

CRAWLEY BOROUGH COUNCIL

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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

Population and Households

A 2015 update to the Objectively

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

(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

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.

- 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

- 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

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

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
(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

Table 2.3: D2 Baseline Scenario - CLG 2011-Based Household Projections

Table 2.5: Assessment of D2 Baseline Scenario -

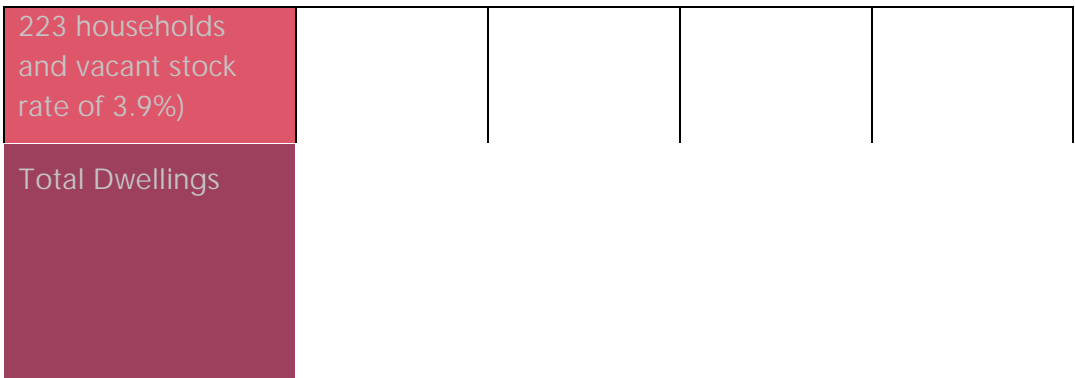
Table 2.6: Comparison of Total Population, Household Size and Total Households in Crawley

	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	-

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

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



2.57

- **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)	

3.12 The 'Employment Growth (3% GV

people who will live and work in Crawley in the future – the ‘

Table 3.3: Calculation of Economic-Based Housing Need Figure

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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%

- 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 at paragraphs 9.63 and 9.64:

- 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. T

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

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 [Housing Market Review](#) (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 [Housing Market Review](#). 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

Figure 4.2

Figure 4.3

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

5480.280 cm/TT4713T Table 4.1: Mean Average House Prices by Type Crawley, South-East Region and England, June 2014

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 examined sales trends in Section 3 and particularly paragraphs 3.39 to 3.43.
- 4.17 The 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

Private Rental Trends

4.20

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
to Q3 2014

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	

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



Figure 4.8

by Crawley Borough Council shows a substantial numbers of households requiring housing, of which many lie within reasonable preference⁷

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

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

- 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

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.

5.

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

- 5.9 The NPPG supports the process of making adjustments to demographic and d projections on the basis of sensitivity testing specific to local

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

Objectively Assessed Need (OAN) results and range alongside the iden

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

Summary Scenario Context	
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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 [redacted] mean that this economic scenario is undeliverable in housing terms.

5.31 The E1 Baseline Scenario is more

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

- 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 (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