Brighton & Hove City Council

Housing Requirements Study

June 2011

PREPARED BY

GL Hearn

Property Consultants

20 Soho Square
London
W1D 3QW

Tel: +44 (0)20 7851 4900
Fax: +44 (0)20 7851 4910
Email: info@glhearn.com
www.glhearn.com

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

Date	Originator	Approved
	Nick Ireland	Graeme Tulley
	Planning Associate Director	Planning Director

Limitations

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

EXECUTIVE SUMMARY

I. Brighton and Hove City Council (BHCC) has commissioned this Study to provide an assessment of housing requirements for the City based on demographic and economic factors. The Study is intended to provide evidence to support future planning policies for housing within the City. It has been prepared by GL Hearn and JGC.

II. At the time of writing, housing requirements for Brighton and Hove are set out within the South East Plan, which was published by the Secretary of State in May 2009. This set out a housing requirement to deliver 11,400 homes in the City over the 2006-26 plan period (equivalent to 570 homes per year). This was influenced by the urban capacity of the City. The Coalition Government has however made clear its intention to revoke the South East Plan in due course and return responsibilities for determining housing provision to individual local authorities.

III. Brighton and Hove forms part of a Sussex Coast housing market. The City's population grew quite strongly in the late 1990s and between 2004-9, although it fell between 2001-4. The Brighton and Hove Strategic Housing Market Assessment identifies that a key feature of housing market dynamics is movement of households from London to Brighton, with movement of over 4000 people per annum. Many of these are younger households aged 16-44. There is also a notable movement out of the City, particularly of 25-44 year olds from the City to adjacent districts, particularly to Adur and Lewes. The City's population structure has remained significantly younger than other areas, with population growth concentrated in the 15-44 age groups. There is a particularly high proportion of people aged 20-24 influenced in part by the presence of two universities. Natural change, with more births than deaths, is now a significant component of overall population growth in the City.

IV. While house prices fell during 2008, losing 18% of their value, they have subsequently risen and in Q3 1010 were an average of £248,000: 8% above their previous peak. However housing sales have been significantly affected by the credit crunch and in 2010 remained 45% down on average levels over the decade to 2007. The availability of mortgage finance is currently restricting the ability of young households to purchase housing, and displacing demand towards rented tenures.

V. Brighton and Hove is one of the largest concentrations of employment in the South East region. The City's Employment Land Study indicates that in the pre-recession period, the City has experienced rapid employment growth; with employee jobs increasing by 21% (20,800) between 1998-2008 compared to 10% growth across the South East and England and Wales.

However economic participation falls below average and action is required over the longer-term to reduce worklessness and to create higher paid employment to reduce out-commuting.

VI. This Study has sought to explore housing need and demand over the period between 2010 – 2030. Housing need and demand is driven by growth in the population and changing structure and size of households. It is also influenced by future economic performance, as this can affect migration to and from the City. The Study has used a scenarios-based approach to develop understanding and quantify the impacts of these key housing market drivers.

VII. The charts overleaf illustrate the findings of the various projections developed over the period 2010-2030. It shows the level of population growth, housing requirements (in terms of dwellings), and associated growth in labour supply for each projection.

VIII. Net in-migration to Brighton and Hove over the last five years at an average of 1,340 per annum has significantly exceeded longer-term trends, and compares to average net in-migration of 340 per annum over a longer ten year period. Net migration to Brighton and Hove has particularly been influenced by international flows of migrant labour. Moving forward, the Government's official national population projections project that this source of migration will reduce notably, and as a result rates of population growth in Brighton and Hove will slow. Although it is very difficult to be definitive in this field, this seems to be a sensible long-term assumption. On this basis, a reasoned demographic based assessment of demand (as modelled in PROJ 3) would result in a housing requirement of 19,400 homes over the 2010-30 period (970 pa).

IX. However the scenarios based on projected economic performance come out lower than this, suggesting that weaker employment growth moving forward, relative to pre-recession trends, may have a dampening effect on housing demand. We consider that it is reasonable to take account of commuting dynamics recognising the role which the City plays within a wider labour market. PROJ 8, developed on this basis, identifies a requirement based on forecast economic performance for 15,800 homes over the 2010-30 period (790 pa).

Figure A: Overview of Projection Results

Projection	Population Growth		Housing Numbers			Employment Growth	
	Total 2010-30	% change	Total 2010-30	% change	Per Annum	Total 2010-30	% change
MAIN PROJECTIONS							
Trend-Based Demographic Projection based on average net migration over past 10 years (PROJ 1)	40,752	15.80%	25,509	21.20%	1275	26,396	20.30%
Trend-Based Demographic Projection based on average net migration over past 5 years (PROJ 2)	62,589	24.30%	36,216	30.20%	1811	39,448	30.30%
Trend-Based Demographic Projection based on Office for National Statistics Migration assumptions (PROJ 3)	31,357	12.20%	20,903	17.40%	1045	20,781	16.00%
Economic-driven Projection to meet Forecast Employment Growth (PROJ 7)	24,555	9.50%	17,408	14.50%	870	17,470	13.40%
Economic –driven Projection to meet Forecast Growth in Labour Demand, taking account of current commuting (PROJ 8)	23,390	9.10%	16,825	14.00%	841	16,800	12.90%
COMPONENT ANALYSIS							
Projection based on Zero Net Migration (PROJ 4)	32,107	12.50%	21,271	17.70%	1064	21,230	16.30%
Projection based on maintaining Stable Employment (PROJ 5)	-3,416	-1.30%	3,855	3.20%	193	0	0.00%
Projection based on maintaining Stable Population (PROJ 6)	0	0.00%	5,530	4.60%	277	2,041	1.60%

X. On this basis we conclude that a realistic assessment of housing need/demand for Brighton and Hove would fall within the 790 – 970 homes per annum range (15,800 – 19,400 homes over the 20 years to 2030). It should be recognised however that there are notable upside risks to this.

XI. The component scenarios developed indicate that:

- 989 homes per annum are required to meet locally-generated need, with zero net migration; however
- Just 140 homes per annum are required to support the size of the existing workforce, and 247 per annum to maintain the current population size; thus
- Housing growth at above 250 homes per annum will support both population and employment growth in the City.

XII. PPS3 clearly identifies that need/demand needs to be considered alongside the availability of suitable land for residential development, amongst other factors, in identifying housing requirements. The ability to deliver the infrastructure necessary to support development is also important, and proposals for housing provision need to be tested through a Sustainability Appraisal.

XIII. The Council completed a Strategic Housing Land Availability Assessment (SHLAA) in March 2011 which provides detailed assessment of the capacity of the City for residential development to 2025. On the basis of a number of assumptions, a housing trajectory scenario has been developed with Brighton and Hove City Council as part of this Study. This suggests a capacity for development of around 12,100 dwellings in the City over the period to 2030. While this falls notably below identified need/demand, because of the age structure and population dynamics of the City it would still support employment growth of over 11,500 over the plan period (9%) as well as growth in the wider population of around 14,600 (6%). However there is some potential that housing demand could be displaced to surrounding areas.

XIV. The Study does not support a reduction in the housing requirement below South East Plan levels (570 pa) based on assessed need/demand. In light of the evidence of need/demand such a housing target could reasonably be regarded as a minimum. The housing trajectory developed identifies potential for delivery of about 600 dwellings per annum, albeit that the assessment is indicative in the post 2025 period both in terms of assumptions regarding large site delivery and small site development potential.

XV. In light of some displacement effect as a result of land supply constraints within the City, it would be appropriate for the City Council to work with neighbouring authorities to consider how the undersupply could be addressed at a sub-regional or housing market level, noting that the City Council is not the only local authority which is likely to be unable to meet identified need/demand. This could be taken forward through cooperation and joint working with surrounding local authorities, or via joint working through the Coast to Capital Local Enterprise Partnership, but would need the support of neighbouring authorities.

1 INTRODUCTION

1.1 Brighton and Hove City Council (BHCC) has commissioned this Study to provide an assessment of housing requirements for the City based on demographic and economic factors. The Study is intended to provide evidence to support future planning policies for housing within the City.

1.2 The Study has been prepared by GL Hearn with Justin Gardner Consulting (JGC).

PLANNING FOR HOUSING PROVISION

1.3 National planning policies in Planning Policy Statement 3 (PPS3: Housing) set out that there are a range of factors which come together to inform consideration of housing requirements. This Study specifically considers housing need and demand, and draws on the conclusions of the Strategic Housing Land Availability Assessment (SHLAA) published in March 2011.

1.4 PPS3 sets out that infrastructure constraints and requirements should also be considered in identifying housing requirements, and that alternative policy options should be tested against social, economic and environmental objectives through Sustainability Appraisal. This, as well as public and stakeholder consultation on proposed levels of housing provision are beyond the scope of this Study, but form part of the wider plan-making process.

1.5 At the time of writing, housing requirements for Brighton and Hove are set out within the South East Plan, which was published by the Secretary of State in May 2009. This set out a housing requirement to deliver 11,400 homes in the City over the 2006-26 plan period (equivalent to 570 homes per year). This has been taken forward in the Council's draft Local Development Framework (LDF) Core Strategy.

1.6 The Coalition Government has however made clear its intention to revoke the South East Plan and return responsibilities for determining housing provision to individual local authorities. This is being taken forward through the Localism Bill which, at the time of writing, is working its way through Parliament.

1.7 Brighton & Hove's Local Development Framework (LDF) Core Strategy was submitted by the Council to the Planning Inspectorate for independent examination in April 2010. Following an explanatory and two procedural meetings within the appointed Planning Inspector, the Core Strategy Examination is suspended at the time of writing. This report, together with a number of other streams of work, may inform how the Council seeks to progress with the LDF Core Strategy.

1.8 The Government however has made it clear that even when the Localism Bill has been enacted, local authorities will still need to be able to justify housing numbers in their plans and be able to defend them during the LDF examination process. Housing numbers must be based on reliable information.

1.9 In this context, the Study provides an assessment of the potential implications on demographic trends and economic performance of continuing to adopt the thrust of policy within the Submission Core Strategy, but provides an assessment of housing need and demand to inform any future review of the LDF Core Strategy.

OVERVIEW OF APPROACH

1.10 Housing need and demand is driven by growth in the population and changing structure and size of households. Housing need describes the quantity of housing required for households who are unable to access suitable housing without financial assistance. Housing demand is the quantity of housing that households are willing and able to buy and rent. In this report housing need and demand are addressed collectively.

1.11 This Study uses a scenarios-based approach to develop understanding and quantify the impacts of various housing market drivers, including demographic and economic trends, in order to provide an informed assessment of housing need demand. The Study looks at five year periods from 2005 to 2030 as agreed with the City Council.

1.12 The Study also considers supply-side issues, taking account of the findings of the March 2011 SHLAA which has assessed the capacity for development within the existing built-up area of the City.

REPORT STRUCTURE

1.13 The remainder of this report is structured as follows:

- Section 2: Context to the Study;
- Section 3: Housing Market Performance & Drivers;
- Section 4: Main Population Projections;
- Section 5: Economic-Driven Population Projections;
- Section 6: Household & Housing Growth Projections;
- Section 7: Housing Land Availability; and
- Section 8: Conclusions.

2 CONTEXT TO THE STUDY

2.1 In this section we set out the context to the Study, addressing national planning policy, the basis of housing numbers in the South East Plan, and the proposed policies within Brighton & Hove's Submission Core Strategy.

NATIONAL PLANNING POLICY

2.2 Planning Policy Statement 3 (PPS3) sets out national policy regarding the appropriate range of factors to be taken into account in determining levels of housing provision. It makes it clear that there are a range of factors which come together to inform consideration of housing requirements, as the box below outlines.

Assessing an Appropriate Level of Housing: Extract from Planning Policy Statement 3: Housing (PPS3)

The level of housing provision should be determined taking a strategic, evidence-based approach that takes into account relevant local, sub-regional, regional and national policies and strategies achieved through widespread collaboration with stakeholders.

In determining the local, sub-regional and regional level of housing provision, Local Planning Authorities [and Regional Planning Bodies, working together,] should take into account:

- Evidence of current and future levels of need and demand for housing and affordability levels based upon:
    - Local and sub-regional evidence of need and demand, set out in Strategic Housing Market Assessments and other relevant market information such as long term house prices.
    - [Advice from the National Housing and Planning Advice Unit (NHPAU) on the impact of the proposals for affordability in the region].
    - The Government's latest published household projections and the needs of the regional economy, having regard to economic growth forecasts.
- Local and sub-regional evidence of the availability of suitable land for housing using Strategic Housing Land Availability Assessments and drawing on other relevant information such as the National Land Use Database and the Register of Surplus Public Sector Land.
- The Government's overall ambitions for affordability across the housing market, including the need to improve affordability and increase housing supply.
- A Sustainability Appraisal of the environmental, social and economic implications, including costs, benefits and risks of development. This will include considering the most sustainable pattern of housing, including in urban and rural areas.
- An assessment of the impact of development upon existing or planned infrastructure and of any new infrastructure required.

2.3 Clearly therefore there are a range of factors which come together to inform consideration of housing requirements. This Study focuses on housing need and demand, but considers a number of the wider factors at a headline level to provide an indication of the potential approach which could robustly be adopted through the LDF. PPS3 is clear that evidence of need and demand needs to be brought together with information on land availability, infrastructure constraints and requirements, and sustainability appraisal which must consider alternative policy options against social, economic and environmental objectives in determining housing requirements.

2.4 Housing targets have previously been set through Regional Spatial Strategies (RSS) which identified specific targets for local authorities. In the case of Brighton & Hove, the housing target was set through the South East Plan.

2.5 On 6th July 2010 the Coalition Government sought to revoke the Regional Spatial Strategies (RSS) under s76(6) of the Local Democracy Economic Development and Construction Act 2009. This has however been successfully challenged in the High Court by CALA Homes. At the time of writing therefore, the South East Plan remains part of the development plan for the City; however the Government has made clear that it will be abolished in due course by a forthcoming parliamentary Localism Bill which is progressing through Parliament. This will mean that it no longer forms part of the development plan and that the City Council's Local Development Framework will not have to accord with it. Instead, it will be for the Council itself to determine through the LDF Core Strategy what represents an appropriate level of housing provision in the District.

2.6 Government however has made it clear that local authorities will still need to be able to justify the housing numbers in their plans and be able to defend them during the LDF examination process. Housing numbers must be based upon reliable information.

2.7 The Coalition Government has emphasised that the impetus behind the change of national policy is to reduce unnecessary bureaucracy and enhance community involvement in planning, in accordance with the principles of localism. We would thus expect that community consultation would be a key input in determining any revised housing requirement, should the Council decide not to progress with the Core Strategy Examination, and instead decide to review its Submitted Core Strategy.

2.8 In proposing to return powers in determining appropriate levels of housing provision to local authorities, the Government is also implementing a system to provide Councils with financial incentives to build new homes, allowing them to retain council tax receipts from new homes for six years. This 'New Homes Bonus' was introduced in February 2011. It aims to support investment in infrastructure required alongside housing growth.

2.9 Clause 90 of the Localism Bill proposes a duty to cooperate on local authorities in the preparation of development plans. The Government had recently indicated that it will seek to strengthen this measure to support sub-regional planning to address issues, which include housing supply and transport, which can have an impact beyond local authority boundaries.

BASIS OF SOUTH EAST PLAN HOUSING NUMBERS

2.10 It is instructive in our view to consider the basis of the numbers included within the South East Plan. This is instructive in assessing the basis of the proposed housing policies within the Submission Core Strategy.

2.11 The draft South East Plan was published by the South East of England Regional Assembly in March 2006. This set a target for delivery of 11,000 homes in Brighton & Hove over the 2006-26 plan period, equating to 570 homes (net) per annum. This corresponded with the level set out in the Revised Final Strategy for the Sussex Coast Sub-Region (December 2005), which the 10 local authorities in the sub-region were involved in preparing.

2.12 The overall housing numbers within the Sub-Regional Strategy were influenced by demographic modelling undertaken by the Regional Assembly and consultation on levels of development within the sub-region. The Consultation Draft Plan, published in January 2005, set out three options in regard to housing numbers in the Sussex Coast Sub-Region:

A. Accommodating a rate of housing development approximately 20% below the current level (48,000 or 2,400 per annum 2006-26)
B. Accommodating a rate of housing development at a level around 20% higher than current rates (72,000 or 3,600 per annum 2006-26)
C. Accommodating housing development at the current rate (60,000 or 3,000 per annum 2006-26), alongside a more vigorous drive for economic development and regeneration.

2.13 Following initial consultation, this was refined by the Regional Assembly which proposed annual provision of 2,700 homes in the Sussex Coast Sub-Region of which 550 homes would

be within Brighton & Hove. The Brighton and Hove requirement appears to be primarily based on the assessment of the urban capacity of the City in 2005[1].

2.14 The housing numbers proposed were framed by a wider context provided by the Sussex Coast Sub-Regional Strategy. The context which this provides is important in understanding the Panel's proposed changes to housing numbers. The Sub-Regional Strategy (Dec 2005) sets out that:

"the scale of development balances the need to contribute towards wider regional housing requirements with the limitations imposed by the sub-region's poorly performing local economy, where relatively more employment development than housing growth is needed to promote a more sustainable balance between the supply of, and demand for, labour. The overall housing target for the sub-region also reflects the extensive environmental constraints that severely restrict its scope for physical development. The total provision represents a slight reduction over past rates of housing development in the sub-region and represents a level that the Sussex Coast should be able to sustain over the plan period whilst regenerating its economy, provided that essential infrastructure is made available." [Para 3.20]

2.15 A key feature of the strategic planning approach adopted in the Sub-Regional Strategy was to give priority to and seek enhanced economic development over housing development to achieve a better balance between the quality and quantity of jobs available and labour supply, aiming to reduce net out-commuting. The Strategy notes limited 'locally-generated' housing demand across the wider-sub-region (although not the case in Brighton & Hove specifically) as well as notable environmental constraints to development including statutory designations (including South Downs AONB/ National Park) and flood risk.

2.16 The issues outlined above were addressed by the Examination in Public into the South East Plan. We have reviewed the findings of the Panel Report published in August 2007 in regard to key issues.

2.17 The Panel recognised the physical and environmental characteristics of the sub-region as well as key infrastructure constraints, including waste water treatment capacity and the capacity of the A27. It supported the proposed emphasis on economic regeneration, and recommended a job target of 30,000 net additional jobs between 2006 and 2016 based on Experian trend-based forecasts dating from 2006.

[1] See background papers for Sussex Coast Sub-Regional Strategy

2.18 However the Panel found that the evidence base for a reduction in housing targets by -14% relative to RPG9 levels could not be robustly justified. It indicated that no technical reasons were given as to why this level of growth could not be accommodated, and that if a jobs target of 30,000 is taken for 2006-16 this would still result in stronger growth in employment than labour supply within the sub-region, helping to reduce net out-commuting. It noted that across the 10 authorities in the sub-region, housing targets in the draft Plan were well below recent housebuilding rates and would meet only around 50% of household growth projected in the Government's 2004 projections.

2.19 On this basis the Panel proposed a moderate increase in the housing requirement for the Sub-Region from 2,700 to 2,970 homes per annum, a 10% increase.

2.20 The Panel proposed an increase in the housing requirement for Brighton and Hove to 570 dwellings per annum through provision for an additional 400 homes over the 2006-26 plan period. While recognising the urban capacity assessment which had been undertaken, the Panel noted that completions rates had been running above the proposed 550 target, argued that there was scope for higher density development and argued that the City should accommodate more housing in order to take advantage of its employment potential and accessibility.

2.21 The Panel's recommendation was taken forward in the final version of the Plan which identified a requirement for 11,400 dwellings over the 2006-26 plan period.

SHOREHAM HARBOUR

2.22 The final version of the South East Plan identified Shoreham Harbour as a Strategic Development Area (SDA). This reflected the designation of Shoreham Harbour as a 'Growth Point' in 2008 which was informed by a reappraisal of the regeneration project by the South East of England Development Agency (SEEDA) and the Port Authority from 2006.

2.23 The South East Plan indicated the potential for delivery of up to 10,000 homes at Shoreham Harbour over the plan period to 2026, subject to further testing. Further studies undertaken since preparation of the South East Plan indicate that delivery of this level of development is very unlikely. The requirement for Shoreham Harbour was 'ringfenced' reflecting the particular delivery constraints and uncertainties associated with delivery of residential development within the Harbour, including those related to flood defences.

2.24 A recent viability audit of the Shoreham Harbour Regeneration Project undertaken by DTZ for Brighton and Hove City Council has concluded that land reclamation, which was necessary to support relocation of the Port, is unlikely to be viable under any market conditions. In the short or medium-term, it is highly unlikely that public funding would be available to support this and thus, the quantum of development previously envisaged (up to 10,000 homes) is now unlikely to be achievable.

2.25 A further Shoreham Harbour Development Capacity and Viability Assessment has recently been completed to clarify the potential capacity and phasing of development at Shoreham Harbour. This Study has been undertaken by a consultancy team led by AECOM. The emerging findings of the AECOM Shoreham Harbour Capacity & Viability Assessment indicate that the Harbour has the potential to provide between 1,150 – 1,965 dwellings over the next 15-20 years. Of these between 320 dwellings fall within Brighton & Hove.

BRIGHTON & HOVE SUBMISSION DRAFT CORE STRATEGY

2.26 The 'Submission Version' of the draft Brighton and Hove Core Strategy was published for consultation in February 2010. It seeks to deliver **a balanced approach** to development in the City. Policy CP11 deals with housing delivery and identifies a housing requirement for 8,500 homes between 2010-25 based on meeting the South East Plan requirement for 11,400 homes between 2006-26 taking into account housing completions between 2006 and 2010.

2.27 The Plan identifies that the City is expected to function as an economic growth hub for the wider sub-region and an ambition to improve the City's employment rate. Its spatial strategy focuses on the full and efficient use of previously-developed land to meet the housing requirement and to deliver an additional 20,000 sq.m of office floorspace.

2.28 It focuses on seven broad locations within the City which are intended to be the focus for development. Of these Brighton Marina, Gas Works and Black Rock; Lewes Road; New England Quarter and London Road; Eastern Road and Edward Street; Hove Station; and Shoreham Harbour are intended to be the focus for residential development.

2.29 The plan identifies that release of land within the urban fringe would only be supported post 2020 where monitoring indicates a significant shortfall in housing land, equivalent to a one year land supply.

2.30 In regard to housing mix, the draft Core Strategy indicates a requirement for up to 40% affordable housing on sites of over 10 dwellings (Policy CP12).

3 HOUSING MARKET PERFORMANCE & DRIVERS

3.1 It is important that consideration of future housing provision is set against a robust understanding of housing market performance. This section explores housing market performance and drivers.

3.2 The diagram below captures our understanding of the key influences on housing demand.

Figure 3.1: Understanding Housing Demand

3.3 These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.

3.4 Key drivers of housing need and demand in the long-term are demographic and economic trends (which affect total housing requirements) and housing affordability (which particularly influences the tenure of housing required). This Study particularly addresses these factors.

BRIGHTON & HOVE STRATEGIC HOUSING MARKET ASSESSMENT

3.5 Brighton and Hove City Council have undertaken a Strategic Housing Market Assessment (SHMA), which was published in April 2008[2]. In preparing this Study we have reviewed the SHMA to identify the salient features of the local housing market.

3.6 The SHMA identifies that Brighton and Hove forms part of a Sussex Coast housing market which includes Lewes District as well as Coastal West Sussex. A key feature of the market dynamics in Brighton & Hove particularly is movement of households from London to Brighton with movement of over 4000 people per annum, many of whom continue to commute to the capital supported by the strength of the rail links. This reflects the City's strategic accessibility. Many of these are younger households, aged 16-44. There is however a notable outward movement, particularly of 25-44 year and older households, from the City into adjacent districts (particularly Lewes and Adur) a significant proportion of which is made up of family households. This dynamic is similar to other (including larger) cities. It is partly influenced by the profile of the housing stock in the City.

3.7 The SHMA identifies that Brighton is one of the largest concentrations of employment in the South East region, and in 2001 had a relatively self-contained labour market with 75% of the workforce living within the City's boundaries in 2001. The major commuting flows into the City were from Lewes District (representing 7% of the City's workforce), Adur (5%), Mid Sussex (3%) and Worthing (3%). In 2001, 7% of the City's resident working population commuted to London for work. However while in employment terms the local economy had performed relatively well in the pre-recession period, it retained a reliance on low value-added sectors (despite the skills of the resident labour force), and there had been little fall in worklessness over the preceding 10 years.

3.8 The SHMA identified that the City's population had grown strongly since 1991 but remained significantly younger than wider benchmarks (with growth focused in the 15-44 age groups) but had a relatively small average household size (with significant levels of single person households). Population growth correlated with strong employment growth in the pre-recession period. The SHMA did however identify that employment prospects moving forward could be substantially constrained by the proposed housing figures in the South East Plan (with a projected loss of -2,300 jobs between 2006 and 2026). Residents' skills were strong, with over 50% of those in work employed as managers and senior officials, or associate professional and technical occupations (although some commuted out of the City to work).

[2] DTZ (2008) Brighton & Hove Strategic Housing Market Assessment

3.9 The City's housing offer was characterised by a high proportion of flats, maisonettes and apartments (46% of the total housing stock) with a low proportion of houses. The stock profile was found to be particularly biased towards smaller properties. It had a below average level of owner occupation, as private renting was nearly double the regional level at 23%. A high 43% of the housing stock fell within Council Tax Bands A and B. This stock profile supported some of the movement of family households out to surrounding areas to access larger housing.

3.10 House prices as recorded in the 2008 SHMA were marginally above the average for the South East region, with particularly strong growth and a premium on flatted housing. Linked to this, a notional 31% of households would be unable to afford an entry-level property. The SHMA identified a significant level of housing need (for 1,200 additional affordable homes per annum based on the 2005 Housing Needs Survey). This was despite a reasonable existing level of affordable stock and above what could be delivered within the South East Plan housing targets.

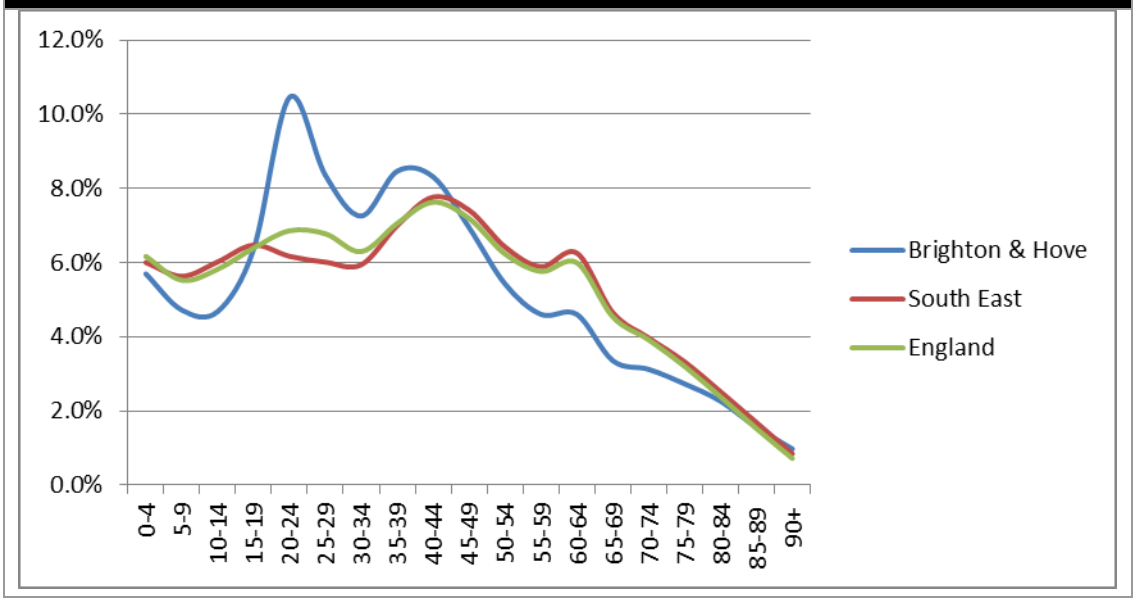
3.11 A combination of the City's younger population structure, relative economic dynamism and its rail links support a relatively stronger demand profile compared to other parts of the Sussex Coast Housing Market. The SHMA identified that in the pre-recession period demand had outstripped supply, across the South East and to an even greater extent in Brighton and Hove. Against this context, the SHMA did argue that "*the South East Plan's housing requirements should not be regarded as a ceiling if more housing could be developed sustainably, in the context of the housing pressures that are evident" (Para 9.44).*

DEMOGRAPHIC TRENDS

3.12 In this section we briefly consider past demographic trends before moving on in the next Chapter to develop population projections.

3.13 Brighton and Hove had an estimated population of 256,300 people in mid 2009. An above average proportion of people were aged 20-44 with 43% of the City's population falling within these age bands compared to 35% nationally and 33% across the South East region. The City has a particularly high proportion of people aged 20-24 which makes up 10.5% of its population, influenced in part by the presence of two universities.

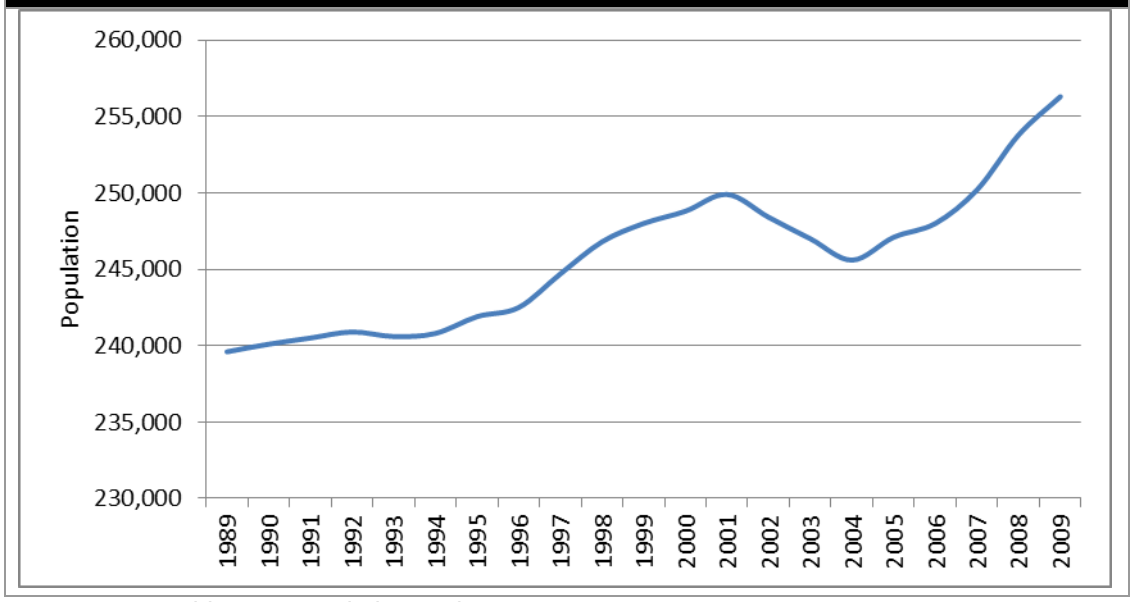
Figure 3.2: Population Structure, 2009



Source: ONS 2009 Mid Year Population Estimate

3.14 Over the last 20 years (1989 – 2009), the City's population has increased by 7% which is below growth rates at the regional and national levels, at 9% and 11.5% respectively. As Figure 3.3 indicates, the City's population grew quite strongly in the late 1990s and between 2004 and 2009, but fell between 2001-2004 by 1.7%.

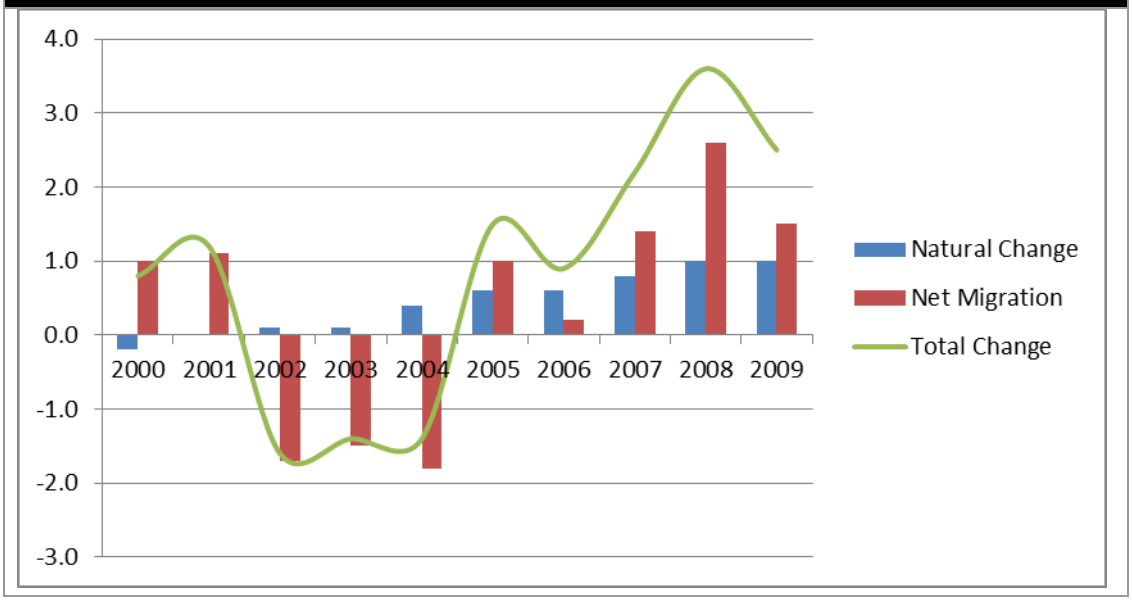
Figure 3.3: Population Growth in Brighton & Hove, 1989 – 2009



Source: ONS Mid Year Population Estimates

3.15 To provide an initial understanding of the population dynamics, we have analysed the components of population change over the last decade. Figure 3.4 shows that over the past decade levels of natural change (the difference between birth and death rates) have been rising, and natural change is now a significant component of overall population growth in the City. Migration levels have varied, with net out-migration between 2002 and 2004 but net in-migration varying between 900 – 3,600 people per year since 2005.

Figure 3.4: Components of Population Change, 1999-2009 (Brighton & Hove)



Source: ONS Mid Year Population Estimates

3.16 It is also useful to look at how the City's population structure has changed over the last 20 years. As Figure 3.5 shows, while the overall population has grown over this period there has been a particular increase in the population aged 20-24 (potentially linked to growth in the Universities).

Figure 3.5: Population Age Structure in 1989, 1999 and 2009

Source: ONS Mid Year Population Estimates

3.17 Between 1989 and 1999 there was a strong growth in the population in their 30s and this has translated into growth of people in their 40s between 1999 and 2009. The population aged 65 and over has been declining over time.

3.18 The SHMA confirms these trends whereby young households have moved into Brighton and Hove, with growth in the student and migrant worker populations and linked to the vibrancy, social and cultural offer of the City; whilst fewer older people have been attracted given the availability of cheaper areas to live along the coast and inland. The SHMA suggests that moving forward, the most likely scenario is that market processes continue to reinforce these existing trends.

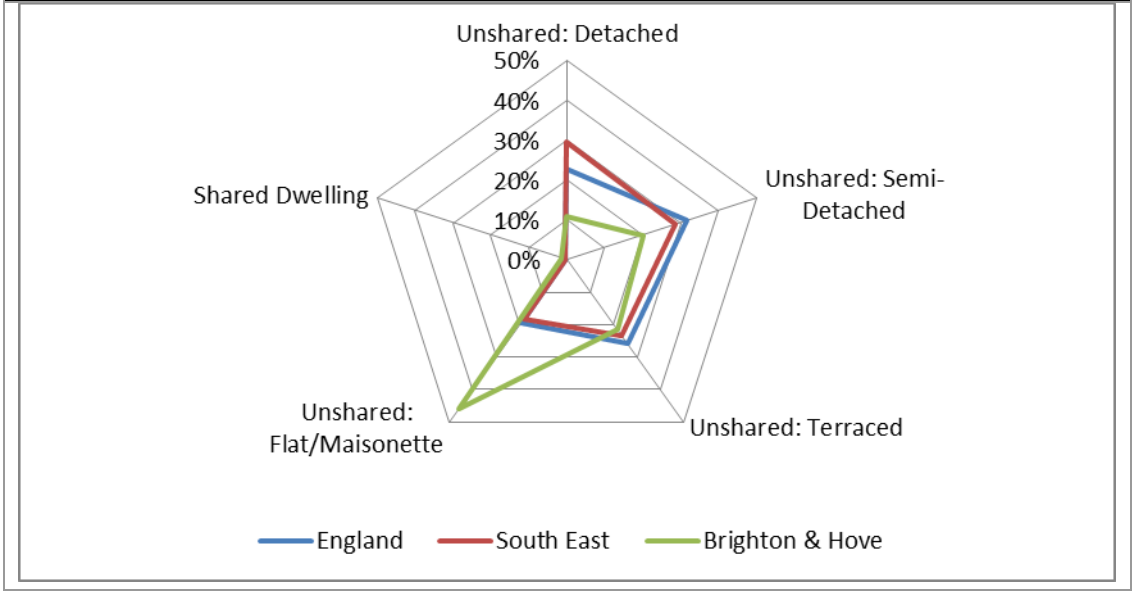
HOUSING OFFER

3.19 Of the City's housing stock, 84.6% was in private ownership in April 2010.[3] The stock of affordable housing accounted for 15.5% of the total housing stock, which while below the national average (18.1%) was above the South East average (15.4%). The proportion of total housing which is affordable has remained consistent to 2001 levels in the City, compared to a decline at the national and regional levels.

3.20 As the SHMA has shown, there is a particular concentration of flats/maisonettes in the City which accounted for 46% of the total housing stock in 2001. Levels of shared dwellings while small overall are above levels regionally/nationally.

[3] HSSA, April 2010

Figure 3.6: House Types, 2001



Source: Census 2001

HOUSING MARKET PERFORMANCE

3.21 Over the decade to 2007, housing demand grew strongly across the Country – supported by a period of sustained economic stability and growth, historically low interest rates and increased competition in the mortgage market (which led to growth in the range of mortgage deals available). Housing supply was shown to be relatively inelastic, contributing to a period of sustained and strong price growth. Thus while house prices grew, access to home ownership also increased as a result of the low interest rates and availability of attractive mortgage products.

3.22 The sustained growth in house prices together with mortgage availability also supported growth in investment in the residential sector, and with it the size of the private rented sector. Against a context of a supply/demand imbalance for social rented properties and growth in waiting lists, the private rented sector played an increasing role in meeting housing need, supported by Housing Benefit.

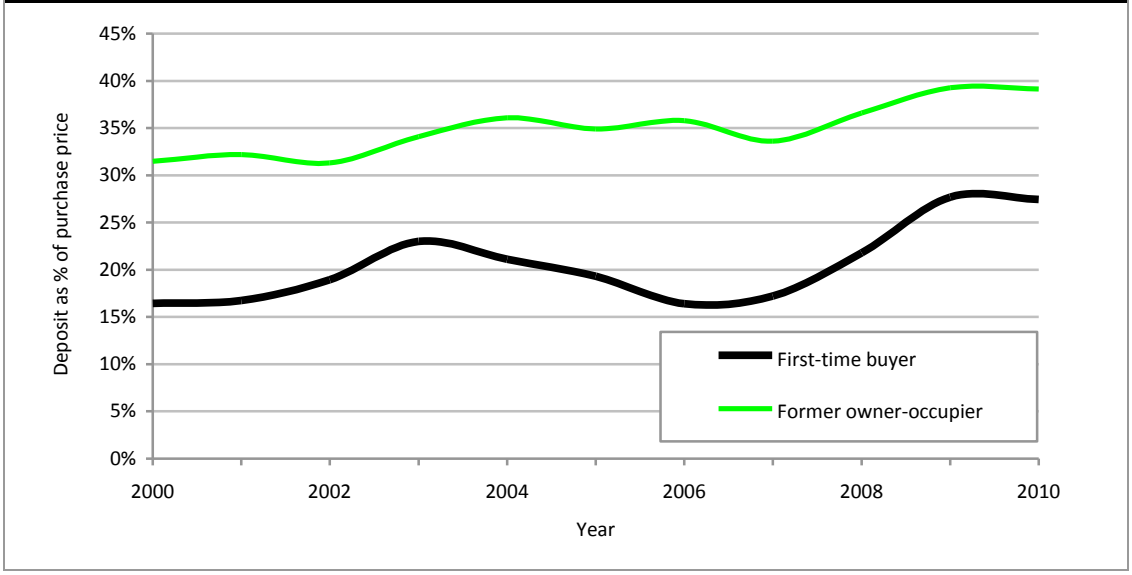
3.23 Market conditions changed dramatically in 2007. Although many people had been expecting a crash in house prices for some time, as this has historically occurred after a period of fast house price growth, the market downturn was principally triggered by the realisation of the scale of the bad debt that banks held. This caused banks to be much more cautious toward lending to one another and to their customers as there was a greater risk of not being repaid. It was this 'credit crunch' that precipitated a change in housing market conditions, rather than the affordability of housing in terms of price-earnings differentials.

3.24 The credit available for those potentially requiring a mortgage has fallen dramatically. In addition banks and building societies were more cautious in their lending practices to ensure they didn't create any further bad debts for themselves. This meant that the multiples of income that a mortgage was offered on were reduced and a greater proportion of the value of the home was required as a deposit.

3.25 Coupled with market and subsequent economic uncertainty, the change in lending criteria (and particular loan-to-value ratios available) have severely curtailed market activity and led to a substantial withdrawl of First Time Buyers (the lifeblood of the market) and other marginal groups from the housing market.

3.26 This trend can clearly be seen in the figure below showing deposit requirements for first-time buyers and former owner-occupiers. The key group of first-time buyers show that in 2006 the average deposit paid was around 16% of the purchase price; by 2009 this had risen to 28% with data for 2010 also showing a similar average deposit.

Figure 3.7: Deposit as percentage of purchase price (2000 – 2010) - England



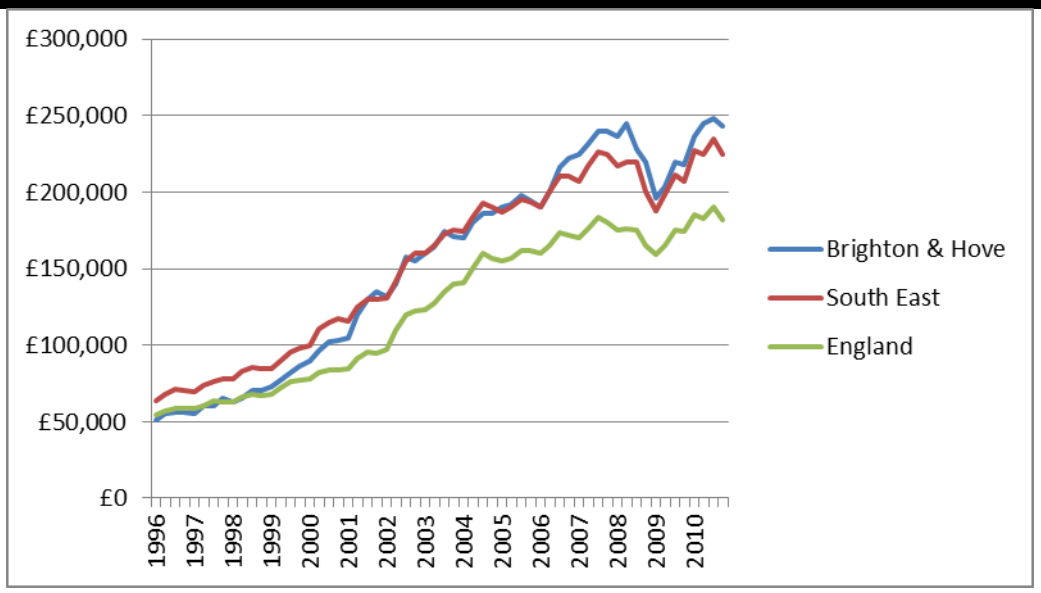
Source: CLG Live Tables

3.27 There has also been a notable reshaping of the dynamics between different segments of the housing market. Uncertainty coupled with restricted lending criteria have significantly restricted home purchases, but also impacted on the buy-to-let market. This has resulted in a growth in demand for private renting relative to supply.

3.28 We can also look at price and sales trends at a more local level. The figure below shows the average (median) price paid for a home. Median house prices in Brighton & Hove increased by 325% over the decade to late 2007 from £65,000 in late 1997 to £240,000 in Q4 2007. This was much stronger than the 221% growth recorded across the South East region and 205% nationally.

3.29 From the onset of the credit crunch, median house prices then dropped to £196,000 in Brighton and Hove in Q1 2009; loosing 18% of their value. However this loss has since been regained with subsequent growth in 2009 and 2010 recovering all losses. The median house price in the City in Q3 2010 was £248,000: 8% over the previous peak, and remaining 8% above the South East average. Prices appear to have recovered relatively well in the City.

Figure 3.8: Median price of housing in Brighton & Hove 1996 - 2010



Source: HMLR/ CLG

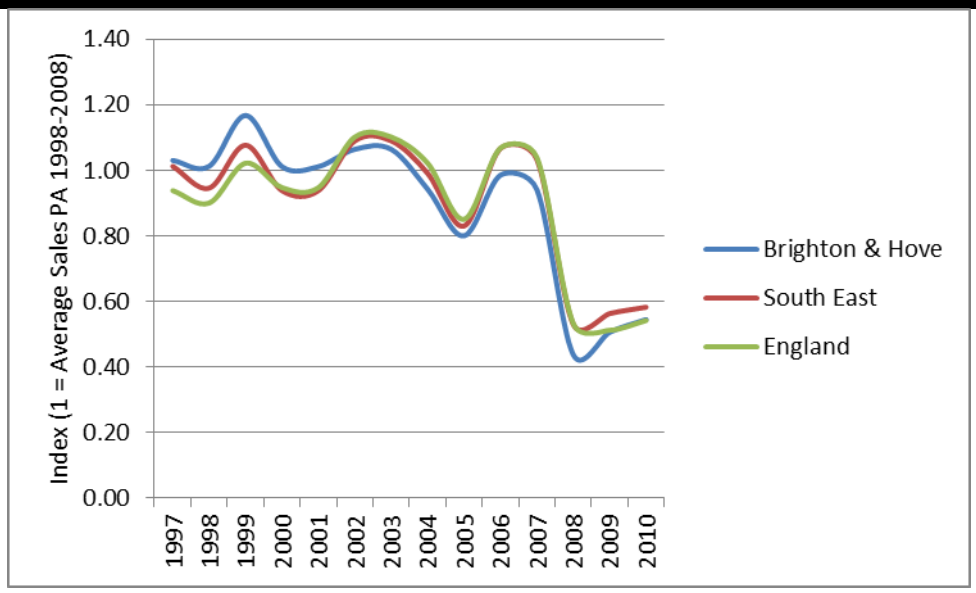
3.30 A different picture emerges however when we look at sales volumes. Transactions levels (sales) reflect the relative buoyancy of the market and provide an indication of effective demand for market housing. As with house prices, the data again shows that local trends closely mirror those experienced nationally with the lowest number of sales being made in 2008 with a slight recovery since then.

3.31 Total sales within Brighton and Hove in 2010 were 45% down on average levels in the decade to 2007. Effective demand for market housing is thus broadly currently around 45%

below normal market conditions. This principally reflects mortgage finance constraints, and is having a knock-on effect on demand for rented tenures[4].

3.32 The downturn in the market has been borne out in completions rates. There were 380 completions in the City in 2008-9, and 332 in 2009-10; both substantially below the 10 year average of 651 per annum[5].

Figure 3.9: Sales levels in Brighton and Hove



Source: HMLR / CLG

ECONOMIC PERFORMANCE

3.33 In this report we consider prospective future economic performance in Brighton & Hove and the influence that this might have on migration patterns. Before looking at this in detail, we have developed a high-level profile of the District's economy drawing on existing studies and provided updated information where necessary. Our assessment draws on our wider understanding of the sub-regional economy from our recent work on Employment Land Reviews for Adur and Northern West Sussex.

3.34 The Brighton and Hove Employment Land Study[6] suggests that the City has been economically successful and provides a high quality of life which supports its competitiveness and attracts skilled workers. The latest data from the Annual Population Survey (Year to Sept 2010) indicates that 55% of the City's resident workforce were employed in managerial and

[4] This is supported by both research at the national and local levels at the time of writing
[5] Brighton & Hove 2010 Annual Monitoring Report
[6] Roger Tym & Partners (2006)

professional occupations – well above the South East and national averages (48.3% and 44.4% respectively). Similarly a high proportion of residents aged 16-64 were highly skilled, with NVQ4 or above qualifications, at 42.3% in the City compared to 32.6% across the South East and 29.9% nationally.

3.35 However as a number of recent studies have highlighted, including the SHMA; a significant proportion of higher skilled residents commute out of the area to work. This is borne out in the significant difference between average gross weekly pay of those living and working in the City; whereby residence-based earnings at an average of £522.60 per week are £43.40 or 9% above those of people who work within the City. Workplace earnings are 4% below the national average.

3.36 The Employment Land Study identified that the City had been a relatively successful economy which in the pre-recession period had experienced rapid employment growth. In the pre-recession decade, employee jobs grew by 20,800 representing growth of 21% compared to 10% growth across the South East and England and Wales (1998-2008). Employment growth was very strong.

3.37 Total employment in 2009 stood at 122,600 with the most recent data suggesting a loss of 3% of jobs (c. 4,000) between 2008 and 2009. It is likely that there were further net job losses in 2010.

3.38 Looking at the labour market, economic activity rates at 76.5%[7] are similar to national levels (76.3%) but below average for the South East region (79.3%). Employment rates (the proportion of those aged 16-64 in employment) at 69.9% are below both the South East average (74.5%) and national levels, albeit marginally (70.4%).

3.39 ONS estimates total unemployment at 8.2% which is above the South East and national levels (6.0% and 7.7% respectively). The Job Seekers Allowance (JSA) claimant rate at 3.4% in April 2011 stands above the South East average (2.5%) but below national levels (3.7%).

3.40 Economic activity and employment rates suggest some ‘latent capacity’ within the existing population to support employment growth without requiring in-migration.

3.41 The City has a jobs density in 2009 of 0.77 which is marginally below regional and national averages (0.78 and 0.80 respectively). Jobs density describes the ratio of jobs to working-age population in an area. However this reflects the particular dynamics, with commuting out of

[7] Year to September 2010, Annual Population Survey

Brighton to London. There remains significant commuting into the City (as we discuss later in the report).

3.42 The high level economic analysis highlights employment growth and economic performance in the pre-recession period, some limited potential to support employment growth through reductions in out-commuting, reducing unemployment and addressing worklessness. However it should be recognised that significant and sustained investment would likely be required over the longer-term to address concentrations of multiple deprivation and address barriers to work to bring long-term workless residents back into work. Similarly to reduce out-commuting would require over the longer-term creation of higher paid jobs to clawback those commuting to access higher wages elsewhere, particularly in London. In both respects, this is likely to be challenging.

4 MAIN POPULATION PROJECTIONS

INTRODUCTION

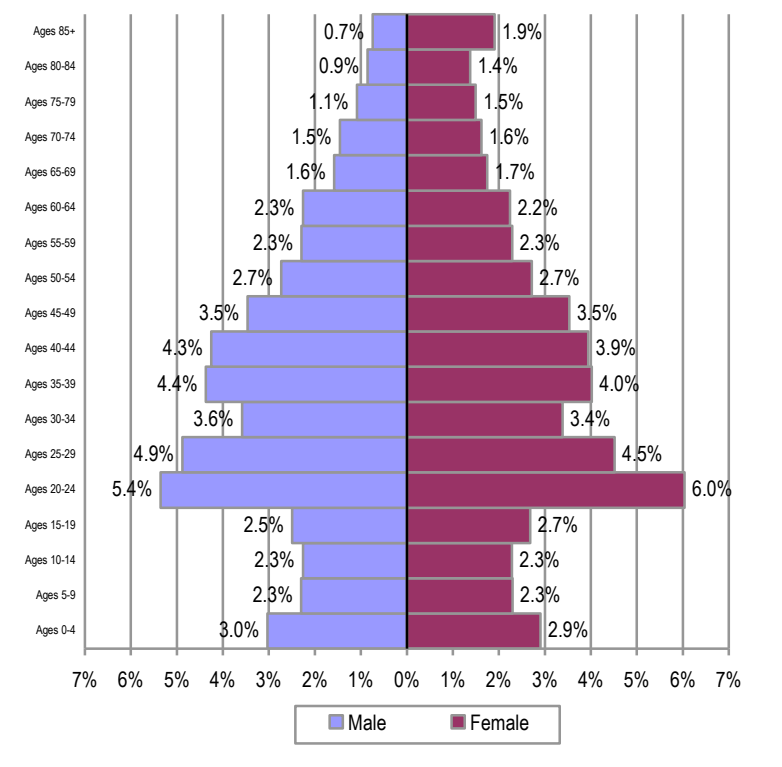
4.1 In this section we examine the structure of the existing population in Brighton & Hove, fertility (birth) and mortality (death) rates and levels of migration into and out of the local authority area. This information is used to construct our principal trend-based population projections.

BASELINE POPULATION

4.2 The baseline for our projections is taken to be mid-2010 with the projection run for five year intervals over the period up to 2030. The estimated population profile as of 2010 has been taken from the ONS 2008-based population projections updated to reflect actual and estimated levels of births, deaths and migration in the period from 2008 to 2010. The overall population in mid-2010 was estimated to be 257,988 with slightly more females than males.

Figure 4.1: Population of Brighton & Hove (5 year age bands) – 2010

Age group	Male	Female
Ages 0-4	7,824	7,491
Ages 5-9	5,938	5,934
Ages 10-14	5,820	5,887
Ages 15-19	6,436	6,924
Ages 20-24	13,813	15,568
Ages 25-29	12,596	11,658
Ages 30-34	9,249	8,745
Ages 35-39	11,271	10,382
Ages 40-44	10,967	10,186
Ages 45-49	8,927	9,112
Ages 50-54	7,037	7,001
Ages 55-59	5,920	5,919
Ages 60-64	5,825	5,788
Ages 65-69	4,080	4,507
Ages 70-74	3,751	4,193
Ages 75-79	2,791	3,859
Ages 80-84	2,198	3,556
Ages 85+	1,925	4,914
All Ages	126,367	131,621



Source: Derived from ONS 2008-based population projections

FERTILITY RATES

4.3 To project the number of births we have projected age specific fertility rates. This is the number of births to women in particular age groups (taken in five year bands from 15 to 44). Below we have highlighted various data about fertility rates in Brighton & Hove (and other areas for comparative purposes) before moving on to set out the assumptions about future fertility used in our projection.

4.4 The data shows that in 2009, Brighton & Hove had a Total Fertility Rate (TFR) of 1.61. This compares with a regional figure of 1.97 and a national average of 1.95.

Figure 4.2: Live Births by Residence of Mother and Total Fertility Rate (2009)

Area	Live births	TFR
Brighton & Hove	3,274	1.61
South East	103,669	1.97
England	671,058	1.95

Source: Office for National Statistics

4.5 Local level figures can be quite variable year on year and we have therefore looked at the period from 2004. The table and figure below shows the number of live births in each of Brighton & Hove, the South East and England. In the figure these have been based to 100 for 2004.

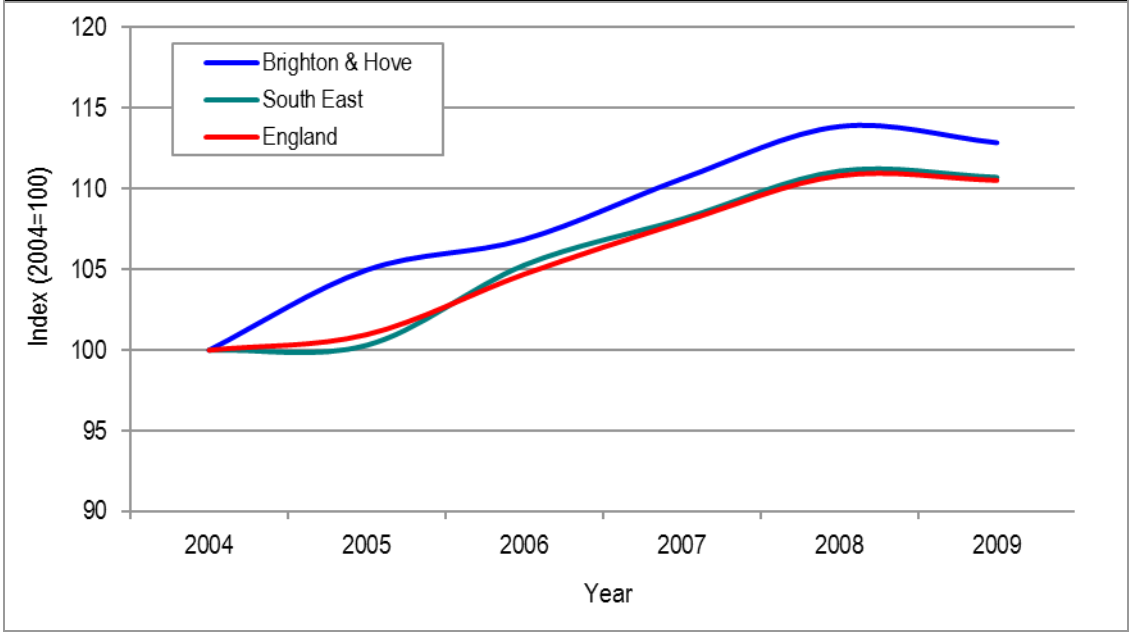
4.6 The data shows that the number of births in England has steadily increased over this period (with roughly the same pattern for the South East). Since 2008, the number of births nationally and regionally has levelled off (or dropped slightly). The figures for Brighton & Hove follow national and regional trends although the figures are slightly higher when compared with the 2004 base.

Figure 4.3: Live Births, 2004 to 2009

Year	Brighton & Hove	South East	England
2004	2,901	93,635	607,185
2005	3,045	93,919	613,028
2006	3,100	98,566	635,748
2007	3,209	101,238	655,357
2008	3,303	104,024	672,809
2009	3,274	103,669	671,058

Source: Office for National Statistics

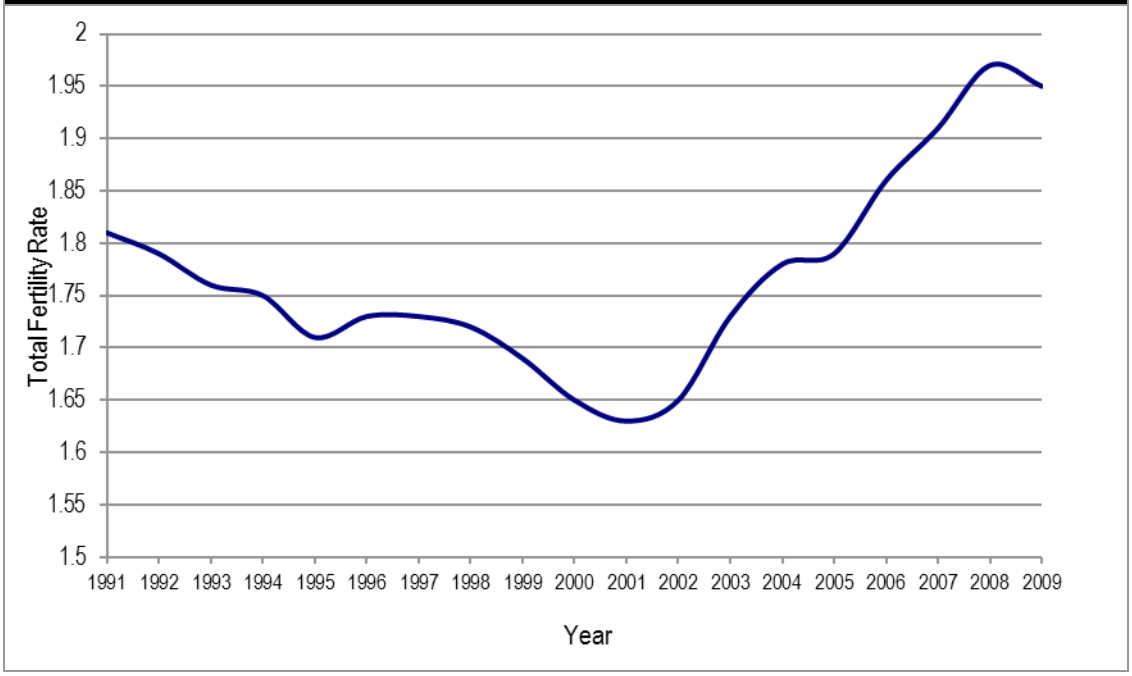
Figure 4.4: Number of Live Births 2004 to 2009 (Indexed 2004=100)



Source: Office for National Statistics

4.7 We can also look at longer term trends. The figure below shows the TFR in England from 1991 to 2009. The data shows that fertility rates dropped between 1991 and 2001 and have been steadily rising since then. The data also shows a slight drop in TFR since 2008.

Figure 4.5: Total Fertility Rate in England 1991 to 2009



Source: Office for National Statistics

FERTILITY RATE ASSUMPTIONS

4.8 Given the evident trends, as described above, it is clear that assumptions about future fertility rates will be difficult to accurately predict. The general position taken by ONS in their 2008-based population projections is that fertility rates will be fairly constant over the next 25-years and at a level about 5% below 2008 estimates (nationally a TFR of 1.95). We have therefore projected forward on this basis with a TFR of 1.58 being estimated for 2008. A TFR in Brighton & Hove of 1.50 has therefore been assumed in the projection. This figure is held constant throughout the projection period.

Age-Specific Fertility Rates

4.9 In addition to establishing overall fertility rates it is necessary to make an estimate of the distribution of births amongst women of different ages. We have assumed that the national distribution of Age-Specific Fertility Rates (ASFRs) applies to Brighton & Hove (suitably adjusted for differences in the overall fertility rate). The table below sets out the ASFRs by age. The data again remains unchanged throughout the projection period for our main analysis.

4.10 The data shows that the number of births is predicted to rise from 21 per thousand for females aged under 20 to peak at around 85 in the 30-34 age group (figures are births per year) before dropping off to reach around 9 per thousand in the over 40 age group. To be consistent with national projections the fertility rates for the youngest age group are applied to the female population aged 15-19 whilst the figures for the oldest age group are applied to the population aged 40-44.

Figure 4.6: Age Specific Fertility Rates in Brighton & Hove

Age group	Rate (per thousand)
Under 20	21.3
20-24	59.1
25-29	81.3
30-34	85.0
35-39	44.0
Over 40	9.4

Source: Based on ONS data

Ratio of Male to Female Births

4.11 A further consideration required for projecting the population is the ratio between male and female births. For the purpose of our projection we have assumed a ratio of 1.05 male births per female birth which is consistent with national data for the period from 2004 to 2009.

DEATH RATES

4.12 Death rates input into the model are based on life tables produced by ONS for use in national projections. These are then adjusted to take account of life expectancy in the local authority area. A life table is a table which shows, for each age, what the probability is that a person of that age will die before their next birthday. Life tables are constructed separately for men and for women because of their different mortality rates.

4.13 For data on death rates we have looked at estimates of life expectancy at birth. The table below shows average life expectancy from January 2007 to December 2009 for Brighton & Hove, the South East and England. The data shows that life expectancy in Brighton & Hove for males is worse than national and regional estimates whilst figures for females are worse than the regional average and broadly similar to the national position.

Figure 4.7: Life Expectancy at Birth, 2007-2009

Area	Males	Females
Brighton & Hove	77.1	82.5
South East	79.4	83.3
England	78.3	82.3

Source: Office for National Statistics

4.14 When projecting changes in death rates in to the future, we are driven by the assumptions used in national projections. The national figures set out three options for mortality plus a scenario where there is no change in mortality (which has been called a 'special case' scenario). We believe that death rates are likely to improve and have therefore used the 'principal variant' scenario from ONS and applied this to data for Brighton & Hove. The ONS data looks at a period from 2008 to 2033 (i.e. 25 years) and we have assumed a linear improvement in death rates over this period.

4.15 The table below sets out the key scenario used in ONS projections and how this is estimated to apply to Brighton & Hove. The ONS figures are for 2008 and 2033 whilst we are principally looking at the period 2010 to 2030. The figures show improvements for both sexes with greater improvements in areas with currently lower life expectancy (consistent with ONS projections). In addition, for females the improvements in life expectancy are slightly lower than for males. This pattern is consistent with ONS assumptions '*that for most ages these improvements will gradually converge to common 'target rates' of improvement'*.

Figure 4.8: Life Expectancy, 2008 to 2033

Year	England		Brighton & Hove	
	Male	Female	Male	Female
2008	77.9	82.0	-	-
2010	-	-	77.4	82.9
2030	-	-	82.0	86.9
2033	83.5	87.1	-	-

Source: Based on ONS data

MIGRATION

4.16 Probably the hardest assumption to make for a local level projection is around migration. Although the 2001 Census would be considered as the main source of information about the profile of migrants it is slightly problematic, particularly as international out-migration is not measured; and the Census is for one year only.

4.17 We have therefore looked at past trend data about the overall level of in and out-migration (including estimates of international out-migration) and data from ONS about the projected profile of in and out migrants (split between male and female and in 5 year age bands). These two pieces of information are discussed below.

Overall Level of Migration

4.18 The figure below shows annual estimates of net in-migration to Brighton & Hove over the past 15 years. The data shows how variable migration rates have been over this period with data for individual years ranging from an out-migration of 1,800 people to net in-migration of 2,600. Taking trends over the past ten years suggests an annual net in-migration of 380. If we were to take a longer-term (15 year) view on migration then the average annual figure is 827 whilst data for the past five years is higher (at 1,340 per annum).

Figure 4.9: Net in-migration to Brighton & Hove 1994-2009					
Period	Net in-migration	Period	Net in-migration	Period	Net in-migration
1994-95	1,400	1999-2000	1,000	2004-05	1,000
1995-96	1,100	2000-01	1,100	2005-06	200
1996-97	2,500	2001-02	-1,700	2006-07	1,400
1997-98	2,200	2002-03	-1,500	2007-08	2,600
1998-99	1,400	2003-04	-1,800	2008-09	1,500
Average 1994-99	1,720	Average 1999-04	-580	Average 2004-09	1,340
				Average 1999-09	380
				Average 1994-09	827

Source: Office for National Statistics

Migration assumptions used for modelling

4.19 To develop a trend based projection we have used the average level of net in-migration over the past ten years as a guide. Using information for just the last five years (as would be done by ONS in their trend based projections) shows figures which are atypical from longer-term trend whilst there are some concerns about the validity of data collected more than 10-years ago – it was around ten years ago that ONS improved their collection and reporting of migration data.

4.20 In addition to the trend-based migration projection (based on 10-year migration average) we have modelled an alternative projection under an assumption that migration in the future will be at the average level seen for the past five years for which we have data (2004-2009). Finally, we have looked at the migration assumptions in the ONS 2008-based population projections. These are somewhat variable over time with a range from net in-migration of 419 persons per annum to an out-migration of 294. The average over the 2010-2030 period shown in the ONS projections is for an annual average out-migration of 33 people per annum.

Profile of Migrant Population

4.21 In looking at the profile of in and out-migrants in Brighton & Hove we have again drawn on information provided by ONS about their migration assumptions in the 2008-based population projections. Data from the ONS projections has been taken and then adjusted to meet the net migration levels required for analysis – to adjust the figures we have increased or decreased levels of in-migration until the net figure is met.

4.22 The table below shows annual migration patterns for the first and last 5-year periods of our projection. The data shows that the figures do not vary substantially over time although there is a general increase in both in- and out-migration (consistent with a growing population) whilst figures for older people tend to get larger later on in the projection (this is again consistent with a greater proportion of the population being in older age groups).

Figure 4.10: Estimated Trend-based Levels of In- and Out-Migration by Age and Sex – Brighton & Hove

Age group	2010-2015						2025-2030					
	Male			Female			Male			Female		
	In	Out	Net	In	Out	Net	In	Out	Net	In	Out	Net
Ages 0-4	411	611	-200	409	585	-175	429	643	-215	425	617	-192
Ages 5-9	245	341	-96	227	283	-56	261	366	-105	244	304	-59
Ages 10-14	179	219	-40	202	216	-14	198	246	-48	223	241	-19
Ages 15-19	1,393	418	976	2,096	516	1,581	1,474	439	1,035	2,244	545	1,699
Ages 20-24	3,264	2,698	566	3,802	4,043	-241	3,231	2,637	594	3,796	4,004	-209
Ages 25-29	2,275	2,366	-91	2,240	2,431	-191	2,185	2,339	-154	2,177	2,414	-238
Ages 30-34	1,529	1,563	-34	1,375	1,424	-48	1,635	1,708	-73	1,474	1,544	-70
Ages 35-39	985	1,028	-43	773	799	-26	1,133	1,197	-64	880	913	-33
Ages 40-44	616	827	-211	434	527	-92	663	847	-184	463	534	-71
Ages 45-49	432	551	-119	307	391	-83	415	509	-94	291	363	-72
Ages 50-54	271	383	-112	222	334	-112	268	387	-119	214	333	-119
Ages 55-59	156	252	-96	165	248	-82	186	314	-128	192	303	-112
Ages 60-64	125	218	-94	137	240	-103	161	279	-118	168	307	-139
Ages 65-69	99	190	-91	80	131	-51	113	210	-97	92	151	-59
Ages 70-74	39	89	-50	41	81	-40	48	99	-51	51	91	-40
Ages 75-79	30	50	-20	50	66	-17	39	55	-16	66	69	-3
Ages 80-84	34	43	-9	59	76	-17	53	53	0	83	80	3
Ages 85+	44	58	-14	99	171	-71	86	90	-4	148	197	-48
All Ages	12,127	11,904	222	12,720	12,562	158	12,577	12,417	160	13,230	13,011	220

Source: Derived from ONS 2008-based population projections

4.23 In translating the above figures into data for use in our projection modelling there are two other factors that need to be taken into account. These relate to the fact that we are running a projection model for five year periods and for five year age bands.

4.24 Firstly we need to recognise that within each five year age band people of certain ages are more likely to move than others. The key group affected by this is the 15-19 age group where typically the majority of migrants are aged 18 or 19 (normally reflecting moves to educational establishments). We have therefore adjusted figures on the basis of Census data to reflect a greater proportion of those in the 15-19 age group being aged 18 or 19.

4.25 Secondly, the data from ONS is for single years – when translating this into a projection over five years we also need to recognise that some people will be both an in- and an out-migrant to or from an area. Whilst this doesn't make a difference to net migration figures it will impact on the gross levels of both in- and out-migration. Again the figures have been adjusted to take account of likely multiple moves (based on the proportions of each age group who are in and out-migrants). This adjustment mainly affects those groups with high levels of both in- and out-migration (particularly the 20-29 age groups).

4.26 When projecting migration patterns for other scenarios we have used the figures in the above tables and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

POPULATION PROJECTIONS: INITIAL DEMOGRAPHIC-DRIVEN SCENARIOS

4.27 The figure below shows the four initial population projections carried out – the first (PROJ 1) is based on our trend-based assumptions about migration (net in-migration of 380 people per annum – the average over the past 10-years) and the second (PROJ 2) is based on projecting net in-migration on the basis of a five-year trend (i.e. 1,340 per annum). The third projection (PROJ 3) closely follows ONS migration assumptions (annual net out-migration of 33 people per annum) although differs from ONS figures in that migration levels have been smoothed to be constant over time.

4.28 The final initial projection is modelled under the assumption of zero net migration. This projection sets levels of in and out-migration as the same but does allow for changes in the population due to different age profiles of in and out migrants.

4.29 In addition to these we have reproduced the 2008-based ONS projections for comparison. This has been rebased to our mid-2010 start point.

Figure 4.11: Description of Projections used for Population Modelling

Projection	Description
PROJ 1	Trend based – linked to migration over past ten years
PROJ 2	Trend based – linked to migration over past five years
PROJ 3	Projection linked to ONS 2008-based migration assumptions
PROJ 4	Zero net-migration
ONS 2008-Based	2008-based ONS population projections

4.30 The figure below summarises the results from each of the above projections (for 5 year periods up to 2030). The table shows that under our main trend based projection, PROJ 1, the population is expected to rise by 15.1% to 2030. This represents growth in the population of around 39,000 people over the 20 years to 2030.

4.31 With the higher migration assumption (PROJ 2) we would expect to see a population increase over the 20-year period of 23.6% whilst the projection linked to ONS assumptions and the zero net-migration scenario show more moderate population increases of around 12% over the 20-year period. This is consistent with earlier data showing that natural increase in the Council area has generally been positive over the past few years and has been increasing over time.

4.32 Finally, ONS projections show a slightly lower level of population growth over the 20-year period. This is due to assumptions about migration with the ONS figures being variable over time and different assumptions about fertility rates and life expectancy (including differences in age-specific fertility and mortality patterns).

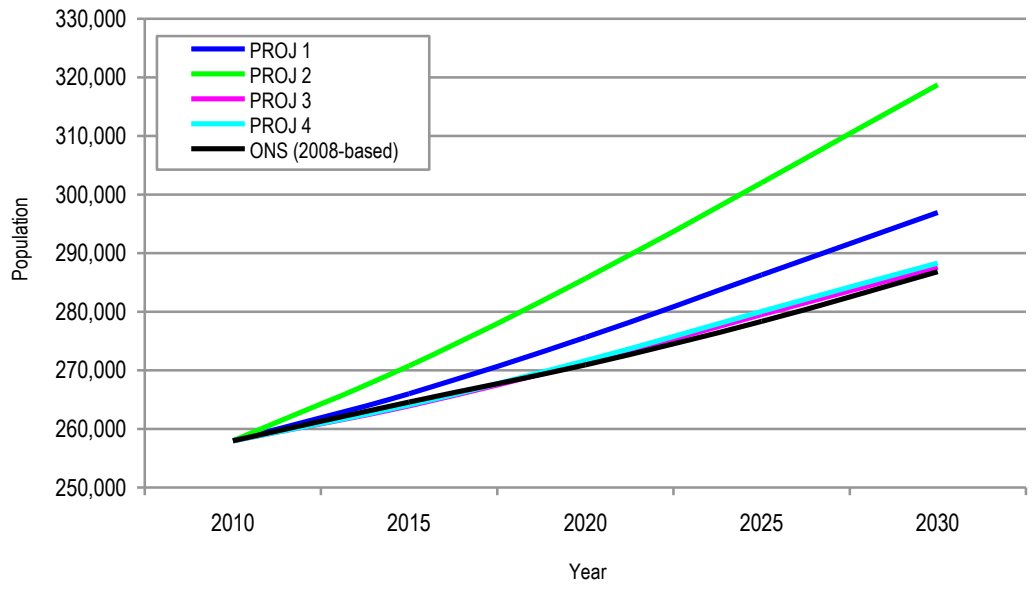
Figure 4.12: Population Estimates 2010 to 2030 – Initial Scenarios

	2010	2015	2020	2025	2030
PROJ 1	257,988 0.0%	265,984 3.1%	275,644 6.8%	286,278 11.0%	296,951 15.1%
PROJ 2	257,988 0.0%	270,784 5.0%	285,705 10.7%	302,047 17.1%	318,757 23.6%
PROJ 3	257,988 0.0%	263,919 2.3%	271,316 5.2%	279,494 8.3%	287,569 11.5%
PROJ 4	257,988 0.0%	264,084 2.4%	271,662 5.3%	280,036 8.5%	288,319 11.8%
ONS 2008-Based*	257,988 0.0%	264,572 2.6%	270,940 5.0%	278,337 7.9%	286,846 11.2%

* ONS figures have been rebased to our 2010 baseline position

4.33 The figure below shows the results of the initial demographic-driven projections in graphical form. The figure confirms that under our main trend based assumptions the population of Brighton & Hove is expected to continue to grow at an average of about 0.8% per annum.

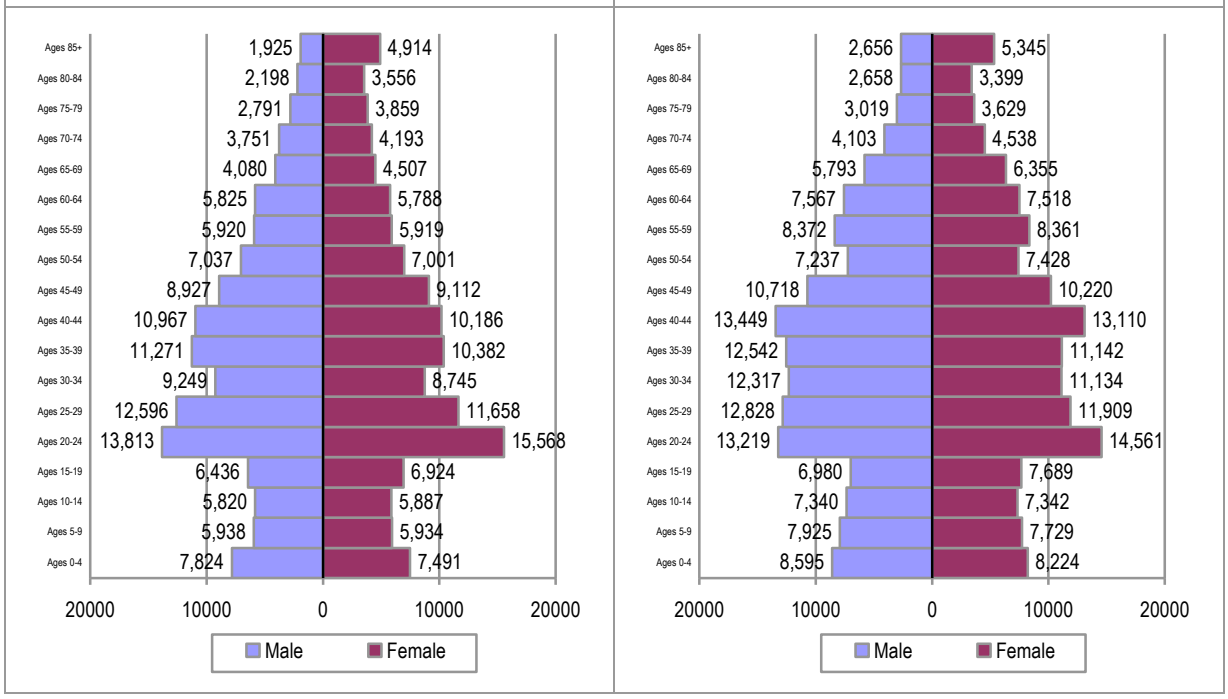
Figure 4.13: Population Change, 2010 – 2030 – Initial Scenarios



Main Trend-Based Projection, PROJ 1

4.34 The figure below shows population pyramids for 2010 and 2030 under our main trend based assumption (PROJ 1). The 'pyramids' clearly show the overall population growth and also show changes for some age groups. The key changes appear in the age groups from 30 to 49 – all of which are projected to increase over the period. In contrast to many other areas of the country the projections for Brighton & Hove do not show any significant ageing of the population. This is influenced by levels of out-migration of older age groups.

Figure 4.14: Distribution of Population 2010 and 2030 for PROJ 1 – Main trend-based Assumptions



4.35 The figure below summarises the findings for key (15 year) age groups under PROJ 1. The largest growth will be in people aged between 60 and 74 (up 27%). In 2030 it is estimated that there will be 56,581 people aged 60 and over. This is an increase of 9,195 from 2010, representing around a quarter of total population growth projected in the 20-year period.

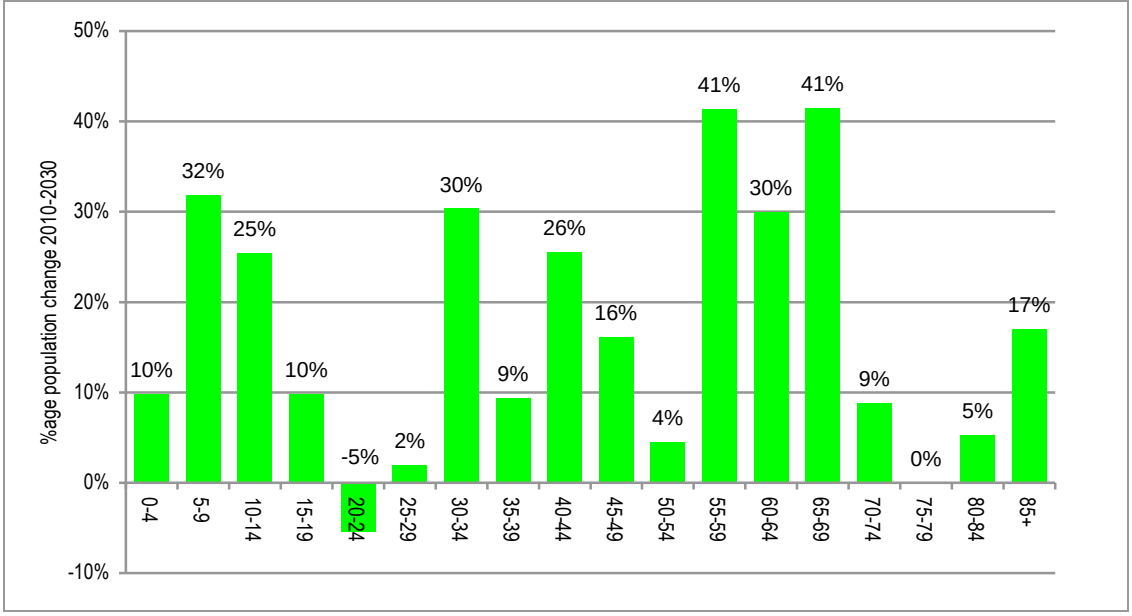
4.36 Looking at the other end of the age spectrum we can see that there are projected to be around 21% more people aged under 15 with similar increases in the 30-44 and 45-59 age groups. These findings are particularly important as this influences the size of the economically active population.

Figure 4.15: PROJ 1 population changed 2010 to 2030 by five year age bands

Age group	Population 2010	Population 2030	Change in population	% change from 2010
Under 15	38,893	47,154	8,261	21.2%
15-29	66,994	67,186	192	0.3%
30-44	60,799	73,694	12,895	21.2%
45-59	43,915	52,336	8,420	19.2%
60-74	28,143	35,875	7,732	27.5%
75+	19,243	20,706	1,463	7.6%
Total	257,988	296,951	38,963	15.1%

4.37 The figure below shows the percentage changes for each five year age group. The figure shows that most age groups are expected to see an increase in population and that there are no discernable trends. This is different to the national picture where population increase is heavily skewed towards older age groups.

Figure 4.16: Forecast Population Change by Age Group 2010 – 2030 (PROJ 1)



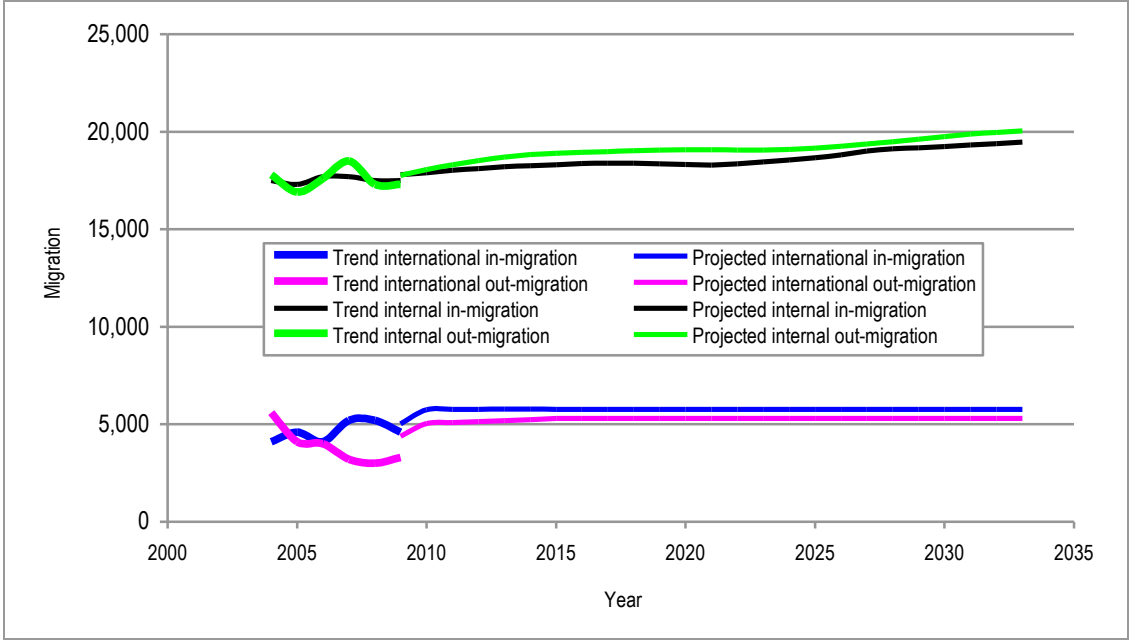
UNDERSTANDING THE IMPACT OF INTERNATIONAL MIGRATION

4.38 The initial projections indicate that the ONS assumptions about future migration patterns are notably different to past trends. We have sought to consider why this is the case.

4.39 Data about net migration shows that across the whole Council area there has been an average net in-migration of 1,340 people over the past five years (or 380 if a longer 10-year period is used). Despite this the ONS 2008-based sub-national population projections project for a slight negative net migration moving forward in the period from 2010 to 2030 (net out-migration of 33 people per annum). Over the full period of the 2008-based projections (i.e. 2008 to 2033) there is projected to be virtually no net in-migration; an annual average of 16 more people moving into the council area than moving out.

4.40 To understand why the future projections for migration are so much lower than recent trends would suggest it is necessary to look in more detail at the different components of migration. The figure below shows trend based figures from 2004 to 2009 and projected figures from 2009 to 2033 split by both in- and out-migration and also by international and internal migration (ONS figures also include an allowance for cross-border migration although in the case of Brighton & Hove these figures are very small).

Figure 4.17: Trend based and projected migration patterns for Brighton & Hove



Source: ONS migration statistics and ONS sub-national population projections

4.41 The data shows that the reason for high levels of migration over the past five years is entirely due to a large gap between international in-migrants and international out-migrants. Indeed if we look at the 2003-2008 period (consistent with the trend period used by ONS) we find the following average levels of net in-migration:

- Internal: - 80
- International: 660

4.42 In moving forward the ONS projections suggest that the gap between international in- and out-migration will close significantly whilst internal migration will remain as having a slight net out-migration of population. On balance the ONS assumptions seem reasonable; particularly as the gap between international in-and out-migration appears likely to be a short-term trend - data for 2003-2004 shows a notable level of out-migration.

4.43 In constructing a trend-based projection we are therefore driven to a considerable degree by the more detailed modelling carried out by ONS in the 2008-based projections and will assume that international migration (whilst remaining positive in net terms) will reduce from the particularly high figures shown over the past five years, as modelled in PROJ 3.

5 ECONOMIC-DRIVEN POPULATION PROJECTIONS

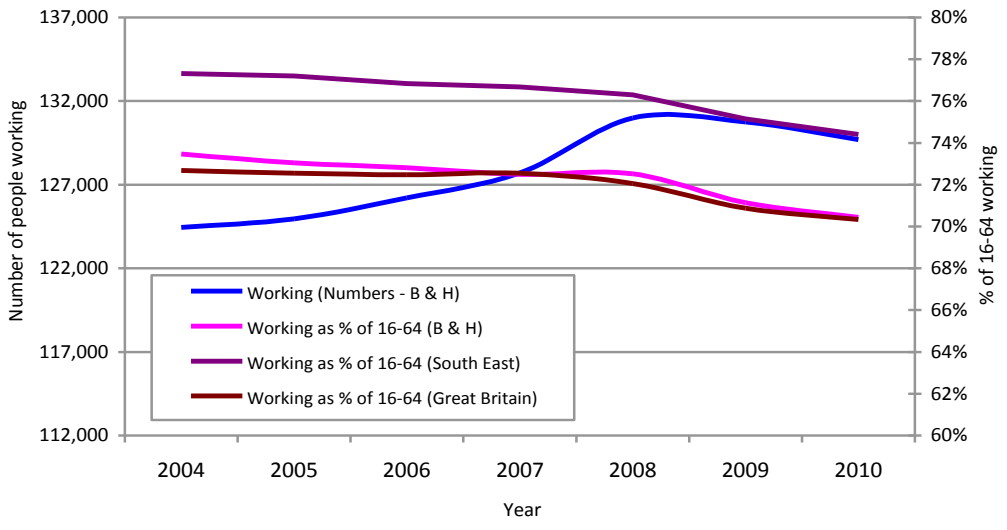
5.1 In this section we consider the relationship between the economy and the housing market in terms of aggregate demand for housing. We assess changes in the working-age population which would arise from the trend-based projections (PROJ 1 to PROJ 3) and the zero net-migration projection (PROJ 4). We then consider a number of potential scenarios for rates of employment growth to 2030, and consider what growth in the labour force would be necessary to support this. This is used to adjust levels of in-migration, recognising that employment growth will influence housing demand.

EMPLOYMENT RATES

5.2 It is necessary first to consider the demographic make-up of the current labour force in Brighton & Hove. The figure below shows data from National Online Manpower Information Service (NOMIS) about the number of people who are working and the proportion of people of working age who are working.

5.3 The data shows that the number of people working increased between 2004 and 2008 but has been declining since 2008. The employment rate has dropped slightly, particularly over the last three years. It is also worth noting that employment rates are consistently in-line with national estimates but significantly below figures for the South East region.

Figure 5.1: Number of People Working and Proportion of Population Working



Source: NOMIS/Annual Population Survey

5.4 For our projections we want to estimate the number of people who are working by both age and sex and we have therefore drawn on information from the 2001 Census to give us a steer on the likely proportions of different groups who work and how this might change as the population changes over time. The figure below shows the total number of people in each age/sex group and the number who are working.

5.5 It should be noted that the Census does not record persons aged over 74 who might be in work and so it is possible that a small number of people who are working are not included in the table below.

Figure 5.2: Estimated Employment Rate by Age and Sex (2001)

Age group	Male			Female		
	Working	Persons	% working	Working	Persons	% working
Aged 16 to 19	1,292	5,339	24.2%	1,220	6,242	19.5%
Aged 20 to 24	4,824	9,530	50.6%	4,730	10,836	43.7%
Aged 25 to 29	8,880	11,120	79.9%	7,697	10,711	71.9%
Aged 30 to 34	9,816	11,719	83.8%	7,700	11,105	69.3%
Aged 35 to 39	9,167	10,950	83.7%	7,204	10,390	69.3%
Aged 40 to 44	7,083	8,536	83.0%	5,784	8,125	71.2%
Aged 45 to 49	5,933	7,277	81.5%	5,412	7,238	74.8%
Aged 50 to 54	5,775	7,520	76.8%	5,045	7,174	70.3%
Aged 55 to 59	3,856	5,609	68.7%	3,514	6,081	57.8%
Aged 60 to 64	2,702	5,390	50.1%	1,618	5,218	31.0%
Aged 65 to 69	824	4,575	18.0%	612	5,210	11.7%
Aged 70 to 74	376	3,977	9.5%	259	5,262	4.9%
Total	60,528	91,542	66.1%	50,795	93,592	54.3%
Aged 16-64	59,328	82,990	71.5%	49,924	83,120	60.1%

Source: 2001 Census

5.6 Using the information in this table we are able to calculate that around 65.8% of people in the age range 16 to 64 were working at the time of the Census. This figure is much lower than more recent estimates from NOMIS presented above. In making an estimate of the number of people working to use in our projection we have therefore adjusted the Census proportions to match the more recent figures shown by NOMIS.

5.7 In addition, during the projection period the pensionable age for both men and women is due to change. The key changes can be summarised as:

- The State Pension age for women born on or after 6 April 1950 will increase gradually to 65 between 2010 and 2020;
- From 6 April 2020 the State Pension age will be 65 for both men and women; and
- State Pension age for men and women will increase from 65 to 66 between April 2024 and April 2026.

5.8 In addition we need to consider the scope for changes in the underlying employment rate as the projection develops. As shown in the data earlier in this section, the employment rate in Brighton & Hove has dropped noticeably from around 73%-74% (from 2004 to 2008) down to just over 70% in 2010.

5.9 For the purposes of our modelling we have therefore assumed that employment rates start (in 2010) at 70.3% and then improve to reach 74.9% by 2020 and level off thereafter. We assume that economic participation improves over time as the economy recovers from the recession. The changes to pensionable age have also been applied to employment rates as they become relevant during the projection period. The figure below shows our adjusted employment for all age groups for 2010 and 2030. The adjusted figures also take account of NOMIS data for the period 2004 to 2010 about age specific employment rates.

Figure 5.3: Adjusted Employment Rates by Age and Sex – Brighton & Hove

Age group	Male			Female		
	2001 Census	Adjusted 2010	Projected 2030	2001 Census	Adjusted 2010	Projected 2030
Aged 16 to 19	24.2%	32.9%	34.6%	19.5%	41.4%	43.1%
Aged 20 to 24	50.6%	54.2%	56.9%	43.7%	58.3%	60.7%
Aged 25 to 29	79.9%	81.4%	85.4%	71.9%	74.0%	77.0%
Aged 30 to 34	83.8%	85.3%	89.6%	69.3%	71.4%	74.3%
Aged 35 to 39	83.7%	84.2%	88.4%	69.3%	70.3%	73.2%
Aged 40 to 44	83.0%	83.5%	87.6%	71.2%	72.2%	75.1%
Aged 45 to 49	81.5%	82.0%	86.1%	74.8%	75.9%	78.9%
Aged 50 to 54	76.8%	81.6%	85.7%	70.3%	80.6%	83.9%
Aged 55 to 59	68.7%	73.0%	76.7%	57.8%	66.3%	68.9%
Aged 60 to 64	50.1%	53.3%	55.9%	31.0%	35.6%	55.6%
Aged 65 to 69	18.0%	25.3%	27.0%	11.7%	22.9%	24.6%
Aged 70 to 74	9.5%	13.3%	13.9%	4.9%	9.6%	10.0%

Source: NOMIS (from 2001 Census) adjusted using NOMIS data

5.10 When we apply the employment rates to our base population for 2010 we find an estimated 129,870 people who are working, with an employment rate (per person aged 16-64) of 70.3%. Both of these figures are consistent with the trend data presented above.

COMMUTING PATTERNS

5.11 In addition to studying the age profile of people in work it is worthwhile to consider commuting patterns to and from Brighton & Hove. The table below summarises the data about commuting from the 2001 Census. The table shows that around 5,000 more people commute out of Brighton & Hove for work than commute in. The data also shows that around 75% of people working in Brighton & Hove also live in the area whilst around 72% of people who live in the area (and are working) actually work in the area.

5.12 Brighton & Hove sees large amounts of net in-commuting from Adur and Worthing and notable out-commuting to London, Crawley and Mid Sussex (plus high out-commuting to other areas of the South East).

5.13 ONS neighbourhood statistics provide 2008 based estimates of commuting patterns based upon the annual population survey (APS) - estimates are compared to the 2001 Census. As the APS is based upon sampling ONS states whether findings can be regarded as statistically significant and generally this is not the case for Brighton & Hove suggesting that commuting patterns have not changed to any great degree since 2001.

Figure 5.4: Travel to work patterns to and from Brighton & Hove (2001)			
Area	Live in Brighton & Hove work in…	Work in Brighton & Hove live in…	Net flow out of Brighton & Hove
Adur	3,417	6,144	-2,727
Arun	583	1,134	-551
Brighton and Hove	84,067	84,067	0
Crawley	4,387	354	4,033
Eastbourne	569	1,081	-512
Horsham	1,693	1,520	173
Lewes	3,972	7,612	-3,640
Mid Sussex	3,833	2,759	1,074
Wealden	713	1,451	-738
Worthing	2,220	2,799	-579
Rest of South East	3,141	1,647	1,494
London	7,618	798	6,820
All other areas	1,013	883	130
Total	117,226	112,249	4,977
Total in/out migration for work	33,159	28,182	-
% self-containment	71.7%	74.9%	-

Source: 2001 Census (NB Figures exclude people working abroad or off-shore)

5.14 Additional employment creation could have a number of impacts. It could create demand for additional housing, leading to more people living and working within the area. It could provide more local job opportunities for those current commuting out of the area, reducing the number commuting out and the net level of out-commuting. Alternatively it could result in an increase in the level of people commuting into Brighton & Hove to work.

5.15 For the purposes of our projections we are only assessing the number of people living locally who are working and so the data about commuting patterns is mainly presented to assist an overall understanding of local employment. It is however important information when considering the potential impact of additional employment opportunities locally.

INITIAL RESULTS OF ECONOMIC-DRIVEN PROJECTIONS

5.16 The tables below show the estimated number of people working under each of our four initial projections. The data shows that under the main trend based assumptions (PROJ 1) the number of people working is projected to increase by 25,900 from 2010 to 2030. This is an increase of 1,293 people working per annum. It is notable that the increase is lowest towards the end of the projection period. Under our alternative migration-based assumption (PROJ 2 –

migration based on trend over the past five years) we see a larger increase in the number of people working (up around 38,900).

5.17 Our model based on ONS population projection data (PROJ 3) also shows an increase in the number of people in the area who are working; increasing from 129,870 to just over 150,000. These figures are close to those derived from the zero net-migration model.

Figure 5.5: Estimated Number of People Working 2010 to 2030 (PROJ 1 and PROJ 2)

Year	PROJ 1			PROJ 2		
	Number of People Working	Change in Working	Cumulative Change	Number of People Working	Change in Working	Cumulative Change
2010	129,870	-	-	129,870	-	-
2015	139,237	9,367	9,367	142,271	12,401	12,401
2020	147,499	8,261	17,629	153,967	11,696	24,097
2025	152,508	5,009	22,638	162,321	8,354	32,451
2030	155,735	3,227	25,865	168,756	6,435	38,886
Average PA		1,293			1,944	

Figure 5.6: Estimated Number of People Working 2010 to 2030 (PROJ 3 and PROJ 4)

Year	PROJ 3			PROJ 4		
	Number of People Working	Change in Working	Cumulative Change	Number of People Working	Change in Working	Cumulative Change
2010	129,870	-	-	129,870	-	-
2015	137,932	8,062	8,062	138,037	8,166	8,166
2020	144,716	6,784	14,846	144,938	6,902	15,068
2025	148,286	3,570	18,416	148,624	3,685	18,753
2030	150,134	1,847	20,264	150,581	1,958	20,711
Average PA		1,013			1,036	

COMPONENT ANALYSIS

5.18 As well as looking at the employment numbers related to a range of different migration driven scenarios we have looked at the number of people working and the population profile related to two additional scenarios as described below.

Figure 5.7 Description of additional migration lead projections	
Projection	Description
PROJ 5	Zero employment growth – to assess the population change (and migration) required to maintain current employment levels
PROJ 6	Zero population growth – to assess the consequences on the size of the working population with no increase in population

5.19 The zero employment growth scenario, PROJ 5, assumes that commuting patterns do not change.

Zero Employment Growth

5.20 Under PROJ 5 it can be seen that to maintain the size of the current workforce in the City the population might be expected to decline slightly. This is mainly due to the profile of in-migrants to the area who are more likely to be of working age than is found in many other parts of the country. It is estimated that even with a drop in the size of the total population of about 1.7% to 2030 – a drop of about 4,400 people (or 220 per annum) – the size of the working population could be maintained to 2010 levels in the period to 2030.

Figure 5.8 Population Estimates 2010 to 2030 – PROJ 5 – Zero Employment Growth					
	2010	2015	2020	2025	2030
PROJ 5	257,988 0.0%	256,449 -0.6%	255,659 -0.9%	254,953 -1.2%	253,633 -1.7%

Zero Population Growth

5.21 If there were no increase in the overall size of the population in the Council area – with the population remaining at 2010 levels - there would be a small increase in the number of people who are working (again mainly linked to the profile of migrants). Maintaining a stable population throughout the projection period would see an estimated increase of about 2,600 people working in the period 2010 to 2030 – an average gain of about 130 people per annum.

Figure 5.9 Estimated Number of People Working 2010 to 2030 (PROJ 6 – zero population growth)				
Year	Number of People Working	Change in Working	Annual Change	Cumulative Change
2010	129,870	-	-	-
2015	133,817	3,947	789	3,947
2020	135,941	2,125	425	6,071
2025	134,975	-967	-193	5,105
2030	132,471	-2,504	-501	2,601
Total/average	-	2,601	130	-

ECONOMIC-DRIVEN PROJECTIONS

5.22 Having estimated the likely number of people working for each time period under our main trend-based and zero net migration projections we proceed by building a number of scenarios based on future employment growth.

5.23 As we have explained, a key question which has arisen in the course of this project is what level of net migration we might expect to see in Brighton & Hove. The initial trend based projections indicate that future population growth is particularly sensitive to assumptions regarding future levels of net migration. Migration to Brighton & Hove is driven by a range of factors, including employment opportunities, the City's universities, its cultural offer and broader quality of life.

5.24 While recognising that the reasons why people move to Brighton & Hove vary, we consider that economic performance will be a key structural driver of trends moving forward. We have sought to examine what level of migration the economy might be able to support, aiming to deliver a sustainable future for the area where there is balanced growth in housing and employment.

5.25 Total employment grew relatively strongly in Brighton in the pre-recession period, increasing by 23% in the 1998-2008 decade (2.3% / +2540 jobs per annum) compared to 11% growth across the region.

5.26 The Council's 2009 Employment Land Review Update compared economic projections; one from Experian in 2004 which was used to formulate the original Employment Land Study, and a second from Cambridge Econometrics in 2009 which took account of the recession and was purchased to feed into the Shoreham Harbour Economic Development Strategy. The Study authors, Roger Tym and Partners, calculated that the 2004 Experian forecast represented a forecast for employment growth of 18,100 over the 2006-26 period (0.7% / 905 additional jobs

pa) with the Cambridge 'baseline' forecast from 2009 representing employment growth of 12,500 (0.5% / 625 additional jobs pa). We have compared a third set of forecasts, again derived from a regional model prepared by Cambridge Econometrics for the Regional Assembly and Partnership Board, and dated Spring 2010. These project employment growth of 24,850 over the 2006-26 period but look very optimistic when compared against the detailed forecasting which Cambridge undertook using their LEFM Model to inform the Shoreham Harbour work and against the wider macro-economic backdrop (and even the 2006 Experian scenarios).

5.27 On this basis have modelled a scenario, PROJ 7, which is based on the Cambridge Econometrics 2009 forecasts. This scenario assumes a 1:1 relationship between changes in labour supply within Brighton and anticipated job creation in the City in the forecasts.

5.28 A second scenario has been modelled which takes account of commuting patterns across Sussex to derive a projection of labour demand. This is based on the CE09 projections for Brighton and Hove from the Shoreham Harbour Study, and CE's 2010 projections for other local authorities in Sussex for the SEEPB and SEEDA. The scenario assumes that the proportion of the labour force drawn from Brighton and Hove is consistent to 2001 Census levels.

5.29 It should be borne in mind that the economic climate for constructing predictive econometric forecasts at the time of writing is unhelpful. The UK economy is struggling to shrug off the effects of the recession and it is becoming clear that these effects are going to be with us for some time to come. The Bank of England has recently been revising its output forecasts downwards, as has the Treasury, which in turn raise the level of uncertainty associated with predictive work. This significantly heightens the degree of 'error' in any forecasting work in the current climate and this should be borne in mind in interpreting the findings of these projections.

Figure 5.10: Description of Economically-driven Projections

Projection	Description
PROJ 7	Meeting Projected Employment Growth
PROJ 8	Meeting Projected Growth in Labour Demand

5.30 The assumptions regarding projected growth in employment and labour demand are set out below.

Figure 5.11: Base Economic Growth Assumptions					
	2005-10	2010-15	2015-20	2020-25	2025-30
Projected Employment	-4,706	3,457	4,829	4,543	4,668
Projected Labour Demand	-3,974	3,188	4,509	4,368	4,731

5.31 The table below indicates the projected population change under these scenarios. The data shows that to achieve employment growth in line with the projections by Cambridge Econometrics shows an increase in population of about 9.2% to 2030. If current commuting patterns are considered, this reduces to 8.7% because of the role of wider areas surrounding Brighton in providing a source of labour to support the City's economy.

Figure 5.12: Population estimates 2010 to 2030 for Different Projection Variants					
Projection	2010	2015	2020	2025	2030
PROJ 7	257,988 0.0%	256,621 -0.5%	261,028 1.2%	270,026 4.7%	281,644 9.2%
PROJ 8	257,988 0.0%	256,210 -0.7%	260,172 0.8%	268,846 4.2%	280,477 8.7%

6 HOUSEHOLD & HOUSING GROWTH PROJECTIONS

6.1 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information in to estimates of the number of households in the area. To do this we use the concept of headship rates. For the purpose of this analysis we have used information contained in the 2008-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group. This method is described in more detail below.

METHODOLOGY

6.2 Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). For the purposes of our analysis we have used data in the CLG 2008-base household projections, these take males to be the default HRP in cases where the household is headed by a couple.

6.3 This approach is different to that taken in the Census where defining the HRP is based on economic activity and age (ahead of sex). For example, in a household with only one adult (e.g. a lone parent household) the HRP is taken as that person. In a household with more than one adult (e.g. a couple household) the HRP is chosen on the basis of their economic activity (in the priority order of full-time job, part-time job, unemployed, retired, other). If both (or all) people have the same economic activity, the HRP is defined as the elder of the two, or if they are the same age, the first member on the form.

6.4 The table below shows headship rates derived from the 2008-based CLG projections for each of the key periods of 2010 and 2030. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (both in an upward and downward direction and particularly in relation to females).

Figure 6.1: Estimated Headship Rates by Age and Sex (2010 and 2030) – Brighton & Hove				
Age group	Male		Female	
	2010	2030	2010	2030
Ages 15-19	4.3%	4.5%	3.3%	3.4%
Ages 20-24	35.7%	36.5%	15.4%	15.8%
Ages 25-29	61.0%	61.0%	25.8%	27.4%
Ages 30-34	73.6%	71.5%	35.3%	40.7%
Ages 35-39	88.2%	90.4%	37.1%	42.0%
Ages 40-44	91.3%	94.3%	35.7%	37.1%
Ages 45-49	90.8%	91.8%	35.5%	32.9%
Ages 50-54	91.3%	91.5%	38.0%	41.7%
Ages 55-59	93.5%	94.6%	39.6%	45.4%
Ages 60-64	95.5%	95.9%	37.9%	44.9%
Ages 65-69	96.5%	97.0%	43.5%	50.1%
Ages 70-74	96.0%	95.9%	48.2%	52.0%
Ages 75-79	95.5%	94.9%	55.3%	52.8%
Ages 80-84	92.9%	93.4%	66.4%	60.5%
Ages 85+	83.9%	85.0%	63.4%	58.7%

Source: CLG 2008-based household projections

6.5 When applying these headship rates to our population we derive an estimated number of households in 2010 of 117,376.

FINDINGS FOR MAIN PROJECTIONS

6.6 By applying these headship rates we find the following household estimates under our principal projections (PROJ 1 to PROJ 4). The data shows that under our main trend based projection (PROJ 1) there will be an additional 1,172 households per annum in the period 2010 to 2030 (23,431 in total). The higher net migration projection (PROJ 2) shows an annual increase of 1,693 households per annum.

6.7 Both the projection linked to ONS migration assumptions (PROJ 3) and the zero net-migration projection (PROJ 4) show a lower level of household growth – in both cases the estimated increase in households is below 1,000 per annum.

Figure 6.2: Estimated Household Growth under PROJ 1 and PROJ 2						
Year	PROJ 1			PROJ 2		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2010	117,376	-	-	117,376	-	-
2015	122,316	4,940	4,940	124,430	7,054	7,054
2020	128,314	5,998	10,938	132,959	8,529	15,583
2025	134,627	6,313	17,251	142,083	9,125	24,707
2030	140,807	6,180	23,431	151,226	9,143	33,850
Average PA		1,172			1,693	

Figure 6.3: Estimated Household Growth under PROJ 3 and PROJ 4						
Year	PROJ 3			PROJ 4		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2010	117,376	-	-	117,376	-	-
2015	121,407	4,031	4,031	121,479	4,104	4,104
2020	126,316	4,909	8,940	126,476	4,996	9,100
2025	131,420	5,104	14,044	131,676	5,200	14,300
2030	136,325	4,905	18,949	136,683	5,007	19,307
Average PA		947			965	

ESTIMATED HOUSEHOLD GROWTH IN CLG PROJECTIONS

6.8 Below we have provided an analysis of the growth in households estimated under the 2008-based CLG household projections (for Brighton & Hove). The data shows that these projections expect an increase in households of around 19,000 over the period from 2010 to 2030 – 938 per annum.

Figure 6.4: Estimated Household Growth under national household projections			
Year	CLG 2008-based household projections		
	Total households	Change in households	Cumulative change
2010	117,376	-	-
2015	121,550	4,174	4,174
2020	126,171	4,621	8,795
2025	131,013	4,842	13,637
2030	136,133	5,120	18,757
Average PA		938	

* CLG figures have been rebased to our 2010 baseline position

COMPONENT PROJECTIONS

6.9 The data shows that under PROJ 5 (no change in the size of the workforce) the number of households is expected to rise from 117,376 in 2010 to 120,110 in 2030 – an average of 137 households per annum. This level of household growth is thus necessary just to maintain the current size of the labour force. Under the stable population projection (PROJ 6) the increase in households is slightly higher (241 per annum).

Figure 6.5: Estimated Household Growth under PROJ 5 and PROJ 6

Year	PROJ 5			PROJ 6		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2010	117,376	-	-	117,376	-	-
2015	118,117	742	742	118,540	1,164	1,164
2020	119,088	970	1,712	120,016	1,476	2,640
2025	119,816	729	2,441	121,306	1,290	3,930
2030	120,110	293	2,734	122,191	885	4,815
Average PA		137			241	

ECONOMIC-LED PROJECTIONS

6.10 As well as estimating the number of household from our trend based projections we can apply the same process to our economically driven projections (PROJ 7 and PROJ 8). Household estimates from each of these are shown below.

6.11 The data shows that under PROJ 7 (Projected Employment Growth) the number of households is expected to rise from 117,376 in 2010 to 133,350 in 2030 – an average of 799 households per annum. The second economic-based projection of labour demand (PROJ 8) shows a projected increase in households of 770 per annum.

Figure 6.6: Estimated Household Growth under PROJ 7 and PROJ 8

Year	PROJ 7			PROJ 8		
	Total hhs	Change in hhs	Cum. change	Total hhs	Change in hhs	Cum. change
2010	117,376	-	-	117,376	-	-
2015	118,193	818	818	118,012	637	637
2020	121,504	3,310	4,128	121,108	3,096	3,733
2025	126,819	5,315	9,443	126,258	5,149	8,882
2030	133,350	6,531	15,974	132,781	6,524	15,406
Average PA		799			770	

VACANT DWELLINGS

6.12 The analysis so far has concentrated on the number of additional households and has then translated this into an estimate of the number of additional homes required. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. We have therefore added a vacancy allowance of 2.5% to all of the above figures to make estimated housing requirements with figures shown in the table below.

Figure 6.7: Estimated annual housing numbers with 2.5% vacancy allowance (to 2030)

Projection variant	Household growth	Annual requirement with vacancy allowance
PROJ 1	1,172	1,201
PROJ 2	1,693	1,735
PROJ 3	947	971
PROJ 4	965	989
PROJ 5	137	140
PROJ 6	241	247
PROJ 7	799	819
PROJ 8	770	790
CLG 2008-based household projections	938	961

COMBINED RESULTS

6.13 The headline results of all of the scenarios in terms of population, housing requirements (i.e. including a vacancy allowance) and employment numbers between 2010 and 2030 are summarised below. The first table shows annual figures with the second table showing these figures for the full twenty year projection period. Firstly we summarise the eight projections carried out:

PROJ 1 – Main trend based projection (10-year migration average of 380 per annum)
PROJ 2 – Alternative trend based projection (5-year migration average of 1,340 per annum)
PROJ 3 – Projection linked to ONS assumptions (net in-migration of -33 per annum)
PROJ 4 – Zero net migration
PROJ 5 – Zero employment growth
PROJ 6 – Zero population growth
PROJ 7 – Projected Employment Growth
PROJ 8 – Projected Labour Demand

Figure 6.8 Summary of Projections 2010 to 2030 - Annual						
Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1	1,948	0.8%	1,201	1.0%	1,293	1.0%
PROJ 2	3,038	1.2%	1,735	1.4%	1,944	1.5%
PROJ 3	1,479	0.6%	971	0.8%	1,013	0.8%
PROJ 4	1,517	0.6%	989	0.8%	1,036	0.8%
PROJ 5	-218	-0.1%	140	0.1%	0	0.0%
PROJ 6	0	0.0%	247	0.2%	130	0.1%
PROJ 7	1,183	0.5%	819	0.7%	873	0.7%
PROJ 8	1,124	0.4%	790	0.7%	840	0.6%

Figure 6.9 Summary of Projections 2010 to 2030 – Total						
Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1	38,963	15.1%	24,017	20.0%	25,865	19.9%
PROJ 2	60,769	23.6%	34,697	28.8%	38,886	29.9%
PROJ 3	29,581	11.5%	19,423	16.1%	20,264	15.6%
PROJ 4	30,331	11.8%	19,790	16.4%	20,711	15.9%
PROJ 5	-4,356	-1.7%	2,802	2.3%	0	0.0%
PROJ 6	0	0.0%	4,936	4.1%	2,601	2.0%
PROJ 7	23,656	9.2%	16,373	13.6%	17,470	13.5%
PROJ 8	22,489	8.7%	15,791	13.1%	16,800	12.9%

7 HOUSING LAND AVAILABILITY

7.1 PPS3 makes clear that the availability of suitable land for housing development is one of a number of important factors in considering what level of housing provision should be planned for in an area. We described the range of factors which are intended to come together to inform housing requirements in Section 2 and also identified that in the past, the available 'urban capacity' has been a key factor in informing housing targets for the City.

7.2 In this section we consider available land for residential development in Brighton and Hove, drawing on the findings of the recent Strategic Housing Land Availability Assessment (SHLAA)[8]. This is used to construct a further scenario to identify the implications of delivery of this level of housing on population and employment growth.

7.3 At exploratory meetings held with the Inspector appointed to undertake an independent examination of the Council's Core Strategy, some concerns were raised regarding the proposed housing strategy within the document. The Inspector sought to clarify whether there is robust evidence of genuine local circumstances which prevent the identification of sites and the draft strategy's reliance on windfall development, and whether there was proof that windfalls exist which could meet requirements. He advised that to be transparent, the strategy should set out how many dwellings would be provided from the various sources of supply, and over what period and timescales these would be expected to come forward. He advised that the Council would need to produce evidence that the search for sites through the SHLAA had been comprehensive and robust.

7.4 Against this context, the Council commissioned consultants GVA to update the SHLAA. In terms of site identification, the SHLAA considered sites identified in the previous SHLAA (June 2009), a 'call for sites' exercise, a review of Primary and Secondary Employment Sites; low scoring sites from the Open Space Study Update; Urban Fringe sites; Garage sites and Planning Permissions data.

7.5 The 2011 SHLAA identified and assessed a total of 275 sites across the City covering 502 hectares of land. It considered their suitability to accommodate residential development, their availability in terms of owner/ developer intensions, and their achievability, taking account constraints to development and the viability of residential development. The Study took account of physical and policy constraints, market attractiveness, and accessibility of sites. It considered what would represent appropriate development densities based on the built form and character of the surrounding area.

[8] GVA (March 2011) SHLAA Final Report

7.6 BHCC's 2010 Annual Monitoring Report identifies net completions between 2005 and 2010 of 3,004 dwellings (an average of 601 dwellings pa).

7.7 The SHLAA identifies the following capacity of sites with capacity for 6 or more dwellings across the City.

Figure 7.1: Capacity of Identified Sites

	No_Sites	Dwelling Capacity
Category 1 (Deliverable years 0-5)	32	1,107
Category 2 (Developable years 6-10)	34	2,612
Category 3 (Developable years 11-15)	86	3,707
Identified Sites Capacity 2010-25	**152**	**7,426**
Category 4 (Post 2025)	24	1,159

Source: BHCC based on SHLAA Report

7.8 The potential phasing of delivery of sites took account of both site-specific development constraints, as well as potential market absorption rates on individual large sites, particularly at Brighton Marina.

7.9 The SHLAA does not include sites with capacity for less than 6 dwellings. It is appropriate to make an assumption regarding the potential supply from small site development. This source of supply has made a significant contribution to the City's housing delivery (up to 35% historically). The SHLAA includes an analysis of past windfall development and estimates a capacity of 2625 dwellings (175 dwellings pa) over the 2010-25 period from this source. Through discussions with BHCC we have adopted a more conservative approach regarding windfall development. We assume this source will yield 550 dwellings in the 2010-2015 period (110 pa) reflecting the ongoing impact of the recession and then 700 dwellings (140 pa) in each of the subsequent five year periods 2015-20 and 2020-25. In total we assume 1950 dwellings from this source (for 15 years 2010-25).

HOUSING TRAJECTORY SCENARIO

7.10 Drawing together the capacity of SHLAA sites and an allowance for windfall development, it has been possible to develop a housing trajectory for the period to 2030. Through discussions with BHCC we have assumed that development of larger (6+ dwelling) sites in the period 2025-30 may proceed at a slightly lower average rate than over the previous fifteen years, 2010-25. We have assumed an average rate of 420 dwellings pa. This is largely because many of the larger key city sites will have been delivered in this earlier part of the plan period

(e.g. Brighton Marina, Preston Barracks and King Alfred sites). Clearly, this will need to be kept under review as the SHLAA is updated and rolled forward.

Figure 7.2: Housing Trajectory Assumptions

Period	Net Completions	SHLAA Site Capacity	Windfall Sites	Total
2005-10	3,004			3,004
2010-15		1,107	550	1,657
2015-20		2,612	700	3,312
2020-25		3,707	700	4,407
2025-30		2,100	650	2,750

Source: BHCC

7.11 We have modelled growth in the population and labour supply associated with delivery of this level of development over the period to 2030. This projection is called PROJ 9.

7.11 In carrying out this projection the growth in dwellings is fixed with the growth in households estimated to be slightly lower than this (due to the 2.5% vacancy allowance). The key outputs from this model will be to understand the implications of a particular housebuilding rate on the population and economy and below we have provided tables to look at these two issues.

7.12 The first table below shows estimated population change under the housebuilding scenario. We see an increase in population over the twenty year period of about 5.7%. This scenario would also see a reasonably large increase in the number of people living in the area who are working. As the second table below shows; under this scenario it is projected that the number of people working will increase by 9% over the 20-year period, although in this scenario the number of people working falls between 2025-30.

Figure 7.3: Population estimates 2010 to 2030 for Housing Trajectory Scenario

Projection	2010	2015	2020	2025	2030
PROJ 9	257,988 0.0%	258,436 0.2%	262,525 1.8%	269,278 4.4%	272,603 5.7%

Figure 7.4: Number of people in employment - 2010 to 2030 for housebuilding rate scenarios

Projection	2010	2015	2020	2025	2030
PROJ 9	129,870 0.0%	134,467 3.5%	139,074 7.1%	142,077 9.4%	141,412 8.9%

OTHER SOURCES OF HOUSING SUPPLY

7.13 The housing trajectory developed is based on delivery of an annual average of 606 dwellings per annum over the 2010-30 period. This includes sites identified in the SHLAA. It is similar to historic delivery rates. However the SHLAA considers a number of areas where there may be potential for additional homes to be delivered as 'broad locations for housing delivery.' These are:

- Shoreham Harbour: which may provide some potential for housing development through delivery of the regeneration programme;
- Housing Revenue Account (HRA) Estates Masterplan Work: opportunities for infill development and intensification/regeneration on existing Council Housing Estates; and
- Intensification within Allocated Development Area: the SHLAA found it difficult to justify any additional capacity to parts of these broad locations as these had already been thoroughly assessed through the SHLAA.

7.14 The Shoreham Harbour Capacity and Viability Study has been completed since preparation of the SHLAA. This identifies additional potential for delivery of 320 dwellings in South Portslade and Aldrington Basin, within Brighton and Hove.

7.15 An Area Action Plan (prepared jointly with the adjacent Adur District Council) will deal with the phasing of all new development within the Shoreham Harbour regeneration area. Given the dramatically reduced amounts of housing that now seem likely to come forward compared to the South East Plan's provision target (10,000 homes for testing purposes), the need for 'ring fencing' of housing targets at Shoreham is somewhat reduced at least so far as Brighton and Hove is concerned. There may therefore be scope to consider the BHCC Shoreham Harbour housing capacity as part of the City's overall housing delivery. This will be a matter for the local authority to decide together with a consideration of any wider delivery implications associated with overall development at Shoreham Harbour.

7.16 In regard to the estates sites, the SHLAA identifies that as the Council progresses with Estates Masterplanning work further capacity from these sites may emerge, beyond some infill opportunities identified in the SHLAA.

7.17 The SHLAA additionally identified a total of 99 sites as 'undeliverable.' These sites, which included allocated employment sites, private open space, sites within the urban fringe, and sites with multiple constraints were assessed as not currently suitable. The largest group of

these were sites in the urban fringe which scored poorly for policy alignment, current use, accessibility and in some cases sustainability. Allocated employment sites are currently protected by planning policy and were considered undeliverable where in full active use or with low vacancy rates. In regard to private open space sites considered undeliverable, this categorisation related to current policy alignment, use and accessibility considerations. Remaining sites were rejected as having multiple, major constraints. There would need to be a shift of policy before any of these sites could be considered as developable for housing.

8 CONCLUSIONS

8.1 In this section we draw out the key conclusions of the Study regarding assessed need and demand for housing in the City, and potential housing requirements for the 2010-30 period.

8.2 In late May 2011 the Court of Appeal ruled that Council development plans would be unlawful if they were based on the Government's stated intention to abolish the Regional Spatial Strategies. It would be unlawful for a local planning authority preparing, or a planning inspector examining, development plan documents to have regard to the proposal to abolish regional strategies. This ruling is of relevance to the examination of the Council's Core Strategy and the context to this report.

8.3 Notwithstanding the above, this report has considered what might represent a reasonable assessment of housing need and demand in Brighton and Hove for strategic planning purposes. The report deals with need and demand across tenures, recognising that while mortgage finance constraints may limit market demand, this is likely to be displaced towards rented tenures. The key assumptions relate particularly to what level of migration might be considered realistic moving forward.

8.4 It should be recognised that even following enactment of the Localism Bill, there remain a range of factors which should be considered in determining housing requirements including land availability, infrastructure requirements and sustainability assessment in addition to need and demand.

8.5 This assessment has examined housing need and demand, and indicates that:

- 989 homes per annum are required to meet locally-generated need, with zero net migration; however
- Just 140 homes per annum are required to support the size of the existing workforce, and 247 per annum to maintain the current population size; thus
- Housing growth at above 247 homes per annum will support both population and employment growth in the City.

8.6 Our analysis has shown that net in-migration over the last five years at an average of 1,340 per annum has significantly exceeded longer-term trends, and compares to average net in-migration of 340 per annum over a longer ten year period. Net migration to Brighton and Hove has particularly been influenced by international flows of migrant labour. Moving forward, ONS project that this source of migration will reduce notably, and as a result rates of population growth in Brighton and Hove will slow. Although it is very difficult to be definitive in

this field, this seems to us to be a sensible long-term assumption. On this basis, a reasoned demographic based assessment of demand (based on ONS assumptions) would result in a housing requirement of 19,400 homes over the 2010-30 period (970 pa).

8.7 However the scenarios based on projected economic performance come out lower than this. We consider that it is reasonable to take account of commuting dynamics recognising the role which the City plays within a wider labour market. PROJ 8, developed on this basis, identifies a requirement based on forecast economic performance for 15,800 homes over the 2010-30 period (790 pa).

8.8 On this basis we conclude that a realistic assessment of housing need/demand for Brighton and Hove would fall within the 790 – 970 homes per annum range (15,800 – 19,400 homes over the 20 years to 2030). It should be recognised however that there are notable upside risks to this.

8.9 PPS3 clearly identifies however that need/demand needs to be considered alongside the availability of suitable land for residential development, amongst other factors, in identifying housing requirements.

8.10 The SHLAA has included a detailed assessment of the capacity of the City for residential development to 2025. On the basis of a number of assumptions, we have developed a housing trajectory scenario with BHCC which considers capacity to 2030. This suggests a capacity for around 12,100 dwellings on the assumptions made. While this falls notably below identified need/demand, because of the age structure and population dynamics of the City it would still support employment growth of over 11,500 over the plan period (9%) as well as growth in the wider population of around 14,600 (6%). However there is some potential that housing demand could be displaced to surrounding areas.

8.11 The Study does not support a reduction in the housing requirement below South East Plan levels (570 pa) based on assessed need/demand. In light of the evidence of need/demand such a housing target could reasonably be regarded as a minimum. The housing trajectory developed identifies potential for delivery of about 600 dwellings per annum, albeit that the assessment is indicative in the post 2025 period both in terms of assumptions regarding large site delivery and small site development potential. There are also some additional potential sources of brownfield land supply which could come forward, at Shoreham Harbour and on HRA Estates, albeit that we would attach notable delivery risks to this. An alternative might be to consider the inclusion of some of the urban fringe sites within the development plan.

8.12 In light of some displacement effect as a result of land supply constraints within the City, it

would be appropriate for the City Council to work with neighbouring authorities to consider how the undersupply could be addressed at a sub-regional or housing market level, noting that the City Council is not the only local authority which is likely to be unable to meet identified need/demand. This could be taken forward through cooperation and joint working with surrounding local authorities, or via joint working through the Coast to Capital Local Enterprise Partnership, but would need the support of neighbouring authorities.