GL Hearn
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South Downs National Park HEDNA

South Downs National Park Authority

Final Report

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Quality Standards Control

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

DATE	ORIGINATORS	APPROVED
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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 INTRODUCTION

1.1 The South Downs National Park Authority (SDNPA) is in the process of developing a Local Plan, which will cover the South Downs National Park (SDNP). As part of the evidence for their Local Plan the SDNPA commissioned GL Hearn to undertake a study examining housing and employment land need within the National Park

1.2 This report is a targeted and combined update of the previous South Downs National Park Strategic Housing Market Assessment[1] (SHMA) and the South Downs National Park Employment Land Review[2] (both September 2015) (ELR).

1.3 The core element of this work is to update the calculation of housing and employment land need across the South Downs National Park. The SDNPA have also undertaken an in-house review of the supply elements of the 2015 ELR which was published earlier this year[3].

1.4 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.

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

1.6 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. 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]'.

1.7 National Park Authorities also need to take into account the 2010 Vision & Circular[4] which sets out national policy in respect of National Parks. In this the Government is clear that action by National

[1] https://www.southdowns.gov.uk/wp-content/uploads/2015/09/SDNP-SHMA-2015.pdf
[2] https://www.southdowns.gov.uk/wp-content/uploads/2015/09/Employment-Land-Review-2015.pdf
[3] https://www.southdowns.gov.uk/wp-content/uploads/2017/03/ELR_report_2017.pdf
[4] DEFRA (2010) English national parks and the broads: UK government vision and circular 2010

Park Authorities should include fostering and maintaining thriving rural economies, and supporting the delivery of affordable housing.

1.8 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. 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.

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.[5]*"*

1.9 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.

1.10 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.'

1.11 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).

1.12 Paragraphs 18 to 22 to 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 through the planning system. It sets out a requirement for local planning authorities to plan proactively to meet the development needs of businesses and support an economy fit for the 21st Century. In drawing up local plans, it requires local authorities to:

- Set out a clear economic vision and strategy;
- Set criteria or identify strategic sites for local and inward investment;
- Support existing business sectors and where possible identify and plan for new or emerging sectors likely to locate in the area. Policies should be flexible enough to accommodate needs not anticipated in the Plan;

[5] DEFRA (2010) Circular: National Parks, Paragraphs 78 and 79

- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
- Facilitate flexible working practices.

1.13 Paragraph 160 and 161 set out that local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To do this they should work with Local Enterprise Partnerships (LEPs), the business community, county and neighbouring authorities to understand business needs, likely changes in the market and barriers to investment. They should use their evidence base to assess the land and floorspace for economic development, including the quantitative and qualitative needs for all foreseeable types of economic activity and the existing and future supply of land.

Local Plan Preparation

1.14 The South Downs Local Plan: Preferred Options was published for public consultation under Regulation 18 in autumn 2015. The Strategic Housing Market Assessment (SHMA) and Employment Land Review (ELR) were both produced by GL Hearn and were published as part of the evidence base supporting the Local Plan.

1.15 A targeted ELR update was produced in house and published in spring 2017. The update was site focused and did not re-visit the need figures for employment land.

1.16 The Pre-Submission Local Plan is due to be published for public consultation under Regulation 19 in autumn 2017. This Housing and Economic Development Needs Assessment (HEDNA) will update the objectively assessed need figures in the original SHMA and ELR. It will be published as part of the core document library supporting the Local Plan.

Purpose of this Report

1.17 To put this work in context, as required by Paragraph 159 and 160 of the National Planning Policy Framework (NPPF)[6] Local Authorities are required to inform future Local Plan policies for housing and employment land provision, based on adequate, up to date and relevant evidence.

1.18 The Housing and Economic Development Needs Assessment (HEDNA) effectively brings together elements of a Strategic Housing Market Assessment (SHMA) and Employment Land Review (ELR) in to a combined evidence base.

[6] CLG (March 2012) *National Planning Policy Framework*

Housing Need

1.19 A SHMA is required to assess the overall need for housing; the need for different types of housing, including affordable housing; and the housing needs of different groups within the community.

1.20 Planning Practice Guidance[7] (PPG) sets out a standard approach to assessing the full need for market and affordable housing. The approach adopted in this report in assessing overall housing needs is consistent with the PPG.

1.21 However, the assessment of overall housing need is somewhat theoretical, as it required to 'leave aside' development constraints, as it is required to do, and thus does not take account of the SDNP's designation.

1.22 **In policy terms, the emphasis on seeking to meet full objectively assessed housing need, as set out in Paragraph 14 in the NPPF, does not apply in national parks where it can be shown that this conflicts with the statutory purpose of conserving and enhancing. The policy framework for national parks focuses primarily on seeking to deliver affordable housing to meet local needs. Affordable housing need is therefore considered in detail in this SHMA.**

1.23 The footnote to this Paragraph clearly outlines that the Framework accepts the designation of a National Park may restrict development, where appropriate if it fails to conserve landscape and scenic beauty – and thus there is not an expectation that the SDNPA will seek to meet its objectively assessed housing needs in full. Instead, as set out above, the policy focus is on meeting local needs with a specific focus on providing affordable housing within the SDNP; and working with local authorities to plan to meet housing needs across the wider HMAs.

- In consideration of national planning policy, we therefore consider that: The SDNPA should plan to meet a proportion of the full objectively assessed housing needs within the National Park itself, in particular to meet the local affordable housing need;
- This proportion would be defined (for the purposes of the SDNPA's Local Plan) taking account of the statutory Purposes and Duty and 2010 Circular based on:
  - Meeting local housing needs, particularly for affordable housing;
  - Supporting local employment opportunities and key services;
  - Landscape impact and development constraints.
- The SDNPA needs to work with local authorities to establish full housing need for the relevant Housing Market Areas which cut across the SDNP. These assessments should be free of constraints.

1.24 This assessment thus seeks to consider housing need - identifying in particular the need for affordable housing, as well as considering the mix of housing and the housing needs of specific groups within the population. Overall housing needs are assessed, leaving aside development

[7] Planning Practice Guidance on Housing and Economic Development Needs Assessments

constraints as Planning Practice Guidance requires, for comparative purposes – not least in allowing the SDNPA to engage with local authorities within the various Housing Market Areas which cut across the South Downs National Park.

1.25 **There is not an expectation in the NPPF that full objectively assessed need (OAN) for housing will be met in full within the National Park.**

1.26 This policy approach is made clearer in the White Paper *Fixing our broken housing market* published in 2017. Paragraph A38 of the document says: 'The Government proposes to clarify which national policies it regards as providing a strong reason to restrict development when preparing plans…it is proposed that these are limited to the policies currently at footnote 9 of the NPPF, with the addition of Ancient Woodland and aged or veteran trees; and that these are no longer set as 'examples' but as a clear list.'

Employment Land Needs

1.27 The PPG sets out that an assessment should be undertaken to identify the future quantity of land and floorspace required for economic development uses, including both the quantitative and qualitative needs for new development; to provide a breakdown of this in terms of quality and location; and to provide an indication of gaps in the current land supply.

1.28 The assessment of need is intended to be realistic, taking account of the particular nature of that area and exploring future scenarios only where these could realistically be expected to occur. The assessment is expected to consider dynamics across the Functional Economic Market Area (FEMA).

1.29 The Guidance states that employment land should be analysed through a simple typology of employment land by market segment and by sub-areas, where there are distinct property market areas within authorities.

1.30 When examining the recent take-up of employment land, consideration should be made to projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. Analysing supply and demand will allow local planning authorities to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. However within the National Park this can be difficult as no forecasts exist.

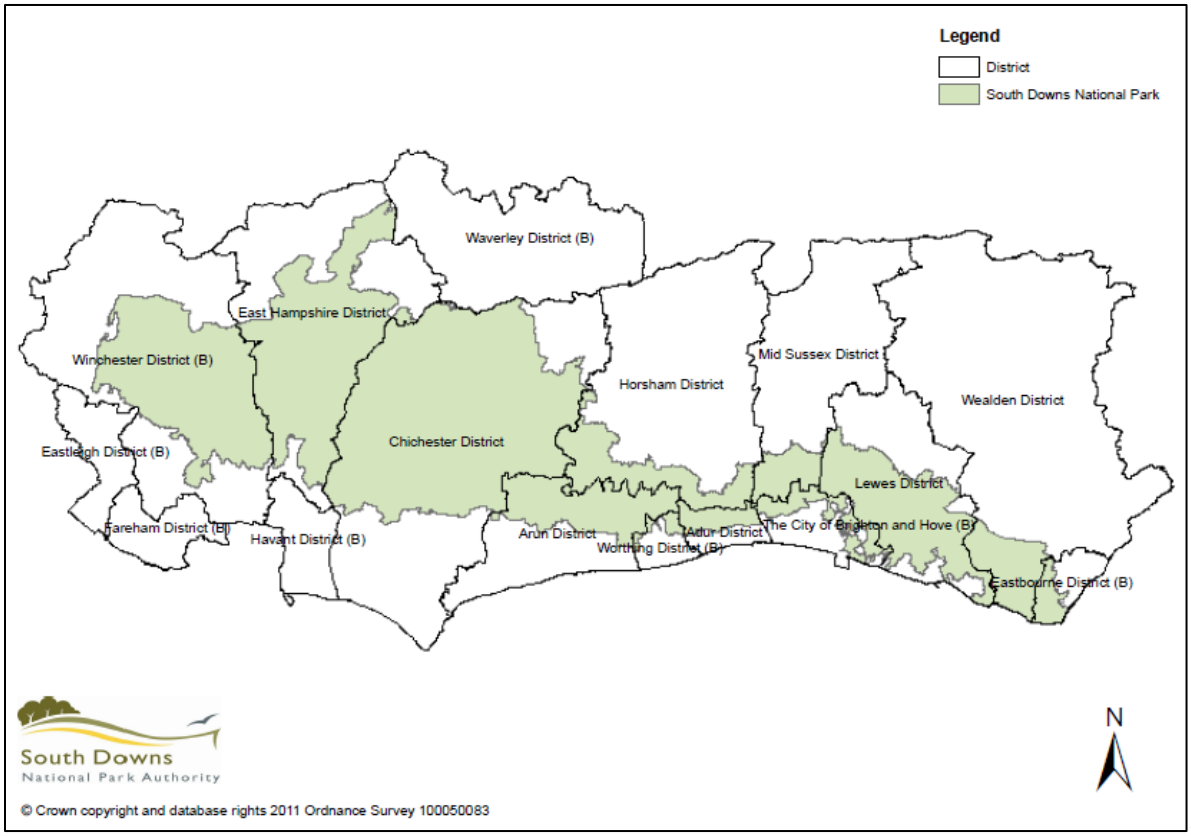
1.31 The Guidance sets out that an assessment of future needs should be based on current and robust data. Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Key evidence to consider includes:

- sectorial and employment forecasts and projections (labour demand);
- demographically derived assessments of future employment needs (labour supply techniques);
- analyses based on the past take-up of employment land and property and/or future property market requirements;
- consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

South Downs National Park

1.32 Figure 1 shows the boundary of the SDNP. The 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.

Figure 1: South Downs National Park



Source: SDNP, 2014

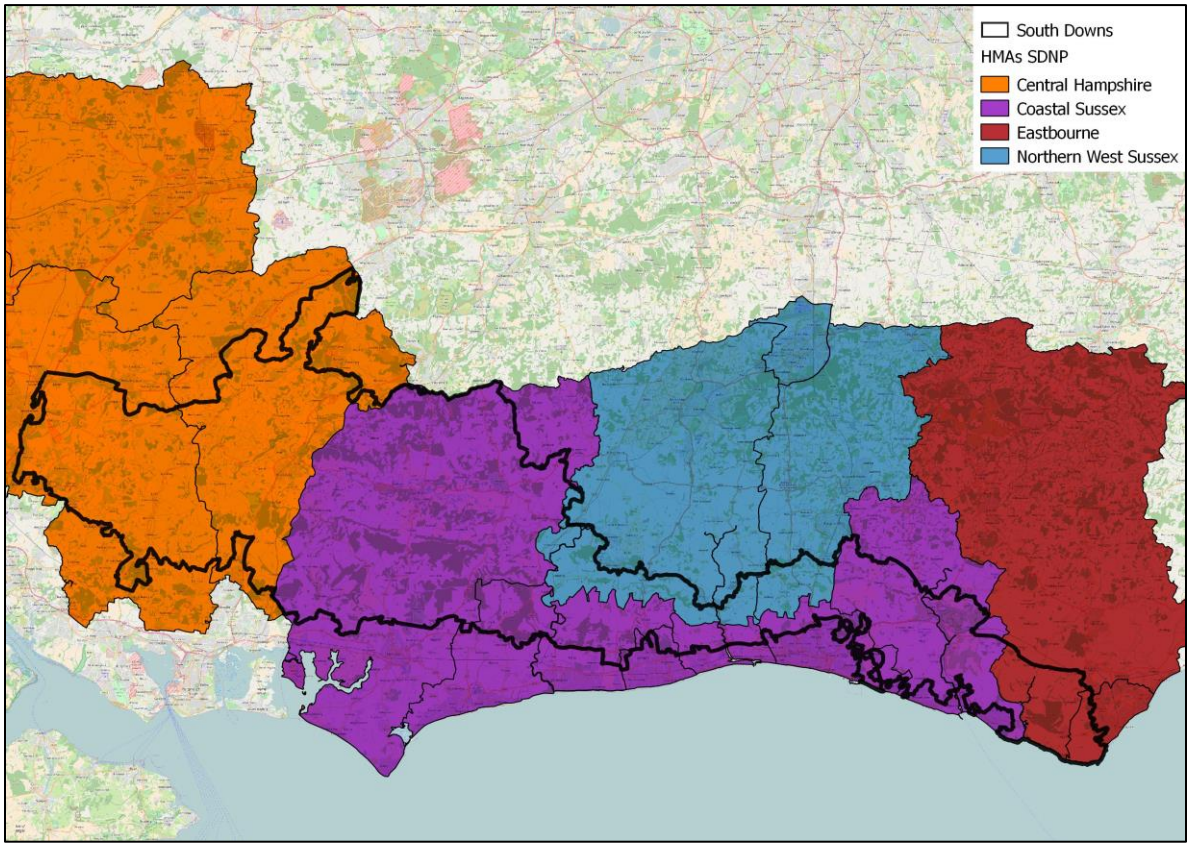
1.33 The duty to cooperate applies to the SDNPA and all the local authorities within the Housing Market Areas (HMAs) which cut across the National Park. The NPPF sets out that local authorities will need to work together across relevant HMAs to identify housing need and seek to meet this as far as it is sustainable to do so. This may mean delivering some of the National Park's need outside of the National Park itself.

Housing Market and Functional Economic Market Area

1.34 We have not sought to retest the Housing Market Area(s) and the Functional Economic Market Area(s) which sit across the national park. These were defined in Chapter 2 of the 2015 SHMA and were drawn largely from Census data which is still relevant.

1.35 Our previous analysis supported the view that the National Park fell into four separate Housing Market Areas. These are shown in Figure 2 below. The majority of the National Park's population and land mass fall within the Central Hampshire and Coastal Sussex HMAs.

Figure 2: Housing Market Areas and SDNP



Source: GL Hearn, 2015

1.36 A more recent study undertaken by GL Hearn for the Greater Brighton and Coastal West Sussex Strategic Planning Board (Defining the HMA and FEMA[8] (February 2017)) suggested that the Fernhurst and Plaistow wards in Chichester district have demonstrated a stronger link with the Guildford.

1.37 The Coastal West Sussex and Greater Brighton study viewed HMAs at a finer grain than the previous HMA and did not cover all of the National Park therefore we have maintained the previous

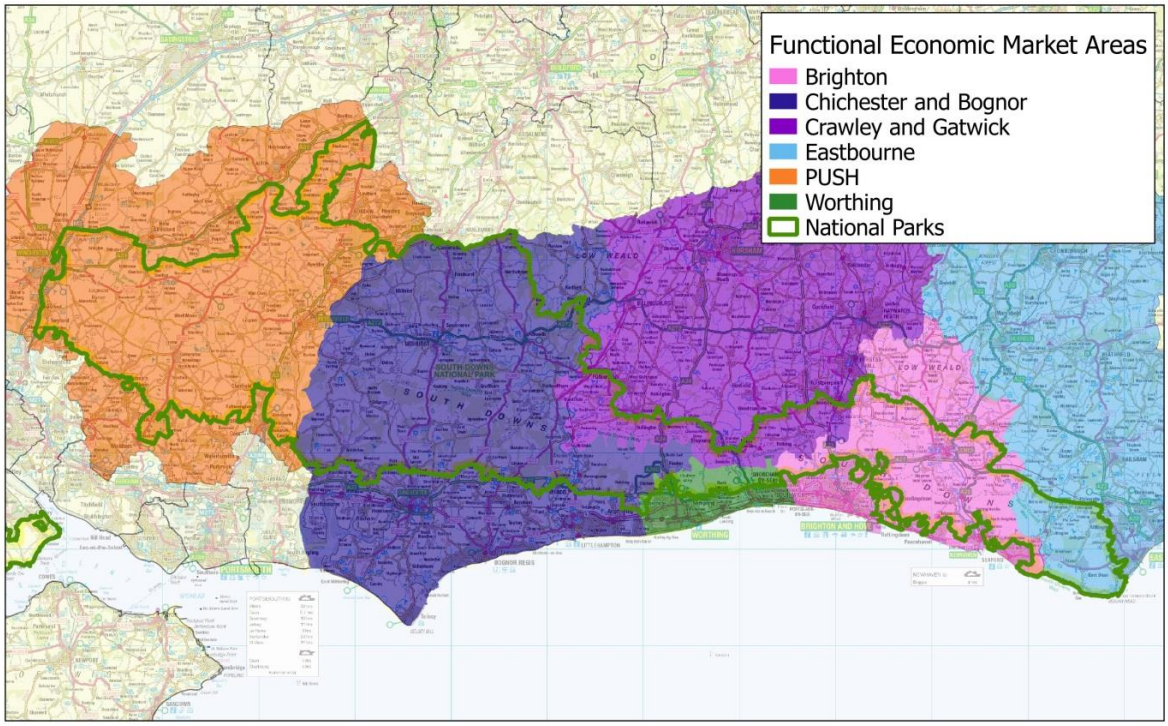
[8] https://www.adur-worthing.gov.uk/media/media,143976,en.pdf

definitions. For practical purposes it is also easier to conclude HMA boundaries based on local authority boundaries.

1.38 We have developed a bespoke model to run a range of scenarios to review the impact of different assumptions on migration and maintaining population base overall and for certain key groups. For these scenarios, we have calculated the level of housing need and assessed how the age structure changes, as well as the impact on the resident workforce. The report also investigates affordable housing need within the National Park.

1.39 The previous Employment Land Review also identified the Functional Economic Market Areas in which the National Park was located. These showed a slightly more fragmented picture with the National Park sitting across six FEMAs.

Figure 3: Functional Economic Market Areas



Source: GL Hearn based on ONS data, 2011

Note on Geographies

The National Park boundary does not reflect any administrative or standard boundary as the designation is landscape-based rather than population or politically-based. Therefore, many of the datasets we would normally use to prepare a HEDNA are not readily available specifically for the SDNP area.

There is some limited data, which is taken from the census, which accurately reflects the SDNP boundary. Where possible we have used this data as a first choice.

Where specific data is not available for the National Park area (SDNP), we have developed a geography based on aggregating Output Areas (OA) data to reflect a “best fit” to the SDNP.

However, this geography, by its nature, extends slightly beyond the SDNP boundary and any data relating to it would not exactly correspond with the National Park. Indeed, it captures a number of villages and built developments which are outside the National Park. Specific statistics should therefore be treated with a degree of caution.

In addition, some data has been aggregated to HMAs. These extend well beyond the National Park boundary.

2 INTERPRETING THE POLICY FRAMEWORK

2.1 The National Park Authority (NPA) is the local planning authority within the National Park. The National Park Authority has statutory purposes to conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public. In carrying out these duties, the National Park Authority also has a duty to foster the economic and social well-being of local communities within the National Park.

2.2 In addition, 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.

2.3 The Sandford Principle relates to a statement first made by Lord Sandford in his committees 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]'.

2.4 The statutory purposes of National Park mean that the presumption for sustainable development in regard to meeting objectively assessed development needs, as set out in Paragraph 14 in the NPPF, does not apply in the same way as in other areas. The footnote to paragraph 14 names national parks as a policy area where development should be restricted. This is clarified in the White Paper *Fixing our Broken Housing Market*, which includes national parks in a clear list of areas where development should be restricted.

National Planning Policy Framework (NPPF)

2.5 The National Planning Policy Framework (NPPF) was published in March 2012 with the aim of making planning more streamlined and accessible.

2.6 The purpose of the NPPF and the wider planning system is to contribute towards sustainable development. The policies in the NPPF set out the government's view on what sustainable development means in practice. There are three core dimensions to achieve this:

- **an economic role** – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;
- **a social role** – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high

quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being; and

- **an environmental role** – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.

2.7 In Paragraph 14 the NPPF outlines a presumption in favour of sustainable development whereby Local Plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless any adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies, when assessed against the policies in the NPPF taken as a whole or specific policies which indicate development should be restricted. It should be noted that footnote 9 of paragraph 14 references National Parks as areas where development should be restricted. However, the NPPF does not exclude development in National Parks and the presumption in favour of development applies subject to other policies of the NPPF as they relate to the designated status of the National Park.

2.8 Paragraph 159 of the NPPF outlines that SHMAs are a key piece of evidence in determining housing needs. It outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

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

2.9 This is reaffirmed in the NPPF in paragraph 50 which outlines the need for local authorities to identify the HMA and should be completed in partnership through the duty to co-operate particularly where an HMA crosses administrative boundaries.

2.10 Paragraph 181 states Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. LPAs are expected to work collaboratively and engage constructively with one another, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act. It is important that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

2.11 Local plans must be 'sound.' The NPPF sets out that this means that they must be positively prepared, justified, effective and consistent with national policy. This is tested by an independent inspector through the plan examination process. To be positively prepared, a Plan "*should be prepared based on a strategy which seeks to meet objectively assessed development and*

infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development." Thus local authorities in preparing plans must seek to work with their neighbours to consider whether there are unmet needs in one area which could be met within another.

2.12 In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision have been removed as have national brownfield development targets.

2.13 In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes.

2.14 In relation to employment land 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).

2.15 Paragraphs 18 to 22 to 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 through the planning system. It sets out a requirement for local planning authorities to plan proactively to meet the development needs of businesses and support an economy fit for the 21st Century. In drawing up local plans, it requires local authorities to:

- Set out a clear economic vision and strategy;
- Set criteria or identify strategic sites for local and inward investment;
- Support existing business sectors and where possible identify and plan for new or emerging sectors likely to locate in the area. Policies should be flexible enough to accommodate needs not anticipated in the Plan;
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and

- Facilitate flexible working practices.

2.16 Paragraph 22 in the NPPF states that planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.

2.17 Paragraph 160 and 161 set out that local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To do this they should work with Local Enterprise Partnerships (LEPs), the business community, county and neighbouring authorities to understand business needs, likely changes in the market and barriers to investment. They should use their evidence base to assess the land and floorspace for economic development, including the quantitative and qualitative needs for all foreseeable types of economic activity and the existing and future supply of land.

2.18 However, in respect of National Parks the Framework is clear (in Paragraphs 115 and 116) that:

> *Great weight should be given to conserving landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty, which have the highest status of protection in relation to landscape and scenic beauty. The conservation of wildlife and cultural heritage are important considerations in all these areas, and should be given great weight in National Parks and the Broads*
>
> *Planning permission should be refused for major developments in these designated areas except in exceptional circumstances and where it can be demonstrated they are in the public interest. Consideration of such applications should include an assessment of:*
>
> - *the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy;*
> - *the cost of, and scope for, developing elsewhere outside the designated area, or meeting the need for it in some other way; and*
> - *any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated.*

National Planning Practice Guidance

2.19 National Planning Practice Guidance was issued by Government in March 2014 on 'Assessment of Housing and Economic Development Needs'. It is maintained as an online resource, and updated periodically. This is relevant, in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing, although in some circumstances certain policies within the NPPF do not apply to the National Parks.

2.20 The Guidance defines "need" as referring to:

> *"the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need."*

2.21 In this respect, the Guidance is clear that assessments of need should take account of the local need and demand for market housing (including in-migration). The assessment of need is intended to be undertaken for the relevant Housing Market Area.

2.22 The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG).

2.23 At the time of preparation of this report the latest projections are the 2014-based Household Projections[9]. It also outlines that the latest population projections should be considered. These are the 2015 Sub-National Population Projections published by ONS in May 2016.

2.24 It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

2.25 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances, it suggests this may provide a case for increasing the level of overall housing provision. Although this is unlikely to be the case in a nationally protected landscape.

2.26 In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that:

> *"where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems."*

[9] https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections

2.27 The Guidance indicates that the assessment should consider the need for different types of housing and the needs of different groups, including family housing, housing for older people, and households with specific needs and those looking to build their own home. It sets out that the need for older persons housing should be broken down by tenure and type, and should include an assessment of need for residential institutions.

2.28 In relation to employment land the Guidance sets out that an assessment should be undertaken to identify the future quantity of land and floorspace required for economic development uses, including both the quantitative and qualitative needs for new development; to provide a breakdown of this in terms of quality and location; and to provide an indication of gaps in the current land supply.

2.29 The assessment of need is intended to be realistic, taking account of the particular nature of that area and exploring future scenarios only where these could realistically be expected to occur. The assessment is expected to consider dynamics across the Functional Economic Market Area (FEMA).

2.30 In understanding the current market in relation to economic and main town centre uses, the Guidance outlines that plan makers should liaise closely with the business community to understand their current and potential future requirements and should take account of:

- The recent pattern of employment land supply and loss to other uses (based on planning applications);
- Market intelligence, including from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums;
- Market signals, such as levels and changes in rental values, and differentials between land values in different uses;
- The existing stock of employment land, data on take-up of sites, and public information on employment land and premises required and any evidence of over-supply and/or evidence of market failure;
- Information held by other public sector bodies and utilities in relation to infrastructure constraints; and
- The locational and premises requirements of particular types of business.

2.31 The Guidance states that employment land should be analysed through a simple typology of employment land by market segment and by sub-areas, where there are distinct property market areas within authorities. When examining the recent take-up of employment land, consideration should be made to projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. Analysing supply and demand will allow Councils to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites.

2.32 The Guidance sets out that an assessment of future needs should be based on current and robust data. Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Key evidence to consider includes:

- sectorial and employment forecasts and projections (labour demand);
- demographically derived assessments of future employment needs (labour supply techniques);
- analyses based on the past take-up of employment land and property and/or future property market requirements;
- consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

2.33 Evidence of need and supply then need to be brought together. The Guidance outlines that the available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified. The increasing diversity of employment generating uses requires different policy responses and an appropriate variety of employment sites.

2.34 National policy recognises that functional economies transcend local authority administrative boundaries. Responsibilities for coordinating economic development activities now rest with the newly-established Local Enterprise Partnerships.

National Park Purposes and Duty

2.35 The National Parks have two statutory purposes (as set out in The National Parks and Access to the Countryside Act 1949 and reaffirmed by the 1995 Environment Act). The purposes are to:

- Conserve and enhance the natural beauty, wildlife and cultural heritage of their areas; and
- Promote opportunities for the public understanding and enjoyment of the special qualities of the National Parks by the public.

2.36 In meeting these purposes, National Park Authorities also have a duty to "seek to foster the economic and social well-being of local communities within National Parks. The latter is set out in Section 11A(1) of the 1949 Act.

2.37 Section 11(A) of the 1949 Act (inserted by Section 62 of the 1995 Environment Act) requires any relevant authority (including public bodies and statutory undertakers), when exercising or performing functions which relate to or affect land in a National Park, to attach great weight to the purpose of 'conserving and enhancing' the area, if it appears that there is a conflict between the two National Park purposes. This enshrines in legislation the long-established Government policy often referred to as the "Sandford Principle." Public bodies have a duty to have regard to the two statutory purposes of a national park when making decisions that could affect the National Parks under Section 62(2) of the 1995 Environment Act.

The National Parks and the Broads: UK Government Vision and Circular 2010

2.38 National Park Authorities also need to take into account the 2010 Circular which sets out national policy guidance in respect of National Parks. Although published in 2010, it is referenced in the NPPF (at footnote 25). In this the Government is clear that action by National Park Authorities should include fostering and maintaining thriving rural economies, and supporting the delivery of affordable housing.

2.39 The 2010 Circular recognises that National Parks often have higher house prices than surrounding areas, and can include 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. 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.* ***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****[10]"*

2.40 In relation to economic growth the Circular at Paragraph 66 the sets out that National Park Authorities should attempt "harnessing the economy to environmental ends, tangible economic benefits can be delivered through the statutory purposes whilst at the same time enhancing those purposes."

2.41 It adds that the "Authorities must ensure that, in their work furthering Park purposes, they give sufficient weight to socio-economic interests" and that "It is critical that all strategies developed for such areas are fully informed by their local economic circumstances and that planning and economic development strategies foster improvement in productivity and incomes through appropriate policy and intervention."

2.42 At Paragraph 70, the Circular reiterates the Parks' socio-economic duty requires "the need to accommodate growth, development and investment in all rural areas at an appropriate scale and form. This should not be interpreted as meaning that development cannot be accommodated; rather, it means that additional and concerted efforts are required to ensure communities, planners and businesses have clear, consistent advice regarding the acceptable forms development might take, so that National Park communities are places where people can live and work by maintaining sustainable livelihoods".

[10] DEFRA (2010) Circular: National Parks, Paragraphs 78 and 79

2.43 It also adds that the local authorities should "look to achieve a sectoral mix which includes, amongst other things:

- high value, knowledge-intensive jobs, which are likely to attract and retain people of all ages, but particularly intended to appeal to young people;
- employment that achieves the critical mass needed to drive provision of modern communications infrastructure, from which all businesses and communities can benefit;
- opportunities for economic activity which capitalises on public access and recreation and appropriate forms of tourism; and
- food processing and marketing to add value to local farm produce."

Implications for the SDNP - Housing

2.44 In exploring the implications for the SDNPA we need to integrate an understanding of the statutory Purposes and Duty, the NPPF, the 2010 Vision & Circular and the Planning Practice Guidance.

2.45 The presumption in favour of sustainable development in the NPPF states that Local Plans should be based on meeting objectively assessed development needs *unless* other policies in the NPPF indicate that development should be restricted It is clear that the presumption does apply within National Parks. (See para 3.1).

2.46 The National Park Authority has a duty to foster the social and economic well-being of local communities within the SDNP, where this does not conflict with the duty to conserve and enhance the natural beauty, wildlife and cultural heritage of the area. The emphasis is on the need of *local communities*, and this is reaffirmed by the 2010 Circular which emphasises that in regard to housing provision this in particular means meeting *local* housing needs with a particular focus on delivery of affordable housing, supporting local employment opportunities and key services.

2.47 For the purposes of clarity the full OAN as defined by the PPG is the full need for market and affordable housing. However, given the 2010 Vison and Circular we consider that, in practical terms, this means considering future housing provision based on meeting local affordable housing and supporting local employment and key services.

2.48 That is the expectation is not that the SDNPA will necessarily plan to meet "full objectively assessed need" but that it will in effect meet "local needs" focused on meeting affordable need to support communities within the SDNP, rather than catering particularly for wider market demand.

2.49 However, this does not mean that no market housing provision will be necessary, not least given that some market housing provision may help to contribute to supporting local employment opportunities and services. The SDNPA will need to consider what proportion of market housing is required and where this should be located.

2.50 Through the Duty to Cooperate the expectation would then be that as much as possible of the remainder of the full objectively assessed need is met in the areas of any given HMA and Local Authorities which fall outside of the SDNP.

2.51 Collaboration between authorities should therefore seek to identify how the full need can be best met through the Housing Market Area – meeting the relevant test in the NPPF.

2.52 The question which we then turn to is how the 'local' component of need might be defined for the SDNP, segmented between the constituent local authorities and HMAs. The components to this might be:

- Need for affordable housing within these areas and, taking account of development viability and funding mechanisms, what overall level of housing provision might be necessary to deliver this;
- Understanding of economic growth potential and what level of housing provision, particularly affordable housing provision, might be necessary to support the local economy (whilst recognising that because of the age structure it may more appropriate to address this through targeting housing mix rather than overall numbers);
- Wider housing need from the existing population, for instance based on a zero net migration approach;
- More local based evidence, such as consideration of what level of housing provision might be necessary to maintain population levels (or population within certain age groups) to support the viability of local services within different parts of the SDNP.

2.53 These issues, together with landscape and sustainability factors, are particularly relevant in considering the appropriate provision for housing to be made within the emerging South Downs Local Plan.

Implications for the SDNP – Employment Land

2.54 Unlike housing, where "the expectation is that new housing will be focused on meeting affordable housing requirements" (para 78 English National Parks and the Broads UK Government Vision and Circular 2010) employment land development within the National Park is not restricted in the same way. This however does not override purposes of the National Park and the confines of the "Sandford Principles".

2.55 In ensuring that economic growth is fostered, the focus of employment land delivery should not be quantum but that which seeks to balance and diversify the local economy and which strengthens the sustainability of the National Park, its communities and businesses.

2.56 In line with Paragraph 22 of the NPPF the National Park Authority "should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose….Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated

on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities." In National Parks this would also merit consideration of the wider duties and purposes of the National Park.

3 DEMOGRAPHIC BASED NEED

Introduction

3.1 In this section consideration is given to demographic evidence of housing need and trend-based projections. Such projections are critical to the HEDNA process and this is emphasised in the NPPF (para 158) which states that local planning authorities should prepare a SHMA to identify the scale of housing which *'meets household and population projection, taking account of migration and demographic change'*.

3.2 The analysis begins by developing a bespoke set of population projections for the SDNP area utilising information in the 2014-based Sub-National Population Projections (SNPP) for key local authorities where parts of the area are within the SDNP. To convert population into households, the concept of 'headship rates' is used and we have again studied recent data about household formation rates from published projections to form a view about the most appropriate data to use.

3.3 **It should be borne in mind that development potential in the SDNP is restricted because of its designation. The policy focus is on conserving the SDNP's landscape and pursuant to that meeting local need for affordable housing. Thus whilst the projections indicate what level of housing provision might be needed in the absence of development constraints, it will likely be the case that housing provision falls below the projected level of need**.

3.4 The natural starting point for an assessment of need i.e. the latest nationally produced population and household projections, is not produced for the National Parks but at a local authority level. We should also be mindful that as the National Park cuts across a number of local authorities it is necessary to make a number of assumptions about population and household growth and thus diverge from the PPG.

Methodology

3.5 The methodology used to assess population and household growth is based on a standard population projection methodology consistent with the methodology used by ONS and CLG in their national population and household projections. Essentially the method establishes the current population and how this will change in the period from 2014 to 2034, by estimating the birth rate, the death rate and the number of people that will move into or out of the area (all other factors being equal). These are the principal components of population change and are used to construct our principal trend-based population projections.

3.6 The methodology employed in this study is largely an update to a similar analysis in Chapter 7 of the 2015 SHMA and draws on a range of information, including: ONS information contained within Mid-Year Population Estimates (MYE), 2011 Census data, the 2014-based Subnational Population Projections (SNPP) and the 2014-based CLG Household Projections.

3.7 Given that the SDNP area does not fit neatly with local authority boundaries (which are the main areas used in published projections) it has been necessary to construct a best-fit of Outputs Areas (OAs) to the SDNP and then constrain the overall population to be consistent with published data about the population in the SDNP area.

3.8 In particular we have used the various sources to look at fertility rates, mortality rates and the profile of in- and out-migrants (by age and sex). 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.

3.9 There is a slightly different but improved approach within this HEDNA in two ways. Firstly in 2015 we had used MSOAs to define the National Park for the purposes of demographic analysis. On this occasion we have used the more disaggregated and therefore more accurate output areas. Although where National Park specific data is available we have used this in the first instance

3.10 Secondly instead of using constrained local authority forecasts we have aggregated ward based official population and household projections. This change has been brought about as previous forecasts were not published as small-area level and brings a closer match to the National Park.

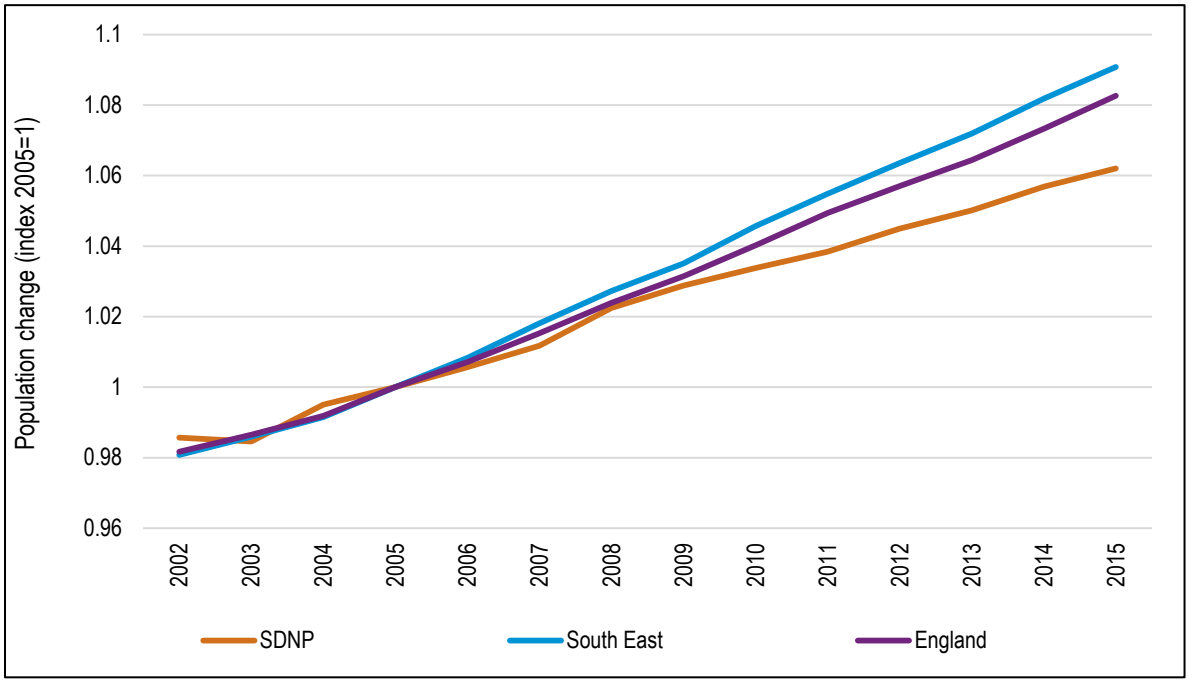
Past Population Growth and the Age Profile

3.11 The analysis below looks at population change in the period back to 2002. This date is chosen as it is the earliest date for which ONS have published Mid-Year Population Estimates (MYE) specifically for the SDNP area[11]. Whilst data is available from 2002, much of the analysis focusses on trends over the past 10-years (2005-15); this is due to a 10-year period having become an 'industry-standard' when looking at population trends.

3.12 The figure below shows population growth in the SDNP and a range of comparator areas. This analysis shows that since 2005, SNDP has seen more modest population growth than other areas, population increasing by 6%, compared with 9% in the South East and 8% nationally.

[11] It should be noted that the population estimates for the National Pak pre-dates its designation

Figure 4: Indexed population growth (2002-15)



Source: ONS mid-year population estimates

3.13 The analysis shows that the population is estimated to have grown from 106,784 people to 113,756 from 2002 to 2013 – an increase of around 7,000 or 7%. After a small decline in population in 2002-3, there was quite strong population growth until 2008, with slightly weaker growth thereafter. Over the past 5-years the average level of population growth has been 611 people per annum; with a slightly higher average of 672 persons per annum if the 2005-15 decade is considered.

Table 1: Population Change from Mid-Year Estimates

	Population	Change from previous year
2002	106,784	
2003	106,658	-126
2004	107,792	1,134
2005	108,328	536
2006	108,943	615
2007	109,598	655
2008	110,759	1,161
2009	111,447	688
2010	111,995	548
2011	112,492	497
2012	113,201	709
2013	113,756	555
2014	114,484	728
2015	115,049	565
Average (2005-15)		**672**
Average (2010-15)		**611**

Source: ONS mid-year population estimates

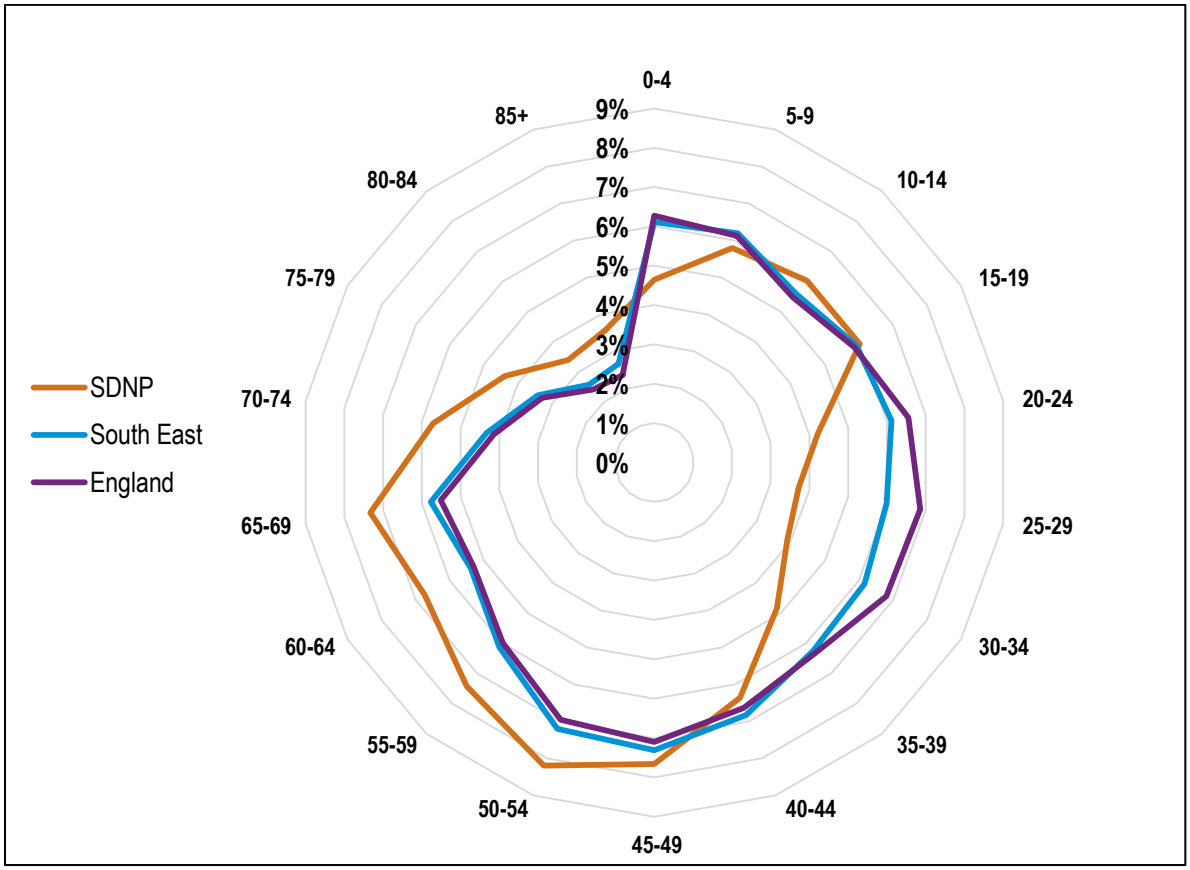
3.14 The table and figure below show the population profile of SDNP in five-year age bands compared with a range of other areas. The data shows a relatively old age structure with particularly notable differences from ages 45 onwards.

Table 2: Population profile (2015)

	SDNP		South East	England
	Population	% of population	% of population	% of population
Age 0-4	5,346	4.6%	6.1%	6.3%
Aged 5-9	6,671	5.8%	6.2%	6.1%
Aged 10-14	6,945	6.0%	5.6%	5.5%
Aged 15-19	6,935	6.0%	5.9%	5.9%
Aged 20-24	4,854	4.2%	6.1%	6.6%
Aged 25-29	4,279	3.7%	6.0%	6.9%
Aged 30-34	4,497	3.9%	6.2%	6.8%
Aged 35-39	5,569	4.8%	6.3%	6.3%
Aged 40-44	7,323	6.4%	6.8%	6.6%
Aged 45-49	8,815	7.7%	7.3%	7.1%
Aged 50-54	9,434	8.2%	7.2%	7.0%
Aged 55-59	8,534	7.4%	6.1%	6.0%
Aged 60-64	7,749	6.7%	5.4%	5.3%
Aged 65-69	8,433	7.3%	5.8%	5.5%
Aged 70-74	6,568	5.7%	4.3%	4.1%
Aged 75-79	5,047	4.4%	3.4%	3.3%
Aged 80-84	3,915	3.4%	2.6%	2.4%
Aged 85+	4,135	3.6%	2.7%	2.4%
All Ages	115,049	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

Figure 5: Population profile (2015)



Source: ONS mid-year population estimates

Core Population Projections

3.15 Consistent with the 2015 SHMA, four demographic projections have been run to look at how the population of the SDNP area might change in the future, these are:

- 5-year population growth trends (core projection – broadly aligns with national projections)
- 10-year population growth trends
- Zero net migration
- Constant population (no population change)

3.16 Normally in analysis of this type, consideration would be given to past trends in migration; however, specific data for migration is not available in the SDNP area. Information is however available about the size of the population (in terms of a time series of ONS MYE from 2002 onwards) and this has been used to construct these trend-based projections.

3.17 **The 5-year population growth** trends takes an average growth for the 2011-2016 period (see Table 1), this is an assumption of average population growth of 611 people per annum. This time

period reflects the official period for internal migration and natural change. As such it is the closest approximation of the official projections.

3.18 The **10-year population growth** trends takes an average growth for the 2006-2016 period, this is an assumption of average population growth of 672 people per annum. The ten-year trend scenario has become somewhat of an industry standard for examining migration trends. Taking a longer term trend reduces the impact of any short terms blips in the data.

3.19 The third scenario assumes that **zero migration** into or out of the National Park occurs. This in effect deals with natural change and as such can be viewed as the population growth (and housing need) relating purely to those people already resident in the National Park.

3.20 Because of the National Park's age structure this results in a declining population i.e. there are more deaths than births. However any decline in the population is contrary to the National Park's duty to foster the social well-being of local communities.

3.21 The fourth and final population scenario assumes that migration into the National Park occurs to the level which offsets the negative natural change i.e. the existing population is maintained or there is **zero-population growth**. This in calculates as the population (and housing need) required to maintain the existing population and thus services etc.

3.22 It should be noted that as MYE data is also available for 2015, the projections are therefore rebased to take these into account, although outputs for the full plan period of 2014-33 are still given. This means for example that the constant population scenario actually shows total population growth of 565 for the first year of the projection – this being the level recorded by ONS for the 2014-15 period within the MYE.

3.23 Whilst the PPG sets out a standard approach to assessing the full need for market and affordable housing, there is a particular policy framework in National Parks. The policy emphasis is on delivering affordable housing to meet local needs; and supporting the national park's economy. The policy emphasis on identifying and then seeking to meet full objectively assessed housing need, as set out in Paragraph 14 in the NPPF, does not apply in national parks.

3.24 The 2010 Vision & Circular in respect of national parks emphasises 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. 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.*

> *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.*[12]"

3.25 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. Therefore, the SDNPA will not necessarily plan to meet "full objectively assessed need" but instead seek to meet "local needs" focused on supporting communities within the Park, rather than catering for wider market demand.

3.26 The question which we then turn to is how the 'local' component of need might be defined for the Park area, segmented between the constituent local authorities. The components to this might be:

- More local based evidence, such as consideration of what level of housing provision might be necessary to maintain population levels (or population within certain age groups) to support the viability of local services within different parts of the Park; and
- Wider housing need from the existing population, for instance based on a zero net migration approach.

3.27 Maintaining existing population levels is relevant, in planning terms, in considering what provision of housing might be necessary to support local services, including shops, healthcare etc. This scenario requires additional housing principally as the intensity at which the housing stock is occupied (and average household sizes) falls, linked particularly to an older population who occupy homes less intensely.

3.28 In addition, it is also worthwhile considering two further scenarios which are not necessarily demographic driven. More detail on these sections are set out in the following chapters:

- Need for affordable housing within these areas and, taking account of development viability and funding mechanisms, what overall level of housing provision might be necessary to deliver this;
- Understanding of economic growth potential and what level of housing provision, particularly affordable housing provision, might be necessary to support the local economy;

3.29 The table below shows estimated population growth under each of the demographic scenarios. The table shows with trends of the past five years that the population would be expected to increase by around 11,600 people with a higher figure of 12,700 if longer-term (10-year) trends are analysed. If there were to be no net migration to the area, then the population would be expected to fall by around 6,600 people – a 6% decrease from the population level seen in 2014. In this Zero Net Migration Scenario, the population falls as deaths exceed births (principally as a result of the age structure of the population). It indicates that some net in-migration is necessary to support population growth in the SDNP.

[12] DEFRA (2010) Vision and Circular: National Parks, Paragraphs 78 and 79

Table 3: Population Change under a Range of Scenarios (2013-33) – SDNP

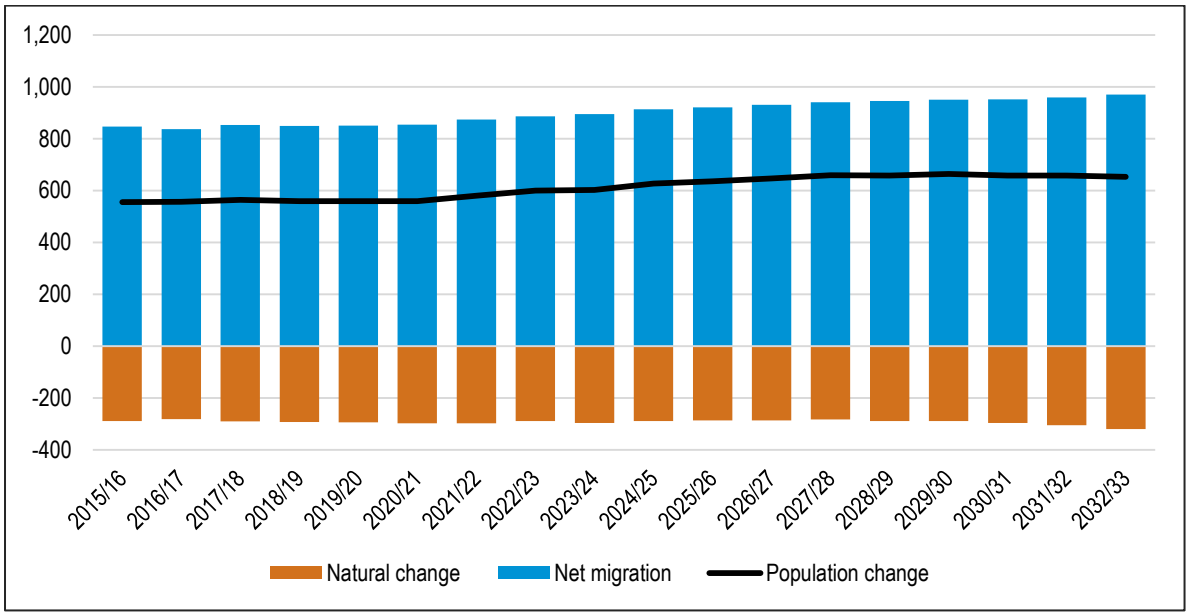
	Population 2014	Population 2033	Change from 2014	% change from 2014
5-year trends	114,484	126,043	11,559	10.1%
10-year trends	114,484	127,147	12,663	11.1%
Zero net migration	114,484	107,867	-6,617	-5.8%
Zero population growth	114,484	115,049	565	0.5%

Source: Demographic Modelling

3.30 This is emphasised in the figure below which shows projected levels of both net migration and natural change linked to the projection based on 5-year population growth trends. The data shows an excess of deaths over births (negative natural change) and that population growth is only supported by net in-migration to the area.

3.31 Overall, from 2015, it is estimated that to achieve population growth at the level seen in the last five years (2010-15 period), there would be a requirement for net in-migration to sum to 16,200 people, which would be off-set by a 5,300 loss due to natural change.

Figure 6: Components of Population Change, 2013/14 to 2032/33 – SDNP



Source: Demographic Modelling

Household Growth (Household Representative Rates (HRRs))

3.32 Having studied the population size (and within this the age/sex profile of the population) the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRRs) is used. HRRs can be

described in their most simple terms as the number of people who are counted as head of household (or in this case the more widely used Household Reference Person (HRP)).

3.33 On the 12th June 2016, CLG published a new set of (2014-based) household projections – the projections contain two core analyses. The Stage 1 household projections project household formation based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status. For younger age groups (aged under 30) greater weight was given in the CLG projections methodology to shorter-term trends, although for all age groups the methodology takes account of a combination of longer- and shorter-term trends.

3.34 The Stage 2 household projections consider household types and the methodology report accompanying the projections is clear that these projections are based on just two data points – from the 2001 and 2011 Census. Overall outputs on total household growth are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 headship rates when modelled against different population projections (due to differences in the age structure).

3.35 Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth; this is for two key reasons: a) the Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011) and b) the Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG household projections themselves. The analysis to follow therefore focuses on Stage 1 figures.

3.36 For individual sub-areas in the SDNP, the Stage 1 figures for the associated local authority are used as a start point, and these were then adjusted to reflect the number of households in each area. Estimates of households (in 2014) were based on a combination of 2011 Census data, combined with likely growth given population change in the 2011-14 period and a further projection of growth based on MYE for 2014-15. Moving forward, it is assumed that all age groups will see HRRs change in the same proportions as shown by the district-wide projections.

3.37 Within the 2015 SHMA four separate household formation rates were calculated. This was due to uncertainty in the official rates (2008-based and 2011-based). However since the publication of the 2014-based household projections this uncertainty has been resolved with the official projections not “locking in” to pessimistic or optimistic household formation rates” .

3.38 Therefore, there is no like for like analysis within the HEDNA but the nearest comparable rates would be the "blended" or "part-return to trend" rates set out in the 2015 SHMA (see page 108 of that report).

Demographic Led Housing Need

3.39 Table 4 brings together outputs in terms of household growth and housing need for each of the population growth scenarios described above. To convert households into dwellings the data includes an uplift to take account of vacant and second homes. This reflects the need to have some vacancy within the stock to allow for churn in the market and for people to move temporarily.

3.40 The vacancy rate has been based on a combination of Council Tax data (for local authorities) and information about unoccupied household spaces (at a more localised level) from the 2011 Census. Across the whole SDNP, this analysis works out an average vacancy rate of around 4.5% (i.e. the housing need is around 4.5% higher than the growth in the number of households). Although the calculations actually reflect local authority based calculations. As such the figure of 4.5% is variable depending on the scenario being used (as this will be dependent of assumptions about population growth in different areas)

3.41 At 424 dpa and 447 dpa the five and ten year trend scenario sit within the range set out in Table 36 of the SHMA using the comparable headship rates (416 – 454 dpa), the midpoint of both is 435 dpa,.

Table 4: Household change and housing need 2014-33 – SDNP

	Households 2014	Households 2033	Change in households	Households Per Annum	Dwellings per annum
5-year trends	48,530	56,242	7,711	406	424
10-year trends	48,530	56,654	8,124	428	447
Zero net migration	48,530	49,453	922	49	50
Zero population growth	48,530	52,131	3,601	190	198

Source: Demographic projections

3.42 With no net migration, and despite this scenario showing a population loss, there is a need for 50 homes per annum, whilst with no population growth, the need is shown to be for around 200 dwellings each year. This is because the population is expected to become more fragmented with more single person households thus some additional household growth despite population loss.

3.43 Similarly maintaining the existing population would imply a need for about 198 dwellings to be provided each year in the 2014 to 2035 period. While this scenario would maintain the existing population, due to changes in the age structure it would not maintain the labour force (see following chapter) and would jeopardise the sustainability of local services such as schools through falling

enrolment. As such it is not really a viable option for the authority should they wish to meet their duty to "foster the economic well-being of the National Park".

3.44 However, it has become somewhat of an industry standard to look at demographic trends over a 10-year period and is thus the most reasonable. This scenario reduces the impact of any short term peaks or troughs in population growth and is thus more representative of longer term trends.

3.45 The ten-year scenario shows a need for 447 dpa based on a population growth of 11.1%. This is slightly lower than the equivalent figure in the 2015 SHMA (12.5%) but still sits within the range set out in Table 36 of the SHMA (416 – 454 dpa). As such this could be viewed as the demographic conclusion of housing need. The table below sets out the distribution of growth across the SDNP.

Table 5: Ten Year Trend Housing need 2014-33 – By HMA and LA

HMA	Dwellings Per Annum
Coastal Sussex HMA	**274**
Adur	8
Arun	15
Brighton and Hove	9
Chichester	125
Lewes	114
Worthing	3
Eastbourne and Wealden HMA	**14**
Eastbourne	5
Wealden	10
Northern West Sussex HMA	**14**
Horsham	9
Mid Sussex	5
Central Hants HMA	**144**
East Hampshire	112
Winchester	31
Total	**447**

Source: Demographic projections

3.46 The figures above relate to just those parts of the local authorities which fall within the National Park e.g. just the very northern parts of Brighton and Hove. The distribution of housing need is based on the sum of population projections translated in to households and dwellings for each constituent local authority area i.e. the overall number is a summation of the these individual calculations rather than a disaggregation of an overarching number.

4 ECONOMIC LED GROWTH

4.1 This section considers and quantifies the future growth of employment in the South Downs National Park. Planning Practice Guidance sets out that consideration should be given to future economic performance in drawing conclusions on the overall need for housing. Where the evidence suggests that higher migration might be needed than seen in past trends in order to support economic growth, consideration should be given to adjusting the spatial distribution of housing. Specifically, the Guidance outlines that:

'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'

And that:

'Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems'

4.2 The scenario of economic led growth is particularly inappropriate for a National Park. The socio-economic duty to seek to foster the economic and social well-being of the local communities within the National Park is pursuant to the purposes that relate to natural beauty, wildlife and cultural heritage and enjoyment of the special qualities.

4.3 For a National Park area, economic forecasts are likely to be quite unreliable given the small areas covered (in terms of jobs and workforce) and the fact that most forecasts are essentially modified national figures (taking account of local factors).

4.4 Estimating how the resident workforce of an area might change is a complex issue with no set methodology and a range of different methods and views being used. It is considered, having studied this for many years, that it is impossible to robustly project how economic activity or employment rates will change in the future and hence such an approach is not sufficiently rigorous when looking at the link between jobs and housing.

4.5 For example, all of the main forecasting houses (Experian, Oxford Economics and Cambridge Econometrics) use population data as an input to their forecasts and each will estimate different levels of job growth. Inherently, each of the forecasting houses are therefore suggesting that whatever level of job growth they expect, this will be met by the population (and the population as it is projected to change).

4.6 Given the different levels of job growth it is therefore implicit that there will be an assumption about how employment rates are likely to change, and this assumption will be different depending on the forecasting house. There could also be changes such as double jobbing within the modelling although this is difficult to determine.

4.7 Whilst it is possible to estimate what the implied employment rates are, this is difficult to do with any confidence at a smaller area level and attempts to estimate these have at times been criticised by planning inspectors (particularly where modelling attempts to look at individual age and sex groups).

4.8 Some consultancies (both for public and private sector clients) have looked for other sources of employment or economic activity rate data; the most commonly used being a set of figures published by the Office for Budget Responsibility (OBR).

4.9 The OBR rates however are at a national level and are not robustly applicable to smaller areas. Perhaps more significantly, the level of job growth (growth in residents in employment) estimated by OBR is significantly lower than from any of the main forecasting houses (a growth in residents in employment of about 2,500,000 from 2014-35 compared with a figure in excess of 4,000,000 in the most recent Experian forecast for the United Kingdom).

4.10 To provide a very simplified (and admittedly extreme) example:

- The North Valleys Regional Park has a current population of 1,000 , 900 jobs and an economic activity of 90%;
- Both the OBR and OE expect the population to increase by 100 people over a 10 year period;
- However OE think there will be 100 additional jobs but OBR think that there will only be 10 additional jobs.

4.11 The OE scenario would result in an economic activity rate growth of 1% to 90% whereas the OBR scenario would result in an economic activity rate decline by 7% to 83%. As we are using the higher jobs growth rate then it stands to reason that we would assume a higher rate of economic activity. It does not make logical sense to apply the lower assumptions associated with the OBR when these are clearly driven by an assumed rate of jobs growth.

4.12 Equally we could adopt a lower assumed economic activity rate. However if the population growth is maintained such a scenario would likely produce a lower levels of jobs growth, This would not be planning positively for the anticipated rate of growth.

4.13 This means that the OBR employment/activity rate figures cannot realistically be used when testing job growth levels from forecasts, as they relate to a completely different set of national assumptions.

4.14 Hence, there is no clear and agreed set of figures which can be used to estimate how economic activity rates might change in the future. Any assumed rates will be informed by professional

judgement, however a set of assumptions will still need to be arrived at, albeit these will still have their limitations.

4.15 In contrast, the Experian rates can be applied at a local level and more closely reflect the anticipated level of job within the forecast. As such provide the most robust assumptions in terms of economic activity rates changes.

4.16 For these reasons this report has sought to look at changes to economic activity rates based on Experian Rates and as a sensitivity what the outputs would be if the OBR economic activity rates were to be applied. Although it should be stressed that the OBR rates are not used as a realistic scenario.

Forecasting Economic Growth

4.17 Unfortunately, there are no published projections or baseline data which reflect the National Park area. We have therefore used a proxy model based a best fit of Lower Super Output Areas (LSOA) which are the most accurate geography for which the 2015 Business Register and Employment Survey publishes data.

4.18 We identified two scales of geography in order to compile a baseline profile. Firstly we identified the LSOAs which fall entirely within the National Park boundary. Secondly we identified those LSOAs which are partially within the National Park. The known population for the National Park would require 11% of the known population for this second geographic scale to be added to the known population of the first geographic scale.

4.19 The modelling identified employment within the SDNP in 2014 at 49,225 this is a jobs based figure and includes both part and full-time jobs.

4.20 Based on this proportion, we calculated the employment figure for the National Park by taking the employment figure for the smaller area and 11% of the employment from the second wider geography. This approach is slightly different to that taken in the 2015 ELR which were based on mid-super output areas. As a wider geography the former approach is less accurate than the new approach.

4.21 As the plan period starts in 2014 and there has been a subsequent change of LSOA definitions the 2014 figure has been calculated based on a retrospective application of regional Compound Annual Growth Rate.

4.22 Future employment growth has been calculated by applying the regional annual growth rates from recent projections prepared by Oxford Economics for the South East economy (May 2017) to the baseline 2015 employment structure.

4.23 The forecasts for the SDNP provide an indicative baseline 'projection' of economic performance for the national park's economy based on:

- Oxford Economics' Expectations of future performance of economic sectors at a regional level, taking account of macro-economic factors; and
- The structure of South Downs National Park's economy.

4.24 Applying each sectors rate of growth to the SDNP baseline of 49,225 jobs increases employment to 55,209 by 2033 This results in **a net jobs growth of 5,986 jobs over the period 2014-33**, which equates to 12.2% growth at an annual rate of 315 jobs or 0.6%. Due to the way this has been calculated the growth rate is the same as that expected regionally.

4.25 These forecasts take a policy off position and do not reflect any planned growth or interventions in the National Park. Any such planned growth would need to be considered over and above the baseline position set out. Chapter 9 of this report sets out in more detail the nature of this growth by sector.

4.26 As the forecasts are built up from smaller areas we are also able to apply the same growth rates to smaller areas such as the FEMA and HMA (see Figures 2 & 3). This is to inform the housing need and employment land distribution. As shown in the table below the distribution of growth reflects the current distribution.

4.27 Applying the forecast rate of growth to each sector results in the largest growth expected in the Coastal West Sussex HMA which equates to around 53% of all additional jobs. This is followed by 40% in the Central Hampshire HMA. The other two HMA are only expected to host around 6% of the growth. This reflects the scale of employment in each area.

Table 6: Employment Growth by HMA (2014-33)

HMA	Change	% of Growth
Central Hampshire HMA	2,389	40%
Coastal Sussex HMA	3,183	53%
North West Sussex HMA	267	4%
Eastbourne HMA	146	2%
SDNP	5,986	100%

Source: GL Hearn and OE, 2017

4.28 The FEMA geography essentially splits the Coastal West Sussex HMA into three areas. This sees around 30% of the growth within the Brighton FEMA, 22% in Chichester FEMA with only 1% in the

Worthing FEMA. Note that these forecasts are unconstrained and may not reflect each areas capacity to house the identified level of growth. Also as the forecasts are based on relatively small areas they cannot be viewed as 100% reliable. This is largely due to the survey nature of the data which underpin them.

Table 7: Employment Growth by FEMA (2014-33)

FEMA	Change	% of Growth
Brighton FEMA	1,767	30%
Central Hampshire FEMA	2,389	40%
Chichester and Bognor FEMA	1,336	22%
Eastbourne FEMA	146	2%
North West Sussex FEMA	267	4%
Worthing FEMA	80	1%
SDNP	5,986	100%

Source: GL Hearn and OE, 2017

Housing Need and Job Growth Forecasts

4.29 In converting an forecast level of job growth into an estimate of the necessary population growth (and hence housing need) it would be normal to consider a range of factors such as commuting dynamics, double jobbing (i.e. people with more than one job) and change to unemployment. However, as with much of the analysis for the National Park, it is difficult to get an accurate view of these factors – particularly when looking at smaller areas such as HMAs or FEMAs (or even local authorities). Hence the analysis in this report takes a fairly simplistic approach, but one which is considered to be robust given the level of data available.

4.30 Essentially, the analysis has modelled the percentage change in the forecast number of jobs, and then assumed that there would be a requirement for the same level of increase in the economically active population. This method should by definition assume that both commuting and double jobbing remain at constant levels throughout the projection.

4.31 The only difficulty (which is common to all types of analysis of this nature) is around the assumptions to make with regard to how economic activity rates (EARs) might change in the future. There are two main sources that are used when looking at this issue. The first is a set of rates published by the Office of Budget Responsibility (OBR) and a second set is provided by Experian, and underpin their forecasts at a national level. Generally, the Experian forecasts are more positive in terms of how age and sex rates might increase in the future, but do have the advantage of being grounded in economic forecasts (whereas the OBR rates are independent of any view about how the number of jobs might change). The analysis below has therefore looked at two scenarios, one using each of the two set of EARs.

4.32 Overall the analysis suggests a need for between 541 and 620 dwellings per annum based on the job growth forecasts and differing assumptions about EARs with a greater focus on the lower of this range. The lowest need shown in this analysis is as per the Experian rates, however, this is still some way above the sort of housing need being shown from the demographic based analysis.

Table 8: Household change and housing need 2014-33 – SDNP

	Households 2014	Households 2033	Change in households	Per annum	Dwellings per annum
Experian rates	48,530	58,345	9,814	517	541
OBR rates	48,530	59,769	11,239	592	620

Source: Demographic projections

4.33 The 2015 SDNP SHMA calculated an economic led housing need of between 458 and 566 dwellings per annum. The previous SHMA was based on a slightly lower rate of employment growth (11.6% compared to 12.2%) and a different approach to economic activity and headship rates.

Zero Employment Growth

4.34 A final scenario has been run in this section to consider the level of population growth and housing need if there were to be no change to the number of people who are economically active between 2014 and 2035.

4.35 Maintaining the economically active population will be dependent on older people continuing to work longer (although such a scenario is consistent with past trends).

4.36 This is shown in the table below and shows a need for 276 dwellings per annum over the 2014-33 period. As with the demographic projections this includes a 4.5% vacancy rate to translate households into dwellings.

Table 9: Household change and housing need 2014-33 – SDNP

	Households 2014	Households 2033	Change in households	Households (per annum)	Dwellings (per annum)
Constant workforce - Experian	48,530	53,541	5011	264	276
Constant workforce - OBR	48,530	54,880	6350	334	350

Source: Derived from demographic projections

4.37 This would result in a housing need which significantly below the demographic-based conclusions for the National Park (447 dpa) but above that required to maintain the current population (198 dpa).

5 MARKET SIGNALS

5.1 This section provides an updated analysis of market signals. The PPG sets out that an assessment of market signals should be undertaken considering:

- land prices;
- house prices;
- rents;
- affordability;
- rates of development; and
- overcrowding.

5.2 Absolute and relative long-term trends are expected to be compared to those across similar demographic and economic areas; and nationally. Where a worsening trend is evident over the longer-term, the PPG advises that:

> *"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings*[13]*"*

5.3 An adjustment to planned supply where appropriate is expected to be reasonable – this being that on reasonable assumptions and consistent with the principles of sustainable development, it could be expected to improve affordability. Although this may not be necessary within the National Park.

5.4 House prices in the SDNP recorded in the SHMA 2015 averaged £365,000 (median of Q2 2014 house prices). The report indicated that housing values were on average 18% higher within the SDNP relative to surrounding areas. Between 2009 and 2015 the median house price in the National Park also grew by 23%.

5.5 Similar analysis has been undertaken by Lloyds Bank[14] (Lloyds Bank National Parks Review) which identified that house prices in the 12 National Parks surveyed were, on average, £118,711 (49%)-above the average for their surrounding county.

5.6 This was even starker within the SDNP where house prices in 2016 were 61% higher than the wider counties (£189,000). The study also identified the SDNP as having the fastest growing house prices of any National Park (45%) over the 2006-16 period.

5.7 A relatively high percentage of households were found to have an insufficient income to afford market housing without some form of subsidy compared to the national equivalent. The 2015 SHMA

[13] PPG ID: 2a-019-20140306

[14] http://www.lloydsbankinggroup.com/globalassets/documents/media/press-releases/lloyds-bank/2016/161125-national-parks-release-final.pdf

showed that entry level house prices in the constituent local authorities ranged from 7.5 to 12 times the typical earnings of younger households compared to a ratio of 6.4 nationally.

5.8 The Lloyds report also identified that on average house prices in the National Parks are 11.6 times local earnings. Again the SDNP is above average at 13.6 times although the New Forest at 15.3 times earnings has the worst affordability ratio.

5.9 As was the case nationally over the 2001-11 decade housing costs increased substantially relative to earnings. This has resulted in falls in both household formation and home ownership. Conversely an increasing number of households have been living in rented accommodation, shared homes and with parents. There were almost 4,000 households in the SDNP which contain non- dependent children (i.e. adult children living with parents) in 2011.

5.10 The market signals analysis in SHMA 2015 provided clear evidence of housing pressures occurring in the area. In the context of potentially constrained housing supply, this emphasised:

- The importance of prioritising delivery of affordable housing within the SDNP; and
- Provision of market housing which is more accessible for local households - such as properties with between 1-3 bedrooms rather than 4+ bed homes.

House Prices

5.11 In 2016 the overall median house price across the SDNP was £415,000. This is approximately 14% higher than the values set out for Q2 2014 in the previous SHMA. In comparison house prices at the national level increased by 12% over the same period.

5.12 Table 10 shows the median house prices for each local authority co-located in the National Park. The table compares the median values for the sales that have taken place in the National Park and the local authority as a whole.

5.13 In all local authorities the median house prices within the National Park are higher than the overall values. Values were around 43% higher than the wider local authorities. The differences range from 10% in Brighton & Hove to 115% in Eastbourne. No transactions took place within that part of the National Park which falls within Adur District.

Table 10: Median House Price within SDP by local authority, 2016

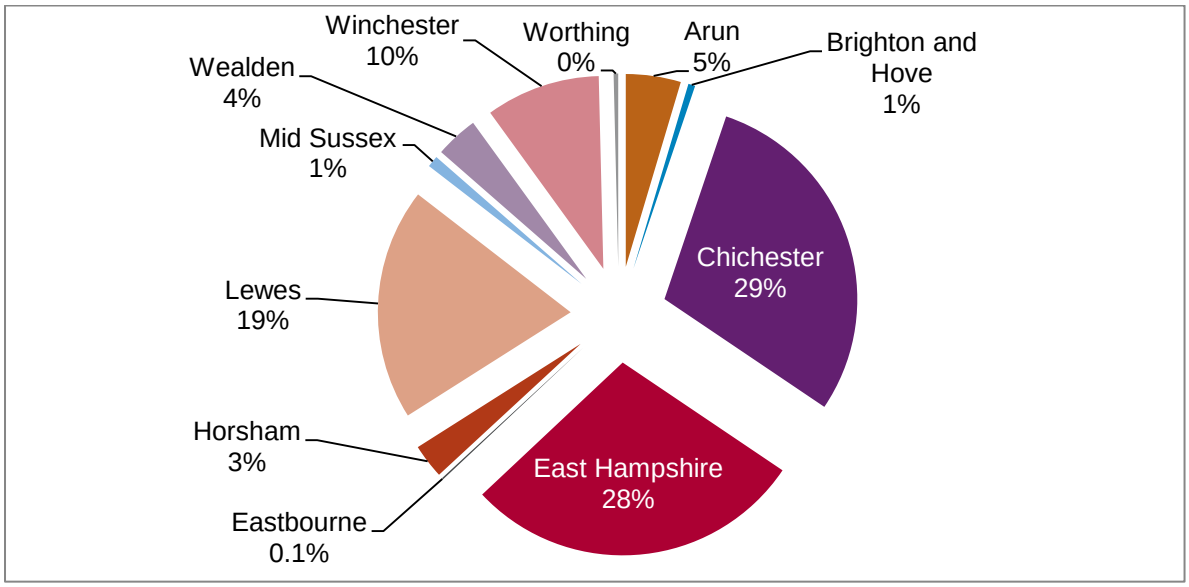
Local Authority	Transactions within SDNP	Overall Transactions	Difference	Difference%
Adur	n/a	£290,000	n/a	n/a
Arun	£408,475	£263,000	£145,475	55%
Brighton and Hove	£357,000	£325,000	£32,000	10%
Chichester	£425,000	£335,000	£90,000	27%
East Hampshire	£375,000	£331,000	£44,000	13%
Eastbourne	£473,500	£220,000	£253,500	115%
Horsham	£572,500	£360,000	£212,500	59%
Lewes	£403,750	£295,000	£108,750	37%
Mid Sussex	£429,000	£348,475	£80,525	23%
Wealden	£512,500	£294,475	£218,025	74%
Winchester	£540,800	£362,000	£178,800	49%
Worthing	£342,500	£260,000	£82,500	32%
Average	£440,002	£308,541	£131,461	43%

Source: GLH Analysis of HM Land Registry Price Paid Data 2016

5.14 This is not however unexpected as the National Park has a higher percentage of detached properties, which typically command higher house prices. In total 40% of the transactions in the SDNP were detached premises. More details are provided in the following section (see House Price by Type).

5.15 Figure 7 illustrates the proportion of the residential transactions (2016) in SDNP by local authority. The sales in Chichester accounted for 29% of all the housing sales in the National Park. This is followed closely East Hampshire (28%) and Lewes (19%).

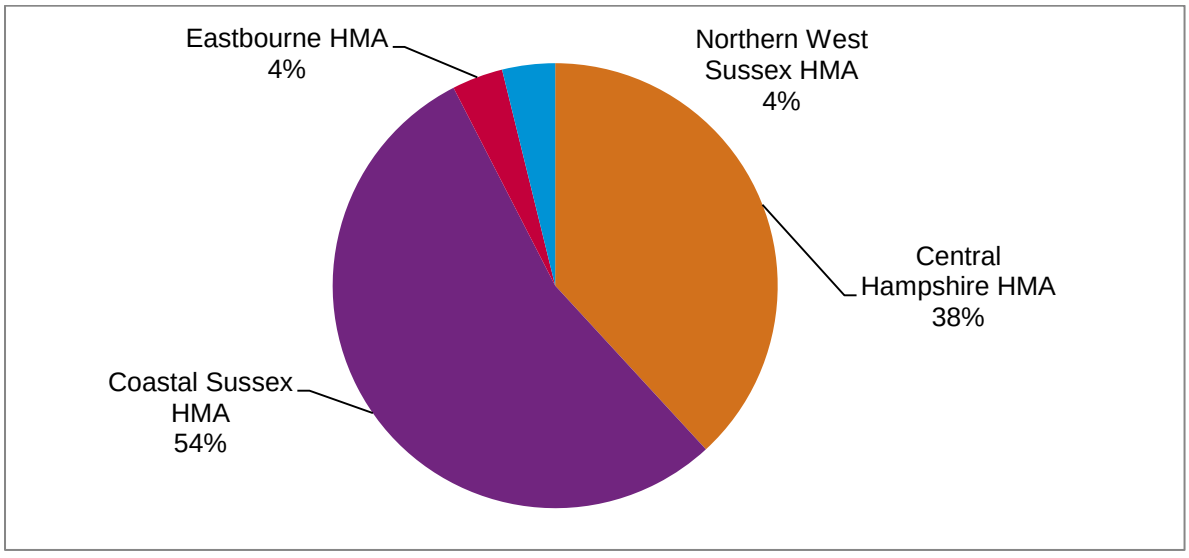
Figure 7: Proportion of residential sales in SDNP by Local Authority



Source: GLH Analysis of HM Land Registry Price Paid Data 2016

5.16 Figure 8 illustrates the proportion of the residential transactions in SDNP by HMA. The majority of all the transactions within the National Park (54%) fall within the Coastal Sussex HMA, followed by 38% within Central Hampshire and 4% within each of the other HMAs.

Figure 8: Proportion of residential sales in SDNP by HMA



Source: GLH Analysis of HM Land Registry Price Paid Data 2016

5.17 Table 11 presents the median house prices transacted within the boundaries of the SDNP by HMA and compares the difference to the overall median house prices achieved in the wider HMA. The

house prices achieved within the National Park are consistently higher, ranging from 30% in Central Hampshire HMA to 97% in Eastbourne HMA.

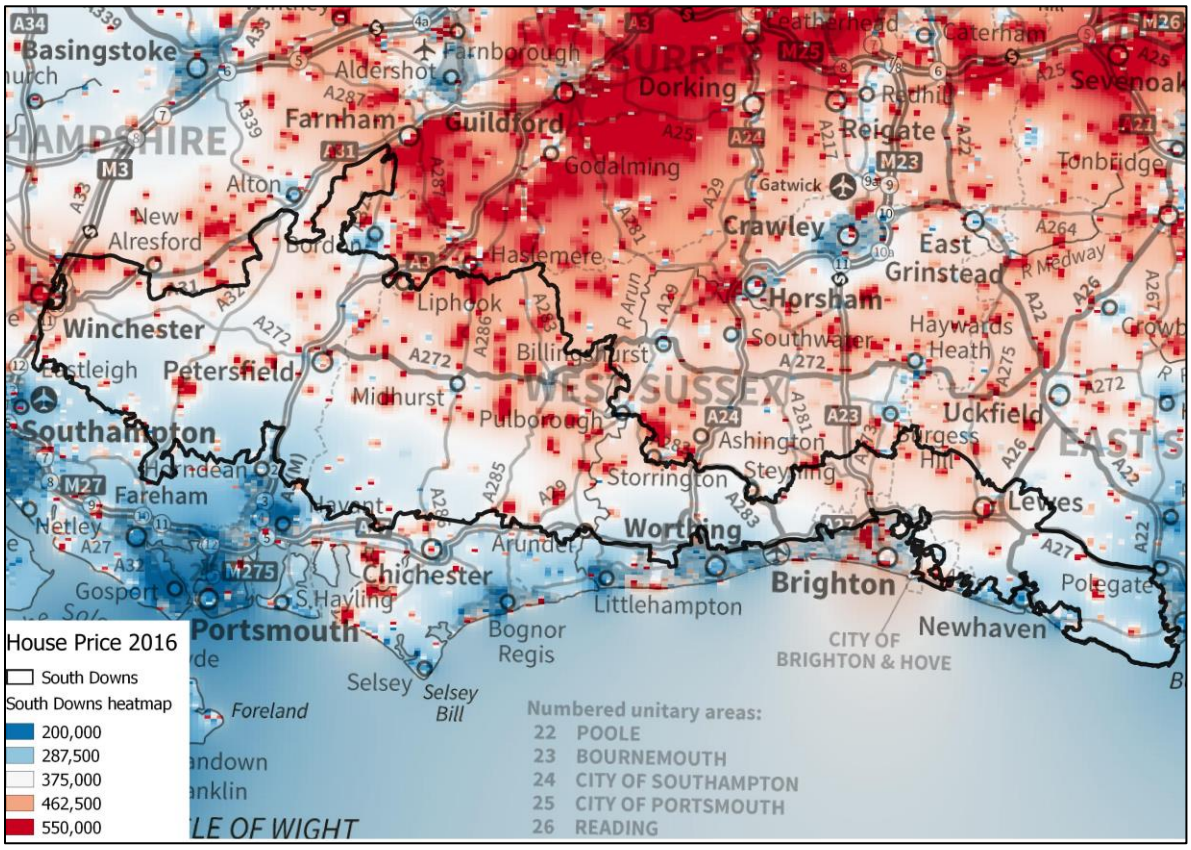
Table 11: House Price within SDP by HMA, 2016

HMAs	within SDNP	Overall	Difference	Difference%
Central Hampshire HMA	£395,000	£305,000	£90,000	30%
Coastal Sussex HMA	£410,000	£295,000	£115,000	39%
Eastbourne HMA	£512,500	£260,000	£252,500	97%
Northern West Sussex HMA	£540,000	£325,000	£215,000	66%

Source: GLH Analysis of HM Land Registry Price Paid Data 2016

5.18 House prices across the National Park are amongst some of the highest nationally. Median house prices at a national level are around half (51%) of the South Downs equivalent. This is a slight fall from 52% in 2014Q2.

Figure 9: House Price Heat map 2016



Source: Land Registry – Analysis by GL Hearn

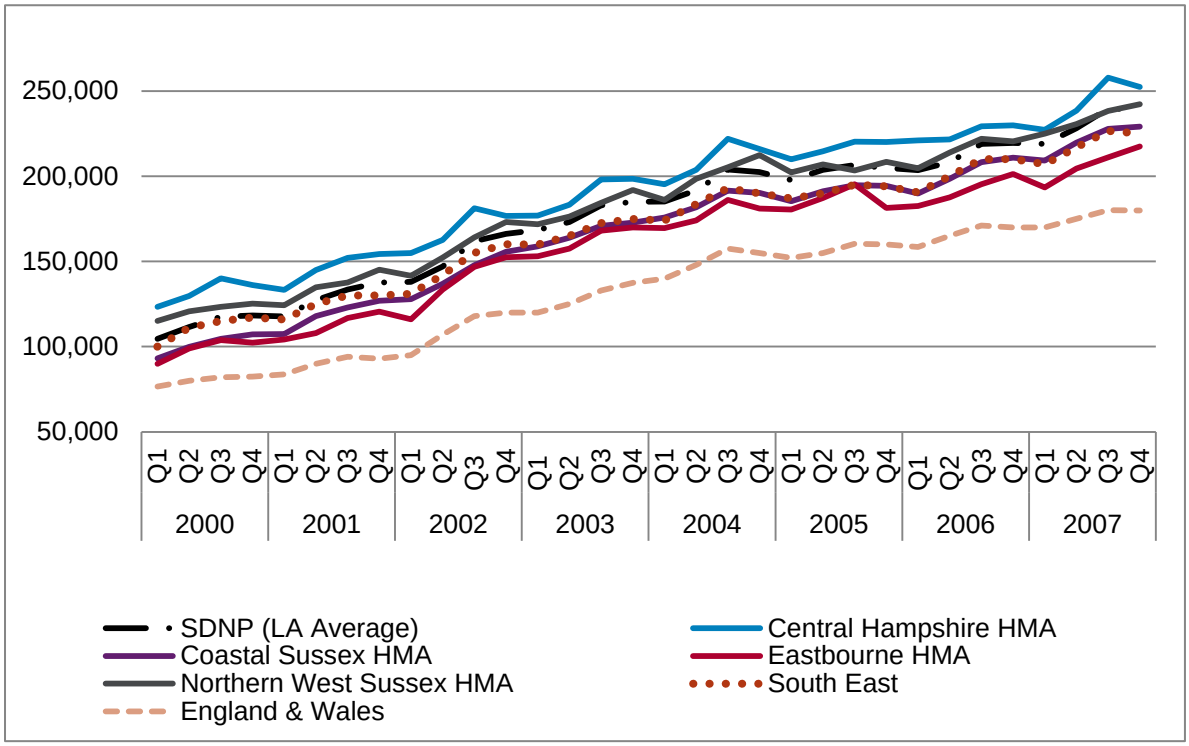
5.19 Similarly the median housing values in the South East are 30% below the South Downs National Park's average.

House Price Change

5.20 Median house prices in the host Local Authorities have on average increased since 2000 by a significant 172%. This growth exceeds both than both national (166%) and regional (162%) equivalent.

5.21 Between 2000 and 2007 house prices nationally grew at their fastest rate in recent years. The Local Authorities across the SDNP on average saw median house prices increase by 95% (Figure 10). The national values increased by 112% for the same period, while the regional house price in 2008 was 91% above the equivalent in 2000.

Figure 10: House Price Growth 2000-2007



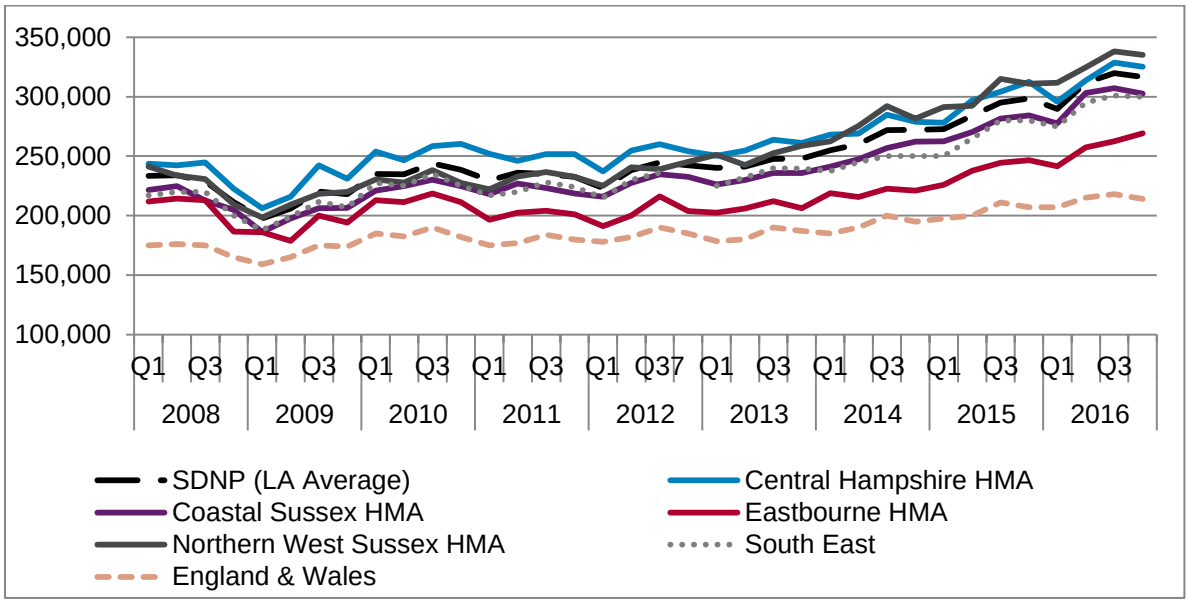
Source: Land Registry – GL Hearn Analysis

5.22 At a HMA level the growth was as high as 105% in the Eastbourne HMA and 103% in the Coastal Sussex HMA. There was notably lower growth in the Central Hampshire HMA (75%) and North West Sussex HMA (87%).

5.23 Linked to the recession house prices trends since 2008 have been notably different across the country (Figure11). Across the SDNP median house prices in the host local authorities increased by an average of 40% across the SDNP between 2008 and 2016. This exceeds both the national (26%) and regional growth (37%).

5.24 At a HMA level there was a relatively similar growth. The exception being the Eastbourne HMA which saw a slower rate of growth over the same period. Although this still exceeded the national growth.

Figure 11: House Price Growth 2008-2016



Source: Land Registry – GL Hearn Analysis

5.25 Table 12 shows house prices changes in the last 1, 5, 10 and 15 years. The PPG emphasises consideration of long-term trends, noting some area will show year-by-year volatility. The median house prices in the SDNP[15] increased faster than both the national and regional equivalents in all the examined periods.

[15] As an average figure of all the local authorities which fall within its boundary

Table 12: House Price Growth 2001-2016

	15 years		10 years		5 years		1 year	
	2001-2016		2006-2016		2011-2016		2015-2016	
	Change	Annual %	Change	Annual %	Change	Annual %	Change	Annual %
SDNP (LA Average)	£186,263	6.0%	£100,738	3.9%	£84,629	6.3%	£24,713	8.4%
Central Hampshire HMA	£176,744	5.3%	£99,494	3.7%	£76,994	5.5%	£24,369	8.0%
Coastal Sussex HMA	£184,225	6.3%	£98,967	4.0%	£83,967	6.6%	£25,467	9.0%
Eastbourne HMA	£145,775	5.6%	£67,250	3.0%	£58,500	5.2%	£18,000	7.4%
NW Sussex HMA	£200,417	6.2%	£116,183	4.3%	£101,417	7.4%	£23,085	7.3%
South East	£171,050	5.8%	£91,000	3.7%	£73,000	5.7%	£21,000	7.5%
England & Wales	£124,000	5.8%	£47,000	2.5%	£34,000	3.4%	£7,000	3.3%

Source: Land Registry – GL Hearn Analysis

5.26 Median house prices in the local authorities which are collocated with the SDNP increased by at an annual rate of 6% the last fifteen years (£186,000). In absolute terms this is 33% above the national and 8% above the regional equivalent although the annual growth in these areas (5.8%) were relatively similar.

5.27 Over the last ten years median house prices in the local authorities which are collocated with the SDNP increased by at an annual rate of 3.9% (£100,000). Again this was above the regional annual increase of 3.7% and 2.5% across the South East.

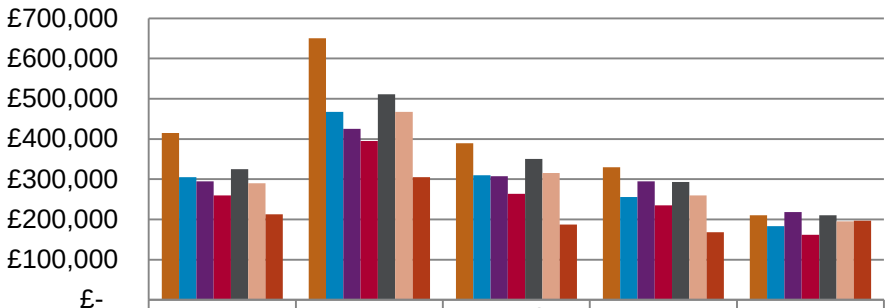
5.28 More recent data indicates the LAs in which the SDNP falls are seeing faster growth than the wider regional and national growth. In the last five years median house prices have increased by 6.3% per annum while over the last year the growth was 8.4%. This compares to the national growth of 3.4% and 3.3% per annum for the same periods respectively and the regional growth of 5.7% and 7.5% respectively.

House Price by type

5.29 The high median house prices in the SDNP are influenced by the high percentage of detached properties sold. However it appears that on a like for like basis the National Park still experiences higher house prices.

5.30 Figure 12 profiles the median prices of properties sold in 2016 by type. The market signals point to stronger relative demand for larger properties in the National Park. The median price for detached properties in 2016 was £650,000, more than double of the national equivalent and 29% above the regional one. The price of semi-detached premises in the National Park (£389,000) is around double the national value and 20% above the regional one.

Figure 12: House Price by Type, 2016



	Overall	Detached	Semi-detached	Terraced	Flatted
SDNP	£415,000	£650,000	£389,000	£330,000	£210,000
Central Hampshire HMA	£305,000	£467,000	£310,000	£256,000	£183,000
Coastal Sussex HMA	£295,000	£425,000	£307,191	£295,000	£217,950
Eastbourne HMA	£260,000	£395,000	£263,750	£235,000	£162,000
Northern West Sussex HMA	£325,000	£511,000	£350,000	£293,000	£210,000
South East	£290,000	£467,725	£315,000	£260,000	£195,000
England and Wales	£212,950	£305,000	£187,000	£168,000	£197,000

Source: Land Registry 2016 – GL Hearn Analysis

5.31 However the value of flats is broadly similar across all areas while terraced houses are only slightly more expensive in the National Park compared to the regional figure although this increases when compared to the national average.

Land Values

5.32 The latest CLG post-permission residential land values data was published in December 2015. The average land value in the local authorities in which the National Park is located is around £4.2m. This compares to £2.1m nationally (excluding London) and £3.6 across the South East.

Table 13: Land Values Per Hectare, December 2015

	Price
Wider South Downs (LA Average)	**£4,243,333**
Central Hampshire HMA	£3,988,750
Coastal Sussex HMA	£4,104,167
Eastbourne HMA	£3,175,000
Northern West Sussex HMA	£4,222,500
South East	**£3,600,000**
England excluding London	**£2,100,000**
England including London	**£6,900,000**

Source: DCLG - Land value estimates for policy appraisal Dec 2015

5.33 There is a relatively narrow range within the National Park with the Eastbourne HMA having an estimated residential land value of £3.2m per hectare increasing to £4.2m per hectare in the Northern West Sussex HMA.

Affordability

5.34 The lower quartile (LQ) affordability relates to the ratio of lower quartile house price to lower quartile gross annual residence-based earnings in a given area. The Wider South Downs figure relates to the ratio between the average price and income data for the local authorities collocated in the South Downs National Park.

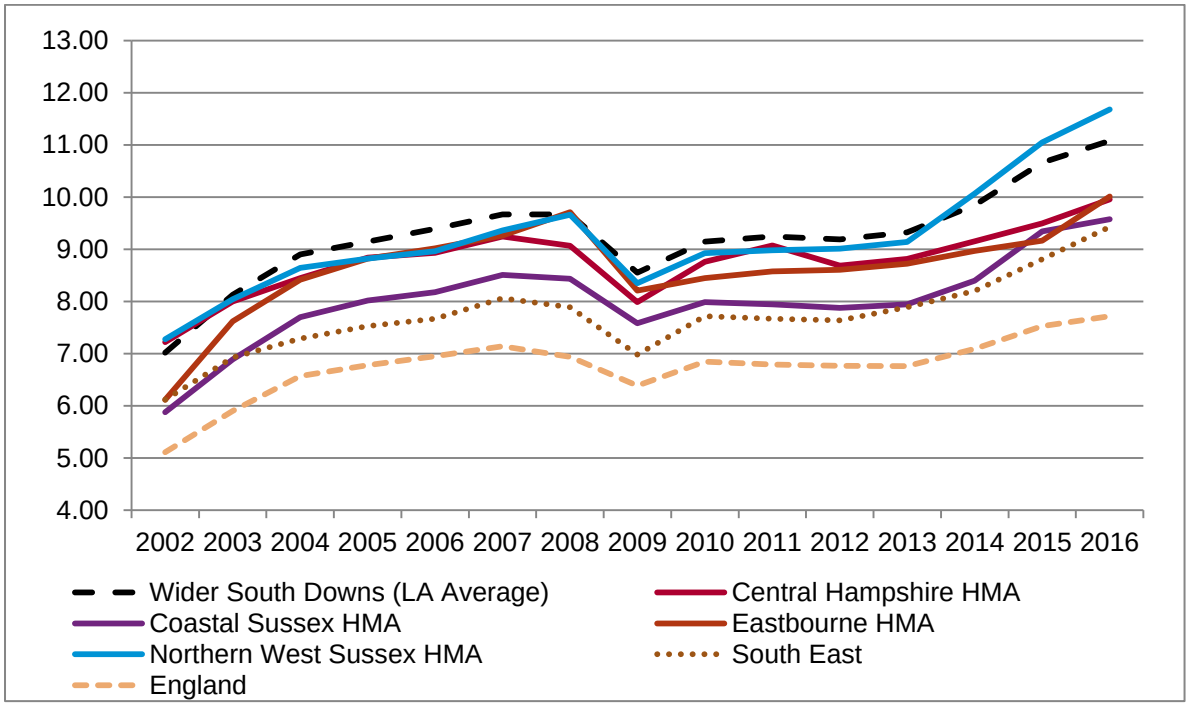
Table 14: LQ Affordability Ratio over the last 5, 10 and 15 years

	2016 ratio	5 year change	10 year change	15 year change
Central Hampshire HMA	9.96	1.27	0.71	2.73
Coastal Sussex HMA	9.58	1.69	1.06	3.70
Eastbourne HMA	10.01	1.40	0.75	3.89
Northern West Sussex HMA	11.68	2.67	2.32	4.40
Wider South Downs	11.08	1.89	1.41	4.06
South East	9.43	1.79	1.37	3.31
England	7.72	0.95	0.58	2.61

Source: DCLG, 2017

5.35 The LQ Affordability Ratio shows that South Downs National Park is less affordable than the South East and significantly less than England. Relative in-affordability has worsened in the SDNP over the last 5, 10 and 15 years compared the regional and national figures (see Figure 13).

Figure 13: Lower Quartile Affordability Ratio, 2002-2016



Source: CLG, 2017

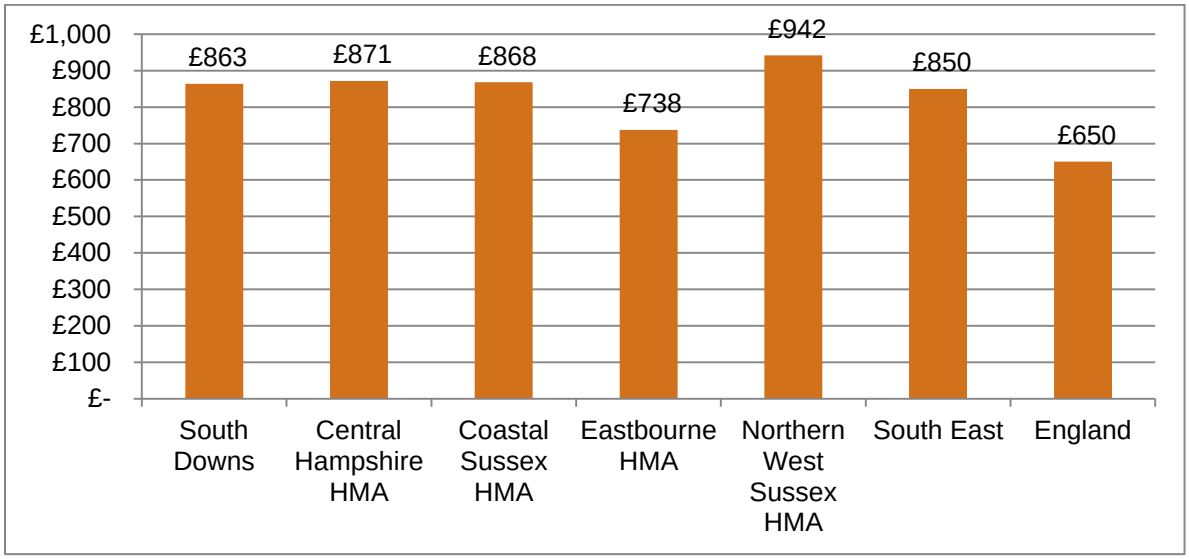
5.36 The Northern West Sussex HMA has even worse affordability with Lower quartile prices exceeding almost 12 times earnings. All of the HMA have a higher LQ affordability ratio than the regional figure (see figure 13).

Rents and Rental Growth

5.37 Over the year to Sept 2016 the median rent in the local authorities in which the SDNP falls was £863 per calendar month (PCM). This was similar to the regional (1.5% above) equivalent but around 25% higher than the national equivalent.

5.38 Again the Northern West Sussex HMA had the highest prices (£942 per month) and the Eastbourne HMA had the lowest (£738 pcm). This was still above the national figure although it was below the South East Regional Average (£850 pcm) (see Figure 14).

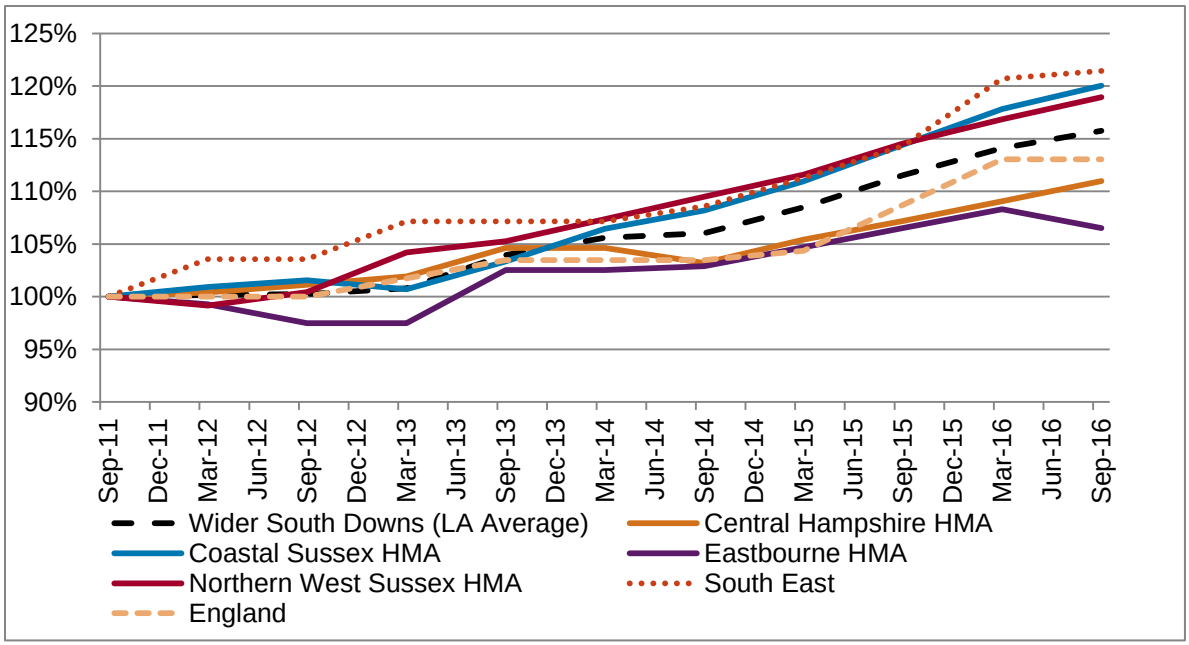
Figure 14: Median Rents, year up to September 2016



Source: VOA Private Rental Market Statistics

5.39 Rental Growth in the Local Authorities in which the SDNP falls (Figure 15) have increased by 16% since 2011. This growth is around 3% points higher the national growth and 7% points below the regional one.

Figure 15: Rental Growth, 2011-2016



Source: VOA Private Rental Market Statistics, 2017

5.40 The HMA figures show a range from 20% growth in Coastal West Sussex and 19% Northern West Sussex HMA to 6% in the Eastbourne HMA.

Rental Affordability

5.41 The rental affordability ratio (RAR) is the ratio of the monthly lower quartile rental costs of all type of property sizes as provided by VOA against the lower quartile earnings data from the annual survey of hours and earnings (ASHE).

5.42 The wider SDNP RAR has been estimated as the average of all monthly lower quartile rental costs of all type of property sizes across all the local authorities in which the National Park falls divided by the average lower quartile earnings for the same local authorities (as provided by ASHE).

5.43 The ratio in SDNP was 3% above the regional ratio and 10% above the national ratio in 2016. This indicates significant affordability pressures in the area. The ratio for the SDNP has increased by 2% since 2012 (Table 15). This is similar to the change seen across all the comparable areas.

Table 15: Rental Affordability, 2012-2016

	2012	2013	2014	2015	2016
Wider South Downs (LA Average)	37%	37%	38%	39%	39%
Central Hampshire HMA	36%	37%	37%	36%	36%
Coastal Sussex HMA	37%	37%	38%	40%	40%
Eastbourne HMA	36%	36%	37%	36%	37%
Northern West Sussex HMA	39%	38%	40%	43%	43%
South East	33%	34%	34%	35%	36%
England	28%	28%	29%	29%	29%

Source: Annual Survey of Hours and Earnings and Valuation Office Agency, 2017

5.44 The Central Hampshire HMA has a figure equal to the regional figure but all other HMAs exceed the regional and national RAR. At 43% the Northern West Sussex HMA has the highest RAR in the SDNP.

Rates of Development

5.45 This section presents completion information related to the local authorities (in their entirety) which the South Downs National Park falls. Across the wider local authorities there has been a shortfall of 8,890 dwellings recorded over the last 10 years against their respective housing targets.

Table 16: Net Completions 2006/7-2015/16

	SDNP	Central Hampshire HMA	Coastal Sussex HMA	Eastbourne HMA	NW Sussex HMA
Total Net Completions	45,764	19,697	20,732	7,360	13,641
Combined Requirement	54,654	22,494	24,160	6,400	18,430
Surplus/Deficit	-8,890	-2,797	-3,428	960	-4,789

Source: Local Authority Annual Monitoring Reports, 2017

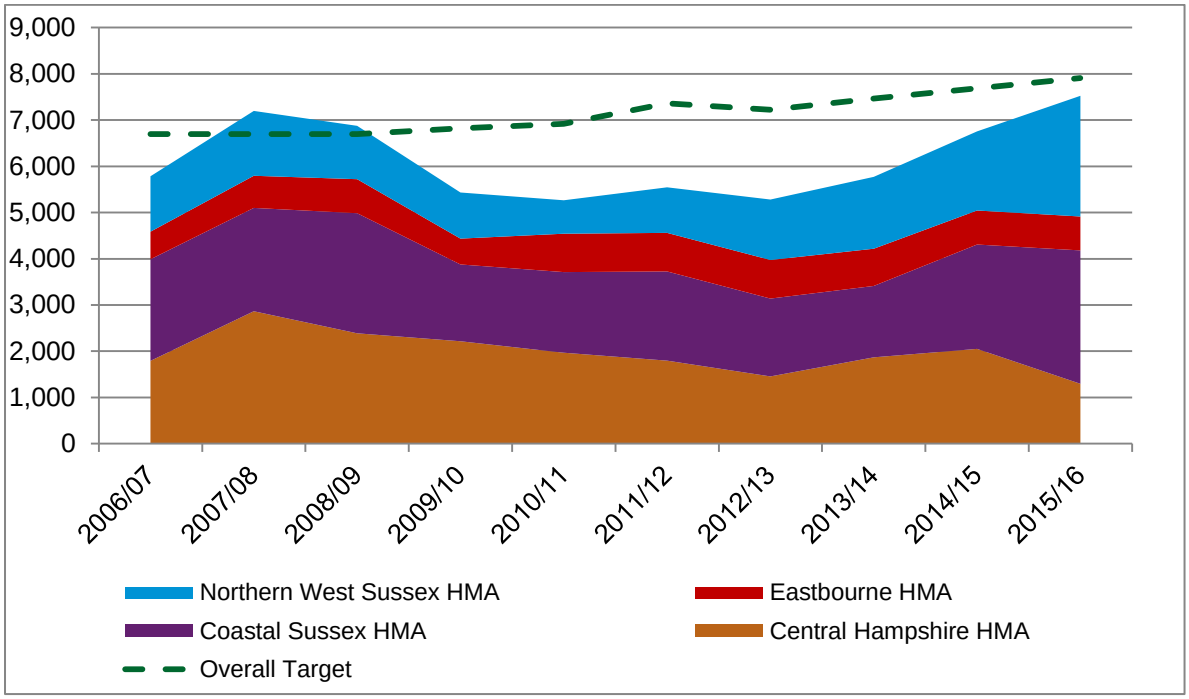
5.46 The combined requirement reflects the housing targets as set out in the local authority Annual Monitoring Report (AMR). As such the target may reflect adopted or emerging local plan targets or housing need set out in their SHMAs.

5.47 The Eastbourne HMA is the only HMA in the National Park that has exceeded its housing requirements for the period between 2006/7-2015/16 and has provided an oversupply of 960 net dwellings albeit their target is significantly lower than the other HMAs. The remaining HMAs have all performed below their targets, with Northern West Sussex HMA showing a significant undersupply of 4,789 dwellings.

5.48 This provides a neat illustration of the link between supply and market signals as typically these two HMA (Eastbourne and North West Sussex) book-end the market signals analysed above.

5.49 Mirroring the National trend Figure 16 shows that the HMAs saw a significant downturn in housebuilding between 2008 and 2013 with differing recovery since. In particular the upturn over the last three years has been more noticeable in the Northern West Sussex and Coastal West Sussex HMAs.

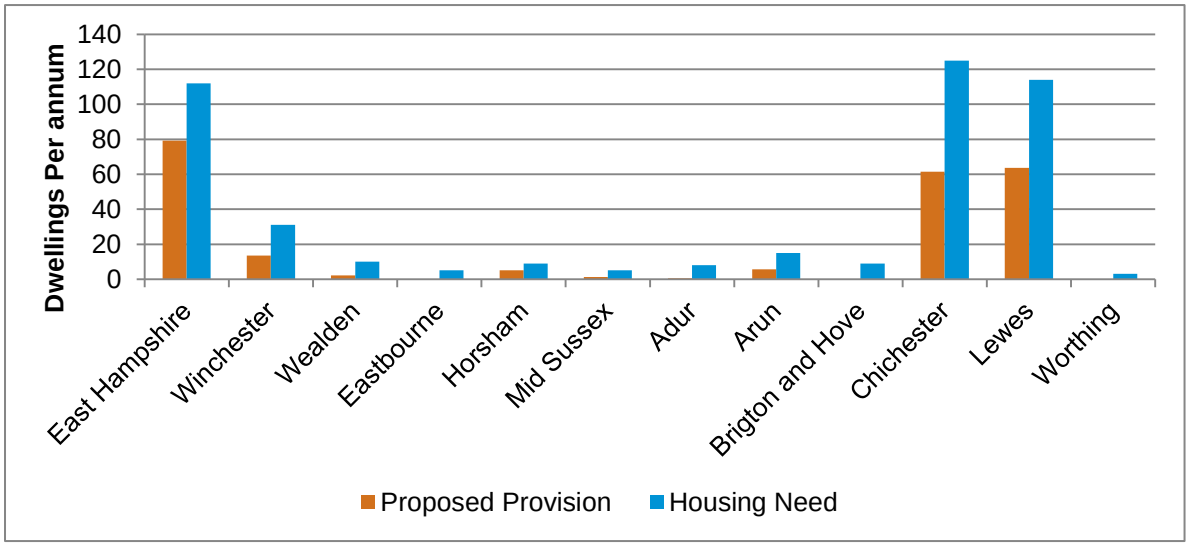
Figure 16: Net completions 2006/7-15/16 - HMAs



Source: Authorities AMRs

5.50 Evidence produced by the South Downs National Park Authority has sought to align their current supply led housing need figure and the proposed supply within each local authority for the parts which fall inside the National Park. Figure 17 illustrates the effective under-supply in all of the local authorities, although for some such as Chichester and Lewes the gap is more noticeable.

Figure 17: Housing Need Vs Housing Supply for SNDP disaggregated by Local Authority



Source: South Downs National Park Authority (2017)

Drawing the Evidence Together

5.51 We draw the following conclusions based on the above evidence:

- **Land values** in December 2015 (latest release) in the National Park are 51% above the national average excluding London and 37% below the equivalent including London. It is also 15% above the regional equivalent.

- **Median house prices** in 2016 within the National Park are £415,000 which is double the national median value. In addition, median house price in within the SDNP are up to 97% above the wider HMA figure; indicating that there is a premium for living in the National Park.

- **House price growth** in the SDNP has exceeded that seen nationally and regionally. To illustrate this there has been a real term growth of £17,000 per annum in the short-term (5 year) in the National Park compared to £6,800 nationally.

- **Lower quartile house prices** in the National Park are 11.08 times lower quartile earnings in 2016. This has continuously grown – illustrating house price growth has been outpacing earnings. The SDNP ratio is above the national (7.72) and regional (9.43) equivalents indicating significant local affordability issues.

- **Rental costs** in the SDNP are similar to those in the South East but 25% above the national values. Rental growth in the SDNP over the 2011-16 period at 2.8% per annum has been above the national rate (2.1%) and below the regional one (3.3%),with rents growing in real terms. The rental affordability ratio was 10% above the national level in 2016 again indicating local affordability pressures.

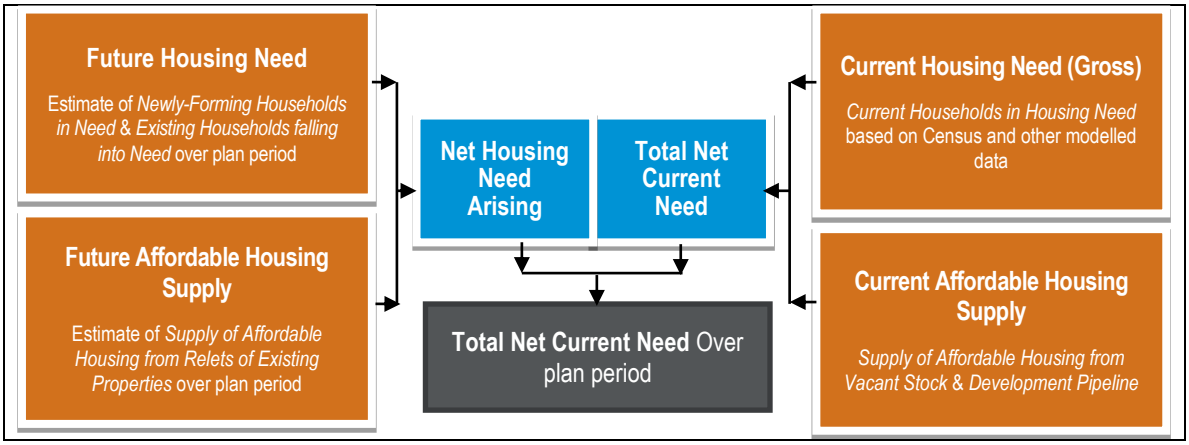
- **Rates of development,** across almost all of the host local authorities (in their entirety) have fallen significantly below the planned housing target, particularly between the 2009-15 period. Overall there is a total shortfall of 8,890 homes recorded the last ten years.

5.52 We conclude that the evidence points to a significant affordability pressure in the SDNP which for local authorities would ordinarily constitute a need to uplift their OAN. However, the housing target for the National Park will eventually be capacity based and landscape led and will not seek to address market signals. That said the evidence does point towards the need for a robust affordable housing target in the South Downs Local Plan that will help to deliver affordable homes for local people.

6 AFFORDABLE HOUSING NEED

6.1 This section provides an update to the affordable needs assessment presented in the 2015 SHMA. The methodology used is summarised in the graph below, which is in line to the Affordable Needs Assessment Model as set out in the PPG (2a-023 to 2a-029).

Figure 18: Overview of affordable housing needs model



6.2 We have drawn together a range of data sources to consider affordable housing need. The needs assessment is, however, sensitive to assumptions on entry-level private sector housing costs; and what proportion of income households will spend on housing. The assumptions used are considered to be reasonable, although alternative assumptions could see higher or lower assessed levels of need.

6.3 The modelling undertaken provides an assessment of affordable housing need for a 19-year period – 2014-33 (which is then annualised), this is to be consistent with the demographic projections developed in this report. It should however be noted that the base date for information (e.g. around housing costs and incomes) is taken to be 2017; this includes an updating of the current need to a 2017 base.

Methodology and Sources Overview

6.4 The analysis of affordable housing need draws on a range of secondary data sources; an approach consistent with the PPG. Specifically, paragraph 14 (ID: 2a-014-20140306) states that:

'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance'.

6.5 The table below sets out the main aspects of analysis and provides a description of the sources used. Further methodological commentary can be found in the 2015 SHMA.

Table 17: Affordable Needs Model – core analysis and sources

Aspect of analysis	Sources	Notes
Lower quartile private sector rents	Valuation Office Agency (VOA) data for the year to September 2016	Used to establish the entry level cost of housing as an uplift to 2015 SHMA data
Incomes	ONS small area income estimates, English Housing Survey (EHS), Annual Survey of Hours and Earning (ASHE)	Used to estimate the average household income in 2016 and the distribution of income. Different distributions are developed for different household groups (e.g. newly forming households)
Affordability ratio	Valuation Office Agency (VOA) data for the year to September 2016	Consideration of the relative cost of housing in the area compared with national benchmarks. In the case of SDNP the analysis suggests that spending 30% of income on housing is an appropriate affordability threshold (consistent with the 2015 SHMA)
Current need	2011 Census, CLG live table 784 (homelessness), English Housing Survey (EHS), income and housing cost data	Analysis using the categories of need set out in 2a-023 and 2a-024 of the PPG (along with affordability testing). Due to the National Park falling across a number of local authorities, each of which have differing approaches to their housing register it is not possible to consistently analyse and use these.
Future need (newly forming households)	Demographic projections – number of newly forming households aged under 45, income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing. The under 45 cut off reflects the former SHMA guidance from 2007 and is conventionally used within assessments of affordable need.
Future need (existing households)	Continuous Recording of Sales and Lettings (CoRe), income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Supply of affordable housing (through relets)	CoRe	Takes account of new build and transfers as well as including resales of intermediate housing (e.g. shared ownership)

6.6 A key part of the analysis is around the affordability of housing. The main analysis compares local private rent levels with local incomes to estimate the proportion of households in different groups

(e.g. newly forming households) who can afford to access the market. In the 2015 SHMA a full analysis of housing costs and incomes in different areas was undertaken.

6.7 In this study, this information has been updated by reference to a number of sources (Valuation Office Agency data to consider private rents and the Annual Survey of Hours and Earnings (ASHE) to look at incomes). This analysis suggested that rents across the area are likely to have risen by around 7% over the 2015-17 period, whereas incomes may have risen by approaching 10% (this also being for a two-year period (2014-16)). This latter figure (for incomes) is likely to have a fairly high error margin attached to it (due to being based on survey data) and logically it seems unlikely that income increases will have outstripped rent level changes. At a national level, over the past two years for which data is available, private rents have increased by around 5% and incomes by 4%.

6.8 In the SDNP, it has therefore been assumed that both rents and incomes have increased at a similar rate in the two-years since the SHMA was undertaken. This being the case, any analysis of affordability would remain unchanged from that in 2015. There will however be changes in the modelling due to different estimates for other aspects of analysis (e.g. the number of newly forming households and the supply of relets). The analysis below therefore provides an update, and compares outputs with the previous SHMA.

Affordable Housing Need

6.9 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 19-year period from 2014 to 2033. Whilst most of the data in the model are annual figures the current need has been divided by 19 to make an equivalent annual figure.

6.10 As the table sets out, the analysis calculates an overall need for affordable housing of 5,600 units over the 19-years to 2033 (293 per annum) across the SDNP area. The net need is calculated as follows:

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

Table 18: Estimated level of Affordable Housing Need (2014-33) – SDNP

	Per annum	2014-33
Current need	48	913
Newly forming households	408	7,761
Existing households falling into need	211	4,014
Total Gross Need	668	12,688
Supply from existing stock	375	7,122
Net Need	293	5,566

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

6.11 The analysis above can be compared with the previous assessment undertaken in 2015. The table below shows a summary of the key outputs from each of these assessments. The analysis in this report shows virtually the same overall level of affordable need as the 2015 SHMA (which estimated affordable need at 294 dwelling per annum). Looking at the detailed components of the need, there are some differences, including a slightly higher estimate of the supply available from existing stock. Overall however, the two studies are coming to virtually the same conclusion.

6.12 Both of the assessments clearly identify a need for affordable housing and that the delivery of such accommodation should be maximised where the opportunities arise.

Table 19: Comparing assessments of affordable housing need in SDNP

	SHMA (2015)	HEDNA (2017)	Difference
Current need	33	48	+15
Newly forming households	415	408	-7
Existing households falling into need	197	211	+14
Total Need	644	668	+24
Supply from existing stock	350	375	+25
Net Need	294	293	-1

Source: This study and 2015 SHMA

6.13 Appendix A provides this data at HMA and local authority area level along with additional affordability analysis.

6.14 The above analysis shows the difference (or lack of) from the previous assessment of affordable housing need. Our calculations estimate that rents have increased by 8%-11% and incomes by 9%-12% resulting in the very little change shown.

6.15 This need is slightly higher than the 276 dpa associated with maintaining the existing workforce (using Experian Rates). Arguably this provides a better representation as to the actual local need within the National Park given the constraints to delivery.

6.16 As the need is almost identical the additional analysis linked to tenure mix would be the same as that concluded in 2015.

6.17 Set out below is a table which sets out the distribution of affordable housing need within the SDNP. This shows that the highest need is within the Coastal West Sussex HMA and Central Hampshire HMA. The figures relate to just those parts of the local authorities which fall within the National Park.

Table 20: Estimated level of Housing Need per annum per local authority

Area	Annual affordable need		
	2015 SHMA	HEDNA (2017)	Difference
Coastal Sussex	**148**	**173**	**25**
Adur	3	6	3
Arun	10	11	1
Brighton and Hove	10	18	8
Chichester	69	63	-6
Lewes	55	73	18
Worthing	1	2	1
Eastbourne	**14**	**13**	**-1**
Eastbourne	5	4	-1
Wealden	10	10	0
Northern West Sussex	**14**	**17**	**3**
Horsham	11	11	0
Mid Sussex	3	6	3
Central Hampshire	**119**	**90**	**-29**
East Hampshire	90	68	-22
Winchester	28	21	-7
SDNP Total	**294**	**293**	**-1**

Source: This study and 2015 SHMA

Need for Different Types of Affordable Housing

6.18 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that might be met through provision of different housing products. There are a number of potential affordable housing products.

6.19 We therefore use the income information presented earlier in this section to consider the proportion of households who are likely to be able to afford intermediate housing; and the number for whom only social or affordable rented housing will be affordable. The analysis thus specifically addresses the need for the main types of affordable housing identified in the NPPF, these being:

- Intermediate housing;
- Affordable rented housing; and
- Social rented housing.

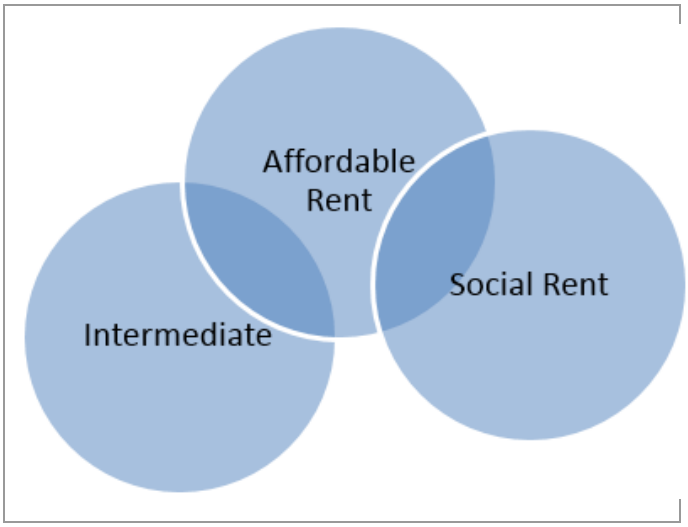
6.20 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy. The results of the analysis should thus be considered as indicative, and should be drawn together as appropriate with other local data sources.

6.21 As an example, a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution.

6.22 The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits, then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015, grant funding is primarily available to support delivery of affordable rented homes.

6.23 For these reasons it is difficult to exactly determine what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as Figure 19 shows.

Figure 19: Overlap between Affordable Housing Tenures



6.24 Given this overlap, for analytical purposes we have defined the following categories for affordable housing need:

- Households who can afford 80% or more of market rent levels;
- Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

6.25 The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or local councils) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

6.26 Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the analysis suggests around 32% of housing could be intermediate with the remaining 68% being either social or affordable rented (see Table 21).

Table 21: Estimated level of Housing Need (per annum) by type of affordable housing

	Intermediate			Social/affordable rented		
	Total need	Supply from Relets	Net need	Total need	Supply from Relets	Net need
Central Hampshire	40	4	36	186	132	54
Other Parts of SDNP	63	5	58	379	234	146
SDNP (Overall)	103	9	94	565	366	199
% of total	32%			68%		

Source: Housing Needs Analysis (Note: Numbers may not add up due to rounding)

6.27 We do not have detailed information on households' savings and it is quite probable that a notable proportion of those falling into the intermediate band as a result of their income would struggle to access intermediate housing with an equity element (due to lack of deposit). Therefore the 32% figure in the table should be considered to be at the high end of any target to be set for this type of housing. On balance the housing needs evidence would suggest a split of say 75:25 in favour of social/affordable rented housing as appropriate, although the SDNPA may wish to consider broader considerations in respect of delivering balanced communities, and issues related to the viability of residential development.

6.28 In determining policies for affordable housing provision on individual sites, the analysis in Table 21 should be brought together with other local evidence such as from Housing Registers or local parish surveys. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

7 NEEDS FOR SPECIFIC GROUPS

Introduction

7.1 Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.

7.2 The PPG sets out that the reason for the approach to setting standards is designed to *'rationalise the* many *differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes'* (56-001) and that *'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area'* (56-002).

7.3 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:

- the likely future need for housing for older and disabled people (including wheelchair user dwellings).
- size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes).
- the accessibility and adaptability of existing housing stock.
- how needs vary across different housing tenures.
- the overall impact on viability.

7.4 The section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in analysis to follow. The discussion below begins by looking at older persons' needs.

Current Population of Older People

7.5 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards (data for 2015 has been used as this was the latest date for which information was available for National Parks at the time of writing). The data shows, when compared with both the region and England, that the Park has a notably higher

proportion of older persons. In 2015, it was estimated that 24% of the population of the Park was aged 65 or over.

Table 22: Older Person Population (2015)

		Under 65	65-74	75-84	85+	Total	Total 65+
SDNP	Popn	86,951	15,001	8,962	4,135	115,049	28,098
	% of popn	75.6%	13.0%	7.8%	3.6%	100.0%	24.4%
South East	% of popn	81.2%	10.1%	6.0%	2.7%	100.0%	18.8%
England	% of popn	82.3%	9.6%	5.7%	2.4%	100.0%	17.7%

Source: ONS 2015 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

7.6 As well as providing a baseline position for the proportion of older persons in the Park, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 10-year trend projections developed for SDNP and the 2014-based SNPP for other areas; the projections run from 2014 to 2033 to be consistent with those developed in this report.

7.7 The data shows that the Park is expected to see a notable increase in the older person population with the total number of people aged 65 and over projected to increase by 54% over the 19-years from 2014; this compares with overall population growth of 11% and a decrease in the Under 65 population of 2%.

Table 23: Projected Change in Population of Older Persons (2014 to 2033)

	Under 65	65-74	75-84	85+	Total	Total 65+
SDNP	-2.4%	31.9%	63.1%	112.1%	11.1%	53.7%
South East	6.3%	34.6%	53.4%	108.2%	14.6%	51.2%
England	6.1%	31.9%	48.5%	101.8%	13.2%	46.6%

Source: Demographic projections and ONS subnational population projections (2014-based)

7.8 In total population terms, the projections show an increase in the population aged 65 and over of 14,800 people, this is against a backdrop of an overall increase of 12,700 and a decrease in the population aged under 65 of 2,100.

Table 24: Projected Change in Population of Older Persons (2014 to 2033) – SDNP

	2014 population	2033 population	Change in population	% change
Under 65	86,957	84,835	-2,122	-2.4%
65-74	14,657	19,328	4,671	31.9%
75-84	8,799	14,348	5,549	63.1%
85+	4,071	8,636	4,565	112.1%
Total	114,484	127,147	12,663	11.1%
Total 65+	27,527	42,312	14,785	53.7%

Source: Demographic projections

Older Persons' Housing Needs

7.9 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 analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

7.10 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

7.11 The table below shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for 1,700 units – 90 per annum in the 2014-33 period – this is around 20% of the total need identified in the demographic modelling. The Housing LIN source also suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market (including intermediate products such as shared ownership)[16] - this is likely to be a reasonable tenure split to consider in SDNP.

Table 25: Projected need for Specialist Housing for Older People (2014-33)

	10-year migration trends
Population aged 75+ (2014)	12,870
Population aged 75+ (2033)	22,984
Change in population aged 75+	10,114
Specialist housing need (@ 170 units per 1,000)	1,719
Per annum need (2014-33)	90

Source: Derived from demographic projections and Housing LIN

[16] See: http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

Registered Care Bedspaces (C2 use class)

7.12 As well as the need for specialist housing for older people the analysis needs to consider Registered Care, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of the demographic modelling which indicates an increase of 812 people living in institutions over the 2014-33 period (43 per annum). These figures are important to note if the authority intends to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

Table 26: Potential Need for Residential Care Housing

	10-year migration trends
Institutional population aged 75+ (2014)	1,013
Institutional population aged 75+ (2033)	1,825
Change in institutional population aged 75+	812
Per annum 'need' (2014-33)	43

Source: Derived from demographic projections

Health-related Population Projections

7.13 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this data from the Projecting Older People Information System (POPPI) website has been used which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.

7.14 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

7.15 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 80%) along with a 70% increase in the number with mobility problems. When related back to the total projected change to the population, the increase of 3,600 people with a mobility problem represents 28% of the total population growth projected by 10-year migration trends.

Table 27: Estimated Population Change for range of Health Issues (2014 to 2033)

Type of illness/disability	2014	2033	Change	% increase
Dementia	1,899	3,416	1,517	79.9%
Mobility problems	5,123	8,720	3,597	70.2%

Source: Data from POPPI and demographic projections

People with disabilities

7.16 The Guide provides data about households with a long-term illness or disability from the English Housing Survey. Whilst this provides a national perspective, the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).

7.17 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the Park some 29% of households contain someone with a LTHPD. This figure is similar to that seen in other areas. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 16% of the population of the Park have a LTHPD). The analysis therefore identifies that issues around disability are similar in the National Park, despite the area having a higher proportion of older people.

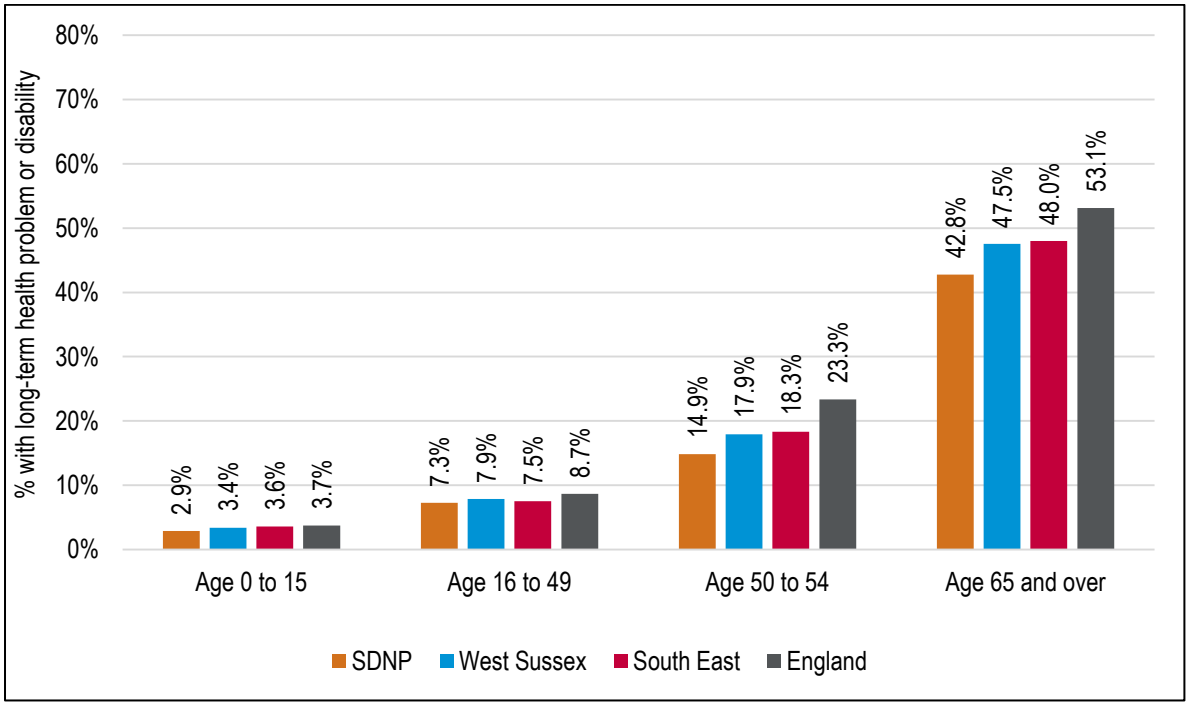
Table 28: Households and people with Long-Term Health Problem or Disability (2011)

	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
SDNP	13,615	28.8%	17,930	16.0%
South East	1,048,887	29.5%	1,356,204	15.7%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

7.18 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD; it is also notable that the prevalence of disabilities is lower in SDNP for all age groups than in any of the comparator areas.

Figure 20: Population with Long-Term Health Problem or Disability in each Age Band



Source: 2011 Census

7.19 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying these prevalence rates to the demographic projections it is estimated that the number of people with a LTHPD will increase by around 6,000 (a 31% increase). This represents 48% of the total increase in the population estimated by the 10-year migration based projections (12,663).

Table 29: Estimated change in population with LTHPD (2014-2033)

	Population with LTHPD 2014	Population with LTHPD 2033	Change (2014-33)	% change from 2014
10-year migration trends	19,121	25,144	6,023	31.5%

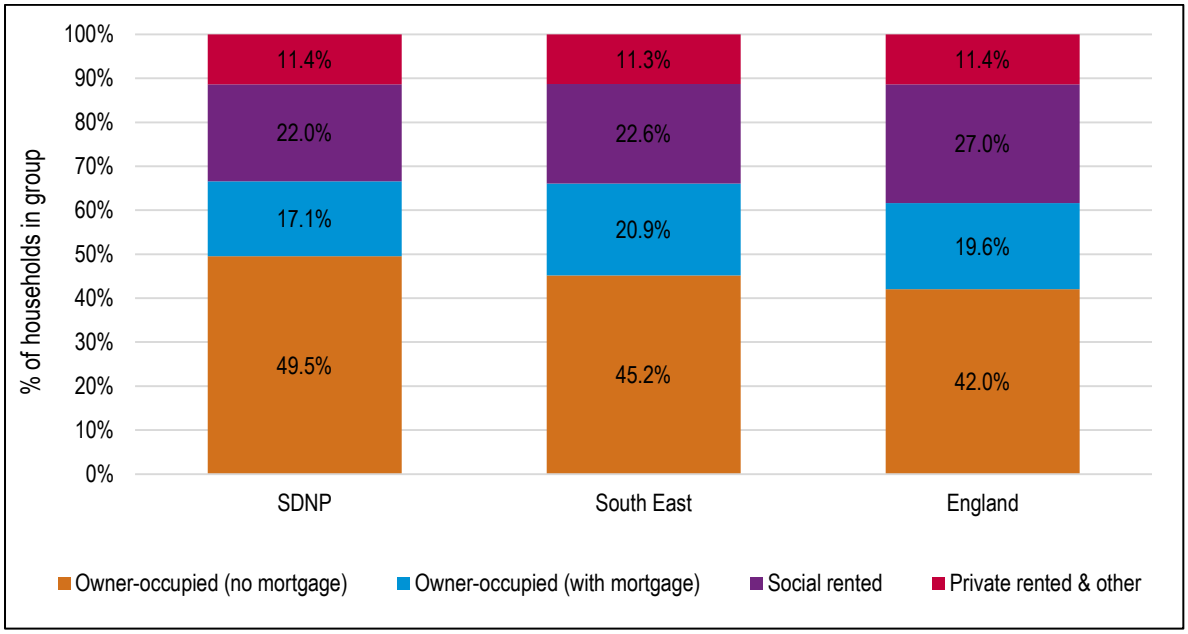
Source: Derived from demographic modelling and Census (2011)

7.20 The falling population in younger age groups results in the net increase in population with a LTHPD aged 65 and over exceeding the equivalent growth across all age groups.

7.21 The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners

the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 21: Tenure of people with LTHPD



Source: 2011 Census

7.22 The table below shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are about twice as likely to have a LTHPD than those in other tenures.

Table 30: Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
SDNP	24.8%	13.7%
South East	26.2%	13.5%
England	28.2%	15.0%

Source: Derived from demographic modelling and Census (2011)

Wheelchair Adapted Housing

7.23 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) – *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level

although there are some doubts about the validity even of the regional figures; hence the focus is on national data.

7.24 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).

7.25 Overall, the report estimates that there is an unmet need for wheelchair adapted dwellings equivalent to 3.5 per 1,000 households – in the SDNP, as of 2014, this would represent a need for about 170 wheelchair adapted dwellings. Moving forward, the report estimates a wheelchair accessibility need from around 3% of households. If 3% is applied to the household growth in the projections (2014-33) then there would be an additional need for around 244 adapted homes. If this figure is brought together with the estimated current need then the total wheelchair adapted need would be for around 414 homes – this is about 5% of total household growth.

Table 31: Estimated need for wheelchair adapted homes (2014-2033)

	Current need	Projected need (2014-33)	Total	Total household growth	% wheelchair
10-year migration trends	170	244	414	8,124	5.1%

Source: Derived from demographic projections and Habinteg prevalence rates

7.26 Information in the CLG Guide to available disability data, also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair uses, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be wheelchair accessible (although it should be noted that the PPG (56-009) 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'*).

Housing Technical Standards – discussion

7.27 This section has drawn on a range of data sources, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN). This is to consider the need for Building Regulations (M4(2) and M4(3))

7.28 The data shows that in general, SDNP has a similar level of disability when compared with other areas and that an ageing population means that the number of people with disabilities is expected to increase substantially in the future. Key findings include:

- 54% increase in the population aged 65+ (accounting for over 100% of total population growth);
- 20% of household growth identified in the CLG projections to be specialist housing for older persons;
- 70% increase in the number of older people with mobility problems (representing over a quarter of all population growth);
- Increase of a third in the number of people with a long-term health problem or disability (LTHPD) (representing about half of all population growth);
- concentrations of LTHPD in the social rented sector;
- a need for around 5% of dwellings to be wheelchair adapted (M4(3))

7.29 This would suggest that there is a clear case for increasing the supply of accessible and adaptable dwellings and wheelchair user dwellings. The exact proportion of homes in categories M4(2) and M4(3) would be for the authority to consider based on this evidence and also any other relevant information (e.g. about viability). That said, the CLGs Housing Standards Review Cost Impact study (which accompanies the PPG) suggests that meeting M4(2) standards is likely to cost in the range of £520-£940 per dwelling (M4(3) being substantially higher).

7.30 In considering whether to seek 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. The authority could 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.

Indicative Need for Specialist Housing for Older People

7.31 The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

7.32 The Housing LIN website identifies a prevalence rate of around 170 units of specialist accommodation per 1,000 population aged 75 and over. In this instance specialist accommodation includes sheltered and Extra-care housing in both the market and affordable sector. In projecting forward (at a national level) the Housing LIN works on the basis of a requirement for 125 sheltered housing units per 1,000 population, 20 enhanced sheltered units and 25 Extra-care units. It also suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market[17]. The higher proportion in the market reflects the fact that the majority of older person households are currently owner-occupiers (as is the case in the SDNP).

[17] See: http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

7.33 For the purposes of our analysis we have used the Housing LIN prevalence rates to estimate how much specialist provision might be needed in the future. The analysis should be considered as indicative and interpreted with the following considerations:

- The analysis takes no account of whether or not there is a shortfall (or surplus) of specialist housing at the base date of 2013;
- Locally, the figure of 170 per 1,000 may be considered too high given that older people in the SDNP shows lower levels of disability than nationally. However this is to some degree offset by the higher proportion of older people who are in older age bands;
- The national tenure split of 60% market housing may be considered too low given the relatively high level of owner-occupation in SDNP. Analysis above shows some 72% of pensioner households to be outright owners; this compares with 67% across England; and
- Whilst the analysis is split between sheltered, enhanced sheltered and extra-care housing in the same proportions as shown nationally, it may be the case that there will over time be a shift away from conventional sheltered housing to reflect the demand profile in the sector and a possible requirement for higher levels of care as the population ages.

7.34 Table 32 therefore shows an estimate of the potential demand for different types of specialist housing for older people. Across the whole SDNP area the number of people aged 75 and over is projected to increase by around 10,114 people and with a rate of 170 units per 1,000 population this leads to an estimated demand for 1,719 specialist homes for older people – 90 per annum. The figure of 90 per annum represents some 20% of the total housing need derived from the demographic projections (447 dwellings per annum linked to population growth trends over the past five years).

Table 32: Estimated Need for Specialist Housing for Older People, SDNP 2014-33

	Affordable		Market		Total	
	2014-33	Per Annum	2014-33	Per Annum	2014-33	Per Annum
Sheltered	506	27	758	40	1,264	67
Enhanced sheltered	81	4	121	6	202	11
Extra-Care	101	5	152	8	253	13
Total	688	36	1,031	54	1,719	90

Source: Derived from demographic projections and Housing LIN (numbers may not add due to rounding)

8 NEED FOR DIFFERENT SIZES OF HOMES

Introduction

8.1 In this section consideration is given to the need for different sizes of homes in the future, modelling the implications of demographic drivers in different tenures. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.

8.2 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. The analysis assumes population and household growth in line with the demographic projection linked to 10-year migration trends; this projection indicates household growth of about 8,100 across the study area between 2014 and 2033. It should be noted that this projection will not necessarily be translated into policy, but has been used to indicate the likely need for different sizes of homes moving forward.

8.3 Whilst 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 in to 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.

8.4 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) 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.

8.5 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. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

8.6 In terms of the analysis to follow, the outputs have been segmented into two broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied

sector and affordable housing, which is taken to follow the occupancy profile in the social rented sector. The market figure also includes provision for low-cost home-ownership while the affordable housing mix is for all types of affordable homes, recognising the importance of intermediate tenures such as shared ownership.

8.7 The housing market model has been used to estimate the future need for different sizes of property over the 19-year period from 2014 to 2033. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors. Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

8.8 For modelling purposes, the analysis assumes that 40% of net completions are either affordable housing and therefore that 60% are market housing (designed to be sold for owner-occupation). The 40% figure is based on what is considered to be reasonably possible in the National Park.

8.9 It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this; but policy applicable to sites of 4 to 10 units requires a lower level of affordable housing, whist some delivery is on sites below affordable housing policy thresholds for on-site provision. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing. The figures used are not a policy position and have been applied simply for the purposes of providing outputs from the modelling process. To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:

- Market housing – 60%
- Social/affordable rent – 40%

Key Findings: Market Housing

8.10 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 19-year period from 2014 to 2033.

8.11 Looking first at market housing, an increase of around 5,700 additional households is modelled. The majority of these need two- and three-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that

household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households.

Table 33: Estimated Size of Dwellings Needed 2014 to 2033 – Market Housing – SDNP

Size	2014	2033	Additional households 2014-2033	% of additional households
1 bedroom	3,082	3,589	507	8.9%
2 bedrooms	10,621	12,585	1,964	34.5%
3 bedrooms	16,363	18,537	2,174	38.2%
4+ bedrooms	12,431	13,472	1,042	18.3%
Total	42,496	48,183	5,687	100.0%

Source: Housing Market Model

8.12 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

8.13 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

8.14 The analysis has also been undertaken by sub-area with the table below showing the summary outputs. This shows only small variations between areas, and on balance, the differences between areas are not so great that a different approach in different locations needs to be taken.

Table 34: Estimated size mix of dwellings by sub-area – market housing – SDNP

	1-bedroom	2-bedrooms	3-bedrooms	4+ bedrooms
Central Hampshire	10%	34%	39%	17%
Other parts of SDNP	9%	35%	38%	19%
SDNP	9%	35%	38%	18%

Source: Housing Market Model

Key Findings: Affordable Housing

8.15 The table below shows estimates of the need for different sizes of affordable homes based on the analysis of demographic trends. The data suggests in the period between 2014 and 2033 that the main need is for homes with one- or two-bedrooms.

8.16 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. one-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of medium and larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 35: Estimated Size of Dwellings Needed 2014 to 2033 – affordable housing – SDNP

Size	2014	2033	Additional households 2014-2033	% of additional households
1 bedroom	1,994	2,929	935	38.4%
2 bedrooms	2,128	2,990	862	35.4%
3 bedrooms	1,726	2,310	584	24.0%
4+ bedrooms	187	242	56	2.3%
Total	6,034	8,471	2,437	100.0%

Source: Housing Market Model

8.17 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

8.18 The analysis has also been undertaken by sub-area with the table below showing summary outputs. As with other analysis, it is not considered that sub-area differences are so great, such that a different approach be taken in different locations.

Table 36: Estimated size mix of dwellings by sub-area – affordable housing – SDNP

	1-bedroom	2-bedrooms	3-bedrooms	4+ bedrooms
Central Hampshire	42%	32%	24%	2%
Other parts of SDNP	37%	36%	24%	2%
SDNP	38%	35%	24%	2%

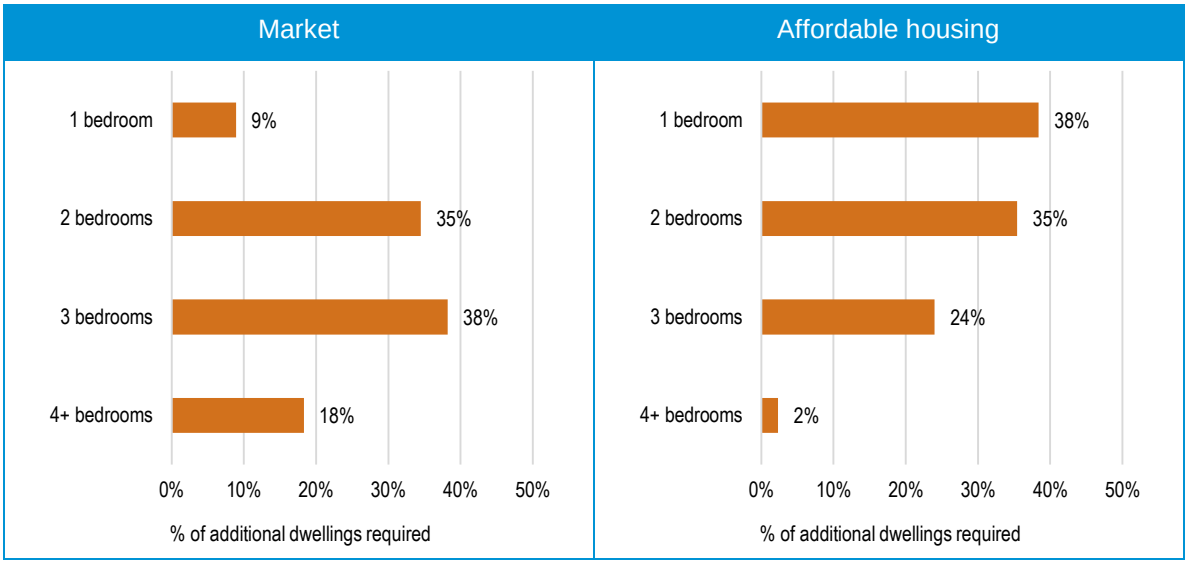
Source: Housing Market Model

Indicative Targets by Tenure

8.19 The figure below summarises the above data in both the market and affordable sectors under the modelling exercise. The analysis clear shows the different profiles in the three broad tenures with

affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Table 37: Size of housing required 2014 to 2033 – SDNP



Source: Housing Market Model

8.20 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one-bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.

8.21 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

8.22 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

8.23 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a Park-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 30-35%
- 2-bed properties: 35-40%
- 3-bed properties: 20-25%
- 4-bed properties: 5-10%

8.24 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.25 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households seeking housing in the local area (e.g. through Housing Register data) and the stock and turnover of existing properties.

8.26 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, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 5-10%
- 2-bed properties: 35-40%
- 3-bed properties: 35-40%
- 4-bed properties: 15-20%

8.27 When translating these recommendations in to policy the Authority may wish to take into account other factors such as the focus on improving affordability or the finite supply of land. In such circumstances the Authority may wish to increase the supply of small to medium sized properties with reductions in the supply of larger homes.

8.28 Furthermore 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. The figures can however 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.

Housing Mix (Size of Homes Needed) – Conclusions

8.29 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 long-term (19-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

Table 38: Suggested mix of housing (by size and broad tenure)

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	35-40%	15-20%
Affordable housing	30-35%	35-40%	20-25%	5-10%

8.30 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The analysis also takes account of the fact that rented affordable housing would tend to be allocated on the basis of a bedroom standard (which for example would see a childless couple having a need for a one-bedroom home), whilst it is expected that accessing low-cost (affordable) home ownership would have more flexibility (and that this tenure is in part designed to allow households in the private rented sector to buy their own home).

8.31 The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development 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.

8.32 Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

8.33 The analysis of an appropriate mix of dwellings could also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.

The analysis also looked at the housing mix in each of the sub-areas. Whilst there were differences between locations, it is not considered that these are so great as to point towards a different profile of new housing being needed when compared to Park-wide findings.

9 COMMERCIAL PROPERTY MARKET ASSESSMENT

9.1 The Local Authorities in which the National Park sits include some significant employment centres. In 2012 the host authorities in their entirety had 1.7 million square metres of office accommodation and 5 million square metres of industrial floorspace including warehouses.

9.2 Industrial floorspace has grown by around 6% in the local authorities in their entirety over the ten years to 2012. This bucks the national (-5%) and regional trend (-1%) which has seen a slight decline of industrial floorspace over the same period. The largest proportional growth has been in Arun and East Hampshire.

9.3 At the same time office floorspace increased by around 4% over the same period and area. This is some way behind the national growth of 11% although the regional growth is more comparable (6%). The largest growth has been in Chichester and Winchester districts.

9.4 The largest concentrations of office accommodation in the host local authorities are perhaps unsurprisingly found in Brighton and Hove (24% of office floorspace). Although considerable amounts of floorspace can be found in Winchester (16%) and Mid Sussex (10%) districts.

9.5 The distribution of industrial property is less concentrated in the larger urban centres. Both Arun and Horsham host 11% of the total floorspace within the combined wider local authorities with Wealden seeing another 10%.

9.6 Clearly this indicates demand for additional premises in the wider local authorities in their entirety although as set out below the National Park area has slightly different dynamics.

9.7 The following reflects the findings of research conducted using the Estates Gazette Interactive (EGi) and CoStar Property databases. These compile information from property and letting agencies on a voluntary basis. The information therefore can only be seen as an indicative rather than a definitive source of this information. This includes all transactions on sites whose postcodes fall at least in part within the National Park. As such some transactions may have actually occurred slightly outside the National Park Boundary.

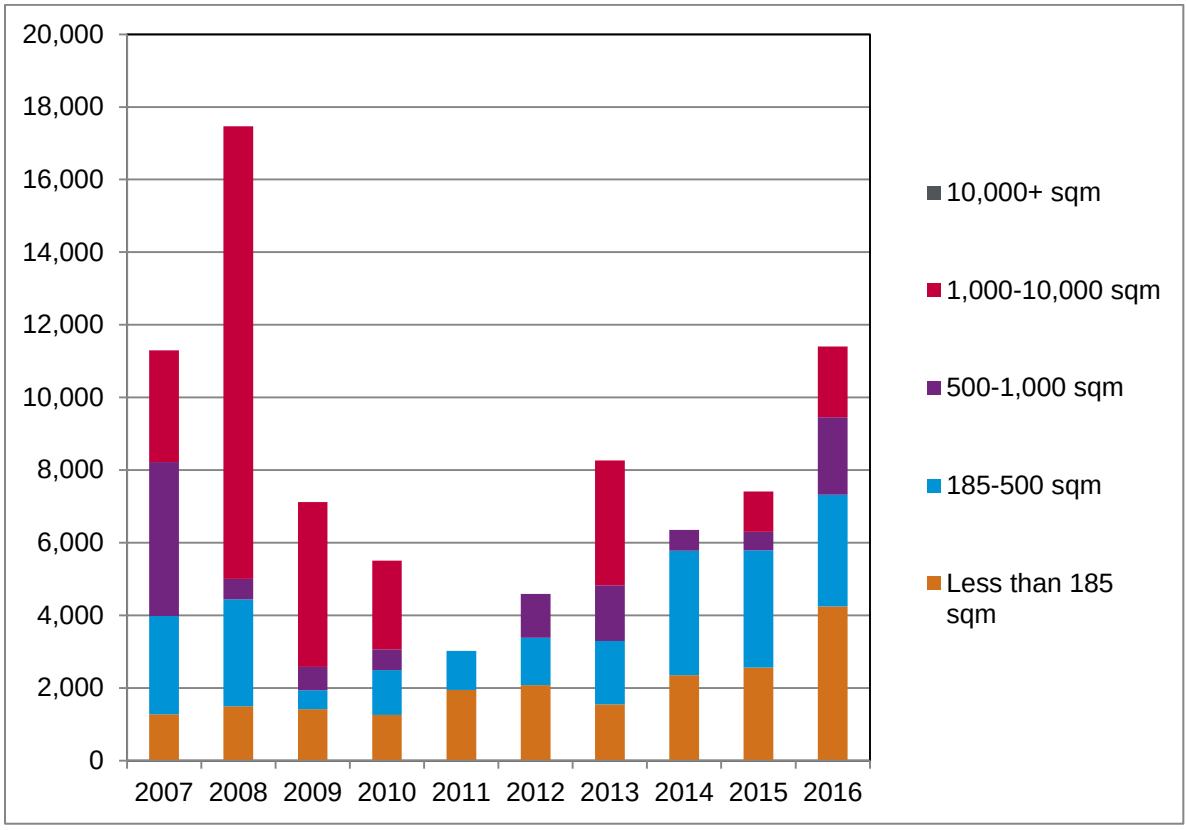
Office Market Review

Office Take-up

9.8 The impact of the recession had a clear impact on take-up within the National Park. Office floorspace take-up peaked in 2008 with 17,463 sq.m transacted. The level of floorspace transacted then fell significantly during the 2009-2011 years although there has been some improvement in the office market since then.

9.9 The total amount of office floorspace transacted in the National Park for the 10 year period (07-2016) was 95,666 sq.m As shown in Figure 22 below the majority transactions in the earlier part were in units ranging from 1,000 – 10,000 sqm. However more recent trends show a larger amount within smaller units of 500 sq. m or less.

Figure 22: Office Floorspace Take-up in SDNP (sq.m)



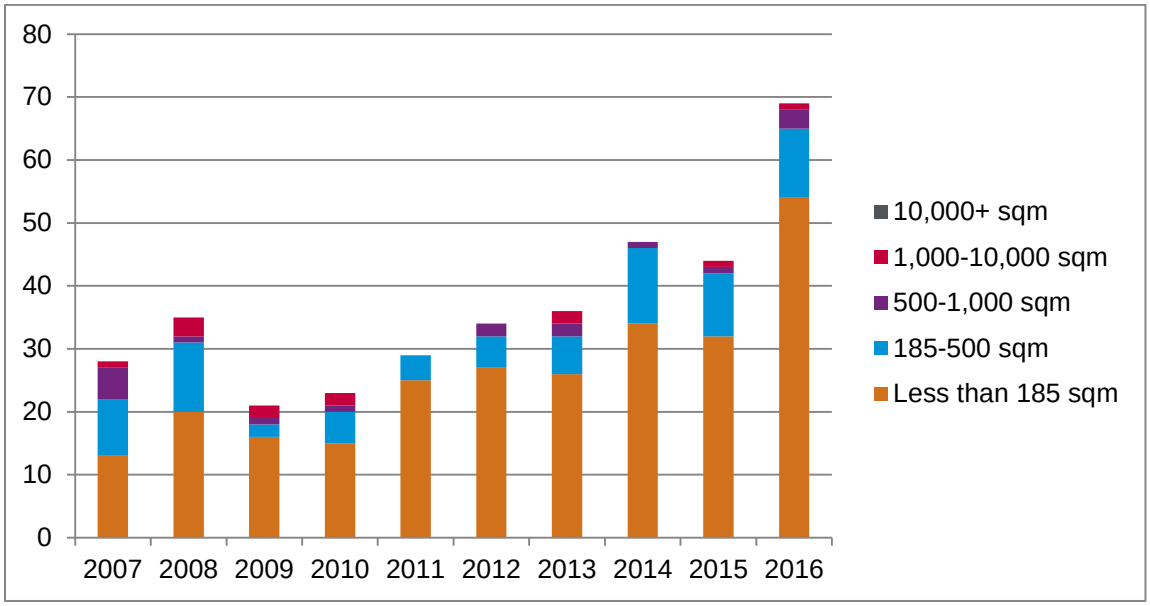
Source: EGi and CoStar, May 2017

9.10 A total of 366 transactions occurred across the National Park in the last ten years. In comparison, the 2015 ELR report showed 49,855 sq.m (196 deals) over the period between 2006 and 2014. This indicates how strongly the market has performed between 2014-2016, as well as the improvement in recording of data.

9.11 As shown in Figure 23 the highest number of deals was achieved in 2016 (69 deals). However the majority of deals (78%) were in units smaller than 185 sq.m. This indicates that the market particularly for smaller properties is returning to normal. However, this should be treated with some caution as it may also be influenced by the improved records of the databases in more recent years.

9.12 Overall the highest number of deals recorded are among those of units which are less than 185 sq.m – 262 deals, followed by 185-500 sq.m (75 deals). These categories combined equate to 92% of the total deals within the last 10 years.

Figure 23: Number of deals by size in SDNP

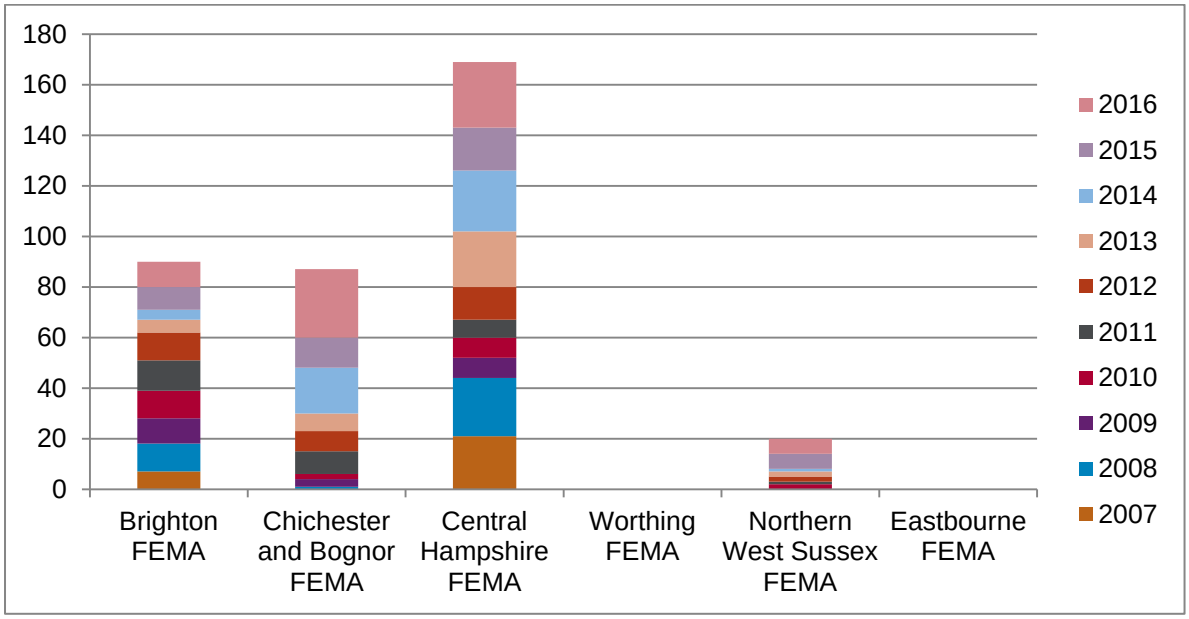


Source: EGi and CoStar, May 2017

9.13 The remaining data includes 17 deals for units between 500 and 1,000 sq.m and 12 deals for units between 1,000 and 10,000 sq.m.

9.14 GLH has also analysed take-up data by FEMA to illustrate the overall trends within and across the National Park. This uses postcode data which could in some cases expand across the National Park boundary.

Figure 24: Office Deals by FEMA (sq.m)



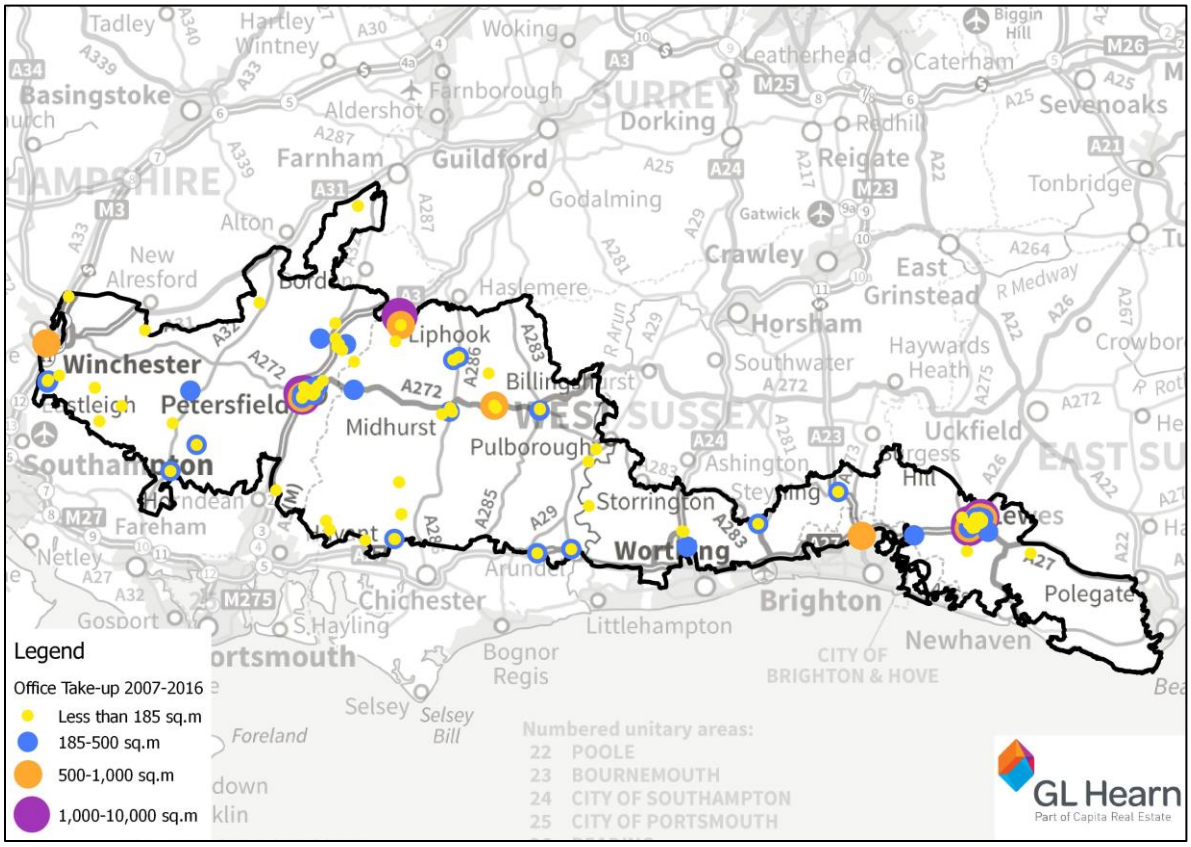
Source: EGi and CoStar, May 2017

9.15 The highest number of office deals for the period between 2007 and 2016 were recorded in Central Hampshire FEMA (169), followed by Brighton FEMA (90), and Chichester and Bognor FEMA (87). Where data was recorded the fewest number of deals were in the Northern West Sussex FEMA (20). However no deals at all were recorded in the Eastbourne and Worthing FEMAs.

9.16 Just over 57% of the total floorspace transacted was recorded in the Central Hampshire FEMA. This was followed by 29% in the Brighton FEMA and approximately 12% in Chichester and Bognor FEMA. Only 2% took place in Northern West Sussex FEMA.

9.17 This spatial distribution can be witnessed in Figure 25. This shows clusters of office transactions in Lewes and Petersfield, which are the two largest market towns in the National Park. Those around Liphook are likely to fall outside of the National Park boundary.

Figure 25: Office Take-up in SDNP, 2007-2016



Source: EGi and CoStar, May 2017

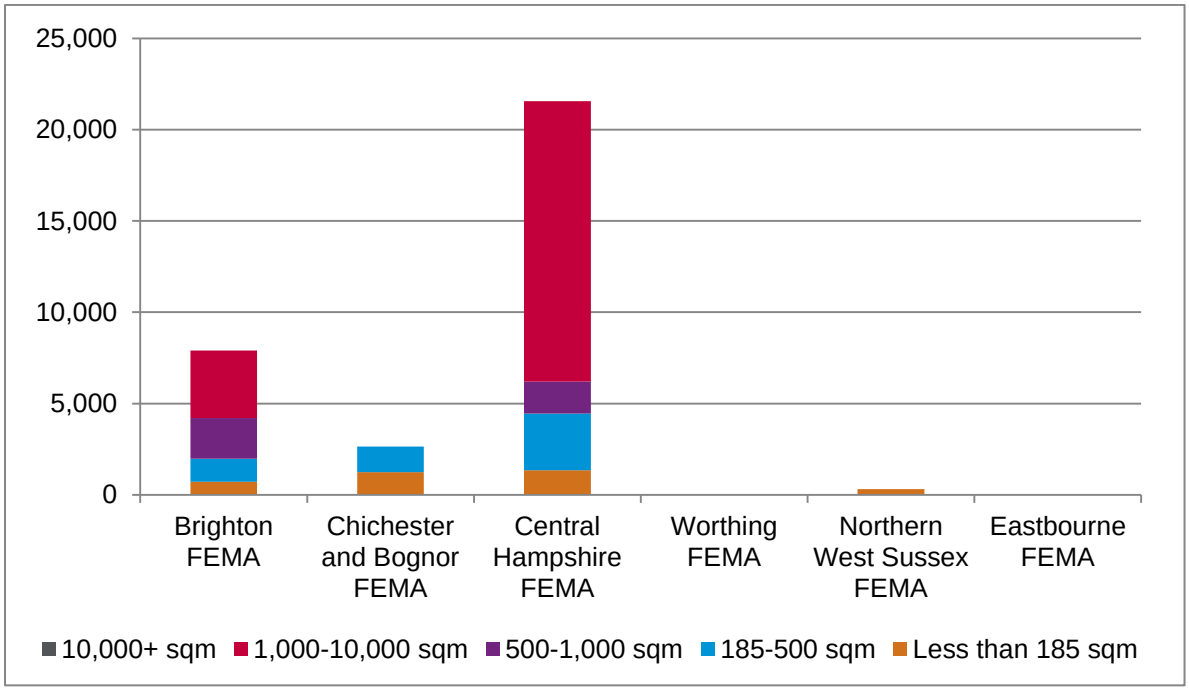
9.18 In comparison, the 2015 ELR report showed 49,855 sq.m (196 deals) over the period between 2006 and 2014. This indicates how strongly the market has performed between 2014-2016, as well as the improvement in recording of data.

Availability

9.19 Figures 26 and 27 below illustrate the availability of office floorspace across the South Downs National Park by FEMAs and by the quality of the available floorspace. The figure reflects a snapshot of vacant floorspace advertised as in May 2017. The vacancy data is again related to postcodes information and may include some sites which are just outside the National Park.

9.20 As of May 2017 the total available office floorspace within the National Park was 32,423 sq.m. In a healthy property market, it is considered normal for there to be a level of vacancies as businesses move, buildings are developed or refurbished and lettings take place. The optimal level of vacancies is generally accepted to be 5-10%. However as we don't have the total floorspace for the National Park it is not possible for us to calculate a vacancy percentage to benchmark the area against this.

Figure 26: Total Office Availability in SDNP (sq.m)



Source: EGi and CoStar, May 2017

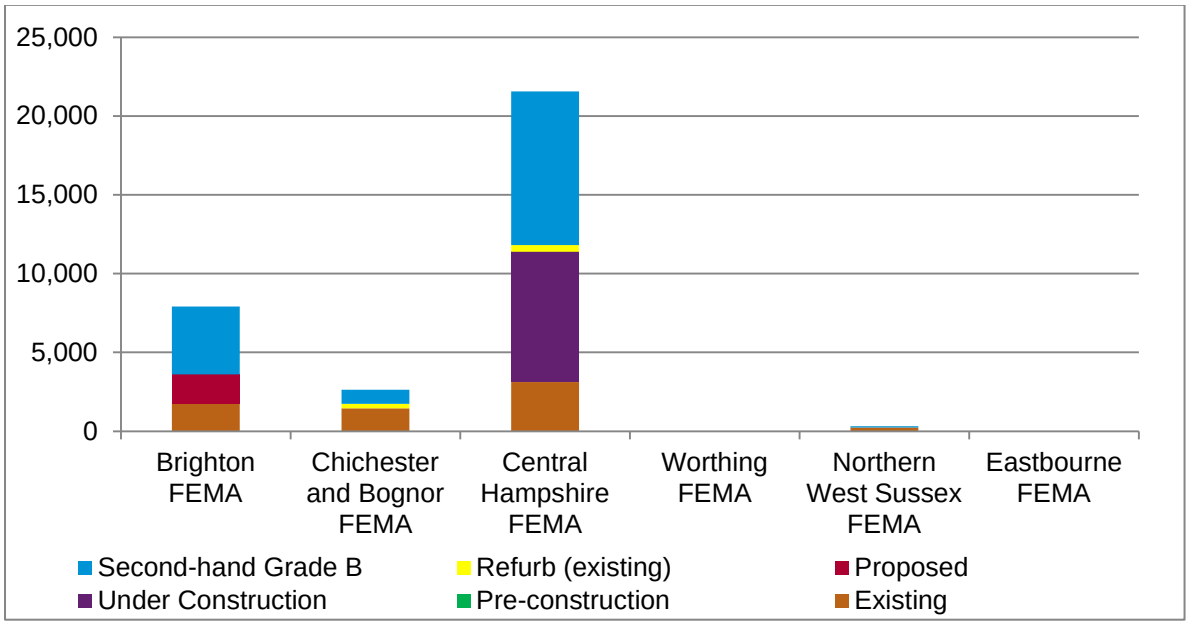
9.21 The level of current availability in the National Park is focused strongly in the Central Hampshire FEMA (66%). The Brighton and Hove FEMA also has over 5,000 sq.m. in available office floorspace. In other FEMAs availability is low and points to tight or limited market conditions.

9.22 The availability is in Central Hampshire is due to a large extent to the Chilcomb Park office building, (site W2, ELR 2017) in Winchester District which represents 8,268 sq.m of the 21,561 sq.m available in the Central Hampshire FEMA. The South Block of the development is already under

construction with first occupiers expected in 2018. The office park is expected to be finished by the end of 2018.

9.23 Without this figure the available space in Central Hampshire would be 13,293 sq.m. There are only three more spaces in Central Hampshire offering office floorspace more than 1,000 sq.m- The New Mint House(2,998 sq.m), Petersfield Office Park (3,048 sq.m) and a property at Bedford street (1,040 sq.m).

Figure 27: Quality of Available Office Floorspace in SDNP (sq.m)



Source: EGi and CoStar, May 2017

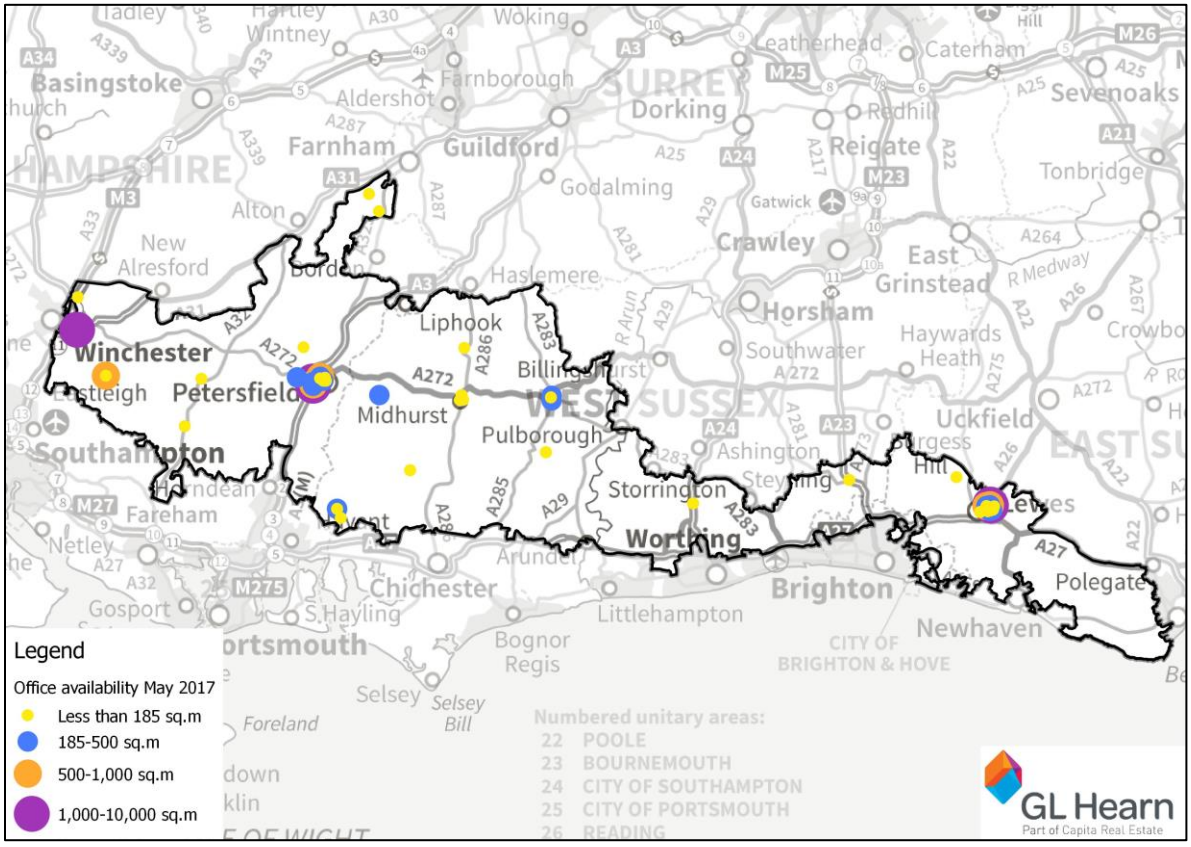
9.24 The Brighton FEMA has a total of 7,911 sq.m available floorspace (23 units), Chichester and Bognor FEMA has a total of 2,640 sq.m. (29 units), while Northern West Sussex FEMA data shows 311 sq.m in total (5 units).

9.25 The other markets collectively contribute to 10,862 sq.m. Even excluding the Chilcomb site, Hampshire contributes 55% of available office space in the National Park. Both Worthing and Eastbourne FEMAs have no data recorded in the property databases.

9.26 The majority of available office stock is in used, Grade B accommodation. Since the previous ELR there has been a notable increase in office floorspace under construction. This indicates that the current office market has expanded significantly since 2015 report.

9.27 Figure 28 illustrates the distribution of available floorspace. This shows that the majority of available units are located in Petersfield, Lewes and Winchester.

Figure 28: Office Availability Distribution in SDNP

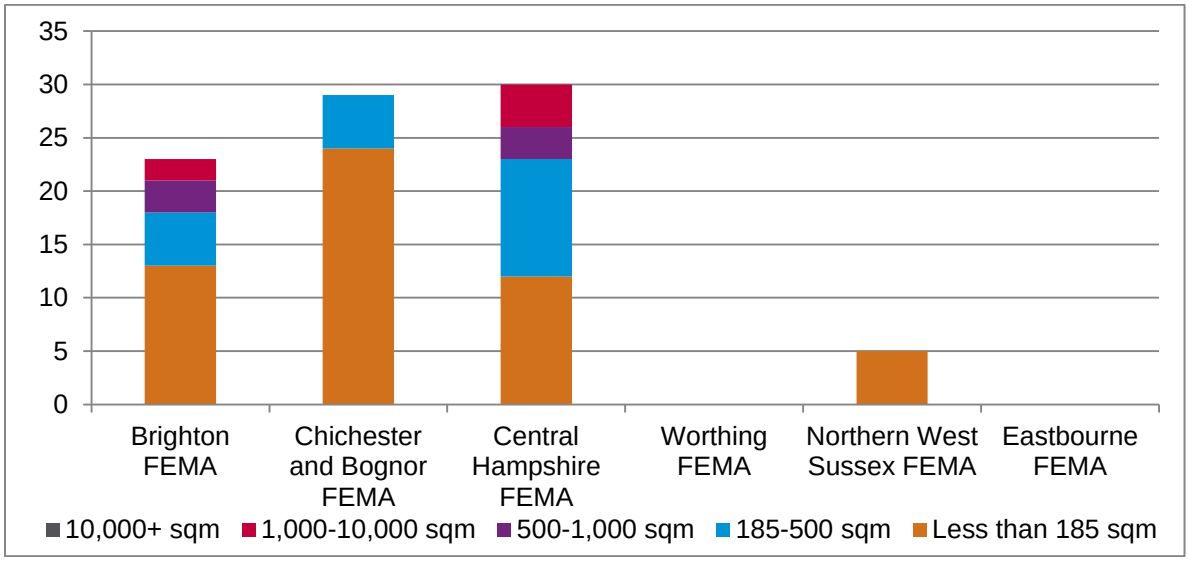


Source: GL Hearn, May 2017

9.28 The majority of available office units are less than 185 sq.m. The Central Hampshire FEMA demonstrates a higher proportion of units between 185-500 sq.m than the other FEMAs.

9.29 The Brighton and Chichester and Bognor FEMAs, have the same amount of available office units within the size band 185-500 sq.m- 5 each. Only the Brighton and Central Hampshire FEMAs have recorded available units greater than 500 sq.m.

Figure 29: Number of available office units in SDNP by FEMA



Source: EGi and CoStar, May 2017

9.30 The amount of available office floorspace for South Downs National park has increased from 15,750 sq.m. recorded in the previous ELR to 32,423 sq.m.

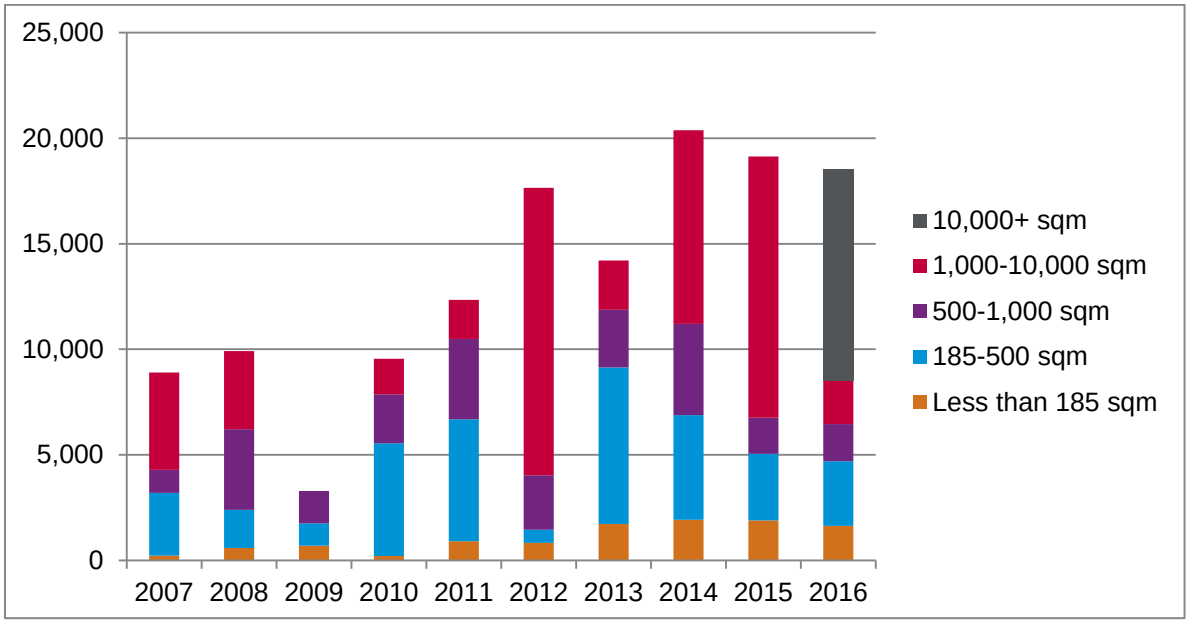
Industrial

Industrial Take-up

9.31 The total amount of industrial floorspace transacted in the National Park for the period 2006-2017 was 133,877 sq.m. This includes both factories and warehouses.

9.32 As shown in Figure 30 there was a slight decrease during the recession, however not as significant as the one demonstrated in the office market take-up. Figure 30 also illustrates the good rate of recovery, as the level of take-up since 2012 has been fairly consistent, reaching a peak in 2014 when over 20,300 sq.m was transacted.

Figure 30: Industrial Take-up in SDNP, 2007-2016 (sq.m)

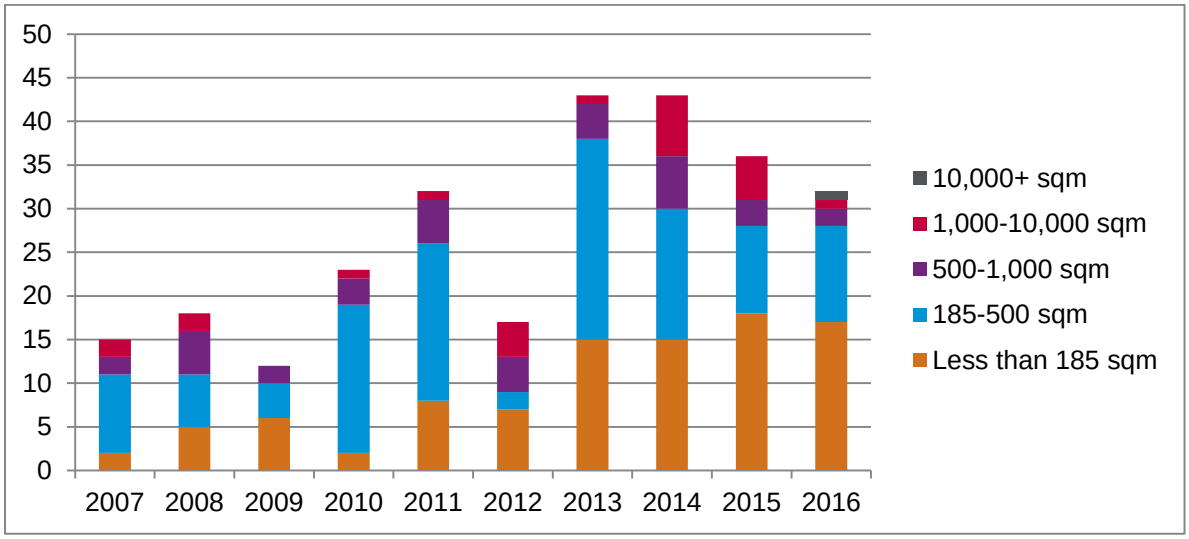


Source: EGi and CoStar, May 2017

9.33 Only one transaction of over 10,000 sq.m. has occurred over the last ten years. This was the Vestey Foods Unit in Petersfield, (within Site E10, ELR 2017). The largest percentage of floorspace transacted was in units of between 1,000-10,000 sq.m.

9.34 The total number of deals in the South Downs National Park is 217 over the 2007-2016 period. Figure 31 shows the level of take-up in terms of the number of deals made for each year. This again illustrates the rate of recovery post-recession, and the consistent amount of deals that has been achieved since 2013. That said both the number of deals and floorspace transacted have decreased over the last two years.

Figure 31: Number of Industrial Deals in SDNP, 2007-2016

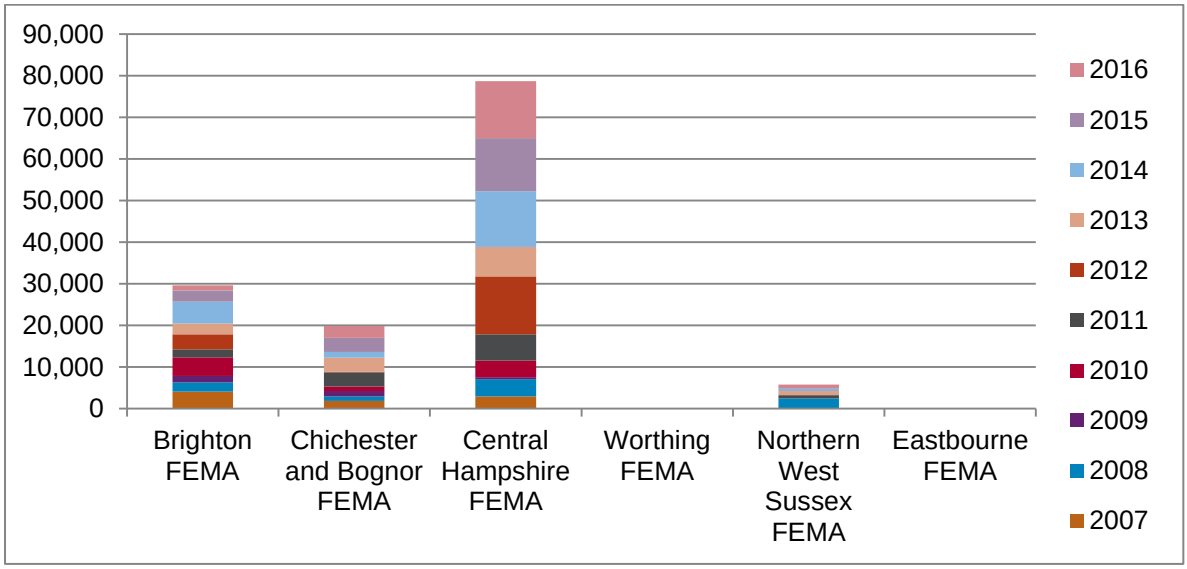


Source: EGi and CoStar, May 2017

9.35 The highest number of deals recorded were for units between 185 and 500 sq.m (115), followed by units of less than 185 sq.m (95) reflecting the fact that the business base of the National Park is focused on small and micro businesses.

9.36 Figure 32 below demonstrates the distribution of floorspace transacted by FEMA. The records indicate that by far the highest amount of industrial floorspace transacted was in the Central Hampshire FEMA (59%), followed by Brighton FEMA (22%).

Figure 32: Industrial Take-up by FEMA, 2007-2016

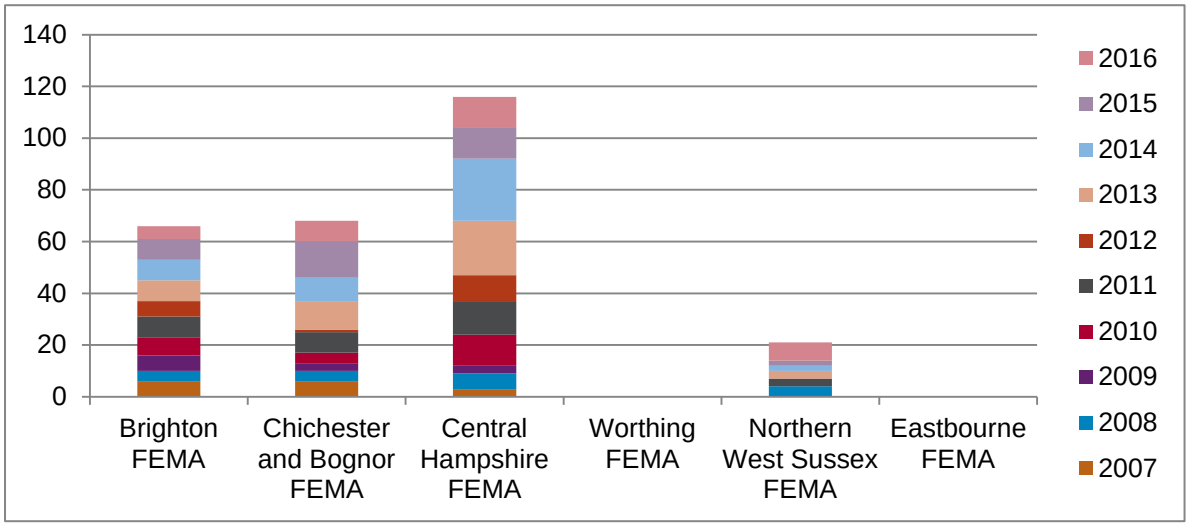


Source: EGi and CoStar, May 2017

9.37 The remaining FEMAs include Chichester and Bognor (15%) and Northern West Sussex FEMA (4%). Both Worthing and Eastbourne FEMA have no records for this period

9.38 As shown in Figure 33 the highest number of deals also took place in the Central Hampshire FEMA (48% of the total). This was followed by Chichester and Bognor FEMA (25%), Brighton FEMA (24%) and Northern West Sussex FEMA (8%).

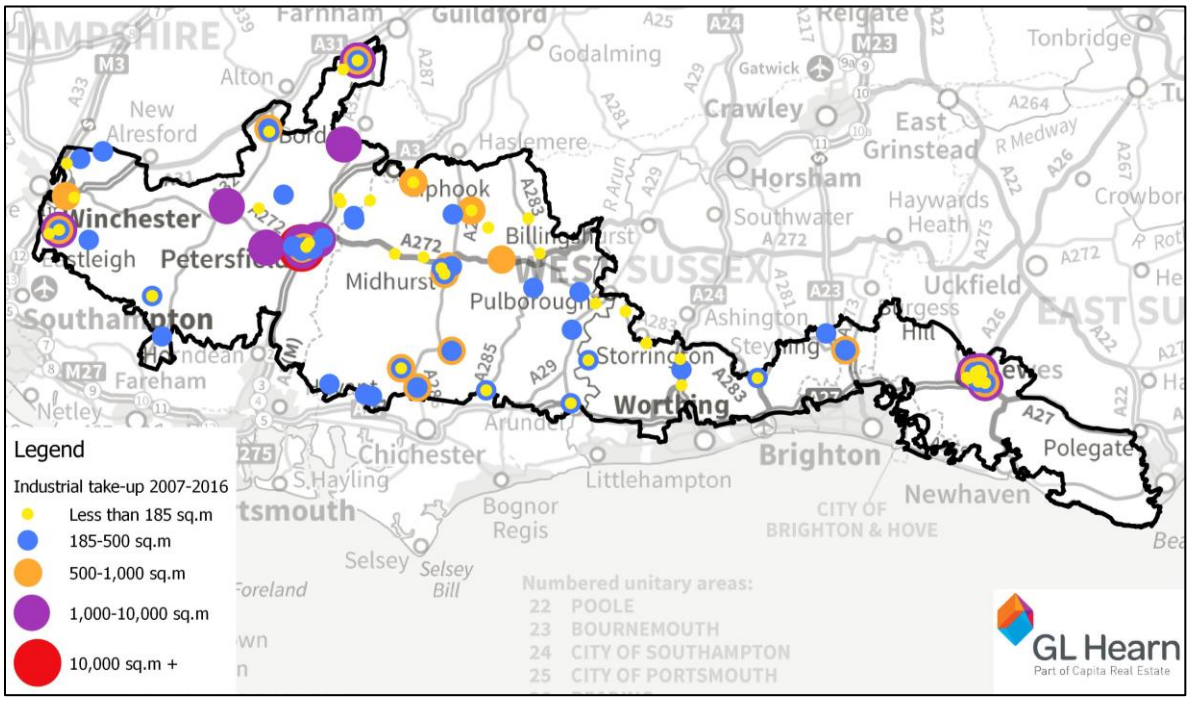
Figure 33: Number of industrial deals by FEMA, 2007-2016



Source: EGi and Co Star, May 2017

9.39 This distribution has been demonstrated spatially in Figure 34. This again shows that Petersfield, Lewes and the outskirts of Winchester were home to the greatest concentrations of industrial deals.

Figure 34: Spatial Distribution of Industrial Deals in SDNP, 2007-2016



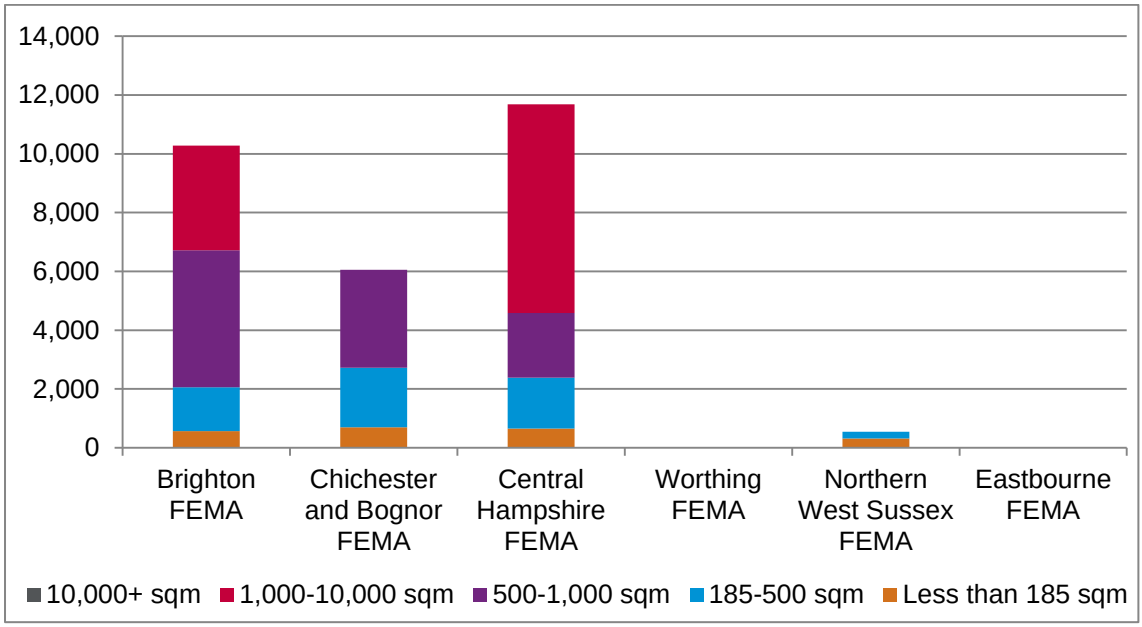
Source: EGi and CoStar, May 2017

Industrial Availability

9.40 In May 2017, the total amount of available industrial floorspace within the South Downs National Park was 28,574 sq.m. When compared to the previous ELR (2015), the amount of available industrial floorspace has decreased from 40,124 sq.m.

9.41 As shown in Figure 36 a significant amount of this available industrial floorspace (41%) was been recorded in Central Hampshire FEMA, followed by Brighton FEMA with 36%.

Figure 35: Industrial Availability in SDNP (sq.m)



Source: EGi and Co Star, May 2017

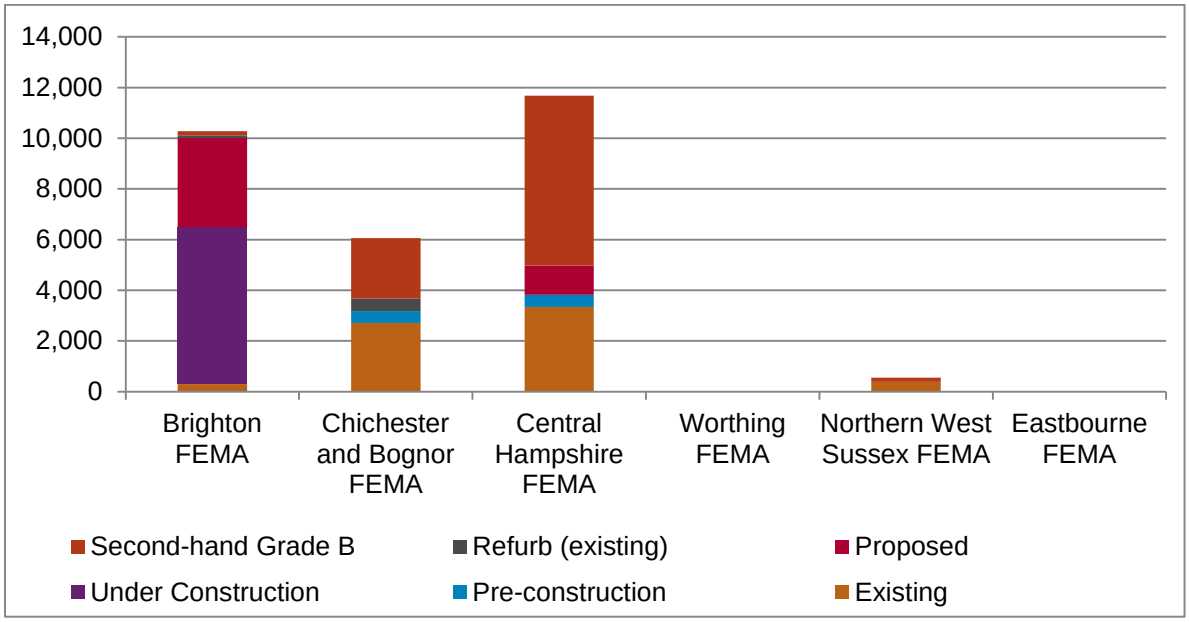
9.42 These results have been heavily influenced by the three main available industrial units in Central Hampshire- Quin Hay Farm, Stoner Hill in Petersfield (2,249 sq.m), Bedford Road (Within E10 site, ELR 2017) (2,048 sq.m) and 34 Lavant Street (1,800 sq.m).

9.43 If these properties were excluded, the total amount of available industrial floorspace in Central Hampshire would be reduced to 4,588 sq.m, and the total available stock for South Downs would be reduced to 21,477 sq.m.

9.44 In terms of quality, the majority of the available industrial floorspace consists of second-hand Grade B properties (33%), followed by other existing properties (24%) and those under construction (22%). Second-hand Grade B refers to stock which has been previously occupied and is of lower quality, without any recent renovations or refurbishments. This may include lower-grade stock which some agents refer to as Grade C. Existing status refers to stock which is currently built (not cleared land) but may or may not be occupied.

9.45 The Brighton FEMA demonstrates the highest amount of available industrial floorspace that is under construction. This is largely due to a new development which extent planning application: Malling Brooks at Lewes(L4, ELR 2017), which has been consented for over 7,000 sq.m of new industrial and office units. According to CoStar and EGi data, over 3,000 sq.m is currently under construction, with further 3,519sq.m proposed.

Figure 36: Quality of Available Industrial Floorspace in SDNP (sq.m)



Source: EGi and CoStar, May 2017

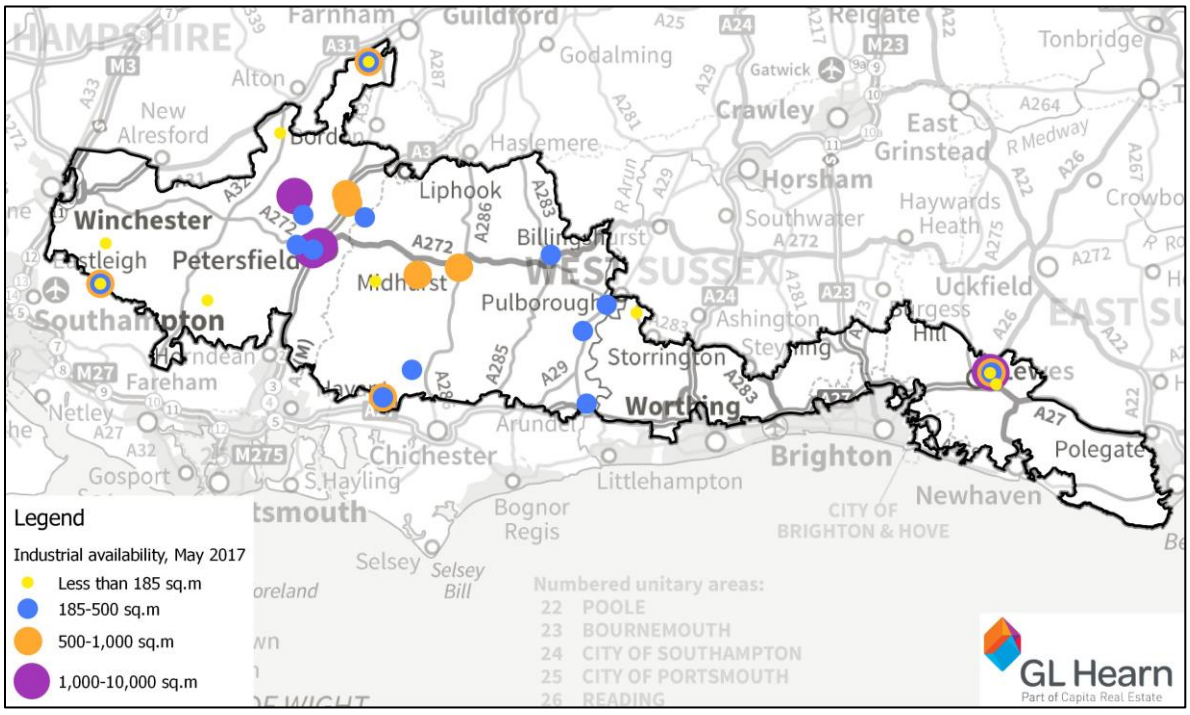
9.46 In terms of Second hand Grade B, the highest amount is recorded in Central Hampshire FEMA (6,716 sq.m), followed by Chichester and Bognor FEMA (2,387 sq.m).

9.47 The quality of available industrial stock has remained largely unchanged since the previous ELR. Second hand Grade B stock continues to represented the majority of available floorspace. There has however been an increase in the number of units which are Under Construction.

9.48 The remaining FEMAs demonstrate significantly lower amount of available industrial floorspace. Collectively, they account for 6,607 sq.m (23% of total stock). This equates to a total of 19 available industrial units.

9.49 Figure 37 demonstrates the spatial distribution of the available floorspace within the National Park. This shows that Lewes and Petersfield have concentrations of available floorspace.

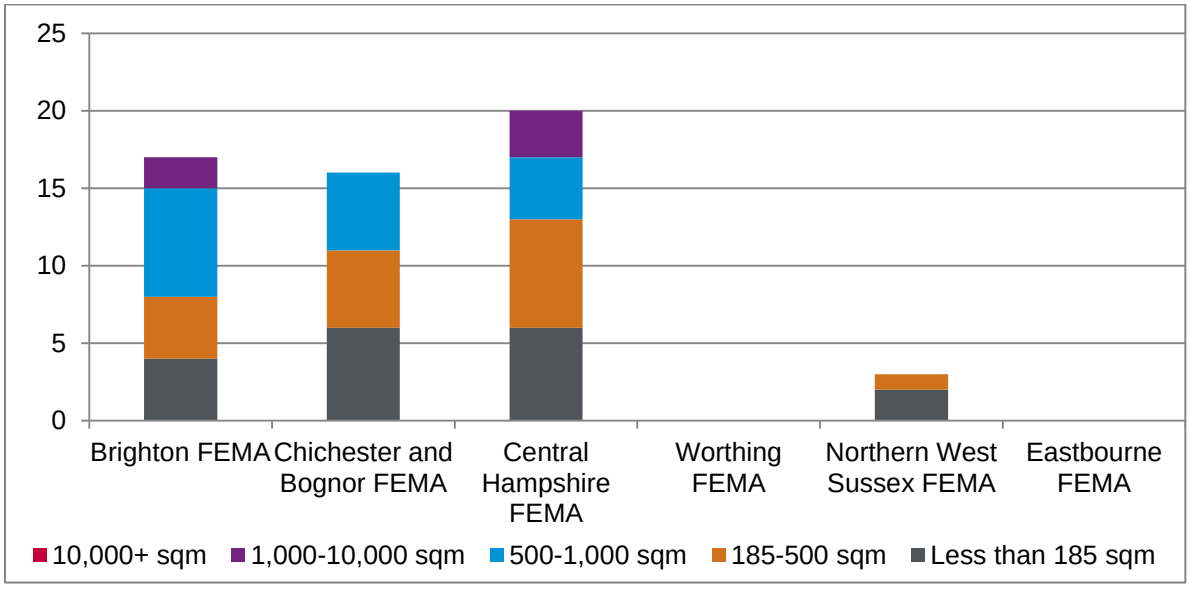
Figure 37: Spatial distribution of available industrial stock in SDNP, May 2017



Source: EGi and CoStar, May 2017

9.50 The highest number of available units are less than 185 sq.m (18), however this is closely followed by units sized 185-500 sq.m (17) and 500-1,000 sq.m. (16). The number of available units is highest in the Central Hampshire FEMA (20), followed closely by Brighton FEMA (17) and Chichester FEMA (16).

Figure 38: Number of Available Industrial Units in SDNP, May 2017



Source: EGi and CoStar, May 2017

9.51 The Northern West Sussex FEMA has only recorded 3 available industrial units, while Worthing and Eastbourne have no records at all.

10 FORECASTING FUTURE DEMAND

10.1 As set out in Chapter 4 the employment projections for the South Downs National Park anticipated a net jobs growth of 5,986 jobs over the period 2014-33. This equates to a 12.2% growth at an annual rate of 315 jobs or 0.6%.

10.2 This section considers and quantifies the future demand for employment land/floorspace in the South Downs National Park. We consider labour demand/ economic forecasts of future growth in employment taking account of past growth in employment by sector and expected future performance of different sectors of the economy. The section concludes with a recommended future employment land requirement for the National Park.

Employment Forecast

10.3 The overall jobs numbers are comprised by the sum of forecasts for individual sectors produced by Cambridge Econometrics. In terms of the total job growth the most successful sectors between 2014-2033 are expected to be:

- Food and beverage services - 844
- Construction - 756
- Retail - 596
- Residential & social care – 592
- Business support services – 589

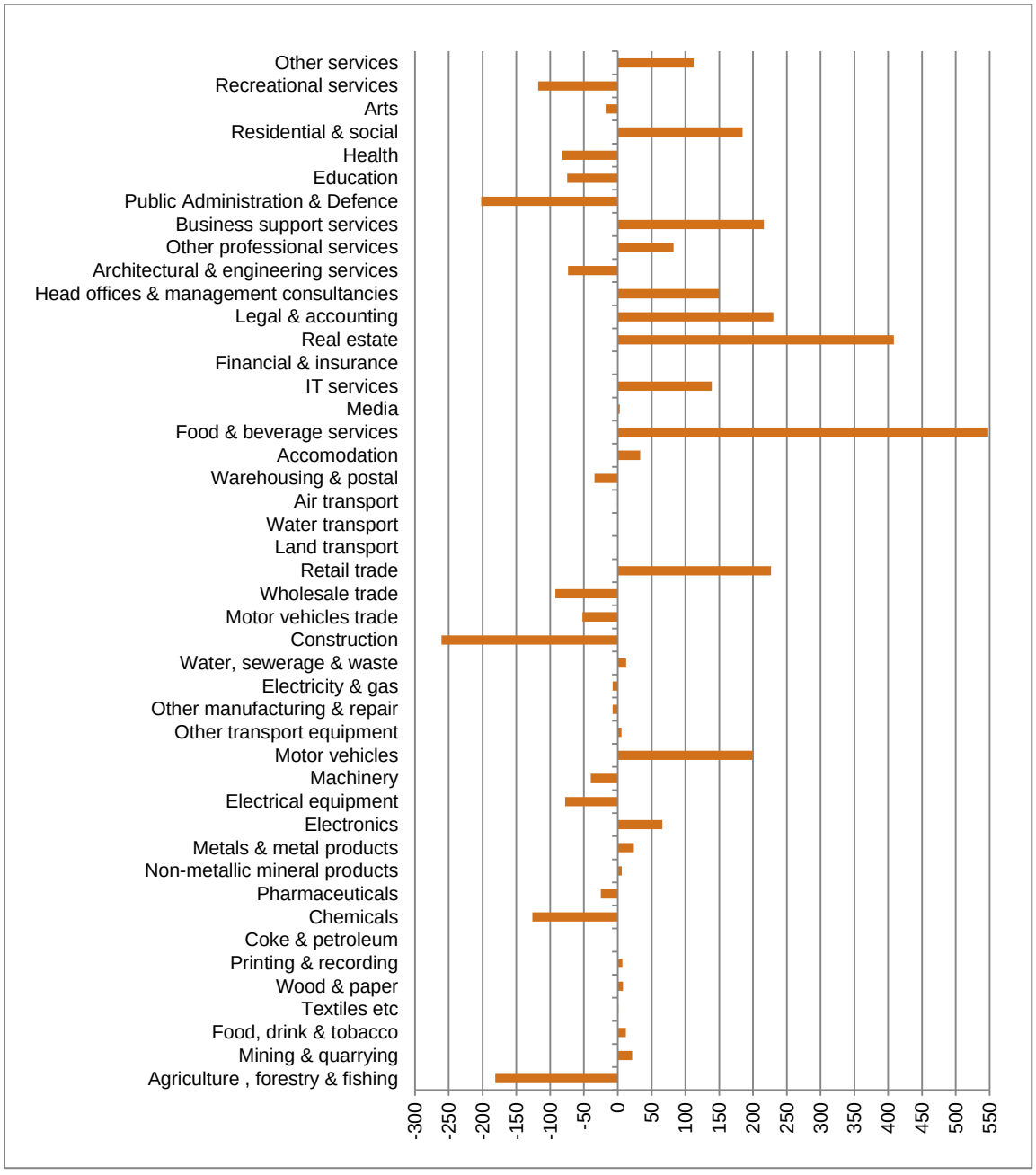
10.4 The only major change in the largest of growth sectors from the 2015 ELR is that previously Business Support Services was expected to see a greater contribution. Conversely residential and social care was not expected to grow as much.

10.5 In percentage terms the largest growth sectors in the CE forecasts (albeit for some it is from a relatively small base) are expected to be:

- Architectural &engineering services- 35.1%
- Real estate- 31.8%
- Other professional services 28.8%
- Construction 28.3%
- Head offices & management consultancies 27.6%

10.6 Figure 39 illustrates the absolute growth for each sector over the plan period for the best fit of LSOA data for the National Park, adjusted based on the known population distribution for the LSOA which are partially within the SDNP.

Figure 39: Net change in FTE jobs, 2014-2033



Source: Oxford Economics and GL Hearn, 2017

10.7 There are expected to be continued and significant decline in employment in the manufacturing sectors. Although the manufacturing sector will contribute to growth in economic output (linked to productivity improvements within the sector).

10.8 Of the sectors in decline, nine of the top ten are manufacturing sectors. This suggests declining demand for B2 space, although some manufacturing may see a decline in jobs which does not

translate directly though to floorspace. This points to the need for a flexible policy approach in the emerging Local Plan for change us use applications from B2 to B8 uses.

10.9 In terms of absolute job losses the major sectors of decline include other manufacturing and repair, chemicals, metals & metal products, electrical equipment, non-metallic mineral products.

Forecasting Need for Employment Land

10.10 The employment forecasts indicate a total number of jobs for each sector. However this does not differentiate between full and part time employment. The first stage of the modelling therefore takes the forecasts for total jobs and converts the growth to a Full Time Equivalent (FTE) figure.

10.11 This is required to firstly review the employment projections for each sector on a like for like basis. It is also required in order to apply employment densities consistent with the Homes and Communities Agency guidance (Employment Densities Guide, 2nd Edition, 2010).

10.12 Our conversion takes into account the ratio of full to part time employment in each of the sectors using locally derived evidence taken from the Business Register and Employment Survey. Full Time Equivalent employment levels for each sector are calculated by assuming the following:

- Two part time jobs are the equivalent of one full-time job;
- A self Employed Job is the equivalent of a single full-time job

10.13 This study is interested in forecasting demand for B-class employment uses. This is in line with the NPPF which describes economic development as B-use classes as well as community and main town centre uses the need for which will be assessed elsewhere.

10.14 The next stage is therefore to take the figures for forecast growth in FTE employment and to calculate the expected growth in employment by B-class use. For some sectors 100% of employment is assumed to be in B-use class premises. For others, only a small proportion may be in B-use class properties.

10.15 Based on our experience we have estimated the proportion of FTE employment which is expected to occur in premises in the B1a/b, B1c/B2 or B8 use classes for each of the 45 sectors. For example we have assumed that 20% of construction employment is based in offices, 20% in B1c/B2 space with the remainder on construction sites. We have used this combination of use classes as they represent the best fit of the broader property types i.e. offices, factories and warehouses.

10.16 The use of each of these premises is largely interchangeable between the use classes we have grouped i.e. a B1c light industry unit could easily be converted to a B2 general industrial use and vice versa.

10.17 We have calibrated our standard model which relates sectors and use classes for the South Downs National Park economy through interrogation of the current composition of employment in key sectors at 2-digit SIC level[18]. This is used to derive the following forecasts of net growth in FTE employment by use class over the plan period:

Table 39: FTE Job Growth by B-Class Sector, 2014-33

	2014-19	2019-2024	2024-2029	2029-2033	2014-33
B1a/b	363	392	424	363	1,542
B1c/B2	-71	49	- 27	-6	- 153
B8	60	62	65	53	241
Total B-Class	352	406	462	410	1,630

Source: GLH

Relating Jobs and Floorspace

10.18 The growth in FTE employment figures have been translated into a requirement for additional gross external floor using employment densities taken from the *HCA Employment Densities Guide: 2nd Edition* (Drivers Jonas Deloitte, 2015):

- Office (B1a and B1b): an average of 14 sq. m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Light Industrial (B1c): an average of 40 sq. m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
- General Industrial (B2): an average of 40 sq. m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution (B8): an average of 60 sq. m GEA per employee. This is slightly below the middle of the range of employment densities for B8 activities, reflecting the predominantly smaller stock and lack of large scale and high bay warehousing in the district.

10.19 Using these densities the job forecast a net requirement for additional B-Class floorspace of around 30,000 sq. m. This includes an expected loss of B2 floorspace, which is more than offset by growth in demand for B1a/b and B8 use classes.

10.20 Because of the methodology which projects an annual percentage growth for each sector the timescale of growth is fairly consistent throughout the plan period.

[18] 2 Digit Standard Industrial Classification (SIC) are a classification system used classifying industries in to 45 sectors.

Table 40: Net Floorspace Growth by B-Class Use (sq m), 2014-35

	Floorspace Change (sq m)
B1a/b	21,583
B1c/B2	-6,104
B8	14,460
Total B Class	29,939

10.21 These need figures are also net changes and do not take account of replacement demand, such as from existing companies requiring upgraded floorspace. In considering how much employment land to allocate, it is therefore appropriate to include a margin to provide some flexibility within the supply. Typically this would be based on the equivalent of an additional 5 years' worth of supply.

10.22 The final step is to translate the floorspace need into a net land requirement. This is achieved by applying plot ratios to each of the floorspace types. The ratios we have used are the same as those in the previous ELR. These reflected estimated local ratios with the B1 ratio somewhere between the standard ratio for office development and town centre development and B2 and B8 ratios reflecting mid-point ratios as set out in the ELR guidance[5]. We have assumed the following ratios:

- Office B1a/b: 1:0.5;
- Industrial B2: 1:0.4; and
- Warehouse B8: 1:0.5.

10.23 These result in a total net need of around 5.7 hectares of land for South Downs National Park. This sits in the middle of the previous ELR which calculated a need for across the Wider National Park (7.9 Ha) area Pro-rata estimation for the National Park (2.3 Ha). This results in the following disaggregated need by use class:

- Office B1a/b: 4.3 Ha
- Industrial B: 1.5 Ha net loss
- Warehouse B8: 2.9 Ha

10.24 The difference between these figures and the pervious 2015 ELR (7-8Ha) can be explained by the different starting profile with the latest data using a lower geographic level (and thus more accurate match) to establish the baseline forecasts.

10.25 The regional forecasts used to inform the SDNP forecasts have also been updated and as such show a slower rate of growth. This slower rate of growth is likely to be influences by a range of macro-economic factors such as Brexit and slowing consumer confidence.

10.26 To summarise we have;

- Translated the jobs forecasts to FTE forecasts based on a local breakdown of F-T and P-T employment in each sector;

- Disaggregated FTE employment in each sector to different use classes based on our professional judgement of how each sector accommodates its employees;
- Forecast floorspace need by multiplying the number of employee in each use class by the respective employment densities. Employment densities are the typical floorspace (m2) per FTE employee and are taken from HCA guidance; and
- Finally, the floorspace need was translated to employment land by dividing the total floorspace in each use class by a plot ratios. The plot ratios are the ratios between total plot area and the floorspace it accommodates. This is taken from slightly adjusted industry standards for each use class.

Functional Economic Market Area Demand

10.27 As shown in Table 41 we have also considered how demand is driven across the Functional Economic Market Areas which intersect with the National Park. The table shows the highest demand in South Downs National Park to again be in the Central Hampshire FEMA driven by a notably larger demand for B8 accommodation.

10.28 As with the housing need the employment land needs are an aggregation of smaller area calculations. This is based on the profile of employment by sector in each area and the same levels of regional growth being applied to each.

Table 41: Forecast Demand for South Downs National Park by FEMA (2014-2033)

	Brighton	Central Hamp-shire	Chiches-ter and Bognor	East-bourne	Northern West Sussex	Worthing	Total
B1a/b	1.0	1.9	1.2	0.1	0.2	0.0	4.4
B1c/B2	0.1	-0.7	-0.9	0.1	-0.1	0.0	-1.5
B8	0.7	1.3	0.6	0.1	0.1	0.1	2.9
Total	1.8	2.5	0.8	0.2	0.3	0.1	5.7

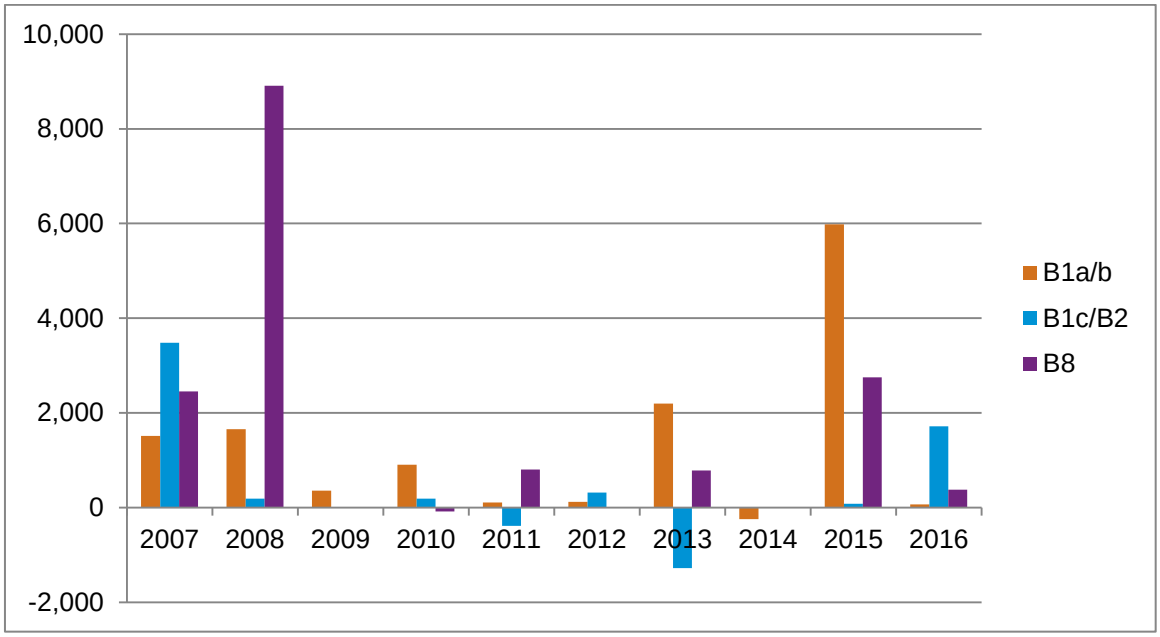
Source: GL Hearn, Based on BRES data

10.29 The demand for office accommodation is highest in Chichester and Bognor Regis FEMA, although both Brighton and Central Hampshire have relatively higher demand. Due to the composition of the manufacturing sectors in Brighton and Eastbourne FEMA there is a modest demand for B2 accommodation.

Trend Based Projections

10.30 We have calculated a separate projection for future employment land requirements based on historic trends in employment floorspace delivery. We have considered a 10 year trend, drawing upon data from 2007-2016.

Figure 40: Net Completions Floorspace (sq m), 2007 – 2016



Source: Councils' Monitoring Data 2017

10.31 Due to the relative lack of completions in the National Park during this period, we have not considered trends for each FEMA individually and instead have only considered figures for the National Park as a whole.

10.32 The completions figures arguably have greater certainty than the labour demand figures. This is because they only include sites known to be within the National Park rather than a proxy figure or best estimation.

10.33 As shown in Figure 40, the figures are dominated by a large gain of B8 use in 2008. However this relates to a permission for open storage for logs (at Timber Resources International in Milland) and did not relate to a bricks and mortar buildings.

10.34 To account for this we have therefore produced two trend based forecasts: One which includes this development at Milland and another that excludes this development. The results of each are shown in the tables below. To convert from floorspace (sq m) to land requirements (ha) the same plot ratios that were used in the labour demand scenario have been applied (see Paragraph 8.22).

10.35 Over the last 10 years completions average just under 3,300 sq. m. Rolling this forward over the 21-year plan period would result in an additional 69,200 sq. m across the National Park. Applying the standard plot ratios this would require 13.8Ha of employment land to accommodate that level of floorspace.

Table 42: 10 Year Trend Based Projection

	Net Annual Gain (sq m)	Net Requirement 2014-2035 (sq m)	Plot Ratio	Net Requirement 2014-2035 (hectares)
B1a/b	1,265	26,575	0.5	5.3
B1c/B2	431	9,053	0.4	1.8
B8	1,599	33,583	0.5	6.7
Total	**3,296**	**69,211**		**13.8**

Source: Based on Councils' Monitoring Data 2017

10.36 Once the exceptional development at Milland Lane is excluded the average floorspace completions over the last 10 years falls to 2,400 sq. m. As a result the net requirement for B8 and subsequently all employment floorspace is reduced significantly. This projection shows a need for 10.4 ha of employment land.

Table 43: 10 Year Trend Based Projection (excluding Milland Lane)

	Net Annual Gain (sq m)	Net Requirement 2014-2035 (sq m)	Plot Ratio	Net Requirement 2014-2035 (hectares)
B1a/b	1,265	26,575	0.5	5.3
B1c/B2	431	9,053	0.4	1.8
B8	769	16,153	0.5	3.2
Total	**2,466**	**51,781**		**10.4**

Source: Based on Councils' Monitoring Data 2017

Drawing the Evidence Together

10.37 This section has considered three approaches to calculating employment land in SDNP. These have produced the following projected employment land needs for the period 2014-35:

Table 44: Employment Land Requirement, 2014-35 (ha)

	Labour Demand	Completions Trend - Upper	Completions Trend - Lower
B1a/b	4.3	5.3	5.3
B1c/B2	-1.5	1.8	1.8
B8	2.9	6.7	3.2
Total	**5.7**	**13.8**	**10.4**

10.38 Source: GL Hearn, 2017 (note numbers may not sum due to rounding)

10.39 The labour demand scenario identifies the lowest level of employment land need of the three scenarios (5.7 ha). All scenarios identify a similar level of need for B1a/b. The lower completions trend and labour demand scenarios also have similar B8 demand (which excludes Milland Lane).

10.40 The major difference between the labour demand and completion trend scenarios is the requirement for B1c/B2 land with the labour demand scenario showing a need for a net reduction of 1.5 ha while the lower completions trend scenario shows a net positive need for 1.8 ha.

10.41 This suggests that planning for the lower industrial land need identified in the labour demand scenario might constrain future development particularly if completions were to continue on trend. The same can also be said for B1 development.

10.42 Similarly excluding Milland Land as an exceptional development also brings the assessment of need in the trend based and labour demand scenarios closely together. However, the labour demand scenario could again constrain future development particularly if B8 completions were to continue on trend.

10.43 **Therefore, it is considered that the lower completions trend scenario represents the most appropriate projection of future employment land requirements for SDNP. It would therefore be appropriate to plan for 10.4 ha of employment land over the period 2014-35.**

10.44 This figure is in the middle of the range identified in the 2015 Employment Land Review based on wider evidence which identified a need for between 8ha and 12ha of new employment land.

11 SUMMARY AND CONCLUSIONS

11.1 A distinction between the full objectively assessed need (OAN) as defined for local authorities and the "housing need" of a National Park must be drawn. The full OAN is relevant within the wider HMA areas which the National Park is located. However, policy considerations and the need to ensure that "great weight" is given to "conserving landscape and scenic beauty in National Parks" makes a full OAN figure (as defined by the NPPF) largely redundant for a National Park. Hence a separate "housing need" calculation is required.

11.2 The expectation is that the SDNPA will not necessarily plan to meet the "full objectively assessed need" but that it will in effect meet "local needs" focused on meeting affordable need and/or supporting the local economy and local communities within the SDNP. It will not be catering particularly for wider market demand.

11.3 However, this does not mean that market housing will not be provided, not least given that some market housing will help to contribute to supporting local employment opportunities and services. However, the expectation is that the full OAN will not be met.

11.4 Within the HEDNA, a range of demographic, economic and affordable housing need calculations were made. In converting these scenarios into household estimates we have applied headship rates to the changing population structure. In each case we have used the 2014-based CLG household projections. This varies slightly to the previous 2015 SHMA where sensitivities were made to the 2011-based household formation rates.

11.5 As with other analysis within this HEDNA, it is difficult to undertake analysis specifically for the headship rates for the SDNP area in isolation. The approach has been taken to look at headship rates in all of the key local authorities which include parts of the SDNP and develop a series of headship rates on a *pro-rata* basis.

11.6 The number of households in the area has then been fixed by reference to 2011 Census data to ensure an overall consistency between population and households.

11.7 Finally, to convert households into dwellings the calculations include an uplift to take account of vacant and second homes. A figure of 4.5% has been used, based on data on the level of vacant and second homes in the SDNP shown by the 2011 Census.

Demographic Need

11.8 The 2015 SHMA calculated a demographic need for between 416-454 homes per year, this fed through to the OAN conclusion. The upper end of this range was based on 5-year population trend being applied to a part-return to trend headship rate.

11.9 There is no like for like comparison within this report as ONS have improved their methodology for estimating household formation rates negating the need to provide alternatives.

11.10 We have tested four demographic scenarios based on (1) 5-year trends, (2) 10-year trends, (3) migration being nullified and (4) maintaining the current population. The first of these scenarios is closest to the previous OAN in that both are relating to similar time frames. However we do not conclude our assessment of demographic need on this scenario.

11.11 Scenarios 3 & 4 are relevant, in planning terms, in considering what provision of housing might be necessary to understand what the "local" need is (3) and also support local services, including shops, healthcare etc (4). While these scenarios result in negative or no overall population change, they still require additional housing (50 dpa and 198 dpa respectively).

11.12 This is a result of the intensity at which the housing stock is occupied (and average household sizes) falling. This is directly linked to an older population who occupy homes less intensely. This also has a significant impact on the economy of the SDNP and was explored as part of the economic growth section of this work.

11.13 As set out within the report the changing age profile of the area means that despite the population being maintained, some services such as schools (through reduced roll numbers) and local shops (through reduced expenditure) may still be jeopardised.

11.14 **Our demographic conclusion is based on the ten-year trends scenario (2) and the 2014-based household formation rates. This results in a housing need of 447 dpa.**

11.15 This scenario is somewhat of an industry standard and mitigates against short term increases or decreases in population. The scenario also sits within the range of the previous SHMA demographic conclusions.

Economic Growth

11.16 We have estimated the housing need associated with (a) the anticipated employment growth across the National Park and also (b) that needed to maintain the existing workforce.

11.17 Scenario B could be seen as the minimum required to meet the SDNPA's duty to "foster the economic well-being of local communities". However at 276 dpa this scenario is considerably lower than the demographic conclusion and would also result in increased in-commuting into the National Park if the economy of the National Park grows as expected.

11.18 The economic forecasts calculated a net jobs growth of 5,986 jobs over the period 2014-33 or 315 jobs per annum. **Taking assumed changes in economic activity rates from Experian this scenario resulted in a need for 541 dpa.** Again this is broadly in line with the previous 2015 SHMA economic led need calculation (555 dpa).

11.19 However, it should be remembered that the SDNP relates closely to areas around its boundaries in functional terms; and that key surrounding settlements such as Brighton and Hove and Winchester have a younger population structure which could contribute to the SDNP workforce requirements.

11.20 The need to maintain the workforce reinforces the need to encourage delivery of housing which is affordable to younger households. This is likely to include affordable housing occupied by younger households and those working locally, and can thus help to support the SDNP's economy.

Affordable Housing Need

11.21 Local affordable housing need was assessed within this HEDNA using the Basic Needs Assessment Model and is a statutory requirement to support policies seeking affordable housing in new developments.

11.22 It should be noted that the level of affordable housing need calculated is heavily predicated on the assumptions relating to the level of income which is spent on housing costs. The additional market housing would help support additional working age population.

11.23 **The HEDNA analysis indicates that 293 net additional households per year will require support in meeting their housing needs (using a 30% income threshold).** The equivalent figure in the 2015 SHMA was 294 per annum, virtually no change.

11.24 Delivery of affordable housing is clearly established as an appropriate priority in the 2010 Vision & Circular. There is therefore some justification for using the affordable housing need as a starting point in the formulation of a "housing target". Prioritising the development of affordable housing within the SDNP is based on taking account of:

- The emphasis of national policy on seeking to meet local needs and deliver affordable homes;
- A likelihood that housing supply will be limited given the National Park's designation;
- Economic and sustainability benefits in enabling people to live locally and helping local businesses recruit staff;
- Supporting vibrant local communities which include a mix of people of different ages;

- High affordability pressures; and
- A housing offer which is currently focused towards larger/ expensive property types.

11.25 Affordable housing provision will assist in allowing younger households to form and/or live within the National Park. The level of growth required to meet affordable housing need would also help maintain the current population and workforce, and deliver the requisite affordable housing need. Such households are important in supporting the vibrancy of the economy and local communities.

11.26 The affordable needs evidence provides a clear justification for seeking to maximise the delivery of affordable housing including through:

- Delivering affordable housing on mixed tenure development schemes through S106 and on sites owned by Registered Providers;
- Use of public sector land (where available) and other public funding to subsidise affordable housing delivery;
- 100% Rural Exception Sites; and
- Potential policies where the starting point is to maximise affordable housing delivery (in much the same way as exception sites policies are applied).

11.27 In respect of the latter we consider that the positive allocation of sites for housing, together with a policy requiring a minimum proportion of the homes on these sites to be affordable, will help towards reaching the objective that affordable housing provision is maximised. Policy support is provided for this through Paragraph 54 in the NPPF.

11.28 Despite these policies, current percentage or tariff approach mechanisms for funding affordable housing provision are unlikely to deliver sufficient overall housing provision to meet the affordable housing need in full, particularly within the context of a designated landscape.

11.29 Given that the SDNPA would only be able to deliver a maximum 50% affordable housing on most sites (except for rural exception – which are exceptional and few), there is a need for some market housing to help deliver the affordable housing need. Therefore the affordable housing need figure of 293 dpa would need to be exceeded to actually meet the full affordable housing need.

Bringing the Analysis Together

11.30 The potential to accommodate housing provision consistent with the statutory purposes of the SDNPA will need to be considered by the Authority in bringing together the evidence and testing options in the development of its Local Plan.

11.31 Had the area in question not been designated as a National Park then the full OAN for the area would be around 541 dpa. This would meet the economic growth of the area but also the demographic need.

11.32 Indeed as this figure is some 21% above the demographic need (447 dpa) under the tests of the PPG it would also help address local market signals and deliver further affordable housing.

11.33 However, the area is a National Park and the standard approach to OAN is not entirely relevant for planning purposes. The reality is that development potential in the SDNP is restricted. In contrast **conserving and enhancing the natural beauty, wildlife and cultural heritage is the primary policy objective within National Parks.**

11.34 This is supported by the national policy for housing provision in National Parks which emphasises meeting the need for affordable housing, and promotes a strategic focus on meeting local need and supporting the local economy and service provision.

11.35 A reasonable policy approach within the SDNP would be to prioritise housing affordable housing provision for those living and working within the SDNP. The analysis undertaken indicates the affordable housing need to be 293 dpa.

11.36 Reflecting the National Park's Circular, 293 dpa could be seen as the OAN for the National Park. However, it is difficult to deliver affordable housing in isolation and indeed it would almost certainly necessitate delivery of additional market housing to support it.

11.37 The demographic conclusions of the HEDNA at 447 dpa would support delivery of additional affordable housing and would also ensure that the population and workforce of the National Park are maintained. As such, housing delivery at this level would meet the National Park's duty to foster the economic and social well-being of local communities within the SDNP.

11.38 **We would therefore conclude that the "housing need" for the SDNP would be 447 dpa.** This level of housing need falls within the OAN range set out in the 2015 SHMA of 416-454 dwellings per annum.

11.39 That said the housing need of 447 dpa is just the starting point and there are a range of policy considerations that must be brought together through the plan making process to determine an actual housing target.

11.40 These considerations include environmental and infrastructure constraints, as well as housing capacity but perhaps most importantly, an understanding of the level of housing which could sustainably be delivered without impacting on the Purposes of the National Park, which are to:

- Conserve and enhance the natural beauty, wildlife and cultural heritage of their areas; and
- Promote opportunities for the public understanding and enjoyment of the special qualities of the National Parks by the public.

11.41 The policy emphasis is particularly on conserving the National Park's landscape. This may mean restricting housing development overall and at specific locations, and thus a housing target which is ultimately different to the identified starting point and the maximum figure.

11.42 It will also be important for the SDNPA to engage with the wider local authorities in each HMA in relation to the jobs and housing provision, recognising that population and housing growth around the SDNP boundary may help support the local economy within the SDNP; and that it may be reasonable to expect some local changes in commuting.

Employment Land

11.43 As well as examining housing need, the HEDNA has also estimated the employment land need for the National Park. To model future employment land requirements the HEDNA considered three different scenarios: (1) a labour demand scenario based on the jobs growth in the Experian econometric forecasts; and (2 & 3) two completions trends based projections based on the Authority's monitoring data since 2007.

Labour Demand Scenario

11.44 As set out in Chapter 4 the employment projections for the South Downs National Park anticipated a net jobs growth of 5,986 jobs over the period 2014-33. This equates to a 12.2% growth at an annual rate of 315 jobs or 0.6%.

11.45 Using a range of employment densities for each use class the jobs forecast translate to a net requirement for additional B-Class floorspace of around 30,000 sq. m. This includes an expected loss of B2 floorspace, which is more than offset by growth in demand for B1a/b and B8 use classes.

11.46 By applying plot ratios to each of the floorspace types, a total net need of around 5.7 hectares of land for best fit for the SDNP was identified. This sits in the middle of the previous ELR which calculated a need for across the wider SDNP (7.9 ha) area and a pro-rata estimation for the National Park (2.3 Ha). The need can be disaggregated by use class into the following:

- Office B1a/b: 4.3 ha
- Industrial B: 1.5 ha net loss
- Warehouse B8: 2.9 ha

Completions Trend Scenarios

11.47 Two scenarios have been developed based on projecting forward the completions trend in employment floorspace within the SDNP since 2007. Unlike the employment forecast based on jobs growth projections, there is some certainty that the completions figures only include sites within the SDNP.

11.48 Due to the relative lack of completions in the SDNP during this period, we have not considered trends for each FEMA individually and instead have only considered figures for the National Park as a whole.

11.49 The completions data shows one significant development at Milland Lane in 2008 which, as a one off development considerably out of scale with any other development over the ten year period, can be considered to be an outlier. Two completions trend scenarios have therefore been considered – one including and one excluding the outlier data.

Conclusion on Employment Land Requirements

11.50 The three scenarios produce the following projected employment land needs for the period 2014-35:

Table 45: Employment Land Requirement, 2014-35 (ha)

	Labour Demand	Completions Trend - Upper	Completions Trend - Lower
B1a/b	4.3	5.3	5.3
B1c/B2	-1.5	1.8	1.8
B8	2.9	6.7	3.2
Total	**5.7**	**13.8**	**10.4**

Source: GL Hearn, 2017 numbers may not sum due to rounding.

11.51 The labour demand scenario identifies the lowest level of employment land need of the three scenarios (5.7 ha). This scenario identifies a similar level of need for B1a/b and B8 uses as the lower completions trend scenario (which excludes Milland Lane).

11.52 The major difference between these two scenarios is the requirement for B1c/B2 land with the labour demand scenario showing a need for a net reduction of 1.5 ha while the lower completions trend scenario shows a net positive need for 1.8 ha.

11.53 This suggests that planning for the industrial need identified in the labour demand scenario might constrain future development if the trend of industrial completions were to continue with past trends. Therefore, **it is considered that the lower completions trend represents the most appropriate projection of future employment land requirements for SDNP, and it would be appropriate to plan for 10.4 ha of employment land over the period 2014-35.**

11.54 This figure sits in the middle of the range identified in the 2015 Employment Land Review based on wider evidence which identified a need for between 8ha and 12ha of new employment land.

APPENDIX A: Additional Affordable Housing Needs Tables

Table 46: Affordable Housing Need by LA and HMA

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Supply from existing stock	Net Need
Coastal Sussex	29	239	128	395	222	173
Adur	0	6	0	7	1	6
Arun	2	12	4	17	6	11
Brighton and Hove	3	24	12	39	20	18
Chichester	12	104	72	188	125	63
Lewes	12	90	40	142	69	73
Worthing	0	2	0	3	1	2
Eastbourne	2	14	3	19	6	13
Eastbourne	0	4	1	6	2	4
Wealden	1	10	2	13	4	10
Northern West Sussex	2	19	6	28	11	17
Horsham	1	13	5	20	9	11
Mid Sussex	1	6	1	8	2	6
Central Hampshire	16	136	73	225	136	90
East Hampshire	13	106	58	177	108	68
Winchester	3	30	15	49	27	21
SDNP Total	48	408	211	668	375	293

Source: Census (2011) and data modelling

Table 47: Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Central Hampshire	477	17,204	2.8%
Other Parts of SDNP	830	31,326	2.7%
SDNP (Overall)	1,307	48,530	2.7%

Source: Census (2011) and data modelling

Table 48: Estimated Current Need

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Central Hampshire	477	63.6%	303
Other Parts of SDNP	830	73.4%	610
SDNP (Overall)	1,307	69.8%	913

Source: Census (2011), data modelling and income analysis

Table 49: Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Central Hampshire	273	50.0%	136
Other Parts of SDNP	450	60.6%	272
SDNP (Overall)	722	56.5%	408

Source: Projection Modelling/Income analysis

Table 50: Estimated level of Housing Need per annum

Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Central Hampshire	16	136	73	225	136	90
Other Parts of SDNP	32	272	138	442	239	203
SDNP (Overall)	48	408	211	668	375	293

Source: 2011 Census/CoRe/Projection Modelling and affordability analysis