	8	492	689	621
Winchester	435	710	10	625	875	710
Adur	320	509	5	177	448	448
Arun	895	1,352	4	1,000	1,400	1,352
Chichester	546	907	7	435	764	764
Horsham	579	938	7	800	1,120	938
Mid Sussex	699	1,109	4	964	1,350	1,109
Worthing	640	933	11	200	896	896
Total	7,694	11,946				11,292

Source: Iceni Projects based on 2014-based Household Projections and ONS Affordability Ratios

4.21 It should also be kept in mind that the housing requirements in these local authorities are based on the need for their Plan Area i.e. they exclude the National Park. Therefore the need and the housing requirement are not a like for like comparison. However, there is a lack of alternative data for the local authority wide need.

4.22 The fourth and final step of the Standard Method applies a 35% uplift to the housing need in the 20 largest urban areas in England including all London Boroughs. Within the twelve local authorities only Brighton and Hove falls within this category. This uplifts the need in Brighton by 605 dpa from 1,728 dpa to 2,333 dpa and the overall need from 11,292 dpa to 11,897 dpa.

Table 4.4 Annual Housing Need by Local Authority Using the Standard Method

Area	Housing Need (Step 3)	Largest Area	Housing Need (Step 4)
Brighton and Hove	1,728	Yes	2,333
Eastbourne	746	No	746
Lewes	781	No	781
Wealden	1,200	No	1,200
East Hampshire	621	No	621
Winchester	710	No	710
Adur	448	No	448
Arun	1,352	No	1,352
Chichester	764	No	764
Horsham	938	No	938
Mid Sussex	1,109	No	1,109
Worthing	896	No	896
Total	11,292		11,897

Source: Iceni Projects based on 2014-based Household Projections and ONS Affordability Ratios

4.23 The next step apportions this to those parts of the Local Authorities which fall within and outside of the National Park. To do this we have used a simple pro-rate approach based on the location of the population within a given local authority. This is based on whether the population weighted centroid of a given Output Area (the smallest area available) falls within the National Park Boundary or not.

4.24 The table below shows the proportion of population inside the National Park in each Local Authority and applies this proportion to the overall need for each local authority. As shown this results in a need for 698 dpa. This is the equivalent of 5.8% of the aggregated need for the wider local authorities.

Table 4.5 Top Down Housing Need – SDNP (23-33)

Area	Housing Need (Jan 23)	% Pop In SDNP	Housing Need in National Park
Brighton and Hove	2,333	0.2%	4
Eastbourne	746	0.0%	0
Lewes	781	22.0%	172
Wealden	1,200	2.0%	24
East Hampshire	621	26.5%	165
Winchester	710	9.8%	69
Adur	448	0.7%	3
Arun	1,352	2.4%	33
Chichester	764	25.9%	198
Horsham	938	2.0%	19
Mid Sussex	1,109	1.0%	11
Worthing	896	0.0%	0
SDNP	11,897	5.8%	698

Source: Iceni Projects.

4.25 However, this approach is not without its shortcomings:

- It assumes that need will reflect current distribution of population;
- It disregards recent trends in population growth specific to the National Park;
- there will be a considerable difference between the district and National Park affordability ratios; and
- the misalignment between need and requirement for Plan Areas in capping need;

4.26 We have therefore developed a projection specifically for the National Park which is set out below.

Bottom Up Analysis

4.27 Using the most recent demographic data we have created population and household projections for the National Park. As was seen in the previous section, ONS has now published data for National Parks, including looking at population and age structure – data from 2011 also allows consideration of a trend over the previous decade.

4.28 For this study, the analysis has also sought to look at projections for smaller areas (specifically for the parts of individual local authorities where these are within the National Park). This analysis is more complex as data is not published specifically for the National Park. We have therefore used a best fit of Output Areas (OAs) using population weighted centroids for Census data – the OAs used in analysis are taken from ONS best-fit analysis.

4.29 To look at smaller areas we need to go through a series of steps to do this but firstly we need to establish a base position. We then need to apply assumptions around natural change (births and deaths), migration (internal and international) and household formation to the base position. This allows for the development of a National Park-wide projection and draws on Census data as discussed in the previous section.

4.30 For smaller-areas a base position has also been developed and using a best-fit of Output Areas (OAs) the population of the National Park is estimated to be around 112,500 people – the vast majority of which are located within four local authorities (Chichester, East Hampshire, Lewes and Winchester) with just 11% of the total being within the other eight local authorities.

4.31 This estimate is around 800 people lower than the 2021 Census estimated and this will be due to OAs crossing the National Park boundary and in general being more likely to be placed outside rather than inside the National Park (in terms of a best-fit). Indeed, given the best-fit to OAs it is the case that Census data picks up no population within either Eastbourne or Worthing.

Table 4.6 Population in different parts of SDNP (2021)

Local Authority	Population	% of SDNP Population
Adur	437	0.4%
Arun	4,023	3.6%
Brighton & Hove	498	0.4%
Chichester	32,172	28.6%
East Hampshire	33,335	29.6%
Eastbourne	-	-
Horsham	2,950	2.6%
Lewes	21,979	19.5%
Mid Sussex	1,523	1.4%
Wealden	3,145	2.8%
Winchester	12,455	11.1%
Worthing	-	-
Total	112,517	100.0%

Source: ONS, Census 2021

4.32 For the purposes of further analysis, this data is generally split into 5 sub-areas, these being the four main local authorities (Chichester, East Hants, Lewes and Winchester) with a fifth area being the rest of the National Park.

4.33 Using the same data, the table below shows the age structure of the population in 2021 for each of the five areas. This is important as the assumptions around migration and natural change are age and sex specific.

4.34 Across the National Park, it is estimated that around 26% of the population is aged 65 and over, but this varies by location, from around 23% in Lewes, up to 32% for the Rest of National Park area. The 'Rest' area also has the lowest proportion of children, with Winchester seeing the highest figures.

Table 4.7 2021 Age structure by Sub-Area

	Under 15	15-64	65+
Chichester	14.6%	56.5%	28.9%
East Hants	15.7%	59.5%	24.9%
Lewes	15.4%	61.4%	23.3%
Winchester	16.1%	58.7%	25.2%
Rest of SDNP	13.5%	54.9%	31.6%
Total	15.1%	58.4%	26.5%

Source: ONS, Census 2021

4.35 In order to draw trends, the table below shows how the population is estimated to have changed in the period between the 2011 and 2021 Census (data again based on a best-fit of OAs). For the whole of the National Park the data is noteworthy as it shows a decline in population of around 800 people,

whereas the Census shows an increase of around 1,000 – both figures are based on Census data and so this does point to issues with the best-fit geography when looking at trends.

4.36 The reason for the difference in estimated population change will be due to the best-fit nature of the analysis, specifically there will be OAs which appeared in the National Park in 2011 but are now considered to be outside – most probably due to housing development on the edge of the National Park but outside it, thus moving the 'Centroid' of the OA from within the outside the area.

4.37 As noted, the best-fit analysis shows a modest decline in population over the decade although there are some differences by location. In particular the data shows notable declines in the population of Lewes and the 'Rest' area but increases in other locations, particularly Chichester and East Hampshire.

4.38 Focussing on Lewes, whilst a level of population decline is possible, a near 7% decline does appear quite high. Given the uncertainties in the trend-data it is considered that it should be looked at with interest but not taken forward into looking at actual trends in any specific area. The total estimated population in each area can however be considered as being broadly accurate – particularly given the modest difference of 800 people when comparing the actual National Park data with the best-fit.

Table 4.8 Population change by Sub-Area (2011 – 2021)

	2011	2021	Change	% change
Chichester	31,306	32,172	866	2.8%
East Hants	32,715	33,335	620	1.9%
Lewes	23,523	21,979	-1,544	-6.6%
Winchester	12,377	12,455	78	0.6%
Rest of SDNP	13,389	12,576	-813	-6.1%
Total	113,310	112,517	-793	-0.7%

Source: ONS, Census 2021

4.39 This is caveated to the extent that due to development the population weighted centroids can move and in doing so can move in and out of the National Park. As a result there can be larger changes than expected as whole output areas are removed or added to the analysis.

4.40 A similar analysis can be undertaken for the number of households and how this has changed in the 2011-21 period (i.e. to compare data for the National Park as an exact fit and with a best fit of Output Areas). Data in the previous section showed an estimated households in 2021 of 48,600, this being an increase of around 1,300 from 2011 levels. An increase of 1,300 being in excess of the estimated change in population of around 1,000.

4.41 The table below shows the best-fit data and interestingly this does also show an increase in households, albeit at around 600, somewhat lower than the Census. As with the population data,

there is a notable decline in estimated households in Lewes, which is likely to (at least in part) be due to boundary issues when using a best-fit methodology. Both the exact and best-fit methods do however point to falling households sizes which will be partially related to an ageing population.

Table 4.9 Household change by Sub-Area (2011-2021) – best-fit data

Local Authority	2011	2021	Change	% Change
Chichester	13,603	14,148	545	4.0%
East Hants	13,517	14,178	661	4.9%
Lewes	9,972	9,592	-380	-3.8%
Winchester	4,931	5,075	144	2.9%
Rest of SDNP	5,634	5,272	-362	-6.4%
Total	47,657	48,265	608	1.3%

Source: ONS, Census 2021

4.42 This issue of an ageing population can be studied through the Census data (exact-fit data below). The table below shows a population decline in the number of children and also those of 'working-age' (taken to be the 15-64 age group). This means there has been a notable increase (+22% or around 5,500 people) in the number of older people in the National Park (those aged 65 and over).

Table 4.10 Age structure change – SDNP (2011-2021) – exact-fit data

	2011	2021	Change	% change
Under 15	19,100	17,047	-2,053	-10.7%
15-64	68,540	66,101	-2,439	-3.6%
65+	24,703	30,195	5,492	22.2%
Total	112,343	113,343	1,000	0.9%

Source: ONS, Census 2021

4.43 Overall, the analysis above suggests that the best-fit Output Areas may not reflect trends in the National Park over the past decade. However, the source is still useful in looking at a base position in 2021 – population and household estimates from these two sources are not substantially different in 2021.

Trend-based projection

4.44 The data above (specifically regarding population change) has been used to develop a trend-based population and household projection which can then be used within the framework of the Standard Method to estimate housing need.

4.45 The methodology used to assess population and household growth is based on a standard population projection methodology consistent with the methodology used by ONS in their national population and household projections.

4.46 Essentially, the method establishes the current population and how this will change in the period from 2023 to 2033 (and beyond), by estimating the birth rate, the death rate and the number of people that will move into or out of the area. These are the principal components of population change and are used to construct our principal trend-based population projections.

4.47 The range of assumptions necessary to develop the projections, based on data availability, means that the projections should be treated with a degree of caution albeit that they follow a logical approach which is consistent with the national projections and thus can be considered to provide a reasonable estimate based on available information of housing need, leaving aside development constraints.

4.48 The key methodological approach is, however, to model for there to be a continued increase of population at a rate of around 100 people per annum – consistent with the 1,000 increase over the 2011-21 period.

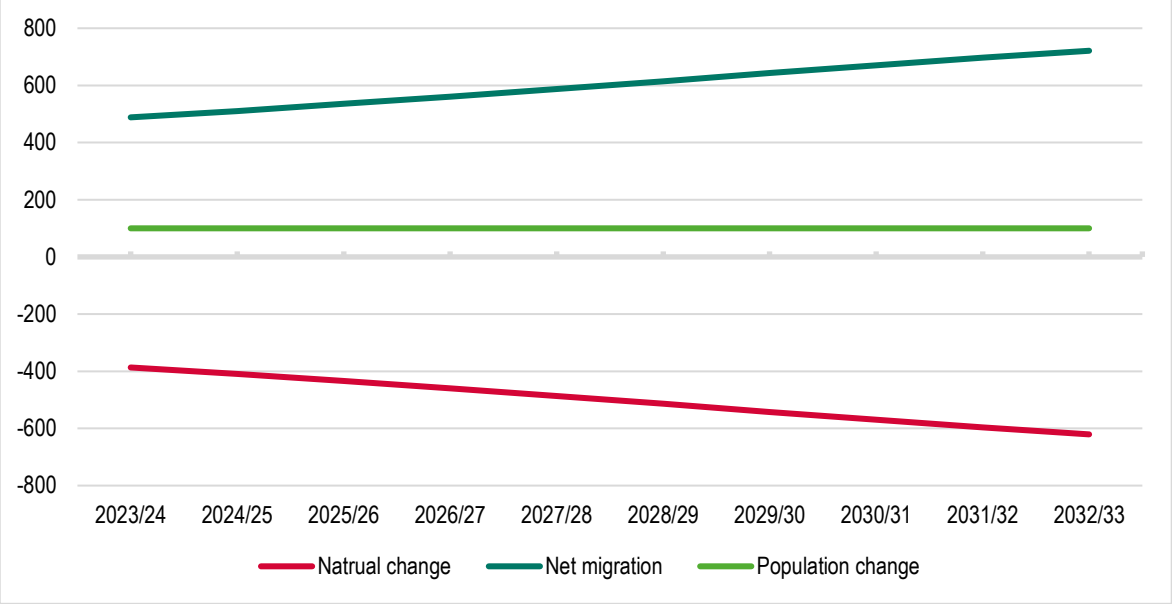
4.49 As this data is only available for the whole National Park, the projection uses that geography, however, a split between areas has also been undertaken on the basis of current estimates of population and number of households.

4.50 In modelling this, it is estimated there would be a negative natural change (i.e. more deaths than births) and a positive level of net migration. The figure below shows estimated natural change and net migration for the core projection period.

4.51 Over the 2023-33 period, natural change is projected to fall from a loss of around 390 people in 2023/24 down to around 620 people in 2032/33 – this is mainly due to the ageing population (older people having higher death rates) but also due to the latest ONS projections showing lower levels of fertility than has been seen historically.

4.52 To balance to a population increase of 100 people per annum, net migration is estimated to run at around 500 people at the start of the period, rising to approaching 800 by 2032/33.

Figure 4.2 - Components of Projected Population Change (2023/24-2032/33)



Source: Iceni Projects, based on ONS data

4.53 With the projected population change, there is also projected to be a further ageing of the population, as shown in the table below. Over the 2023-33 period, a further population decline of 793 people is projected to actually include an increase in the population aged 65 and over of around 6,000. Therefore population losses are seen for both the 16-64 and Under 16 age groups, with the population of children seeing a particularly sharp decline (of approaching 13%).

Table 4.11 Projected Population decline by broad age group - SDNP (2023/24-2033/34)

	2023/24	2033/34	Change	% Change
Under 16	18,327	16,405	-1,922	-10.5%
16-64	64,048	60,870	-3,178	-5.0%
65+	31,168	37,268	6,100	19.6%
Total	113,543	114,543	1,000	0.9%

Source: Iceni Projects, based on ONS data

Household growth

4.54 Arguably, if simply looking at a trend-based projection, then household growth would also be fixed at the change seen in the 2011-21 period (which was around 129 per annum). However, it is considered that there is a possibility of some degree of supressed household formation within this period (and potentially prior to 2011).

4.55 Therefore in the modelling, data has been taken from the 2014-based subnational household projections about household representative rates (HRRs). As with other analysis a best-fit method has been used using data from the authorities which are partially within the National Park with data then being adjusted to match the estimated number of households in 2021 (from exact-fit Census data).

4.56 The table below shows estimated population growth using these HRRs – for information, a second set of HRRs have been used. These also draw on the 2014-SNHP but also include an adjustment to younger age groups to improve formation over time. This method is typically called a part-return to trend (PRT) and has been widely used when looking at housing need.

4.57 Given the Standard Method uses the 2014-SNHP the PRT method is not initially taken forward, however, it has been used when looking at some alternative scenarios, particularly where related to economic growth later in this section. As shown, this results in a growth of around 234 households per annum with the PRT Scenario increasing this to 258 per annum.

Table 4.12 Projected change in households – range of scenarios

	Households 2023	Households 2033	Change in households	Per annum
2014-HRRs	49,011	51,349	2,338	234
PRT-HRRs	49,023	51,600	2,577	258

Source: Demographic projections

4.58 It is possible to run this household projection through the steps in the Standard Method set out earlier in this section. To do this we need to establish an affordability ratio. This is simply the median house price divided by median earnings of those in a given area.

4.59 The Standard Method is based on Workplace Earnings however these are difficult to establish for small areas. Workplace earnings are available for local authorities through the Annual Survey of Hours and Earnings (ASHE) and small area data is available for households rather than individuals and also residents based.

4.60 We have therefore triangulated these data sources based on the ratios between workplace and residents earnings (workplace earnings are around 8% lower) and between household and individual earnings (individual earnings are 26% lower than household incomes) using a best fit of MSOAs and local authorities for the National Park. This results in a rounded workplace based earnings figure of £39,900 per annum for 2021.

4.61 We then established the median house price and to do this we have used Land Registry Price Paid data and using GIS we isolated those sales within the National Park. This established a median house price of £515,000 which when divided by the workplace earnings results in an affordability ratio of 12.91. This falls within the local authority range of 9.24 in Eastbourne to 14.61 in Chichester.

4.62 When this affordability ratio is put through the standard method formula it results in an uplift of 56% which as the table below results in a Step 2 need of 364 dpa. As the SDLP is less than 5 years old then the need would be capped at 40% above their planned housing provision of 250 dpa. This would therefore cap the need to 350 dpa.

4.63 This capped level would remain once the Park Plan reaches 5 years old as the cap is applied to the higher of Step 1 or the Housing Provision. In this case the Housing Provision number of 250 dpa is higher than Step 1 (234 dpa). The cap would therefore by 40% above 250 dpa which is 350 dpa.

4.64 We have not applied Step 4 as the National Park as a whole is not one of the 20 largest urban areas in the Country.

Table 4.13 Bottom – Up Housing Need – South Downs National Park

Area	SDNP 2014-HRRs
Average Annual Change (Step 1)	234
Affordability Ratio 2021	12.91
Adjustment Factor	1.56
Adjusted Need (Step 2)	364
Local Plan Age	4
Housing Provision	250
Cap	350
Housing Need (Step 3)	350

Source: Iceni Projects, based on ONS and HMLR data

4.65 As well as providing an estimated need for the whole park, it is possible to look at how this might split between sub-areas – looking at the 12 local authorities where there is some coverage in the National Park. As with above the analysis looks at a household growth estimate and also an affordability ratio.

4.66 For household growth, the method takes the overall annual change shown above (234 dpa) and splits this on a pro-rata basis depending on the proportion of households in each area (as shown from a best-fit of 2021 Census data).

4.67 For an affordability ratio, analysis of Land Registry data on prices and estimated incomes have been used – for incomes, the base data available is for households and this has been adjusted to make a best estimate of full-time earnings (as used in the Standard Method).

4.68 The table below shows the various data used in this assessment and how this splits between the different areas. Overall, the table totals to a need for 376 dpa – higher than the National Park-wide estimate of 364 dpa due to the impact different local level affordability ratios make. We have therefore recast these figures to 350 to align with the established National Park need.

Table 4.14 Bottom – Up Housing Need – South Downs National Park – by local authority

	% of HHs	HH growth	Income	House price	Aff. Ratio	Uplift	Need	Need Recast to 350 dpa
Adur	0.1%	0	£29,600	£785,000	26.52	141%	1	1
Arun	3.8%	9	£40,100	£475,500	11.86	49%	13	12
B&H	0.1%	0	£46,900	£518,500	11.06	44%	0	-
Chichester	29.3%	69	£36,200	£495,000	13.67	60%	110	102
E Hants	29.4%	69	£33,800	£492,000	14.56	66%	114	106
E'bourne	0.0%	-	-	-	-	-	-	-
Horsham	2.5%	6	£38,500	£585,000	15.19	70%	10	9
Lewes	19.9%	47	£42,700	£485,000	11.36	46%	68	63
M Sus'x	1.3%	3	£39,900	£610,000	15.29	71%	5	5
Wealden	3.1%	7	£35,900	£625,000	17.41	84%	13	12
Winch'r	10.5%	25	£45,400	£680,000	14.98	69%	41	38
Worthing	0.0%	-	-	-	-	-	-	-
TOTAL	100.0%	234	-	-	-	-	376	350

Source: Iceni Projects, based on ONS and HMLR data

4.69 The figures show need ranging from 'negligible' in Brighton & Hove, Eastbourne and Worthing (along with a figure of just one for Adur) up to 106 dwellings per annum in East Hampshire (and 102 in Chichester).

Housing Need Conclusion

4.70 As shown, the overall need calculations range from 350 dpa in the bottom up approach to 698 dpa in the top down report. As the bottom up approach is based on local demographic evidence and market signals specific to the National Park, as per the PPG it is more robust and is a better illustration of need than the top down approach.

4.71 Within the bottom up approach a greater focus should be placed on the scenario relying on the 2014-based HRR as the affordability uplift is in part intended to improve household formation rate thus a scenario which already improves these through a part return to trend would be addressing this issue twice.

4.72 While the 350 dpa figure is closest to the Standard Method, it is debateable whether these uplifts should apply to the National Park. That notwithstanding the 350 dpa figure is also a capped figure and according to the PPG the full need is the 364 dpa (from Step 2) and that "strategic policies adopted with a cap applied may require an early review and updating to ensure that any housing need above the capped level is planned for as soon as is reasonably possible." This would include it being considered as part of the unmet need.

Relationship Between Housing and Economic Growth

4.73 The analysis to follow considers the relationship between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change).

4.74 While there is nothing within the PPG to suggest a need to align economic and housing growth this is a fairly typical approach undertaken by local authorities seeking to align their housing and economic policies.

4.75 To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections.

4.76 The analysis then moves on to look at the labour-supply growth likely to be required to meet job growth forecasts and then convert this into an estimate of household growth and hence housing need. The analysis initially looks at projections for the 2023-33 period to be consistent with the demographic projections set out previously but also looks at a 2022-40 period to be consistent with the economic forecasts.

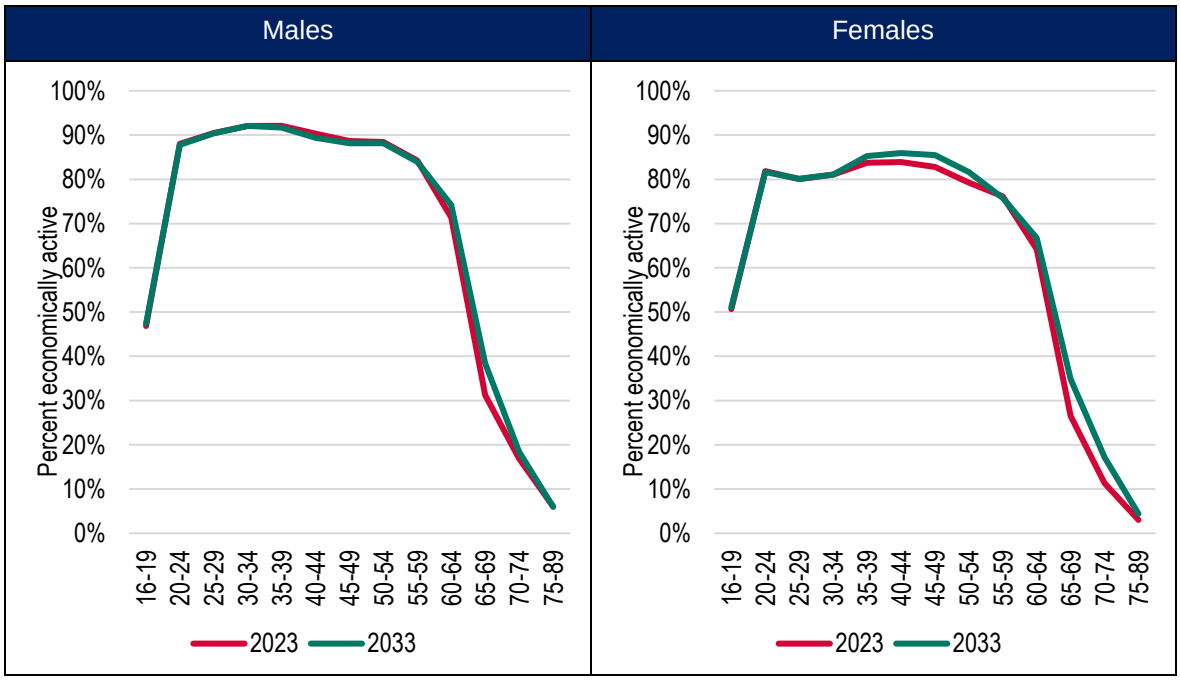
Change in Resident Labour Supply

4.77 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report). Base figure for 2021 have been adjusted for overall estimates of the number of economically active people in the National Park (based on an exact-fit geography)

4.78 The figure and table below show the assumptions made for the National Park. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the

number of older people working for longer (which in itself is linked to general reductions in pension provision).

Figure 4.3 – Projected changes to economic activity rates (2023 and 2033) – SDNP



Source: Based on OBR and Census (2011 and 2021)

Table 4.15 Projected changes to economic activity rates (2023 and 2033) – SDNP

	Males			Females		
	2023	2033	Change	2023	2033	Change
16-19	46.8%	47.4%	0.5%	50.7%	51.1%	0.4%
20-24	88.0%	87.8%	-0.3%	81.8%	81.6%	-0.2%
25-29	90.5%	90.4%	-0.1%	80.1%	80.1%	0.1%
30-34	92.1%	92.1%	0.0%	81.0%	81.0%	0.0%
35-39	92.1%	91.7%	-0.4%	83.7%	85.3%	1.6%
40-44	90.3%	89.4%	-0.9%	83.9%	85.9%	2.0%
45-49	88.7%	88.2%	-0.5%	82.8%	85.4%	2.7%
50-54	88.4%	88.1%	-0.3%	79.3%	81.7%	2.4%
55-59	84.3%	84.0%	-0.3%	76.1%	75.8%	-0.3%
60-64	71.4%	74.2%	2.8%	64.2%	66.8%	2.6%
65-69	31.2%	38.4%	7.2%	26.5%	34.8%	8.3%
70-74	16.9%	18.4%	1.5%	11.3%	17.2%	5.8%
75-89	6.0%	6.0%	-0.1%	3.0%	4.4%	1.4%

Source: Based on OBR and Census (2011 and 2021)

4.79 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the National Park – this is set out in the table below. The analysis shows that the projection linked to the trend-based projection results in a decline in the economically-active population of 260 people – a 0.5% decrease.

Table 4.16 Estimated change to the economically active population (2023-33) – SDNP

	Economically active (2023)	Economically active (2033)	Total change in economically active	% change
Trend-based	54,681	54,423	-258	-0.5%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

4.80 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

4.81 Given the nature of the National Park it is difficult to determine a commuting ratio (the relationship between the number of people working in the area and the number of people living in the area who are working (regardless of location). In addition, the latest data on commuting is quite old, coming from the 2011 Census.

4.82 The approach taken in this report is therefore to assume a 1:1 relationship between workers and jobs for new jobs. Such a scenario is normal even for areas where good commuting data exists as it essentially assumes a match between homes and jobs – i.e. in this case the National Park would not be relying on other areas to provide housing for local workers and also would not be providing additional housing for people to work outside the National Park.

4.83 In reality, such is the complex nature of this National Park it will inevitably draw its labour force from a wide range of areas. Particularly as the south of the National Park is bounded across much of its areas by urban settlements. While this might be termed as unsustainable this would depend on the location of the jobs and also the modes of transport available.

Double Jobbing

4.84 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests that typically about 4% of workers have a second job across the South East and this figure has been used as a best estimate for SDNP.

4.85 A double jobbing figure of 4% gives rise to a ratio of 0.96 (i.e. the number of jobs supported by the workforce will be around 4% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

4.86 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers. Given the estimates of economic activity and job growth are taken from 2022 and 2023 it is considered that there is no need to include a further adjustment to take account of the pandemic. Essentially it is assumed that people who lost employment through the pandemic will now be back in work (where they are seeking work) and so there is no latent labour supply available to fill additional jobs.

Jobs Supported by Change in the Resident Labour Force

4.87 The table below shows how many additional jobs might be supported by population growth under the trend-based projection (demographic growth of 234-258 households per annum). Given a 1:1 commuting pattern and estimates about double jobbing, it is estimated that around 270 job losses would be 'supported' by the changes to the resident labour supply.

Table 4.17 Jobs supported by demographic projections (2023-33) – SDNP

	Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Trend-based	-258	-269	-269

Source: Derived from a range of sources

Economic Growth and Housing Need – Background

4.88 To look at estimates of the numbers of homes required to support jobs growth, the method which is followed is identical to that set out for translating homes into jobs but completed in reverse to get to a population growth. .

4.89 This level of population growth is then applied to household formation rates to get to a household growth. A final adjustment to reflect a level of vacancy in the housing stock is applied to the household growth to get to dwelling growth. The stages can be summarised as:

- Start with estimates of job growth;
- Estimate changes required to the economically active population to meet the jobs growth – this takes account of information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment;
- Flex levels of migration within the demographic model so that the change in the economically active population equals the change required to meet the number of jobs (migration can be 'flexed' up or down with stronger economic growth resulting in higher net in-migration as more people are required in the labour-supply); and
- Apply household representative rates to the resulting population projection and apply a vacancy allowance to calculate the number of households and dwellings needed.

4.90 Two job forecasts have been analysed and in addition modelling has been undertaken to look at housing need if there were no job growth – i.e. the economically active population is the same at the start of the projection period as at the end – this zero change to labour-supply has been modelled for the 2023-33 period to be consistent with previous demographic projections as is presented below.

4.91 The table below shows that maintaining the economically active population at 2023 levels by 2033 would require household growth of around 2,800 over the 10-years (assuming the PRT-HRRs) – this is 276 per annum. The second table below shows how this would split down by sub-area (i.e. for each area to maintain the economically active population) – with the latter table it should be noted figures are based on a best-fit of Output Areas and the figures do not exactly sum to the National Park-wide estimates.

Table 4.18 Projected change in households – zero change to economically active population

	Households 2023	Households 2033	Change in households	Per annum
2014-HRRs	49,011	51,525	2,515	251
PRT-HRRs	49,023	51,779	2,756	276

Source: Demographic projections

Table 4.19 Projected change in households – PRT-HRRs (by sub-area) – zero change to economically active population

	Households 2023	Households 2033	Change in households	Per annum
Chichester	14,270	15,137	868	87
East Hampshire	14,277	15,048	771	77
Lewes	9,648	10,183	535	54
Winchester	5,106	5,374	268	27
REST	5,334	5,664	329	33
Total – SDNP	48,635	51,406	2,772	277

*Source: Demographic projections *rounding means the total figure is increased to 277 dpa.*

4.92 We would not put these figures through the standard method as this will draw in additional workforce meaning that it is no longer a zero change scenario. However, greater stock should be placed on the PRT-scenario in this instance as it helps to improve household formation rates within the existing population.

Economic Growth and Housing Need – linking to job growth forecasts

4.93 Moving on to the job growth forecasts, a high and low scenario have been developed with the following estimates of job growth for the 2022-40 period:

- Low jobs = 3,009
- High jobs = 4,813

4.94 As noted, the demographic model developed to look at housing need has been used to consider the link between jobs and housing. Within the modelling, migration assumptions have been changed so that the increase in the economically active population matches the increase in the resident workforce required. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

4.95 In line with earlier assumptions on changes in economic participation and commuting, we assume an increase in the resident workforce in line with the growth in people in employment (i.e. a 1:1 ratio between growth in people working in SDNP and residents in work). The analysis also assumes that 4% of people hold down more than one job.

4.96 Once the level of economically active population matches the job growth forecast, the population (and its age structure) is modelled against the HRRs, using the HRRs in the 2014-based household projections with a 'part return to trend' adjustment to headship rates for those aged 25-44. The assumptions assume affordability improves in order to support improved household formation amongst younger households, moving back towards longer-term trends over time. A 3% vacancy

allowance is then included in relating household growth to housing need, consistent with the approach earlier in this report.

4.97 The first part of the analysis is to estimate what level of growth in the labour supply would be needed for the job growth forecast to be met. The table shows growth in the resident labour supply of between 2,900 and 4,600 people.

Table 4.20 Forecast job growth and change in resident workforce (2022-40)

	Total additional jobs	Allowance for double jobbing (=change in economically active)	Allowance for commuting
Low	3,009	2,889	2,889
High	4,813	4,620	4,620

Source: Derived from a range of sources

4.98 Drawing through the modelling assumptions set out upfront, the table below shows estimates of housing need set against the job growth scenarios. The analysis shows a range of need across the National Park of between 384 and 450 dwellings per annum.

Table 4.21 Economic-led Housing Need – SDNP

	Households 2022	Households 2040	Change in households	Per annum	Dwellings (per annum)
Low	48,782	55,492	6,710	373	384
High	48,782	56,648	7,866	437	450

Source: Demographic projections

4.99 For reference, the table below shows an estimate of how the age structure of the population would be projected to change under the High scenario. The data is for the 2023-33 period (to be consistent with other demographic modelling and is included to show that these higher household growth figures do generate higher population growth. The age structure is still projected to see a notable ageing, but with this scenario, there is not a modest increase in the number of people aged 16-64.

Table 4.22 Projected age structure change linked to economic forecasts (High)

	2023	2033	Change	% change
Under 16	18,420	17,587	-833	-4.5%
16-64	64,544	65,138	594	0.9%
65+	31,251	38,157	6,907	22.1%
Total	114,215	120,883	6,668	5.8%

Source: Demographic projections

4.100 This represents an unconstrained level of economic growth and arguably housing need and The National Park authority will need to make a policy decision as to the level of economic growth it can

accommodate and what the housing implications of this would be and where that need should be met.

4.101 For example if it were to plan for a greater level of economic growth but is unable to meet the housing need associated with it, assumptions would need to be made about where the additional labour force would be drawn from and the consequences for increased in-commuting considered. This may also require duty to cooperate discussions with neighbouring local authorities to provide the additional housing.

4.102 The delivery of 276 dwellings per annum will ensure a continuation of the existing labour force without changing commuting patterns.

Housing Need – Summary

4.103 The NPPF (2021) sets out in Para 61 that to determine the minimum number of homes needed, "strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

4.104 The PPG provides further guidance on what exceptional circumstances may justify an alternative approach, including where policy-making authorities do not align with local authority boundaries or data is not available such as for National Parks. It states that:

> *"Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels."*

4.105 In response we have approached the assessment of housing need in the National Park in two ways:

- Top Down – Where we have examined the aggregate need for the local authorities in which the National Park is co-located using the standard method. This is then apportioned to the National Park based on a pro-rate of population inside and outside the National Park in each local authority. This method produces a figure of 698 dpa for the National Park area. However, this approach does not look at the trends in population growth within the National Park and how need in future might differ from the current distribution of the population. We have therefore developed a projection specifically for the National Park which is set out below.

- Bottom Up – We have created a population and household projection specifically for the National Park using past trends and the most recent available data (Census 2021) and run this through the standard method using calculated affordability ratios for the National Park. This method

produces a figure of 350 dpa based on a household growth of 234 dpa and a capped uplift of 40% and is compliant with the PPG.

4.106 As the bottom up approach is based on local demographic evidence and market signals specific to the National Park, as per the PPG it is more robust and is a better illustration of need than the top down approach.

4.107 We carried out further work to see what level of housing would support more positive population and economic activity levels. This work shows that, in order to maintain the existing level of economically active population, then 276 dwellings per annum would need to be delivered.

5. AFFORDABLE HOUSING NEED

Introduction

5.1 This section provides an assessment of the need for affordable housing in SDNP and the five key sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.

5.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for 'social/affordable rented housing' and 'affordable home ownership' although in reality it is possible for a home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership.

5.3 The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

5.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for *'affordable housing for rent'* as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:

- **Current affordable housing need**: an estimate of the number of households who have a need now, at the point of the assessment, based on a range of secondary data sources – this figure is then annualised so as to meet the current need over a period of time;
- **Projected newly forming households in need**: using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
- **Existing households falling into need**: based on studying past trends in the types of households who have accessed social/affordable rented housing; and

- **Supply of affordable housing**: an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

5.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

5.6 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

5.7 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that "*cannot afford their own homes, either to rent, or to own, where that is their aspiration*" as having an affordable housing need.

5.8 This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

5.9 The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

5.10 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

5.11 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the

purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

5.12 The analysis below considers the entry-level costs of housing to both buy and rent across the National Park. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

5.13 Data from the Land Registry for the year to September 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £193,000 for a second-hand flat and rising to over £600,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £361,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 5.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to September 2022 – SDNP

	Lower quartile price
Flat/maisonette	£193,000
Terraced	£334,000
Semi-detached	£400,000
Detached	£623,000
All dwellings	£361,000

Source: ONS Small area house prices

5.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £170,000 for a 1-bedroom home, rising to £550,000 for homes with 4-bedrooms.

Table 5.2 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to September 2022 – SDNP

	Lower quartile price
1-bedroom	£170,000
2-bedrooms	£300,000
3-bedrooms	£415,000
4-bedrooms	£550,000
All Dwellings	£361,000

Source: Land Registry and Internet Price Search

5.15 A similar analysis has been carried out for private rents using a combination of ONS data and a review of homes to let through internet price searches – again the data seeks to cover a 12-month period to September 2022. The analysis shows a lower quartile cost (across all dwelling sizes) of £1,150 per month.

Table 5.3 Lower Quartile Market Rents, year to September 2022 – SDNP

	Lower Quartile rent, pcm
1-bedroom	£650
2-bedrooms	£1,000
3-bedrooms	£1,300
4-bedrooms	£1,750
All properties	£1,150

Source: Derived from ONS and Internet Price Search data

5.16 It is of interest for this study to see how prices and rents vary by location. The table below shows an estimate of the overall lower quartile house price and private rent in each of the sub-areas; this is based on Land Registry data for prices and analysis of online data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in parts of the National Park within Winchester (and other LAs) and lowest in East Hampshire.

Table 5.4 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Chichester	£350,000	£1,120
East Hampshire	£338,000	£1,090
Lewes	£348,000	£1,115
Winchester	£449,000	£1,385
All other LAs	£470,000	£1,440
All SDNP	£361,000	£1,150

Source: Internet private rental cost search and Land Registry

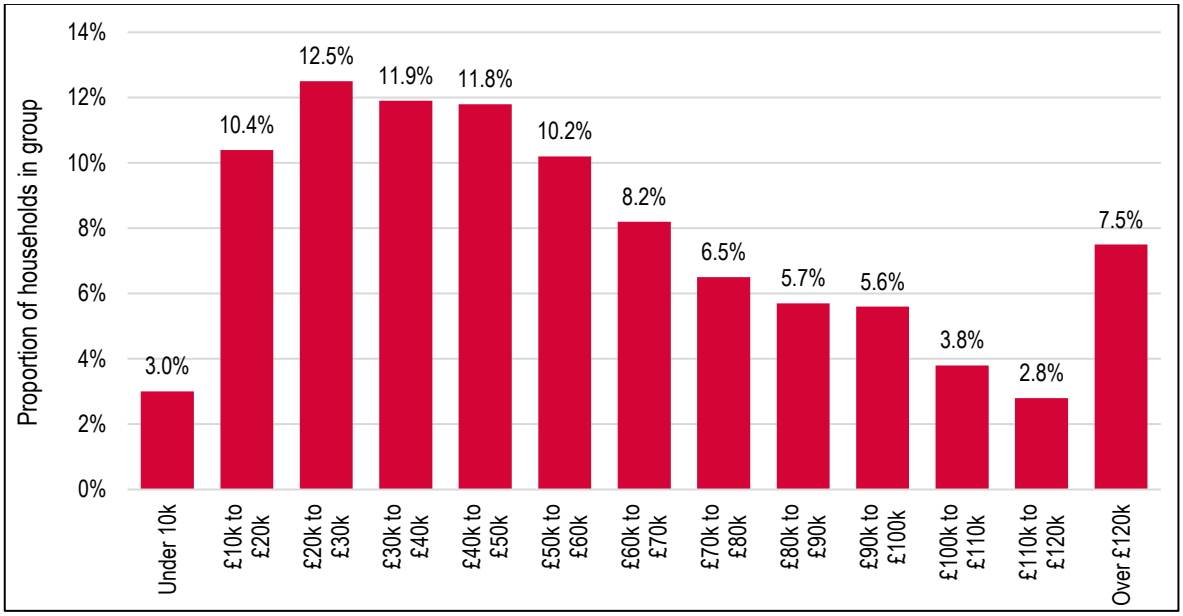
Household Incomes

5.17 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

5.18 Drawing this data together an income distribution for the whole Park has been constructed for 2022. The figure below shows that around a third of households have incomes below £30,000 with a further

quarter in the range of £30,000 to £50,000. Overall, the average (mean) income is estimated to be around £58,700, with a median income of £50,300; the lower quartile income of all households is estimated to be £29,200.

Figure 5.1: Distribution of household income (2022) – SDNP



Source: Derived from range of data sources

5.19 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each location, the table also shows the variance in incomes from the National Park average. There is some variation in the estimated incomes by area, median figures ranging from £47,400 in Chichester, up to £57,900 in Winchester.

Table 5.5 Estimated average (median) household income by sub-area (mid-2022)

	Median income	As a % of Borough average
Chichester	£47,400	94%
East Hampshire	£51,100	102%
Lewes	£47,700	95%
Winchester	£57,900	115%
All other LAs	£51,900	103%
All SDNP	£50,300	100%

Source: Derived from range of data sources

Affordability Thresholds

5.20 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the

estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

5.21 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

5.22 At £1,150 per calendar month, lower quartile rent levels in SDNP are above average in comparison to those seen nationally (a lower quartile rent of £610 for England in the year to September 2022). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £1,150 pcm rent would imply a gross household income of about £46,000 (and in net terms the rent would likely be around 39% of income).

5.23 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.

5.24 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.

5.25 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their income. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.

5.26 The table below shows the estimated incomes required to both buy and rent (privately). This shows a notable ‘gap’ across the National Park. The information in the table below is taken forward into further analysis in this section to look at affordable needs for different types of home.

Table 5.6 Estimated Household Income Required to Buy and Privately Rent

	To buy	To rent (privately)	Income gap
Chichester	£70,000	£44,800	£25,200
East Hampshire	£67,600	£43,600	£24,000
Lewes	£69,600	£44,600	£25,000
Winchester	£89,800	£55,400	£34,400
All other LAs	£94,000	£57,600	£36,400
All SDNP	£72,200	£46,000	£26,200

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

5.27 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the National Park. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

5.28 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 5.7 Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Households in overcrowded housing	Census (2021)	Analysis undertaken by tenure
Concealed and homeless households	2021 Census data on concealed households	-
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates from 2021 Census
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

5.29 The table below shows the initial estimate of the number of households within the National Park with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently some 2,400 households living in unsuitable housing (or without housing).

Table 5.8 Estimated Number of Households Living in Unsuitable Housing

	Homeless/ concealed household	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Chichester	108	206	48	309	671
East Hampshire	117	228	37	301	684
Lewes	101	221	30	216	568
Winchester	76	52	10	112	250
All other LAs	80	57	8	116	261
All SDNP	482	764	134	1,054	2,433

Source: Derived from a range of sources

5.30 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

5.31 The table below shows it is estimated that there are around 1,400 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

Table 5.9 Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	591	59
Affordable housing	489	0
Private rented	872	872
No housing (homeless/concealed)	482	482
Total	2,433	1,413

Source: Derived from a range of sources

5.32 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.

5.33 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).

5.34 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).

5.35 Overall, around two-thirds half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 930 households in the National Park. The table below also shows how this is estimated to vary by sub-area.

Table 5.10 Estimated Current Affordable Housing Need (for social/affordable rented housing)

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Chichester	372	64.0%	238
East Hampshire	381	60.2%	230
Lewes	315	64.8%	204
Winchester	170	71.7%	122
All other LAs	175	78.0%	137
All SDNP	1,413	65.8%	930

Source: Derived from a range of sources

5.36 The estimated figure shown above (930) represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2023 to 2033, the need is annualised by dividing by 10 (to give an annual need for 93 dwellings across all areas). This does not mean that some households would be expected to wait 10-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly-Forming Households

5.37 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in

households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

5.38 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

5.39 The number of newly forming households has been estimated through demographic modelling (linked to trend-based projections). This is considered to provide the best view about future trend-based household formation in SDNP.

5.40 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

5.41 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.

5.42 The assessment suggests overall that over half of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 341 newly forming households having a need per annum on average across the National Park.

Table 5.11 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Chichester	166	56.3%	93
East Hampshire	193	51.0%	99
Lewes	129	55.8%	72
Winchester	66	57.3%	38
All other LAs	60	65.7%	39
All SDNP	614	55.6%	341

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

5.43 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.

5.44 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*. Following the analysis through suggests a need arising from 99 existing households each year across the National Park.

Table 5.12 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total additional need	% of total
Chichester	30	30.2%
East Hampshire	26	26.8%
Lewes	21	21.2%
Winchester	11	10.7%
All other LAs	11	11.1%
All SDNP	99	100.0%

Source: Derived from a range of sources

Supply of Social/Affordable Rented Housing Through Relets

5.45 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

5.46 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe and LAHS has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

5.47 On the basis of past trend data is has been estimated that 163 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

Table 5.13 Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
Chichester	63	38.5%
East Hampshire	43	26.6%
Lewes	33	20.4%
Winchester	15	9.1%
All other LAs	9	5.4%
All SDNP	163	100.0%

Source: CoRe/Census (2021)

5.48 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable Rented Housing

5.49 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 370 affordable dwellings per annum across the National Park. The net need is calculated as follows:

Net Need = Current Need (allowance for) + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 5.14 Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
Chichester	24	93	30	147	63	84
East Hampshire	23	99	26	148	43	105
Lewes	20	72	21	113	33	80
Winchester	12	38	11	60	15	46
All other LAs	14	39	11	64	9	55
All SDNP	93	341	99	533	163	370

Source: Derived from a range of sources

The Relationship Between Affordable Need and Overall Housing Numbers

5.50 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes'

5.51 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

5.52 Firstly, the modelling contains a category in the projection of *'existing households falling into need'*; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains *'newly forming households'*; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

5.53 This just leaves the *'current need'*; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.

5.54 It is possible to investigate this is some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 222 homes per annum across the National Park. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

5.55 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 44 per annum (current need) is in addition to demographic projections.

Table 5.15 Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – SDNP

	Including existing households	Excluding existing households
Current need	93	44
Newly forming households	341	341
Existing households falling into need	99	0
Total Gross Need	533	385
Re-let Supply	163	163
Net Need	370	222

Source: Derived from a range of sources

5.56 To reiterate, while we have calculated an affordable housing need of 370 per annum some of this is from households already in accommodation who would release their home for another household to use should a more appropriate house become available. It also includes newly forming households which are a main component of the household projections which feed into the overall need and therefore not additional to that need.

5.57 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

5.58 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.

5.59 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils and National Parks to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

5.60 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.

5.61 Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; and the Authority should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

5.62 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

5.63 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the National Park. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can

viably be provided. **As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise**.

5.64 Finally, whilst there is no direct link between the affordable need and overall housing need, it is the case that the levels of affordable need can feed into considerations about housing need, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

5.65 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

5.66 The table below shows estimated current rent levels in the National Park for a range of products. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are notably lower than estimated lower quartile market rents.

Table 5.16 Comparison of rent levels for different products – SDNP

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent
1-bedroom	£394	£581	£650
2-bedrooms	£461	£724	£1,000
3-bedrooms	£534	£864	£1,300
4-bedrooms	£589	£1,052	£1,750

Source: RSH, ONS and VOA

5.67 For the affordability test, a standardised average rent for each product has been used based on the proportion of stock in each size category across the South East. The table below suggests that around 36% of households who cannot afford to rent privately could afford an affordable rent, with a further 34% being able to afford a social rent (but not an affordable one). A total of 25% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 5.17 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	36%
Afford social rent	34%
Need benefit support	30%
All unable to afford market	100%

Source: Affordability analysis

5.68 The finding that 36% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

5.69 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

5.70 On this basis, it is not recommended that the authority has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes (and particularly socially rented housing) are likely to be required.

Establishing a Need for Affordable Home Ownership

5.71 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including 'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'. However, at the time of writing, there is no guidance about how the number of such households should be measured.

5.72 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap'

between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

5.73 The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

5.74 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the National Park – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.

5.75 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 23% already have sufficient income to buy a lower quartile home, with 24% falling in the rent/buy 'gap'. The final 53% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing.

5.76 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

Table 5.18 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Chichester	24%	23%	54%
East Hampshire	28%	24%	48%
Lewes	24%	23%	53%
Winchester	18%	28%	55%
All other LAs	12%	25%	63%
All SDNP	23%	24%	53%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

5.77 The finding that a proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests for some households, barriers

to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

5.78 To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2021 Census there were some 8,555 households living in the sector across the National Park (using a best-fit estimate).

5.79 Data from the English Housing Survey (EHS) suggests that 60% of all PRS households expect to become an owner at some point (5,100 households if applied to SDNP) and of these some 40% (2,100 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

5.80 As noted above, on the basis of income it is estimated that around 24% of the private rented sector sit in the gap between renting and buying (varying by area). Applying this proportion to the above figures would suggest a current need for around 490 affordable home ownership units (49 per annum if annualised over a 10-year period).

5.81 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 216 dwellings (143 from newly forming households and 73 from existing households in the private rented sector).

5.82 Bringing together the above analysis suggests that there is a need for around 266 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the National Park. This is before any assessment of the potential supply of housing is considered.

Table 5.19 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Chichester	14	37	21	72
East Hampshire	14	45	20	79
Lewes	10	29	15	54
Winchester	6	18	9	33
All other LAs	5	15	8	28
All SDNP	49	143	73	266

Source: Derived from a range of sources

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

5.83 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.

5.84 One source is likely to be resales of low cost home ownership products with data from the 2021 Census pointing to a stock of shared ownership of 367. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate around 10 resales each year. These properties would be available for these households and can be included as the potential supply.

5.85 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in SDNP there were a total of 1,238 resales (i.e. excluding newly-built homes) in the last year (year to September 2022) and therefore around 310 would be priced below the lower quartile. This is 310 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in excess of the level of need calculated.

5.86 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyer with a mortgage buy at or below the lower quartile[7]. Other recent data

[7] https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

suggests that first time buyers account for around half of home purchase loans[8] with a total of around 65% of all homes being bought with a loan (35% as cash buyers[9]).

5.87 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% × 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.

5.88 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (10 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (164 per annum (154+10)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (319 per annum (310+10)).

5.89 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 256 dwellings per annum and this reduces to 101 if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a surplus of affordable home ownership shown.

Table 5.20 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	266	266	266
LCHO supply	10	164	319
Net need	256	101	-53

Source: Derived from a range of sources

5.90 Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

[8] https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009

[9] https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb

Implication of the Analysis

5.91 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is largely based on only considering supply from resales of affordable home ownership. If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.

5.92 Regardless, it does seem that there are many households in SDNP who are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 19% from 2011 to 2021 (following a much higher increase in the 2001-11 period. Over the same period (2011-21), the number of owners with a mortgage dropped by 7%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

5.93 On this basis, and as previously noted, it seems likely in SDNP that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).

5.94 The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils (and authorities) being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

5.95 Firstly regarding the 10%, it is not clear that this is the best solution in the National Park. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. In SDNP, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

5.96 Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other

forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.

5.97 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households.

5.98 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

5.99 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

5.100 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

5.101 The analysis and discussion above suggest there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the authority may need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).

5.102 The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the

main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.

5.103 The reason for the analysis to follow is that it will be important for the Authority to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (including First Homes)

5.104 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

> *First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:*
>
> *a) must be discounted by a minimum of 30% against the market value;*
> *b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
> *c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*
> *d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).*
>
> *First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.*

5.105 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

5.106 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level

of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in SDNP is £1,000 per month;
- On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £3,300 per month to afford (£1,000/0.3) or £40,000 per annum; and
- With an income of £40,000, it is estimated that a household could afford to buy a home for around £200,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as £40,000*4.5/0.9.

5.107 Therefore, £200,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in SDNP. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

5.108 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £300,000, giving a midpoint of £250,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership). It should be noted that a figure of £250,000 is at the price cap for First Homes.

5.109 To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.

5.110 The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are typically more expensive than existing homes in the stock although the overall average ‘premium’ (of 20%) will be influenced by the profile of homes. If the figures for different dwelling types are standardised on the basis of the volume of newbuild sales in different categories then it is estimated that the typical newbuild premium in the National Park is still

around 20% – this figure has therefore been used in calculations of OMV and against which a discount can be judged.

Table 5.21 Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to September 2022 – SDNP

	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£175,000	£292,000	67%
Terraced	£306,000	£395,000	29%
Semi-detached	£351,000	£425,000	21%
Detached	£541,000	£536,000	-1%
All dwellings	£340,000	£407,000	20%

Source: Land Registry

5.111 The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 20%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £400,000 (rather than the modelled £360,000) then the discount would be up to 50%.

5.112 On the basis of the specific assumptions used, the analysis points to a discount of in excess of 30% for all sizes of accommodation. Given there is a cap of £250,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 3+-bedroom homes to be provided as First Homes (and in some cases 2-bedroom homes).

Table 5.22 Affordable home ownership prices – data for year to September 2022 – SDNP

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£130,000-£150,000	£204,000	26%-36%
2-bedrooms	£200,000-£250,000	£360,000	31%-44%
3-bedrooms	£260,000-£337,500	£498,000	32%-48%
4+-bedrooms	£350,000-£450,000	£660,000	32%-47%

Source: Derived from a range of sources

Key Points in Relation to First Homes

5.113 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Authority in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Authority that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

- *Is there a justification for a discount of greater than 30%, if so, what should it be?*

5.114 Arguably there is a case to seek a discount in excess of 30% - a higher discount will certainly make homes cheaper and therefore potentially open up additional households as being able to afford. In addition, the analysis does suggest that larger homes could potentially need a higher discount to make them affordable.

5.115 However, providing a higher discount may well have an impact on viability, meaning the Authority will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market). The Authority could therefore investigate higher discounts, but it is not recommended to seek figures higher than 30%, unless this can be proven to not impact on overall affordable delivery. If sticking at 30% it is possible that delivery would need to mainly be of 1-bedroom homes (to keep within the price cap).

- *Is the maximum price of £250K after discount an appropriate maximum sales value?*

5.116 In SDNP the answer to this is certainly, yes. SDNP is a high price area and there is really no scope for this price cap to be lowered (it cannot be increased). As can be seen from previous analysis, a 30% price discount on a 2-bedroom home would still lead to an estimated purchase price of around £52,000 (a figure in excess of the cap).

- *Is the national threshold of £80,000 for household income appropriate?*

5.117 Given the conclusions regarding the price cap, and the fact that there is likely to be a link between prices and incomes (in terms of guidance) it seems reasonable that the upper end threshold is maintained. However, the analysis in this report assumes a household could secure a 4.5 times mortgage multiple (and a 10% deposit). Applying these figures to a £250,000 home would actually lead to an income of £50,000, however it is likely that many households with a higher income are currently unable to afford to buy a home and therefore the higher figure is reasonable. Additionally, it is unclear at this stage what size of multiple lenders might offer against a First Home.

- *What is the level of need for such products?*

5.118 In some ways, this is a difficult question to answer. The analysis is clear that there are likely to be a number of households whose incomes sit in the range of being able to afford to privately rent, but not being able to buy a home. It can be concluded that as long as First Homes are made available for an affordable price, it is likely there will be a strong demand (although some households in the rent/buy gap may not choose a discounted product given that the discount is held in perpetuity). Alternatively, it is possible that First Homes see demand from those who can technically afford

housing in the existing market – this would not be meeting a need but would arguably provide some demand for this type of home.

5.119 Regardless of the need/demand, it is not recommended that the Authority seek to reduce the amount of social/affordable rented homes by prioritising First Homes. The evidence does not support the Authority in seeking more than 25% of affordable housing as First Homes.

- *Should the Authority set local eligibility criteria?*

5.120 First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. The Authority can therefore prioritise key workers for First Homes, and are encouraged to do so, especially if they have an identified local need for certain professions.

5.121 To ensure First Homes are available to local residents and workers a local connection eligibility criteria could be used. This could be in-line with any criteria within local allocations policy and for example could require potential purchasers to demonstrate that they:

- Live in SDNP (for a period of time (possibly 2-years));
- Work over 16 hours a week in SDNP, or
- Have a close relative (parent, adult son or daughter or adult sibling) who has lived in SDNP for a period of time

5.122 Additional preference could be given to essential workers. Annex 2 of the NPPF also includes the needs of essential local workers *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers'* [emphasis added]. Essential local workers are defined as *'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers'*.

Shared Ownership

5.123 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.

5.124 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

5.125 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:

- OMV at LQ price plus 20% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25-years at 4%;
- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and
- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

5.126 The table below shows that to make shared ownership affordable, equity shares in the region of 8% to 16% could work for different sizes of home. It therefore seems it will be difficult to make shared ownership ‘work’ and the Authority could consider additional rented homes of these sizes where it is difficult to make homes genuinely affordable.

5.127 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 5.23 Estimated Affordable Equity Share by Size – SDNP

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£204,000	£360,000	£498,000	£660,000
Share	16%	8%	13%	15%
Equity Bought	£33,500	£30,400	£64,500	£96,400
Mortgage Needed	£30,100	£27,400	£58,000	£86,700
Monthly Cost of Mortgage	£159	£145	£306	£458
Retained Equity	£170,500	£329,600	£433,500	£563,600
Monthly Rent on Retained Equity	£391	£755	£993	£1,292
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£650	£1,000	£1,300	£1,750

Source: Data based on Housing Market Cost Analysis

5.128 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 16% equity share for a 1-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 16% share, but a total cost in excess of £650 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

5.129 A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller ‘step’ to be taken on to the home ownership ladder.

5.130 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

5.131 In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared

ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Affordable Housing – Summary

5.132 Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.

5.133 The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

5.134 When looking at rented needs, the analysis suggests a need for 370 affordable homes per annum across the National Park. Despite the level of need being high in relation to demographic trend-based estimates of need, it is not considered that this points to any requirement for the Authority to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). **That said, the level of affordable need does suggest the Authority should maximise the delivery of such housing at every opportunity.**

5.135 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

5.136 When looking at AHO products, the analysis is inconclusive about whether or not there is a need. Although the evidence does suggest that there are many households in SDNP who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the National Park is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

5.137 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent. Overall, given the cost of housing locally, it seems very difficult for any affordable home ownership products to be provided and be considered as 'genuinely affordable'. This again points to the need for the Authority to prioritise delivery of rented affordable housing where possible.

5.138 However, in deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Authority will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

5.139 Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

6. HOUSING MIX

Introduction

6.1 This section considers the appropriate mix of housing across SDNP, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

6.2 The number of families in SDNP (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 12,000 as of the 2021 Census, accounting for 25% of households; this proportion is lower than that seen in other areas with particularly low proportions of married couple households with children.

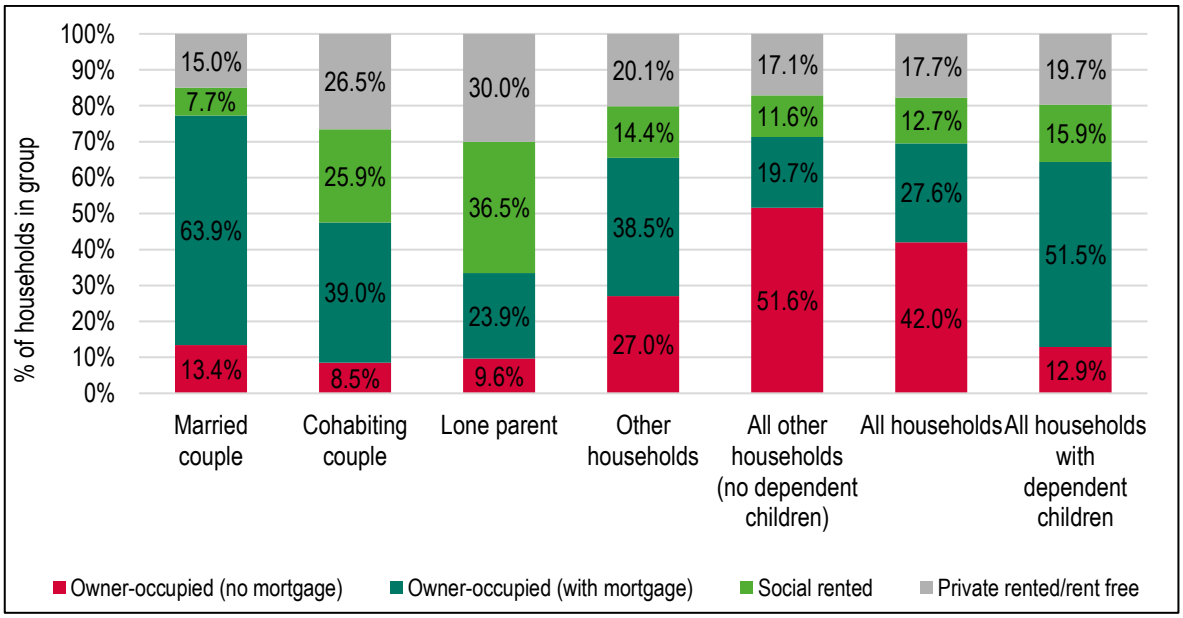
Table 6.1 Households with dependent children (2021)

	SDNP		South East	England
	No.	%	%	%
Married couple	7,420	15.4%	16.3%	14.4%
Cohabiting couple	1,660	3.4%	4.4%	4.5%
Lone parent	2,181	4.5%	6.0%	6.9%
Other households	703	1.5%	2.5%	2.7%
All other households	36,289	75.2%	70.9%	71.5%
Total	48,253	100.0%	100.0%	100.0%
Total with dependent children	11,964	24.8%	29.1%	28.5%

Source: Census (2021)

6.3 The figure below shows the tenure of households with dependent children – this data being a best-fit from the 2021 Census. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In SDNP, only 34% of lone parent households are owner-occupiers compared with 77% of married couples with children.

Figure 6.1 - Tenure of households with dependent children (2021) – SDNP



Source: Census (2021)

The Mix of Housing

6.4 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections it is possible to see which age groups are expected to change in number, and by how much.

6.5 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period to 2033 (from 2023).

6.6 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. Across all tenures, the data shows a dwelling profile skewed towards larger properties when compared with regional and national data – particularly for market housing. Observations about the current mix feed into conclusions about future mix later in this section.

Table 6.2 Number of Bedrooms by Tenure, 2021

		SDNP	South East	England
Owner-occupied	1-bedroom	3%	4%	4%
	2-bedrooms	18%	21%	21%
	3-bedrooms	37%	42%	46%
	4+-bedrooms	42%	33%	29%
	Total	100%	100%	100%
Social rented	1-bedroom	28%	31%	29%
	2-bedrooms	35%	35%	36%
	3-bedrooms	33%	31%	31%
	4+-bedrooms	3%	4%	4%
	Total	100%	100%	100%
Private rented	1-bedroom	17%	24%	21%
	2-bedrooms	35%	38%	39%
	3-bedrooms	36%	27%	29%
	4+-bedrooms	13%	12%	11%
	Total	100%	100%	100%

Source: Census (2021)

Overview of Methodology

6.7 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

6.8 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

6.9 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

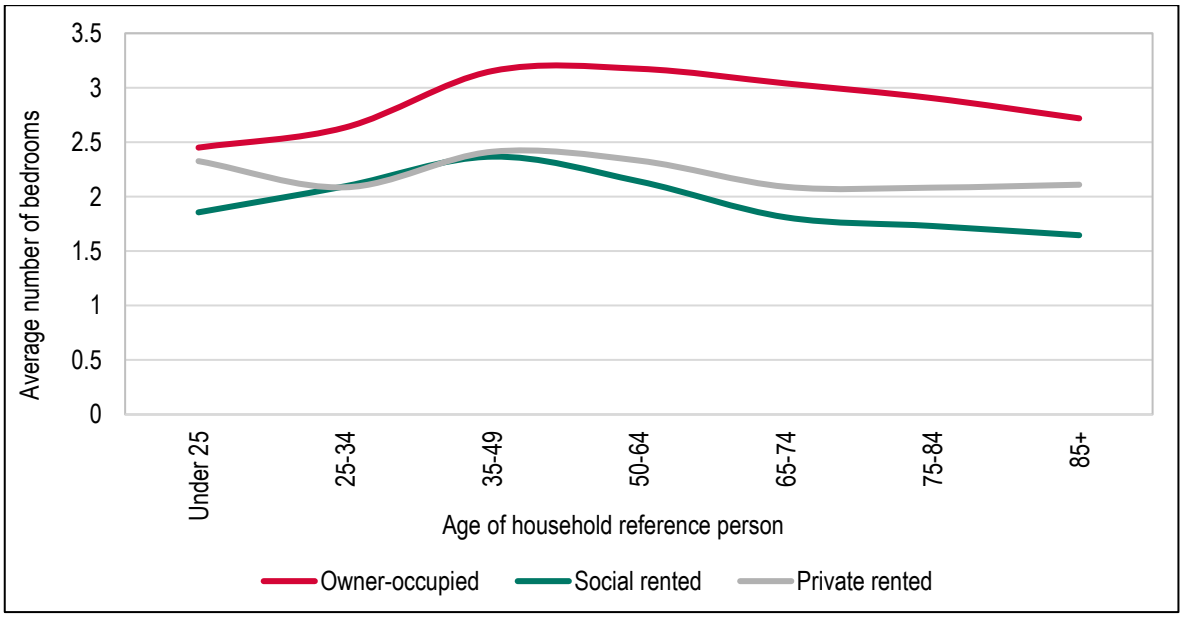
6.10 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

6.11 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

6.12 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census).

6.13 Given the geography of the National Park and that the relevant Census data does not go below local authority level, analysis has used occupancy data for the South East which has been adjusted to take account of the different profile of housing in the National Park (as shown previously). For reference, the figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for the South East region. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.

Figure 6.2 - Average Bedrooms by Age and Tenure in the South East



Source: Census (2021)

6.14 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the South East region (i.e. without an adjustment for the local housing profile). Assumptions are applied to the projected changes in Household Reference

Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

6.15 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in many age groups and in particular some older age groups. The number of households headed by someone aged 50-64 is projected to see a notable decline over the period studied.

Table 6.3 Projected Change in Household by Age of HRP in SDNP – linking to trend-based projections

	2023	2033	Change in Households	% Change
Under 25	641	744	103	16.0%
25-34	3,465	3,066	-399	-11.5%
35-49	9,690	9,761	71	0.7%
50-64	15,379	14,109	-1,269	-8.3%
65-74	9,373	11,411	2,039	21.8%
75-84	7,583	8,315	733	9.7%
85+	2,893	4,193	1,300	44.9%
TOTAL	49,023	51,600	2,577	5.3%

Source: Demographic Projections

Initial Modelled Outputs

6.16 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and

function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

6.17 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 6.4 Modelled Mix of Housing by Size and Tenure in SDNP (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	39%	35%	17%
Affordable home ownership	18%	33%	31%	18%
Affordable housing (rented)	36%	33%	27%	5%

Source: Housing Market Model

Table 6.5 Modelled Mix of Housing by Size and Tenure in SDNP (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	41%	36%	12%
Affordable home ownership	25%	35%	23%	16%
Affordable housing (rented)	38%	32%	24%	6%

Source: Housing Market Model

Table 6.6 Modelled Mix of Housing by Size and Tenure in SDNP (combining methodologies)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	40%	35%	14%
Affordable home ownership	22%	34%	27%	17%
Affordable housing (rented)	37%	32%	26%	5%

Source: Housing Market Model

Indicative Targets for Different Sizes of Property by Tenure

6.18 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented

6.19 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need

for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to by younger single people). On this basis, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 30-35%
- 2-bedroom: 30-35%
- 3-bedroom: 25-30%
- 4+-bedroom: 5-10%

Affordable Home Ownership

6.20 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate (although it is recognised that analysis did not definitively show a need for this tenure of housing):

- 1-bedroom: 15-20%
- 2-bedroom: 35-40%
- 3-bedroom: 30-35%
- 4+-bedroom: 10-15%

Market Housing

6.21 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations. The conclusions have also slightly boosted figures for larger (3+-bedroom) homes to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:

- 1-bedroom: 5-10%
- 2-bedroom: 35-40%
- 3-bedroom: 35-40%
- 4+-bedroom: 15-20%

6.22 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

6.23 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Authority could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Housing Mix – Summary

6.24 The proportion of households with dependent children in SDNP is fairly low with around 25% of all households containing dependent children in 2021 (compared with around 29% regionally and nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

6.25 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population.

6.26 In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 30-40% to have at least 3-bedrooms.

Table 6.7 Suggested Mix of Housing by Size and Tenure – SDNP

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	35-40%	35-40%	15-20%
Affordable home ownership	15-20%	35-40%	30-35%	10-15%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

6.27 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which

feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure.

6.28 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Authority should also monitor the mix of housing delivered.

6.29 Given the nature of the area and the needs identified, the majority of units should be houses rather than flats – particularly for homes with 2- or 3-bedrooms. Consideration will also need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development). There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation is unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

7. ACCOMMODATION FOR OLDER PEOPLE AND DISABLED PEOPLE

7.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

7.2 The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of SDNP are presented.

Current Population of Older People

7.3 The table below provides baseline population data about older persons in SDNP and compares this with other areas. The population data has been taken from the 2021 Census. The table shows that SDNP has an older age structure than other areas with 26% of the population being aged 65 and over, this compares with 19% regionally and 18% nationally.

Table 7.1 Older Persons Population, 2021

	SDNP	South East	England
Under 65	73.5%	80.6%	81.6%
65-74	13.8%	10.2%	9.8%
75-84	9.0%	6.5%	6.1%
85+	3.7%	2.7%	2.4%
Total	100.0%	100.0%	100.0%
Total 65+	26.5%	19.4%	18.4%
Total 75+	12.7%	9.3%	8.6%

Source: Census (2021)

Projected Future Change in the Population of Older People

7.4 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that SDNP is projected to see a notable increase in the older person population. The projection linking to past trends shows a projected increase in the population aged 65+ of around 20% - the population aged Under 65 is in contrast projected to decrease by 6%. In total population terms, the projections show an increase in the

population aged 65 and over of 6,100 people. This is against a backdrop of an overall increase of 1,000.

Table 7.2 Projected Change in Population of Older Persons, 2023 to 2033 – SDNP

	2023	2033	Change in population	% change
Under 65	82,375	77,275	-5,100	-6.2%
65-74	15,377	18,337	2,961	19.3%
75-84	11,410	12,488	1,079	9.5%
85+	4,381	6,442	2,061	47.0%
Total	113,543	114,543	1,000	0.9%
Total 65+	31,168	37,268	6,100	19.6%
Total 75+	15,791	18,931	3,140	19.9%

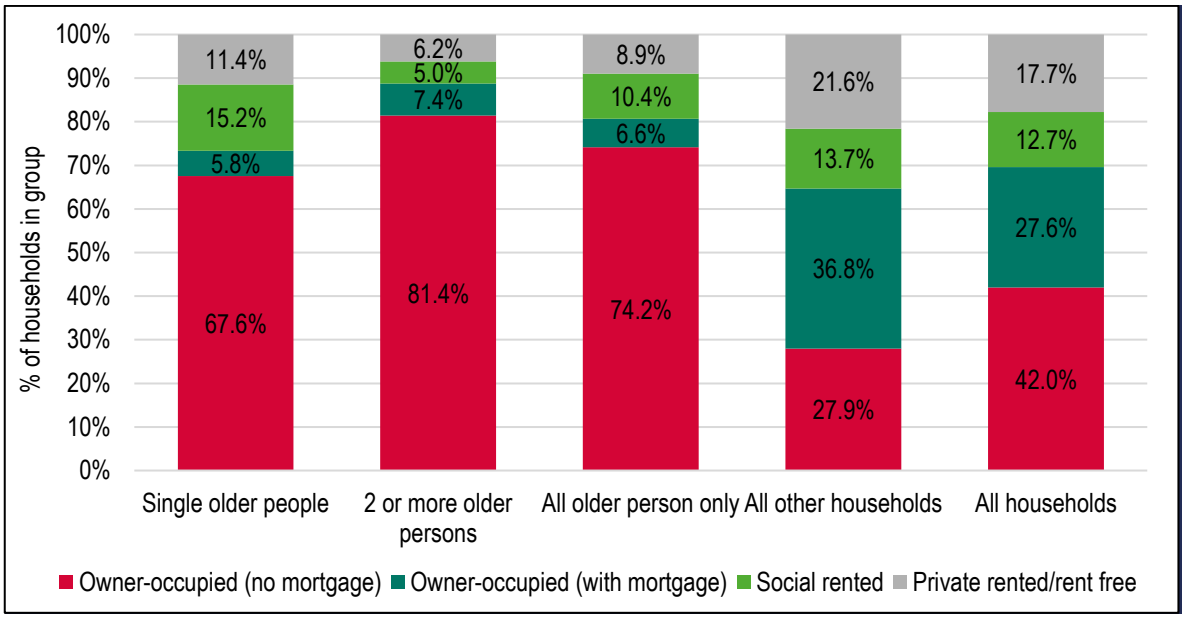
Source: Demographic projections

Characteristics of Older Person Households

7.5 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (81% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 10% of older persons households across the National Park live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 9%).

7.6 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Figure 7.1 - Tenure of Older Persons Households in SDNP, 2021



Source: 2021 Census

Prevalence of Disabilities

7.7 The table below shows the proportion of people who are disabled under the Equality Act drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 29% of households in the Park contain someone with a disability. This figure is slightly below the regional and national average. The figures for the population with a disability show a similar pattern when compared with other locations – some 16% of the population having a disability. This finding is noteworthy given the older population structure in the National Park – as older people are generally more likely to have a disability, this points to lower age specific levels of disability.

Table 7.3 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
SDNP	13,960	28.8%	18,254	16.1%
South East	1,144,084	30.0%	1,496,340	16.1%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

Health Related Population Projections

7.8 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population. The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult

Needs and Service Information) and POPPI (Projecting Older People Population Information) websites.

7.9 Of particular note are the large increases in the number of older people with dementia (increasing by 27% from 2023 to 2033 and mobility problems (up 25% over the same period). Changes for younger age groups are smaller (negative), reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population.

Table 7.4 Projected Changes to Population with a Range of Disabilities – SDNP

Disability	Age Range	2023	2033	Change	% Change
Dementia	65+	2,238	2,849	611	27.3%
Mobility problems	65+	5,809	7,266	1,456	25.1%
Autistic Spectrum Disorders	18-64	594	566	-28	-4.8%
	65+	294	353	60	20.3%
Learning Disabilities	15-64	1,590	1,513	-77	-4.8%
	65+	647	770	124	19.1%
Challenging behaviour	15-64	30	28	-1	-5.0%
Impaired mobility	16-64	4,143	3,879	-264	-6.4%

Source: POPPI/PANSI and Demographic Projections

7.10 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

7.11 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Authority should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

7.12 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

7.13 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

7.14 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

7.15 Whilst there are no definitive rates, the PPG [63-004] notes that 'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)'. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

7.16 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

7.17 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

7.18 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 7.5 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008)[10]	Housing in Later Life (2012)[11]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Housing LIN

7.19 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance

[10] Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

[11] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

which the Authority want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and

- The assumptions in these studies look at national situation. Locally, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

7.20 Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing in-situ care. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

7.21 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

7.22 There is also a need to consider what an appropriate tenure slit might be within the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Data from the 2019 Index of Multiple Deprivation (IMD) suggest low levels of deprivation for the authorities in the National Park, with the likelihood that those areas in the National Park are less deprived again – this suggests a greater proportion of affordable housing than a local authority in the middle of the range (for housing with support and housing with care).

7.23 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

7.24 Overall, the analysis suggests that there will be a need for housing with support (particularly in the market sector) and housing with care (again mainly for market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces.

Table 7.6 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-33 – SDNP

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 233	Shortfall /surplus by 2033
Housing with support	Market	84	348	1,323	975	263	1,237
	Affordable	41	399	651	252	130	382
Total (housing with support)		125	747	1,974	1,227	392	1,619
Housing with care	Market	34	51	533	482	106	588
	Affordable	11	0	178	178	35	213
Total (housing with care)		45	51	711	660	141	801
Residential care bedspaces		40	533	632	99	126	224
Nursing care bedspaces		45	483	711	228	141	369
Total bedspaces		85	1,016	1,342	326	267	593

Source: Derived from Demographic Projections and Housing LIN/EAC

7.25 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

7.26 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Authority to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

7.27 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future.

7.28 Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

7.29 The table below shows at a national level the proportion of wheelchair user households by the age of household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Table 7.7 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

7.30 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward. The data estimates a total of 2,036 wheelchair user households in 2023, and that this will rise to 2,276 by 2033.

Table 7.8 Estimated number of wheelchair user households (2023-33) – SDNP

	Prevalence rate (% of households)	Households 2023	Households 2033	Wheelchair user households (2023)	Wheelchair user households (2033)
24 and under	0.6%	641	744	4	5
25-34	0.7%	3,465	3,066	23	21
35-49	1.8%	9,690	9,761	173	174
50-64	3.1%	15,379	14,109	469	430
65 and over	6.9%	19,848	23,920	1,366	1,647
All households	-	49,023	51,600	2,036	2,276

Source: Derived from a range of sources

7.31 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households.

7.32 Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 750 additional wheelchair user homes in the 2023-33 period. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in accommodation) leads to a need estimate of 569 homes. These figures equate to a need for up to 75 dwellings per annum.

Table 7.9 Estimated need for wheelchair user homes, 2023-33

	Current need	Projected need (2023-33)	Total current and future need
Total	509	241	750
@ 25% of projected	509	60	569

Source: Derived from a range of sources

7.33 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair uses (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 7.10 Proportion of wheelchair user households by tenure of household reference person – England

	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

7.34 To meet the identified need, the authority could seek a proportion (maybe up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (10%-15%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

7.35 As with M4(2) homes it may not be possible for some schemes to be built to these standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

7.36 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds[12].

7.37 The key outcome is: 'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'. This change is due to shortly be implemented though a change to building regulations.

7.38 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'.

7.39 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

7.40 The table below shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costings are now 8-year old but do still provide an indication of the relative costs of different options.

Table 7.11 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

7.41 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights (which would not be applicable in the case of the

[12] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes

National Park Authority as it is not a housing authority). The Authority should therefore work with the relevant local authority to secure such accommodation. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

7.42 A further option would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which there are nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Older People and Disabled People – Summary

7.43 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

7.44 The data shows that SDNP has an older age structure and slightly higher levels of disability compared with the national average (although this will be linked to the older age structure) – the older person population is projected to increase notably moving forward. Additionally, the older person population has some distinct characteristics, including a high representation in the owner-occupied sector. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2023-33 period include:

- A 20% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth);
- A 27% increase in the number of people aged 65+ with dementia and a 25% increase in those aged 65+ with mobility problems;
- A need for around 1,600 housing units with support (sheltered/retirement housing) – mainly in the market sector;
- A need for 800 additional housing units with care (e.g. extra-care) – again mainly in market housing;
- A need for additional residential and nursing care bedspaces of around 600 in the period; and
- a need for up to 750 dwellings to be for wheelchair users (meeting technical standard M4(3)).

7.45 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the authority could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and up to 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a quarter in the affordable sector).

7.46 The Council should seek M4(3) accessible dwellings (constructed for immediate occupation) from affordable housing (see previous caveat about nomination rights) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

7.47 The authority should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

7.48 In seeking M4(2) compliant homes, the Authority should also be mindful that such homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

7.49 In framing policies for the provision of specialist older persons accommodation, the authority will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).

8. OTHER GROUPS

8.1 This chapter of the report pulls together analysis for a number of different groups including those renting a home, those wishing to build their own home and military families.

Private Rental Sector

8.2 As of 2021 around 17.9% of households in the National Park are in the Private Rental Sector. This is around the same level as the 2011 figure of 17.8%. This is only a small increase and does not reflect the wider growth in renting seen nationally.

8.3 As set out earlier in this report lower quartile rents in the National Park are in the region of £1,150 per calendar month. This compares to £800 pcm across the South East region and £610 pcm nationally.

8.4 These costs are also even higher than the equivalent median rent for the South East region (£975 pcm) and upper quartile nationally (£1,100 pcm) This is a significant affordability issue within the National Park

8.5 The analysis also shows some variation in rents which are estimated to be highest in parts of the National Park within Winchester (£1,385) and the other LAs (£1,440 pcm) and lowest in East Hampshire.

Table 8.1 Lower Quartile Market Rents, by sub-area

	Lower Quartile rent, pcm
Chichester	£1,120
East Hampshire	£1,090
Lewes	£1,115
Winchester	£1,385
All other LAs	£1,440
All SDNP	£1,150

Source: Internet private rental cost search and Land Registry

8.6 The table below profiles the sizes of homes in different tenures groups across the SDNP and compares these to the South East and National picture in 2021. The data shows a dwelling profile skewed towards larger properties when compared with regional and national demonstrating that the PRS has a greater role in providing family accommodation than perhaps elsewhere.

Table 8.2 Number of Bedrooms in private rented sector dwellings, 2021

	SDNP	South East	England
1-bedroom	17%	24%	21%
2-bedrooms	35%	38%	39%
3-bedrooms	36%	27%	29%
4+-bedrooms	13%	12%	11%
Total	100%	100%	100%

Source: Census (2021)

Agency Engagement

8.7 In order to understand the rental market in more detail we spoke to a number of lettings agents across the National Park.

8.8 Two agents stated that the rental market in Petersfield and the wider East Hampshire area is strong at the moment and they find it usually picks up in times of economic crisis.

8.9 The agents are finding that there is a shortage of all properties, but mainly 1-2 bed houses and larger family homes of 4 beds or more.

8.10 Many people in the rental market have moved to the area recently and are renting before deciding to buy.

8.11 In Lewes, an agent claimed the letting market is slower than usual this is caused by the cost of living crisis and the uncertainty it brings and thus deterring people from moving as tenancies tend to be as long as 3-4 years.

8.12 The majority of the demand is from single people and couples for one bed properties. They state that the rental market is lacking pet friendly properties as well as affordable homes for young families.

8.13 In Lewes, an agent stated that the presence of second holiday homes takes away from rental market supply in the area; these tend to be smaller 1-2 bed properties and so are diminishing stock of more affordable available for local lets.

8.14 However, another agent in Lewes said that holiday lets tend to be ancillary buildings on properties owned by local people rather than owned by external investors.

8.15 In Petersfield there is not a strong presence of holiday homes however there are a few Airbnb listings for private room or guest house lets. Midhurst has a moderate supply of holiday lets.

Self and Custom Build

8.16 As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.

8.17 The South Downs National Park Self-Build and Custom Housebuilding Register was introduced on the 1st of April 2016 and there have now been five and a half base periods[13] up to 30th October 2021. However, the National Park introduced a local connection test for the Register in August 2022. As a consequence the cumulative total on the register was reset to that point.

8.18 The authority is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended). This means that the Authority will be required to grant 39 units within the next three years.

8.19 However, a better estimate of demand may be drawn from a longer period including that from before the local connection test was implement. On average over the six and half base periods there has been a total of 305 registered expressions of interest in a serviced plot of land. This shows a slightly higher level of demand at 44 plots per annum. The Table below provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in the SDNP.

Table 8.3 Serviced Plot Demand in South Downs National Park

Base Period	Annual Entries
Base Period 1 (16 August 2015 to 30th October 2016)	31
Base Period 2 (31st October 2016 to 30th October 2017)	65
Base Period 3 (31st October 2017 to 30th October 2018)	22
Base Period 4 (31st October 2018 to 30th October 2019)	38
Base Period 5 (31st October 2019 to 30th October 2020)	48
Base Period 6 (31st October 2020 to 30th October 2021)	62
Base Period 7 (31st October 2021 to 30th October 2022)	39
Average Per Base Period	44

Source: MHCLG

8.20 This is not to say that the National Park Authority permits 44 self and custom build dwellings per annum but to give an indication of what need would be like should past trends continue. However,

[13] A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

the authority will have to permit the level of interest in the register within three years, this might be higher or lower than the average need in any given year.

8.21 It is worth highlighting that a survey[14] undertaken by YouGov on behalf of the National Custom and Self-Build Association ("NaCSBA") in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority's self-build register may underestimate demand.

Broader Demand Evidence

8.22 In order to supplement the data from the authority's own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.

8.23 First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property

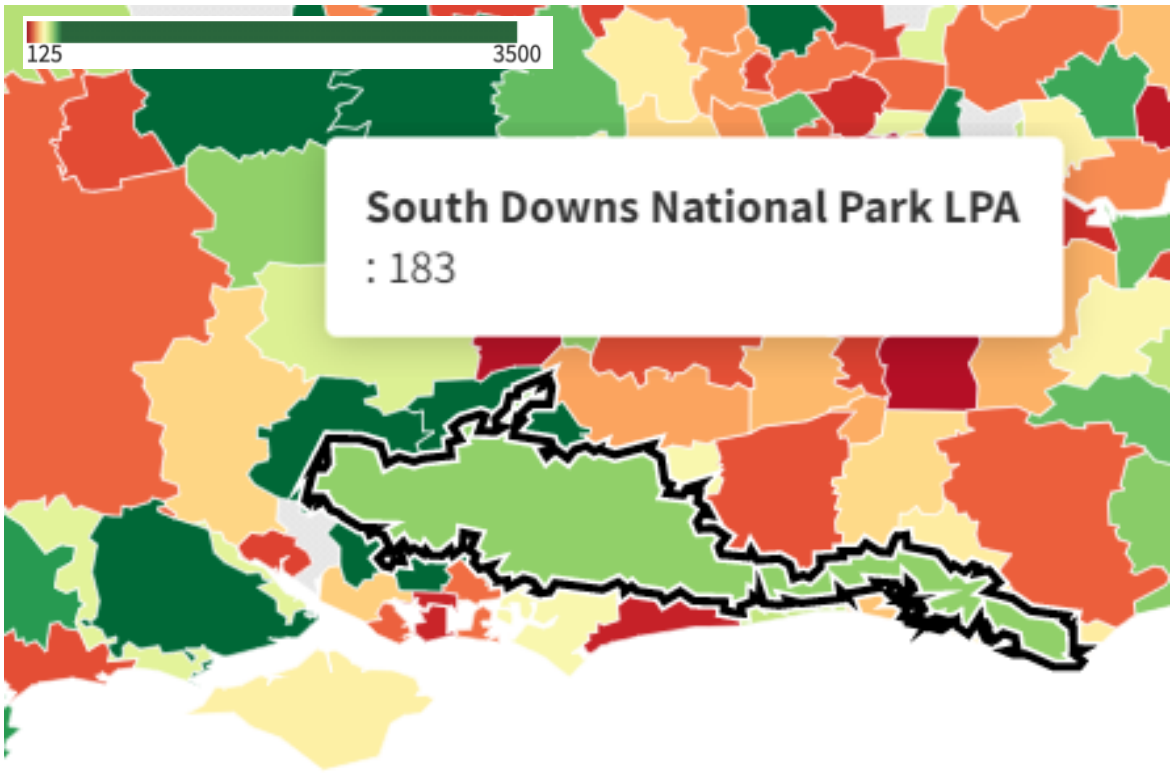
8.24 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots across the twelve authorities collocated with the National Park in relative terms. The association has recently published analysis with supporting maps and commentary titled "Mapping the Right to Build" in 2020. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England.

8.25 One of the key maps within the report highlights the areas of strongest demand and this is shown in the figure below. This shows that of the across the SDNP has a need for 183 units per 100,000 head of population.

8.26 Given the current population of the National Park is estimated to be 112,500 this would generate a current need for 206 self-build plots.

[14] A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

Figure 8.1 - Overall Demand for Self-Build Plots per 100,000 of Population



Source: NaCSBA "Mapping the Right to Build," 2020

Policy Response

8.27 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG[15] is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.

8.28 There are a number of measures which can be used to do this, including but not limited to:

- Supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans;
- Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing; and

[15] Paragraph: 025 Reference ID: 57-025-20210508

- When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;

- Working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.

8.29 Iceni would note that an increasing number of local planning authorities have adopted self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that paragraph 11(d) of the Framework is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application

8.30 As a general principle, the authority should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

8.31 In reviewing policies through the Local Plan Review, the Authority should also consider whether larger sites should make a contribution (e.g. 5%- 10% of plots marketed for Custom and Self-build before reverting back to Affordable or General Housing if there is a lack of interest after 12 months). Alternatively the authority could allocate sites specifically for this self and custom build housing.

Service Families

8.32 There are a number of military establishments across the South Downs National Park and adjacent areas although Ministry of Defence (MOD) statistics only provide this information by local authority. The most recent data suggest that there are no military or Civilian MOD personnel stationed in six of the local authorities.

8.33 Of the remaining six local authorities which do have a military presence this total 4,530 MOD personnel in these areas. This includes 2,800 military personnel and 1,735 civilian personnel. It should be noted that this is considerably down on the 5,325 figure of 2012.

8.34 A large percentage of these (75%) are located in Winchester but none of their major facilities including Worthy Down are located in the National Park. The overall fall coincides with the Closure of Borden in East Hampshire.

8.35 This would suggest that there is no major need to develop a policy which addresses the specific need of MOD personnel. That said Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing.

Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.

8.36 The Planning Practice Guidance for First Homes includes insuring that any local connection criteria is disapplied for all active members of the Armed Forces, divorced/separated spouses or civil partners of current members of the Armed Forces, spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within 5 years of leaving the armed forces.

8.37 The most acute and pressing issues is likely to be finding accommodation for those transitioning out of the forces. First Homes could play a part in meeting this demand as it would provide a discounted route to home ownership.

8.38 In addition, the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.

8.39 This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Authority (or the host Councils) as homeless would be assisted as a vulnerable group and will be given priority need for housing.

Children in Care

8.40 The Care Standards Act 2000 provides a definition of Children's Home stating 'an establishment is a children's home… if it provides care and accommodation wholly or mainly for children'. 'Wholly or mainly' means that most of the people who stay at a home must be children.

8.41 Key legislation relating to the accommodation and maintenance of a looked after child is defined and outlined in Sections 22A to 22D of the Children Act 1989.

8.42 The legislation provides a framework within which decisions about the most appropriate way to accommodate and maintain children must be considered:

- Section 22A of the Children Act 1989 imposes a duty on the responsible authority when a child is in their care to provide the child with accommodation.
- Section 22B of the Children Act 1989 sets out the duty of the responsible authority to maintain a looked after child in other respects apart from providing accommodation.
- Section 22C of the Children Act 1989 sets out the ways in which a looked after child is to be accommodated.

- Section 22D of the Children Act 1989 imposes a duty on the responsible authority to formally review the child's case prior to making alternative arrangements for accommodation.

- Section 22G of the Children Act 1989 gives a local authorities a general duty to secure sufficient accommodation for looked after children and it also requires local authorities to take strategic action in respect of those children they look after and for whom it would be consistent with their welfare for them to be provided with accommodation within their own local authority area.

8.43 In a Written Ministerial Statement[16] (WMS) made in May 2023, the Housing and Planning Minister reminded local authorities of their requirement to assess the housing need of different groups in the community including "accommodation for children in need of social services care".

8.44 The WMS statement said "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs and all parties in the development process should work together closely to facilitate the timely delivery of such vital accommodation for children across the country.

8.45 The WMS follows on from the Department of Education Implementation Strategy[17] to fix children's social care from February 2023. The "Stable Homes Built on Love" Strategy has undergone a recent consultation the result of which have not yet been published.

8.46 The strategy outlines an ambition to transform Children's Care through six pillars. The first of these pillars makes it clear that providing support to families is the first priority. This ensures that children can remain in their family home for as long as possible (Pillar 1) and then within their wider family if this is not possible (Pillar 3).

8.47 If both the immediate and wider family cannot look after a child then Pillar 4 seeks to ensure that "when care is the best choice for a child, it is critical that the care system provides stable, loving homes close to children's communities."

8.48 To achieve this the strategy aims to increase and support foster carers; develop a programme to support improvements in the quality of leadership and management in the children's homes sector and pathfind Regional Care Cooperatives to plan, commission and deliver care places.

[16] https://questions-statements.parliament.uk/written-statements/detail/2023-05-23/hcws795

[17] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147317/Children_s_social_care_stable_homes_consultation_February_2023.pdf

8.49 The report sets out a mission to “see an increase of high-quality, stable and loving homes available for every child in care, local to where they are from”. To do this it suggests that an immediate action is to “boost the number of the right homes in the right places available for children as a matter of urgency.”

8.50 The strategy notes “Local authorities have primary responsibility for the children in their care. This includes ensuring there is sufficient accommodation locally to meet the range of needs of children in care in their area” and that there is a “statutory duty to ensure there is sufficient provision for their children in care”.

8.51 It also states that the DfE “will continue to build on our work reforming supported accommodation for 16- to 17-year-olds. Semi-independent provision, including supported lodgings, can be the right option for some older children, but only where it is high-quality and the young person is ready for the level of independence it promotes.”

8.52 The Department will also continue “with the Children’s Home Capital Programme, which has seen £259 million of capital funding invested to increase provision in local authority-run open and secure children’s homes. We are working with local authorities to create new children's homes and increase provision in their local area.”

8.53 At a similar time the government also launched a consultation on the “Children’s Social Care National Framework[18]” and the “Children’s Social Care Dashboard”.

8.54 The Framework sets out some of the outcomes to be measured including Outcome 4 relating to those seeking to insure “children in care and care leavers have stable, loving homes”.

8.55 The indicators include the percentage of children in care living in foster care and living in residential care home and the distance of placements from home. This is important to ensure stability of schooling and contact with their siblings. The framework recognises that this will mean prioritising foster homes rather than residential homes.

8.56 The outcome can also be achieved by leaders undertaking “sufficiency planning and work with other local authorities and partners to jointly invest in care options that meet the future needs of children.”

[18] https://consult.education.gov.uk/children2019s-social-care-national-framework/childrens-social-care-national-framework/supporting_documents/Childrens%20Social%20Care%20National%20Framework%20Consultation%20Document%20February%202023.pdf

8.57 In National Parks the responsibility for children's services falls with the County Councils and Unitary Authorities in which the National Park sits. The National Park should work with these bodies to ensure children are provided with sufficient homes including care homes where these are needed, this would include addressing any backlog need.

8.58 Current best practice suggests that the best homes for our children are family sized and look like the homes of their peers. There is also a need to ensure supported accommodation for 16-25 year olds including care leavers is available.

Demographic Growth

8.59 The population projections linked to the demographic growth (which is the highest housing growth scenario and sees the smallest decline in school aged children). As set out in Table 4.22 this results in a 4.5% decline in those aged under 16 across the National Park (-833 children).

8.60 Although there are variations across the National Park the fall in school aged children suggests that there will be no need for additional Children's Care Homes in the National Park. Although there may be a backlog need that may have to be addressed but this will be identified by the relevant bodies.

8.61 In most areas the general policy is to ensure that children are firstly cared for in home and secondly within a foster home. The success of this strategy locally will determine the true need for care homes in the National Park. Furthermore there may also be capacity within the existing supply which could meet this need.

Policy Response

8.62 The WMS statement said "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs"

8.63 Clearly the national policy direction is to provide in-situ support, followed by familial and foster support. Therefore the demand for care homes will largely be determined by the success of these policies. Where this is not possible, then the local authorities (with support from the National Park) will be required to provide safe accommodation in the right places.

8.64 In the unlikely scenario additional supply for children is required, the authority should seek to include such accommodation as part of wider, appropriately located, housing allocations or larger permissions. Sites should align with most appropriate locations according to Ofsted's Location

Assessment[19] for such accommodation. In summary, this includes ensuring safeguarding concerns are met and that children have access to services.

8.65 There will also be a need for supported accommodation for young adults and the National Park Authority should work with County Council and Registered Providers to explore opportunities to provide this through developer contributions and in the existing stock.

Other Groups – Summary

8.66 Around 18% of all households in the National Park privately rent. There has not been a significant growth in sector between the census unlike other parts of the country.

8.67 The Private Rental Sector in the National Park has significant affordability issues with lower quartile rents higher than upper quartile rents nationally. It also plays a greater role in providing larger homes than elsewhere in the region.

8.68 The Authority is required to permit self and custom-build homes which reflects the level of interest shown within its custom and self-build register. To date there has been an average of 48 people per annum registering their interest in custom and self-build plots in the National Park.

8.69 There is a sizable military presences surrounding the National Park although few now remain within it. Despite this thought should be given to accommodating service personnel within First Homes for which any Local Connection Test should be disapplied.

8.70 Given the declining population in school age children and a national policy to provide in-situ, familial and foster care before residential care the National Park is unlikely to require any additional Children's Care Homes. Although it should work to address any backlog need the County Council's identify.

[19] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/339545/Children_s_homes_regulations_amendments_2014.pdf

9. COMMERCIAL PROPERTY MARKET REVIEW

9.1 This chapter provides an assessment of the commercial property market in the South Downs National Park (SDNP). It is split into two sections – one focusses on the office market and second focusses on the industrial market which includes general industrial, light industrial and warehousing.

9.2 The assessment combines quantitative analysis with qualitative analysis to build up of a picture of the level and nature of demand. This draw on data from CoStar – one of the UKs largest providers of commercial property data. However, this database does not cover all properties/transactions (owner-occupier properties, smaller transactions and properties/transactions in rural areas are a particular issue). It is hence backed up by qualitative analysis which draws on engagement with local property agents.

Office

9.3 This section provides an assessment of the SDNP's office market. This will be used to inform the scale and type of future need which is identified later in this report.

UK Office Market Overview

9.4 CoStar report that:

> *"receding pandemic restrictions and more employees returning to offices have helped bring about steady rebound in office leasing in recent quarters. Office take-up reached its highest level in three years in the third quarter of 2022, following a similarly busy second quarter. September was the busiest month of the year for office leasing despite growing fears over the economic outlook."*

9.5 However, in the context of historic levels "the overall demand picture remains subdued" with negative net absorption remaining negative during 2022 as business continue to release space. While demand losses have been lighter than in 2021, "weak demand and rising net deliveries continue to push the national office vacancy rate upwards", standing at 6.9%, a six-year high.

9.6 Looking forward, speculative construction is decade high which will "over deliver in the next 18 months, which allied with subdued demand, should cause the national office vacancy rate to increase further".

9.7 CoStar state that "Office asking rents have fallen during the pandemic, although to a lesser extent than during the financial crisis. Rent declines have also recently levelled off amid an increase in demand for high-quality space.

9.8 Prime buildings should outperform secondary ones in the coming years as firms continue to pivot to better-quality, well-ventilated space – to attract staff and welcome clients and meet growing Environmental, Social and Governance commitments – even if many take less space overall amid a permanent rise in home working, This could lead to accelerated removal in older stock."

South Downs Office Stock

9.9 The VOA[20] provides information on the amount of office floorspace by administrative area. At the end of Financial Year 2021/22 there was 115,000 sqm of office floorspace in total in the National Park. This is based on a best fit of LSOA data.

9.10 Co-star suggests that the SDNP had 107,073 sqm of office floorspace in 2023 which is 7% lower than the VOA data suggests. This difference could be due to a number of reasons including that the definition of office space used by CoStar differs to that used by the VOA and the fact that data is collected in a different manner by each organisation.

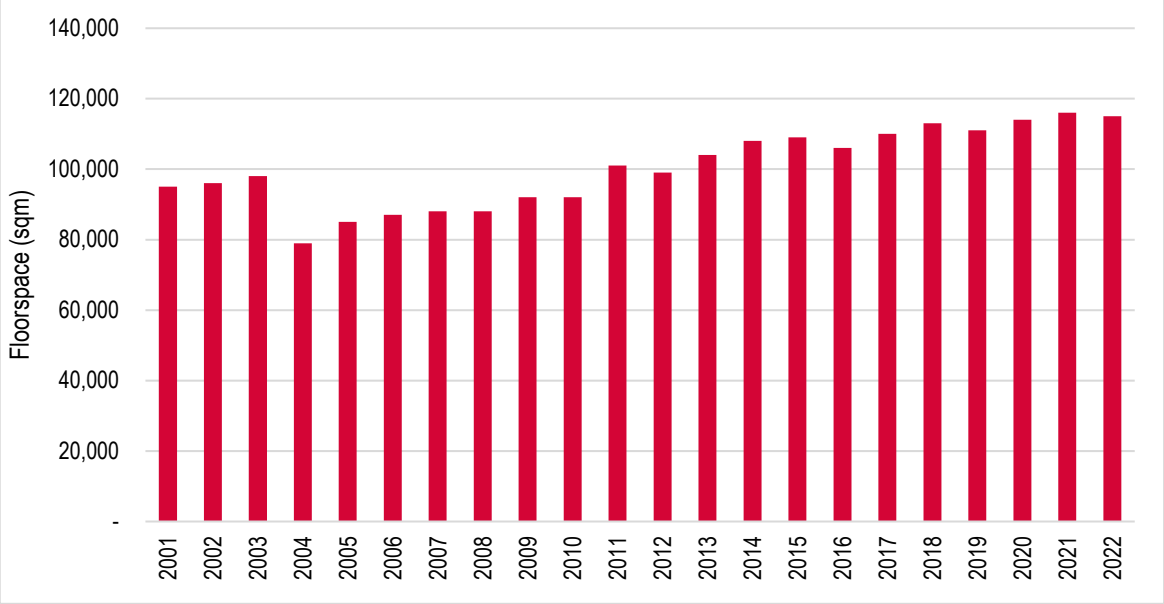
9.11 Given the fact that analysis of CoStar data is likely to not take into account a significant proportion of the area's stock, the quantitative findings should be treated with caution and considered in the context of qualitative evidence.

9.12 The figure below shows the amount of floorspace in the SDNP between 2000/01 and 2021/22. It can be seen that the amount of floorspace has increased gradually since 2000/01 with a decline in 2003/04[21], taking until 2010/11 to recover to the original level.

20 VOA: Non-domestic rating: stock of properties including business floorspace, 2019

[21] The data is not site specific but can be identified as being in Fernhurst and therefore likely relates to the Syngenta closure.

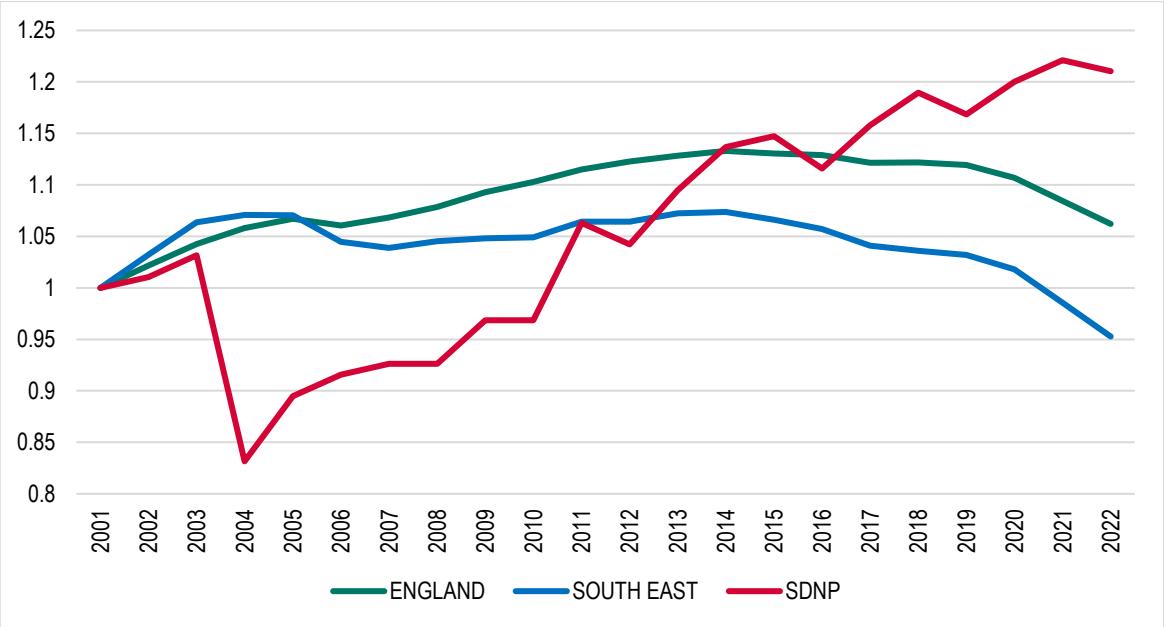
Figure 9.1 - Office Floorspace (2000/01 – 2021/22)



Source: Iceni analysis of VOA data

9.13 The figure below shows how the amount of floorspace has changed in the SDNP relative to the region and England. It can be seen that since 2003/04 the SDNP office floorspace has grown much more rapidly than across the South East and England. This growth has continued through to present day despite the downwards trend in office floorspace change in South East and England that started in 2013/14 in part due to permitted development losses.

Figure 9.2 - Indexed Office Floorspace Change (2000/01 – 2021/22)



Source: Iceni analysis of VOA data

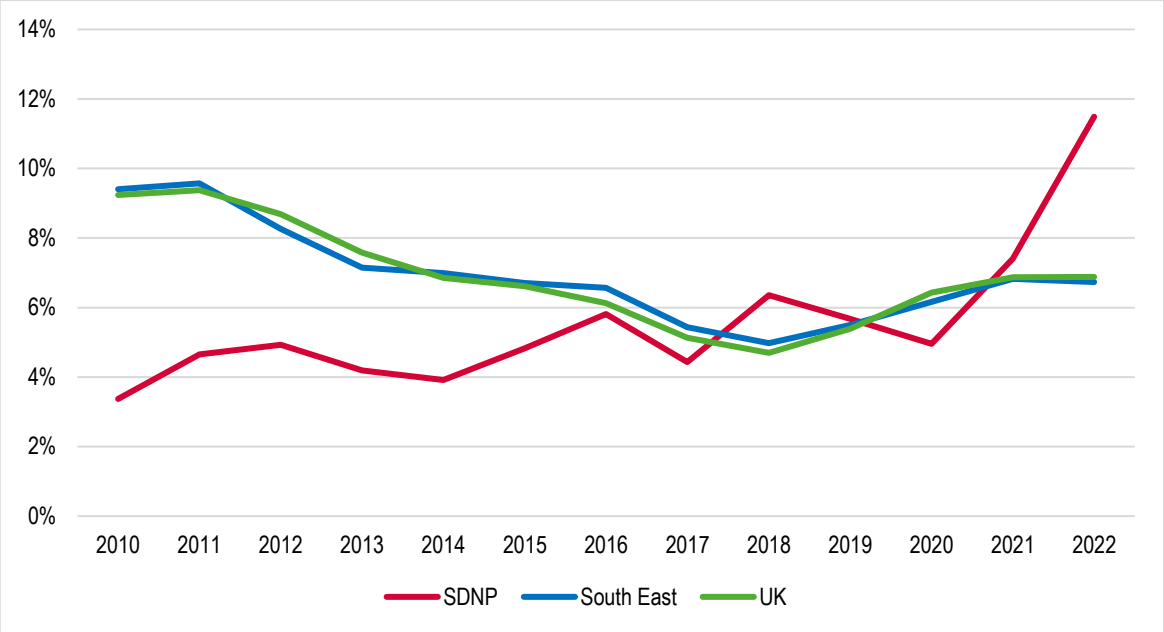
Overall Supply-Demand Balance – SDNP Office Market

9.14 The overall supply-demand balance has been assessed by looking at headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, supply and demand have also been assessed by looking at net absorption and net deliveries.

Vacancy Rates

9.15 The figure below shows how the vacancy rate in the SDNP has changed over time compared to the South East region and the UK. The current vacancy rate (January 2023) in the SDNP is 11.5%, a historically high level, following an increase from 5% to 11.5% between 2020 and 2022. Vacancy rates in the SDNP are currently significantly higher than the comparator areas.

Figure 9.3 - Vacancy Rate



Source: Iceni analysis of CoStar data

Net Absorption

9.16 CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand.

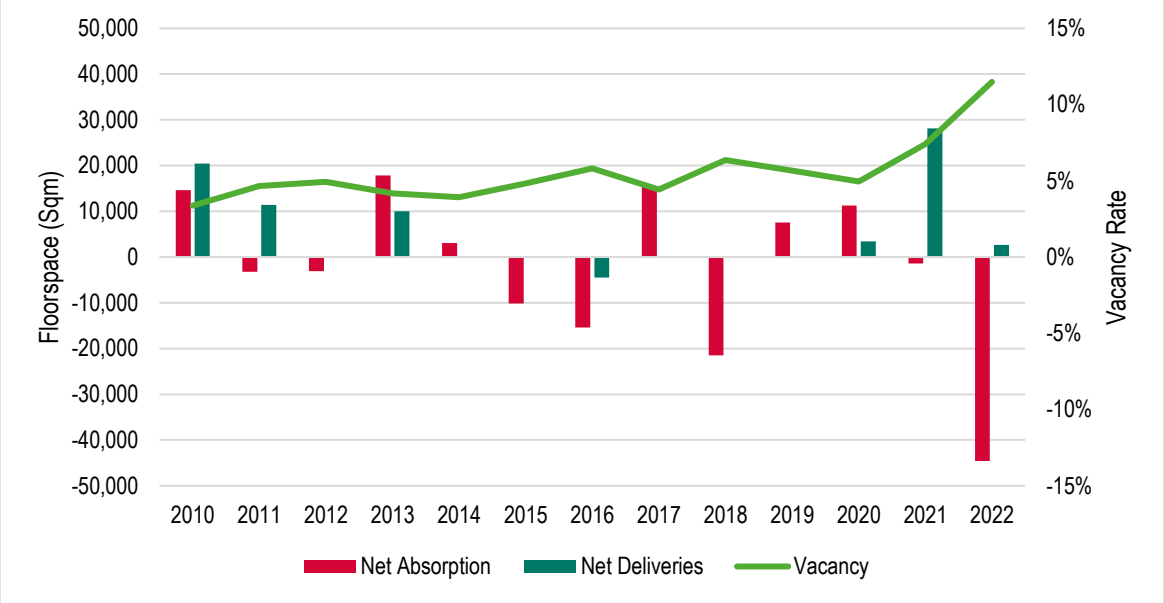
9.17 Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).

9.18 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).

9.19 The figure below shows net absorption, net deliveries and their resulting impact on vacancy rates in SDNP. As illustrated, net absorption has been highly variable but overall has been positive.

9.20 Since 2010 floorspace has continued to be delivered. Net absorption rates have fluctuated year on year keeping vacancy rates stable up until 2021 and 2022 which saw the largest increase in net delivery and the largest decline in net absorption respectively over the past 12 years. This suggests that currently there is an excess of supply and a lack of demand for office floorspace.

Figure 9.4 - Net Absorption, Net Deliveries and Vacancy Rates



Source: Iceni analysis of CoStar data

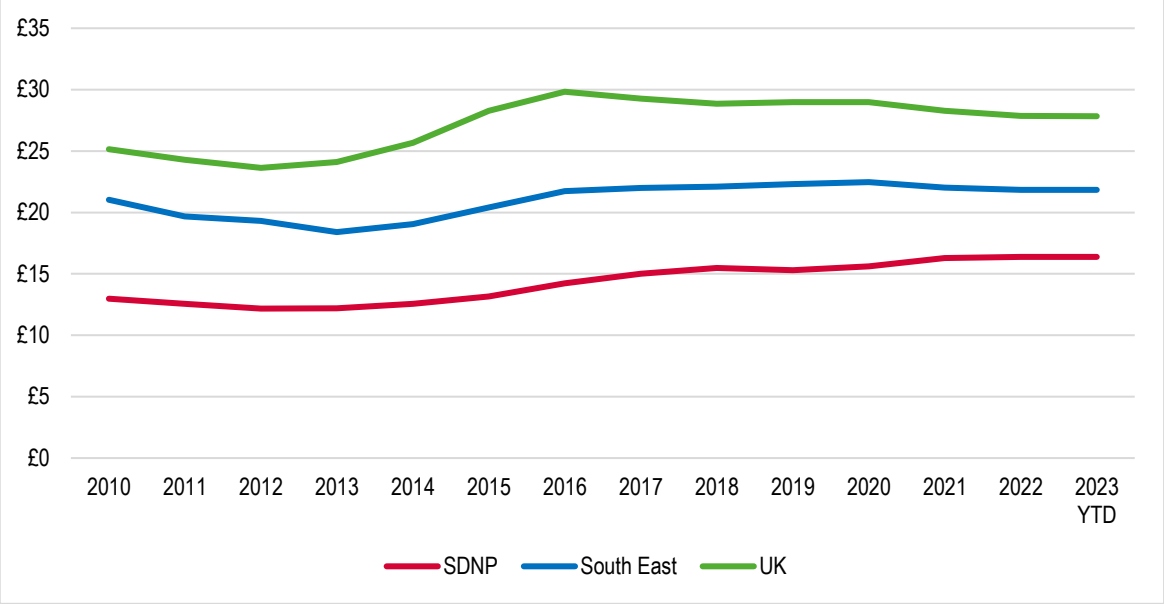
9.21 Local commercial agents stated that many businesses are downsizing their offices, leaving larger offices vacant. They have found that larger office floorspaces are difficult to let out as demand for them is weak resulting in an excess supply of larger stock.

Rents

9.22 The figure below shows how inflation adjusted average rental prices in the SDNP have changed over time compared to the South East region and the UK.

9.23 At present (January 2023) the average office rental price in the SDNP is £16.38 per sqft. This is below each of the comparator areas. However, this has been the case since 2010 (and likely further in the past) suggesting that current rents are relatively low due to lack of demand in the area.

Figure 9.5 - Inflation Adjusted Average Rental Price (£ per Sq ft)



Source: Iceni analysis of CoStar data

9.24 The commercial agents engaged with do not feel that there are significant affordability concerns in the area due to the current low rents. However, in the current economic climate, businesses are increasingly worried about their costs and in some cases wanting more for their money, a trend which has also been seen nationally.

9.25 The commercial agents also feel that there is generally enough gross office supply in the SDNP, however, there is an oversupply of large office spaces and an undersupply of smaller office spaces and so repurposing existing space to smaller units should be considered.

Conclusions on Supply-Demand Balance

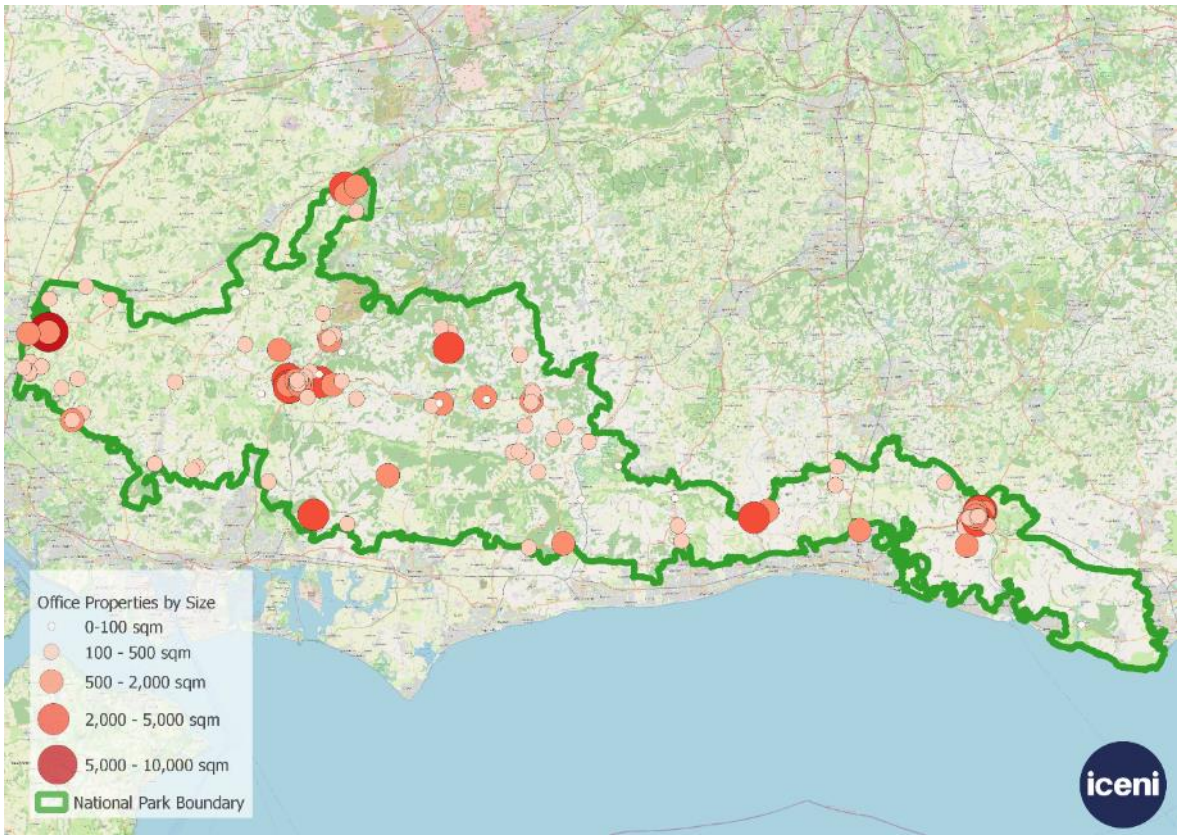
9.26 Overall, given the overall current supply-demand balance, no further land needs to be allocated for office space. However, existing large office floorspaces should look to be broken into smaller units in response to many businesses choosing to downsize.

Supply by Location

9.27 The map below shows the location of the office properties (by size) in the SDNP. There are 267 office properties throughout the National Park but these are mainly concentrated in Petersfield and Lewes, the two largest towns within the SDNP boundary.

9.28 Office properties in these areas are of varying sizes up to 5,000 sqm. Larger office spaces (up to 10,000 sqm) are situated on the boundary of the SDNP where towns border the boundary such as Winchester, Farnham and Steyning.

Figure 9.6 - Office Properties by Size



Source: Iceni analysis of CoStar data

Demand by Location

9.29 The map below shows the locations of leases in the SDNP (by size) over the last 12 years. As illustrated activity is concentrated in Petersfield and Lewes, correlating with the supply of properties in the areas as demonstrated above.

9.30 There have also been leases across the rest of the National Park, with some demand for smaller office spaces up to 500 sqm in Midhurst. There have been no lease completions in the Wealden and Eastbourne parts of the National Park.

Figure 9.7 - Lease Completions by Size (2010-2022)

Source: Iceni analysis of CoStar data

9.31 The commercial agents said that demand for larger office is weak. One suggested that there is an undersupply of smaller office spaces as many businesses are downsizing due to increased working from home following the pandemic.

9.32 Another felt that there is some uncertainty around the future of unused larger offices and suggested that they may be converted for residential use in the future.

9.33 There was consensus among the commercial agents who confirmed that Lewes and Petersfield were the two most sought after office markets within the SDNP. Petersfield is a popular location due to the half-hourly Southwestern railway line from London Waterloo to Portsmouth Harbour, in addition to easy access by car due to parking availability.

9.34 Many towns in the South East region border the South Downs National Park boundary and so one agent expressed that there is not a need to provide more office space within the National Park due to sufficient existing properties and developments happening on the peripheral, such as the regeneration in Burgess Hill.

Office Market –Conclusions

9.35 The following key conclusions can be made from this office market assessment;

- At the national level, the office vacancy rate is at a two-year high and is likely to continue as subdued demand, due to the adoption of hybrid working and subsequent downsizing, meets another year of net deliveries.
- The SDNP's office market has been growing steadily since 2003/04 and at a higher rate than the South East and England
- Analysis of CoStar data suggests that the SDNP's office market is over supplied with negative net absorption and increasing vacancy rates.
- Local commercial agents believe there is enough office supply in the area due to subdued demand in recent years.
- It is recommended that existing disused large office spaces should be repurposed into smaller units below 2,000 sqm, to meet the demand caused by downsizing and increase home-working.
- Most demand for office space is concentrated in Petersfield and Lewes, with some demand for smaller office floorspaces in Midhurst. Any site allocations should look to be in these areas to satisfy demand.
- There are no significant affordability issues in the area.

Industrial

9.36 This section provides an assessment of SDNP's industrial market which based on CoStar's definition includes warehousing. This will be used to inform the scale and type of future need which is identified later in this report.

UK Industrial Market Overview

9.37 CoStar report that:

> *"although industrial market conditions remain strong, demand faces headwinds from rising operating costs and a pullback in consumer spending, which could dampen logistics occupiers' appetite for expansion. Amazon's recent announcement concerning the scaling back of its leasing activity – the online giant acquired 25 million SF in 2020-21 – means less demand to absorb the record 71.7 million SF under construction. Vacancies are expected to edge upwards as leasing moderates, affording tenants a little more negotiating power."*

9.38 They go on to state that "construction starts have also moderated lately", due to "rising build costs, difficulties in obtaining materials, more expensive development finance and increasing developer caution".

9.39 They also state that:

> *"rental growth is expected to come under downward pressure in the coming quarters, having picked up strongly after the onset of the pandemic and the associated online shopping boom. Although the pace of gains has begun to slow, rents continue to grow strongly at 8.8% year-over-year, which although positive for landlords, adds to affordability concerns for some warehouse occupiers in the face of rising operational costs and increased business rates from next April".*

SDNP Industrial Stock

9.40 The VOA[22] provide information on the amount of industrial floorspace by administrative area. In the SDNP at the end of FY 2021/22, there was 584,000 sqm of industrial floorspace in total.

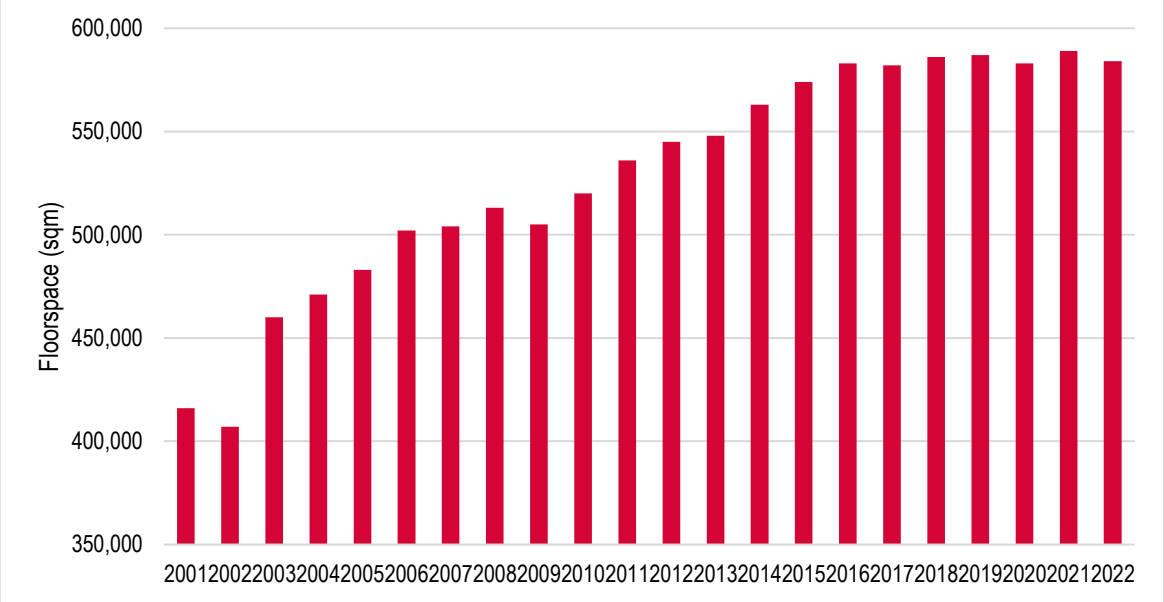
9.41 Co-star suggests that the SDNP had 276,482 sqm of industrial floorspace in 2023 which is 47% lower than the VOA data suggests. This difference is due to a number of reasons including that the definition of industrial space used by CoStar differs to that used by the VOA and the fact that data is collected in a different manner by each organisation.

9.42 Given the fact that the analysis of CoStar data is likely to not take into account a significant proportion of the area's stock the qualitative findings should be treated with caution and considered in the context of qualitative evidence.

9.43 The figure below shows the amount of floorspace on the SDNP between 2000/01 and 2021/22. It shows that the amount of industrial floorspace has risen significantly since 2000/01, however growth has steadied out since 2016 and remained fairly constant at around 585,000 sqm.

22 VOA: Non-domestic rating: stock of properties including business floorspace, 2019

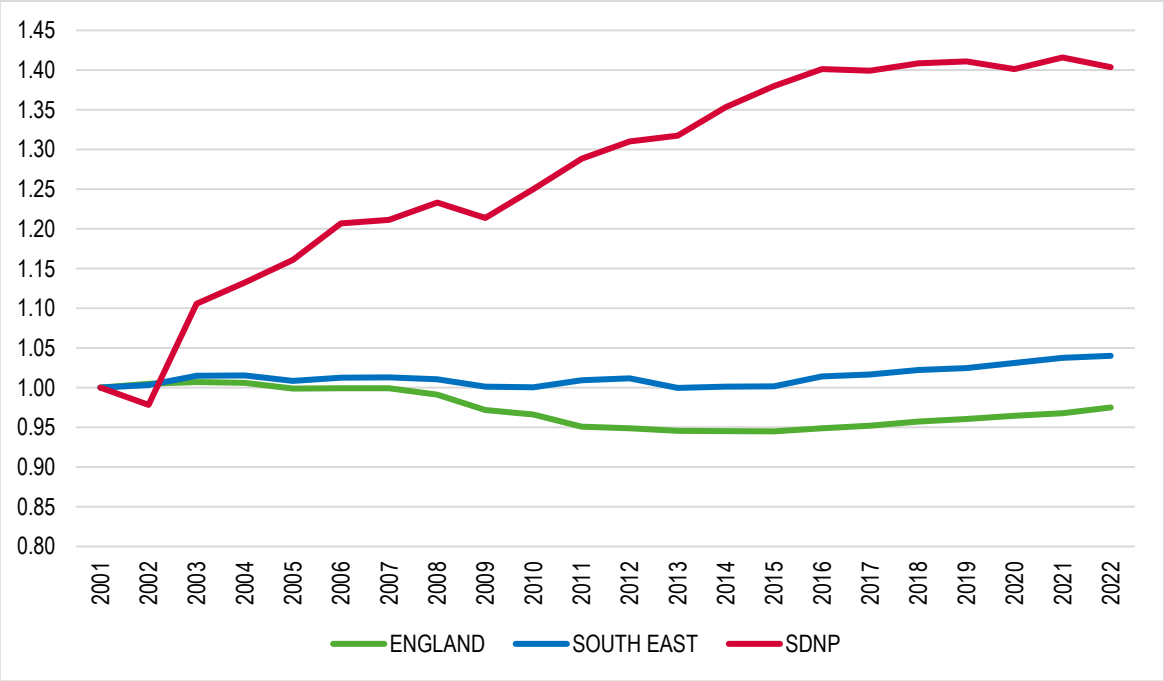
Figure 9.8 - Industrial Floorspace (2000/01 – 2021/22)



Source: Iceni analysis of VOA data

9.44 The figure below shows how the amount of floorspace has changed in the SDNP relative to the region and England. As illustrated growth of industrial floorspace across the SDNP has been much greater than South East over the last 20 years and bucks the national trend of decline.

Figure 9.10 - Indexed Industrial Floorspace Change (2000/01 – 2021/22)



Source: Iceni analysis of VOA data

9.45 Overall, the SDNP has grown into a moderately sized industrial market over the last 20 years and is exceeding current rates of growth seen across England as a whole.

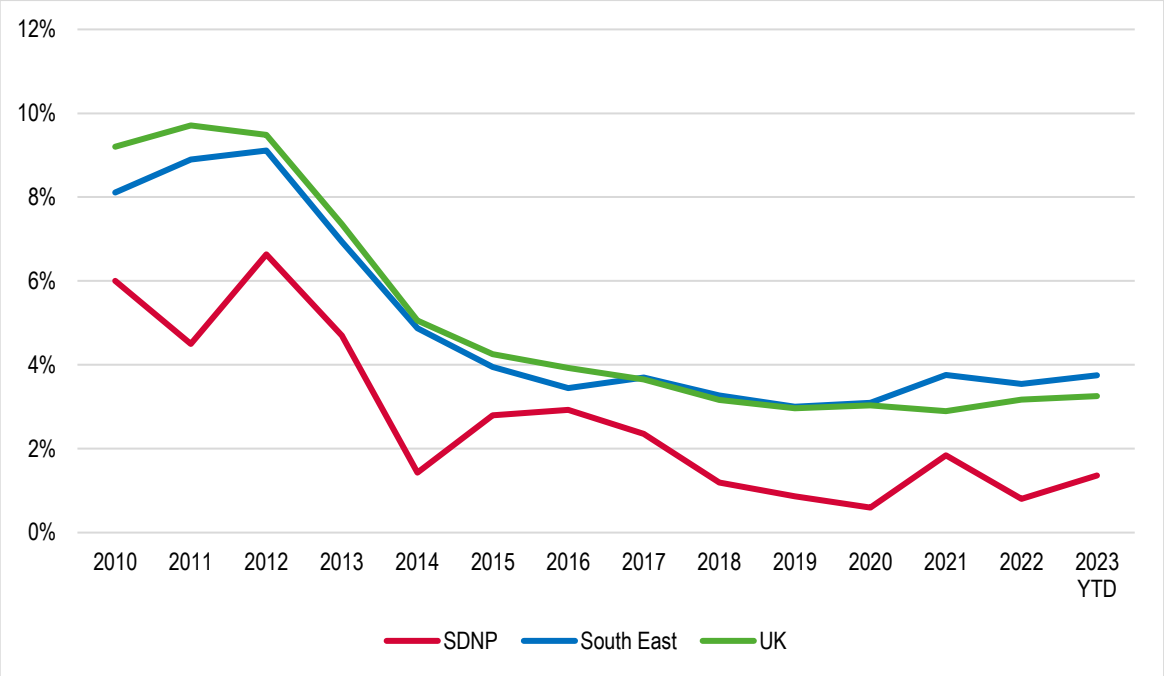
Overall Supply-Demand Balance – SDNP industrial Market

9.46 The overall supply-demand balance has been assessed by looking at headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, demand and supply have also been assessed by looking at net absorption and net deliveries.

Vacancy Rates

9.47 The figure below shows how the vacancy rate in the SDNP has changed over time compared to the South East region, and the UK. The current industrial vacancy rate (January 2023) in the SDNP is 1.4%. This is below the historical average for the area (since 2010) and below the vacancy rates for the comparator areas (which are both near or below historic lows). This highlights that the SDNP's industrial vacancy rate is extremely low, suggesting the market is undersupplied.

Figure 9.11 - Vacancy Rate



Source: Iceni analysis of CoStar data

Net Absorption

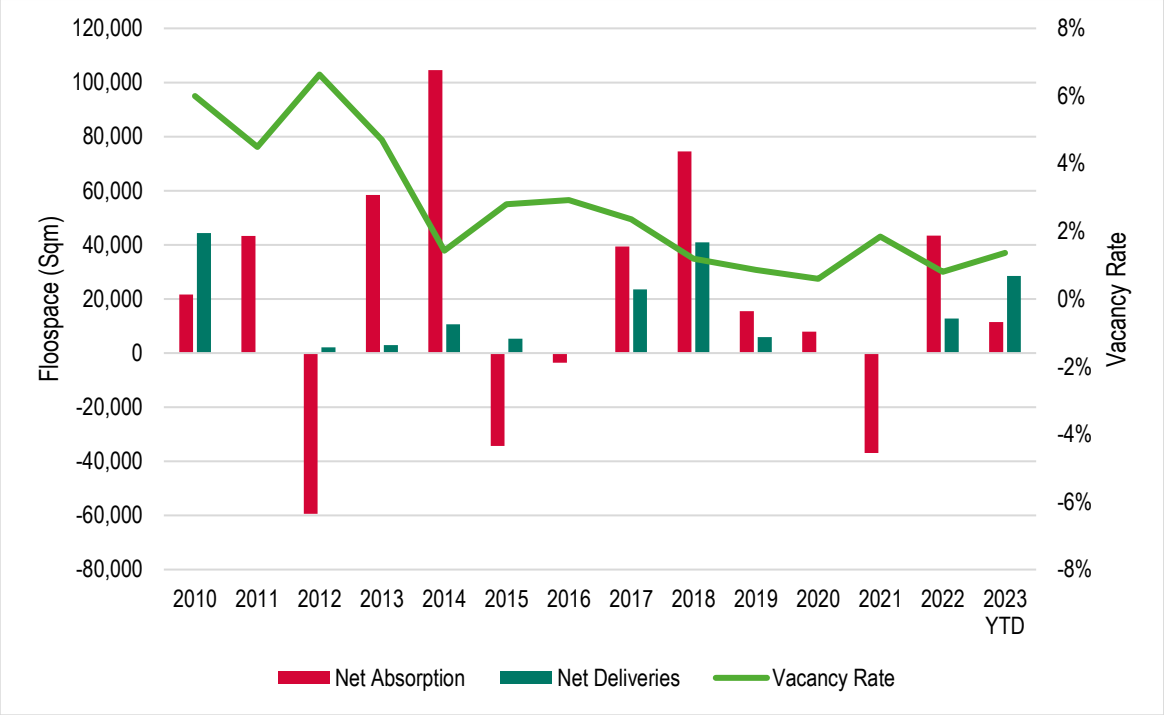
9.48 CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).

9.49 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).

9.50 The figure below shows net absorption, net deliveries and their resulting impact on vacancy rates in the SDNP. Since 2010 net absorption has been highly variable. Following two years of low rates in 2019 and 2020, net absorption was negative in 2021.

9.51 These low levels of net absorption are likely to be due to extremely low vacancy rates which are constraining take-up space. Net deliveries have been relatively low since 2019. This is maintaining low vacancy rates and is likely to be constraining business activity.

Figure 9.12 - Net Absorption, Net Deliveries and Vacancy Rates



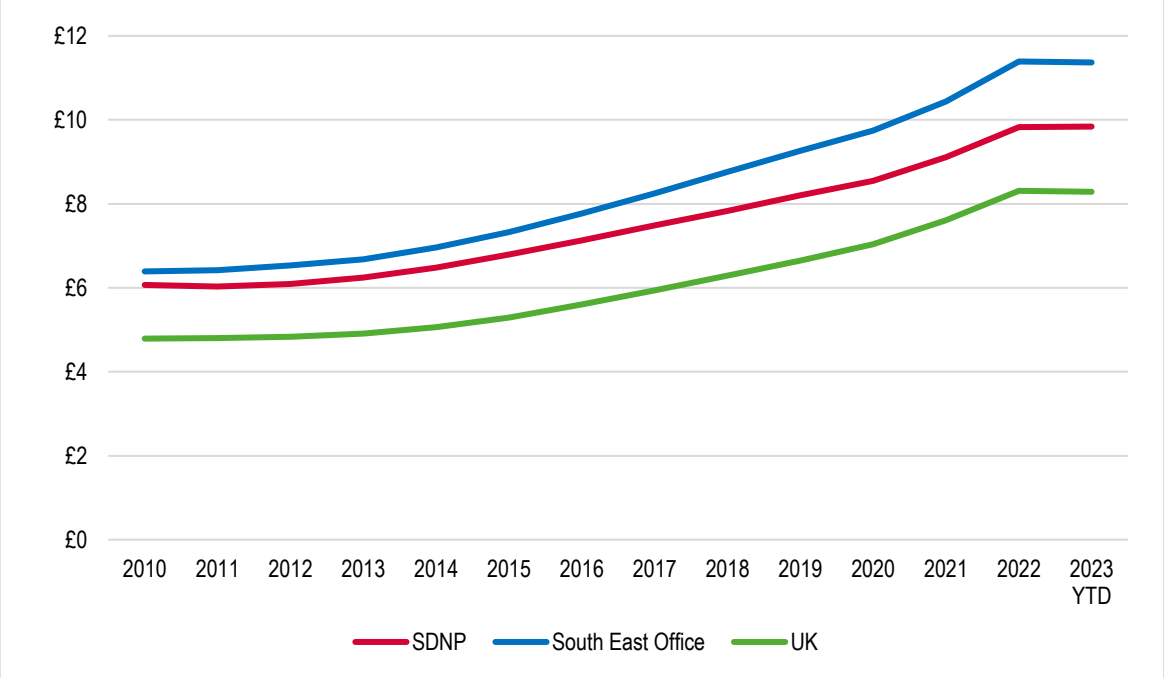
Source: Iceni analysis of CoStar data

Rents

9.52 The figure below shows how inflation adjusted average rental prices in the SDNP have changed over time compared to the South East region and the UK. The current (January 2023) average rental price in the SDNP is £10.25 per square foot. The rate of increase in rents have bottomed out after increasing since 2010 and most likely more historically.

9.53 A similar rental growth trend can be seen across the comparator areas. These trends reflect declining vacancy rates and increased demand for industrial space.

Figure 9.13 - Inflation Adjusted Average Rental Price (£ per Sq ft)



Source: Iceni analysis of CoStar data

9.54 One agent felt that there were no affordability concerns. Contrastingly, another suggested that there are significant affordability concerns on sizes of all spaces and businesses are looking to cut costs, however they have seen rents have levelled off recently.

9.55 Another agent expressed that there is strong demand for industrial premises in the SDNP, which picked up during the pandemic. Although another said that demand is strong however not as high compared to past years; this is demonstrated by rents levelling off.

9.56 The agents felt that the area is undersupplied which is preventing businesses from moving into the area. One agent noted a specific demand for smaller industrial spaces such as workshops (Use Class E(g)(iii)).

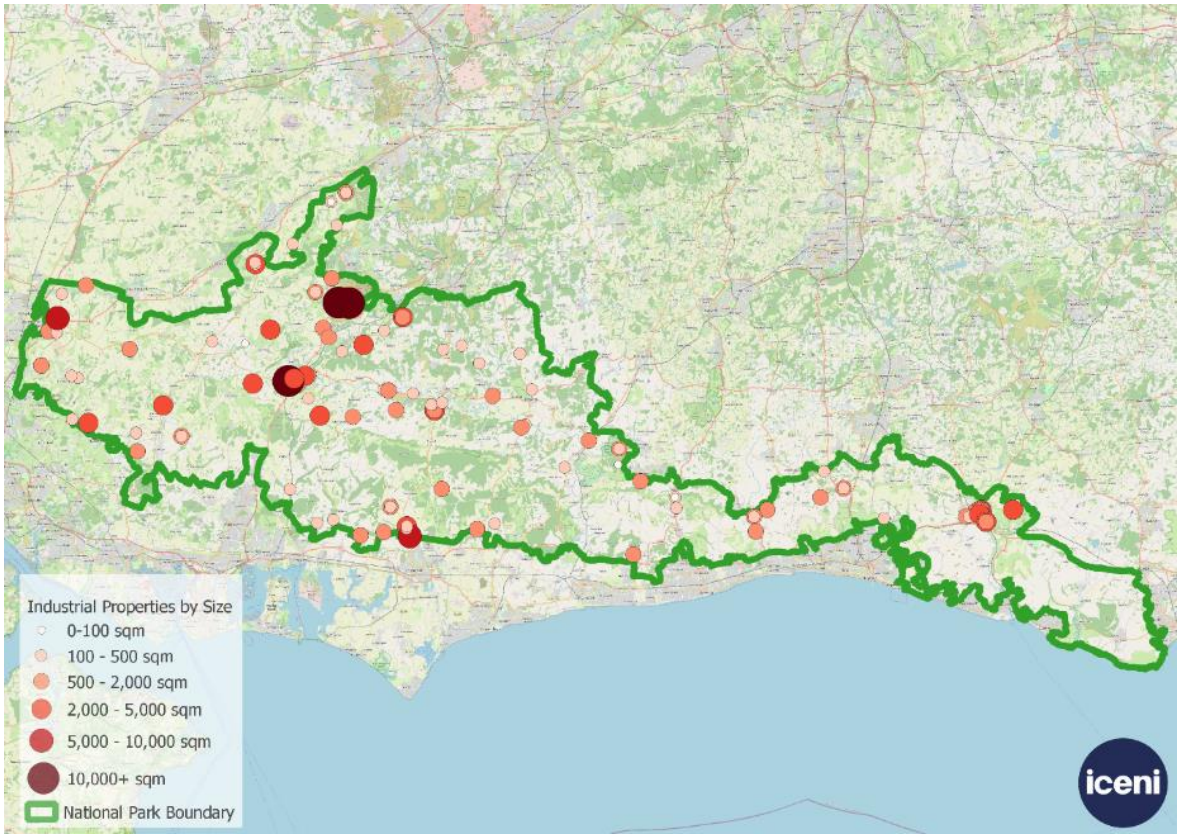
Conclusions on Supply-Demand Balance

9.57 Overall, there is an undersupply of industrial floorspace in the SDNP with a particular under supply of smaller workshop spaces (Use Class E(g)(iii)). New space needs to be delivered to support businesses moving into the area.

Supply by Location

9.58 The map below shows the locations of industrial properties in the SDNP by size. There are 235 industrial properties across the National Park, with some concentration in the south east area around Lewes, all below 5,000 sqm in floorspace. In the West there is also concentration of larger industrial space around Petersfield.

Figure 9.14 - Industrial Properties by Size (2010-22)



Source: Iceni analysis of CoStar data

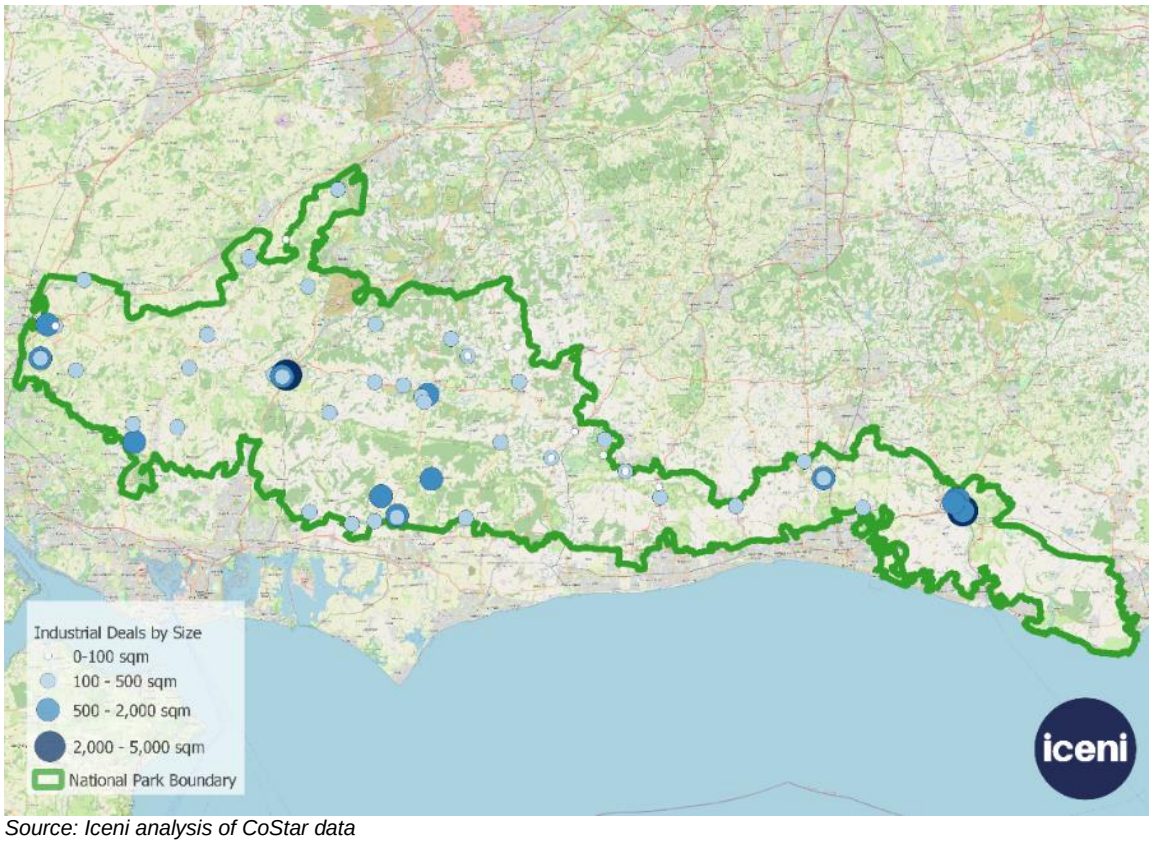
Demand by Location

9.59 The map below shows the locations of leases in the SDNP (by size) over the last 12 years. It can be seen that demand is spread across the area but demand for larger spaces is concentrated in Lewes and Petersfield.

9.60 One agent suggested that in the Petersfield area there was strong demand from construction companies. They also felt that smaller businesses are open to considering a variety of areas depending on where properties are available. The agents felt that floorspaces of 10,000 sqm and below were seeing the greatest demand.

9.61 Overall demand is distributed across the whole area. It is recommended that development of larger spaces is situated around Petersfield and Lewes, however development of smaller floorspaces should be distributed across the whole national park, this would include additional smaller business units in converted farm buildings already widespread across the National Park.

Figure 9.15 - Lease Completions by Size (2010-2022)



Source: Iceni analysis of CoStar data

Industrial Warehousing Market - Conclusions

9.62 The following key conclusions can be made from this industrial market assessment;

- Nationally, industrial floorspace demand remains strong, although economic weakness and rising operating costs could deter some firms from expanding.
- There is an undersupply of industrial floorspace in the SDNP with a particular undersupply of workshop space (Use Class E(g)(iii)). New space should be delivered to attract business into the area.
- Most of the demand is likely to be for small to medium basic units below 10,000 sqm.
- Overall, demand is relatively well distributed across the area, albeit with more demand in the Petersfield and Lewes for larger spaces.
- There are moderate affordability concerns in the area however rents have begun to level off and most concern can be put down to costs rising nationally.

Commercial Property Market – Summary

9.63 The SDNP's office market has been growing steadily and at a higher rate than the South East and England. However, the market appears over supplied with negative net absorption and increasing vacancy rates.

9.64 It is recommended that disused large office spaces should be repurposed into smaller units below 2,000 sqm, to meet the demand caused by downsizing and increase home-working.

9.65 Most demand for office space is concentrated in Petersfield and Lewes, with some demand for smaller office floorspaces in Midhurst.

9.66 Conversely there is an undersupply of industrial floorspace in the SDNP with a particular undersupply of workshop space (Use Class E(g)(iii)). New space is required to attract business into the area most of which will require small to medium basic units below 10,000 sqm.

9.67 Overall, demand is relatively well distributed across the area, albeit with more demand in the Petersfield and Lewes for larger spaces.

10. EMPLOYMENT GROWTH

10.1 This chapter sets out employment growth forecasts for the SDNP. To align with the plan period we have examined the growth over the 2022 to 2040 period. We have considered labour demand forecasts and provided commentary on labour supply forecasts.

10.2 The starting point for the labour demand forecasts is the ONS employment baseline to which local authority level workplace based employment forecasts from Oxford Economics are applied.

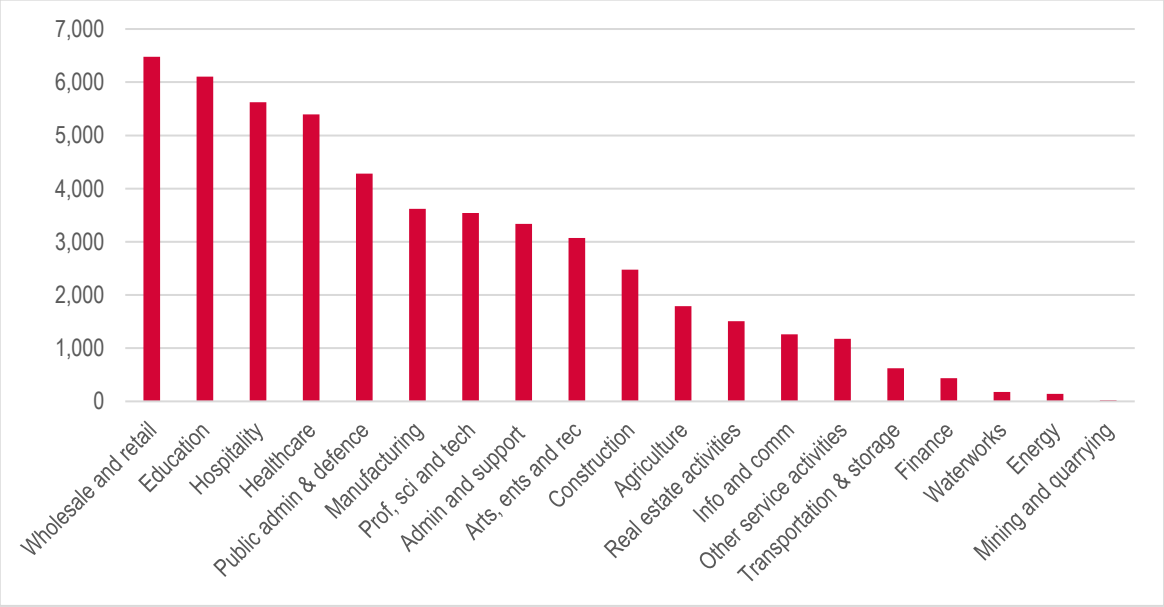
10.3 These forecasts are used as an input the floorspace and land model set out in the following chapter.

Labour Demand Forecast

10.4 The starting point for forecasting growth is established using the Office for National Statistics (ONS) estimated number of jobs (by SIC section) drawn from the Inter Departmental Business Register (IDBR). The IDBR data provides a list of local business units in the National Park (based on postcode) by Standard Industrial Classification (SIC) and the number in employment at each unit.

10.5 The IDBR data shows that across the National Park there was around 51,000 jobs in 2022. Of these jobs the largest numbers where in Wholesale and Retail, Education, Hospitality, Healthcare and Public administration and Defence (see below).

Figure 10.1 - SDNP Employment by SIC Section, 2022



Source: Iceni analysis of IDBR data

10.6 To this baseline we have applied growth assumptions on a sector by sector basis drawing on Oxford Economic Forecasts. Given that the SDNP area does not align with a single, or even a group, of local authorities, a series of adjustments have been made.

10.7 Initially, we have aggregated employment forecasts for each local authority in which the National Park spans. From this we then calculated the absolute jobs change over the plan period for each sector. Next we disaggregated that growth to either inside or outside of the National Park. This disaggregation was based on the percentage of jobs in the SDNP relative to the wider local authorities as of 2022.

10.8 For example if there were 1,000 agriculture jobs in the wider area and 500 in the SDNP then 50% of the agriculture change would be applied to the National Park. This approach is referred to as the 'All LAs' approach.

10.9 However, for most of these authorities the key employment centres are located outside of the National Park. In response, we have run a sensitivity which only focuses on those local authorities where the majority of employment within the National Park is located.

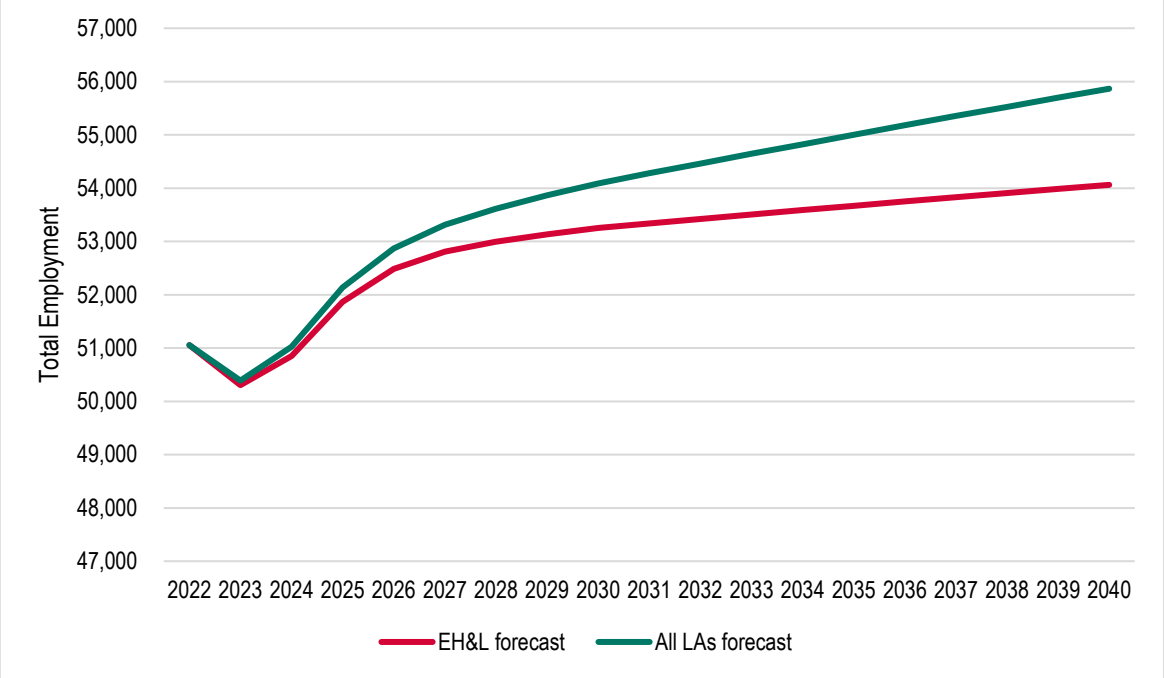
10.10 According to IDBR data, around 77% of employment in the SDNP is in either Lewes, East Hampshire or Chichester (26%, 27% and 24% respectively). The other authorities each contain 10% or less of SDNP's employment.

10.11 However, the key town in Chichester District (Chichester) is outside of the National Park therefore employment forecasts for Chichester is less likely to be applicable to SDNP. In contrast, the key towns in Lewes and East Hampshire (Lewes and Petersfield), are both located in the National Park and therefore the forecasts for these local authorities are likely to be appropriate for the SDNP.

10.12 The sensitivity therefore only considers the aggregated jobs change in the East Hampshire and Lewes forecasts (the 'EH&L' forecast) and once again disaggregates this figure on the basis of the relationship with employment in and outside of the National Park.

10.13 By 2040, employment is expected to have increased to 54,061 using the EH&L forecast and to 55,865 using the All LAs forecast. This is represents growth of 3,009 jobs (~6%) using the EH&L forecast and 4,813 jobs using the All LAs forecast (~9%).

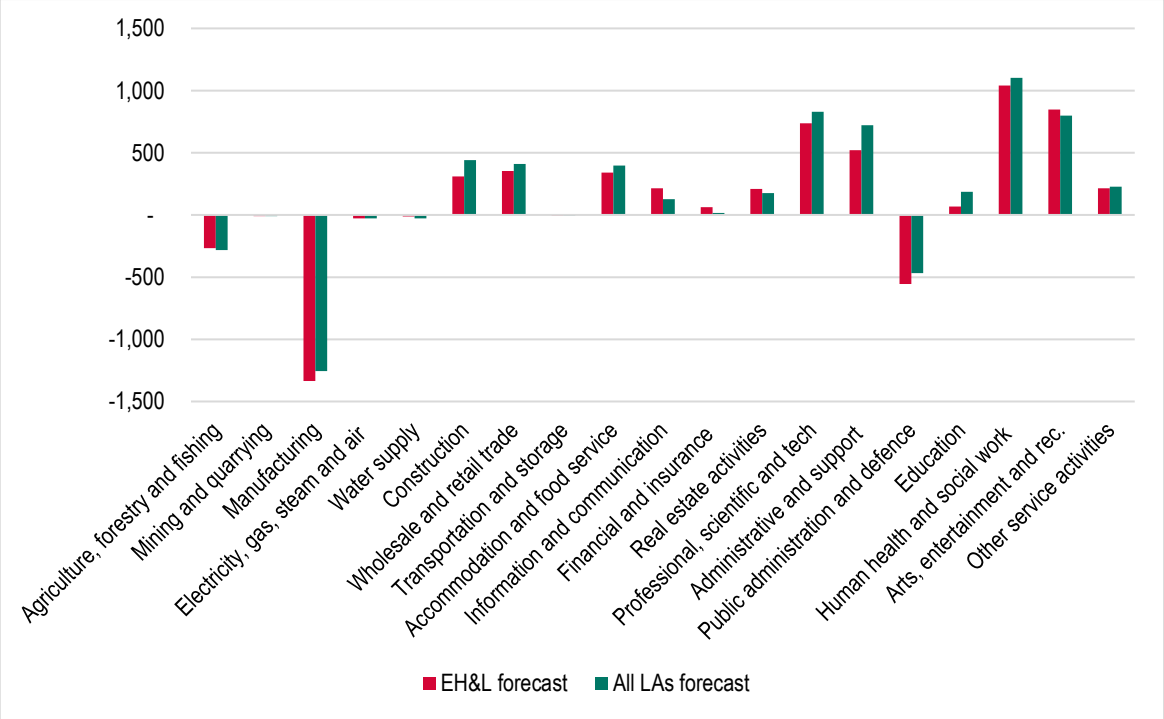
Figure 10.2 - Employment in SDNP Forecast (2022-2040)



Source: Iceni analysis of IDBR and Oxford Economics data

10.14 The graph below shows the change in employment by SIC section. It can be seen that the pattern of change is similar for both forecasts, albeit with slightly less growth/greater declines in most SIC sections under the EH&L forecast.

Figure 10.3 – Employment Change by SIC Section in the SDNP (2022-2040)



Source: Iceni analysis of IDBR and Oxford Economics data

10.15 The table below provides figures for employment change in the SIC sections which are most relevant to this study (i.e. have the most impact on employment floorspace needs).

10.16 Reflecting national trends driven by cheaper imports and automation, the manufacturing sector in the SDNP is expected to see the most significant decline of around 1,300 jobs. This suggests a reduced need for manufacturing (general and light industrial) floorspace.

Table 10.1 Employment Change in the SDNP (2022-2040) – Relevant SIC Sections

Sector	EH&L Forecast	All LAs Forecast
Manufacturing	-1,335	-1,256
Wholesale and retail trade	352	410
Transportation and storage	-8	-7
Information and communication	214	128
Financial and insurance	64	16
Real estate activities	210	175
Professional, scientific and tech	736	829
Administrative and support	521	721
Public administration and defence	-556	-469
Total (All SIC Sections)	3,009	4,813

Source: Iceni analysis of IDBR and Oxford Economics data

10.17 The wholesale and retail sector is forecast to grow by around 400 jobs whilst the Transportation and Storage sector is forecast to remain stagnant. This suggests a need for additional storage and distribution floorspace.

10.18 There is also forecast to be growth in employment in traditionally office-based sectors, particularly Professional, scientific and technical jobs (~700-800 jobs) and Administrative and support (~500-700 jobs). On the other hand Public administration and defence is forecast to see significant decline of around 500 jobs.

Labour Supply

10.19 We have not examined a labour supply scenario as the scenarios that we have established either result in a declining labour force or a maintenance of the existing numbers. Neither of which would result in a need for additional floorspace.

Employment Growth - Summary

10.20 Across the National Park there was around 51,000 jobs in 2022 the largest numbers of which were in Wholesale and Retail, Education, Hospitality, Healthcare and Public administration and Defence sectors.

10.21 The labour demand forecasts have been derived by applying sector based employment forecasts from Oxford Economics to a baseline position established by ONS.

10.22 Given that the SDNP area does not align with a single, or even a group, of local authorities, a series of adjustments have been made to derive a set of economic forecasts. The first approach aggregates employment forecasts for each local authority in which the National Park spans (All LAs). And the second just those in Lewes and East Hampshire (EH&L) where the two largest employment centres in the SDNP is located.

10.23 From these we then calculate the absolute jobs change over the plan period for each sector and apply a part of this growth to the National Park based on the percentage of jobs in the SDNP relative to the wider area.

10.24 By 2040, employment is expected to have increased by 3,009 jobs (~6%) using the EH&L forecast and 4,813 jobs using the All LAs forecast (~9%).

11. EMPLOYMENT LAND REQUIREMENTS

11.1 This section of the report considers the demand for employment land and floorspace over the period from 2021-2040. Planning Practice Guidance recommends the use of a number of different techniques to estimate future requirements, namely assessments based on:

- Labour Demand – driven by the OE based employment forecasts (see previous chapter)
- Past take-up of employment land – i.e. past completions of new floorspace;
- Past take-up of property – i.e. past take-up of floorspace;

11.2 The guidance does not indicate a preference for any of these techniques, nor does it say that they should be used consistently across the different use classes. We therefore look at each of the techniques in turn before examining whether their use is appropriate for each use class.

11.3 The guidance also suggests examining labour supply, however, as explained earlier we have not assessed this need as the labour supply scenarios are likely to be negative or neutral.

Labour Demand

11.4 Jobs forecasts are translated to employment floorspace requirements through a series of steps.

- **Employment Growth by Sector** - From OE or based on projections of historic change
- **Full Time Equivalent Employent Growth by Sector** - By Applying assumptions around Self Employment, Full-time and Part-time working
- **FTE Employment Growth by Use Class** - By applying assumptions around the % of jobs in each sector taking place in Office, R&D, Warehouse and Industrial floorpsace
- **Employment Floorspace by Use Class** - By applying Employment Density assumptions (square metres per job)
- **Employment Floorspace by Use Class with Replacement Demand** - By adding an allowance for future losses
- **Employment Floorspace by Use Class with Gross Margin** - By adding a margin for flexibility

11.5 The first step is to translate forecast employment growth (both the EH&L and All LAs forecasts) into full-time equivalent (FTE) employment growth. This is required as the employment densities that are used are to be applied to FTE jobs.

11.6 The number of FTE jobs is calculated by looking at the number of self-employed, full-time and part-time employees in each sector as per the IDBR database. Full-time and self-employment jobs have been assumed to equate to 1 FTE while part time jobs have been assumed to equate to half an FTE (in line with HCA guidance). The resulting jobs to FTE conversion rate can be seen in the table below.

Table 11.1 Jobs to FTE Conversion Rate by SIC Section

SIC Section	Jobs to FTE Conversion Rate
Agriculture, forestry and fishing	93%
Mining and quarrying	98%
Manufacturing – Total	92%
Electricity, gas, steam and air	100%
Water supply	98%
Construction	95%
Wholesale and retail trade	82%
Transportation and storage	94%
Accommodation and food service	77%
Information and communication	93%
Financial and insurance	93%
Real estate activities	83%
Professional, scientific and tech	90%
Administrative and support	85%
Public administration and defence	86%
Education	75%
Human health and social work	80%
Arts, entertainment and rec.	75%
Other service activities	83%

Source: Iceni analysis of IDBR data

11.7 We then make assumptions as to the percentage of FTE jobs in each sector which occur in E(g)(i-iii), B2 and B8 use classes versus working from home or in another use class.

11.8 The core assumption in relation to working from home is the 2019-based levels set out in the Annual Population Survey. As a sensitivity we have also applied the following assumptions to each sector where a level of office based (E(g)(i-ii) employment was expected. These were not applied to other use classes as these are not significantly affected by working from home:

I. Pandemic (2020) levels of working from home based on ONS Annual Population Survey;

II. **Rural Pandemic levels of working from home during the pandemic** (2020 - latest data) – working from home in rural areas is 40% more prevalent than across England as a whole.

11.9 The resulting FTE employment change by use class can be seen in the table below.

Table 11.2 FTE Employment Change by Use Class, 2022-2040

Use Class	EH&L Forecast	All LAs Forecast
B1a - 2019 WFH Levels	815	944
B1a - 2020 WFH Levels	765	892
B1a - 2020 Rural WFH Levels	701	817
B1b	33	37
B1c	-314	-296
B2	-846	-799
B8	157	188
Total	1,311	1,782

Source: Iceni analysis of IDBR and OE data

11.10 To translate FTE employment growth to floorspace we have assumed a set of employment densities[23], which are set out in Table 10.3. These are informed by the Homes and Communities Agency Employment Density Guide third edition[24] and the British Council of Office data but also take into account Iceni Projects' experience.

Table 11.3 Employment Density Assumptions

Use Class	Density (Sqm GEA per…)	Source
E(g)(i)	20.7 per desk*	BCO Guide to Specification Design Criteria (2022 Update)
E(g)(ii)	49.5 per FTE	HCA Employment Density Guide - Lower end of range (40-60) given Iceni experience which suggests that densities may be even lower than this.
E(g)(iii)	52.1 per FTE	HCA Employment Density Guide
B2	39.9 per FTE	HCA Employment Density Guide
B8	81.9 per FTE	HCA Employment Density Guide - Density for Final Mile Distribution used as not a regional or national distribution location.

*Source: As shown *FTE workers not working from home*

[23] Employment Densities are the assumed floorspace per FTE e.g. for offices it is assumed that every FTE will have 14 sqm (GEA) of floorspace

[24] https://www.kirklees.gov.uk/beta/planning-policy/pdf/examination/national-evidence/NE48_employment_density_guide_3rd_edition.pdf

11.11 Applying these employment densities to the FTE forecasts results in the employment floorspace need set out in Table 10.4. In total, the All LAs forecast results in a need for between 18,700 sqm and 21,300 sqm of office space and a decline of 32,577 sqm of industrial space.

Table 11.4 Employment Floorspace Requirement (Sqm GEA) by Labour Demand Model, 2021-2040

Use Class	EH&L Forecast	All LAs Forecast
E(g)(i) - 2019 WFH Levels	16,833	19,496
E(g)(i) - 2020 WFH Levels	15,797	18,421
E(g)(i) - 2020 Rural WFH Levels	14,475	16,879
E(g)(ii)	1,641	1,848
B1c	-16,336	-15,409
B2	-32,054	-30,294
B8	11,012	13,126
Office and R&D - 2019 WFH Levels	**18,474**	**21,344**
Office and R&D - 2020 WFH Levels	**17,438**	**20,269**
Office and R&D - 2020 Rural WFH Levels	**16,116**	**18,728**
Industrial	**-37,378**	**-32,577**

Source: Iceni analysis of IDBR and OE data

11.12 The EH&L and All LA forecasts present a fairly narrow range of office based need from 14,475 to 19,496 sqm all of which could reasonably be expected to occur. In order plan positively we would put greater focus on those numbers associated with the All LAs forecasts which result in a higher level of need.

11.13 In relation to working from home we would suggest that the rural rates are more appropriate for the SDNP than the national rates. This reflects the nature of the National Park but also the reports from local agents that see greater demand for accommodation with an office or spare bedroom.

11.14 This results in a need for 16,879 sqm which when coupled with the E(g)(ii) need for 1,848 gives an overall need for office space of 18,792.

11.15 The equivalent figure for industrial use is a negative demand of 32,577 sqm. However, as explained later in this report there is a disconnect between labour demand forecasts and the need for industrial floorspace.

Past Completions

11.16 Historic completions, based on Valuation Office Agency (VOA) and CoStar have been considered and projected forward to provide an indication of future floorspace needs. Both gross and net historic completions have been considered based on CoStar data whilst only net completions are available from the VOA:

- **Gross completions** are useful as they inherently take into account replacement demand. However, using gross completions may actually overestimate replacement demand given some historic gross completions may have been on plots where the previous use was the same (i.e. re-development for the same use).
- **Net completions** (gross completions minus losses) do not inherently take into account replacement demand.

11.17 Due to the lack of available data specific to the National Park, past completions based forecasts are broken down into industrial [E(g)(iii), B2 and B8] and office [E(g)(i)]. For the VOA projections R&D [E(g)(ii)] space is not included as historic data is not available.

11.18 For the CoStar projections R&D space cannot be isolated in the historic data and is likely to be included within both the office and industrial projections. However, there is likely to be no/extremely limited demand for R&D space in the SDNP and hence this is not a limitation.

11.19 Both VOA and CoStar data have further limitations. VOA data is only available at Lower Super Output Area (LSOA) level which do not align to the SDNP area – many cross over the boundary. For office need we have used a best fit of LSOAs to the SDNP area based on whether the population weighted centroid of the LSOA falls within the National Park or not.

11.20 However, for industrial floorspace this was not appropriate given that many LSOAs' population weighted centroid is in the SDNP but most of their industrial space is concentrated outside of the National Park as the boundary of the National Park is landscape based.

11.21 Therefore, for industrial floorspace we constructed a best fit of LSOAs where an LSOA was included in the National Park based on mapping of CoStar industrial stock – where more stock in an LSOA was attributed to postcodes within the National Park than outside the National Park then the LSOA was included within the National Park figures.

11.22 Whilst CoStar data is available at a more detailed geographic scale (postcode level), CoStar often provides limited data coverage – i.e. not all stock is included and the data is biased towards newer, leased and larger stock.

11.23 In the SDNP this is clearly the case for industrial floorspace - CoStar suggests that there is around 305,000 sqm GEA of industrial floorspace in the SDNP compared to 421,000 suggested by the VOA. For this reason CoStar based industrial projections should be seen as a minimum requirement.

11.24 However, for office stock the CoStar and VOA data are more closely aligned. The CoStar data suggests that there is around 131,000 sqm GEA of office floorspace in the SDNP compared to 142,000 suggested by the VOA. We are therefore content that either source would be a reliable starting point to assess office need.

11.25 The table below shows the historic average gross and net completions rates. For CoStar data this is based on the period between 2010 and 2022. 2010 was chosen as the start point for the analysis because:

- CoStar industrial net completions data is only available from 2010; and
- There are significant inconsistencies in CoStar's gross and net completions office data pre 2010.

11.26 For VOA data the 2010-2022 period has been used for consistency with the CoStar data. However, we have also used the 2001-2022 period (the period for which data is available). These timeframes do not show a significant range for industrial completions.

Table 11.5 Average Completions (sqm GEA)

	Industrial	Office
VOA Net Completions - 2001-2022	3,659	1,178
VOA Net Completions - 2010-2022	3,421	2,371
CoStar Net Completions - 2010-2022	1,082	527
CoStar Gross Completions - 2010-2022	1,158	567

Source: Iceni analysis of VOA and CoStar data

11.27 The historic completions rates presented above have then been projected forward (average completions multiplied by 18) to estimate employment floorspace requirements for 2021-2040. The result of which can be seen in the table below.

Table 11.6 Employment Floorspace Requirement (Sqm GEA) by Completions Projections, 2022-2040

	Industrial	Office
VOA Net Completions - 2001-2022	65,865	21,203
VOA Net Completions - 2010-2022	61,579	42,671
CoStar Net Completions - 2010-2022	19,475	9,493
CoStar Gross Completions - 2010-2022	20,847	10,211

Source: Iceni analysis of VOA and CoStar data

Past Take-Up

11.28 A third estimate of future employment floorspace needs looks at past take-up of space measured by net absorption using CoStar data. As explained in the Property Market Review chapter this is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs).

11.29 This differs from the net completions-based projections in that it predicts future floorspace requirements directly based on observed historic demand for floorspace rather than past completions of floorspace (which is a proxy for floorspace demand).

11.30 In line with the past completions based projections we have produced a net absorption based projections using the period 2010-2022 for both office and industrial. Noting that reliable data is not available for the detailed breakdown of employment use classes.

11.31 It should be noted that CoStar net absorption data is likely to provide much better coverage than completions data as leasing activity (by postcode) is the starting point for the collection of CoStar data rather than floorspace.

11.32 The table below shows the average rate of net absorption in the 2010-2022 period as well as the 2022-2040 projection (historic average multiplied by 18).

Table 11.7 Average Net Absorption and Employment Floorspace Requirement

	Industrial	Office
CoStar Net Absorption Projection - 2010-2022	2,677	-261
CoStar Net Absorption Projection - 2022-2040	48,179	-4,704

Source: Iceni analysis of CoStar data

Employment Floorspace Need Summary and Conclusions

11.33 As set out above we have examined a range of ways to determine the future need for employment floorspace in the SDNP. The table below shows the employment floorspace requirements for each broad use class. In this section we look to recommend the most appropriate forecast requirement for each use class.

Table 11.8 Employment Floorspace Needs Forecasts Summary, 2022-2040

	Industrial	Office
Labour Demand	-34,977	18,728
VOA Net Completions - 2001-2022	65,865	21,203
VOA Net Completions - 2010-2022	61,579	42,671
CoStar Net Completions - 2010-2022	19,475	9,493
CoStar Gross Completions - 2010-2022	20,847	10,211
CoStar Net Absorption - 2022-2040	48,179	-4,704

Source: Iceni analysis of IDBR, OE, VOA and CoStar data

Industrial

11.34 In terms of industrial requirements, there is a wide range of forecasts (-34,000 sqm to 65,000 sqm). The relationship between industrial employment and floorspace needs are highly uncertain given the changing nature of manufacturing and logistics (e.g. due to automation).

11.35 Furthermore, OEs forecasts often paint a pessimistic outlook for industrial sectors, particularly manufacturing, which do not always align with historic trends and may not take into account recent

trends towards onshoring. Therefore, we consider the completions and net absorption-based projections to be more appropriate.

11.36 The appropriate level of industrial need is likely to be above the CoStar based completions projections (given the poor coverage of CoStar data). Conversely, the VOA based forecasts an extremely high level of need and the accuracy of this approach is difficult to gauge as it based on best fit.

11.37 The net absorption forecast is based on National Park specific (postcode level) transaction data and also falls at around the midpoint of the VOA and CoStar projections giving us a degree of confidence on it appropriateness. **We therefore conclude that the net absorption forecast is most appropriate (48,179 sqm GEA) for estimating future requirements of industrial floorspace.**

Office

11.38 In terms of office requirements, there is also wide range of forecasts (-4,704 to 42,600 sqm). However, unlike for industrial forecasts there is a good relationship between office-based employment and office floorspace (given the adjustments made to consider uncertainties regarding working from home). Furthermore there are no disproportionate limitations with any of the completions based models.

11.39 The net absorption rate while credible also includes some pandemic effects which greatly reduced the demand for officer floorspace, indeed the demand was negative for 2021 and 2022 (over 4,000 sqm of negative demand).

11.40 We consider the employment demand based need as the most appropriate level to plan for (18,728 sqm GEA). This is also the upper median of the range of forecasts examined.

Replacement Demand and Margin for Flexibility

11.41 It is sometimes appropriate to include an allowance for replacement demand in the employment floorspace requirement. Replacement demand refers to the demand for land (expressed in terms of floorspace at this stage) that is required to allow for the replacement of old stock.

11.42 We generally consider historic gross floorspace losses to be a good predictor of future losses. However, we do not have reliable data on gross losses in the SDNP (CoStar does not provide good coverage in the National Park as will be discussed in the past completions section of this chapter).

11.43 Therefore, we have not included an allowance for replacement demand. We recommend that the need for replacement of old stock should be considered through planning policy. This policy should consider the following:

- some gross losses will be able to be re-provided on the same plot; and
- some gross losses will be due to structural changes in the economy, which means that less floorspace is required to accommodate the same number of jobs and/or economic activity (due to the prevalence of home working, office stock won't need to be replaced at a rate of 100%).

11.44 We do however include a 'margin for flexibility'. This allows for the allocation of sufficient land to cover inaccuracies in forecasting, helps to provide a choice of sites to facilitate competition and allows for delays in any sites coming forward.

11.45 In the absence of reliable gross completions data we recommend that a 'margin for flexibility' based on 10% of overall need is used (a commonly used benchmark in employment land needs evidence). The table below confirms the final employment floorspace requirement.

Table 11.9 Final Employment Floorspace Requirement - Pre and Post Margin (Sqm GEA)

	Industrial	Office
Employment Floorspace Requirement	48,179	18,728
With Margin for Flexibility (@10%)	52,997	20,601

Source: Iceni analysis of various datasets

Employment Land Needs

11.46 To convert from an employment floorspace requirement to an employment land requirement we have applied the plot assumptions set out in the table below.

Table 11.10 - Plot Ratio Assumptions

	Plot Ratio	Justification
Office	0.35	Midpoint of business park and town centre office
Industrial	0.40	Midpoint of industrial. Lower end of warehousing range (0.4-0.6) - this is deemed reasonable given the requirement for Biodiversity Net Gain.

Source: Employment Land Reviews Guidance Note (2004)

11.47 The table below shows the final employment land requirement. It can be seen that there is a need for 15 ha of industrial land and 4 ha of land for office space.

Table 11.11 - Employment Land Requirement

	Industrial	Office
Employment Floorspace Requirement with margin (Sqm GEA)	52,997	20,601
Employment Land Requirement (Ha)	13.2	5.9

Source: Iceni analysis of various datasets

11.48 We have not provided a breakdown of employment land needs by detailed use class due to limitations on data availability (i.e. no reliable historic completions and take-up data for detailed use classes). The only indicative breakdown of need by use class is provided through the labour demand modelling which presented in the table 11.4.

11.49 It can be seen that there may be some need for R&D space. However, this need may not actually materialise and may actually reflect demand for office space (from the Professional, Scientific and Tech sector). Therefore, whilst R&D space should be an acceptable use on office allocations, allocations should not be reserved solely for R&D provision.

11.50 The labour demand model suggests that there is a negative demand for class E(g)(iii) and B2 floorspace but a positive demand for B8 floorspace. However, given the low vacancy rate for both general/light industrial space and warehousing space this is unlikely to be the case. We recommend that industrial allocations should allow for both E(g)(iii)/B2 and B8.

Economic Growth and Housing Need

11.51 Earlier in this report we examined the level of housing need required to meet the labour demand economic forecasts. The economic forecasts have only partially fed into the overall employment land requirements and specifically only those relating to office need.

11.52 The industrial need is derived from the Co-star net absorption trends and while this results in a floorspace need which is significantly higher than those from the labour demand forecasts it is not necessarily the case that it would also result in a much higher level of employment growth and thus population growth and housing need.

11.53 This is because the relationship between employment floorspace, and particularly industrial floorspace, and jobs is complex. This is because some of the trends in the absorption rate calculations will include replacement demand i.e. replacing older stock with newer stock and shifting the jobs across.

11.54 We are also seeing a growth in high street retail jobs shifting towards warehouse and distribution jobs as a result of e-commerce. This is again just a movement of jobs between use classes without necessarily increasing the overall number.

11.55 Without having detailed knowledge of the sites which are likely to come forward it is difficult to be precise on the level of jobs growth this would entail. However, that notwithstanding the level of jobs growth associated with the identified level of employment land above will be similar to the High growth scenario which resulted in a need for 455 dpa.

11.56 Should the authority not be able to deliver this level of housing growth then they will need to decide whether to reduce their economic aspirations or work with duty to cooperate partners to draw in additional labour force and also consider where this need is met.

Employment Land Need - Summary

11.57 We have examined a range of ways to determine the future need for employment floorspace in the SDNP.

11.58 In terms of industrial requirements, there is a wide range of forecasts (-34,000 sqm to 65,000 sqm). The relationship between industrial employment and floorspace needs are highly uncertain given the changing nature of manufacturing and logistics (e.g. due to automation).

11.59 The net absorption forecast falls at around the midpoint of the VOA and CoStar projections giving a degree of confidence on it appropriateness. We therefore conclude a future need for 48,179 sqm GEA of industrial floorspace.

11.60 In terms of office requirements, there is also wide range of forecasts (-4,704 to 42,600 sqm). However, unlike for industrial forecasts there is a good relationship between office-based employment and office floorspace

11.61 We consider the employment demand based need as the most appropriate level to plan for (18,728 sqm GEA). This is also the upper median of the range of forecasts examined.

11.62 We also include a 10% ‘margin for flexibility’ which allows for the allocation of sufficient land to cover inaccuracies in forecasting, helps to provide a choice of sites to facilitate competition and allows for delays in any sites coming forward.

11.63 This results in a need for 53,000 sqm of industrial space and 20,600 sqm of office space. This translates to an employment land requirement of 13.2 Ha and 5.9 Ha respectively.

11.64 The level of employment land to be planned for will need to be balanced with the housing capacity in the area. If not then the need will have to be altered or discussions had with duty to cooperate partners to draw in additional labour supply.