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Prepared by

Ivan Tennant
Lachlan Anderson Frank

Checked by

Stuart Woodin
Technical Director

Approved by

Stuart Woodin
Technical Director

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Prepared for:

Southwater Parish Council

Prepared by:

AECOM
Aldgate Tower
2 Leman Street
London
E1 8FA
aecom.com

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List of abbreviations used in text:

AH	Affordable Housing (NPPF definition)
AHNMU14	Northern West Sussex Housing Market Area – Affordable Housing Needs Model Update 2014
AMH	Affordable Market Housing
CtCLEP	Coast to Capital Local Enterprise Partnership
CtCSEP14	Coast to Capital Strategic Economic Plan 2014
DCLG	Department for Communities and Local Government
HDC	Horsham District Council
HDEP16	Horsham District Economic Plan 2016
HDPF15	Horsham District Planning Framework 2015
HEP16	Horsham Economic Profile, December 2016
HMA	Housing Market Area
HNA	Housing Needs Assessment
HNHD15	Housing Need in Horsham District, March 2015
HNSR	Housing Needs Survey Report, November 2014
LPA	Local Planning Authority
MH	Market Housing
NDP	Neighbourhood Development Plan
NPPF	National Planning Policy Framework
OAN	Objectively Assessed Need
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
SHLAA	Strategic Housing Land Availability Assessment
SHMA09	Northern West Sussex Strategic Housing Market Assessment, May 2009
SHMAU12	Northern West Sussex – Horsham Strategic Housing Market Assessment Update, October 2012
SPC	Southwater Parish Council
UKHPI	UK House Price Index

1. Executive Summary

Introduction

1. The 2011 Localism Act introduced neighbourhood planning, allowing parishes, town councils or neighbourhood forums across England to develop and adopt legally binding development plans for their neighbourhood area.
2. As more and more town or parish councils and neighbourhood forums seek to address housing growth, including tenure and type of new housing, it has become evident that developing policies need to be underpinned by robust, objectively assessed housing data.
3. In the words of the national Planning Practice Guidance (PPG), establishing future need for housing is not an exact science, and no single approach will provide a definitive answer. The process involves making balanced judgments, as well as gathering numbers and facts. At a neighbourhood planning level, one important consideration is determining the extent to which the neighbourhood diverges from the local authority average, reflecting the fact that a single town or neighbourhood almost never constitutes a housing market on its own and must therefore be assessed in its wider context.
4. The guidance quoted above on housing needs assessment is primarily aimed at local planning authorities preparing Strategic Housing Market Assessments (SHMAs), which are used to determine housing need at a local authority level. However, it helpfully states that those preparing neighbourhood plans can use the guidance to identify specific local needs that may be relevant to a neighbourhood, but that any assessment at such a local level should be proportionate.
5. Our brief was to advise on data at this more local level to help Southwater Parish Council (SPC) understand, among other matters, the type, tenure and quantity of housing needed to inform neighbourhood plan policies.

PPG-Based Assessment

6. This objective and independent housing needs advice note follows the PPG approach where relevant. This ensures our findings are appropriately evidenced. The PPG advises that assessment of development needs should be thorough but proportionate and does not require planners to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

Summary of Methodology

7. Housing Needs Assessment at neighbourhood plan level focuses on either quantity of housing needed, type of housing need, or both. In most cases, there is a need to focus on quantity where the housing target for the area being assessed is unclear, for example, where the local authority has not set a specific target for the settlement, or where there is no local plan in place.
8. In the case of SPC, the current adopted Development Plan, the Horsham District Planning Framework 2015 (HDPF) sets out the planning strategy for the Horsham District outside of the South Downs National Park for the years up to 2031, and aims to deliver the social, economic and environmental needs of the district.
9. In Policy 15, the HDPF sets a housing figure for the district to be delivered over the Plan Period (2011-31) of 'at least 16,000' homes. This will in part be achieved by 'the provision of at least 1,500 homes throughout the district in accordance with the settlement hierarchy, allocated through Neighbourhood Planning.'¹
10. One purpose of this study is to identify a housing number for Southwater that takes into consideration these numbers and the settlement hierarchy.
11. The targets set out in Policy 15 should be understood as the minimum number to be delivered over the plan period; for this reason, a number of projections are tabled that place the number derived from Local Plan policy into a context.
12. In order to carry out this assessment we reference a number of studies commissioned by Horsham District Council. These are the Northern West Sussex Strategic Housing Market Assessment, May 2009 (SHMA09); the Northern West Sussex – Horsham Strategic Housing Market Assessment Update, October 2012 (SHMAU12) and the Northern West Sussex Housing Market Area – Affordable Housing Needs Model Update

¹ HDPF, page 56

(AHNMU14). Together these documents represent the evidence base supporting the LPA's housing policies, and are referred to collectively as the 'SHMA studies.'

13. The rationale for our approach, which builds proportionately on the existing evidence base at the LPA level, is that neighbourhood plans need to pass a number of Basic Conditions to meet examination. One of these, Basic Condition E, requires the Neighbourhood Plan to be in 'general conformity with the strategic policies' of the Local Plan, in this case the HDPF. The Government's Planning Practice Guidance indicates that the level of housing development is likely to count as a strategic policy.²
14. In terms of the types of housing needed, there is generally more flexibility on what neighbourhood plans can cover. In order to understand the types of housing needed in SPC we have gathered a wide range of useful local evidence and summarised it into policy recommendations designed to inform decisions on housing characteristics.
15. Data and materials gathered relevant to this HNA have been sourced and analysed in line with PPG;³ together, they provide a balance of sources that capture a local perspective.
16. The housing projections set out in this HNA correspond with the Neighbourhood Plan period of 2017-2031; this in turn corresponds with the plan period for the HDPF.

Focus On Demand Rather Than Supply

17. Our approach is to provide advice on the housing required based on need and/or demand rather than supply. This is in line with the PPG, which states that '*the assessment of development needs should be an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints.*'
18. For this reason, we advise that the conclusions of this report, as a vital next stage can then be assessed against supply-side considerations (including, for example, factors such as development land availability transport infrastructure, landscape constraints, flood risk and so on) as separate and follow-on study(ies)⁴.

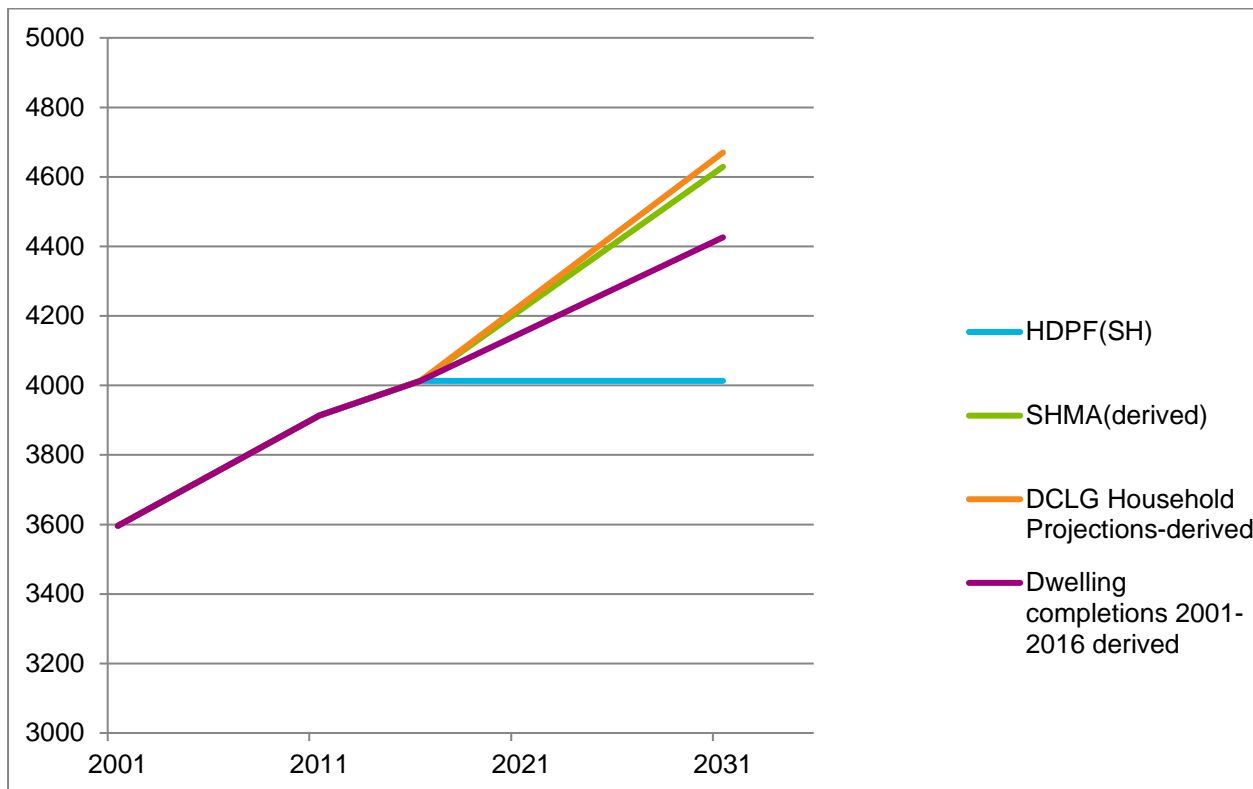
Quantity of Housing Needed

19. Our assessment of a wide range of data sources identified five separate projections of dwelling numbers for Client between 2017 and 2031 based on:
 - Horsham District Planning Framework 'settlement hierarchy' minimum derived figure (HDPF) 2011-31 which generates a projection of **0 dwellings** over the plan period;
 - Horsham District Planning Framework 'district' minimum derived figure (HDPF) 2011-31 which generates a projection of **842 dwellings** between 2018 and 2031 or 65 homes per year (rounded).
 - Housing Need in Horsham 2015 (SHMA), a proportional share drawn from the OAN which produces a target of **616 dwellings** over the plan period, or 47 per year (rounded);
 - DCLG Household projections which generate a re-based projection of **657 dwellings**, or 51 dwellings (rounded) per year over the plan period;
 - A projection derived from homes growth in Southwater between 2001 and 2016 of a projection of **413 homes** (rounded) over the Plan Period. These dwelling number projections are illustrated in Figure 1 below.

² See Planning Practice Guidance Paragraph: 006 Reference ID: 2a-006-20140306

³ See Planning Practice Guidance Paragraphs: 014 Reference ID: 2a-014-20140306 and 009 Reference ID: 2a-009-20140306




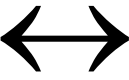
⁴ Such an approach, clearly separating housing need assessment from dwelling capacity assessment, was endorsed by the Government for calculating housing need at local authority level in the ministerial statement and press release 'Councils must protect our precious green belt land' (DCLG, 4 October 2014, available at <https://www.gov.uk/government/news/councils-must-protect-our-precious-green-belt-land>)




Figure 1: Dwelling projections for the Client NP Area, 2011-2031

Source: AECOM

20. The graph above (the vertical axis indicates the number of homes) sets out the total number of homes factoring in each of the projections we have identified in Southwater. So, for example, factoring in DCLG derived data (orange line) to the number of dwellings that have already been built in the NPA between 2011 and 1st January 2016 (262) produces a total requirement that there should exist 4670 homes by the end of the Plan Period (combining existing completed dwellings, and new homes that are required to be built).
21. The starting point to arrive at an overall projection for housing numbers to be delivered in the Parish over the Plan Period is the average of the five projections set out above unless there are reasons to adjust this approach based on factors that would exclude or require adjustment of one projection or the other.
22. We have received explicit guidance from HDC that the Local Plan-derived housing target for Southwater should be taken from the 1,500 dwellings to be delivered through neighbourhood plans in accordance with the settlement hierarchy. For this reason, we have excluded projection 2, derived from the 'district' minimum from our calculation. The average of the remaining projections comes to 422 dwellings, or 30 dwellings (rounded) per year over the Plan Period.
23. Moreover, a further assessment applied to this initial projection indicates that market signals (for example the economic context in which the NPA sits, together with the performance of the housing market) are likely to impact on the need for housing. We have applied our professional judgment on the extent of any increase or decrease associated with each factor on a scale from one to three, where one arrow indicates 'some impact', two arrows 'stronger impact' and three arrows indicates an even stronger impact. Factors are in alphabetical but no other order.

Table 1: Summary of market signals factors specific to Southwater with a potential impact on neighbourhood plan housing quantity

Factor	Source(s) (detailed in Chapter 5)	Possible impact on future housing need	Rationale for judgement
Employment trends	Census 2001/11, LEPSEP14, HDEP16, SHMA09,		Southwater has been shown to have a high proportion of economically active residents, many of whom commute to the town of Horsham itself. Both Horsham and the wider economic area have been shown to have significant growth potential, in terms of the local labour supply, the number of VAT registered businesses, and the types of businesses located in the area. These factors suggest significant growth in employment in future, and thus three up arrows is deemed appropriate.
Housing transactions (Prices)	Land Registry Price Paid Data for 2006-2016, SHMA09		<p>Southwater has been shown to have experienced a significant increase in house prices (31% across all types between 2007 and 2016), although the rate of growth has slowed from a high base. The price paid varies significantly per housing typology however, and in particular, growth in flat prices has been low compared to other types.</p> <p>Prices still remain above the average for Horsham as a whole. As a result an assessment of two up arrows has been deemed appropriate.</p>
Housing Transactions (Volume)	Land Registry Price Paid Data for 2007-2016, Census 2001/2011 data, SHMA09		Whilst the volume of sales in Southwater peaked post-recession in 2014 and has not yet recovered, the volume of sales of flats has continued, indicating demand for more affordable housing types. Similarly, there is a higher volume in sales of the more affordable types, including flats and terraced housing, relatively compared with stock and a similar reduced volume in sales of detached and semidetached housing compared with stock. This suggests a mismatch between supply and demand of relatively more affordable housing types, and thus one up arrow is considered appropriate to account for this increased level of demand.
Migration and demographics	HNHD15, SHMA 2009, Census data 2001, 2011		In spite of population growth in Southwater between 2001 and 2011, growth has not been as high as in Horsham as a whole, and the percentage of Southwater's population born outside of the UK is smaller than in Horsham as a whole. As such, migration is not seen as a significant indicator of increased demand for housing.

Overcrowding	Census Data 2001, 2011		There has been a significant uplift, and indeed a doubling of those living in overcrowded conditions in Southwater. Though the absolute numbers are relatively small, totalling just over 40 households, it is pertinent to note that Southwater has only delivered approximately 40 units per year over the last six years, and thus such households are indicative of significantly increased demand. As such, three up arrows is deemed appropriate.
Concealment	Census Data 2001, 2011		Census data suggests that 24 concealed families exist in Southwater. Whilst this rate is lower than in Horsham and England as a whole, again, when set against the rates of delivery noted above, this represents significant latent local demand for housing, and there for two up arrows is deemed appropriate. However, there is inevitably an overlap between concealed households and those experiencing overcrowding.
Rate of development	HDC, HNHD15 Land Registry Data/AECOM Calculations		<p>Whilst the rate of development in Southwater increased in the six years to 2016 in comparison to the period between 2001 and 2011, this is likely as a result of the recovery from the national recession.</p> <p>Furthermore, the local authorities in the Northern West Sussex Housing Market Area have significantly under-delivered against HMA targets. Horsham, however, has been showing a strong housing market with a growing housing supply and in the year 2013/2014 Horsham did deliver more than the 800 homes set as an annual target. More recent evidence from Southwater however shows that these rates have not been maintained, and therefore two up arrows is considered appropriate.</p>

24. Market signals research has shown that Southwater is located within commuting distance of sites that offer some prospect for jobs growth over the Plan Period. If fulfilled, this will have an impact on the number of dwellings that should be built in the NPA in order to house a growing population of working people. This is reflected in the balance of 'up' arrows to those arrows showing no movement of 13.
25. While we are mindful of these factors, we are also conscious that the 'settlement hierarchy' approach to the calculation of a housing target for the village, which has been arrived at by the Local Authority seeking to adhere to the principles of 'sustainable development', suggests Southwater requires no additional dwellings before it has satisfied its housing target.
26. It is important in preparing an HNA to take into consideration the above policy context, and it is helpful that HDC has made its view clear that the 'settlement hierarchy' derived housing target should be given careful consideration, not least because of the general conformity requirement. However, this needs to be weighed against the requirement for the HNA, in line with PPG, to arrive at an objective expression of need for housing. The rationale for this is to make clear the operation of policy seeking to increase or reduce the number of dwellings to be delivered in light of other evidence relevant to the supply of dwellings within a given geography.

27. For this reason, taking into consideration market signals evidence that indicates an increase in dwelling numbers to meet future need is appropriate, this **HNA recommends a housing target falling to a range of 420 and 460 dwellings to be delivered over the Plan Period.**

Table 2: Summary of local factors specific to Southwater with a potential impact on housing characteristics

Factor	Source(s) (see Chapter 3)	Possible impact on housing needed	Conclusion
Affordable Housing	CACI data, Land Registry House Price data, Local Agents	<p>The majority of households are unable to buy an entry level home of three rooms; they are however able to access Private Rented Sector (PRS) homes of this size.</p> <p>Larger homes are unaffordable to rent or buy for those households on incomes below the mean.</p> <p>An estimate of Mean Affordability Ratio (MAR) and Lower Quartile Affordability Ratio (LQAR) is 6.8 and 9 respectively.</p>	<p>The MAR suggests the majority of households are unable to access market dwellings for sale that are of a suitable type and size for their needs; the LQAR indicates this problem is particularly acute at the lower end of the income spectrum.</p> <p>Newly formed households within the parish with an income below that needed to access PRS dwellings (£44,880) will either be displaced from the area or they will accept unsuitable accommodation, leading to further over-crowding.</p>
Demand/need for smaller dwellings	Census 2001 and 2011	<p>The number of small homes of 1-3 rooms is limited to 8% of all dwellings within the NPA; the average for the Horsham district is 11%.</p> <p>There has been an increase in the number of smaller dwellings over the decade between the Censuses of 83 dwellings, an increase of 78%.</p> <p>Data showing commitments, that suggests a strong shift towards smaller homes with around 40% of all dwellings accounted for by dwellings of up to 4 rooms.</p>	<p>Given the majority of the housing stock fall into the larger sizes, this indicates a misalignment between the supply of dwellings and those the majority households are able to afford. This provides a prima facie case for increasing the number of smaller dwellings of 3-4 habitable rooms in Southwater.</p> <p>The commitments data suggests the market is responding to demand for smaller dwellings; given the acute affordability issues however, there remains a case for planning policy to seek additional low-cost market dwellings.</p>
Demographic change	Census 2001 and 2011, SHMA09	<p>Trends observed between the Censuses suggest a population aging at a rate that is broadly comparable with the district together with an expansion in both the number of people in late middle age and young adults.</p> <p>The NPA shows a substantially higher proportion of households comprising families with dependent children than Horsham District.</p> <p>Changes over the ten year period between the 2001 and 2011 Censuses, suggest both an increase in families with non-dependent children and solo households, with a strong bias towards those aged 65+.</p>	<p>While Census data suggests the NPA has distinct contrasts with the district numbers, this is likely to lessen with time, particularly in respect of the growth in number of older residents given the district-wide phenomenon of the ageing population, assuming no intervention to re-balance the demographic.</p>

Dwelling type	Census 2011	<p>Detached dwellings form the dominant type, and this exceeds the average for the district.</p> <p>There are a lower number of flats compared with the Horsham average.</p>	<p>The bias in favour of detached properties reflects the preponderance of larger dwellings in the neighbourhood.</p>
Family-sized housing		<p>There is a notable difference between the NPA and district geographies, the former showing a markedly younger population. In addition, the proportion of older residents is lower than for the district.</p> <p>34% of all dwellings are smaller family homes of 4 and 5 habitable rooms, and the majority, 56% are larger dwellings of 6 rooms or greater. This compares with similar, though slightly smaller or the district level.</p>	<p>Notwithstanding the comments above relating to affordability, it is appropriate to continue to supply dwellings of 4 and 5 rooms in size as these provide accommodation to families given the demographic profile of the area; in addition, increasing supply will exert a downward pressure on house prices, thus improving access to market dwellings.</p>
Housing for independent living for older people	SHMA09	<p>District level data from the SHMA studies suggests a substantial increase in the numbers of those aged above the age of 60, and a striking increase in those aged 75+ of 86.5% between 2011 and 2031.</p> <p>The numbers of those aged 75+ in the NPA are estimated to increase from 538 to 1,896 over the plan period; assuming Southwater experiences similar growth in this age group to Horsham district by 2031.</p>	<p>Based on this assumption, this HNA has identified a need for</p> <ul style="list-style-type: none"> • 81 additional conventional sheltered housing units • 163 additional leasehold sheltered housing units • 27 additional 'enhanced' sheltered units, split 50:50 between those for rent and those for sale • 20 additional extra care housing units for rent • 41 additional extra care housing units for sale • 8 additional specialist dementia care units.

Recommendations for next steps

28. This neighbourhood plan housing needs advice provides Southwater Parish Council with vital evidence on housing trends from a range of sources. We recommend that the Town Council should, as a next step, discuss the contents and conclusions Horsham District Council with a view to agreeing and formulating draft housing policies, taking the following into account during the process:
 - the contents of this report, including but not limited to Table 1 and Table 2;
 - Neighbourhood Planning Basic Condition A, that it has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the neighbourhood plan contributes to the achievement of sustainable development; and Condition E, which is the need for the neighbourhood plan to be in general conformity with the adopted strategic development plan;
 - the views of the District Council;
 - the views of local residents;
 - the views of other relevant local stakeholders, including housing developers; and,
 - the numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by the Council, including but not limited to the SHLAA.
29. As noted previously, recent changes to the planning system, as well as forthcoming changes to the National Planning Policy Framework as well as the implementation of the Housing and Planning Act 2016, will continue to affect housing policies at a local authority and, by extension, a neighbourhood level.
30. This advice note has been provided in good faith by AECOM consultants on the basis of housing data current at the time of writing (alongside other relevant and available information).
31. Bearing this in mind, we recommend that the steering group should monitor carefully strategies and documents with an impact on housing policy produced by the District Council or any other relevant body and review the neighbourhood plan accordingly to ensure that general conformity is maintained.
32. Most obviously, this includes monitoring the status of the emerging Part 2 Local Plan.
33. At the same time, monitoring ongoing demographic or other trends in the factors summarised in Table 1 and Table 2 would be particularly valuable.

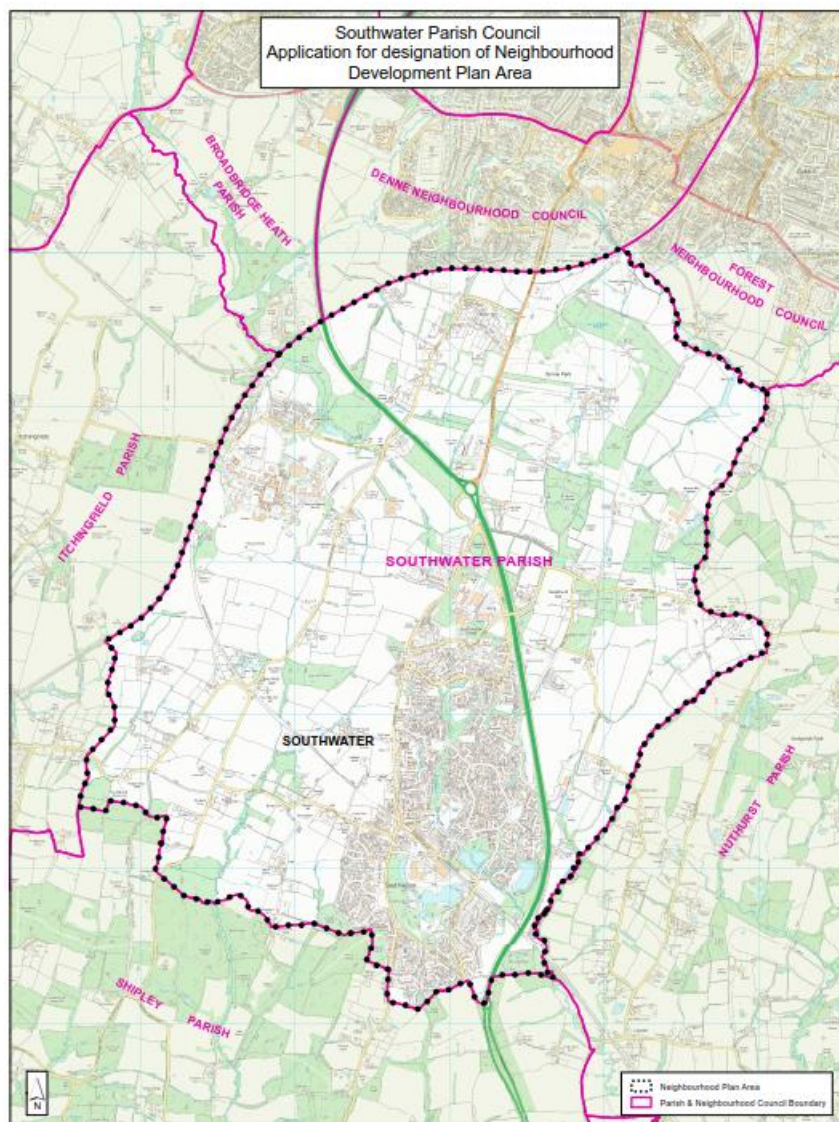
2. Context

2.1 Local context

34. Southwater is a civil parish encompassing the village of Southwater and areas of surrounding countryside, as well as Christ's Hospital, an historic independent boarding school with extensive buildings and grounds, and numerous leisure facilities including Southwater Country Park, an area of lakes adjacent to the town, Raylands Country Park, a holiday park, and Horsham Golf and Fitness, a golf course. Southwater Country Park in particular consists of 90 acres of lakes and landscaped areas with various leisure facilities, created on the site of a former brickworks.⁵
35. The A24, a major road, runs through the Parish from the M25 to north to the South Coast at Worthing. This road also connects the parish to the town of Horsham, Crawley, Gatwick Airport and beyond. The Arun Valley railway line skirts the northern edge of the parish with Christ's Hospital Station located on the boundary with Itchingfield, this line provides direct (stopping) services to London Victoria (travelling north) and Bognor Regis (travelling south). The former rail link to the village of Southwater now forms part of the Downs Link footpath connecting the North and South Downs together.
36. In addition to a variety of historic buildings, significant amounts of late 20th century housing arranged in cul-de-sacs make up large areas of the Parish, as well as Southwater Business Park, a large concentration of employment land adjacent to the centre of the town.

⁵ <https://www.horsham.gov.uk/parksandcountryside/parks-and-countryside/parks-and-countryside-sites/southwater-country-park>

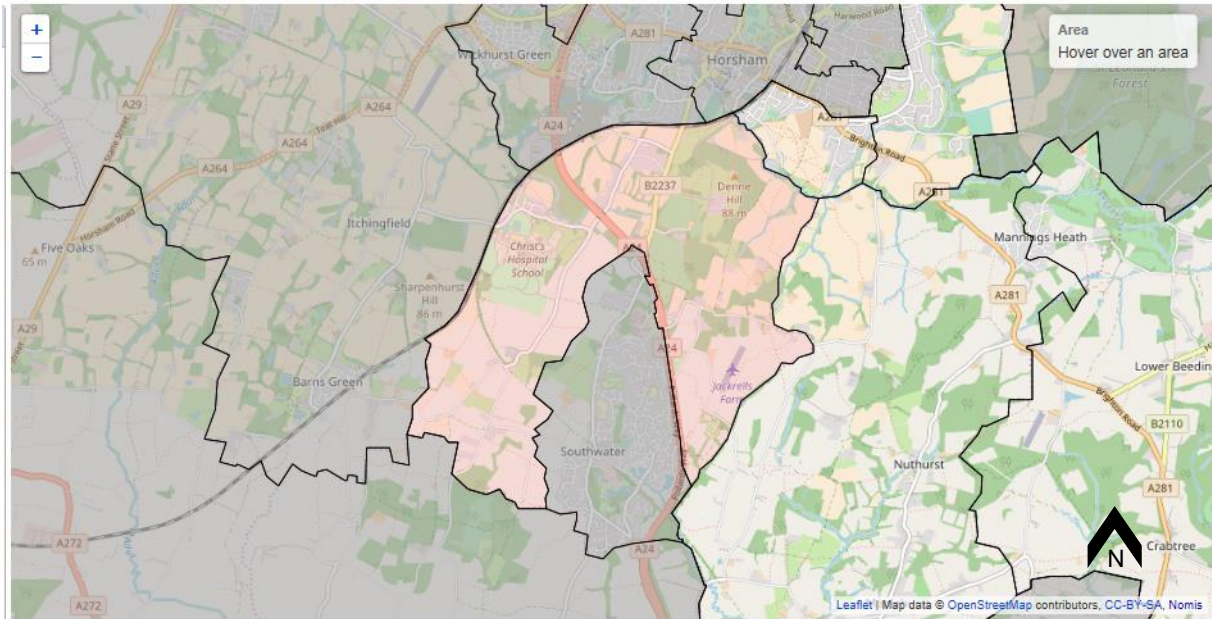
Figure 1: Southwater NPA



Source: SPC

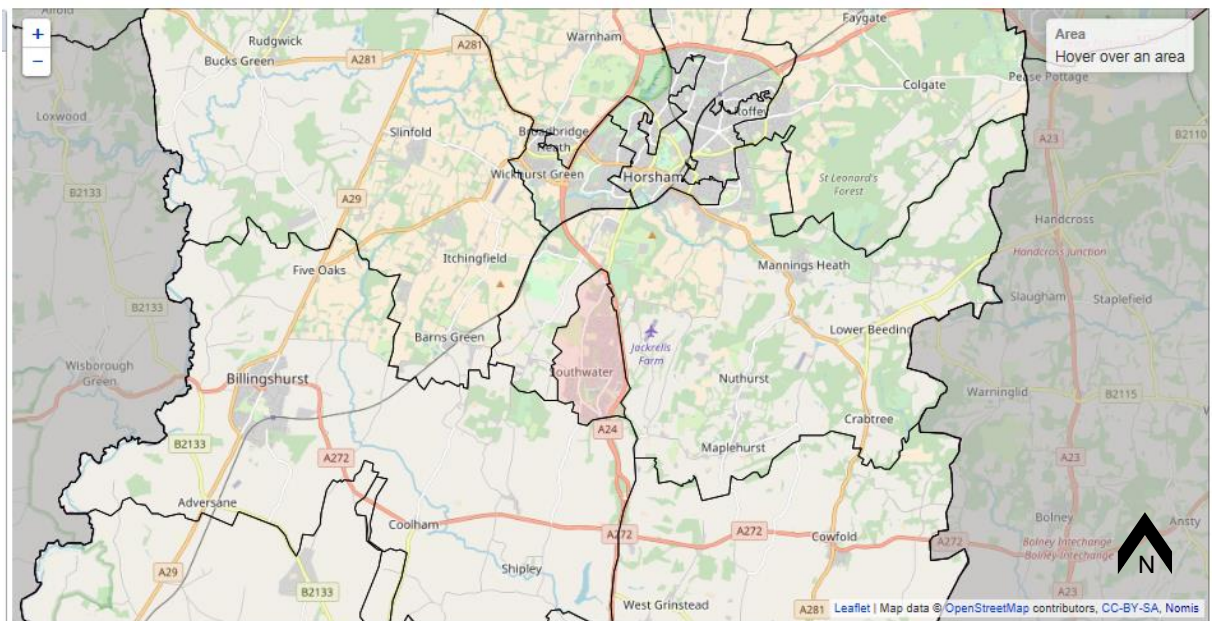
37. The Southwater neighbourhood plan area was first designated in 2014; however, due to Parish boundary changes, a second application with a new boundary, reflecting 2015 changes, was approved in 2016, as shown in the figure above. For the purposes of comparing demographic data from the Census however, this change has not been incorporated into this research, as the latest census for which data is available was in 2011. As such, the following two census geographies were used for both the 2001 and 2011 data: the LSOA E01031679 and the MSOA E02006596.

Figure 2: 2001 and 2011 MSOA and LSOA encompassing parts of Southwater Parish



Source: <https://www.nomisweb.co.uk/>

Figure 3: 2001 and 2011 LSOA encompassing parts of Southwater Parish



Source: <https://www.nomisweb.co.uk/>

2.2 Planning policy context

- 38. In line with the basic conditions of Neighbourhood Planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with the adopted strategic local policies. Consequently, there is a requirement for the relevant Local Plan to be reviewed as part of this HNA.
- 39. The Horsham District Planning Framework (excluding South Downs National Park), adopted in 2015, is the most up to date local plan for the area, and the emerging Horsham District Local Plan is at a sufficiently early stage of preparation, with no drafts published, that it may be disregarded for this exercise, and is projected to be published in 2020⁶. The 2015 Framework replaced the Core Strategy and General Development Control Policies adopted in 2007.

⁶ Horsham Local Development Scheme 2017

40. The Horsham District Planning Framework 2015 sets out the planning strategy for the Horsham District outside of the South Downs National Park for the years up to 2031, and aims to deliver the social, economic and environmental needs of the plan area.
41. **Strategic Policy 2 'Strategic Development'**, which sets out that the focus of development in the district will conform to the settlement hierarchy, in which Southwater is identified as a small town/larger village, and be focused on the market town of Horsham. It supports development which protects the rural character and existing landscape, whilst providing for the varied housing needs of the community. In particular it looks to bring forward three strategic development sites, one of which comprises 600 dwellings to the West of Southwater. This development will be governed by Policy SD10 below.
42. **Strategic Policy 3 'Development Hierarchy'** which sets out the mechanism of built-up area boundaries to support the planned expansion of existing settlements through the Local Plan and Neighbourhood Planning processes. Within this boundary, development is accepted in principal, whereas outside of it, development will be more strictly controlled. Emphasis is placed on the use of a Settlement Sustainability Review⁷ to ensure that development is of a scale that both retains the character and role of the settlement in terms of the range of services and facilities there as well as community cohesion.
43. **Strategic Policy 15 'Housing Provision'** which establishes the need for 800 homes per year to be built, or 16,000 homes over the next 20 years, to meet the demand created by growth in the economy of the Gatwick Diamond economic area, running from London in the North to Brighton in the South and centred around Gatwick Airport, and inward migration to Horsham as a result of its attractive quality of life and growing local economy. This target will be supported by: completions between 2011 and 2015, when the plan was adopted, homes already permitted or agreed for release, three strategic sites, the allocation of "1500 homes...through Neighbourhood Planning", and 750 windfall units.
44. **Strategic Policy 16 'Meeting Local Housing Needs'**, which seeks to achieve a mix of housing sizes, types and tenures to meet established local housing needs, subject to the existing character of neighbourhoods and individual scheme viability. It does so by requiring all residential developments of between 5 and 14 dwellings to provide 20% affordable, or a financial contribution where this is deemed is not deemed achievable; and by requiring all developments of more than 15 dwellings or on sites over 0.5 hectares, to provide 35% affordable dwellings. These provisions will also apply to sub-divided sites in a way which ensures the same amount of affordable housing is achieved as if they were not sub-divided. All of these policies will be subject to viability, as well as assurances that local housing needs as set out in the latest SHMA are met. The framework also notes that "the council will support schemes being brought forward through Neighbourhood Plans".
45. **Policy 17 'Exceptions Housing Schemes'**, which enables rural, greenfield sites near to settlement boundaries to come forward for development to meet local housing needs. This is considered acceptable where no suitable alternatives exist within the locality to meet the need, that the need is in a single parish or its immediately adjoining parishes within Horsham District, and that the needs relate to existing residents in unsuitable accommodating or needing separate accommodation in area (excluding existing owner occupiers), people whose work provides important services and who need to live in the parish, people who may no longer be resident in the parish but have longstanding links with the local community, and people with the offer of a job in the parish who cannot take up the offer because of a lack of affordable housing. A further condition is that the development must "provide subsidised housing in perpetuity which will normally be managed by a provider that is registered with the Homes and Community Agency."
46. **Policy 18 'Retirement Housing and Specialist Care'**, which states that "proposals for development which provide retirement housing and specialist care housing will be encourage and supported" where they are accessible from existing settlements and where they cater to those on lower incomes. Large scale retirement communities will also be supported in appropriate locations, provided they accommodate a range of needs, include some affordable provision or an appropriate financial contribution, and contribute "appropriate services and facilities".
47. **Policy 19 'Park Homes and Residential Caravan Sites'** which states that provision of park homes and caravans will be supported so long as they meet local housing needs and are marketed locally for a

⁷ https://www.horsham.gov.uk/_data/assets/pdf_file/0016/9313/CD_GC_01_Settlement-Sustainability-Review2014.pdf

reasonable period of time, that they are used for permanent accommodation, and that flooding, drainage and ground engineering are not significant barriers to their development. Proposals to convert these to permanent housing or holiday accommodation will not be supported in the face of housing need, whilst conversion of existing holiday accommodation will have to meet the same criteria as new building of this type, and must not harm nearby occupiers and users amenity or damage the environment.

48. **Policy 20 'Rural Workers Accommodation'** which takes the view *that* Housing for rural workers to support the rural economy will be supported outside of the defined built-up area, provided that it is functionally required and its occupation supports the established business use, and that evidence is submitted to demonstrate the viability of the rural business for which the housing is required.
49. **Strategic Policy 21 'Gypsy and Traveller Sites Allocations'**, which states "Provision shall be made for 39 net additional permanent residential pitches for Gypsies and Travellers within the period 2011 – 2017", and that the council will make provision for Gypsy, Traveller and Travelling Showpeople (GTTS) over the rest of the plan period. It allocates 4 sites for this purpose, delivering a total of 29 pitches, and notes sites with existing planning permission for a further 13 pitches.
50. **Policy 22 'Gypsy and Traveller Sites'**, which states that existing sites for GTTS will be safeguarded from development preventing their use for that purpose, unless they are no longer required to meet identified need. It notes that the provision of sites to meet that need beyond 2017 will be identified in a Site Allocations Development Plan Document, and that further sites may be provided: on windfall sites, by extending existing sites, by redeveloping existing sites, by allocating further sites within strategic developments sites or as standalone allocations, on publically owned land, both publically managed and for purchase by GTTS. The council also states that it will "work with neighbouring authorities to make appropriate provision to meet the requirements for Gypsies and Travellers."
51. **Strategic Policy 23 'Gypsy and Traveller Accommodation'**, which sets out the criteria for determining the allocation of land for GTTS and assessing planning applications for this purpose, namely: barriers to development such as flooding or ground engineering issues; safe and convenient vehicle and pedestrian access; proper utility servicing and size of site to accommodate amenities; location in or near existing settlements, or part of an allocated strategic location within reasonable distance of local services; and that the development does not have an unacceptable impact on the character and amenities of neighbours and is sensitively designed. Furthermore, it takes the view that "in assessing sites for Travelling Showpeople, or where mixed uses are proposed, the site and its surrounding context must be suitable for mixed residential and business uses, including storage required and/or land required for exercising animals", and does not have adverse impacts on neighbours in the same way as above.
52. **Strategic Policy SD10 'Southwater Strategic Site'**, which sets out requirements for the delivery of housing on the strategic site, including infrastructure and community facilities, open space, landscape buffers, and transport infrastructure.

3. Approach

3.1 Research Questions (RQs)

53. The plan area for the Southwater Neighbourhood Plan is Southwater Parish. It is bordered by rural communities to the east, west and south, the existing urban area of Horsham Town to the north, and the increasingly urbanised Broadbridge Heath Parish also to the north.
54. In recent years, there has been a marked increase in development within and around the parish, in part due to the positive effects of Gatwick airport on the economy of the wider area. This includes not only large schemes but also domestic developments (small extensions etc.) that have, it is believed led to an increase in larger properties and a reduction of smaller properties in the existing housing stock.
55. Research Questions, abbreviated to 'RQ;' are arrived at the start of the project through discussion with Southwater Parish Council. They serve to direct the research AECOM undertakes and provide the structure for the HNA. The following RQs have been agreed with Southwater Parish Council.
56. *RQ1. What is the **current housing stock** (quantity and mix) within Southwater Parish, bearing in mind the impact of recent development?*

3.1.1 Quantity

57. Horsham District Planning Framework (HDPF) sets a figure for dwellings to be delivered over the Plan Period (2011-31) of 'at least 16,000' homes over the plan period (2011-2031). This will be achieved by housing completions for the period 2011 – 2015, homes that are already permitted or agreed for release at the time of HDPF adoption, Strategic Sites (including HDPF Policy 15 for 600 homes site within the parish of Southwater), 750 windfall units and the provision of at least 1,500 homes throughout the district in accordance with the settlement hierarchy (see HDPF Policy 3) allocated through Neighbourhood Planning.
58. A number of developments have recently been approved in the Parish. Two of the larger development sites are currently under construction, breaking ground within the last 5 years. One of these is a strategic site allocated within the HDPF (Policy 15), which has been allocated to meet wider strategic housing need, and reflects demand from the whole district and wider housing market area. This is therefore outside the 1,500 units to be spread across the District in accordance with the HDPF settlement hierarchy. The other abuts the settlement of Southwater but is not within the Parish. However, given the proximity it may help meet the parish's housing need.
59. The primary purpose of this HNA is to objectively assess the local housing need for the Parish of Southwater and identify the appropriate number of residential units that should be delivered in Southwater Parish from 2018-2031.
60. *RQ2. Bearing in mind HDPF policies, what **quantity of housing** should Southwater Neighbourhood Plan seek to deliver between 2018-2031?*

3.1.2 Tenure

61. SPC recognise a need for affordable housing in the area and accept local plan policies regarding affordable housing targets and tenures.

3.1.3 Maintaining an appropriate housing stock

62. SPC are keen to ensure that existing and future housing stock meets the needs of the community. It is currently perceived that there is a shortage of smaller dwellings suitable for young people and a shortage of suitable accommodation for older people.
63. *RQ3. In light of current demographic and economic trends, and the current and future needs of the local population, what **types and sizes of C2⁸ and C3⁹ accommodation** should be provided over the plan period?*

⁸ Including residential institutions such as hospitals and nursing homes, and some other communal living facilities.

⁹ Most types of homes for single households or those construed as families.

64. RQ4. How should the quantity of housing identified in RQ.2 be split across the **types and sizes of accommodation** identified in RQ.3?

3.2 Study Objectives

65. The objectives of this report can be summarised as:

- Collation of a range of data with relevance to housing need in Southwater relative to Horsham;
- Analysis of that data to determine patterns of housing need and demand; and,
- Setting out recommendations based on our data analysis that can be used to inform the Neighbourhood Plan's housing policies.

66. The remainder of this report is structured around the objectives set out above, save for the section below, which describes the data sources which the report has drawn on in more detail.

3.3 Relevant Data

67. Before answering these research questions, it is necessary to describe the sources from which we draw our evidence. The PPG states that:

'no single source of information on needs will be comprehensive in identifying the appropriate assessment area; careful consideration should be given to the appropriateness of each source of information and how they relate to one another. For example, for housing, where there are issues of affordability or low demand, house price or rental level analyses will be particularly important in identifying the assessment area. Where there are relatively high or volatile rates of household movement, migration data will be particularly important. Plan makers will need to consider the usefulness of each source of information and approach for their purposes'.

68. It continues:

'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'.

69. Compared with the 2001 Census, the 2011 Census gathered data in a number of new categories and across a range of geographies that are highly relevant to planning at the neighbourhood level and helpful if a PPG-based approach is being used.

70. Like much of the data forming the housing policy evidence base, the Census information is quantitative. However, at a local level, qualitative and anecdotal data, if used judiciously, also has an important role to play, to a perhaps greater extent than at local authority level. We have gathered data from as wide a range of sources as practicable in order to ensure robustness of conclusions and recommendations arising from the analysis of that data. Our conversation with local estate agent John Furber of Cubitt & West helped ensure our conclusions were informed by a qualitative, local perspective.

71. The PPG states that plan-makers can refer to existing secondary data to inform their assessment of housing need¹⁰; such sources include relevant reports commissioned by the local planning authority. In the case of Southwater HNA, we refer to a number of documents (the 'SHMA studies') which together provide the evidence base for the housing policies contained in the current adopted Local Plan, the Horsham District Planning Framework (HDPF). These documents are listed below:

- Northern West Sussex Strategic Housing Market Assessment, May 2009 (SHMA09);
- Northern West Sussex – Horsham Strategic Housing Market Assessment Update, October 2012 (SHMAU12);
- Northern West Sussex Housing Market Area – Affordable Housing Needs Model Update (AHNMU14); and,
- Housing Need for Horsham District, 2015 (HNHD15).

¹⁰ PPG Paragraph: 014 Reference ID: 2a-014-20140306

72. While these are credible sources, and their statistical robustness can be assumed, their usefulness also depends on whether the Housing Market Area (HMA) that the SHMA studies treat as their subject area can be used as a proxy for the NPA. This requires an assessment of the extent to which the demographic characteristics and economic trends that it identifies are shared with it. Shared characteristics do not arise by chance, but emerge as a result of internal linkages fundamental to the notion of the 'housing market area' (HMA).
73. PPG defines an HMA as a geographical area 'defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.'¹¹ It goes on to remark that 'establishing the assessment area may identify smaller sub-markets with specific features, and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is important also to recognise that there are 'market segments,' i.e. not all housing types or economic development have the same appeal to different occupants.'¹²
74. PPG therefore sets two principle tests for identifying a functional HMA: patterns of demand for housing and commuting relationships. The first can be denoted by the concept of 'self-containment,' the degree to which household moves are contained within a certain geographical area, and the second by 'travel to work areas.' The SHMA09 notes that it is generally assumed that around 70% of household moves will be contained within a functional HMA¹³.
75. SHMA09 uses these tests to identify of housing markets at the district level. The main markets areas identified by the SHMA in West Sussex are the Northern West Sussex Sub-Regional Housing Market, extends south to Haywards Heath and Burgess Hill, to East Grinstead, Horley and west/south west to Upper Beeding, Petworth and Pulborough, and includes Southwater. Thus, for the purposes of this study, data for this HMA has been used where possible.

¹¹ Planning Practice Guidance Paragraph: 010 Reference ID: 2a-010-20140306 Revision date: 06 03 2014

¹² Planning Practice Guidance Paragraph: 008 Reference ID: 2a-008-20140306 Revision date: 06 03 2014

¹³ SHMA09, page 16

4. RQ1. What is the current housing stock (quantity and mix) within Southwater Parish, bearing in mind the impact of recent development?

76. An enquiry into the current housing stock is a sensible place to start to assess whether the dwellings currently available suit the needs of the community. At the time of the last Census there were 3,914 dwellings in the NPA¹⁴. Based on data provided by the HDC a further 237 net dwellings were completed in the parish between 1st April 2011 and 31st March 2016. The council has also supplied an estimate of the dwellings completed between 1st April 2016 and 31st March 2017, a net figure of 25 dwellings. At the time of writing therefore there are, according to official data, 4,176 dwellings in the NPA.

77. In Table 2 below we present data setting out how housing stock in Southwater breaks down into the different types of dwelling. From this it can be seen that the great majority of dwellings are detached, semi-detached and terraced houses, with the largest minority being detached dwellings, at 43.6% of the total. This is particularly note-worthy given that it exceeds the proportion for the wider district by 4.9%. While the other dwelling types are broadly comparable, there is a lower proportion of flats in the area by roughly the same margin (5.2%).

Table 2: Accommodation type (households) in Southwater, 2011

Dwelling type		Southwater	Horsham	England
Whole house or bungalow	Detached	43.6%	38.7%	22.4%
	Semi-detached	24.2%	26.5%	31.2%
	Terraced	18.8%	17.0%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	9.5%	14.7%	16.4%
	Parts of a converted or shared house	1.2%	1.6%	3.8%
	In commercial building	0.7%	0.9%	1.0%

Source: Census 2011, AECOM Calculations

78. In Table 3 below we set out how the 3,914 dwellings in the parish at the time of the last Census (2011) break down into dwellings of different sizes. In order to understand the terminology surrounding size of dwellings, the number of rooms recorded in Census excludes kitchen, bathrooms and toilets, and therefore denotes:

- 1 room = bedsit
- 2 rooms = flat/house with one bedroom
- 3 rooms = flat/house 2 bedrooms
- 4 rooms = flat/house with 2 bedroom and 2 reception rooms, or 3 bedrooms and 1reception room
- 5 rooms = flat/house with 3 bedrooms and 2 reception rooms
- 6 rooms = house with 3 bedrooms and 3 reception rooms or 4 bedrooms and 2 reception rooms
- 7+ rooms = house with 4, 5 or more bedrooms house

79. From this table it is possible to calculate that 8% of dwellings are smaller homes of 1-3 habitable rooms; 34% of all dwellings are smaller family homes of 4 and 5 habitable rooms, and the majority, 56% are larger dwellings of 6 rooms or greater. This compares with 11% for 1-3 room homes, 36% for 4-5 room homes and 53% for 6 rooms or more the district level. While this reflects the rural character of the area, Southwater is a 'small town/large village' within the settlement hierarchy and therefore could be expected to have a

¹⁴ Census 2011

complement of smaller dwellings in line with the district average. It is not unreasonable to conclude therefore this indicates there exists a disproportionately high ratio of larger to smaller dwellings.

80. In terms of how these map onto the types of dwellings set out in Table 2 on the previous page, the terraced and semi-detached dwellings are likely to constitute the majority of the dwellings of 4 and 5 rooms, whereas detached homes will make up the bulk of the homes of larger size.

Table 3: Number of rooms per household, 2001 and 2011

Number of Rooms	2001	2001	2011	2011
	Southwater	Horsham	Southwater	Horsham
1 Room	7	277	15	306
2 Rooms	33	1057	62	1256
3 Rooms	262	3791	308	4676
4 Rooms	639	8280	601	8833
5 Rooms	762	11435	712	10988
6 Rooms	607	9377	631	10038
7 Rooms	534	5916	548	6730
8 Rooms or more	703	9904	480	5212
9 Rooms or more			483	6884

Source: Census 2001 and 2011, AECOM Calculations

81. Table 3 above also enables us to get a sense of longitudinal trends; these are helpful as trends discernible over a ten year time horizon provide an indication of the type and size of homes that may come forward in future years. In Table 4 below, these trends are made explicit by translating the data in Table 3 above into percentages. From this it is apparent there has been a marked increase in smaller dwellings, as well as very large homes of 8 rooms or more. This suggests policy currently in place, as well as the operation of the market, is addressing the need for smaller dwellings and there may not need to be any further policy intervention in this area.

Table 4: Rates of change in number of rooms per household in Southwater, 2001-2011

Number of Rooms	Southwater	Horsham	England
1 Room	114.3%	10.5%	-5.2%
2 Rooms	87.9%	18.8%	24.2%
3 Rooms	17.6%	23.3%	20.4%
4 Rooms	-5.9%	6.7%	3.5%
5 Rooms	-6.6%	-3.9%	-1.8%
6 Rooms	4.0%	7.0%	2.1%
7 Rooms	2.6%	13.8%	17.9%
8 Rooms or more	37.0%	22.1%	29.8%

Source: Census 2001 and 2011, AECOM Calculations

82. It is therefore instructive to review the size of dwellings that have been delivered since 2011. HDC has provided data showing how the dwellings built between 2011 and 2017 break down into broad types of 'houses', 'flats' and 'OAP', totalling 265 net new dwellings¹⁵. The breakdown of this data is 206, (78%) houses (detached, semi-detached, terraced), 29 (11%) flats and 30 (11%) were 'OAP'. This represents a departure from the breakdown of stock at the time of the 2011 Census. As we have seen, 86.6% of stock reported in 2011 constituted houses. Assuming flats and dwellings for the elderly are smaller homes of 1-3 habitable rooms, this will reflect a continuation of the shift, identified in Table 4 towards a re-balancing of the stock towards smaller homes.
83. In Table 4 on page 26, we set out data provided by Southwater Parish Council that captures all commitments in the NPA since 2011. It is important to emphasise not all of these have been built out and some may not be; nevertheless, the table does provide an indication of how new dwellings coming forward may split into different sizes. This table shows that houses remain the dominant type, making up 82% of all dwellings.

¹⁵ We acknowledge this is a different figure from that advised above; this may be because of dwellings completed after 31st March 2017

However, smaller dwellings of up to four rooms (1-2 bed dwellings) account for roughly 40% of all commitments, with medium sized family homes (3 bed houses) making up 32% and the rest, 29%, accounted for by dwellings of 6 and 7 or more rooms (4-5 bedroom homes). This suggests a clear shift away from larger dwellings, in line with Census and HDC data.

Table 4: Commitments since 2011, size of dwelling

APP.NO.	Tot.No	5 bed	4 bed	3 bed	2 bed	1 bed	1 apart	2 apart	3 apart
DC/11/0657	131		40	53	38				
DC/11/2248	2		2						
DC/12/579	44	8	8	7	18	3			
DC/12/776	1			1					
DC/12/1399	1			1					
DC/13/361	2		2						
DC/13/937	29		2	18	9				
DC/13/1142	5		5						
DC/13/1412	47		4	13	23		4	3	
DC/13/1474	7		7						
DC/13/2292	2				2				
DC/13/2331	1			1					
DC/14/231	1				1				
DC/14/263	2			2					
DC/14/590	594	29	140	163	105		75	82	
DC/14/840	1		1						
DC/14/1606	6		6						
DC/14/1775	9		4		5				
DC/14/2130/31	2			2					
DC/14/2271/72	1			1					
DC/14/2582	193		48	79	29		17	20	
DC/14/2697	2			2					
DC/15/1563	1			1					
DC/15/1626	1				1				
DC/15/2127	2		2						
DC/16/0143	1		1						
DC/16/257	1		4	2	2				
DC/16/822	3			3					
DC/17/0520	2						2		
DC/17/2058	4						4		
	1098	37	276	349	233	3	102	105	

Source: Southwater Parish Council

84. Bringing together our analysis of the current stock, larger detached dwellings form the dominant type, and this exceeds the average for the district; in addition, there are a lower number of flats compared with Horsham generally. As regards size of dwellings, the number of small homes of 1-3 rooms is limited to 8% of all homes within the NPA, whereas the district average is 11% of homes suggesting the NPD has a bias in favour of larger dwellings. It is worth noting however there has been an increase in the number of smaller dwellings over the last decade between the Censuses of 83 dwellings, an increase of 78%, and that this trend has continued in the period since 2011. Data showing commitments (via planning permissions) suggests a strong shift away from larger homes, with around 30% of recent dwellings being medium size (up to 4 rooms, equivalent to 2-3 bedrooms).

5. RQ2. Bearing in mind HDPF policies, what quantity of housing should Southwater Neighbourhood Plan seek to deliver between 2018 - 2031?

85. We have derived the quantity of housing needed in the NPA from four different calculations; these are:

- Horsham District Planning Framework 'settlement hierarchy' minimum derived figure (HDPF) 2011-31 which generates a projection of **0 dwellings** over the plan period;
- Horsham District Planning Framework 'district' minimum derived figure (HDPF) 2011-31 which generates a projection of **842 dwellings** between 2018 and 2031 or 65 homes per year (rounded).
- Housing Need in Horsham 2015 (SHMA), a proportional share drawn from the OAN which produces a target of **616 dwellings** over the plan period, or 47 per year (rounded);
- DCLG Household projections which generate a re-based projection of **657 dwellings**, or 51 dwellings (rounded) per year over the plan period;
- A projection derived from homes growth between 2001 and 2016 of a projection of **413 homes** (rounded) over the Plan Period.
- A projection based on the standard methodology for calculating housing need proposed by DCLG in September, 2017.

86. These projections and calculations are further considered below.

5.1.1 Horsham District Planning Framework (HDPF) 2015 Settlement Hierarchy minimum

87. To calculate the 'fair share' of the 1,500 dwellings to come through Neighbourhood Plans in accordance with the settlement hierarchy¹⁶ we have calculated the number of dwellings in the settlement as a proportion of all the settlements that come under the three different categories of 'small towns and larger villages, medium villages and smaller villages' (the 3 categories) set out in Policy 3.¹⁷

88. It is important to note we have excluded the 'Main town' of Horsham from this calculation as it does not form one neighbourhood planning area. In addition, it is not anticipated that dwellings will come forward through neighbourhood planning due to the strategic nature of development in and around Horsham town. This should therefore be excluded from the 1,500 dwellings sought through section 4 of Policy 15.

89. The total number of dwellings in the three settlement categories comes to 21,517 dwellings. This figure has been arrived at by accessing Census 2011 data relating to specific Middle and Lower Super Output Areas (M/LSOAs) and Output Areas (OAs) that focus on the spatial arrangement of each town and village (as opposed to the wider parish in which they sit). This is based on a reading of Policy 3 which specifically stipulates that development will only be permitted within the defined built-up areas.

90. In 2011, there were 3,379 dwellings in the built-up area of Southwater¹⁸; this equates to 15.7% of all the dwellings in the 3 categories. On this basis we can calculate that the settlement's fair share of the 1,500 figure is 236 dwellings (rounded) to be delivered over the Plan Period.

91. In arriving at a final total for SPC, it is important to take into consideration that, according to data provided by the Local Authority, 262 net new dwellings (built units less losses) were built between 2011 and 2016 in the NPA¹⁹. Allowing for these completed dwellings, a housing target for Southwater that is in conformity with emerging district policy, taking as its starting point the settlement hierarchy minimum is therefore **0 dwellings** given that the parish has already exceeded its target for the plan period.

5.1.2 District minimum

92. As we have seen, Policy 15 of the HDPF puts forward a housing requirement for 'at least 16,000' for the district over the Plan Period between 2011 and 2031. It is worth producing a 'fair share' calculation for Southwater despite the settlement hierarchy derived figure set out above on the basis that the HNA seeks to show an unconstrained expression of need, not tempered by policy choices made by the Local Authority.

¹⁶ HDPF, page 56

¹⁷ HDPF, page 25

¹⁸ There were 912 in the Parish at the time of the 2011 Census

¹⁹ Parish completions data prepared by Mark Daly, Planning Officer HDC, 2nd August 2017

Moreover, it is legitimate for the neighbourhood plan to exceed the minimum number of dwellings required to be in conformity with the Local Plan if, for example, they are concerned about the lack of dwellings of a certain size or the future vitality and viability of the settlement on account of people being unable to access affordable homes. In addition, resources for additional infrastructure are usually derived from new development coming forward. The 'district minimum' figure provides a credible alternative target, should SPC choose to pursue it.

93. The proportional share may be calculated for Southwater Parish based on the proportion of homes within the district that fall into the NPA. At the time of the last Census there were, as we have seen, 3,914 dwellings in the NPA and 56,516 in the district as a whole; this represents 6.9% (rounded) of all homes in the district. Therefore, 1,104 homes (6.9% of 16,000) homes should be allocated as the 'fair share' of the District target.
94. In arriving at a final total for SPC, as with the settlement hierarchy calculation, it is important to take into consideration the 262 net new dwellings built between 2011 and 2017 in the NPA. Allowing for these completed dwellings, a housing target for Southwater that is in conformity with emerging district policy is **842 dwellings (1,104-262) between 2018 and 2031 or 65 homes per year (rounded)**.

5.2 Strategic Housing Market Assessment (SHMA) 2009

95. It is important to remember that the SHMA presents a demand-side only, or 'unconstrained' assessment of need (often identified as Objectively Assessed Need, or OAN²⁰), as opposed to the final number of homes that will or can be built. The final housing target will take into account a number of other factors, including for example the availability of land, viability, infrastructure and environmental constraints together with the results of consultation.
96. Nonetheless, the SHMA presents an appropriate and authoritative starting point for deriving need at the NP level, because it takes into account population and household projections, as set out in the 2012 Sub-National Population Projections (SNPP). SNPP provide the basis for Household Projections which the PPG suggests should be taken as a 'starting point' in determining need at the local authority level.
97. The HNHD15 identifies an OAN for Horsham District over the period 2011-31 of 12,720 homes.²¹ This number has been selected from a number of options on the basis of the support it provides to employment growth of 275 jobs per annum as recommended by the Inspector following the examination of the HDC's Planning Framework. It includes upwards adjustments to household formation rates relative to trends, producing an increase in housing supply (of both market and affordable housing). This reflects a policy aim of improving affordability, thus enabling a growing number of younger households in their 20s and 30s to form.
98. To calculate the NPA's 'fair share' of this target, it is again possible to use Southwater's proportion of all housing in the district (6.9%). This produces a figure of 878 dwellings (rounded). Furthermore, it is necessary to take into consideration homes built in the NPA in recent years; since 2011, as set out above, 262 dwellings have been built; producing a final target of **616 dwellings over the plan period, or 47 per year (rounded)**.

5.3 DCLG Household Projections

99. The Department for Communities and Local Government (DCLG) periodically publishes household projections. The PPG recommends that these household projections should form the starting point for the assessment of housing need.
100. The most recent (2014-based) household projections were published in July 2016, and extend to 2039. Although population projections are only available at a local authority level, a calculation of the share for the NPA is nevertheless possible for the household projections based on the NPA's household numbers in the 2011 Census.
101. At the 2011 Census, Horsham had 54,923 households and the NPA 3,840, or 7% of the total (rounded).

²⁰ The OAN includes the baseline demographic need, plus any adjustments made to official forecasts to account for projected rates of household formation post 2021, past suppression of the formation of new households, the effect of past under-supply, employment forecasts, market signals and affordable housing need (as set out in paragraph ID2a-004 of the PPG). This is sometimes described as 'policy off' because it does not take account of final policy responses as a result of taking into account capacity, environmental and infrastructure constraints.

²¹ GL Hearn, Housing Need in Horsham District, March 2015, page 49

102. In the 2014-based household projections, the projection for 2031 is for 66,854 households in Horsham. Assuming it continues to form 7% of the district total, the NPA's new total number of households would be 4,680 (rounded); therefore 840 new households will form in the NPA between 2011 and 2031 (or a rate of growth of 42 households per year).
103. Number of households does not, however, equate precisely to number of homes, with the latter slightly higher in most places. The NPA is no exception; in the 2011 Census, there were 3,840 households but 3914 homes. This gives a ratio of 0.98 households per home. In the case of NPA, then, a projection of 840 new households translates into a need for 857 (840/0.98) homes (rounded to the nearest whole number).
104. These figures are based on the assumption that 2014-based government projections as to household growth at the Local Authority level are accurate. As the annual mid-year population estimates have now been released for 2016, the 2014-based household projections may need to be 'rebased' for accuracy. The mid-2016 population estimates give the actual number of people in the district at that point, meaning the difference between the estimated and the previously projected number of households can be taken into account in future projections.
105. The 2014-based household projections were based on the 2014-based Sub-National Population Projections, which estimated that by 2016 there would be 135,927 people in Horsham. The mid-2016 Estimates show that based on the latest information there were estimated to be 138,018 people, which is higher than the projections by 2,091 people. Assuming average household sizes remain constant (in 2011 there were an average of 2.4 people per household (rounded), obtained by dividing population by number of households) this equates to 871 more households across Horsham.
106. Taking 67,725 (66,854 + 871) as our revised household number at 2031, this equates to 4,740 households in the NPA (rounded), producing a revised growth in the number of households between 2011 and 2031 of 901 (rounded). Taking into account the disparity between household numbers and dwelling numbers (901/.98), this produces figure of 919 homes. Netting off the 262 dwellings completed since 2011, **we arrive at a rebased household projections-derived dwellings of 657, or 51 dwellings (rounded) per year over the plan period.**
107. This projection is an entirely unconstrained, theoretical figure comprising a relative proportion of the overall projected increase, and thus does not take into account political, economic, demographic or any other drivers that might have influenced, or may in future influence, the Local Plan distribution across the District and hence any difference between this figure and a future Local Plan-derived figure.

5.4 Home growth 2001-2011

108. Consideration of home growth 2001-2011 provides a projection based on the rate of delivery of net new homes between the two censuses. As we have seen, there was an increase of 318 homes in the NPA between these two dates, or an average annual rate of increase of 31.8 homes (rounded). Multiplying this annual figure by the number of years remaining of the plan period from 2017 **produces a projection of 413 homes (rounded).**

5.5 Home growth since 2011

109. It is also helpful to consider a projection based on the rate of delivery of net new homes since the last census (2011), using data gathered and monitored by the LPA. As we have seen, between 1st April 2011 and the 31st March 2016, 262 net new dwellings were completed. This equates to an annual rate of delivery of 52.4 homes (262 divided by 5, the number of years elapsed). If this rate of delivery was continued to 2031, this would equate to **a projection of 681 homes over the plan period of 2018-2031** (52.4 x 13, rounded to the nearest whole number).
110. It is important to note the disparity between the two 'home growth' figures; this reflects the susceptibility of the development industry to fluctuations in demand and costs of development, among other factors. To allow for these peaks and troughs, and provide a more realistic picture of the quantum of development could be delivered over the plan period, we have taken the aggregate of the homes growth between 2001 and 2016; this comes to 580 (318 + 262) dwellings. Expressed as an annual average rate, this is 36.25 dwellings /year. This produces **projection derived from homes growth between 2001 and 2016 of 471 homes (rounded) over the plan period of 2018-2031** (36.25 x 13 years).

5.6 The standard methodology

111. In October 2017, the government issued for consultation the Standard Methodology for Assessing Housing Need (SMAHN). The purpose of the SMAHN is to simplify the process of arriving at an OAN for housing at local authority level, thus avoiding both the expense of producing complex SHMAs and the disagreements surrounding their methodologies.
112. Given that, within the next six months some form of SMAHN is likely to be introduced, it is worth considering what impact, if any, this will have on assessing housing need in Southwater.
113. Proposed updates to the PPG include a requirement that LPAs provide a housing need figure to neighbourhood planning groups, and that they may do this by making a reasoned judgement based on the settlement strategy and housing allocations in their plan, so long as the local plan provides a sufficiently up-to-date basis to do so.²²
114. We can read from this that, where the Local Plan is up-to-date (produced after the 2012 NPPF), the LPA's existing housing number can be used as the basis for arriving at a suitable number. This should however take into account the SMAHN and the 40% cap on potential increases to housing figures as a result of the new methodology set out in para 25 (a),
- for those authorities that have adopted their local plan in the last five years, we propose that their new annual local housing need figure should be capped at 40 per cent above the annual requirement figure currently set out in their local plan*²³
115. In the case of Horsham, the HDPF was adopted in November 2015, and therefore provides an up-to-date basis for arriving at a housing need figure for neighbourhood plan areas. However, the indicative assessment using the SMAHN formula is 974 dwellings per annum for Horsham. This is an uplift on the current figure of 800 dwellings per hectare set out in the HDPF of around 18%, and suggests an additional 3,480 dwellings should be delivered over the Plan Period from 2011 to 2031, or a new target of 19,480.
116. This total falls well within the proposed 40% cap, it is therefore reasonable to assume at this point that Horsham may see an uplift in its housing need figure in the order of 18% with the introduction of the SMAHN. Where this to be the case, HDC may need or decide to revisit its target of 1,500 dwellings set out in policy 15.
117. Assuming a new 'district minimum' however of 19,480 dwellings, this would produce a revised projection for Southwater based on this number of 1,344 (19,480*6.9%). Taking into account the 262 dwellings built in the parish since the 2011 Census, a housing needs figure that is compliant with the SMAHN is **1,082 dwellings** or 77 dwellings per annum. Conclusions
118. The starting point to arrive at an overall projection for housing numbers to be delivered in the Parish over the Plan Period is the average of the five projections, but excluding the SMAHN given this is not yet adopted central government policy, set out above unless there are reasons to adjust this approach based on factors that would exclude or require adjustment of one projection or the other.

5.7 Quantity - Conclusions

119. We have received explicit guidance from HDC that the Local Plan-derived housing target for Southwater should be taken from the 1,500 dwellings to be delivered through Neighbourhood Plans in accordance with the settlement hierarchy. For this reason, we have excluded projection 2, derived from the 'district' minimum from our calculation. The average of the remaining projections comes to 422 dwellings, or 30 dwellings (rounded) per year over the Plan Period.
120. Market signals research set out in this HNA has shown that Southwater is located within commuting distance of sites that offer some prospect for jobs growth over the Plan Period. If fulfilled, this will have an impact on the number of dwellings that should be built in the NPA in order to house a growing population of working people. This is reflected in the balance of 'up' arrows to those arrows showing no movement of 13.
121. While we are mindful of these factors, we are also conscious that the 'settlement hierarchy' approach to the calculation of a housing target for the village which has been arrived at by the Local Authority seeking to adhere to the principles of 'sustainable development', suggests Southwater requires no additional dwellings before it has satisfied its housing target.

²² DCLG, [planning for the right homes in the right places: consultation proposals](#), page 31

²³ DCLG, [planning for the right homes in the right places: consultation proposals](#), page 12

122. It is important in preparing an HNA to take into consideration the above policy context, and it is helpful that HDC has made its view clear that the 'settlement hierarchy' derived housing target should be given careful consideration, not least because of the general conformity requirement. However, this needs to be weighed against the requirement for the HNA, in line with PPG, to arrive at an objective expression of need for housing. The rationale for this is to make clear the operation of policy seeking to increase or reduce the number of dwellings to be delivered in light of other evidence relevant to the supply of dwellings within a given geography.
123. For this reason, taking into consideration market signals evidence that indicates an increase in dwelling numbers to meet future need is appropriate, this HNA recommends **a housing target falling to a range of 420 and 460 dwellings to be delivered over the Plan Period.**

6. RQ3. In light of current demographic and economic trends, and the current and future needs of the local population, what types and sizes of C2 and C3 accommodation should be provided over the plan period?

6.1 Overview

124. Given the majority of the housing stock fall into the larger sizes, this indicates a misalignment between the supply of dwellings and those the majority households are able to afford. This provides a prima facie case for increasing the number of smaller dwellings of 3-4 habitable rooms in Southwater.
125. The commitments (planning permission granted) data suggests the market is responding to demand for smaller dwellings; given the acute affordability issues however, there remains a case for planning policy to seek additional low-cost market dwellings.
126. Notwithstanding the comments elsewhere in this study relating to affordability, it is appropriate to continue to supply dwellings of 4 and 5 rooms in size as these provide accommodation to families given the demographic profile of the area; in addition, increasing supply will exert a downward pressure on house prices, thus improving access to market dwellings.
127. As we have seen, this HNA identifies a housing needs figure for Southwater falling into a range of 420 and 460 dwellings to be delivered over the Plan period; on account of the rapidly aging population; we have also a need for 340 specialist dwellings suited to the needs of those aged 75+.
128. Strictly speaking, these 340 dwellings will fall into a C2 Use Class; however, policy that requires a certain proportion of new build homes to conform with life-time homes principles (that will fall into a C3 Use Class category) will ease the pressure on demand for specialist housing of this kind, fulfilling a twin policy objective firstly that dwellings should be adaptable and, secondly, that of allowing older people to remain in their own homes, and more integrated into the community.
129. It is important to state there is no obligation for the 340 dwellings all to be provided within the parish itself and it is highly unlikely, given the needs of older people to live close to essential services, that they will be so. Notwithstanding, any dwellings that are delivered may be included towards fulfilment of the parish housing needs figure. In reality, there will be some overlap between these dwellings and the target.
130. The specific provision of specialist housing for the elderly should be arrived at in consultation with the district authority, based on an understanding of the requirement for older residents to live close to key services and the existence of specialist dwellings in the wider district given that these are likely to provide the access to services vital to underpin the well-being of older residents.

6.2 Key Indicators

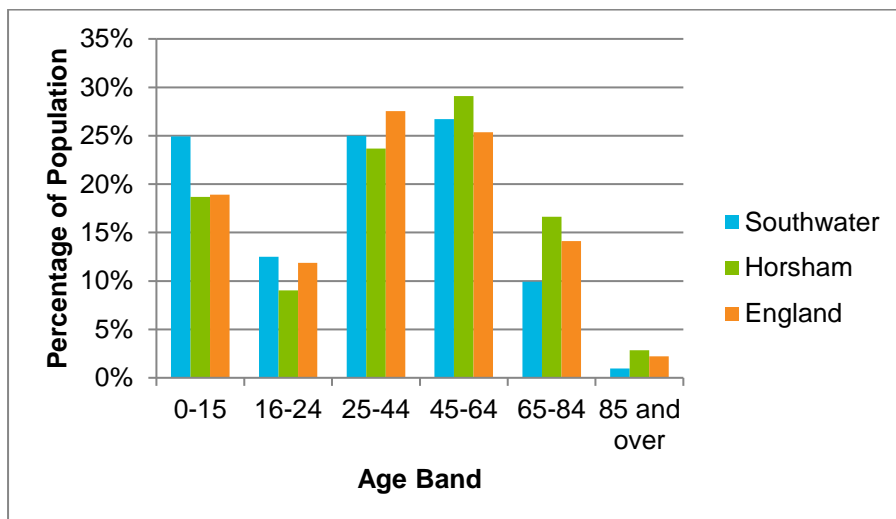
131. In order to understand whether the type and size of housing in Southwater is suited to the current and future needs of the community, we refer to the review of the housing stock set out in the paragraphs above. As we have seen, detached dwellings form the dominant type and there are a relatively lower number of flats compared with Horsham generally. As regards size of dwellings, despite the increase in number of smaller dwellings between 2001 and 2011 the number of homes of 1-3 rooms is limited to 8% of all homes within the NPA; this contrasts with the district average in of 11%, suggesting within the NPA in favour of larger dwellings.
132. To understanding the needs of the community, and identify any misalignments with current house supply, it is necessary to consider three key indicators, age structure, household income and household composition. This will provide a basis of evidence to justify any policy intervention.

6.3 Age structure

133. In the Figure 5 on the following table we set out the age structure of the population as described in Census data. This presents striking differences between the NPA and District. Firstly, Southwater has a significantly younger population than the district, 25% of residents are aged between 0-15; this contrasts with the district

figure of around 18%. Secondly, there is a contrast at the other end of the age spectrum, where roughly 17% of the population of the district are aged between 65 and 84, whereas the same age group constitutes only 10% of the NPA population. The first statistic indicates the needs of families are paramount in the NPA; the second suggests that the facilities for older residents may be insufficient, resulting in a displacement of older residents to the more populous settlement of Horsham.

Figure 4: Age Structure in Southwater



Source: Census 2011, AECOM calculations

134. Table 5 below allows us to take this analysis further by setting out how demographics have shifted in the decade between the 2001 and 2011 Census. This suggests that, despite the relatively young population (a teenage 'boom') seen in **Error! Reference source not found.** above, the population is nevertheless aging, with, as table 5 below shows, a substantial uplift in the number of residents aged 65 and above. Nevertheless, the largest increase is among those in late middle-age and a corresponding increase in young adults; these numbers far outstrip the data for district level data. This suggests the continued attraction of Southwater as a place to bring up a family.

Table 5: Rate of change in the age structure of the population of Southwater, 2001-2011

Age group	Southwater	Horsham	England
0-15	-8.8%	-2.6%	1.2%
16-24	39.5%	13.9%	17.2%
25-44	-19.9%	-9.2%	1.4%
45-64	54.3%	20.4%	15.2%
65-84	24.9%	24.0%	9.1%
85 and over	41.7%	30.7%	23.7%

Source: Census 2001 and 2011, AECOM Calculations

135. In Table 6 on page 34 we reproduce Table 3 from HNHD15; this presents forecasts for shifts in the age structure at the district level over the Plan Period. This suggests a continuation of the trend towards an increasingly elderly population in coming years. It also indicates the numbers of those in middle-age will fall. While these numbers should be treated with some caution given the differences in geography, the increase in the numbers of elderly people is likely to be true across the whole of the Housing Market Area.

Table 6: Population change 2011 to 2031 by fifteen year age bands (2012-based SNPP)

Age group	Population 2011	Population 2031	Change in population	% change from 2011
Under 15	22,874	23,497	623	2.7%
15-29	19,437	19,542	105	0.5%
30-44	25,056	24,088	-968	-3.9%
45-59	29,226	27,295	-1,931	-6.6%
60-74	22,350	30,939	8,589	38.4%
75+	12,597	23,499	10,902	86.5%
Total	131,540	148,859	17,319	13.2%

Source: Census 2001, Projections 2031

136. Bringing together the data on age structure, there is a notable difference between the NPA and district geographies, the former showing a markedly younger population. In addition, the proportion of older residents is lower than for the district.
137. Trends observed between the Censuses suggest, however, a population aging at a rate that is broadly comparable with the district together with an expansion in both the number of people in late middle age and young adults. This suggests both that, while the population is ageing, Southwater remains an attractive place to bring up a family.
138. District level data from the SHMA studies suggests a substantial increase in the numbers of those aged above the age of 60, and a striking increase in those aged 75+ of 86.5% between 2011 and 2031.

6.4 Household Income

139. While household income is a key determinant of the type and size of dwelling a given household can afford, a key aim of policy should be that it does not prevent a household gaining access to a dwelling of a suitable number of habitable rooms, given its composition. This is achieved firstly through the provision of affordable housing for those unable to access suitable accommodation without subsidy and secondly through managing the volume and their type and size of market dwellings to address both house prices and misalignments that may exist between what people want and what is available.
140. Clearly, given eligibility constraints on Affordable Housing, the needs of most households will be served by the market for sale dwellings, and that for rent. We consider each of these in turn.

6.4.1 For sale dwellings

141. In order to understand whether households are able to access dwellings of the right type and size a helpful starting point is the Affordability Ratio; below we consider two, the Mean Affordability Ratio (MAR) and the Lower Quartile Affordability Ratio (LQAR). These express affordability as a ratio of house prices to income, and provide an indication of whether people on mean and lower quartile incomes are able to access market dwellings.
142. In Table 7 on page 35 we set out house prices for Southwater and Horsham in 2016. By comparing this with current household income (set out in Table 7 below) it is possible to derive a MAR and LQAR for Southwater of 6.8 and 9 respectively (to derive the LQAR, we rely on advice received from local estate agents²⁴, who suggests an entry level price of home²⁵ in Southwater of £270,000).
143. The MAR suggests the majority of households are unable to access market dwellings for sale that are of a suitable type and size for their needs; the LQAR indicates this problem is particularly acute at the lower end of the income spectrum.

²⁴ John Furber, Cubitt & West, Southwater, 27/09/17

²⁵ For the purposes of this exercise, a typical entry level property is a 2 bed house (a 3-room dwelling in the considered suitable for a family of three individuals) which is especially relevant to meeting the typical needs of newly formed households.

Table 7: House prices in Southwater and Horsham

	1997			2016		
	Southwater	Horsham	Percentage Diff	Southwater	Horsham	Percentage Diff
Detached	£464,633	£399,421	14%	£607,354	£597,447	2%
Semi-Detached	£262,293	£253,357	3%	£412,000	£367,241	11%
Terraced	£224,415	£208,172	7%	£298,354	£296,668	1%
Flats	£172,189	£156,375	9%	£202,550	£200,563	1%
All Types	£297,568	£259,532	13%	£391,258	£370,245	5%

Source: Land Registry Price Paid Data

144. In Table 8 below we set out the household income within the NPA in 2017, and how this compares with a base geography of the United Kingdom as a whole. This shows a mean household income for Southwater of £57,833 and the lower quartile household income is £30,096.

Table 8: Household income in Southwater

HOUSEHOLDS INCOME AVERAGES		
	Area	Base
Mean	£57,832.95	£38,719.87
Median	£50,238.22	£31,591.03
Mode	100 - 120k	10 - 15k
Lower Quartile	£30,095.98	£17,845.10
Upper Quartile	£77,995.12	£52,529.37

Source: CACI, 2017

145. Using an income multiple of 4 (which approximately 75% of all mortgage lending ratios fell below in recent years²⁶), it is possible to assess what type of dwelling would be accessible to those on mean, median and lower quartile household incomes. As set out above, we have identified an entry level price of home in Southwater of £270,000.

146. In Table 9 on page 36 we set out the extent to which those on these income levels are able to afford dwellings at this price point. We can see from this that an entry level home is unaffordable to all these households without subsidy, given that, using a multiple of 4, an income of £67,500 is required.

²⁶ <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

Table 9: Affordability Table

Level	Income	Mortgage Multiple	% purchase price of entry level home
Mean	£57,833	£231,332	86%
Median	£50,238	£200,952	74%
Lower Quartile	£30,096	£120,384	45%

Source: AECOM Calculations

147. In Table 10 below we set out the number of households falling into the different income brackets, again drawn CACI pay-check data. From this table we conclude 65.6% of all households are unable to afford to purchase an entry level 3 room dwelling.

148. Considering the affordability of a five room (three bedroom) home, suitable for a growing family, a dwelling of this size would cost, according to local agents, a minimum of 300,000, with a semi-detached home of this size commanding a minimum price of around 350,000²⁷. Again, using an income multiple of 4, the income necessary for a dwellings at these prices would be £75,000 and £87,500 respectively. Using Table 10 below (household income), it is apparent that 73.4% of households are unable to afford a dwelling priced at £300,000 without subsidy or substantial savings.

Table 10: Household Income in Southwater

	Area Profile	Area %	Base %
0 - 5k	34	0.8%	2.4%
5 - 10k	117	2.8%	8.4%
10 - 15k	181	4.4%	10.2%
15 - 20k	223	5.4%	10.2%
20 - 25k	238	5.8%	9.1%
25 - 30k	257	6.2%	8.5%
30 - 35k	269	6.5%	7.7%
35 - 40k	255	6.2%	6.4%
40 - 45k	259	6.3%	5.9%
45 - 50k	233	5.7%	4.7%
50 - 55k	227	5.5%	4.2%
55 - 60k	210	5.1%	3.5%
60 - 65k	201	4.9%	3.1%
65 - 70k	172	4.2%	2.5%
70 - 75k	147	3.6%	2.0%
75 - 80k	128	3.1%	1.6%
80 - 85k	134	3.2%	1.6%
85 - 90k	123	3.0%	1.4%
90 - 95k	52	1.2%	0.6%
95 - 100k	78	1.9%	0.8%
100 - 120k	315	7.6%	3.0%
120 - 140k	114	2.8%	1.0%
140 - 160k	77	1.9%	0.6%
160 - 180k	53	1.3%	0.4%
180 - 200k	7	0.2%	0.0%
200k+	19	0.5%	0.1%
Total households	4,124		

Source: CACI, 2017

²⁷ John Furber, Cubitt & West, Southwater, 27/09/17

6.4.2 For rent dwellings

149. For households unable to afford to buy their home, the rental market offers an alternative route to securing a property suited to their needs. This in part explains the growth in the private rented sector in Southwater in recent years²⁸.

150. The growth of the private rented sector has good and bad points. It has been important in extending flexibility and choice, and in maintaining a supply of housing when turnover has reduced in the home ownership and social rented sectors. However, homes purchased by investors are likely to be those accessible to first time buyers, which has the effect of further excluding them from the market and placing an upward pressure on lower value prices. This may be a reason for the high LQAR observed earlier in this report.

151. In Table 11 below we present current data on rents in the private sector in the RH13 postcode; while this is a substantially larger area than Southwater, it provides a reasonable indication of rental values within the parish. This data suggests rents are, on average, higher in Southwater than in Horsham District generally.

Table 11: Rental sector statistics in the RH13 postcode versus District average

	RH13	Horsham	Difference
Average time on market (days)	125	122	2%
Average property rents (pcm)	£ 1,169	£ 1,110	5%

Source: Home.co.uk

152. The Home.co.uk website also provides data on the rental values of properties of different sizes; this is shown in Table 12 below. This permits a further analysis regarding affordability which in turn allows a judgement to be made as to the suitability of the current housing stock based on 'income thresholds.' Income thresholds are derived as a result of the annualisation of the monthly rental cost and then assuming that the annualised cost represents a maximum of 25% of annual household income.

153. In assessing affordability, as suggested above, our starting point should be the capacity of households to access a 2 bedroom entry level dwelling; on this basis, an income of £44,880 is required. Working from CACI data, rents at this value are within the means 56.6% of households in Southwater.

154. It is however worth noting that, in order to progress to a larger dwelling, for example a five room (three bedroom) home, a substantial step-up in income is required. This achieves near parity with the income required to access the market for sale dwellings of £67,500. As we have seen, this is beyond the reach of most households.

155. The income required to rent a larger family home of six rooms or more (four bedroom) illustrates the extreme difficulty of accessing dwellings of this for those on average incomes.

Table 12: Property Rents in RH13 by Number of Bedrooms

	No. of properties	Average rent	Annualised	Income required
One bedroom	18	£741 pcm	£8,892 pa	£35,568
Two bedrooms	21	£935 pcm	£11,220 pa	£44,880
Three bedrooms	13	£1,335 pcm	£16,020 pa	£64,080
Four bedrooms	9	£2,697 pcm	£32,364 pa	£129,456
Five bedrooms	1	£2,002 pcm	NA	NA

Source: Home.co.uk

6.5 Over-crowding and concealment

156. Given the evidence gathered suggests on the one hand the a relatively low supply of three room dwellings and, on the other, affordability issues that exclude the many households from the market to either buy or rent composition, it would be reasonable to expect some over-crowding and concealment.

²⁸ According to Census data, PRS dwelling grew from 161 to 356 dwellings between 2001 and 2011, an increase of 121%

157. To investigate the former, in Table 13 below we set out the number of people per room in the parish, and how this has changed over the course of the decade between the 2001 and 2011 Censuses. This suggests there has been an increase in the number of households experiencing some over-crowding (those where there are more than 1 person per room). The increase in numerical terms is 20 to 43 households so, while starting from a low base, the trend shows a substantial increase.

Table 13: Trends in number of persons per room in Southwater, 2001-2011

Persons per room	Southwater	Horsham	England
Up to 0.5 persons per room	12.4%	10.9%	7.9%
Over 0.5 and up to 1.0 persons per room	-3.4%	5.8%	7.0%
Over 1.0 and up to 1.5 persons per room	123.5%	22.0%	27.3%
Over 1.5 persons per room	66.7%	29.5%	2.5%

Source: Census 2001 and 2011, AECOM Calculations

158. In Table 14 below we set out the rate of concealed households within Southwater. A concealed household is one living in a multi-family household in addition to the primary family, such as a young couple living with parents where 'households' refers to a larger constituency including single people.

159. Again the numbers are currently low for Southwater. However, it is important to note that each year, based on current trends, the settlement will produce a number of 'new' households. If they are 'concealed' for more than one year it is likely some will be forced to move out of the area, so-called 'displacement.'

160. The 24 concealed households revealed in Census data therefore represent those new households coming into existence in the settlement who are unable to access suitable housing and, so far, have decided not to accept displacement. However, unless steps are taken to enable these households to remain within a twelve month period they are likely to move to more affordable locations. While the impact of this will be minimal in any one year, the cumulative effect over ten years could have a substantial impact on the demographic profile of the area.

161. Moreover 9.6% of family households have non-dependent children²⁹; these could be construed as potentially concealed households, who have simply not yet self-reported as such.

Table 14: Concealed families in Southwater, 2011

Concealed families	Southwater	Horsham	England
All families: total	2,972	38,935	14885145
Concealed families: total	24	451	275954
Concealed families as % of total	0.8%	1.2%	1.9%

Source: Census 2011, AECOM Calculations

162. Bringing together the evidence we have assembled as regards affordability as it relates to the type and size of dwelling, as we have seen, 8% of dwellings are smaller homes of 1-3 habitable rooms; 34% of all dwellings are smaller family homes of 4 and 5 habitable rooms, and the majority, 56% are larger dwellings of 6 rooms or greater. This compares with 11%, 36% and 53% for the district level.

163. Our assessment of affordability indicates that the majority of households are unable to buy an entry level home of three rooms. On the other hand the majority are able to access PRS homes of this size; however, given the relatively low levels of supply, availability of stock is a concern. Larger homes are unaffordable to rent or buy for those on incomes below the mean.

164. Working from CACI data, Land Registry House Price data and advice from local agents, we have been able to estimate an MAR and LQAR of 6.8 and 9 respectively. The MAR suggests the majority of households are unable to access market dwellings for sale that are of a suitable type and size for their needs; the LQAR indicates this problem is particularly acute at the lower end of the income spectrum.

165. Given the majority of the housing stock fall into the larger sizes, this indicates a misalignment between the supply of dwellings and those households are able to afford. This provides a prima facie case for increasing the number of smaller dwellings of 3-4 habitable rooms in Southwater including good quality apartments with access to balconies, outside areas or roof gardens.

²⁹ Census, 2011

166. Newly formed households from the parish with an income below that needed to access PRS dwellings (£44,880) will either be displaced from the area, be forced into private rented dwellings or they will accept unsuitable accommodation, leading to over-crowding.

167. Based on data relating to household income, there is a strong argument for increasing the supply of dwellings of three rooms. In addition, it is appropriate to continue to supply dwellings of 4 and 5 rooms in size as these provide accommodation to families and increasing supply will exert a downward pressure on house prices.

6.6 Household composition

168. In Table 15, we set out how the distribution of household types in Southwater. It is notable that 35.9% of the population fall into families with dependent children. This exceeds the district number by 9.3%, and confirms, suggested by age structure data above, of the strong family presence in the area. It is also worth noting the relatively low proportion of households aged 65 +; this compares with the number for the district of 13.6%.

Table 15: Household composition (by household) in Southwater, 2011

		Southwater	Horsham	England
One person household	Total	22.0%	28.2%	30.2%
	Aged 65 and over	8.7%	13.6%	12.4%
	Other	13.3%	14.6%	17.9%
One family only[1]	Total	73.8%	66.8%	61.8%
	All aged 65 and over	7.2%	10.8%	8.1%
	With no children	21.1%	20.6%	17.6%
	With dependent children	35.9%	26.6%	26.5%
	All children Non-Dependent	9.6%	8.9%	9.6%
Other household types	Total	4.2%	5.0%	8.0%

Source: Census 2011, AECOM Calculations

169. As with age structure data, by comparing data from Census 2001 and 2011, it is possible to identify trends that help inform housing policy. There has, for example, been a striking increase in the proportion of households with non-dependent children. This group has increased in number by 144 individuals over the period, a rise of 64.3%. There has also been an increase of 69 individuals living on their own, of whom 36, or 52%, are aged 65+. This too provides evidence of the increase in the ageing population.

Table 16: Rates of change in household composition in Southwater, 2001-2011

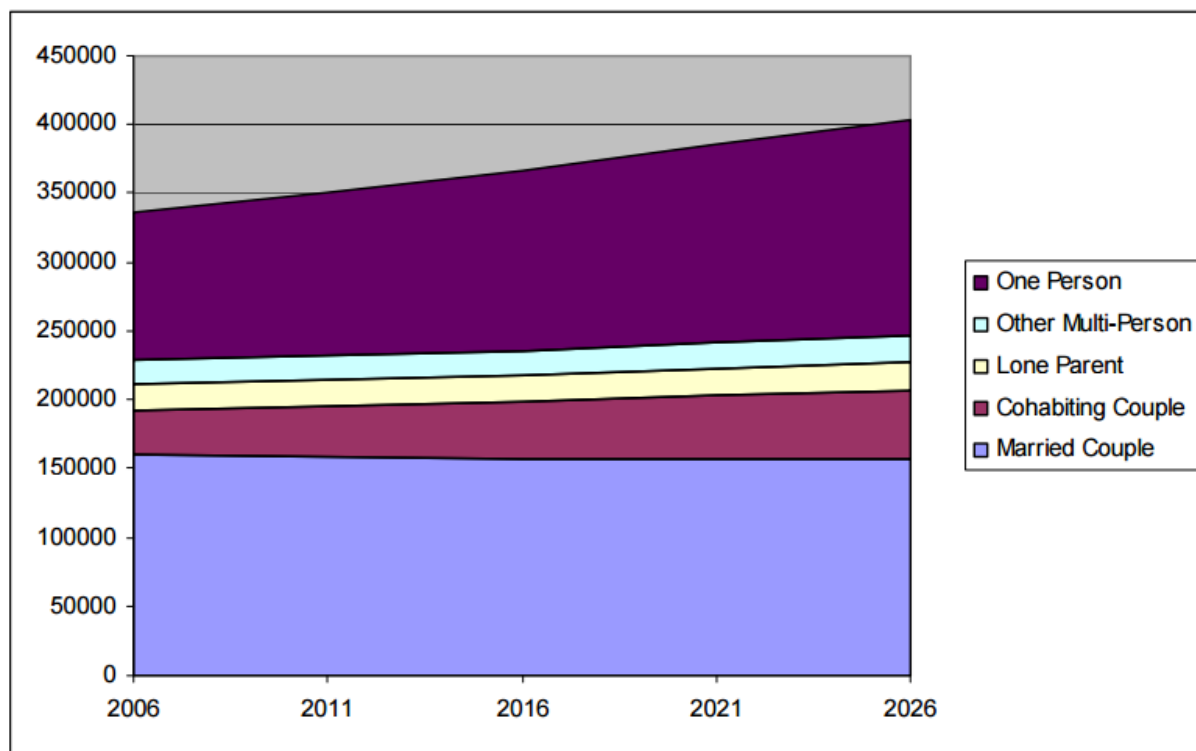
Household type		Percentage change, 2001-2011		
		Southwater	Horsham	England
One person household	Total	8.9%	16.0%	8.4%
	Aged 65 and over	12.1%	8.6%	-7.3%
	Other	6.9%	23.9%	22.7%
One family only	Total	6.9%	6.3%	5.4%
	All aged 65 and over	-3.5%	8.5%	-2.0%
	With no children	8.6%	4.8%	7.1%
	With dependent children	-1.0%	4.0%	5.0%
	All children non-dependent	64.3%	14.8%	10.6%
Other household types	Total	30.6%	26.4%	28.9%

Source: Census 2011, AECOM Calculations

170. SHMA09 provides some assistance in projecting changes in household composition in future years at the level of the Housing Market Area. Below we reproduce SHMA09 Figure 8.8 as Figure 5; this shows a continuation of the trend, seen in Census data reported above, of increases in one person households with other forms of household composition remaining broadly steady. This may reflect both social trends, for

example people leaving having children until later in life, and demographic shifts, in particular the ageing population.

Figure 5: Changing Household Structure, West Sussex County 2006-2026



Source: WSCC, CLG Revised Trend Based Household Projections

171. Bringing together the data relating to household composition, the NPA shows a substantially higher proportion of households comprising families with children. Changes over the ten year period between the 2001 and 2011 Censuses, suggest both an increase in families with non-dependent children and solo households, with a strong bias towards those aged 65+.

6.7 Specialist housing for older people

172. Given the trend within the population of the NPA towards a higher numbers of older residents, it is appropriate to consider their needs specifically.

6.7.1 Sheltered and extra-care housing

173. As we have seen, given the significant forecast increases in people aged 75+, and the number of households who will fall into this category over the plan period, it is appropriate for policy to provide support for a significant quantum of sheltered³⁰ and extra care³¹ housing as part of the delivery of new housing. Table 17 on page 41 identifies the growth in the population of over 75s between 2011 and 2031.

³⁰ Sheltered housing (also known as retirement housing) means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors. There are many different types of scheme, both to rent and to buy. They usually contain between 15 and 40 properties, and range in size from studio flats (or 'bedsits') through to 2 and 3 bedroomed. Properties in most schemes are designed to make life a little easier for older people - with features like raised electric sockets, lowered worktops, walk-in showers, and so on. Some will usually be designed to accommodate wheelchair users. And they are usually linked to an emergency alarm service (sometimes called 'community alarm service') to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden. Source: <http://www.housingcare.org/jargon-sheltered-housing.aspx> (accessed 11/04/17)

³¹ New forms of sheltered housing and retirement housing have been pioneered in recent years, to cater for older people who are becoming more frail and less able to do everything for themselves. Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as very or enhanced sheltered housing, assisted living, or simply as 'housing with care'. It comes in many built forms, including blocks of flats, bungalow estates and retirement villages. It is a popular choice among older people

Table 17: Change in the population of over 75s between 2011 and 2031

Age band	2011			2031		
	Population (Southwater)	Population (Horsham)	Percentage of population	Population (Horsham)	Population (Southwater)	Projected 75+ population (Southwater)
All ages	10,730	131,301	8.17%	149,978	12,253	
75+	539		5.02%	23,197	15.47%	1,896

Source: 2014-based Sub-national population projections, DCLG and Census 2011 (ONS) AECOM calculations

174. In arriving at an appropriate level of housing for older people of different types, we have applied the Housing Learning and Improvement Network's suggested numbers per 1,000 of the 75+ population³².

175. The table above shows an estimate of the increase in the numbers of older people aged 75+ of 1,357 (1,896-539).

176. The method we use to arrive this number can only be an estimate given that DCLG population projections do not provide data at the parish level. AECOM uses a four step method to arrive at the estimate:

1. Using DCLG population projections, we take the % of people aged 75+ at the end of the Plan period for the Horsham. We use this arrive at an estimate of change in the numbers of people aged 75+ in Southwater as follows,
2. The population size for Horsham together with the number of those aged 75+ is taken, and a calculation made as to their % of the total;
3. We arrive at an estimate of the size of the total population in Southwater at end of Plan period by assuming it is the same proportion of the Horsham population as in 2011;
4. To arrive at an estimate of the 75+ population in Southwater at the end of the Plan period, we assume % in the NPA is the same as it is Horsham.

177. Using this method, a very substantial increase is arrived at given that, in the 2011 Census, Southwater reports a much lower proportion of residents aged 75+ than Horsham generally. I.e., our modelling assumes the proportion of residents in Southwater who are 75+ increases from 5.02% to 15.47%. The rationale for this is that the HNA has uncovered evidence that the population is aging, and this trend will impact on Southwater broadly in line with the wider district. Thus, our model assumes that, in future years, the population of those aged 75+ in Southwater will catch up with the district numbers.

178. An alternative assumption would be that the proportion remains the same as the 2011 (5.02%); this would of course produce much lower forward projection. The number of those aged 75+ would increase to 615, an uplift of just 76.

179. Our preferred method however results in an estimate (using the housing LIN approach), over the Plan period, in a parish need for:

- additional conventional sheltered housing units = 60 x 135.7% = 81 (rounded)
- additional leasehold sheltered housing units = 120 x 135.7% = 163 (rounded)
- additional 'enhanced' sheltered units, split 50:50 between those for rent and those for sale = 20 x 135.7% = 27 (rounded)
- additional extra care housing units for rent = 15 x 135.7% = 20 (rounded)
- additional extra care housing units for sale = 30 x 135.7% = 41 (rounded)
- additional specialist dementia care units = 6 x 135.7% = 8 (rounded)

180. Note that there is no obligation for these all to be provided within the parish itself. As such, these 340 specialist dwellings need not be thought of as all needing to be provided within the neighbourhood plan

because it can sometimes provide an alternative to a care home. In addition to the communal facilities often found in sheltered housing (residents' lounge, guest suite, laundry), Extra Care often includes a restaurant or dining room, health & fitness facilities, hobby rooms and even computer rooms. Domestic support and personal care are available, usually provided by on-site staff. Properties can be rented, owned or part owned/part rented. There is a limited (though increasing) amount of Extra Care Housing in most areas and most providers set eligibility criteria which prospective residents have to meet.

<http://www.housingcare.org/jargon-extra-care-housing.aspx> (accessed 11/04/17)

³² Housing LIN (2011) Strategic Housing for Older People: Planning, designing and delivering housing that older people want, available online at: http://www.housinglin.org.uk/_library/Resources/Housing/SHOP/SHOPResourcePack.pdf

housing target- rather, there will be some overlap between these dwellings and the target, depending on the number that could be provided within the parish itself.

181. This specialist dwelling need is likely therefore to be split between the parish and the rest of the district, which will enable the elderly to live either within or as close to the parish as possible, taking account of the fact that Southwater is unlikely to be able to provide many of the specialist housing types needed within its own boundaries- although there could be the potential for these to be provided at, for example, Horsham taking account of their higher levels of accessibility to services and facilities, which will help in the recruitment and retention of specialist care staff and enable economies of scale (e.g. a centralised dementia care unit or enhanced sheltered development serving a widely dispersed rural population from a single location).

6.7.2 Retirement villages

182. Projects that involve the delivery of multiple homes satisfy the desire on the part of many older people to live in an environment with people facing similar challenges; retirement villages are often a cost-effective means of delivering sheltered and extra care housing together with the facilities and services these settlements imply. Given the numbers of units that result from the LIN analysis, it would be appropriate to consider this approach to the delivery of housing for the elderly in Southwater.

6.7.3 Senior Co-housing

183. Co-housing has been identified as being particularly suited to the needs of older residents. It offers a way for a group of people with similar interests and needs to come together to create an environment suited specifically to their requirements. Moreover, it can be designed to help address one of the most important issues for older people: isolation and loneliness. A number of successful case studies exist of both projects developed specifically with the needs of older people in mind, and others that encourage multi-generational housing, such as Featherstone Lodge in Forest Hill³³ and LILAC in Leeds³⁴. In the first example, the design facilitated the creation of public areas that encouraged social interaction between members of the community, moreover, a 'common house' was built in the grounds of the scheme that provided a shared space in which people could come together for meeting and shared activities.

6.7.4 Multi-generational homes

184. Multi-generational living has been identified as a possible solution not only for older people, but all generations where it makes financial sense to share accommodation, particularly younger people who are struggling to set up their own households. This gives rise not only to designs for new homes, but conversions to existing dwellings, introducing internal subdivisions and peripheral extensions to create internal layouts that balance the private needs of different generations with the benefits of over-lapping, shared communal spaces.³⁵

185. The phenomenon of the aging population has an up-side; with increases in the quality of health-care, older people are able to live active lives for longer, the so-called 'third age' after retirement when people still want to live fully active lives. Within a household or community where tasks and facilities are shared, they are in a good position to take on both voluntary and paid work, for example looking after grandchildren or taking care of the elderly.

6.7.5 Lifetime Homes

186. Many local authorities incorporate policy into their Local Plans that a proportion of new homes should be built according to 'Lifetime Homes' principles; these are ordinary homes incorporating a number of design criteria that can be universally applied to new homes at minimal cost, for example parking that makes getting in and out of the car as simple and convenient as possible and ensuring movement in hallways and through doorways should be as convenient to the widest range of people, including those using mobility aids or wheelchairs, and those moving furniture or other objects.³⁶

³³ <http://www.featherstonecohousing.co.uk/> (visited 12/04/17)

³⁴ <http://www.lilac.coop/> (visited 12/04/17)

³⁵ RIBA, *Silver Linings, The Active Third Age and the City*, Page 17-18

³⁶ <http://www.lifetimehomes.org.uk/pages/about-us.html>

6.7.6 Right-sizing

187. As we have identified earlier, there is a need for a greater number of the type of dwellings that facilitate 'right-sizing' for older people. It is important to note, this does not necessarily imply moving to a smaller home. Many older people have the wealth (and the choice that comes with it) to create a home suited to having visitors and accommodating care staff, who may need to make over-night stays.

188. For this reason, it is important to recognise that different ages have different needs, thus in the provision of housing, choice is critical, catering for those with relatively modest requirements, to those who are more dependent on help. The provision of choice that responds to need is part of creating a smoothly operating local housing market in which older people are able to move out of family homes when they wish, thus freeing up these properties for others.³⁷

6.7.7 Planning flexibility

189. Planning policy can be mobilized to help properties to become more adaptable in the context of an increasingly elderly population. This includes allowing the conversion of conventional dwellings or groups of dwellings (for example terraced housing) into multiple homes, particularly where additional features are included to address 'Lifetime Homes' criteria and to encourage interaction with the wider community. This can incorporate bigger community open space as a result of joining up different gardens.³⁸ This is not dissimilar to the practice of 'alley-gating' where alleyways between the backs of terraced housing have been gated off, and turned into shared community spaces.

6.7.8 Lifetime neighbourhoods

190. Creating an environment in which older people feel both welcome and comfortable does not end at the front door. Research exists that considers life-time neighbourhoods, in which the public realm is designed to address the needs of older people, and activates the benefits they can bring in supporting local businesses and encouraging improved public realm for everyone, for example providing more greenery and more walkable, better connected places.

191. Given the expanded role of neighbourhood planning around design outlined in the Housing White Paper of 2017³⁹, a compelling notion is that of 'the amplification of impact of micro-environmental features' to describe that particular way in which we become more sensitive to the ordinary, smallest features of urban space as we age. This places a particular emphasis on care and reflection in how we design, for example paths and public seating; this, in turn, calls for the participation of older people in the process of design.

192. Design approaches exist that provide a starting point for locally informed policy development in this area, these include Manchester's Design for Access 2 and the work of Inclusive Design for Getting Outdoors (IDGO); IDGO have identified material features that make everyday negotiation of urban space that much easier for older people; these include wide and flat tarmac footways, easy transition level changes, clear, simple and visible signage, frequent warm and supportive seating and well-maintained, safe and open toilets.⁴⁰

193. In addition, the notion of 'pensioner play-grounds,' 'green-gyms,' community gardens and various forms of guerrilla gardening (for example the Edible Todmorden project) encourage active use of public space and facilities on the part of an older demographic.

6.7.9 Age-friendliness

194. Since the millennium policy at the international level has been directed towards a more holistic appreciation of what an 'age-friendly' urban environment looks like. It has been remarked this should extend beyond physical installations, such as public seating and access to WCs, but embrace means mobilising civic agency among older group to forestall incipient marginalisation, enabling them to continue to make a full and active contribution to community life.⁴¹

195. In 2006 the World Health Organisation (WHO) began developing the 'Age-Friendly Cities' movement, now a worldwide network of over 200 member cities around the world. They have produced a guide that offers a

³⁷ Housing LIN, *New Approaches to Housing for Older People*, June 2014, page 6

³⁸ Gobber, S, *A Bright Grey Future*, Urban Design Group Journal, Spring 2016, page 29

³⁹ HMG, *Fixing our broken housing market*, page 29

⁴⁰ RIBA/Age UK, *An Alternative Age-Friendly Handbook*, page 54/55

⁴¹ RIBA/Age UK, *An Alternative Age-Friendly Handbook*, page 16

way of analysing the city from the perspective of older people, using a framework of inter-related domains: transportation, housing, social participation, respect and social inclusion, communication and information, civic participation and employment, health and community services.

196. Considering the housing domain, the WHO study identifies a check list of attributes necessary to foster a sense of belonging and well-being among older people. In addition to affordability and designing accommodation with the needs of older people in mind, the adaptability of dwellings is important, for example their capacity to accommodate chair-lifts that enable older people to continue to live in two-storey homes⁴².

197. The WHO also identified access to services, particularly those that become increasingly important as people get older, such as places of worship and community centres.⁴³ Moreover, optimising well-being has much to do with being able to maintain links with existing networks, which is best achieved by enabling people to remain in their existing communities for as long as possible. In the Australian city of Melville small clusters of senior's housing with small gardens are made available throughout the city, so that older people are not isolated from the community and particularly from children.⁴⁴

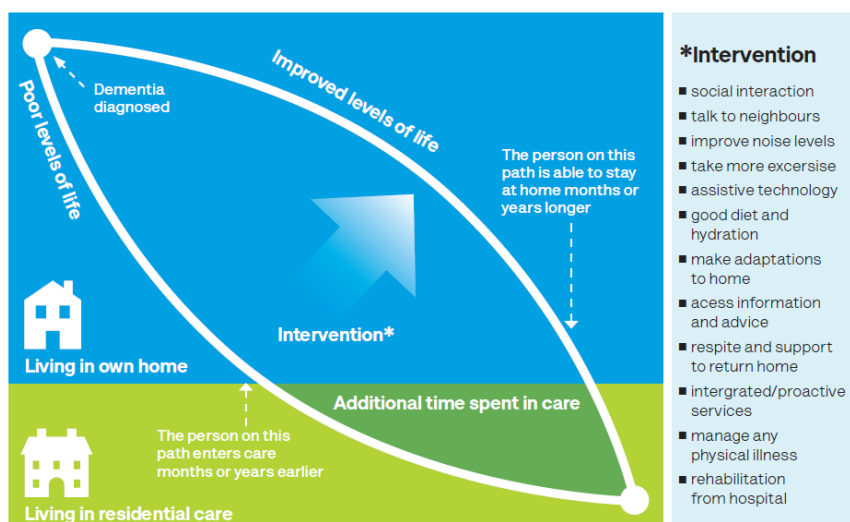
6.7.10 Housing for people with Dementia

198. Enabling people with dementia to live in their own homes for longer is critical to their quality of life as a result of the familiarity of surroundings and the help with retaining memories this facilitates⁴⁵. The challenge with this is two-fold; firstly the lack of appropriate adaptations in properties and, secondly, the support required to ensure a home is safe and suitable.

199. Selwood Housing in the South West has pioneered approaches that help overcome these, for example the installation of property exit sensors to inform a monitoring centre when tenants leave their home and then not return within a pre-determined time.

200. In figure 14 below we reproduce a chart showing the impact that early and appropriate intervention can have on the prospect of people with dementia remaining in their own home for longer.

Figure 6: Dementia care chart



Source: Dementia Services Development Centre, 2013

6.7.11 The role of the Local Authority

201. As suggested above, it is appropriate for the neighbourhood group to work closely with the LPA and indeed specialist housing providers operating in the wider area to develop policy and approaches to addressing the need for housing for elderly people in the area. The LPA is under an obligation through national policy to address the needs of older people,⁴⁶ it is therefore appropriate they should play the strategic role in co-

⁴² World Health Organisation: Global age-friendly cities: a guide, page 32

⁴³ Ibid, page 33

⁴⁴ Ibid, page 35

⁴⁵ Alzheimer's Society, Dementia-friendly housing charter, page 13

⁴⁶ NPPF, para 50

ordinating new efforts by housing providers, adult care services, primary care and health trusts, private and third sector organisations to meet the housing needs of older people across the district.

7. RQ4. How should the quantity of housing identified in RQ2 be split across the types and sizes of accommodation identified in RQ3?

202. By bringing the evidence together on age structure, household income and household composition it is possible to arrive at, in line with PPG, it is possible in general terms to reach an understanding of the various market segments in the NPA and their relative importance, and therefore weighting, in terms of future provision. Among other factors, this provision may be specified in terms of type and size of dwellings.

203. The table below sets out these different market segments, and the degree to which they are a growing, stable or declining group within the local population. One 'up' arrow indicates this grouping is growing modestly in the NPA; two 'up' arrows indicates strong growth, three 'up' arrows suggests very rapid growth in years to come. Where segments are falling in numbers, or not growing, neutral or down arrows are shown.

204. It is important to keep in mind the ability of the market to respond to growth trends in demand. It is not unreasonable to suggest, for example, the provision of smaller dwellings as a result of worsening affordability is a relatively new phenomenon to which the market will respond. The growth of the private rented sector in Southwater is an example of the market responding rapidly to shifts in the pattern of demand.

205. For this reason, policy interventions are appropriate to encourage both market reaction and to compensate for market failure (where the market is unable, for reasons of viability, or there are incentives, deliberate or otherwise, that drive the market not to respond to trends). Examples include the failure of the market to provide homes to those on low incomes and the under-supply of dwellings for the elderly.

206. Similarly, because of the neighbourhood's reliance on the capacity of the market to deliver the homes required for the majority of residents (either through for-sale dwellings or for-rent), policy intervention is best applied where the evidence is both compelling and the circumstances it describes serious. This is because policies carry both costs and risks; this can distort the market, preventing it from providing homes (and encouraging a position of market equilibrium in which homes are accessible to target markets).

7.1 Arrows Analysis

207. The market segments that are forecast to grow substantially over the period are one person households, particularly those aged 65+. These households require dwellings of 2 and 3 rooms. In addition, there are a number of segments that will grow, although to a lesser degree, that are also likely to prefer smaller dwellings. These are childless couples and newly formed households looking for their first home who have yet to leave the parental home;

208. In addition, there are three segments also forecast to show steady growth in the future, family households with children. These groups are like to opt for larger dwellings of 5 rooms or more;

209. Through our earlier analysis of housing stock and household income, a misalignment between supply and demand in the parish was identified, with a relatively small proportion of small dwellings of three rooms, and a large existing constituency of households likely to opt for such dwellings. There exists, therefore, a sound case for seeking to increase the proportion of such dwellings. Achieving parity with the wider district by increasing the share of dwellings of 2 and 3 rooms from 8% at present to 11% would be a reasonable aspiration for policy;

210. The effect of a larger number of smaller dwellings would be to moderate house price increases, allowing the Affordability Ratio to plateau and decline over time, and generate a greater number of dwellings for private rent;

211. Lastly, it is appropriate to continue to supply dwellings of 4 and 5 rooms in size as these provide accommodation to families and increasing supply will exert a downward pressure on house prices at the middle and upper end of the housing market.

Market segments	Income range	Tenure	Presence in Plan Area	Size of home
Young family where parents are aged 24-44 with 1+ children aged 0-15	Median	PRS, Social housing, shared equity, AMH	↑	5 rooms
Professional Head of Household Young family where parents are aged 24-44 with 1+ children aged 0-15	Mean	AMH, Market Housing (MH)	↑	5 rooms
Professional Head of Household family where parent are aged 44-64 with non-dependent children living at home	>Mean (equity rich)	Market Housing	↑	6+ rooms
Lone parent (with 1+ children)	Lower Quartile (equity poor)	Social Housing	↔	3 rooms
One person household aged under 65	Median (equity poor)	PRS, shared equity, DMH	↑ ↑	2 rooms
One person household aged 65+ with wealth	Median (equity rich)	Market Housing	↑ ↑ ↑	2-3 rooms
One person household aged 65+ without wealth	Lower Quartile (equity poor)	Social Housing	↑ ↑ ↑	2 rooms
Young couple no children	>Mean (equity poor)	Market Housing, Shared Equity, DMH	↑	3 rooms
Concealed households	Lower Quartile (equity poor)	Social Housing	↑	1-3 rooms

Source: AECOM

212. In Table 18 below we provide a guide, devised by Lichfields, setting out recommended dwelling sizes for different household types. This table has been defined on the basis of the following assumptions:

- Smaller apartments/flats or houses will be more suitable for meeting the initial requirements of married couples until the age they have a family. Those households without children could occupy either houses or flats of the appropriate size;
- Cohabiting couples and lone parents will want and require similar sizes of housing to married couples. Those households without children could occupy either houses or flats of the appropriate size;
- Smaller apartments/flats or houses will be more suitable to meeting the requirements of single person households;
- According to their composition, institutional accommodation such as a residential care home, hostel or purpose-built student accommodation will be more suitable for multi-person households;
- Further qualitative allowances will need to be made of households at retirement age who are likely to continue living in their previous home unless more manageable two bed flats, houses and bungalows are available; and,
- The requirement for housing with care, including supported housing and extra care provision, is likely to increase at 85 and above.

Table 18: Estimated Housing Size required by Household Type, by Age of Head of Household

Age Range 2013	One Person	Married Couple / With 1/2 Children	Married Couple / With 3+ Children	Cohabiting Couple / With 1/2 Children	Cohabiting Couple / With 3+ Children	Lone Parent / With 1/2 Children	Lone Parent / With 3+ Children	Other Multi-Person
0-14	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
15-24	1 bed flat/house	2 bed flat/house	3 bed house	2 bed flat/house	3 bed flat/house	2 bed flat/house	3 bed house	1 bed flat
25-34	1 bed flat/house	3 bed house	3 bed house	3 bed house	3 bed house	3 bed house	3 bed house	1 bed flat
35-44	2 bed flat/house	3 bed house	4 bed house	3 bed house	4 bed house	3 bed house	4 bed house	2 bed flat
45-59	2 bed flat/house	3 bed house	4 bed house	3 bed house	4 bed house	3 bed house	4 bed house	2 bed flat
60-84	2 bed flat/bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat
85+	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care

Source: Lichfields

7.2 Local Agent Survey

213. As part of the study, the views of a local estate agent, John Furber of Cubitt & West was canvassed; he has provided the following market intelligence in relation to Southwater:

- There is strong demand for all dwelling types, by particularly flats, semi-detached and terraced houses; demand is less pronounced for detached properties;
- Among dwellings for sale, the greatest demand for dwellings is for 1, 2 and 3 bed flats and houses, and to a lesser degree 4 bedroom houses;
- For the rental market, smaller dwellings are in demand, those of 1 and 2 bedrooms.
- There is a gap in the market for dwellings of 1-3 bedrooms for sale, and 2 bed dwellings for rent; and,
- For those looking for market properties, the greatest demand is coming from young and middle-aged adults.

214. In broad terms, these findings reinforce the arrows analysis above that the focus should be on the delivery of greater numbers of smaller homes. The demand for smaller dwellings for rent reflects their role as a form of affordable market housing for those unable to access the for sale market.

7.3 Dwelling split

215. This HNA recommends a housing target falling to a range of 420 and 460 dwellings to be delivered over the Plan Period. Assuming a mid-range figure of 430 dwellings are ultimately achieved, in the event this target were achieved a total of 4,344 dwellings would exist in the parish (3,914 + 430).
216. In order that 11% of all these dwellings are 2-3 rooms, in line with the district average across Horsham, their number would need to increase from the current 429 dwellings (370 + 59⁴⁷) dwellings to 488 (rounded). Therefore of the housing needs figure of 430, a minimum of 59 (14%) should be of 2-3 rooms. The balance of 371 dwellings should be equally split between family dwellings of 4 and 5 rooms.
217. As we have seen, there is a substantial projected demand for specialist dwellings for the elderly. There will be a large overlap between the 59 smaller dwellings set out above, and dwellings required by those aged 75+, particularly where these have been designed according to Lifetime Homes principles, making them suited to both families and older people seeking to down-size.
218. As regards the split in terms of C2 and C3 Use Classes, as we have seen in Table 6, the great majority of projected population growth at the district level is accounted for in older age groups. Taking these figures into account it is reasonable that the majority of new dwellings are suited to the use of people falling into these groups; therefore, of the mid-range target of 430 dwellings to be delivered over the Plan period, we would recommend that that 340 are so designed. Half of these (170) falling into Use Class C3 with a requirement they confirm with Lifetime Homes principles. The balance should fall into C2 Use Class. The remainder, 90 dwellings may be assigned to general (C3) housing.
219. Of the 59 smaller dwellings specified in paragraph 217, we would suggest that all these dwellings are among those designed to Lifetime Homes principles.
220. As noted above, it may not be possible or appropriate for the parish to absorb the full need for C2 dwellings, with a substantial proportion being allocated elsewhere. In this instance the portion of the housing needs figure accounted for by the C2 accommodation sited outside the NPA may be re-allocated to C3 general housing.
221. In terms of type, the bias towards small dwellings suggests flats, terraced and semi-detached homes are appropriate, in line with John Furber's advice.

⁴⁷ This number is arrived at by adding together the 29 dwellings classed as flats to the 30 classed as 'OAP' built between 2011 and 2017 in paragraph 81 to arrive at a reasonable proxy for dwellings sized between 2-3 habitable rooms

8. Market Signals

222. The PPG highlights the importance of taking housing market signals into account when assessing potential housing need, given they provide an indication of the balance between demand and supply. This is particularly important to consider given the significant and well-documented changes in the housing market over recent years, which were exacerbated by the economic downturn and subsequent issues in obtaining mortgage finance.

223. The PPG states:

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. Prices rising faster than the national/local average may well indicate particular market undersupply relative to demand.⁴⁸

224. These market signals relate to trends discernable within the housing market, and broader economic trends that have an impact on the housing market. The PPG goes on to assert that where there is evidence of an imbalance in supply and demand, an uplift in planned housing numbers – compared to those derived solely from household projections – is required in order to increase the supply of housing to meet demand and tackle affordability issues:

This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections.

225. In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability that would result from increased housing numbers. The following analysis considers a range of indicators to begin to assess an appropriate uplift to housing need on purely demographic projections.

8.1 Employment and Commuting Trends

226. Local employment trends can greatly influence housing needs as employment opportunities can stimulate demand in the plan area. It is therefore important to establish the employment sphere of influence experienced by the residents of Southwater Parish, and to consider whether this will impact the housing need for the parish.

227. The table below demonstrates high percentage of economically active residents in Southwater, higher than in Horsham and significantly higher than in England as a whole. As such, growth in employment is likely to be a key driver of housing demand in Southwater, whereas in places with lower rates of employment other factors might be of more significance.

Table 19: Economic activity in Southwater, 2011

Economic category		Southwater	Horsham	England
Economically active	Total	77.0%	73.4%	69.9%
	Employee: Full-time	45.3%	40.3%	13.7%
	Employee: Part-time	15.5%	14.8%	38.6%
	Self-employed	10.4%	12.9%	9.8%
	Unemployed	2.3%	2.7%	4.4%
	Full-time student	3.5%	2.7%	3.4%

Source: Census 2011, AECOM Calculations

⁴⁸ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

228. Many of those in employment in Southwater commute within the immediate area, with fewer working at or from home than in Horsham as a whole, with the average distance travelled to work consequently less. This is likely due to the proximity of the town of Horsham itself, which is less than five miles away from Southwater.

Table 20: Distance to work, 2011

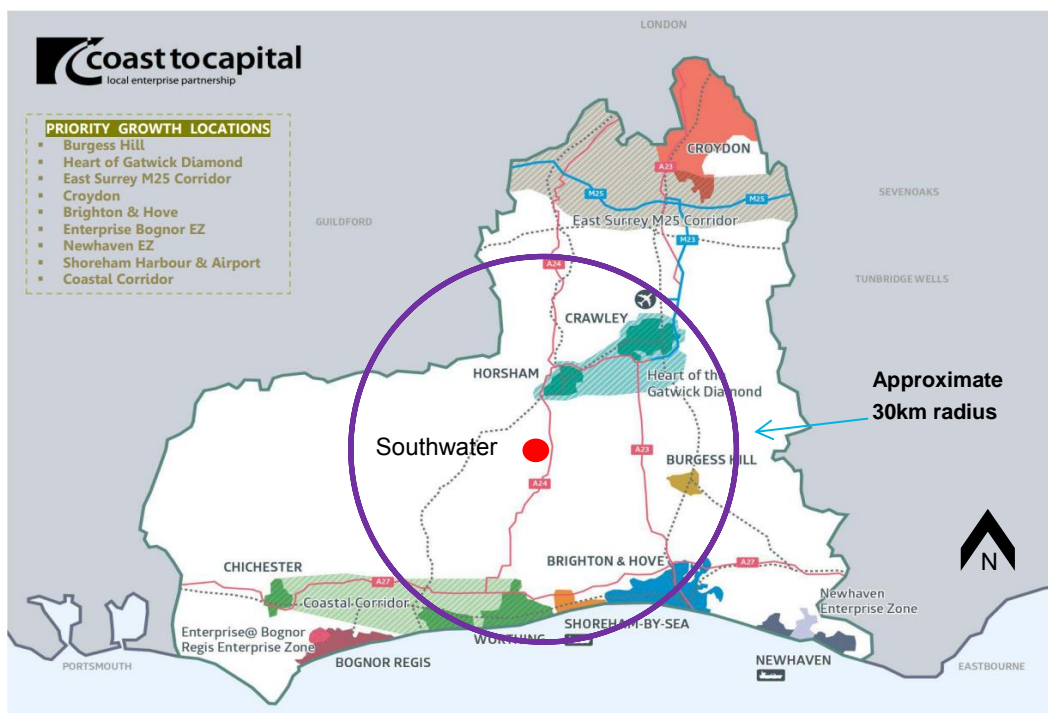
Location of work	Southwater	Horsham	England
Less than 10km	39.0%	34.3%	52.3%
10km to less than 30km	28.0%	28.5%	21.0%
30km and over	13.7%	13.8%	8.0%
Work mainly at or from home	10.9%	14.6%	10.3%
Other	8.5%	8.7%	8.5%
Average distance travelled to work	18.5km	19km	14.9km

Source: Census 2011, AECOM Calculations

229. Future employment growth in the wider economic region will also be driven by the prioritisation of investment into 9 specified growth poles (including Horsham as part of the Heart of the Gatwick Diamond priority location) across the Coast to Capital Local Enterprise Partnership Area, shown in the figure below. Sitting, as Southwater does, in a strategic location within 30km commuting distance to many of these future areas of growth and investment, this is likely to drive future demand for housing.

230. Indeed, the LEP's 2014 Strategy describes significant investments in Horsham including at North Horsham Railway Station, potentially creating 4,000 jobs⁴⁹, as well as investment in the A24 West of Horsham, potentially creating 1,600 new jobs⁵⁰. In light of these investments, it is reasonable to expect further growth in demand for housing as a result of employment growth in these locations.

Figure 7: Map of current and future growth capacity and spatial priorities in the Coast to Capital Local Enterprise Partnership Area



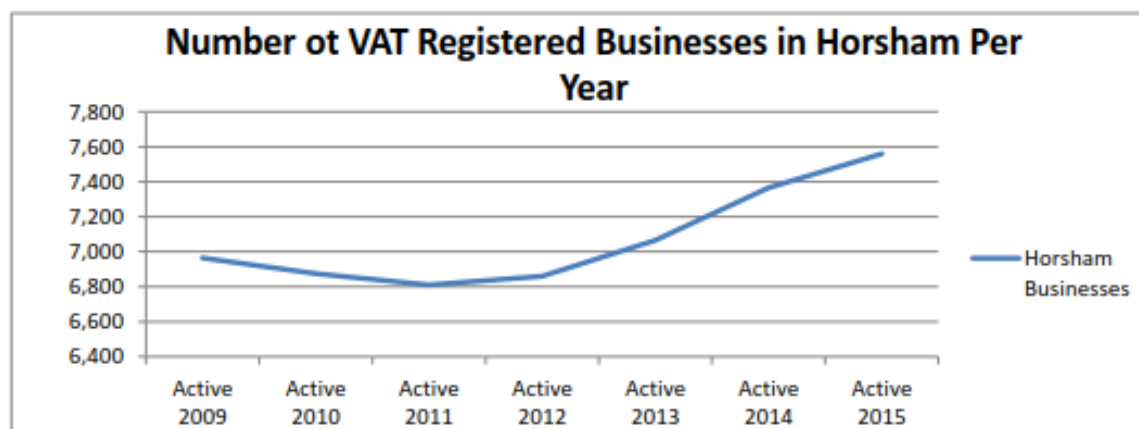
Source: LEPSEP14

⁴⁹ LEPSEP14, pp. 56

⁵⁰ LEPSEP14, pp. 85

231. The Horsham District Economic Profile also shows there has also been a significant growth in the number of VAT registered businesses based in Horsham⁵¹, as shown in the figure below, overtaking the pre-recession registration level and suggesting strong recovery and a surge in employment growth, which will drive overall economic activity, and feed into increased demand for housing in Southwater.

Figure 8: Number of VAT Registered Businesses in Horsham per Year



Source: ONS Business Demography 2008 to 2015/HDEP16

232. Indeed, Horsham's population is highly educated, providing a strong skills base for such employment growth. Horsham's has a higher rate of those with NVQ4 and above level than both West Sussex and the South East, fully 8% higher than Great Britain as a whole, as shown in Table 21 table below.

Table 21: Level of Education Qualification of Working Age Residents in the District, County, Region and Country

Qualifications	Horsham Actual	Horsham %	West Sussex %	South East %	Great Britain %
NVQ4 and above	35,600	45.2%	38.5%	39.8%	37.1%
NVQ3	13,500	17.1%	18.1%	19.0%	18.7%
NVQ2	12,400	15.8%	19.3%	18.0%	17.8%
NVQ1	8,900	11.3%	13.6%	11.7%	11.3%
Other qualifications	5,200	6.7%	5.0%	5.2%	6.5%
No qualifications	3,100	3.9%	5.5%	6.3%	8.6%

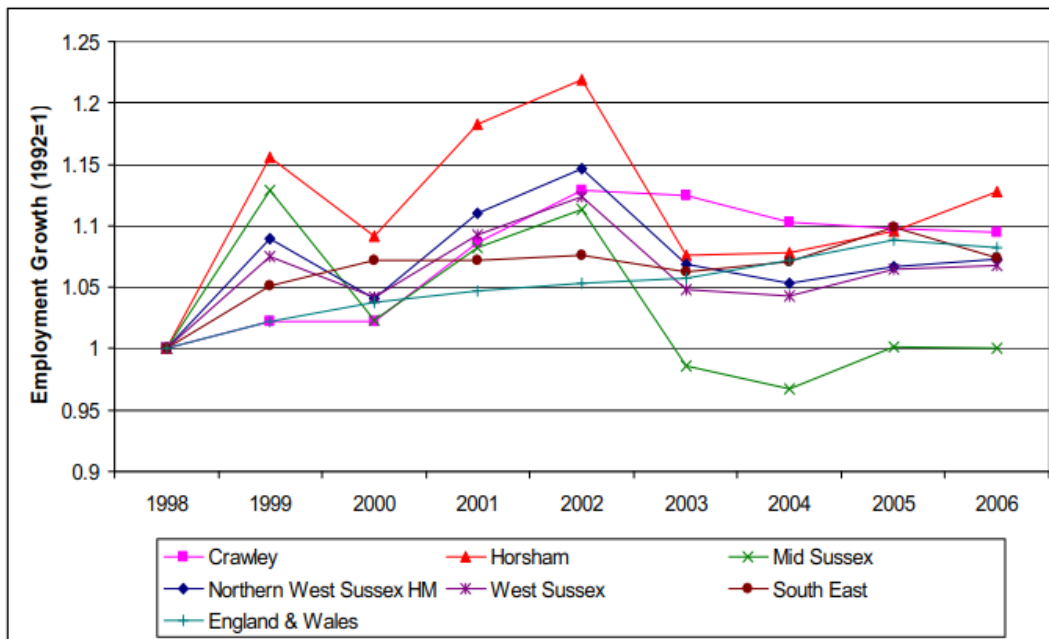
Source: ONS Crime Statistics/HDEP16

233. For both those commuting out of the district and those working inside it, including at home, the current socio-economic classification reiterates the view of a highly educated population: Horsham has a higher proportion of its population in the "Higher Managerial, Administrative and Professional Occupations" and "Lower Managerial, Administrative and Professional Occupations" than both the West Sussex and South East and England and Wales as whole. Indeed, approximately 41% of the population fell into this category, vs just 31% for England and Wales⁵². This strong skills base, has significant potential to enable further economic growth, beyond that of even the surrounding West Sussex economic area. This is reiterated by the historic trend for Horsham shown in Figure 9 below, showing employment growth for the period 1998-2006.

⁵¹ HDEP16, pp. 27

⁵² HDEP16, pp. 11

Figure 9: Employment Growth, 1998-2006



Source: ABI/GVA Grimley/SHMA09

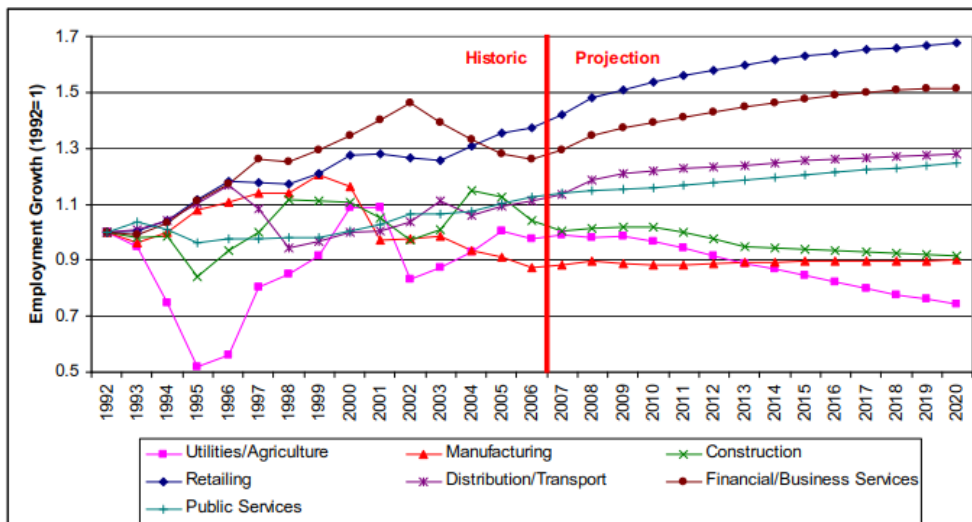
234. In terms of specific employment sectors, the table below shows that Horsham has particularly concentrated financial intermediation, education, manufacturing and retail sectors. Figure 10 below shows that the major growth sectors in the West Sussex Employment Market are projected to be retailing, financial/business services, distribution/transport, and public services. Therefore, it is reasonable to assume that Horsham's economy is likely to see significant growth due to its competitive advantage particularly in the manufacturing sector, within the wider West Sussex Economic Area.

Table 22: Location Quotient of Selected Sectors in Horsham and other areas

	Agriculture	Mfg	Retail	Hotels etc	Transport	Financial Intermediation	Other Business Services	Public Administration	Education	Health & Social Work
Crawley	0.1	1.1	0.8	1.0	5.3	1.2	0.8	0.8	0.5	0.3
Horsham	0.9	1.3	1.1	0.9	0.6	1.2	1.0	0.5	1.2	0.7
Mid Sussex	1.3	1.0	1.0	0.9	0.6	2.3	0.8	0.6	1.1	1.2
Northern West Sussex HM	0.7	1.1	0.9	0.9	2.6	1.5	0.9	0.7	0.9	0.7
West Sussex	1.6	1.1	1.0	1.0	1.6	1.3	0.8	0.9	1.0	1.3

Source: ABI 2006/SHMA09

Figure 10: Sector Growth Forecasts for West Sussex 1992 to 2020



Source: Experian/GVA Grimley 2006/SHMA09

8.2 Housing Sales (Prices)

235. The PPG advises that house prices should be used as an indication of the strength of demand for housing, and adequacy of supply to meet demand⁵³. It makes clear that house prices can be used to provide a 'market-base' enabling: "*the identification of areas which have clearly different price levels compared to surrounding areas. The findings provide information about differences across the area in terms of the price people pay for similar housing, market 'hotspots', low demand areas and volatility.*" This is then used as a signal to increase demographically based housing projections in response to the actual housing market.

236. To assess recent movements in the house market in Southwater we have analysed data from the Land Registry. This data provides price paid, housing type and date of transaction information which allows housing market trends to be identified. To replicate the NPA, post code data was gathered using the website 'Doogal', which allows all the post codes in a given area to be retrieved. The post codes included in the NPA included some from RH13. Data was then downloaded for the period of January 2007 to December 2016, and is presented in the figure below. It should be noted that this data is not as robust as that which could be provided by the local authority, and as such the figures should be viewed as estimates.

Table 23: Price Paid data for NPA Housing typologies per year in Southwater

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	GROWTH
Detached	464,633	443,421	388,487	432,114	483,589	472,149	475,947	505,600	521,666	607,354	31%
Semi-Detached	262,293	264,948	247,287	271,241	260,114	287,284	298,814	346,140	340,040	412,000	57%
Terraced	224,415	230,587	203,840	235,138	205,794	232,862	236,614	266,034	285,712	298,354	33%
Flats	172,189	162,769	158,064	150,648	140,619	142,273	152,706	164,388	207,854	202,550	18%
All Types	297,568	289,400	274,286	298,103	336,984	313,418	325,315	354,050	379,286	391,258	31%

Source: Land Registry Price Paid Data, AECOM Calculations

237. Southwater has seen significant rises in house prices in the period 2007-2016, with housing of all types seeing a rise of 31%, while for semi-detached housing, a rise of 57% has occurred. Whilst these price rises are in general less than those seen in Horsham as a whole, as shown in the table below, they still indicate significant demand for housing in the area.

Table 24: House price growth in Southwater versus Horsham, 2007-2016

	Southwater	Horsham District
Detached	31%	50%
Semi-Detached	57%	45%
Terraced	33%	43%
Flats	18%	28%
All Types	31%	43%

Source: Land Registry Price Paid Data, AECOM Calculations

238. Indeed, Southwater falls into the central part of the Northern West Sussex HMA, an area that it is suggested "attractive smaller settlements offering high quality of place and a housing offer focused more towards larger properties with strong demand"⁵⁴.

239. Table 25 on page 54 presents in more detail the comparison of house prices in Southwater verses those in Horsham as a whole. The table makes clear that although price rises in Southwater have been lower in percentage terms than in Horsham as a whole, this has been from a higher basis, with prices in 2007 ranging, per type, from 3%-14% more in Southwater than in Horsham. By 2016, this gap had changed significantly, with most housing in Southwater very close in price to that of Horsham's average as a whole, except for semi-detached houses, which have outperformed other housing types. In spite of the relatively higher percentage growth observed above in Horsham as a whole, it is quite significant to note that house

⁵³ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

⁵⁴ NWS SHMA 09 p.35

prices in Southwater were still consistently above the average for Horsham in 2016, with no exceptions. This indicates the relatively strong demand for housing in Southwater in relation to the district.

Table 25: Absolute house price comparison between Southwater and Horsham, 2007 and 2016

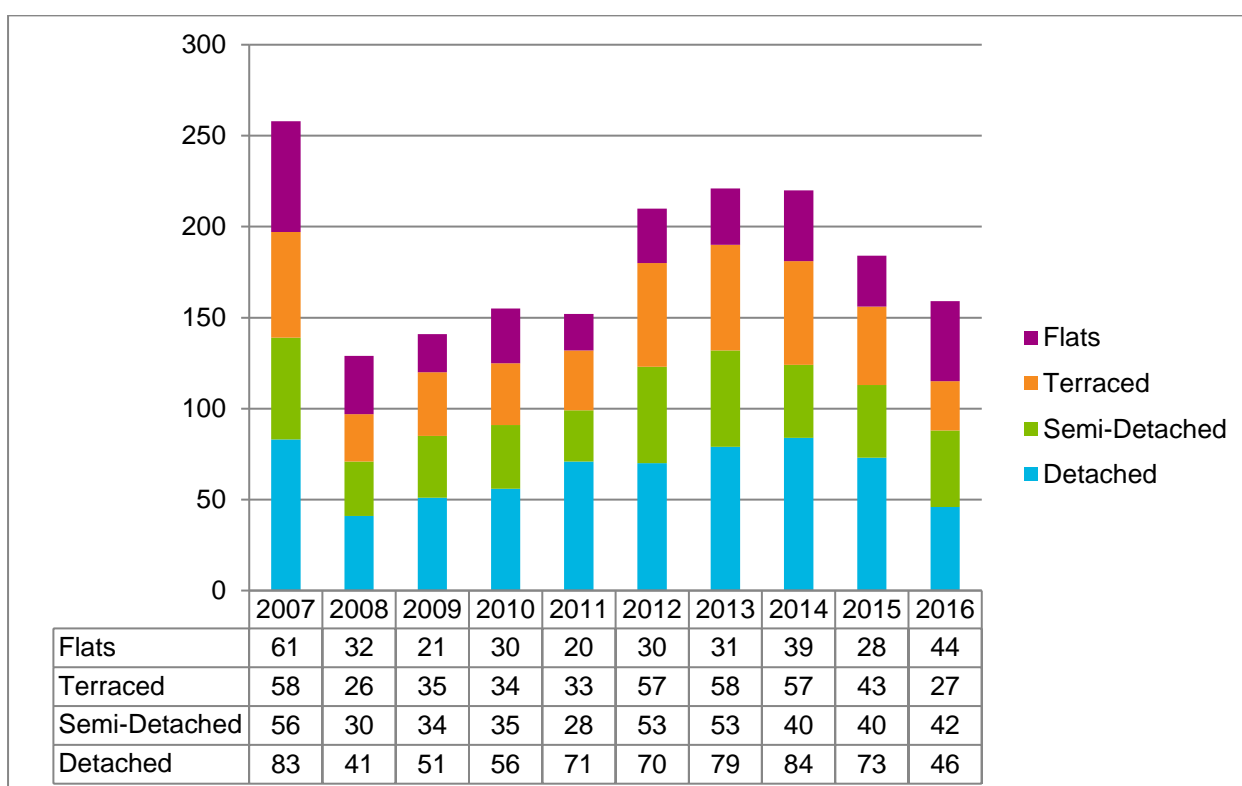
	2007			2016		
	Southwater	Horsham	Percentage Difference	Southwater	Horsham	Percentage Difference
Detached	£464,633	£399,421	14%	£607,354	£597,447	2%
Semi-Detached	£262,293	£253,357	3%	£412,000	£367,241	11%
Terraced	£224,415	£208,172	7%	£298,354	£296,668	1%
Flats	£172,189	£156,375	9%	£202,550	£200,563	1%
All Types	£297,568	£259,532	13%	£391,258	£370,245	5%

Source: Land Registry Price Paid Data, AECOM Calculations

8.3 Housing Sales (Volumes)

240. Mix adjusted housing sales volumes can also be used as an indicator of increased or decreased market demand, thus indicating the need to increase or decrease projections to meet this demand. Whilst not all sales are captured in Land Registry Data, for example sales via auction are not recorded⁵⁵, the data does offer a picture of the relative proportions of sales of each housing type over time, and are presented in the figure below. The figure demonstrates a drop in sales volumes following a peak in 2013, which with some variation, has been reflected across almost all housing types except for flats. The relatively strong continuing demand for flats is likely due to their relative affordability, with buyers who initially intended to buy terraces buying flats instead for example.

Figure 11: Volume of property sales in Southwater by property type, 2007-2016



Source: Land Registry Price Paid Data, AECOM Calculations

241. Another approach to benchmarking whether sales volumes represent a clear market signal indicating inflated or depressed demand across different housing types is to compare the proportion of sales of each type of

⁵⁵ <https://www.gov.uk/guidance/about-the-price-paid-data#data-excluded-from-the-house-price-index-and-price-paid-data>

housing (excluding any new builds, which would introduce supply side factors) with the proportion of the existing housing stock that falls into each category. This allows conclusions to be drawn about whether the sale of homes of each type is occurring proportional to their availability, or there whether there is unmet demand. This comparison laid out in the table below, which also includes the split by type of stock in Horsham for reference.

Table 26: Sales of housing vs existing housing stock, by type

	<i>Housing Sales</i>	<i>Housing Stock</i>	<i>Housing Stock</i>
	<i>Southwater</i>	<i>Southwater</i>	<i>Horsham</i>
Detached	36%	44%	39%
Semi-Detached	22%	24%	27%
Terraced	23%	19%	17%
Flats	18%	11%	17%

Source: Land Registry Price Paid Data, AECOM Calculations

242. The data in the table above clearly demonstrates proportionally higher sales (and thus demand) for smaller, and thus cheaper and more affordable housing types such as terraces and flat, relative to existing supply; and a proportionally lower sales (and thus demand) for larger housing types, relative to existing supply. This data thus indicates a relative imbalance of supply and demand for cheaper housing types, which further reinforces the view that ongoing demand for flats shown above is due to their relative affordability.

8.4 Migration

243. Although Southwater has experienced population growth of approximately 7% between 2001 and 2011, this was less than the population growth experienced by Horsham as a whole, which was approximately 7.5%.⁵⁶ As such, it is unlikely that migration has contributed significant to net housing demand in the area. Furthermore the table below shows the breakdown of Southwater's population by place of birth and length of residence in the UK. This clearly indicates that a higher proportion of residents in Southwater were born in the UK than in Horsham District as a whole, and indeed than in England. Indeed, of those who were born outside of the UK, nearly two thirds have been resident here for more than 10 years. As such, migration is not seen as contributing to housing demand in Southwater.

Table 27: Country of birth and length of residence, Southwater 2011

Place of birth	Population breakdown		Southwater	Horsham	England
Born in the UK	Total		93.6%	92.0%	86.2%
Born outside the UK	Total		6.4%	8.0%	13.8%
	EU		2.5%	3.0%	3.7%
	Other		3.9%	5.0%	9.4%
	Length of residence	Less than 2 years	0.6%	0.9%	1.8%
		2-5 years	0.7%	1.0%	2.2%
		5-10 years	1.2%	1.3%	2.9%
		10 years or more	4.0%	4.8%	7.0%

Source: Census 2011, AECOM Calculations

8.5 Overcrowding

244. Another indicator of increased demand in the housing market that could be indicative of a need for an uplift on demographic projections is the prevalence of overcrowding in the NPA. This is because demand for housing in the area can manifest itself in the over-occupation of housing stock as increased demand does

⁵⁶ Census 2001/2011, AECOM Calculations

not always result in an increase in supply as this is relatively inelastic. Such over occupation can be defined as households living with more than 1 person per habitable room, including living spaces. This data is collected as part of the census, and is presented in Table 28 on page 55.

Table 28: Trends in number of persons per room in Southwater, 2001-2011

Persons per room	Southwater	Horsham	England
Up to 0.5 persons per room	12.4%	10.9%	7.9%
Over 0.5 and up to 1.0 persons per room	-3.4%	5.8%	7.0%
Over 1.0 and up to 1.5 persons per room	123.5%	22.0%	27.3%
Over 1.5 persons per room	66.7%	29.5%	2.5%

Source: Census 2011, AECOM Calculations

245. The table above shows a significant rise in the number of households experiencing crowded conditions between 2001 and 2011, albeit from a low base of 20 households in Southwater living with over 1 person per room in 2001, rising to 43 households in 2011.⁵⁷ Even so, set against the rises seen in both Horsham District and in England as a whole, this is a significant indicator of increased housing demand in Southwater.

8.6 Concealment

246. A second indicator which can be used to assess the relative overcrowding, and thus increased demand, experienced in Southwater is the change in the number of concealed families between 2001 and 2011, data regularly collected as part of the census. The table below shows that there is evidence of 24 concealed families within Southwater, an indicator of a lack of affordability. This means that there are 16 'hidden families' living within multi-family households, in addition to the primary family, such as a young couple living with parents. Whilst this does indicate under-provision in Southwater, the rate of concealment is broadly in line with the Horsham average in terms of the overall percentage. It does however indicate a latent demand for housing from families living locally in Southwater.

Table 29: Concealed families, 2011

Concealed families	Southwater	Horsham	England
All families: total	2,972	38,935	14885145
Concealed families: total	24	451	275954
Concealed families as % of total	0.8%	1.2%	1.9%

Source: Census 2011, AECOM Calculations

8.7 Rate of Development

247. The PPG suggests that "If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan."⁵⁸ As such, this section considers this market signal and its potential impact to uplift the demographic projections discussed in Chapter 2.

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251. **Table 30** on page 57, compiled from ONS Census data, shows the total number of dwellings for Southwater and Horsham in 2001 and 2011. This shows that Southwater has seen an average annual rate of growth of 32 dwellings (rounded), although over this period less housing growth was accommodated in

⁵⁷Census 2001/2011, AECOM Calculations

⁵⁸ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Southwater than in the district as a whole, which saw a 10.4% change in its overall housing stock. This is likely to have been significantly impacted by the national recession experienced in 2007.

Table 30: Total dwellings, change, and average annual change in Southwater and Horsham, 2001-2011

Area	2001	2011	% Change	Average Annual Change
Southwater	3,596	3,914	+8.8%	+31.8
Horsham	51,195	56,516	+10.4%	+483.7

Source: ONS Census 2011

252.

253. Data provided by the LPA in the table below shows that there were 245 dwelling completions in Southwater Parish between 2010 and 2016⁵⁹, an average rate of 40 dwellings per year (rounded). There has been an increase in the pace of delivery from 2012, mainly due to the financial crisis, which depressed completions from 2010 to 2012. There has also however been a slowing in pace of delivery since 2013, notably with a low number of units built relative to permitted in 2014/15. This drop likely reflected the drop in planning permissions in the same period. Whilst the rate of delivery in recent years is higher than the rate between 2001 and 2011, it should still be seen in the context of wider delivery rates across the housing market area.

Table 31: Housing Completions Data for Southwater Parish

Survey Year	Parish	Permitted	Built Units	Losses
2010/11	SQ	45	34	1
2011/12	SQ	12	5	0
2012/13	SQ	161	43	2
2013/14	SQ	136	136	0
2014/15	SQ	88	16	2
2015/16	SQ	20	11	3
TOTAL		462	245	8

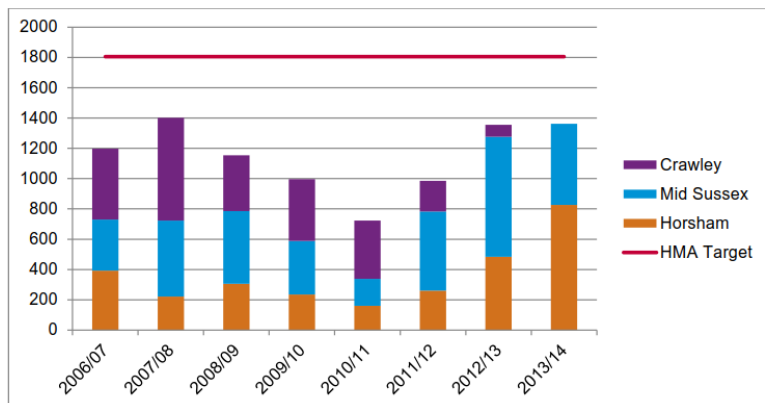
Source: Horsham District Council

254. Housing supply has not, in the years for which data was available, surpassed more than 80% of projected need for the housing market area, as shown below, although in the year 2013/2014 Horsham did deliver more than the 800 homes set as an annual target in its 2015 District Planning Framework⁶⁰. Furthermore, the effect of the financial crisis and the second dip of the recession can also be seen in the drop in housing supply focused on the year 2010/2011 across the entire Northern West Sussex Housing Market Area, as shown in the figure below. The chart also demonstrates the relative strength of Horsham's housing market recovery, particularly when set against nearby Crawley, and the dip in supply in Mid-Sussex for 2013/14, the last year for which data is available. However, given that the more recent data for Southwater shown above shows a significant drop in the rates of delivery from 2014 onwards, it is likely that the overall target for Horsham is unlikely to be met.

⁵⁹ HDC, 2017

⁶⁰ HDPF15, pp. 54

Figure 12: Housing Supply vs. Past Targets, 2006/07-2013/14



Source: Local Authorities' Annual Monitoring Reports/HHND15




9. Conclusions

9.1 Overview

Table 32: Summary of market signals factors specific to Southwater with a potential impact on neighbourhood plan housing quantity

Factor	Source(s) (detailed in Chapter 5)	Possible impact on future housing need	Rationale for judgement
Employment trends	Census 2001/11, LEPSEP14, HDEP16, SHMA09,	↑ ↑ ↑	Southwater has been shown to have a high proportion of economically active residents, many of whom commute to the town of Horsham itself. Both Horsham and the wider economic area have been shown to have significant growth potential, in terms of the local labour supply, the number of VAT registered businesses, and the types of businesses located in the area. These factors suggest significant growth in employment in future, and thus three up arrows is deemed appropriate.
Housing transactions (Prices)	Land Registry Price Paid Data for 2006-2016, SHMA09	↑ ↑	Southwater has been shown to have experienced a significant increase in house prices (31% across all types between 2007 and 2016), although the rate of growth has slowed from a high base... The price paid varies significantly per housing typology however, and in particular, growth in flat prices has been low compared to other types. Prices still remain above the average for Horsham as a whole. As a result an assessment of two up arrows has been deemed appropriate.
Housing Transactions (Volume)	Land Registry Price Paid Data for 2007-2016, Census 2001/2011 data, SHMA09	↑	Whilst the volume of sales in Southwater peaked post-recession in 2014 and has not yet recovered, the volume of sales of flats has continued, indicating demand for more affordable housing types. Similarly, there is a higher volume in sales of the

more affordable types, including flats and terraced housing, relatively compared with stock and a similar reduced volume in sales of detached and semidetached housing compared with stock. This suggests a mismatch between supply and demand of relatively more affordable housing types, and thus one up arrow is considered appropriate to account for this increased level of demand.

Migration and demographics	HNHD15, SHMA 2009, Census data 2001, 2011		In spite of population growth in Southwater between 2001 and 2011, growth has not been as high as in Horsham as a whole, and the percentage of Southwater's population born outside of the UK is smaller than in Horsham as a whole. As such, migration is not seen as a significant indicator of increased demand for housing.
Overcrowding	Census Data 2001, 2011		There has been a significant uplift, and indeed a doubling of those living in overcrowded conditions in Southwater. Though the absolute numbers are relatively small, totalling just over 40 households, it is pertinent to note that Southwater has only delivered approximately 40 units per year over the last six years, and thus such households are indicative of significantly increased demand. As such, three up arrows is deemed appropriate.
Concealment	Census Data 2001, 2011		Census data suggests that 24 concealed families exist in Southwater. Whilst this rate is lower than in Horsham and England as a whole, again, when set against the rates of delivery noted above, this represents significant latent local demand for housing, and there for two up arrows is deemed appropriate. However, there is inevitably an overlap between concealed households and those experiencing overcrowding.

Rate of development HDC, HNHD15
Land Registry
Data/AECOM
Calculations



Whilst the rate of development in Southwater increased in the six years to 2016 in comparison to the period between 2001 and 2011, this is likely as a result of the recovery from the national recession.

Furthermore, the local authorities in the Northern West Sussex Housing Market Area have significantly under-delivered against HMA targets. Horsham, however, has been showing a strong housing market with a growing housing supply and in the year 2013/2014 Horsham did deliver more than the 800 homes set as an annual target. More recent evidence from Southwater however shows that these rates have not been maintained, and therefore two up arrows is considered appropriate.

255. Market signals research has shown that Southwater is located within commuting distance of sites that offer some prospect for jobs growth over the Plan Period. If fulfilled, this will have an impact on the number of dwellings that should be built in the NPA in order to house a growing population of working people. This is reflected in the balance of 'up' arrows to those arrows showing no movement of 13.

256. While we are mindful of these factors, we are also conscious that the 'settlement hierarchy' approach to the calculation of a housing target for the village which has been arrived at by the Local Authority seeking to adhere to the principles of 'sustainable development', suggests Southwater requires no additional dwellings before it has satisfied its housing target.

257. It is important in preparing an HNA to take into consideration the above policy context, and it is helpful that HDC has made its view clear that the 'settlement hierarchy' derived housing target should be given careful consideration, not least because of the general conformity requirement. However, this needs to be weighed against the requirement for the HNA, in line with PPG, to arrive at an objective expression of need for housing. The rationale for this is to make clear the operation of policy seeking to increase or reduce the number of dwellings to be delivered in light of other evidence relevant to the supply of dwellings within a given geography.

258. For this reason, taking into consideration market signals evidence that indicates an increase in dwelling numbers to meet future need is appropriate, this HNA recommends a housing target falling to a range of 420 and 460 dwellings to be delivered over the Plan Period.

Table 33: Summary of local factors specific to Southwater with a potential impact on housing characteristics

Factor	Source(s) (see Chapter 3)	Possible impact on housing needed	Conclusion
Affordable Housing	CACI data, Land Registry House Price data, Local Agents	The majority of households are unable to buy an entry level home of three rooms; they are however able to access Private Rented Sector (PRS) homes of this size. Larger homes are unaffordable to rent or buy for those households on incomes below the mean. An estimate of Mean Affordability Ratio (MAR) and Lower Quartile	The MAR suggests the majority of households are unable to access market dwellings for sale that are of a suitable type and size for their needs; the LQAR indicates this problem is particularly acute at the lower end of the income spectrum. Newly formed households within the parish with an income below that needed to access PRS dwellings (£44,880) will either be displaced from the area or they

Affordability Ratio (LQAR) is 6.8 and 9 respectively.

will accept unsuitable accommodation, leading to further over-crowding.

Demand/need for smaller dwellings	Census 2001 and 2011	<p>The number of small homes of 1-3 rooms is limited to 8% of all dwellings within the NPA; the average for the Horsham district is 11%.</p> <p>There has been an increase in the number of smaller dwellings over the decade between the Censuses of 83 dwellings, an increase of 78%.</p> <p>Data showing commitments, that is suggests a strong shift towards smaller homes with around 40% of all dwellings accounted for by dwellings of up to 4 rooms.</p>	<p>Given the majority of the housing stock fall into the larger sizes, this indicates a misalignment between the supply of dwellings and those the majority households are able to afford. This provides a prima facie case for increasing the number of smaller dwellings of 3-4 habitable rooms in Southwater.</p> <p>The commitments data suggests the market is responding to demand for smaller dwellings; given the acute affordability issues however, there remains a case for planning policy to seek additional low-cost market dwellings.</p>
Demographic change	Census 2001 and 2011, SHMA09	<p>Trends observed between the Censuses suggest a population aging at a rate that is broadly comparable with the district together with an expansion in both the number of people in late middle age and young adults.</p> <p>The NPA shows a substantially higher proportion of households comprising families with dependent children than Horsham District.</p> <p>Changes over the ten year period between the 2001 and 2011 Censuses, suggest both an increase in families with non-dependent children and solo households, with a strong bias towards those aged 65+.</p>	<p>While Census data suggests the NPA has distinct contrasts with the district numbers, this is likely to lessen with time, particularly in respect of the growth in number of older residents given the district-wide phenomenon of the ageing population, assuming no intervention to re-balance the demographic.</p>
Dwelling type	Census 2011	<p>Detached dwellings form the dominant type, and this exceeds the average for the district</p> <p>There are a lower number of flats compared with the Horsham average.</p>	<p>The bias in favour of detached properties reflects the preponderance of larger dwellings in the neighbourhood.</p>
Family-sized housing		<p>There is a notable difference between the NPA and district geographies, the former showing a markedly younger population. In addition, the proportion of older residents is lower than for the district.</p> <p>34% of all dwellings are smaller family homes of 4 and 5 habitable rooms, and the majority, 56% are larger dwellings of 6 rooms or greater.</p>	<p>Notwithstanding the comments above relating to affordability, it is appropriate to continue to supply dwellings of 4 and 5 rooms in size as these provide accommodation to families given the demographic profile of the area; in addition, increasing supply will exert a downward pressure on house prices, thus improving access to market dwellings.</p>

This compares with similar, though slightly smaller or the district level.

<p>Housing for independent living for older people</p>	<p>SHMA09</p>	<p>District level data from the SHMA studies suggests a substantial increase in the numbers of those aged above the age of 60, and a striking increase in those aged 75+ of 86.5% between 2011 and 2031.</p> <p>The numbers of those aged 75+ in the NPA are estimated to increase from 538 to 1,896 over the plan period; assuming Southwater experiences similar growth in this age group to Horsham district by 2031.</p>	<p>Based on this assumption, this HNA has identified a parish need for</p> <ul style="list-style-type: none"> • 81 additional conventional sheltered housing units • 163 additional leasehold sheltered housing units • 27 additional 'enhanced' sheltered units, split 50:50 between those for rent and those for sale • 20 additional extra care housing units for rent • 41 additional extra care housing units for sale • 8 additional specialist dementia care units.
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9.2 Recommendations for next steps

259. This neighbourhood plan housing needs advice provides Southwater Parish Council with vital evidence on housing trends from a range of sources. We recommend that the Town Council should, as a next step, discuss the contents and conclusions Horsham District Council with a view to agreeing and formulating draft housing policies, taking the following into account during the process:

- the contents of this report, including but not limited to Table 31 and Table 32;
- Neighbourhood Planning Basic Condition A, that it has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the neighbourhood plan contributes to the achievement of sustainable development; and Condition E, which is the need for the neighbourhood plan to be in general conformity with the adopted strategic development plan;
- the views of the District Council;
- the views of local residents;
- the views of other relevant local stakeholders, including housing developers; and,
- the numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by the Council, including but not limited to the SHLAA.

260. As noted previously, recent changes to the planning system, as well as forthcoming changes to the National Planning Policy Framework as well as the implementation of the Housing and Planning Act 2016, will continue to affect housing policies at a local authority and, by extension, a neighbourhood level.

261. This advice note has been provided in good faith by AECOM consultants on the basis of housing data current at the time of writing (alongside other relevant and available information).

262. Bearing this in mind, we recommend that the steering group should monitor carefully strategies and documents with an impact on housing policy produced by the District Council or any other relevant body and review the neighbourhood plan accordingly to ensure that general conformity is maintained.

263. Most obviously, this includes monitoring the status of the emerging Part 2 Local Plan.

264. At the same time, monitoring ongoing demographic or other trends in the factors summarised in Table 31 and Table 32 would be particularly valuable.

