CHILMARK CONSULTING

CRAWLEY BOROUGH COUNCIL

Objective Assessment of Crawley's Housing and Employment Needs

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EXECUTIVE SUMMARY

Overview

Chilmark Consulting Ltd. (CCL) working with Prime Example Consulting (PEx) was commissioned in January 2015 by Crawley Borough Council to prepare an Objective Assessment of Crawley's Housing and Employment Needs (OACHEN).

The aim of the commission is to ensure that the Borough Council has a robust assessment of housing and economic development needs in accordance with the requirements of the *National Planning Policy Framework* (March 2012) (NPPF) and the *National Planning Practice Guidance* (March 2014 and as updated) (NPPG).

Crawley Borough has submitted its *Crawley Borough Local Plan 2015 – 2030* (September 2014) together with *Submission Modifications* (November 2014) for independent examination that is due to commence in March 2015. The Submission Local Plan establishes its Objectively Assessed Housing Need (OAN) based on a series of evidential documents prepared during the plan-making process.

Purpose

The purpose of the OACHEN is to review and update the objectively assessed housing and employment land needs for the Borough in the period 2015 - 2030 taking account of the latest available demographic, household, economic and property market information.

The OACHEN, with the combination of other evidence set out in inter alia: the *Northern West Sussex SHMA* (and updates), *Locally Generated Housing Needs Assessment*, the *Northern West Sussex Economic Growth Assessment*, *Economic Growth Assessment Update* and the *Local Plan Topic Papers* 2, 3, 4 and 5, together address the requirements of the NPPG.

National Policy Context

National Planning Policy Framework

Relevant national policy for the delivery of new housing and to support economic and employment growth is set out in the National Planning Policy Framework.

The core planning principles are set out at Paragraph 17 of the NPPF. At the 3rd bullet point it includes the requirement to proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Paragraph 17 expects that every effort should be made to objectively identify and then meet the housing, business and other needs of an area.

With regards to housing delivery, the NPPF explains at paragraph 47, that local authorities should boost significantly the supply of housing, using their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework.

Paragraph 50 offers further policy to ensure the delivery of a wide choice of high quality homes, widen home ownership and create sustainable, inclusive and mixed communities.

Paragraph 159 reinforces the point by confirming that local authorities should cater for housing demand and the scale of housing supply necessary to meet this demand.

National Planning Practice Guidance

The NPPG supersedes and replaces a range of previous guidance and supplementary documents, including the *Strategic Housing Market Assessment Practice Guidance* (August 2007).

Section 2a of the NPPG is concerned with housing and economic development needs assessments.

Paragraph 002 identifies the primary objective of identifying need as:

- identifying the future quantity of housing needed including a breakdown by type, tenure and size;
- identifying the future quantity of land or floorspace required for economic development uses including both quantitative and qualitative needs for new development; and
- providing a breakdown of the analysis in terms of quality and location and gaps in the current land supply.

The use of the standard methodology set out in the NPPG is supported in paragraph 005 in order to ensure that assessment findings are transparent. The assessment is to be proportionate and the Guidance in paragraph 006 is clear that work should build upon existing information sources where possible.

The Household Projections published by the Department for Communities and Local Government (DCLG) should provide the starting point for assessing future housing needs.

The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.

The NPPG also advises that the assessment will need to reflect the consequences of past under-delivery of housing and that local authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply

The NPPG guides that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals and indicators of the balance for and supply of dwellings.

Population and Households

A 2015 update to the Objectively Assessed Housing Need figure has been prepared for Crawley Borough Council, using a demographic-based assessment in this report. Two scenarios have been considered:

- **Scenario D1** – using CLG 2011-Based Household Projections; and
- **Scenario D2** – using CLG 2011-Based Household Projections, adjusted to reflect 2012 SNPP Population Projections for the period 2011-2031.

Scenario D2 is considered to be a more realistic reflection of potential housing need in Crawley.

Scenario D2 identified a potential housing need figure of 533 dwellings per annum across the period 2011-31, which also applies across the period 2015-30. This compares with the Crawley Borough Council Objectively Assessed Housing Need figure of 535 dwellings per annum from the 2nd housing need update of 2014 reported in *Topic Paper 2: Housing Need*.

An assessment of 'suppressed demand' has also been carried out as part of the current update work. This indicates a potential level of suppressed housing need equivalent to 227 dwellings in total. This equates to a housing need figure of **548 dwellings per annum** in total (533 dwellings per annum from future forecast housing need, plus 15 dwellings per annum from the overall total 227 suppressed need requirement spread across 2015-30).

The housing need figures are based on the latest housing vacancy figures for Crawley of 1.7% (from the 2011 Census).

The housing need figures of 548 to 559 dwellings per annum (before any adjustment for market signals) have been compared with the identified housing land supply in Crawley. It equates to 334 dwellings per annum for the period 2015-30. This indicates that there is a potential unmet need for between 225 dwellings per annum. This is equivalent to an unmet need proportion of 39% on the basis of applying a housing vacancy rate of 1.7% in Crawley.

Economic Performance

The future performance of the Crawley Borough economy has been considered using the latest employment forecast data in order to re-assess the local housing need figure derived from earlier employment forecasts and economic data in the *Northern West Sussex Economic Growth Assessment* (April 2014).

Potential variations to the employment-based housing need assessment have been examined, such as the use of alternative reference-point employment data, modifications to the labour force ratio, and alternative housing vacancy rates.

December 2014 Experian economic forecasts indicate an improved economic outlook for Crawley relative to the May 2013 forecasts set out in the *Northern West Sussex Economic Growth Assessment*. The latest forecasts show an increase in employment in Crawley of 1,011 jobs per annum between 2015-30 under an unconstrained Baseline Scenario.

These 1,011 jobs per annum in Crawley translate into a potential requirement of 378 dwellings per annum over the period 2015-30. Sensitivity analysis has suggested that this figure could rise to 393 dwellings per annum. This relates to an assumed figure of 635 jobs per annum secured by the 'resident workforce' of Crawley.

There are employment land supply constraints in Crawley, primarily associated with the safeguarding requirements for Gatwick Airport. The E1 Baseline Scenario identifies an employment land demand of 57.9 hectares between 2015-30 for Crawley, compared with a potential employment land supply of 42.3 hectares. This is a shortfall of 15.6 hectares, meaning only 73% of the E1 Baseline Scenario employment demand can be accommodated within Crawley Borough.

The 'constrained' job growth figure of 464 jobs per annum was compared against a derived job growth figure associated with the Demographic-led housing need scenarios. This suggested a potential, constrained job growth figure of 566 to 654 jobs per annum based on the Demographic-led analysis.

The E1 Baseline Scenario results in an employment land demand for Crawley of 57.9 hectares over the period 2015-30. This could increase to as much as 85 hectares under the E3 Site Capacity Scenario.

The future employment land supply in the Borough is identified as 42.3 Ha. The E1 Baseline Scenario would result in an employment land shortfall and therefore un-met employment land need of 15.6 Ha, rising to some 42.7 Ha if the E3 Site Capacity Scenario was implemented. 73% of the employment land demand likely to arise as a result of employment growth under the E1 Baseline Scenario can be accommodated on land in Crawley Borough.

Further updating work has been carried out on the employment land supply, and reported in the *Crawley Economic Growth Update Assessment (NLP, February 2015)* study. The results of this further analysis have revealed a reduced level of potential employment land supply over the period 2015-30.

The realistic potential supply of employment land in Crawley has reduced to 25.8 hectares. This means that there is likely to be a shortfall of just over 32 hectares of employment land over the period 2015-30 under the Baseline Scenario. This equates to an unmet employment need of 55%.

Market Signals

The report has examined evidence on a range of housing market signals including prices, sales volumes, trends in private rents, housing affordability, rates of housing development completions and hidden households evidenced through over-crowding.

Much of the necessary information and conclusions concerning market signals for Crawley, within the Northern West Sussex Housing Market has been prepared and published recently in the *Northern West Sussex Housing Market Area: Affordable Housing Needs Update* (October 2014).

The NPPG advises that housing needs identified through household projections may need to be adjusted to reflect market signals and indicators of the balance of supply and demand for housing.

The NPPG is clear that where there are worsening trends indicated by negative market signals and/or worsening affordability then an upward adjustment to planned housing numbers should be made.

House Prices

From 1996 to 2013 Crawley's median house price has tracked the England average closely throughout the period and shows less volatility than either Horsham or Mid Sussex districts within the wider Northern West Sussex HMA. Annual average house price inflation of 3.95% over the decade (2002 – 2012) preceded continued price growth in the last year (3.5%). The period from 2008 – 2012 saw negative growth of -0.9%.

In the last six months there was a mean average 8.4% price increase across all dwelling types in the Borough and there is every sign from the current data that annual house price growth will continue as the market re-bounds from the recession and as demand is driven by newly forming households in the HMA as well as those seeking to locate in Northern West Sussex, including Crawley, from elsewhere in London and the south-east.

Housing Sales Transactions

The operation of the sales market appeared relatively stable over the 2009 – 2012 period for each of the three Northern West Sussex local authorities with average sales of 1,183 dwellings in Crawley Borough in that period. Since then, total sales transactions have increased each year in the Borough, rising to 1,384 sales for 2014.

Private Rental Market

For the private rental market in Crawley, the latest Valuation Office Agency data for Q3 2014 shows 1,143 private rental lettings, an increase of 174 lettings in the period Q1 to Q3 2014. The mean average monthly private market rent in 2014 was £870 in Crawley, compared to an average of £928 for Northern West Sussex as a whole.

Levels of Over-occupancy

The levels of over-occupancy or over-crowding of existing dwellings is a pertinent market signal showing the extent to which there is unrealised potential demand for housing within existing households.

There was a +2.2% increase in over-occupation in Crawley Borough over the decade to 2011, a higher level of change than experienced elsewhere in the Northern West Sussex HMA (+1.1% in Horsham and +1.7% in Mid Sussex) and above the level of change experienced in the South East (+1.8%) and England as a whole (+1.6%).

Housing Completions

Levels of new housing completions in Crawley show a variable but decreasing level in the Borough from 2009/10 to 2013/14. A total of 2,745 dwellings have been completed in the period 2006/7 to 2013/14.

A significant element of the future committed net addition supply of some 3,203 dwellings is expected to come from 1,900 dwellings allocated in the large-scale urban extension at Forge Wood that is now under construction and due to be completed in the next ten – fifteen years.

Affordability

Affordability, measured by the relationship of lower quartile house prices to lower quartile household incomes showed a brief period of improvement immediately after the on-set of the recession. However, the lower quartile price to earnings ratio, representing entry-level housing stands at 7:1 now and the trend data indicates the severity of the barriers to home ownership and market entry that exist now and are likely to increase.

There remain a significant proportion of newly forming households in the Borough that are unable to purchase or rent on the private market without financial support. 62.5% of newly forming households are unable to buy and 55.9% are unable to rent in the private market without financial assistance.

Affordable Housing

Net additional affordable housing needs as calculated in the *Affordable Housing Needs Update* (October 2014) range across the four affordable housing scenarios contained in that report from 197 – 527 dwellings per annum.

Each of the scenarios highlights a continuing, substantial affordable housing requirement.

Conclusion on Market Signals

The market and affordability signals for the Borough show a somewhat challenging and worsening affordability position with respect to the ability of newly forming households to access the housing market without significant financial subsidy.

It is therefore recommended that a +10% adjustment to the objectively assessed housing needs figures are made in order to take those signals into account. The upward adjustment is considered to be a realistic and reasonable figure that is justified by the market signals evidence.

Overall Conclusions

The largest realistic housing need position arises under the Demographic-led scenario D2, at 603 dwellings per annum over the period 2015-30.

This scenario represents the appropriate objectively assessed housing need figure as the level of housing provision delivered under the scenario would meet both demographic needs and employment growth forecasts including adjustments for market signals, taking account of suppressed demands and including provision to reflect vacancy rates.

1. INTRODUCTION

Overview

1.1 Chilmark Consulting Ltd. (CCL) working with Prime Example Consulting (PEx) was commissioned in January 2015 by Crawley Borough Council (CBC) to prepare an Objective Assessment of Crawley's Housing and Employment Needs (OACHEN).

1.2 The aim of the commission is to ensure that the Borough Council has a robust assessment of housing and economic development needs in accordance with the requirements of the *National Planning Policy Framework* (March 2012) (NPPF) and the *National Planning Practice Guidance* (March 2014 and as updated) (NPPG).

1.3 Crawley Borough has submitted its *Crawley Borough Local Plan 2015 – 2030* (September 2014) together with *Submission Modifications* (November 2014) for independent examination that is due to commence in March 2015. The Submission Local Plan establishes its Objectively Assessed Housing Need (OAN) based on a series of evidential documents prepared during the plan-making process.

1.4 The Borough's housing needs were considered and analysed in the *Locally Generated Housing Needs Assessment* (2011) which formed the basis for the identification of the Borough's OAN figure set out in the Submission Local Plan.

1.5 Housing completions, land supply and delivery trends are regularly monitored by the Borough Council through its *Strategic Housing Land Availability Assessment* (2014) (SHLAA) and the Borough's housing trajectory.

1.6 Crawley Borough forms part of the wider, defined Northern West Sussex Housing Market Area that also includes Horsham District and Mid Sussex District Councils as well as Horley that is situated within Reigate and Banstead Borough.

1.7 The Northern West Sussex Housing Market Area (NWS HMA) has been the subject of significant analysis over a number of years through the *Northern West Sussex Strategic Housing Market Assessment* (SHMA) work completed in 2009 and updated in 2012. An *Assessment of Affordable Housing Needs* for Northern West Sussex, including Crawley Borough was completed in

October 2014 in order to bring the affordable housing needs analysis for the HMA fully up-to-date.

1.8 Economic and employment land needs were reviewed and evaluated in the *Northern West Sussex Economic Growth Assessment* (2014) (EGA) and have been updated in the *Economic Growth Assessment Update* (2015) prepared by consultants NLP for Crawley Borough Council. Employment land trends are monitored by the Borough Council on an on-going basis.

Purpose

1.9 The purpose of the OACHEN is to review and update the objectively assessed housing and employment land needs for the Borough in the period 2015 - 2030 taking account of the latest available demographic, household, economic and property market information.

1.10 The OACHEN together with the combination of other evidence set out in inter alia: the *Northern West Sussex SHMA* (and updates), *Locally Generated Housing Needs Assessment*, the *Northern West Sussex Economic Growth Assessment*, *Economic Growth Assessment Update* and the Local Plan Topic Papers 2, 3, 4 and 5, together address the requirements of the NPPG.

1.11 It is not therefore the intention or purpose of this OACHEN report to provide a complete HEDNA but to focus on specific housing and employment land matters that the Borough Council considers are necessary to review and update now at the point of the Borough Local Plan Examination in Public. It should be noted that the report uses the most recent CLG Household Projections available at the time of writing (the 2011-based Interim Projections). The 2012-based Household Projections will need to be taken into account by way of an update to the Report following their publication that is currently indicated by CLG to be at the end of February 2015.

1.12 In greater detail, the aims of the Report are:

- to prepare an updated assessment of the Borough's Locally Generated Housing Need from 2015 to 2030; and
- to provide an understanding of the inter-relationship between housing and employment need and delivery within Crawley and within the wider NWS HMA.

1.13 The following objectives have been established to deliver the aims:

- provide a number of robust and credible scenarios that assess the Borough's Objectively Assessed Housing Need for 2015 – 2030;
- analyse and explain how each of the three economic scenarios in the EGA will drive housing need;

- identify the implications of taking a supply-led approach to planning for housing and economic growth, detailing the proportion of OAN being met in Crawley and identifying the proportion of un-met need that Crawley is asking other authorities to accommodate.
- consider the housing need and land supply issues arising from the level of economic growth identified within each of the three scenarios of the EGA. Detail how employment growth is driving housing requirements or vice versa and how planned supply of each affects housing and economic growth in Crawley and the wider NWS HMA;
- identify to what extent the housing register is included in population projections and the proportion likely to require affordable housing;
- analyse and conclude on the housing and economic development needs arising in the 2015 – 2030 period as a whole and five year periods within; and
- review and advise on the evidence base to offer a view on the extent to which this evidence meets the relevant NPPG requirements.

1.14 All objectives are to be undertaken in accordance with the requirements of the National Planning Policy Framework and of the National Planning Practice Guidance.

1.15 The Report builds upon the previous evidence and analyses undertaken as part of the Local Plan preparation. It is therefore intended to supplement and update the existing housing and employment evidence base that supports the Submission Local Plan.

Relevant National Policy Context

National Planning Policy Framework

1.16 Relevant national policy for the delivery of new housing and to support economic and employment growth is set out in the National Planning Policy Framework.

1.17 The NPPF provides a clear and unambiguous position reflecting the Government's housing delivery and growth agenda. It sets out how achieving sustainable development critically includes meeting housing need and demand.

1.18 Paragraph 7 identifies the three dimensions to sustainable development: economic, social and environmental. Within the 'social role' The Framework establishes the need for:

> *"supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations…".(2nd bullet point).*

1.19 Paragraph 14, 1st bullet point, describes what the presumption in favour of sustainable development means. For plan-making, it establishes a positive approach:

> *"Local planning authorities should positively seek opportunities to meet the development needs of their area".*

1.20 Further clarification is provided through the core planning principles set out at Paragraph 17 of the NPPF. At the 3rd bullet point it includes the following important requirement that planning should:

> *"Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities".*

1.21 With regards to housing delivery, the Framework explains at paragraph 47, 1st bullet point, that in order to boost significantly the supply of housing, local planning authorities should:

> *"use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework".*

1.22 Paragraph 49 is also of central importance in considering housing provision. It confirms that applications should be considered in the context of the presumption in favour of sustainable development and identifies the importance of a continued housing land supply:

> *"Relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites".*

1.23 Paragraph 50 offers further policy for ensuing:

> *"the delivery of a wide choice of high quality homes, widen home ownership and create sustainable, inclusive and mixed communities".*

1.24 It expects that local planning authorities should, *inter alia*:

> *"Plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community" (para 50, 1st bullet point).*
>
> *"Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand" (paragraph 50, 2nd bullet point).*

1.25 In terms of the evidence base for housing, paragraph 158 emphasises the importance of the Local Plan being based on:

> *"adequate and relevant evidence about the economic, social and environmental characteristics of the areas".*

1.26 Paragraph 159 reinforces the need for local authorities to have a clear understanding of housing needs and that they should:

> *"identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period".*

1.27 The 3rd bullet in paragraph 159 then concludes that this should:

> *"cater for housing demand and the scale of housing supply necessary to meet this demand".*

National Planning Practice Guidance

1.28 Following the NPPF, the National Planning Practice Guidance was published in March 2014 as an online resource offering advice and guidance on a range of planning and development matters.

1.29 The NPPG supersedes and replaces a range of previous guidance and supplementary documents, including the *Strategic Housing Market Assessment Practice Guidance* (August 2007) as Section 2a, paragraph 001 identifies.

1.30 Section 2a of the NPPG is concerned with housing and economic development needs assessments. A number of sub-sections and paragraphs are relevant to the preparation of a HEDNA study, as follows.

1.31 Paragraph 002 identifies the primary objective of identifying need as:

- identifying the future quantity of housing needed including a breakdown by type, tenure and size;
- identifying the future quantity of land or floorspace required for economic development uses including both quantitative and qualitative needs for new development; and

- providing a breakdown of the analysis in terms of quality and location and gaps in the current land supply.

1.32 Housing need is defined in paragraph 003 as referring to the scale and mix of housing and the range of tenures necessary in the Housing Market Area over the plan period. For economic development, need should address the total quantity of economic development floorspace needed and the qualitative requirements of each market segment.

1.33 Paragraph 004 confirms that plan-makers should not apply constraints to the overall assessment of need (such as land supply, historic performance, viability, infrastructure or environmental constraints). These are considerations that have to be synthesised to establish particular policies within development plans rather than in the HEDNA evidence itself.

1.34 The use of the standard methodology set out in the NPPG is supported in paragraph 005 in order to ensure that assessment findings are transparent. The assessment is to be proportionate and the Guidance in paragraph 006 is clear that work should build upon existing information sources where possible.

1.35 The starting point for establishing the need for housing is set out at paragraph 015. This confirms that the Household projections published by the Department for Communities and Local Government (DCLG) should provide the starting point. The paragraph identifies that the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. It also advises that the assessment will need to reflect the consequences of past under-delivery of housing and that local authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.

1.36 Paragraph 017 continues on the issue of adjustments to household projection-based estimates of housing need. This notes that plan-makers may consider sensitivity testing specific to local circumstances; this may include migration levels, or demographic structures that are affected by local circumstances.

1.37 The assessment of likely change in employment should be made on the basis of past trends and / or economic forecasts and have regard to the working-age population that is economically active (the labour force supply) according to paragraph 018.

1.38 A range of market signals are identified in paragraph 019 and its bullet points. The NPPG guides that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals and indicators of the balance for and supply of dwellings. The NPPG lists relevant signals (a non-exhaustive list) as follows:

- Land prices;
- House prices;
- Rents;
- Affordability;
- Rate of development; and
- Overcrowding.

1.39 Paragraph 020 states that appropriate comparisons of indicators should be made against longer term trends (absolute and rates of change) in the Housing Market Area, demographic and economic areas and nationally. Worsening trends in the indicators, the NPPG confirms, will require upward adjustment to planned housing numbers.

1.40 Affordability constraints are also dealt with in paragraph 020 which notes that the more significant the affordability constraints and the stronger other indicators of high demand, the larger the improvement in affordability needed and therefore the larger the additional housing supply response should be.

1.41 Changes to housing need requirements based on market signals information should be reasonable and consistent with the principles of sustainable development rather than a precise estimate of the impact of individual signals on housing supply requirements.

1.42 Paragraph 022 states that once an overall housing need figure has been identified this will need to be broken down by tenure, household type (singles, couples and families) and household size.

1.43 Affordable housing needs are considered in paragraphs 022 and 023 and the methodology for their calculation set out in paragraphs 024 – 029 inclusive. For Crawley Borough this analysis was recently completed in the Northern West Sussex Affordable Housing Needs Update that provided an NPPG compliant analysis of affordable housing needs as of October 2014.

1.44 Paragraph 030 is concerned with understanding the current market in relation to economic and main town centre uses. It identifies that plan-makers should consider a range of employment land, market intelligence, market signals and existing employment stock factors. In addition it is important for the analysis to consider the locational and premises requirements of particular types of business and to identify over-supply or market failure constraints that prevent employment sites being used effectively.

1.45 The analysis of employment land is considered in paragraph 031 that advises the use of a typology of employment land by market segment and by sub-areas where there are distinct property market areas. Recent take-up and projections/forecasts of future employment will help provide an understanding of requirements for office, general business and warehousing sites. Supply and demand analysis will allow the identification of whether there is a quantitative or qualitative mis-match for employment sites.

1.46 Paragraph 033 is concerned with forecasting future economic trends with the key output being an estimate of the scale of future needs broken down by economic sectors. The available stock of employment land should be compared with the particular requirements of the area so that any gaps in provision can be identified.

1.47 Employment land requirements are to be considered through four key relationships according to paragraph 034, namely: Standard Industrial Classification (SIC) sectors to Use Classes; SIC to types of property; employment to floorspace (employment density); and floorspace to site area (plot ratio based on industry proxies).

Use of Existing Information

1.48 In accordance with the requirements of the NPPG and on the basis that Crawley Borough Council has already invested in a significant body of housing and economic/employment analysis and reports over the period of the Submission Local Plan's preparation and prior to that, this Report makes best use of available information as far as possible and as appropriate. Data sources and the use of existing information are identified in each of the relevant sections of the report.

1.49 The report has been prepared on the basis of the latest available CLG Household Projections at the time of writing (the 2011-based Interim Projections). The 2012-based projections have not been published at the time of writing and will need to be taken into account through an updated version of the report once they are available.

Assumptions and Limitations

1.50 The analysis and findings of this Report must be read in the context of a series of assumptions and limitations concerning available information and data and the level of analysis possible at various geographic scales. The Report's key assumptions and limitations are recorded in each of the relevant sections.

Structure of Report

1.51 Following this introductory section, the Report is structured as follows:

- **Section 2** – examines demographic and household projections and change in Crawley Borough. It considers matters of growth, migration trends and household formation rates.
- **Section 3** – considers economic and employment change and future projections. It also analyses factors affecting economic growth such as potential future changes at Gatwick Airport, identified infrastructure improvements and employment land constraints.
- **Section 4** – is concerned with establishing and evaluating relevant housing market signals such as prices, demand, private rental market trends, housing delivery and completions and matters of affordability.
- **Section 5** – draws the work together, summarises the principal conclusions and identifies relevant recommendations concerning objectively assessed housing and employment needs.

2. POPULATION AND HOUSEHOLDS

Introduction

2.1 This Section is concerned with reviewing and assessing the latest available demographic and household data as part of the updating of the objectively assessed housing and employment land needs for the Borough. This is used to support the robustness of the existing housing need figure within the submitted Crawley Borough Local Plan.

2.2 Various detailed investigation and modelling work has already been carried out on this issue for Crawley Borough Council. The focus in this Section, therefore, has been on providing an alternative strategic examination of the housing needs figures in order to reinforce the housing need assessment figure identified by CBC by detailed modelling work. In addition, a number of potential variations to housing need have been examined, such as suppressed demand and modifying the housing vacancy figure.

Demographic-Based Assessment

Review of Objectively Assessed Housing Need

2.3 An assessment of local housing need for Crawley Borough Council was prepared in 2011 by Nathaniel Lichfield and Partners (NLP, November 2011). As this was prepared before publication of the *National Planning Policy Framework* (NPPF), a number of update assessments were carried out by the Borough Council. These updates carried out modifications to certain key inputs, notably migration patterns.

2.4 Table 2.1 summarises the results of the initial objectively assessed housing need study by NLP in 2011, and the subsequent updates by Crawley Borough Council in 2014.

2.5 A range of scenarios were considered in the NLP study, with the most relevant considered to be the 'Baseline Scenario'. However, the 'Zero Net Migration Scenario' and the 'Hybrid Economic Growth and Strategic Employment Sites Scenario' were also used by the Council for comparison purposes. The 'Baseline Scenario' was selected as the proposed Local Plan OAN housing need figure, and produced a housing need figure of 542 dwellings per annum.

2.6 A benchmarking exercise into housing need was carried out with Mid Sussex and Horsham districts in order to test the NLP 2011 results. This concentrated on three scenarios similar to those modelled in the NLP 2011 study: a 'Baseline Scenario', the 'Zero Net Migration Scenario' and an 'Employment Growth at 3% GVA Scenario'. The results of applying the model developed by Mid Sussex to Crawley produced a housing need figure of 535 dwellings per annum for the 'Baseline Scenario', which was consistent with the NLP 2011 study results.

2.7 Following the release of the 2011-Based *Sub National Population Projections (SNPP)* in 2014 CBC carried out a '1st Update' to the 2011 NLP study. The unadjusted results from this assessment produced a housing need figure of 636 dwellings per annum. Further analysis identified that the key reason for the significant increase in the housing need figure was the treatment of migration, which was effectively continuing relatively high levels of past migration into the future.

2.8 A '2nd Update' exercise was carried out which involved a more detailed assessment of migration patterns and average household size in Crawley. This used migration projections for 2011-2021 derived from the interim 2011-Based SNPP and for 2022-2030 used the 2010-Based SNPP. This produced an overall housing need figure of 535 dwellings per annum under the 'Baseline Scenario'. This is consistent with the requirements of paragraph 017 of the NPPG, which notes that plan-makers may consider sensitivity testing specific to local circumstances, such as migration levels, or demographic structures that are affected by local circumstances.

Table 2.1: Comparison of Approaches to Determine Objectively Assessed Housing Need for Crawley Borough

Scenario	Objectively Assessed Housing Need Studies (Analysis period) – dwellings per annum			
	NLP, 2011 (2010-31)	CBC 'Mid Sussex Model' Approach, 2013 (2011-31)	CBC 1st Update, 2014 (2011-31)	CBC 2nd Update, 2014 (2011-31)
A. Baseline	**542**	**535**	**636**	**535**
B. Zero Net Migration	**428**	**506**	**395**	**395**
C. Long Term Past Migration	511	-	-	-
D. Short Term Past Migration	664	-	-	-
E. Static Employment	120	-	-	-
F. 'Hybrid' Economic Growth	287	-	-	-
G. 'Hybrid' Economic Growth & Strategic Employment Sites	**350**	**365**	**483**	**483**
H. ELR 'Hybrid' Economic Growth Nil Additional In-Commuting	400	-	-	-
I. Affordable House Scenario	510-630	-	-	-

Source: Crawley Borough Council Locally Generated Housing Needs Assessment (November 2011), Nathaniel Lichfield & Partners; Topic Paper 2: Housing Need (November 2014), Crawley Borough Council; North West Sussex Economic Growth Assessment (April 2014), Nathaniel Lichfield & Partners.

Scenario Testing

2.10 As part of the current review and update of the objectively assessed housing and employment land needs for the Borough, a series of demographic-led 'scenario-testing' assessments have been undertaken:

- D1 – Baseline Scenario: CLG 2011-Based Household Projections;
- D2 - Baseline Scenario - CLG 2011-Based Household Projection, adjusted to reflect 2012 SNPP Population Projections for period 2021-2031; and
- D3 – CLG 2012-Based Household Projections.

2.11 The first two scenarios (D1 and D2) effectively re-runs some of the assessments carried out by Crawley Borough Council, although from a different perspective in order to support the robustness of the Council's earlier results. The third demographic-led scenario will consider the 2012-based CLG Household Projections when published.

2.12 The first scenario-test was in relation to the latest official interim household projections **(D1 Baseline Scenario: CLG 2011-Based Household Projections**), with the results summarised in Table 2.2.

2.13 The CLG 2011-based household projections estimate household growth for the period 2011-2021. For Crawley the numbers of households increase from 42,904 in 2011 to 49,364 in 2021, an increase of 6,460. This is a growth rate of just over 15% across the period, which compares to a growth rate of 12% in West Sussex as a whole, and 9.4% in Mid Sussex and 12.8% in Horsham (the other two districts within the Northern West Sussex Housing Market Area).

2.14 Over the period 2011-2021 the growth in the number of households equates to an average of 646 households per annum. As set out later in this Report at paragraphs 2.21 and 2.22, this rate of growth appears unlikely to continue for the period 2021-2031. However, for testing purposes, assuming that it does continue, then it indicates a growth rate of 646 households per annum. This projection takes no explicit account of how the changes in terms of sex, age profile and migration for the period 2011-2021 feed through into demographic impacts for 2021-2031; it effectively assumes a continuation of existing demographic structures.

2.15 An allowance for vacant housing stock needs to be added to the household growth figure to identify the potential dwelling need figure. For Crawley the 2011 Census indicated that the housing stock vacancy rate for the Borough was 1.7%. This is particularly low compared to regional and national averages[1] due to the revealed demand for housing and the manner in which

[1] *Note: The housing vacancy figure for Crawley from the 2001 Census was also relatively low, at 1.2%. This compared to 2.7% for the South East as a whole and 3.2% for England.*

affordable housing stock is utilised in the Borough. For testing purposes the vacancy rate is applied to the household figure derived from the continuation of CLG 2011-Based household projection trends. This suggests a figure of 657 dwellings per annum (646 households plus 11 vacant residential units), as shown in Table 2.2.

Table 2.2: Assessment of Baseline Scenario D1 - CLG 2011-Based Household Projections

Components of Change	Projected Household Growth			
	CLG 2011-Based			
	Crawley	Horsham	Mid Sussex	West Sussex
Households 2011	42,904	55,010	57,527	346,367
Households 2021	49,364	61,999	62,956	388,644
Change in Households	6,460	6,989	5,429	42,277
% Change from 2011	15.1%	12.8%	9.4%	12.2%
Absolute Change per annum	646	699	543	4,228
Annual % increase	1.51%	1.28%	0.94%	1.22%
Assumed Vacant Stock per annum[2]	11 (1.7%)	2.9%	2.3%	165 (3.9%)
Dwellings per annum	657	719	555	4,393

Source: DCLG, Neighbourhood Analysis Division, Table 406 (April 2013); Census 2011, Neighbourhood Statistics. Household Spaces (QS417EW); CCL calculations.

2.16 The results of the D1 Baseline Scenario CLG 2011-Based Household Projections assessment are similar to the Crawley Borough Council 1st Update (2013/14) assessment – 657 dwellings per annum (Table 2.2) compared with 636 dwellings per annum (Table 2.1).

[2] *The assumed vacant stock figures are the **actual** rates derived from the 2011 Census. Hence, for Crawley the rate is 1.7% and for West Sussex as a whole the rate is 3.9%.*

2.17 In part, this is due to effectively the same assumptions underlying the two approaches, but specifically in relation to migration trends. The Crawley Borough Council 1st Update (2013/14) modelled migration patterns for the period 2011-2030 on a 5-year rolling average based on the previous 10-year migration estimates. The D1 Baseline Scenario CLG 2011-Based Household Projections' assessment adopted a more high-level assessment of migration trends, but this essentially projected forward past migration trends in a similar manner to the Crawley Borough Council 1st Update (2013/14).

2.18 A second scenario test works from the CLG 2011-Based Household Projection figures for 2011-2021, but takes a different approach to looking at potential growth over the period 2021-2031 based upon the latest official population projections (*ONS, 2012-Based Sub National Population Projections*, published 2014). This has been termed **D2 Baseline Scenario - CLG 2011-Based Household Projection, adjusted to reflect 2012 SNPP Population Projections for period 2021-2031.**

2.19 The details of the growth rate in both households and total population in Crawley over 10-year periods are summarised in Tables 2.3 and 2.4. Table 2.3 illustrates how the **household** growth rate has varied between the various 10-year periods:

- 1.8% per annum for 1991-2001;
- 0.6% per annum for 2001-2011; and
- 1.5% per annum for 2011-2021.

2.20 Table 2.4 illustrates how the **population** growth rate has varied between the various 10-year periods:

- 1.4% per annum for 1991-2001;
- 0.7% per annum for 2001-2011;
- 1.1% per annum for 2011-2021; and
- 0.8% per annum for 2021-2031.

Table 2.3: D2 Baseline Scenario - CLG 2011-Based Household Projections, Adjusted to reflect 2012 SNPP Population Projections (*Household Change Trends*)

Date	Household Change (CLG 2011-Based)	Change over previous 10-years			
		Total Absolute Change	Total % Change	Absolute Change per annum	Percentage Change per annum
1991	34,136	-	-	-	-
2001	40,316	6,180	18.1%	618	1.8%
2011	42,904	2,588	6.4%	259	0.6%
2021	49,364	6,460	15.1%	646	1.5%
2031	-	-	-	-	-

Source: DCLG, Neighbourhood Analysis Division, Table 406 (April 2013); CCL calculations.

Table 2.4: D2 Baseline Scenario - CLG 2011-Based Household Projections, Adjusted to reflect 2012 SNPP Population Projections (*Population Projection Trends*)

Date	Population Change (SNPP 2012-Based)	Change over previous 10-years			
		Total Absolute Change	Total % Change	Absolute Change per annum	Percentage Change per annum
1991	88,300	-	-	-	-
2001	100,400	12,100	13.7%	1,210	1.4%
2011	107,053	6,653	6.6%	665	0.7%
2021	119,000	11,947	11.2%	1,195	1.1%
2031	128,700	9,700	8.2%	970	0.8%

Source: ONS, Population Projections Unit (May 2014); CCL calculations.

2.21 In general terms, during 'economic growth' periods, the rate of population change is lower than household growth as household incomes, availability of finance and appetite to form a new household is greater, but in 'subdued' periods, the rate of population growth is similar to household growth.

2.22 Two points can be inferred from this:

- The population projections indicate that the 2021-2031 period is likely to be a demographic 'subdued' period, at least relative to 2011-2021. This suggests that the household growth rate will be similarly subdued. Past trends support this pattern.
- The household growth rate for the period 2021-2031 may be similar to the population growth rate for this period (8.2%). Applying this assumption to household growth rate for Crawley over the period 2021-2031 results in a reduced level of household growth for the period 2021-2031 (402 per annum).

2.23 The result is an overall reduction in the household change rate for 2011-2031 from 646 per annum to 524 per annum, as illustrated in Table 2.5. Applying the 1.7% vacancy rate to this figure results in a dwelling per annum figure of 533.

Table 2.5: Assessment of D2 Baseline Scenario - CLG 2011-Based Household Projections, Adjusted to reflect SNPP Population Projections (*Projected Household Change*)

Date	Adjusted Household Change (CLG 2011-Based & SNPP Population Change 2021-2031)	Change over previous 10-years			
		Total Absolute Change	Total % Change	Absolute Change per annum	Percentage Change per annum
1991	34,136	-	-	-	-
2001	40,316	6,180	18.1%	618	1.8%
2011	42,904	2,588	6.4%	259	0.6%
2021	49,364	6,460	15.1%	646	1.5%
2031	53,388	4,024	8.2%	402	0.8%
2011-2031	53,388 (2031 Figure)	10,484	24.4%	524	1.2%
Assumed Vacant Stock per annum (1.7%)				9	
Dwellings per annum				533	

Source: DCLG, Neighbourhood Analysis Division, Table 406 (April 2013); Census 2011, Neighbourhood Statistics, Household Spaces (QS417EW); ONS, Population Projections Unit (May 2014); CCL calculations.

2.24 The dwelling per annum figure of 533 from the D2 Baseline Scenario - CLG 2011-Based Household Projection, adjusted to reflect 2012 SNPP Population Projections for period 2021-2031 assessment is consistent with the 535 dwellings figure from the Crawley Borough Council 2nd Update 2014 assessment.

2.25 A more general point, but relevant to the scenario assessments, is that the population change projections underlying the CLG 2011-Based household figures are higher than those produced from the more recent SNPP 2012-Based figures for the same periods.

2.26 For the period 2012-21 CLG forecast a population increase of 12.5% for Crawley Borough. The SNPP forecasts identify a population increase over the same period of 9.9%.

2.27 This indicates that household growth rates post 2011 may not be as high as indicated in CLG 2011-Based projections. This reinforces the results of the analysis carried out as part of the the D2 Baseline Scenario - CLG 2011-Based Household Projection, adjusted to reflect 2012 SNPP Population Projections for period 2021-2031' assessment.

Potential Variations to Housing Need

2.28 This sub-section provides additional analysis to assess the complete potential scale of housing need in Crawley over the period 2011-31. This includes:

a) Assessing the level of supressed demand over last decade, including changes in average household size and headship rates; and

b) Modifying the vacant housing stock figure.

Assessing Potential Supressed Demand

Average Household Size

2.29 Household formation rates may have been constrained over the last 10-15 years through a combination of increasing house prices relative to earnings, difficulty of accessing finance for house purchase or renting, reductions in the supply of new dwellings and constrained economic conditions. One way of examining this issue is through an assessment of how average household sizes have changed over time in Crawley, and how this relates to projections for the future.

2.30 Summary details are contained in Table 2.6 below. This compares how the relationship between total population, total households and average household size has changed over the period 1991 to 2011 in Crawley, and the projection to 2021 based on the CLG 2011-Based Interim Projections.

2.31 The broad trend has been for average household size to reduce over this period (as it has nationally). The average household size in 1991 was 2.57, which reduced to 2.48 by 2001, and is forecast to reduce to 2.459 by 2021.

2.32 However, the period 2001 to 2011 saw the average household size marginally increase, from 2.476 to 2.477. There will be various reasons for this, including lifestyle preferences for not forming new households. However, it is likely that a significant factor is suppression of demand to form new households, due to the issues discussed above concerning house price increases and access to finance.

2.33 To gauge the potential impact of this on the levels of 'supressed demand' a set of three alternative assessments have been undertaken. These examine the impact of different average household size in terms of potential number of households. This effectively considers different stages by which the general downward trajectory of average household size could be aligned with the expected average household size of 2.459 by 2021. The results of this assessment are as follows and summarised in Table 2.6:

- The first alternative examines the impact on household formation if the average household size had reduced to 2.472 between 2001 and 2011 (which is the average household size for 2016, although the details are not reported in Table 2.6). The result is an indicative estimate of 95 suppressed households. However, this option is probably best seen as a weaker form of suppressed demand, rather than a true measure of suppression.
- The second alternative looks at the application of an average household size of 2.468 by 2011 instead of the actual figure of 2.477. This is the mid-point between the 2011 average household size and that indicated for 2021. This results in a potential suppressed demand figure of 156 households.
- The third alternative takes an average household size figure of 2.465, which reflects a swifter rate of progressing towards the average household size of 2.459 by 2021. This results in a potential suppressed demand figure of 217 households. This alternative is adopted in order provide a 'maximum demand' assessment.

2.34 Putting these figures into context allows the actual number households created over the period 2001 to 2011 to be considered. Table 2.3 indicated that there were 2,588 households created over the 2001 - 2011 period. As such, the potential suppressed demand figure of 95 households represents a 3.7% addition to total household numbers; 156 households represent 6%; and 217 households represent 8.4% of total households.

Table 2.6: Comparison of Total Population, Household Size and Total Households in Crawley

	Total Population	Average Household Size	Total Households	Potential Supressed Demand 2001-2011 (Households)
1991	87,645	2.568	34,136	-
2001	99,810	2.476	40,316	-
2011	106,293	2.477	42,904	-
2011 with 2.472 H/Hold Size	*106,293*	*2.472*	*42,999*	*95*
2011 with 2.468 H/Hold Size	*106,293*	*2.468*	*43,060*	*156*
2011 with 2.465 H/Hold Size	*106,293*	*2.465*	*43,121*	*217*
2021	121,409	2.459	49,364	-

Source: Total Population - CLG 2011-Based Household Projections Table 426 (April 2013). Figure excludes institutional population; Total Households - DCLG, Neighbourhood Analysis Division, CLG 2011-Based Household Projections Table 406 (April 2013), except 2021, which is based on Table 407); CCL calculations

Headship Rates

2.35 The potential for suppressed demand can also be considered through a comparison of changes in headship rates[3] in Crawley Borough between 2001 and 2011.

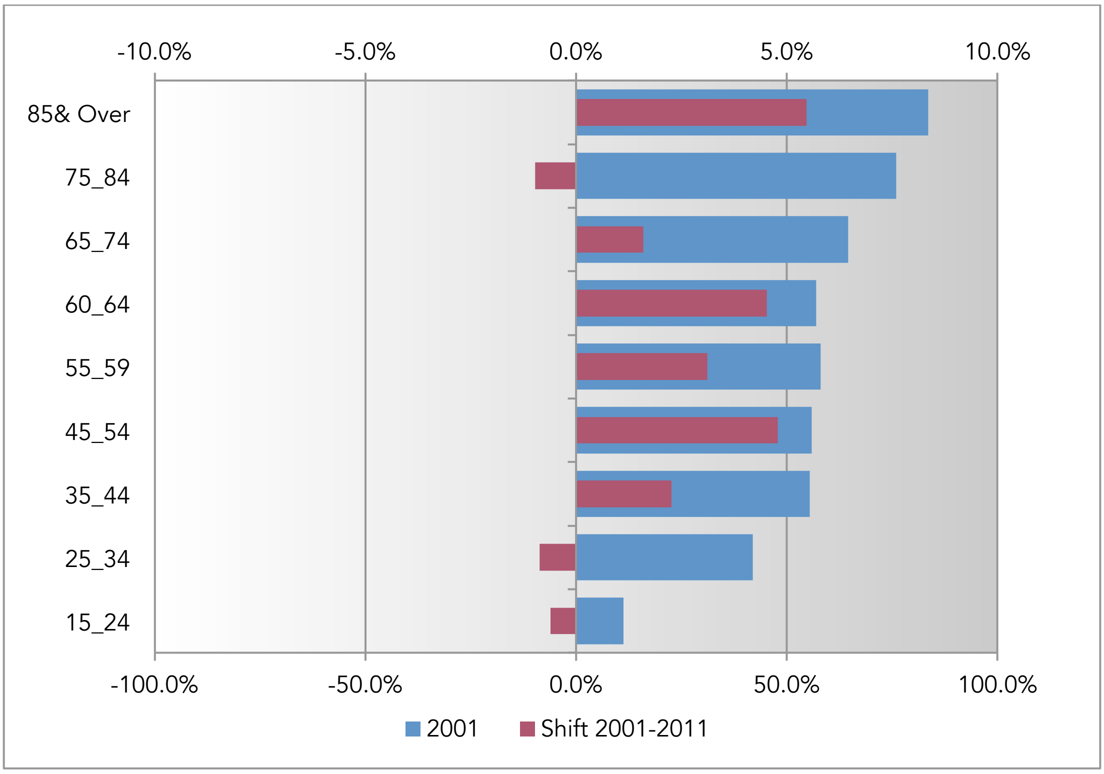
2.36 Figure 2.1 illustrates how the headship rates for younger age cohorts (15-34 years) have reduced between 2001 and 2011, in contrast to increases in almost all the other age cohorts. Simply put, the proportion of the population in the 15 to 34 age group has seen a relative reduction in the number of people who are forming new households.

2.37 The reasons for this are again related to increasing difficulties with housing affordability and inability to access housing finance. There may also be an

[3] *Note: headship rate is the proportion of any population – usually categorised by age cohort – who form 'heads of household'. The 'head of household' is defined as the reference person who is legally or financially responsible for the household accommodation or the elder of two people if both are equally responsible.*

element of lifestyle choice such as increased numbers of younger people staying longer in formal and higher education as well as more transient working, with younger workers choosing to share households in order to better access job opportunities associated with Gatwick Airport close to Crawley. However, the national pattern reflects issues over house prices and finance and this is likely to be the dominant factor for Crawley as well.

Figure 2.1: Change in Headship Rates by Age Cohort in Crawley 2001-2011



Source: CLG 2011-Based Household Representative Rates; 2001 Census; CCL Calculations.

2.38 The results of the patterns illustrated in Figure 2.1 are detailed in Table 2.7[4]. The particular focus is on the 15 to 24 years and 25 to 34 years age cohorts. The difference between the proportion of population as head of household in these age cohorts for 2001 and 2011 is identified. The relative shift in proportions is also identified. In absolute percentage terms, the 15 to 24 age cohort has seen a 5.4% reduction in household formation between 2001 and 2011, for example.

2.39 Table 2.7 also provides an analysis of what the impact would be if there had been no reduction in the proportion of people in the 15 to 34 age groups

[4] *Note: Inferred results for 2001 given different age cohorts used in ONS and CLG data-sets.*

who were the head of household between 2001 and 2011. In effect, this means applying the 2001 proportions of head of households to the 2011 number of households. This suggests that instead of 1,383 households in the 15 to 24 age group cohort, for example, there could have been 1,458.

2.40 The overall result for the 15 to 34 age group cohort is a potential suppression of 229 households over the period 2001 to 2011. Comparing this with the 2,588 households created over the period 2001 to 2011 (see Table 2.3), suggests that the potential level of supressed demand of 229 households under this analysis represents an 8.9% addition to households.

2.41 It may be the case that the suppressed demand figure could be higher if the 15-34 years age group cohort was assumed to see headship formation rates increase at a similar rate to older age cohorts for the period 2001 to 2011. This could double the potential level of suppressed household demand.

2.42 As with the analysis related to changes in average household size, it needs to be recognised that this is a high-level assessment that has not involved detailed modelling of potential impacts. Nevertheless, the results are expected to provide a realistic indication of the broad scale of impact.

Table 2.7: Change in Headship Rates in Crawley 2001-2011

Age Cohort	Proportion of Population as Head of Household		Shift 2001-2011		Actual 2011 Households	Potential 2011 Households	Potential Supressed Demand
	2001	2011	% Point Difference	Absolute % Change			
15_24	11.3%	10.7%	-0.6%	-5.4%	1383	1458	75
25_34	42.0%	41.1%	-0.9%	-2.0%	7519	7673	154
35_44	55.5%	57.8%	2.3%	4.1%	9372	-	-
45_54	55.9%	60.7%	4.8%	8.6%	8651	-	-
55_59	58.0%	61.1%	3.1%	5.4%	3384	-	-
60_64	57.0%	61.5%	4.5%	7.9%	3129	-	-
65_74	64.5%	66.1%	1.6%	2.5%	2315	-	-
75_84	75.9%	74.9%	-1.0%	-1.3%	5834	-	-
85+	83.5%	89.0%	5.5%	6.6%	1569	-	-
					43156		**229**

Source: CLG 2011-Based Household Representative Rates; 2001 Census; CCL calculations

2.44 Table 2.8 provides a summary of the range of potential suppressed demand figures identified. These range from an additional 95 households to an additional 229 households. The average of the higher 'average household size' analysis figure and the 'headship rate' analysis figure has been applied in order to provide an upper-range figure of potential suppressed demand. This results in a figure of 223 households, or 227 dwellings based on a 1.7% housing vacancy rate.

2.45 In principle, these are the number of households that may need to be provided for in addition to the Baseline D1 or D2 demographic assessment for the period 2011-2031. They would effectively be carried forward into the 2011-2031 period by adjustment to the housing needs figure.

2.46 There may also be an element of suppressed demand over the period 2011-2021. Economic circumstances are expected to improve over this period relative to the 2001-2011 period that includes more activity in the property market. Even so, there is still likely to be an element of 'catching-up' in the housing market, not least due to the under-delivery of housing numbers relative to underlying household growth needs across the country. This issue is considered further in Section 4 that is concerned with Market Signals.

Table 2.8: Results of Alternative Potential Suppressed Demand Assessments

Sensitivity Test	Potential Supressed Household Demand (2001-2011)	Dwellings Required (assuming 1.7% vacant stock rate)
Applying Average Household Size of 2.472	95	97
Applying Average Household Size of 2.468	156	159
Applying Average Household Size of 2.465	217	221
Applying 2001 Headship Rates for 15-34 Age cohort	229	233

Source: Topic Paper 2 Housing Need (CBC, November 2014); CLG 2011-Based Household Projections; ONS Population Estimates Unit; 2011 Census; CCL Calculations

Vacant Stock Sensitivities

2.47 The 2011 Census data identifies Crawley Borough as having a housing vacancy rate of 1.7%. This is a particularly low housing vacancy rate in comparison to Horsham (2.9%) and Mid Sussex (2.3%) districts as the other two local authorities in the Northern West Sussex HMA and when compared to West Sussex County as a whole. While Crawley's vacancy rate may reflect an efficient management of housing stock, partially reflecting the utilisation of local authority managed social housing stock, it may also represent an element of supply constraint on the housing market in the Borough.

2.48 The average housing vacancy rate for West Sussex is 3.9% (similar to the South East average of 4%). As a sensitivity test, the West Sussex average housing vacancy rate has been applied to the various analyses to assess impacts. This is presented in Table 2.9, as part of the overall summary of results.

2.49 The results are set out for the period 2011-31 as this relates to the basis upon which the underlying assessment work was carried out and for the Crawley Local Plan period of 2015-30 [shown in brackets].

2.50 Baseline Scenario D2 is identified as the more realistic position based on the further interpretation of migration trends (as previously concluded in paragraph 2.26), indicating that there may be a demand for 548 dwellings per annum over the Plan period 2015-30.

2.51 Assuming a higher level of housing stock vacancy would increases the demand level to 559 dwellings per annum. This compares with the 535 dwellings per annum figure identified from the 2nd Update assessment carried out by CBC and reported in *Topic Paper 2: Housing Need (November 2014).*

Table 2.9: Summary Assessment of Crawley Demographic Demand Assessments

	Baseline Scenario D1		Baseline Scenario D2	
	2011-31	2015-30	2011-31	2015-30
Household Growth (per annum)	646	646	524	524
Dwellings (Dwelling per annum, based on vacant stock rate of 1.7%)	11	11	9	9
Total Dwellings	13,140	9,855	10,660	7,955
Dwellings (Dwelling per annum, based on vacant stock rate of 3.9%)	25	25	20	20
Total Dwellings	13,424	10,065	10,880	8,160
Potential Suppressed Households 2001-2011 (Households per annum spread over planning periods, based on average figure of 223 households and vacanct stock rate of 1.7%)	11 (223 Households, plus 1.7% vacant stock rate, spread over 20 years)	15 (223 Households, plus 1.7% vacant stock rate, spread over 15 years)	11 (223 Households, plus 1.7% vacant stock rate, spread over 20 years)	15 (223 Households, plus 1.7% vacant stock rate, spread over 15 years)
Potential Suppressed Households 2001-2011 (Households per annum spread over planning periods, based on average figure of	12 (223 Households, plus 3.9% vacant stock rate, spread over 20 years)	15 (223 Households, plus 3.9% vacant stock rate, spread over 15 years)	12 (223 Households, plus 3.9% vacant stock rate, spread over 15 years)	15 (223 Households, plus 3.9% vacant stock rate, spread over 20 years)

223 households and vacant stock rate of 3.9%)				
Total Dwellings (based on 1.7% vacancy rate and suppressed demand)	668 dpa (13,360)	672 dpa (10,080)	544 dpa (10,880)	548 dpa (8,220)
Total Dwellings (based on 3.9% vacancy rate and suppressed demand)	683 dpa (13,660)	687 dpa (10,305)	556 dpa (11,120)	559 dpa (8,385)

Source: CCL calculations

Housing Land Supply/Demand Position and Unmet Need

2.52 The *Topic Paper 5 Unmet Needs (November 2014)* report provides details on the potential housing land supply position in Crawley, and translates this into an unmet need assessment.

2.53 The Topic Paper provides an updated position statement to the data underlying both the *Crawley Local Plan of October 2012* and the *Crawley Local Plan Main Modifications (MM025) of November 2014*.

2.54 The results of the analysis contained in *Topic Paper 5 Unmet Needs* indicate that the Borough's identified housing land supply for the period 2015-30 equates to 5,010 dwellings including 825 dwellings from windfall developments. This equates to an annualised average of 334 dpa.

2.55 The potential housing supply figures and the updated objectively assessed housing need figures for Crawley are summarised in Table 2.10. This indicates that there is a potential unmet housing need arising equivalent to 214 dpa over the period 2015-30 based on the actual levels of housing vacancy rate evident in Crawley (1.7%), which equates to an unmet housing need ratio of 39%. This leads to a potential housing land supply shortfall of 3,210 dwellings.

2.56 On-going and positive discussions have been held with surrounding local planning authorities regarding unmet housing needs (the responses to these co-operation processes are set out in *Topic Paper 1: Duty to Co-operate Statement* (November 2014) in Appendix G.

2.57 In the case of the partner authorities of Horsham and Mid Sussex in the Northern West Sussex Housing Market Area, detailed assessment work is underway in determining housing need figures as part of various Local Plan updates. The *Northern West Sussex Position Statement* confirms that there is agreement between the authorities to meet needs across the wider housing market area taking into account local constraints, aspirations and the need for sustainable development . Neither of the two other Northern West Sussex HMA authorities is requesting Crawley to accommodate any unmet housing need, and their respective ability to accommodate unmet housing need from Crawley is still to be determined.

2.58 Work in accordance with the requirements of the Duty to Co-operate has also been undertaken with other authorities outside the Northern West Sussex HMA. The findings of this work are recorded in Appendix of Topic Paper 1 and can be summarised as follows:

- **Arun District** – cannot determine the extent to which there would be a legitimate call for housing sites in Arun arising from Crawley Borough. Work is in progress to determine if there are any unmet needs arising in Arun that other authorities may need to help accommodate.
- **Guildford Borough** – identified that it is likely there will be unmet housing needs arising in the Borough which is part of the West Surrey HMA and noted the limited linkages with Crawley Borough.
- **Tandridge District** – do not consider that locations in Tandridge closest to Crawley would be acceptable for helping meet unmet needs due to Green Belt constraints. Also notes the "very small inter-relationship between Crawley and Tandridge in terms of housing migration". Confirms that Tandridge is not considered able to help in meeting unmet needs from Crawley.
- **Adur and Worthing Districts** – response indicates that Adur is unable to meet its own objectively assessed needs and is therefore unable to assist Crawley. Adur is working with other authorities in the Coastal West Sussex HMA to address its own unmet housing needs. For Worthing, the response indicates a very limited set of site opportunities to deliver new housing. It notes that there is no realistic prospect of meeting objectively assessed housing needs arising and therefore concludes that it is highly likely that Worthing will be unable to meet its own needs and unable to assist Crawley Borough. The focus for meeting Worthing's housing needs is within the Coastal West Sussex HMA.
- **Chichester District** – has confirmed that it has an unmet housing need and is therefore unable to assist Crawley Borough. Chichester has not identified any unmet needs that it believes Crawley Borough should assist in accommodating.

- **Lewes District** – has identified an unmet housing need and shortfall due to well documented environmental and infrastructure constraints. The District is therefore not in a position to assist in meeting Crawley Borough's unmet housing needs.
- **Reigate and Banstead** – have not identified Crawley to accommodate any unmet housing need and have confirmed that the housing delivery figure in their Core Strategy (paragraph 7.4.3) "would contribute towards meeting unmet needs of other local authorities including those within the wider East Surrey and North West Sussex HMAs". It is noted however that the Core Strategy did not make a specific allowance figure for Crawley Borough's un-met needs.
- **Mole Valley District** – the response identifies weak migration links between Mole Valley and Crawley. There are significant identified physical and policy constraints affecting the south-eastern part of Mole Valley adjacent to Crawley that limit the potential for growth in this area. The response notes that there is no certainty that Mole Valley's objectively assessed housing needs will be able to be met within the District boundary and the District Council concludes that Crawley is right to focus on collaborative approaches to meeting its housing needs with other authorities.

Table 2.10: Comparison of Housing Demand and Housing Supply in Crawley Borough (2015-30)

	Housing Demand (dpa)	Housing Supply (dpa)	Level of Unmet Need (dpa)	Proportion of Housing Need Unmet
Scenario D2: Actual Housing Vacancy Rate (1.7%) and Suppressed Demand	548	334	214	39%
Scenario D2: Higher Housing Vacancy Rate (3.9%) and Suppressed Demand	559	334	225	40%

Source: CCL calculations

Summary

- A 2015 update to the Objectively Assessed Housing Need figure has been prepared for Crawley Borough Council, using a demographic-based assessment. This provides a further check on the housing need figure proposed for the *Crawley Local Plan 2015-30* of 535 dwellings per annum, which is based on the detailed assessment work underlying *Topic Paper 2 Housing Need* (November 2014).
- Two scenarios have been considered: Baseline Scenario D1 – using CLG 2011-Based Household Projections, and Baseline Scenario D2 – using CLG 2011-Based Household Projections, adjusted to reflect 2012 SNPP Population Projections for the period 2011-2031. Baseline Scenario D2 is considered to be a more realistic reflection of potential housing need in Crawley.
- Baseline Scenario D2 identified a potential housing need figure of 533 dwellings per annum across the period 2011-31, which also applies across the period 2015-30. This compares with the Crawley Borough Council Objectively Assessed Housing Need figure of 535 dwellings per annum from the 2nd housing need update of 2014 reported in *Topic Paper 2 Housing Need*.
- An assessment of 'suppressed demand' has also been carried out as part of this current 2015 update work. This indicates a potential level of suppressed housing need equivalent to 227 dwellings in total. This housing need should be reflected in the housing need requirement for the Local Plan period 2015-30. This equates to a housing need figure of **548 dwellings per annum** in total (533 dwellings per annum from future forecast housing need, plus 15 dwellings per annum from the overall total 227 suppressed need requirement spread across 2015-30).
- The housing need figures are based on the latest housing vacancy figures for Crawley of 1.7% (from the 2011 Census). A sensitivity test has been applied to this figure, with the West Sussex County vacancy rate of 3.9% applied. This results in a baseline future demographic housing need figure of 544 dwellings per annum, and a suppressed housing need figure of 232 dwellings in total. This is equivalent to **559 dwellings per annum** in total (544 dwellings per annum from future forecast housing need, plus 15 dwellings per annum from the overall total 232 suppressed need requirement spread across 2015-30).
- The housing need figures of 548 to 559 dwellings per annum (before any adjustment for market signals) have been compared with the identified housing land supply in Crawley. It equates to 334 dwellings per annum for the period 2015-30. This indicates that there is a potential unmet need for 225 dwellings per annum. This is equivalent to an unmet need

proportion of 39% on the basis of applying a housing vacancy rate of 1.7% in Crawley.

3. ECONOMIC PERFORMANCE

Introduction

3.1 This Section deals with the latest economic data as part of the updating of the objectively assessed housing and employment land needs for the Borough. It includes the latest employment forecast data for Crawley Borough. This is used to re-assess the local housing need figure derived from earlier employment forecasts and economic data in the *Northern West Sussex Economic Growth Assessment* (April 2014).

3.2 As with the demographic analysis set out in Section 2 previously, various detailed investigation and modelling work has already been carried out on this issue for Crawley Borough Council. The focus in this Section, therefore, has been on providing a strategic assessment of the employment-based housing need figure. This is in order to update the employment-based housing need assessment figure identified by CBC by detailed modelling work.

3.3 In addition, a number of potential variations to the employment-based housing need assessment have been examined, such as the use of alternative reference-point employment data, modifications to the labour force ratio, and alternative housing vacancy rates. The emphasis of these sensitivity-tests has been to provide a type of boundary analysis in order to assess realistic maximum housing needs arising from employment and economic growth.

Employment Forecasts

3.4 Table 3.1 provides a summary of the economic forecasts developed for Crawley as part of the *North West Sussex Economic Growth Assessment (NWS EGA 2014*) and the *Crawley Economic Growth Update Assessment (NLP, February 2015)*. This includes the original employment forecasts based on May 2013 Experian forecasts, and a more recent update set of forecasts based on December 2014 Experian forecasts.

3.5 Three sets of growth scenarios are outlined:

- E1 Baseline Scenario - reflecting national and regional changes;
- E2 Higher Growth Scenario - reflecting a 'policy-on' type scenario; and
- E3 Site Capacity Scenario - reflecting the employment impact of various strategic sites coming forward over the Plan period.

3.6 The forecast employment growth for the three scenarios is outlined in Table 3.1 and shows the differences between the May 2013 and December 2014 Experian forecasts for Crawley Borough.

3.7 The Table indicates an improved economic situation under the latest forecasts, with job growth approximately 49% higher in the December 2014 Experian based forecasts under the Baseline Scenario compared with the May 2013 Experian forecasts (1,228 jobs per annum compared to 822 jobs per annum). Whilst Experian economic forecasts can be more optimistic than those of other forecasting houses, in practice much depends upon when the forecasts were made and the variables used in understanding the local context and translating the national projections down to local geographies. In fact, the latest HM Treasury *Forecasts for the UK Economy: Comparison of Economic Forecasters* (November 2014) indicates that Experian are in the mid-point of 14 non-City forecasters in terms of forecasts for employment growth and a similar position in terms of economic growth forecasts.

Table 3.1: Economic Forecasts for Crawley Borough (2011-31)

Source and Forecast Base		Number of Jobs		Change	
				Absolute	Annual Average
NWS EGA (April 2014)		**2011**	**2031**	**2011-31**	**2011-31**
Baseline Forecast	Experian (May 2013)	89,490	105,930	16,440	822
High Growth Forecast	Experian (May 2013)	89,490	109,620	20,130	1,007
Potential Sites Forecast	Experian (May 2013)	89,490	111,930	22,440	1,122
Crawley Update (Feb 2015)		2011	2031	2011-31	2011-31
E1 Baseline Scenario	Experian (Dec 2014)	90,980	115,540	24,560	1,228
E2 Higher Growth Scenario	Experian (Dec 2014)	Update comparison not available			
E3 Site Capacity Scenario	Experian (Dec 2014)	90,980	121,540	30,560	1,528

Source: North West Sussex Economic Growth Assessment (NLP, 2009 and 2014); Crawley Economic Growth Update Assessment (NLP, February 2015); Experian (December 2014)

3.8 The *Crawley Economic Growth Update Assessment (NLP, February 2015)* analysis has also provided a breakdown of employment change for the Local Plan period of 2015 to 2030. This reflects the improved economic situation for Crawley Borough from the May 2013 to December 2014 Experian forecasts. It indicates a potential increase of 1,011 jobs per annum for Crawley over the period 2015-30 under the Baseline Scenario, as illustrated in Table 3.2 below.

Table 3.2: Economic Forecasts for Crawley Borough (2015-30)

Source and Forecast Base		Number of Jobs		Change	
				Absolute	Annual Average
Crawley EGA Update (Feb 2015)		**2015**	**2030**	**2015-30**	**2015-30**
E1 Baseline Scenario	Experian (Dec 2014)	99,300	114,460	15,160	1,011
E2 Higher Growth Scenario	Experian (Dec 2014)	99,300	116,893	17,593	1,173
E3 Site Capacity Scenario	Experian (Dec 2014)	99,300	120,460	21,160	1,411

Source: Experian (December 2014)

3.9 As part of the updating work carried out by CBC and reported in *Topic Paper 2: Housing Need (November 2014)*, what was effectively a 'high-demand' scenario was tested.

3.10 The higher demand scenario was termed 'Employment Growth (3% GVA)' and was identified as being closest to the 'Scenario G: 'Hybrid' Economic Growth and Strategic Employment Site' scenario assessed as part of the *Housing Need Assessment* study carried out for Crawley Borough Council in 2011 (NLP, November 2011) (See Table 2.1 in Section 2).

3.11 The higher demand scenario assessment examined the maximum likely housing need figure that would arise from economic drivers. This was then compared with the demographic-derived housing need figure to help ensure the most realistic housing need assessment was being derived.

3.12 The 'Employment Growth (3% GVA)' scenario is closest to the E3 Site Capacity Scenario summarised in Tables 3.1 and 3.2. In practice however, the employment land supply constraints evident in Crawley Borough and described in *Topic Paper 4 Economic Growth (November 2014)* mean that this economic scenario is undeliverable in housing terms.

3.13 The E1 Baseline Scenario is more reflective of the land supply constraints in reality, although even for this scenario the employment land supply constraints will limit the level to which such employment growth can be achieved within the Borough.

Employment-Based Housing Need

3.14 The employment growth forecasts summarised in Table 3.1 and 3.2 are the starting point in identifying the potential housing need arising for Crawley Borough associated with such economic growth.

3.15 The essence of the approach is to assess what proportion of this employment growth is likely to be associated with people living and working in Crawley Borough, the resident workforce. This resident workforce employment figure then needs to be translated into an overall population figure, which is, in turn, translated into a household figure, and then to a dwellings figure.

3.16 This update provides a high-level analysis of the impacts of the latest employment growth forecasts on housing need. It has not involved formal modeling, focusing instead on testing the scale of changes on the housing demand figures.

3.17 The core requirements of the approach to translating employment growth into housing need are as follows[5]:

- Generate forecast **employment growth** in Crawley;
- Identify the **total number of jobs** in Crawley;
- Identify the **total number of people** in Crawley **who have a job**;
- Produce a 'Labour Force Ratio' – LFR (number of people with jobs in Crawley divided by total number of jobs in Crawley, which is an indicator of whether the area is a 'net importer' or 'net exporter' of employment);
- Apply the LFR to forecast employment growth in Crawley (which identifies the proportion of jobs that are assumed to be associated with

[5] *Note: This is an overview of the standard approach to assessing housing need derived from employment growth. The data sources used are summarised in Table 3.1, and it should be noted that the employment data uses a 'workforce-based' definition.*

people who will live and work in Crawley in the future – the '**resident workforce'**);

- Identify the **total 'population equivalent' associated with the Crawley 'resident workforce'** job figure (derived from the ratio of people in Crawley who have a job with the total population of Crawley which is used to assess the total population that is likely to arise in relation to each job) that derives a population equivalent figure of 1.44;
- Identify the **total number of households** associated with the additional population (an average household size assumption of 2.465 has been used drawing from paragraph 2.32 and Table 2.8 previously); and
- Identify the **total number of dwellings** required in the plan period 2015 - 2030 (based on the known proportion of vacant residential stock (1.7%) in Crawley and applying this to the household need figure).

3.18 The results of the above approach are summarised in Table 3.3 below that covers all three economic growth scenarios.

3.19 **The E1 Baseline Scenario indicates that the employment-based housing need figure for Crawley for 2015-30 is 378 dwellings per annum**. By way of comparison with a 'higher growth' scenario, the update assessment reported in *Topic Paper 2: Housing Need (November 2014)* indicated a housing need figure of 350 dwellings per annum in relation to the 'Scenario G: 'Hybrid' Economic Growth and Strategic Employment Site' scenario.

3.20 When the 'Employment Growth (3% GVA)' scenario tests were applied as part of 1st and 2nd Update assessments, then the housing need figure rose to 483 dwellings per annum. This is closest to the **E3 Site Capacity Scenario in Table 3.3, which shows a housing need figure of 528 dwellings per annum**. This is an increase of approximately 9% compared with the 'Employment Growth (3% GVA)' scenario.

3.21 However, as highlighted previously, the E1 Baseline Scenario is likely to be the closest reflection of reality in terms of the ability to supply sufficient employment land to accommodate forecast economic growth. Even then, the E1 Baseline Scenario is still constrained by the limited potential supply of employment land in Crawley relative to demand.

Table 3.3: Calculation of Economic-Based Housing Need Figure

Calculation Component		Date	Source	Economic Growth Scenario		
				E1 Baseline Scenario	E2 Higher Growth Scenario	E3 Site Capacity Scenario
1	Total Employment Growth	2015-30	Experian December 2014	15,160	17,593	21,160
2	Average Annual Employment Growth		Experian December 2014	1,011	1,173	1,411
3	Total Number Jobs	2011	Topic Paper 2 Housing Need. Appendix A. Figure 3	85,384	85,384	85,384
4	Total Residents	2011	ONS, 2011 Census	77,348	77,348	77,348
5	Total Labour Force	2011	ONS, 2011 Census	59,495	59,495	59,495
6	Labour Force in Employment	2011	ONS, 2011 Census	53,637	53,637	53,637
7	Labour Force Ratio	2011	Calculation (Row 6 divided Row 3)	0.63	0.63	0.63
8	Future Additional Resident Workforce		Calculation (Row 1 x row 7)	9,551	11,083	13,331
9	Total Population Equivalent	1.44	Calculation (Row 9 x 1.44)	13,753	15,960	19,196
10	Total Household	2.465	Calculation (Row 9 / 2.465)	5,579 (372 p.a)	6,475 (432 p.a)	7,788 (519 p.a)
11	Total Vacant Dwellings	1.7%	Calculation (Row 10 x 1.7%)	5,673	6,585	7,920
12	Total Dwellings per Annum	2015-30	Calculation (Row 11 / 15 years)	378	439	528

Source: Experian (December 2014); ONS Census (2011); Nomis, 2011 Census Commuting Data (2015) CBC, Topic Paper 2 Housing Need. Appendix A. Figure 3 (November 2014).

Economic Sensitivity Tests

3.22 A set of sensitivity tests were undertaken in order to assess the robustness of the overall employment-based assessment of housing need. The focus was on assessing the realistic potential 'maximum' housing need figure. The sensitivity tests included:

- **Applying an alternative Total Number of Jobs** figure - based on the latest Annual Population Survey (APS)/Business Register and Employment Survey (BRES) figure of 86,000 for Crawley;
- **Modification to the Labour Force Ratio** - raised from 0.63 to 0.64, which effectively assumes that the Crawley labour force increases its share of total available jobs in Crawley, as occurred between 2001 and 2011;
- **Modification to the Average Household Size** ratio - this was varied from the 2.465 average household size figure assumed as part of the 'suppressed demand' analysis in the Demographic analysis Section, to 2.46; and
- **Modification to the Housing Vacant Stock** assumption - raised from the actual level of 1.7% identified in the ONS 2011 Census to the West Sussex County average of 3.9%.

3.23 Table 3.4 highlights the results of the sensitivity analysis work. For the E1 Baseline Scenario, the impact is to raise the housing need figure from 378 dwellings per annum to 393 dwellings per annum, or just under 4%. However, as discussed below, this employment-based housing need figure needs to be considered in relation to the evident employment land supply constraints in Crawley.

Table 3.4: Calculation of Economic-Based Housing Need Figure for Crawley Borough – Sensitivity Analysis

(Dwellings per annum)	Growth Scenario		
	Baseline Scenario	Higher Growth Scenario	Site Capacity Scenario
Core Assessment (from Table 3.3)	378	439	528
Sensitivity Analysis	393	456	549

Source: CCL Calculations

Employment Land Supply/Demand Update

3.24 The *Crawley Economic Growth Update Assessment (NLP, February 2015)*analysis translates the latest Experian, (December 2014) employment growth forecasts into an employment land requirement for Crawley Borough.

3.25 The results are shown in Table 3.5, and indicate that the E1 Baseline Scenario results in an employment land demand for Crawley of 57.9 hectares over the period 2015-30. This could increase to 85 hectares under the 'Site Capacity Scenario'.

Table 3.5: Employment Land Demand in Crawley (2015-30)

	Growth Scenario		
2015-2030	E1 Baseline Scenario	E2 Higher Growth Scenario	E3 Site Capacity Scenario
Total Workforce Job Growth	15,160 (1,011 p.a.)	17,595 (1,173 p.a.)	21,160 (1,411 p.a.)
B Class Job Growth	3,720 (248 p.a.)	5,925 (395 p.a.)	8,290 (553 p.a.)
Gross B Class Floorspace requirement (sq.m)	287,190	316,140	339,990
Gross Employment Land Requirement (Ha)	57.9	63.0	85.0

Source: Crawley Economic Growth Update Assessment (NLP, February 2015); CCL Calculations

3.26 The potential future employment land supply in Crawley Borough has been identified as 42.3 hectares in *Topic Paper 4 Economic Growth (November 2014*) Under the Baseline Scenario this would result in an employment land shortfall of 15.6 hectares, rising to 42.7 hectares under the Site Capacity Scenario as highlighted in Table 3.6.

3.27 Simply put, 73% of the employment land demand likely to arise as a result of employment growth under the E1 Baseline Scenario can be accommodated on land in Crawley Borough. Applying the same ratio to the employment-based housing need figure of 378 for the E1 Baseline Scenario in Table 3.4 identifies a supply-constrained housing need figure of 276 dwellings per annum.

Table 3.6: Comparison of Employment Demand and Supply in Crawley (2015-30) – November 2014

	Employment Land Demand (Ha)	Employment Land Supply (Ha)	Employment Land Shortfall (Ha)	Proportion of Employment Need Unmet
E1 Baseline Scenario	57.9	42.3	15.6	27%
E2 Higher Growth Scenario	63.0	42.3	20.7	33%
E3 Site Capacity Scenario	85.0	42.3	42.7	50%

Source: Available Employment Land from NWS EGA (April 2014); Topic Paper 4 Economic Growth, Table 7 (November 2014); Crawley Economic Growth Update Assessment (NLP, February 2015); CCL calculations

3.28 Further updating work has been carried out on the employment land supply, and reported in the *Crawley Economic Growth Update Assessment (NLP, February 2015)* study. This has involved additional analysis of planning permissions, discussions with land agents and site owners, and pre-application discussions.

3.29 The results of this further analysis have revealed a reduced level of potential employment land supply over the period 2015-30. Table 3.7 illustrates that the realistic potential supply of employment land in Crawley has reduced to 25.8 hectares. This means that there is likely to be a shortfall of just over 32 hectares of employment land over the period 2015-30 under the Baseline Scenario. This equates to an unmet employment need of 55%.

Table 3.7: Comparison of Employment Demand and Supply in Crawley (2015-30) – February 2015

	Employment Land Demand (Ha)	Employment Land Supply (Ha)[6]	Employment Land Shortfall (Ha)	Proportion of Employment Need Unmet
E1 Baseline Scenario	57.9	25.8	32.1	55%
E2 Higher Growth Scenario	63.0	25.8	37.2	59%
E3 Site Capacity Scenario	85.0	25.8	59.2	70%

Source: Crawley Economic Growth Update (NLP, February 2015); CCL calculations

3.30 This unmet need position is primarily driven by employment land constraints within Crawley Borough, which are strongly influenced by the land safeguarding requirements attached to Gatwick Airport. Until government decisions are made regarding the future expansion plans of Gatwick Airport it is not possible to move further toward satisfying the full potential employment land needs of Crawley. This point was noted in the *NWS EGA (April 2014)* at paragraphs 9.63 and 9.64:

> *"However, a key determinant of how future needs might be distributed across the sub-region relates to the ability of Crawley to meet anything more than its short-term needs in view of the current safeguarding restrictions that affect large areas of potential future land supply in the Borough (including those locations which represent the most logical extensions to the Manor Royal business district).*
>
> *Until such time as these restrictions are confirmed or not, there is a likelihood that Crawley will not be able to fully meet its identified business needs for the whole of the Plan period. In this context, there may be a requirement for unmet needs from Crawley to be*

[6] *Note that the Employment Land Supply in both Table 3.6 and Table 3.7 relates to 'unsafeguarded' sites. In other words, it does not include the land that has been safeguarded for potential expansion of Gatwick Airport, and is therefore the realistic supply of employment land for Crawley in planning terms.*

accommodated in adjoining authorities (including Horsham District and Mid Sussex), or depending on the type of requirement, outside of the sub-region entirely. This dynamic does not, however, necessarily obviate the need and potential for new strategic employment locations/propositions to be brought forward in either Horsham District or Mid Sussex; both authorities have identified baseline employment growth requirements that need to be addressed and their own economic planning objectives (e.g. diversification of business base, provision of higher quality business accommodation) to which these proposed sites could also meaningfully contribute".

3.31 The likelihood is that an element of the unmet employment land need arising from Crawley will flow towards Horsham and Mid Sussex in the Northern West Sussex economic area, but also towards Reigate & Banstead. However, this very much depends upon the nature of potential occupiers and their specific requirements. Certain businesses will be more footloose and may move further within the south-east region, following the strategic influence of the M25, for instance, whilst others may move outside of the region entirely. The nature and type of employment floorspace that may be on offer in other areas currently may not accord with business occupier preferences. As such, it is difficult to determine with accuracy where the expected unmet employment land needs arising from Crawley will ultimately locate.

Cross-Comparison of Jobs from Demographic-led Analysis

3.32 As a further comparison of the potential housing needs, the demographic-led analysis presented in Section 2 has been used to identify the potential levels of employment associated with such housing needs.

3.33 This analysis needs to be treated with some caution as it is aiming to establish relationships based on two alternative ways of assessing housing needs. Nevertheless, it is helpful in understanding the scale of job growth possible for Crawley residents.

3.34 The analysis in Section 2 concluded with a housing need figure of 548 dwellings per annum for the period 2015-30. The employment-led analysis is this Section has concluded with a housing need figure of 378 dwellings per annum. This was generated from a job growth equivalent figure of 637 jobs per annum (9,551 jobs from Row 8 in Table 3.3 divided by 15 years). This is a ratio of 1.68 jobs for each dwelling in Crawley. Applying this to the 548 dwellings per annum figure based on the demographic-led analysis, suggests a job growth rate of 921 jobs per annum.

3.35 In practice, however, both the Demographic-led scenarios and Employment-led scenarios face land supply constraints. In the case of the employment-led analysis it is suggested that only the equivalent of 45% of the employment land supply required to satisfy employment need will be available over the period 2015-30. This therefore suggests that only 45% of the 'resident workforce' job growth associated with such need may arise, or 287 jobs per annum (637 jobs x 45%).

3.36 Likewise, in terms of the Demographic-led analysis it is concluded that approximately 61-71% of housing land supply will become available over the period 2015-30 to satisfy housing need in Crawley (see Table 2.10). As such, it can be inferred that 566 to 654 'resident workforce' jobs per annum may come forward.

3.37 However, noting the employment land supply constraints, one scenario could be for an increased level of out-commuting from Crawley. In other words, as the likely employment land supply in Crawley may only support the growth of 287 jobs per annum, then potentially 279 to 367 jobs per annum may be held by Crawley residents commuting outside of the Borough.

3.38 However, this is likely to be an over-simplification of reality. In practice, as there is significant in-commuting to Crawley, so there is potential for some of the future job growth to be secured by existing Crawley residents over time instead of in-commuters. In other words, there may, in relative terms, be a reduced level of out-commuting from Crawley. This is supported from trends seen in Crawley between the 2001 Census and 2011 Census, in which the level of net in-commuting has reduced from 30,835 in 2001 to 24,089 in 2011.

Summary

- The latest Experian economic forecasts (December 2014) have indicated an improved economic outlook for Crawley relative to the May 2013 forecasts set out in the *Northern West Sussex Economic Growth Assessment*. This indicates an increase in employment in Crawley of 1,011 jobs per annum between 2015-30 under an unconstrained Baseline Scenario.
- These 1,011 jobs per annum in Crawley translate into a potential requirement of 378 dwellings per annum over the period 2015-30. Sensitivity analysis has suggested that this figure could rise to 393 dwellings per annum. This relates to an assumed figure of 635 jobs per annum secured by the 'resident workforce' of Crawley.
- There are employment land supply constraints in Crawley, primarily associated with the safeguarding requirements for Gatwick Airport. The E1 Baseline Scenario identifies an employment land demand of 57.9

hectares between 2015-30 for Crawley, compared with a potential employment land supply of 25.8 hectares. This is a shortfall of 32.1 hectares, meaning only 45% of the E1 Baseline Scenario employment demand can be accommodated within Crawley.

- Applying this 45% constrained supply ratio to the housing need figure of 378 dwellings per annum suggests that the realistic Employment-led housing need figure would be 170 dwellings per annum. This relates to a 'resident workforce' job growth figure of 287 jobs per annum.
- This 'constrained' job growth figure of 287 jobs per annum was compared against a derived job growth figure associated with the Demographic-led housing need figure examined in Section 2, also under the expected constrained supply position. This suggested a potential constrained job growth figure of 566 to 654 jobs per annum based on the Demographic-led analysis. This could lead to an increased level of out-commuting from Crawley even under the Demographic-led Baseline Scenario (D1 or D2).

4. MARKET SIGNALS

Introduction

4.1 This section considers evidence on a range of housing market signals including prices, sales volumes, trends in private rents, housing affordability, rates of housing development completions and hidden households evidenced through over-crowding.

4.2 Much of the necessary information and conclusions concerning market signals for Crawley, within the Northern West Sussex Housing Market has been prepared and published recently in the *Northern West Sussex Housing Market Area: Affordable Housing Needs Update* (October 2014). This report was prepared for the whole Northern West Sussex HMA area including Crawley Borough, Horsham and Mid Sussex Districts.

NPPG Requirements

4.3 The evidence and analysis in this section accords with Section 2a, paragraph 019 and 020 of the NPPG.

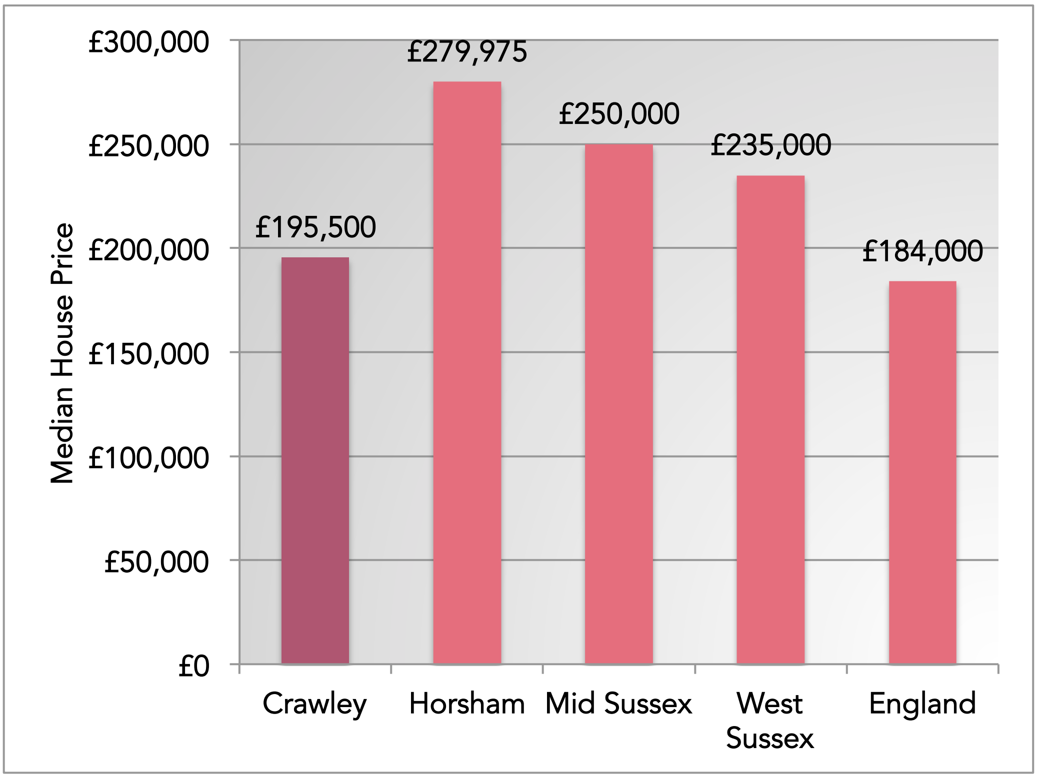
4.4 The NPPG advises that housing needs identified through household projections may need to be adjusted to reflect market signals and indicators of the balance of supply and demand for housing. In paragraph 020 the NPPG confirms that comparative indicators should be made considering longer term trends for the Borough, the Housing Market Area and nationally. The NPPG is clear that where there are worsening trends indicated by negative market signals and/or worsening affordability then an upward adjustment to planned housing numbers should be made. The NPPG does not identify how such an upward adjustment should be made, simply that it is reasonable.

House Prices

4.5 Current house prices and trends in price change have been assessed in the *Affordable Housing Needs Update*. Section 3 of that report provides the relevant information to establish the current position.

4.6 Median house prices in Crawley were identified in Figure 1 of the Affordable Housing Needs Update and recorded at £195,000 in Quarter 2 of 2013 (the latest available information based on CLG Live Table 582, June 2014). The median average price in Crawley is 6% above the England average (£184,000) but below the West Sussex County position (£235,000).

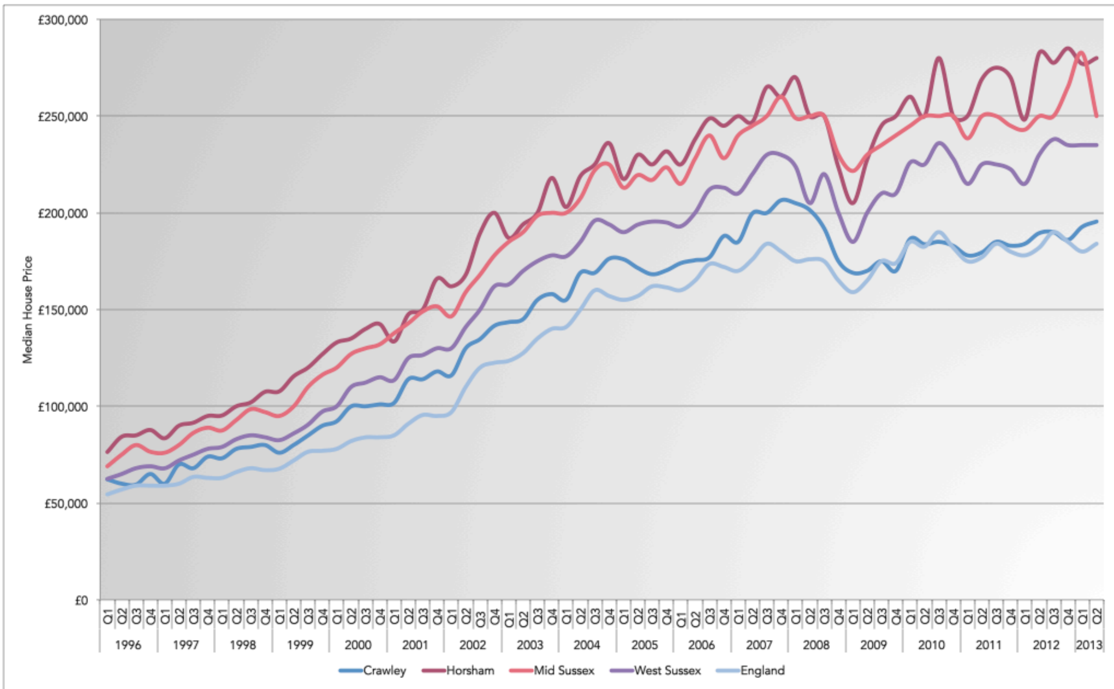
Figure 4.1: Median House Prices, Crawley Borough and NW Sussex HMA, Q2 2013



Source: Extract from Northern West Sussex Affordable Housing Needs Update, October 2014 using CLG Table 582, June 2014

4.7 Over the longer term from Q1 1996 to Q2 2013 Crawley's median house price has tracked the England average closely throughout the period and shows less volatility than either Horsham or Mid Sussex districts within the wider Northern West Sussex HMA as Figure 4.2 shows.

Figure 4.2: Median House Price Trends, 1996 – 2013

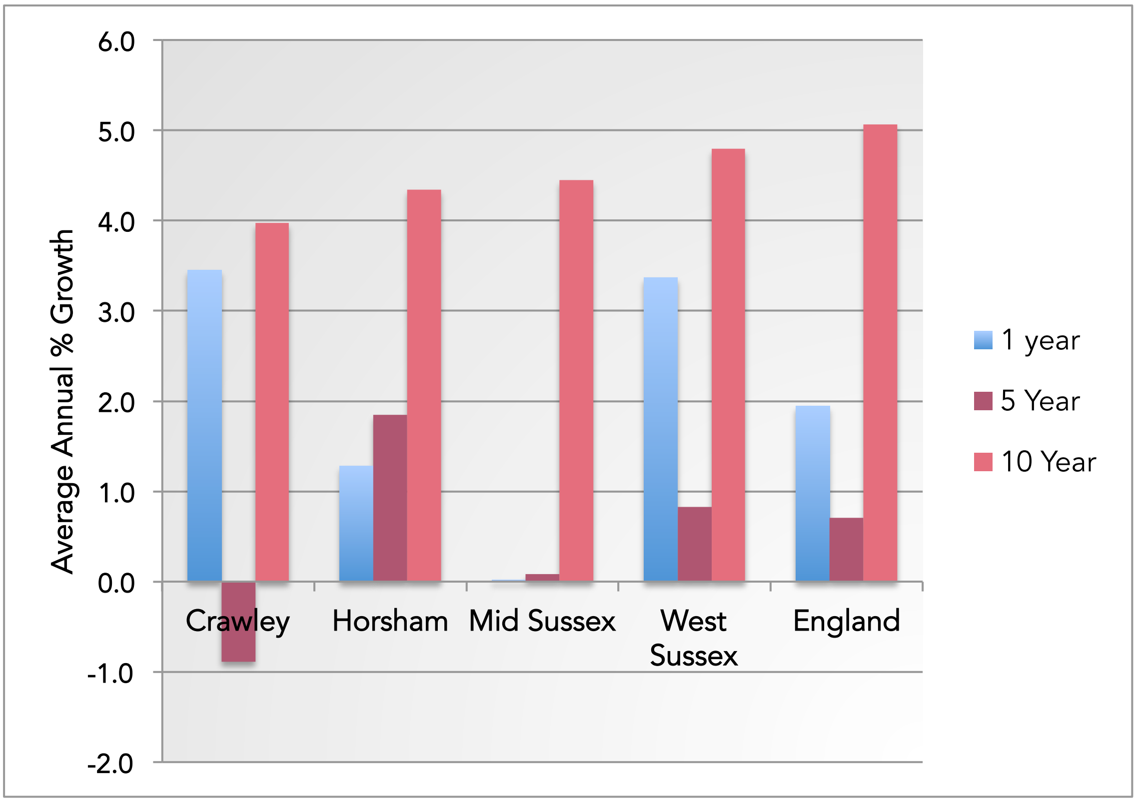


Source: Extract from Northern West Sussex Affordable Housing Needs Update, October 2014 using CLG Table 582, June 2014

4.8 Annualised house price appreciation was also examined in more detail in the *Affordable Housing Needs Update* report at Figure 4. For Crawley this showed annual house price inflation of 3.95% over the decade (2002 – 2012) and more considerable price growth in the last year (3.5%) that followed a period of negative growth (-0.9%) in the 2008 – 2012 period.

4.9 The post-2008 situation clearly emphasised the market downturn with significant negative price inflation between 2008 and 2010 and annual decreases of some -10% in Crawley during the immediate recessionary period.

Figure 4.3: House Price Appreciation, Annualised, Crawley Borough and Northern West Sussex HMA



Source: Extract from Northern West Sussex Affordable Housing Needs Update, October 2014 using CLG Table 586, June 2014

4.10 The latest ONS House Price Index house price inflation data published in November 2014 (more recent than that reported in the *Affordable Housing Needs Update*) covering the annual price change in the year December 2013 – November 2014 shows 3.8% inflation in the South-east region. The data is not sub-divided down to individual local authority level, but it does provide a clear indication of a recent return to significant house price inflation in the South East.

4.11 Comparison of the change in average house prices is also possible using data set out in Table 4 of the *Affordable Housing Needs Update* together with the latest information from HM Land Registry (via the Property Database Ltd - TPDL) and ONS annual house price information for the South-east region and England.

4.12 The *Affordable Housing Needs Update* report concluded that mean average house prices by type were -£78,000 below the regional average in June 2014. This was in comparison to the other local authorities in the Northern West Sussex HMA area, Horsham (+£16,000) and Mid Sussex (+£52,000).

Table 4.1: Mean Average House Prices by Type Crawley, South-East Region and England, June 2014

	Overall
Crawley Borough	£219,789
South East England	£299,000
England	£261,000

Source: Extract from Northern West Sussex Affordable Housing Needs Update, October 2014 using TPDL, 2014; ONS House Price Table 512, 2014. ONS data is for the 2013 year and is rounded to the nearest thousand

4.13 Table 4.2 below updates the picture establishing the change in mean average house price by type in the period from June 2014 to January 2015 for Crawley Borough. This shows that there was an average 8.4% price increase across all dwelling types over the six-month period. The most marked increase was for detached properties at 11.5% followed by flatted apartments at 8.5% increase.

Table 4.2: Mean Average House Prices and Six Monthly Change, Crawley Borough, June 2014 and January 2015

Crawley Borough	Detached	Semi-Detached	Terraced	Flat	Overall
June 2014	£353,910	£260,217	£208,386	£145,701	£219,789
January 2015	£394,627	£273,015	£222,336	£158,106	£238,292
Six Month Change	+£40,717 (11.5%)	+£12,798 (4.9%)	+£13,950 (6.7%)	+£12,405 (8.5%)	+£18,503 (8.4%)

Source: TPDL Data, extracted January 2015 and CCL calculation

4.14 Median and mean average house prices in Crawley (and Northern West Sussex HMA more widely) have shown volatility over the recession 'trough' in 2008/09 period, growing significantly to values now that are reaching close to and above the pre-recession peak in 2007.

4.15 There is every sign from the current data that annual house price growth will continue (although perhaps dampened slightly in 2015 onwards as mortgage affordability tests increase through the Mortgage Market Controls policy) in Northern West Sussex HMA and in Crawley Borough as the market re-bounds from the recession and as demand is driven by newly forming households in the HMA as well as those seeking to locate in Northern West Sussex from elsewhere in London and the south-east.

Sales Volumes and Revealed Demand

4.16 Housing sales trends show revealed demand for private market housing. The *Northern West Sussex Affordable Housing Needs Update* examined sales trends in Section 3 and particularly paragraphs 3.39 to 3.43.

4.17 The *Affordable Housing Needs Update* report identified in Figure 6 the long-term trend from Q1, 1996 to Q3, 2007 shows the strength of the sales market, with clear sales peaks in Q3, 1997, Q3, 1999 and again in 2001 and 2002, 2003 and then in Q2, 2006 and Q2, 2007. The highest level of sales was recorded in Q2, 2002, closely followed by peaks in 2006 and 2007.

4.18 The more recent sales trends mark the onset of the national economic recession in Q1, 2008 and the depths of Q1, 2009 where sales volumes in the Northern West Sussex Housing Market Area, including Crawley Borough declined to less than 25% of the volume in the 2002 peak and some 35% down on the previous five years.

4.19 The operation of the sales market appeared relatively stable over the 2009 – 2012 period for each of the three Northern West Sussex local authorities with average sales of 1,183 dwellings in Crawley Borough in that period. Since then, total sales transactions have increased each year in the Borough, rising to 1,384 sales for 2014 as Table 4.3 sets out. The total sales in Crawley are still significantly below the peak of 2,518 sales in Q2, 2007 prior to the recession, indicating that there is still room for sales growth in the market.

Table 4.3: Housing Sales Transactions 2012 – 2014, Crawley Borough

	Overall Sales Transactions	Change
2012	1,193	-
2013	1,369	+176 (14.7%)
2014	1,384	+15 (1.09%)

Source: Extract from NW Sussex Affordable Housing Needs Update, Figure 7; TPDL HMLR data for 2013 and 2014 and CCL calculation

Private Rental Trends

4.20 The private rental market comprises a significant element of the housing market and traditionally accommodates those unable or unwilling to purchase housing.

4.21 The size of the private rental market has historically tended to be driven by market conditions and investment returns for buy-to-let investors rather than supply and demand from tenants. However in recent years and particularly through the recession, private rental markets have expanded significantly as households that would usually have chosen to purchase have become increasingly excluded from the sales market due to factors such as mortgage finance lending restrictions, economic uncertainty and employment insecurity.

4.22 The Valuation Office Agency (VOA) records the number of private rental properties let each month at a local authority level. Figure 12 of the *Affordable Housing Needs Update* report set out the annual private rental lettings for each of the Northern West Sussex HMA authorities, including Crawley Borough. This showed an increase in private rental sector lettings in Q1 2014 (969 lettings) compared with Q1, 2013 (660).

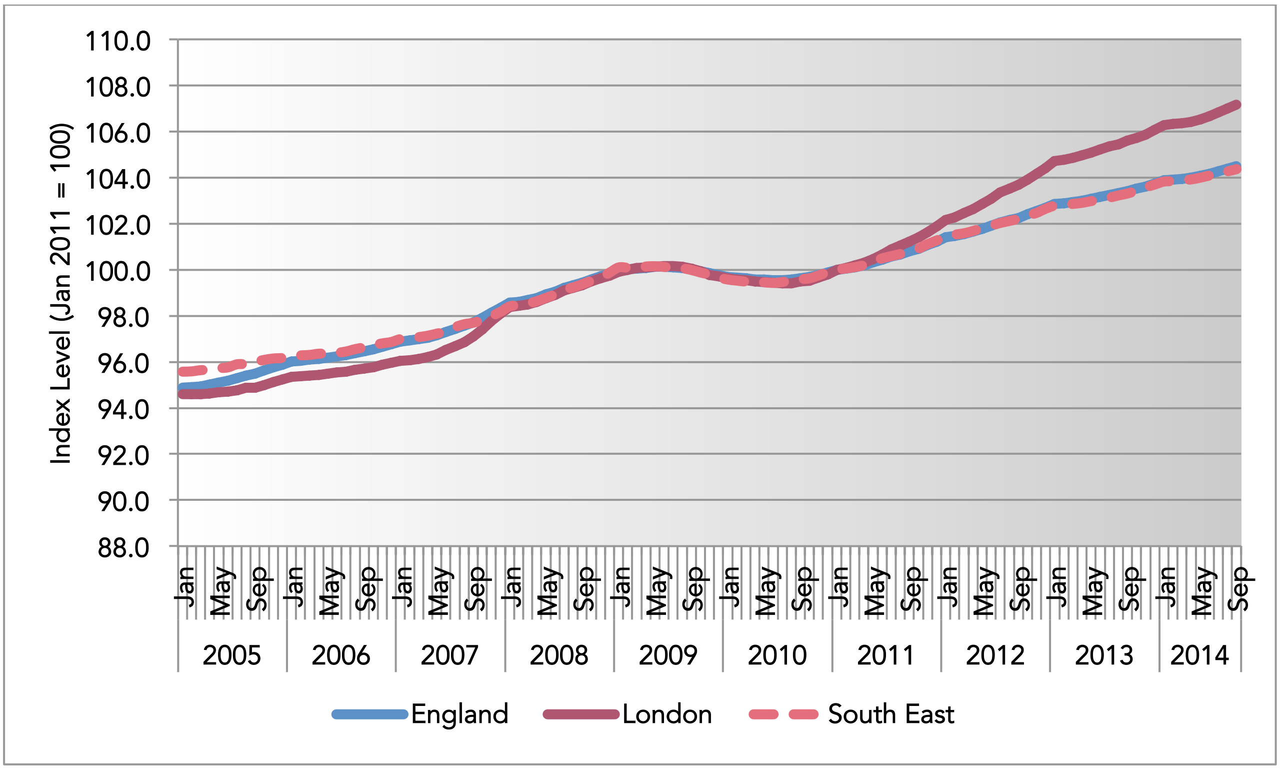
4.23 The latest position available from VOA data for Crawley Borough is for Q3 2014. This shows 1,143 private rental lettings, an increase of 174 lettings in the period Q1 to Q3 2014. Table 8 of the Affordable Housing Needs Update set out that the mean average monthly private market rent was £870 in Crawley, compared to an average of £928 for Northern West Sussex as a whole in 2014.

4.24 The Index of Private Housing Rental Prices (IPHRP) published by the VOA measures the change in price of renting residential property from private landlords. The index is published as a series of price indices covering Great Britain, its constituent countries and the English regions. The data is not published on a local authority level basis.

4.25 The IPHRP offers a useful indication of the change in price of renting residential property from private landlords, thereby allowing a comparison between the prices tenants are charged in the current month as opposed to the same month in the previous year. The Index does not measure the change in advertised rental prices.

4.26 Figure 4.4 below sets out the latest IPHRP (September 2014) and updates the position from that shown in the *Affordable Housing Needs Update* report. The chart shows the growth in private rents at a national and South East regional level. January 2011 is taken as the index base level (100) and highlights the significant growth in private rents in the recent period to 2014. Indeed, over that time the South East regional index has grown by 4.4 points to 104.4 as at September 2014, mirroring the growth recorded for England as a whole. By comparison, London has seen growth of 7.2 points to 107.2 in the same period. Both at national and South East regional level, the growth in private rents has been sustained on a month-by-month basis since 2011.

Figure 4.4: Index of Private Rental House Price Growth, Q1 2005 – Q3 2014



Source: VOA, Private Housing Rental Prices Index, September 2014

4.27 The *Affordable Housing Needs Update* report also established that anecdotal information from local letting agents confirmed that the demand for rental properties had out-paced supply leading to resultant increases in rental prices across all properties and types. The report also identified the role that relatively transient populations working at Gatwick Airport and within the Manor Royal Business Park play in supporting the Crawley private rental market.

Occupancy

4.28 The NPPG identifies that the levels of over-occupancy or over-crowding of existing dwellings is a pertinent market signal showing the extent to which there is unrealised potential demand for housing within existing households.

4.29 Census Occupancy Rating data from 2001 and from 2011 is used in Table 4.4 below to show the levels of over-occupation of existing households measured by the level of over-occupancy of rooms. The table demonstrates that there was a +2.2% increase in over-occupation in Crawley Borough over the decade, a slightly higher level of change than experienced elsewhere in the Northern West Sussex HMA (+1.1% in Horsham and +1.7% in Mid Sussex) and above the level of change experienced in the South East (+1.8%) and England as a whole (+1.6%).

Table 4.4: Change in Over-Occupation Levels, 2001 - 2011

	Over-Occupation		
	2001	2011	Change
Crawley	7.6%	9.8%	+2.2%
Horsham	4.3%	5.4%	+1.1%
Mid Sussex	3.9%	5.6%	+1.7%
South East	5.7%	7.5%	+1.8%
England	7.1%	8.7%	+1.6%

Source: 2001 and 2011 Census, CCL calculation

Housing Completions

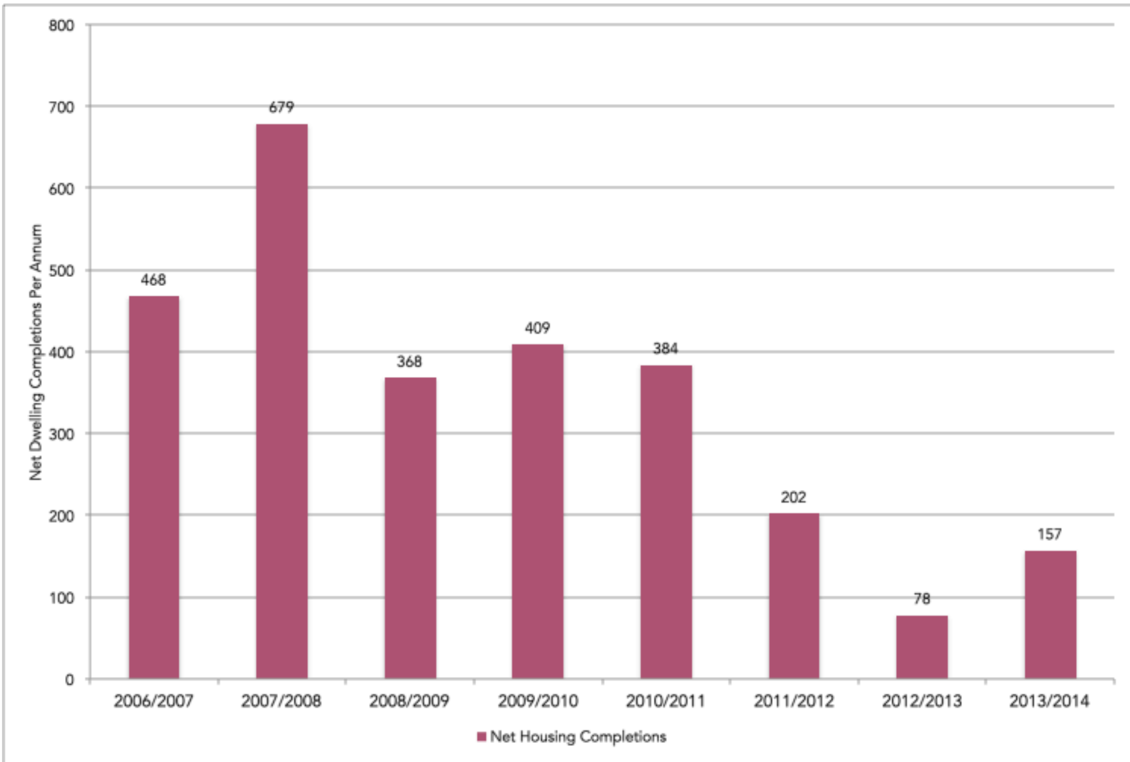
4.30 Levels of new housing completions in Crawley Borough are set out in Figure 4.5 below. The table shows a variable but decreasing level of net annual housing completions in the Borough from 2009/10 to 2013/14. A total of 2,745 dwellings have been completed in the period 2006/7 to 2013/14.

4.31 The decreasing level of housing completions can be juxtaposed against the increasing level of dwelling sale transactions particularly over the past three years. The majority of sale transactions have been for second hand rather than new housing stock.

4.32 It is considered that the recent net housing completion trends reflect the Borough's emphasis on larger housing sites and allocations in the Local Plan that necessarily involve more complex infrastructure provision, longer pre-development lead times and result in phasing programmes that have extended construction periods.

4.33 A significant element of the future committed net addition supply of some 3,203 dwellings is expected to come from 1,900 dwellings allocated in the large-scale urban Forge Wood (formerly known as the North East Sector) extension scheme currently under construction and due to be completed over the next ten to fifteen years.

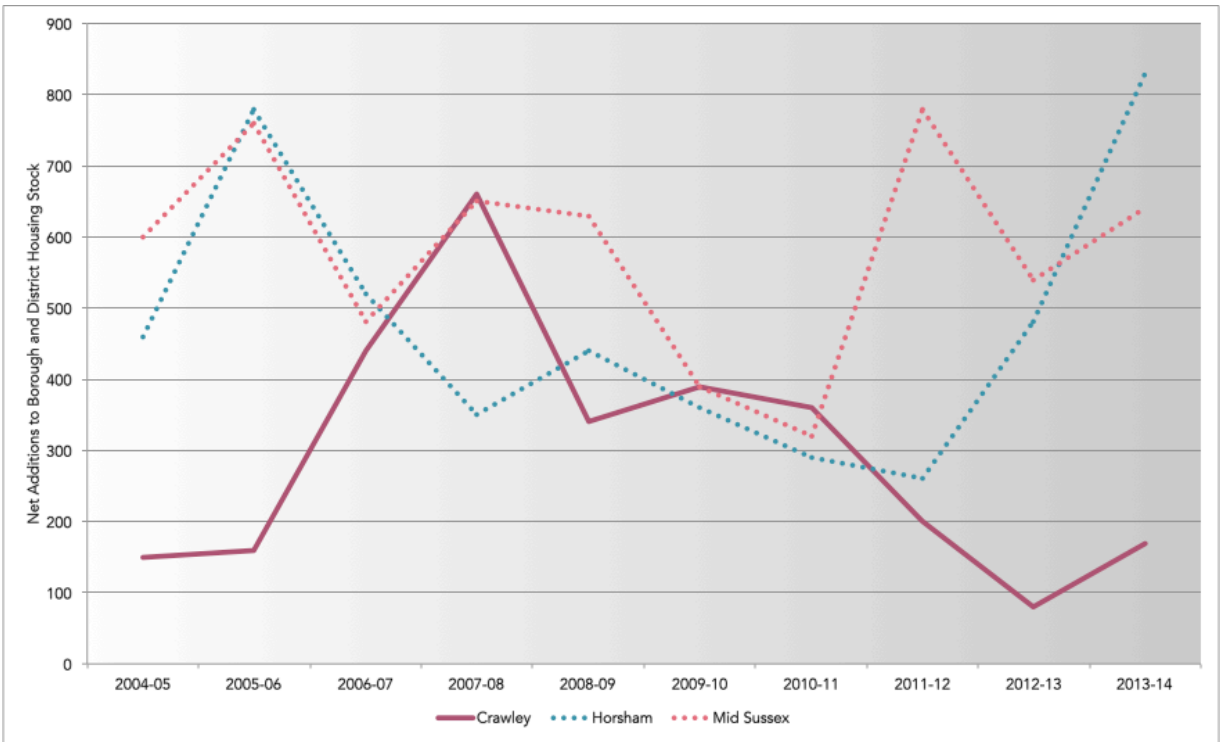
Figure 4.5: Crawley Borough Annual Net Housing Completions



Source: CBC Annual Monitoring Reports and Local Plan, Topic Paper 2, November 2014

4.34 Net additions to the total dwellings stock for Crawley over the past decade is shown in Figure 4.6 below. The data is taken from DCLG Live Tables as of January 2015. It identifies the variable annual levels of net additions to the dwelling stock in the Borough over time.

Figure 4.6: Net Annual Additions to Total Housing Stock, Crawley and Northern West Sussex Authorities, 2004/5 – 2013/14



Source: DCLG Live Table 122, January 2015

Affordability

Private Market Housing

4.35 High levels of unaffordability can lead to distortions in the housing market including unmet housing needs, and inability to support economic and employment growth, increased pressure on commuting for work, loss of economically active households and increased social pressures on housing benefits, healthcare and poverty. Increasing unaffordability places greater pressure on social rented housing needs as well as increasing the demand for intermediate and shared equity housing products.

4.36 The affordability of market housing is examined in the *Affordable Housing Needs Update* report in Section 4.

4.37 Affordability, measured by the relationship of lower quartile house prices to lower quartile household incomes showed a brief period of improvement immediately after the on-set of the recession in 2008 in Northern West Sussex, including Crawley. However, affordability has deteriorated again during the period from 2009 onwards and remains at levels that preclude many households from accessing the owner occupation market.

4.38 For Crawley, the lower quartile price to income ratio representing entry-level housing stands at 7:1. The trend data and the current position indicate the severity of the barriers to home ownership and market entry that exist now and are likely to increase. The level of unaffordability is significantly above the England average (6.4:1) but below the affordability ratios of the other Northern West Sussex authorities (11:1 in Horsham and 10.2 in Mid Sussex).

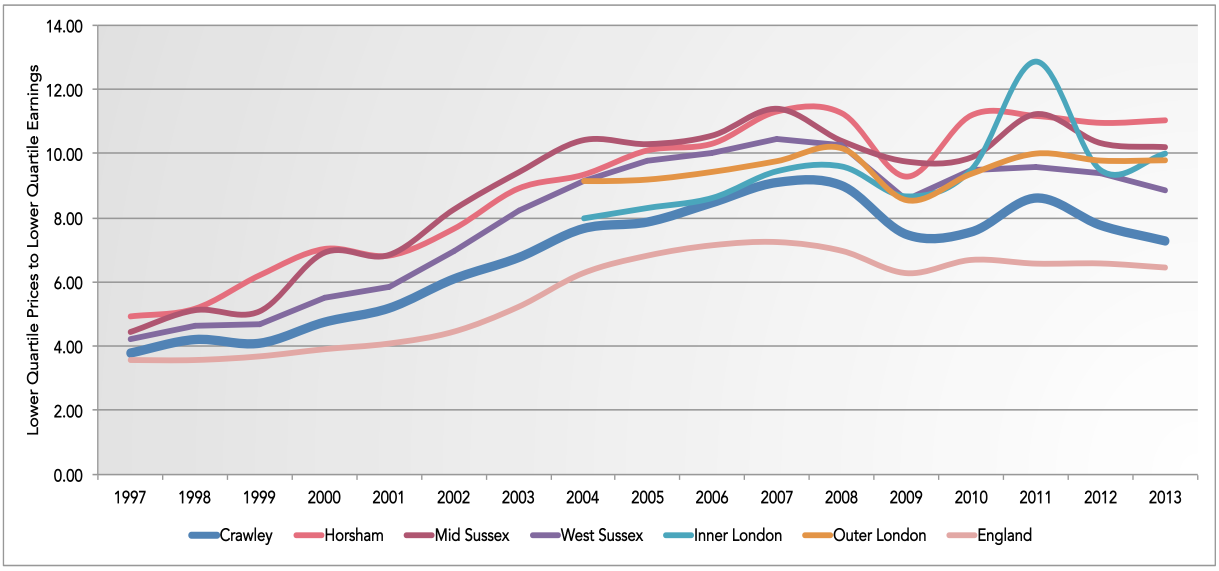
4.39 The recent trends in the ratio over the period from 2009 to 2013 do not offer much in terms of any positive story, with price to earnings ratios generally rising through the recession

Figure 4.7: Ratio of Lower Quartile Prices to Lower Quartile Earnings, Crawley Borough in Comparison to NW Sussex HMA Authorities

Source: Extracted from NW Sussex Affordable Housing Needs Update using CLG Live Table 576, 2014

4.40 The longer-term trend continues to be of a high level of unaffordability in Crawley Borough as well as the other Northern West Sussex local authorities as Figure 4.8 shows, broadly reflecting nation-wide trends through the 1990s and 2000s. The house price reductions evidenced during the early parts of the recession in 2008/09 did not support a significant or sustained improvement in the affordability of entry-level market housing.

Figure 4.8: Ratio of Lower Quartile Prices to Earnings, 1997 – 2013



Source: Extracted from Affordable Housing Needs Update using CLG, Live Table 576, 2014

Affordable Housing Needs

4.41 Affordable housing is defined in Annex 2 of the National Planning Policy Framework (NPPF) as:

> *"social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market…Affordable housing eligibility is determined with regard to local incomes and local house prices".*

4.42 Paragraph 159 of the NPPF confirms that local authorities should address:

> *"the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and cater for housing demand and the scale of housing supply necessary to meet this demand".*

<u>Need for Social Housing</u>

4.43 The need for social housing remains significant in Crawley Borough and more widely across the Northern West Sussex HMA as the *Affordable Housing Needs Update* demonstrates. The current waiting list maintained by Crawley Borough Council shows a substantial numbers of households requiring housing, of which many lie within reasonable preference[7] groups:

- 1,578 households in total; with 872 households in reasonable preference groups.

Newly Forming Households Unable to Buy or Rent

4.44 There remain a significant proportion of newly forming households that are unable to purchase or rent on the private market without financial support in Crawley Borough. Figure 19 of the *Affordable Housing Needs Update* identifies that for Crawley, 62.5% of newly forming households are unable to buy and 55.9% are unable to rent in the private market without financial assistance.

Intermediate Housing Demand

4.45 Evidence of the revealed demand for Intermediate Housing in Crawley can be drawn from data provided by Bedfordshire Pilgrims Housing Association (BPHA). BPHA are the relevant Zone Agent for Intermediate Housing in Northern West Sussex that includes Crawley.

4.46 Current evidence in the *Affordable Housing Needs Update* and replicated in Table 4.5 below demonstrates a strong and continued revealed demand for Intermediate Housing products in Crawley Borough despite financial lending and deposit requirement restrictions.

Table 4.5: Demand for Intermediate Housing, Crawley Borough and Northern West Sussex HMA

	Total Wishing to Live in NW Sussex*	Currently Living in Area	Currently Working in Area	% Living in Area	% Working in Area
Crawley	286	183	152	64%	53%
NW Sussex	908	586	384	65%	42%

[7] *CLG Guidance of June 2012 relating to the Housing Act, 1996 establishes the basis for identifying those in 'reasonable preference' or priority groups. These include: people who are homeless; people occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions; people who need to move on medical or welfare grounds including relating to a disability; people who need to move to a particular locality in the district of the housing authority, where failure to meet that need would cause hardship to themselves or others. In addition members of the Armed Forces and bereaved spouses may be given additional preference.*

Source: Extract from NW Sussex Affordable Housing Needs Update using BPHA and CCL calculations, August 2014

Affordable Rent

4.47 Affordable Rent is a social housing tenure introduced by the Government after the 2010 election. It is defined in Annex 2 of the NPPF as:

> *"properties let by local authorities or registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)".*

4.48 Figure 21 of the *Northern West Sussex Affordable Housing Needs Update* illustrates the proportion of households in Crawley that could not afford the maximum Affordable Rent levels without financial assistance. This shows that 56% of households in the Borough (some 25,000 households) would theoretically be unable to afford 80% of the current private market rents. The figures for Horsham and Mid Sussex Districts were lower (51% and 44% respectively).

Supply of Affordable Housing

4.49 The supply of affordable housing is drawn from Crawley Borough's housing trajectory and monitoring records. The overall committed future affordable housing supply is 1,063 affordable dwellings as Table 4.6 below shows.

4.50 The majority of the future committed affordable supply (some 760 dwellings) is expected to come from the large-scale urban Forge Wood (North East Sector) extension scheme currently under construction and due to be completed over the next ten to fifteen years.

Table 4.6: Affordable Housing Supply and Commitments

	Affordable Housing Completions				Committed Affordable Housing Supply
	2009-10	2010-11	2011-12	2012-13	
Crawley	270	150	60	50	1,063
NW Sussex HMA	490	320	320	260	2,593

Source: Extracted from NW Sussex Affordable Housing Needs Update using CLG Live Table 1008, June 2014 and Local Authorities Monitoring Data/Housing Trajectories, July 2014

Note – CLG figures are provided as per the dataset, rounded to nearest ten dwellings

Assessment of Affordable Housing Needs

4.51 An up-to-date assessment of affordable housing need is therefore necessary in order to help inform the planning policies, housing targets and spatial plans for the local authorities in Northern West Sussex.

4.52 This work was completed for Crawley Borough as part of the Northern West Sussex HMA in Section 4 of the *Affordable Housing Needs Update*, October 2014 using a model that accords with the methodological steps set out in the NPPG at Section 2a, paragraphs 024 – 029.

4.53 The Affordable Housing Needs model results are set out in Table 13 and Appendix A of the *Affordable Housing Needs Update* report. They represent a snapshot of the current position as of October 2014. Four affordable housing needs scenarios were presented representing a reasonable range within which planning policies can seek to secure and deliver new affordable housing. All scenarios show a significant requirement for affordable housing.

- Scenarios A and B show the affordable housing needs for those in reasonable preference categories (the Low Estimate) using the CLG Household Projections 2011-base figures (2013) for new household formation.
- Scenarios C and D set out the affordable housing needs calculations for the whole Housing Register Waiting List (the High Estimate) based on CLG Household Projections constrained to changes in household growth in only the 16-44 years age cohorts.

Table 4.7: Net Annual Affordable Housing Needs (Dwellings Per Annum) – Scenarios A-D Outputs

	Crawley Borough
Scenario A – CLG Projection, Reasonable Preference Groups (Low Estimate)	197
Scenario B – 16-44 Years Cohort Constrained, Reasonable Preference Groups (Low Estimate)	456
Scenario C – CLG Projection, Total Waiting List (High Estimate)	268
Scenario D – 16-44 Years Cohort Constrained, Total Waiting List (High Estimate)	527

Source: Extract from NW Sussex Affordable Housing Needs Update, 2014 using CCL calculations

4.54 Net additional affordable housing needs range across the four scenarios from 197 – 527 dwellings per annum (dpa) in Crawley. In more detail:

- The two Reasonable Preference Group (Low Estimate) scenarios (A and B) show the range of net affordable housing need per annum in Crawley is 197 – 456 dpa.
- The two Total Gross Waiting List (High Estimate) scenarios (C and D) have a larger net affordable housing need range of 268 – 527 dpa for Crawley.

4.55 Each of the scenarios highlights the continuing, substantial affordable housing requirements of Crawley Borough. The *Affordable Housing Needs Update* also identifies that this situation persists in Horsham and Mid Sussex Districts as well.

Adjustments to Account for Market Signals

4.56 The analysis of key market signals set out above shows a clear picture of strong, revealed demand for homes in Crawley (as part of the Northern West Sussex HMA). Residential sales prices, sales transactions and private rental market values and lettings have seen substantial increases over the past two years as the worst effects of the economic recession have abated.

4.57 The evidence indicates that there is strong demand for residential properties and a worsening picture in terms of newly forming households' abilities to buy or rent property in the private market without financial subsidy. The lower quartile price:earnings ratio in Crawley has continued to sit around the 7:1 mark and shows no signs of improvement as price growth continues to out-strip household earnings growth.

4.58 These market signals manifest in a number of ways including driving property prices upwards and increasing the levels of over-crowding evident in the existing housing stock as new households are restricted in forming. The Occupancy Ratio of the Borough's stock has shown an increase in levels of over-occupation (over-crowding) between the 2001 and 2011 Census periods.

4.59 The Borough Council has made significant impacts in terms of the reduction and management of its Housing Waiting list register, however there remains a strong demand for affordable housing (whether calculated on the basis of meeting the needs of the whole waiting list or just those in reasonable preference categories). The demand for affordable housing is represented across all types of affordable housing, including Intermediate tenures. The level of affordable housing need remains significant and acute, despite recent affordable housing completions and a strengthened future pipeline of affordable housing committed in the Borough.

4.60 Noting the historic trends of suppressed housing demand from the 2001 – 2011 period identified earlier in Section 2 (some 8% household formation suppression in that period) indicates a historic pattern of household inability to form as they would otherwise have done without restrictions, including market related supply and affordability factors.

4.61 On the basis of the evident market and affordability signals for the Borough, it is proposed that a +10% adjustment to the objectively assessed housing needs figures are made in order to take those signals into account. The 10% upwards adjustment is considered to be a realistic and reasonable figure that is justified by the market signals evidence and related in scale to the level of household growth suppression evident in the 2001 – 2011 period.

Summary

- This section considers evidence on a range of housing market signals including prices, sales volumes, trends in private rents, housing affordability, rates of housing development completions and hidden households evidenced through over-crowding.
- Much of the necessary information and conclusions concerning market signals for Crawley, within the Northern West Sussex Housing Market has been prepared and published recently in the *Northern West Sussex Housing Market Area: Affordable Housing Needs Update* (October 2014).
- The NPPG advises that housing needs identified through household projections may need to be adjusted to reflect market signals and indicators of the balance of supply and demand for housing. In paragraph 020 the NPPG confirms that comparative indicators should be made considering longer term trends for the Borough, the Housing Market Area and nationally.
- The NPPG is clear that where there are worsening trends indicated by negative market signals and/or worsening affordability then an upward adjustment to planned housing numbers should be made.
- From Q1 1996 to Q2 2013 Crawley's median house price has tracked the England average closely throughout the period and shows less volatility than either Horsham or Mid Sussex districts within the wider Northern West Sussex HMA.
- Annual house price inflation of 3.95% over the decade (2002 – 2012) preceded more considerable price growth in the last year (3.5%). The period from 2008 – 2012 saw negative growth of -0.9%.
- The change in mean average house price by type in the period from June 2014 to January 2015 for Crawley Borough shows that there was an

average 8.4% price increase across all dwelling types over the six-month period. The most marked increase was for detached properties at 11.5% followed by flatted apartments at 8.5% increase.

- There is every sign from the current data that annual house price growth will continue (although perhaps dampened slightly in late 2015 onwards as mortgage affordability tests increase through the Mortgage Market Controls policy) in Crawley Borough as the market re-bounds from the recession and as demand is driven by newly forming households in the HMA as well as those seeking to locate in Northern West Sussex from elsewhere in London and the south-east.
- The operation of the sales market appeared relatively stable over the 2009 – 2012 period for each of the three Northern West Sussex local authorities with average sales of 1,183 dwellings in Crawley Borough in that period. Since then, total sales transactions have increased each year in the Borough, rising to 1,384 sales for 2014.
- For the private rental market in Crawley, the latest VOA data for Q3 2014 shows 1,143 private rental lettings, an increase of 174 lettings in the period Q1 to Q3 2014. Table 8 of the Affordable Housing Needs Update set out that the mean average monthly private market rent was £870 in Crawley, compared to an average of £928 for Northern West Sussex as a whole in 2014.
- The levels of over-occupancy or over-crowding of existing dwellings is a pertinent market signal showing the extent to which there is unrealised potential demand for housing within existing households. There was a +2.2% increase in over-occupation in Crawley Borough over the decade to 2011, a slightly higher level of change than experienced elsewhere in the Northern West Sussex HMA (+1.1% in Horsham and +1.7% in Mid Sussex) and above the level of change experienced in the South East (+1.8%) and England as a whole (+1.6%).
- Levels of new housing completions in Crawley Borough shows a variable but decreasing level of net annual housing completions in the Borough from 2009/10 to 2013/14. A total of 2,745 dwellings have been completed in the period 2006/7 to 2013/14. A significant element of the future committed net addition supply of some 3,203 dwellings is expected to come from 1,900 dwellings allocated in the large-scale urban Forge Wood.
- Affordability, measured by the relationship of lower quartile house prices to lower quartile household incomes showed a brief period of improvement immediately after the on-set of the recession. However, affordability has deteriorated again during the period from 2009 onwards and remains at levels in Crawley that preclude many households from accessing the owner occupation market. The lower quartile price to

earnings ratio representing entry-level housing stands at 7:1 and the trend data indicates the severity of the barriers to home ownership and market entry that exist now and are likely to increase.

- The demand for social housing remains significant in Crawley Borough. The current waiting list maintained by Crawley Borough Council shows a substantial numbers of households requiring housing, of which many lie within reasonable preference groups (872 households in reasonable preference categories from a total of 1,578 households).
- There remain a significant proportion of newly forming households that are unable to purchase or rent on the private market without financial support. 62.5% of newly forming households are unable to buy and 55.9% are unable to rent in the private market without financial assistance.
- The proportion of households in Crawley that could not afford the maximum Affordable Rent (set at a maximum of 80% of the private market rent) levels without financial assistance is some 56%
- The overall committed future affordable housing supply is 1,063 affordable dwellings, with 760 anticipated to come forward from the Forge Wood development. This will substantially improve the provision of new affordable housing in the Borough which has declined over the period from 2009/10 – 2012/13, averaging at 132 new affordable dwellings per year in the four year period.
- Net additional affordable housing needs as calculated in the *Affordable Housing Needs Update* (October 2014) range across the four affordable housing scenarios contained in that report from 197 – 527 dwellings per annum.
- Each of the scenarios highlights a continuing, substantial affordable housing requirement for Crawley Borough.
- On the basis of the evident market and affordability signals for the Borough, it is recommended that a +10% adjustment to the objectively assessed housing needs figures are made in order to take those signals into account. The 10% upwards adjustment is considered to be a realistic and reasonable figure that is justified by the market signals evidence.

5. CONCLUSIONS & RECOMMENDATIONS

Introduction

5.1 This section brings together the analysis and findings of the previous sections. It provides a series of conclusions on the housing and employment needs of Crawley Borough updating previous assessments.

5.2 Crawley Borough has submitted its *Crawley Borough Local Plan 2015 – 2030* (September 2014) together with *Submission Modifications* (November 2014) for independent examination that is due to commence in March 2015. The Submission Local Plan establishes its Objectively Assessed Housing Need (OAN) based on a series of evidential documents prepared during the plan-making process.

5.3 The purpose of the Objectively Assessment of Crawley's Housing and Employment Needs (OACHEN) is to review and update the objectively assessed housing and employment land needs for the Borough in the period 2015 - 2030 taking account of the latest available demographic, household, economic and property market information.

5.4 The OACHEN together with the combination of other evidence set out in inter alia: the Northern West Sussex SHMA (and updates), Locally Generated Housing Needs Assessment, the Northern West Sussex Economic Growth Assessment, Economic Growth Assessment Update and the Local Plan Topic Papers 2, 3, 4 and 5, together address the requirements of the NPPG.

5.5 It is not therefore the intention or purpose of this OACHEN report to provide a complete HEDNA but to focus on specific housing and employment land matters that the Borough Council considers are necessary to review and update now at the point of the Borough Local Plan Examination in Public.

5.6 The Report builds upon the previous evidence and analyses undertaken as part of the Local Plan preparation. It is therefore intended to supplement and update the existing housing and employment evidence base that supports the Submission Local Plan.

The National Planning Practice Guidance

5.7 The National Planning Practice Guidance (March 2014) is an online resource offering advice and guidance on a range of planning and development matters. Section 2a of the NPPG is concerned with housing and economic development needs assessments. A number of sub-sections and paragraphs are relevant to the preparation of a housing and employment needs.

5.8 The starting point for establishing the need for housing is the Household projections published by the Department for Communities and Local Government (DCLG). Household projection-based estimates of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. The NPPG also advises that the assessment will need to reflect the consequences of past under-delivery of housing and that local authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.

5.9 The NPPG supports the process of making adjustments to demographic and household projections on the basis of sensitivity testing specific to local circumstances, including migration levels and demographic structures.

5.10 Other adjustments are also indicated by the Guidance, including assessments of likely employment change and the implications of a variety of market signals and affordable housing requirements. The more significant the constraints and the stronger the indicators of demand, the larger the additional housing supply response should be and reasonable adjustments made to the overall housing need accordingly.

Outcomes from Demographic and Employment-led Housing Needs Scenarios

5.11 Sections 2 and 3 of the Report set out a series of analyses, scenarios and sensitivity tests to consider realistic demographic and employment-led housing needs scenarios.

5.12 As noted previously, the analyses and findings are based on updating and re-appraisal of existing scenarios and outcomes shown in inter alia: the *Locally Generated Housing Needs Assessment* (November 2011; *Crawley Borough Council Topic Paper 2: Housing Need* (November 2014); the *Northern West Sussex Economic Growth Assessment* (April 2014); and *Crawley Economic Growth Update* (NLP, February 2015).

5.13 The detailed analyses and findings for the various scenarios and sensitivities are set out in detail within the relevant report sections. Table 5.1 below draws all of the scenarios together for ease of consideration and comparison. It should be noted that the table includes provision for a Demographic-led scenario D3 based on the 2012-based CLG Household Projections. These projections are not available at the time of writing and it is therefore recommended that the Report be updated to take account of these Projections when they are made available.

Table 5.1: Summary Comparison of Housing Needs Scenarios, Crawley Borough 2015 – 2030

Scenario	A: Housing Need (dpa)	B: Housing Need (dpa) + Suppressed Demand + 1.7% Vacancy Rate	C: Housing Need B (dpa) + 10% Adjustment for Market Signals
Submission Local Plan	535		
Demographic-led Scenarios			
Scenario D1: CLG 2011-based Household Projections (Table 2.9)	646	672	739
Scenario D2: CLG 2011-based adjusted to reflect 2012 SNPP (Table 2.9)	524	548	603
Scenario D3: CLG 2012-based Household Projections	TBC	TBC	TBC
Employment-led Scenarios			
Scenario E1: Baseline Economic Growth (Table 3.3)	372	393	432
Scenario E2: Higher Economic Growth (Table 3.3)	432	454	499
Scenario E3: Site Capacity Economic Growth (Table 3.3)	519	543	597
Scenario E4: Baseline Economic Growth + Sensitivity (Table 3.4)	-	408	448
Scenario E5: Higher Economic Growth + Sensitivity (Table 3.4)	-	471	518
Scenario E6: Site Capacity Economic Growth + Sensitivity (Table 3.4)	-	564	620

Source: CCL calculations. Note: the assessments of housing need in Table 5.1 are based on an 'unconstrained' land supply analysis.

5.14 Table 5.2 draws together the key data to present a composite picture in relation to objectively assessed need for Crawley Borough. This presents the

Objectively Assessed Need (OAN) results and range alongside the identified land supply position for both housing and employment land. The resulting level of land and dwelling shortfall is also illustrated.

5.15 Demographic-led scenario D2, at 603 dwellings per annum over the period 2015-30 represents the most realistic and appropriate OAN figure as the level of housing provision indicated by that scenario would meet both demographic needs and employment growth forecasts including adjustments for market signals, suppressed demand and taking account of vacancy rates.

5.16 Whilst employment-led scenario E6 has a higher housing need figure at 620 dwellings per annum, this is undeliverable. This is because of employment land supply constraints that prevent the levels of employment growth associated with this scenario being accommodated within Crawley. Similarly, whilst demographic-led scenario D1 has a higher housing need figure at 739 dwellings per annum, this is considered to be an unrealistic assessment. It is based on the continuation of past relatively high migration rates, which have been falling over the last few years, and did not take account of the more recent 2012-based Sub National Population Projections.

5.17 With regard to employment land, Summary Scenario S4 presents the results of the latest economic forecasts from Experian (December 2014) in terms of employment land need as identified by NLP in the NWS EGA Update (January 2015). This shows an employment land need figure of 57.9 hectares. The two demographic-led Summary Scenarios are referenced from this source figure, and indicate an employment land need of between 84 to 92.4 hectares over the period 2015-30.

5.18 Under all the Summary Scenarios there is an identified shortfall in terms of both housing need and employment land need.

Table 5.2: Summary OAN Analysis for Crawley Borough 2015-30

Summary Scenario Context	OAN		Identified Supply		Balance	
	Employment Land Need (Ha)	Dwellings per Annum	Employment Land Supply (Ha)	Dwellings per Annum	Employment Land Balance (Ha)	Dwellings per Annum
S1.Exisiting Local Plan	77.2	535	25.8	334	-51.4	-201
S2. Demographic-Led Update (Scenario D2)	84.0	548	25.8	334	-58.2	-214
S3. Demographic-Led Update + Adjusted (Scenario D2)	92.4	603	25.8	334	-66.6	-269
S4. Employment-Led Update + Updated Experian Data (Scenario E1)	57.9	432	25.8	334	-32.1	-98
S5. DCLG 2015 Household Projections Update	-	-	25.8	334	-	-

Source: CCL calculations

5.19 The following sub-sections summarise the findings and conclusions in greater detail.

Demographic-led Projections

5.20 A 2015 update to the Objectively Assessed Housing Need figure has been prepared using a demographic-based assessment. This provides a further check on the housing need figure proposed for the *Crawley Local Plan 2015-30* of 535 dwellings per annum.

5.21 Two scenarios have been considered:

- Scenario D1 – using CLG 2011-Based Household Projections; and
- Scenario D2 – using CLG 2011-Based Household Projections, adjusted to reflect 2012 SNPP Population Projections for the period 2011-2031.

5.22 An assessment of the potential for 'suppressed demand' has also been carried out as part of the update work. This indicates a potential level of suppressed housing need equivalent to 227 dwellings in total over the fifteen-year period to 2030 and needs to be reflected in the housing need requirement for the Local Plan.

5.23 The housing need figures are also based on the latest housing vacancy figures for Crawley of 1.7% (from the 2011 Census). A sensitivity test has been applied to this figure, with the West Sussex County vacancy rate of 3.9% applied.

5.24 The demographic-led scenarios housing need figures of 548 (with the Crawley 1.7% housing vacancy rate) to 559 (with the sensitivity analysis figure of 3.9% housing vacancy rate) dwellings per annum (before any adjustment for market signals) has been compared with the identified housing land supply in Crawley. This equates to 334dwellings per annum for the period 2015-30. This indicates that there is a potential unmet need for between 214 and 225 dwellings per annum equivalent to an unmet need proportion of 39% to 40% in Crawley.

Employment Growth and Economic Change

5.25 Section 3 of the report included the latest employment forecast data for Crawley Borough based on Experian December 2014 forecasts. This latest data has been used to re-assess the local housing need figure derived from earlier employment forecasts and economic data in the *Northern West Sussex Economic Growth Assessment* (April 2014).

5.26 A number of potential variations to the employment-based housing need assessment have been examined, such as the use of alternative reference-point employment data, modifications to the labour force ratio, and alternative housing vacancy rates. The emphasis of these sensitivity-tests has been to provide a type of boundary analysis in order to assess realistic maximum housing needs arising from employment and economic growth.

5.27 Three sets of growth scenarios were assessed based on updating the previous Northern West Sussex Economic Growth Assessment scenarios:

- Scenario E1 - Baseline (reflecting national and regional changes);
- Scenario E2 - Higher Growth (reflecting a 'policy-on' type scenario); and
- Scenario E3 - Site Capacity (reflecting the employment impact of various strategic sites coming forward over the Plan period).

5.28 The forecast employment growth for the three scenarios indicates an improved economic situation under the latest forecasts. It indicates a potential increase of 1,011 jobs per annum for Crawley over the period 2015-30 under the E1 Baseline Scenario, 1,173 jobs per annum under the E2 Higher Growth Scenario and 1,411 jobs per annum growth under the E3 Site Capacity Scenario.

5.29 The E2 Higher Demand scenario assessment examined the maximum likely housing need figure that would arise from economic drivers. This was then compared with the demographic-derived housing need figure to help ensure the most realistic housing need assessment was being derived.

5.30 In practice however, the employment land supply constraints evident in Crawley Borough and described in *Topic Paper 4 Economic Growth (November 2014)* mean that this economic scenario is undeliverable in housing terms.

5.31 The E1 Baseline Scenario is more reflective of the land supply constraints in reality, although even for this scenario the employment land supply constraints will limit the level to which such employment growth can be achieved within the Borough.

Employment Land Demand

5.32 The *NWS EGA Update (January 2015)* analysis translates the latest Experian, (December 2014) employment growth forecasts into an employment land requirement for Crawley Borough.

5.33 The results set out in Section 3 indicate that the E1 Baseline Scenario results in an employment land demand for Crawley of 57.9 hectares over the period 2015-30. This could increase to as much as 85 hectares under the E3 Site Capacity Scenario.

5.34 The future employment land supply in the Borough is shown to be 25.8 Ha as a result of the latest update from the *Crawley Economic Growth Update (*NLP, February 2015*)*. The E1 Baseline Scenario would result in an employment land shortfall and therefore un-met employment land need of 32.1 Ha, rising to some 59.2 Ha if the E3 Site Capacity Scenario was implemented. 45% of the employment land demand likely to arise as a result of employment growth under the E1 Baseline Scenario can be accommodated on land in Crawley Borough. Applying this constraint to the housing need figure arising from the E1 Baseline Scenario would reduce the housing need figure to 170 dwellings per annum under that scenario, noting of course that this is not an unconstrained scenario.

Employment-led Housing Needs

5.35 The employment growth forecasts were the starting point in identifying the potential housing need arising for Crawley Borough associated with such economic growth.

5.36 The approach taken was to assess what proportion of future employment growth is likely to be associated with people living and working in Crawley Borough, the resident workforce. This resident workforce employment figure then needs to be translated into an overall population figure, which is, in turn, translated into a household figure, and then to a dwellings figure.

5.37 The analyses for the three economic forecast scenarios identified the following housing needs (including 1.7% vacancy rate, but not accounting for suppressed demand or an adjustment for market signals):

- E1 Baseline Scenario: 378 dwellings per annum;
- E2 Higher Growth Scenario: 439 dwellings per annum;
- E3 Site Capacity Scenario: 528 dwellings per annum.

5.38 A series of sensitivity tests were also undertaken in order to assess the robustness of the overall employment-based assessment of housing need. The focus was on assessing the realistic potential 'maximum' housing need figure. These showed:

- E4 Baseline Scenario + Sensitivity: 393 dwellings per annum;
- E5 Higher Growth Scenario + Sensitivity: 456 dwellings per annum;
- E6 Site Capacity Scenario + Sensitivity: 549 dwellings per annum.

Market Signals

5.39 The analysis of key market signals shows a clear picture of strong, revealed demand for homes in Crawley (as part of the Northern West Sussex HMA). Residential sales prices, sales transactions and private rental market values and lettings have seen substantial increases over the past two years as the worst effects of the economic recession have receded and a more positive economic climate emerges.

5.40 The evidence indicates that there is strong demand for residential properties and a worsening picture in terms of newly forming households abilities to buy or rent property in the private market without financial subsidy (some 65% of newly forming households unable to buy and 55% unable to rent without financial subsidy). The lower quartile price:earnings ratio in Crawley has continued to sit around the 7:1 mark and shows no signs of improvement as price growth continues to out-strip household earnings growth.

5.41 These market signals manifest in a number of ways including driving property prices upwards and increasing the levels of over-crowding evident in the existing housing stock as new households are restricted in forming. The Occupancy Ratio of the Borough's stock has shown an increase in levels of over-occupation (over-crowding) between the 2001 and 2011 Census periods.

Affordable Housing Needs

5.42 The Borough Council has made significant impacts in terms of the reduction and management of its Housing Waiting list register that now stands at 1,578 households (872 households in reasonable preference groups).

5.43 The overall committed future affordable housing supply is 1,063 affordable dwellings which represents a significant future pipeline. This will improve the current position as the delivery of new affordable housing in recent years has been challenging and the Borough has recorded an average of only 132 new affordable dwellings per year over the last four years on a declining year on year out-turn.

5.44 Net additional affordable housing needs as calculated in the *Affordable Housing Needs Update* (October 2014) range across the four affordable housing scenarios set out in that report from 197 – 527 dwellings per annum.

5.45 There is a strong and acute need for affordable housing (whether calculated on the basis of meeting the needs of the whole waiting list or just those in reasonable preference categories). The need for affordable housing is represented across all types of affordable housing, including Intermediate tenures. The level of affordable housing need remains significant and acute, despite recent affordable housing completions and a strengthened future pipeline of affordable housing committed in the Borough.

Market Signals and Affordability Adjustment

5.46 On the basis of the evident market and affordability signals for the Borough, it is proposed that a +10% adjustment to the objectively assessed housing needs figures for each scenario are made in order to take those signals into account. The 10% upwards adjustment is considered to be a realistic and reasonable figure that is justified by the market signals evidence and related in scale to the level of household growth suppression evident in the 2001 – 2011 period.