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Brighton and Hove Strategic Housing Market Assessment

Final Report

Iceni Projects Limited on behalf of
Brighton & Hove City Council

August 2023

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ON BEHALF OF BRIGHTON &
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Brighton and Hove Strategic Housing
Market Assessment
FINAL REPORT

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1. EXECUTIVE SUMMARY

1.1 Icen Projects and Justin Gardner Consulting have been appointed by the City Council to produce this evidence base document which will be a key consideration when formulating policies in relation to housing within the forthcoming City Plan review. However, this document does not set policies in itself.

Demographics

1.2 As of the 2021 Census, the population of Brighton & Hove (Brighton and Hove) is 277,107. Since 2011 the City's population has grown by around 1.4% which is a much lower rate of growth than across the rest of Sussex and the South East region.

1.3 This is also a much slower rate of growth than for the 2001 to 2011 period.

1.4 Population growth in the City is driven by International Migration while natural change has slowed (in part due to families moving out of the City) and recently resulted in a net loss, with deaths exceeding births in 2020/21 likely as a partial result of Covid-19.

1.5 Generally however the City's younger population structure supports both positive natural change and net international in-migration; but with an outward migration movement to surrounding areas. This is similar to other large urban areas and Cities across the country.

1.6 In contrast the City has fewer people of a school age and younger and those aged 55 and over age bands. The availability of family housing is a likely influence on the population of families with children; with many households having to move out of the City to secure such accommodation.

Housing Stock

1.7 ONS dwelling stock data indicates that there has been a net increase of 4,904 dwellings in Brighton and Hove between 2011 and 2021, with Council monitoring data showing a further 1,073 homes were built during the 12 months to 31st March 2022. This brings the total number of dwellings in the City to 130,394.

1.8 The average completion rate since 2011/12 has been 513 dwellings per annum although annual completions in 2021/22 (the most recent monitoring year) have risen to 1,073 dpa.

1.9 Brighton and Hove sees a greater proportion of households living in privately rented accommodation and a lower proportion of homeowners compared to Sussex, the South East and England. It also has a greater proportion of households living in smaller one bed homes and a greater proportion of households living in flatted accommodation.

- 1.10 Conversely, Brighton and Hove sees a lower proportion of under occupied properties compared to its neighbours East and West Sussex, as well as the South East region and England.

Housing Market

- 1.11 In the year to March 2022 the median house price in Brighton and Hove was £392,556. This is significantly above the median house price for comparator areas.
- 1.12 Since March 1996 median house prices in Brighton and Hove have increased by 651% a rate of growth that is again significantly above that seen across England and the South East region
- 1.13 When looking at median prices by property type, Brighton and Hove sees higher prices for all types of property than its neighbouring counties, the South East region and England as a whole.
- 1.14 In line with national trends, affordability in the City has worsened with the workplace based median affordability ratio in Brighton and Hove at 12.86.
- 1.15 Local agents reported that sales demand is highest for three and four-bed family homes across the City but also for one and two-bed flats, particularly in the BN1 postcode.
- 1.16 There is a wide range of buyers with a significant proportion relocating from London to Brighton.

Overall Housing Need

- 1.17 The overall housing need is set against the NPPF and the framework of PPG – specifically the Standard Method for assessing housing need shows a need for 2,333 dwellings per annum.
- 1.18 This is based on a projected household growth of 1,234 per annum, a (capped) uplift for affordability of 40% and then a further 35% 'Urban areas' uplift.
- 1.19 We have also considered whether there are exceptional local circumstances which justify moving away from the Standard Method. Our analysis looked at up-to-date demographic trends and is also mindful of the NPPF consultation of December 2022 which appears to indicate there may be greater flexibility for local authorities to consider exceptional circumstances.
- 1.20 The consultation NPPF suggests that consideration will be given to 2021-based projections when these are published in 2024. Given that all data for the 2021-based projections has now been published, this report estimates what a reasonable 2021-based projection might look like.
- 1.21 The Standard Method household growth figure uses the 2014-based household projections which are now over 8-years old (in terms of the base data for analysis). However, the more recently published data from the 2021 Census suggests the 2014-based projections are fundamentally wrong.

- 1.22 Overall, the 2021 Census indicates that population growth has been substantially lower than the 2014 projections and that trends observed previously are no longer reflective of recent trends.
- 1.23 Using more up-to-date information, a series of projections have been developed to look at different migration and population change estimates (including looking at 5- and 10-year migration trends). These scenarios universally point to a housing need (even when using the framework of the Standard Method) significantly below the 2,333 dwellings per annum figure.
- 1.24 The figures demonstrate that on a reasonable set of assumptions that reliance on the 2014-based SNHP to set housing need, as the Standard Method does, is unrealistic and under any reasonable scenario would be the maximum need for the City. This significant variation from past projected growth would point to exceptional circumstances and that it would be appropriate to use a locally derived and robust projection of demographic growth.
- 1.25 Our preferred scenario, which uses 5-year trends from the Mid-Year Estimates, **results in a housing need for 810 dpa** if put through the framework of the standard method. We consider this should be the starting point for assessing housing need in the City and that it would be compliant with the NPPF and PPG in that it adequately reflects current and future demographic trends and market signals which is a requirement if diverging from the standard method.
- 1.26 Our preferred figure is above the current City Plan target but significantly below the standard method. While we consider there to be exceptional local circumstances which justify challenging the standard method, this approach is not without risk and would need to be clearly justified. That risk may lessen should the Government's proposed changes to the NPPF be adopted.
- 1.27 In reality, the level of future housing delivery in Brighton and Hove is likely to relate more to capacity than housing need. On this basis, it was considered that the housing target in the current City Plan (660 dwellings per annum) would provide a realistic assumption for housing delivery moving forward.
- 1.28 A further population projection was developed to look at the implications of delivery at this level over the 2022-41 period and this suggested that the population of the City might increase by around 12,500 people, with a particular increase in the number of older people (those age 65 and over).

Affordable Housing Need

- 1.29 Analysis has been undertaken to estimate the annual need for affordable housing. This analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

- 1.30 Our analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing.
- 1.31 For AHO, consideration is given to the potential supply of re-sales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.
- 1.32 When looking at rented needs, the analysis suggests a need for 1,165 affordable homes per annum across the City.
- 1.33 Despite the level of need being high in relation to demographic trend-based estimates of overall housing need, it is not considered that this points to any requirement for the Council to increase the City Plan housing requirement due to affordable needs.
- 1.34 The link between affordable need and overall housing need (of all tenures) is complex and in trying to make a link it must be remembered that many households with an affordable housing need are already living within the City's existing housing stock and therefore do not generate a net additional need for new housing.
- 1.35 That said, the level of affordable need does suggest the Council should maximise the delivery of such housing at every opportunity.
- 1.36 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit.
- 1.37 It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.
- 1.38 When looking at AHO products, the analysis is inconclusive about whether or not there is a need. However, the evidence does suggest that there are many households in Brighton & Hove who are being excluded from the owner-occupied sector as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector.
- 1.39 This suggests that a key issue in the City is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

- 1.40 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.
- 1.41 Overall, given the cost of housing locally, it seems very difficult for any affordable home ownership products to be provided that can be considered as ‘genuinely affordable’. This again points to the need for the Council to prioritise delivery of rented affordable housing where possible.
- 1.42 However, in deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- 1.43 Overall, the analysis identifies a substantial need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the City. It does however need to be stressed that this report does not seek to provide a policy target for affordable housing; the amount of affordable housing delivered will reflect the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Housing Mix and Families

- 1.44 The proportion of households with dependent children in Brighton & Hove is fairly low with around 24% of all households containing dependent children in 2021 (compared with around 29% regionally and nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.
- 1.45 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households’ ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, taking account of both household changes and the ageing population. The analysis also factors in a modest decrease in levels of under-occupancy (which in Brighton & Hove is notable in the market sector).
- 1.46 In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 25-35% to have at least 3-bedrooms. Our recommended mix is set out below:

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10-15%	45-50%	30-35%	5-10%
Affordable home ownership	30-35%	40-45%	15-20%	5-10%
Affordable housing (rented)	30-35%	35-40%	20-25%	5-10%

- 1.47 It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households as these are typically the occupants of such tenures.
- 1.48 In the market sector including PRS, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographics. The conclusions have also slightly boosted figures for larger homes to provide more flexibility and to recognise the potential for a general increase in home working.
- 1.49 The recommended housing mix in the affordable sector recognises the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- 1.50 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in other areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- 1.51 Given the nature of the area and the needs identified, the analysis suggests that the majority of units are likely to be provided as flats rather than houses – particularly for homes with 1- and 2-bedrooms. Consideration will also need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development for example, the Urban Fringe allocations will see a greater percentage of family sized homes than City Centre sites).
- 1.52 There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation is unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

Private Rental Sector

- 1.53 According to the 2021 Census 32.7% of households in Brighton and Hove are privately renting which is considerably higher than the figure for the South East (19.2%) and England (20.5%).
- 1.54 Rental costs are also high in Brighton and Hove (median of £1,200 pcm), exceeding both East and West Sussex averages as well as the median for the South East overall.
- 1.55 The majority of PRS properties in Brighton and Hove are small with 40.7% of properties having one bedroom and 34.1% having two bedrooms.
- 1.56 Household Representative Persons (HRP) of PRS households in Brighton and Hove are broadly younger than other tenures with a total of 13.1% under the age of 34. This reflects the comparatively younger population living in the City compared to the wider region and also the presence of the universities and a high level of graduate retention. The City also has a higher percentage (25.2%) of HRP in PRS aged over 65 in comparison to the national PRS picture (9.5%).
- 1.57 The composition of PRS households in Brighton and Hove sees an over-representation of single person households (under 65), cohabiting couples with no children and other compositions including FT students.
- 1.58 Since 2011 there has been a significant growth in the number of couples with dependent children and Cohabiting couples with no children living in PRS. In contrast, there has been a decline in “other” households which include HMOs and All Student Households in PRS which may be due to the recent success of PBSA developments.
- 1.59 The number of housing benefit claimants in the City has increased slightly since 2018 primarily due to a huge increase of 4,869 new claimants from March to December 2020 caused by the successive Covid lockdowns although numbers have fallen since.
- 1.60 Lettings agents reported that the rental property market in Brighton and Hove is very buoyant; strong demand was also reported for a range of property sizes throughout the City but particularly for smaller flats.
- 1.61 There is a wide range of renters present in the market, including students, young professionals, couples and families. The Covid-19 pandemic led to a sharp increase in demand, particularly among people wanting to relocate from London.
- 1.62 This strong level of demand has continued beyond the pandemic as many professionals have continued to work from home.

- 1.63 The Build to Rent market is seeing strong growth in the City, as well as nationally, backed by both domestic and international investment. There are no specific Co-living developments yet in the City although there are now schemes in the pipeline.
- 1.64 According to the British Property Federation there are seven Build to Rent developments in the City which are either in the planning pipeline, under construction or operational. Combined these sites would contribute 1,542 units which provide a significant contribution to the city's housing requirement.
- 1.65 The existing BTR market in the City is priced as a premium product and appears to be aimed at demand particularly from younger professionals many of whom previously lived outside of the City.
- 1.66 As a general principle, the Council should seek to encourage a wider range of BTR developments rather than those just focussed on high end development, as is the case with the current supply. This will ensure it benefits a wider cross-section of the population and in providing competition for the existing supply it will help support driving up standards in the PRS and release existing supply.
- 1.67 The Council's current Build-to-Rent policy in the City Plan Part 2 appears broadly fit for purpose, but should be reviewed in light of the schemes that have come forward and are currently being built in the City.
- 1.68 A similar policy should be developed for Co-living developments as an emerging sector in the City. Including separate space and amenity standards and affordable contributions. The Council have recently published Interim Planning Guidance which includes some policy considerations assess proposals with. The City should also monitor who is occupying the pipeline development once it is operational to understand the demand it is meeting.

Student Accommodation

- 1.69 Nationally, there are challenges around the amount of student housing that is available. While this shortage may not be as acute in Brighton & Hove as elsewhere the City is still affected.
- 1.70 In 2021/22 the universities had a combined total of 32,750 FT students. This includes those that are distance learning as well as those at campuses outside of the City.
- 1.71 The cost of Purpose Built Student Accommodation (PBSA) is very challenging for the majority of students with most now charging around £250-£260 per week. This can equate to £10,000 per annum but students are only given a maintenance loan of around this amount (with no London weighting).

- 1.72 In comparison, University operated PBSA ranges from £4,705 and £7,800 per annum if based on a 39 week contract. This makes the transition from first to second year particularly difficult if moving from cheaper university accommodation to private PBSA.
- 1.73 The cost of accommodation is also likely to worsen with landlords moving out of the student accommodation sector and private and university owned accommodation increasing rents, in some cases by upwards of 10%.
- 1.74 All this might support the continued move from HMO accommodation towards private PBSA which had already gathered pace for a variety of reasons.
- 1.75 Planned growth at the University of Sussex and the planned closure of the University of Brighton Eastbourne campus and transfer of students to Brighton and Hove will result in additional demand for PBSA. The additional demand can be met by the additional PBSA accommodation in the pipeline.
- 1.76 The supply of further additional PBSA is also supported by both Universities in the City and would enable pressure on the Private Recent Sector from student demand to be reduced and offset any future losses in the HMO sector.
- 1.77 Greater provision and quality of accommodation will also help support the continued vitality of the Universities. The Council should therefore continue to support the provision of additional PBSA capacity.
- 1.78 The Council's existing policies are generally supportive of additional PBSA and are generally fit for purpose. However, the Council may wish to consider extending their Policy to include an element of affordable accommodation within any proposed development and seek to encourage a greater range of different types and sizes of accommodation where possible.

Older People and those with a disability

- 1.79 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older population and those with some form of disability. The two groups are taken together as there is a clear link between age and disability.
- 1.80 The data shows that Brighton & Hove has a younger age profile but slightly higher levels of disability compared with the national average.
- 1.81 The older person population is projected to increase notably moving forward. Additionally, the older person population has some distinct characteristics, including a high representation in the owner-occupied sector.

1.82 An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-41 period include:

- A 46% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth);
- A 47% increase in the number of people aged 65+ with dementia and a 46% increase in those aged 65+ with mobility problems;
- A need for around 800 housing units with support (sheltered/retirement housing) – split about two-thirds market and a third affordable housing;
- A need for over 1,000 additional housing units with care (e.g. extra-care) – the majority (60%) in the market sector;
- A need for additional residential and nursing care bedspaces (around 770 in the period – although there is no current need as of 2022); and
- a need for around 1,000 dwellings to be for wheelchair users (meeting technical standard M4(3)). This equates to between 8% and 14% of all housing need based on a delivery of 660 dwellings per annum with the upper end addressing backlog need.

1.83 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. The Council already have an adopted policy which seeks to increase the supply of wheelchair, adaptable and accessible housing.

1.84 In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

Other Specialist Groups

1.85 There are no military establishments in the Brighton and Hove and the most recent Ministry of Defence (MOD) statistics suggest that there are only 10 military or Civilian **MOD personnel** stationed in the City.

- 1.86 This would suggest that there is no need to develop a policy which addresses the specific need of MOD personnel. That said the City is attractive to former MOD personnel due to its providing many jobs in the security industry and has a vibrant LGBTQ community.
- 1.87 Furthermore, Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing.
- 1.88 Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.
- 1.89 Currently, Brighton and Hove has 157 individual and 6 groups having registered expressions of interest in a serviced plot of land for **custom and self-build housing**.
- 1.90 If this level of interest continues then the City will need to permit an average of 24 individual plots per annum.
- 1.91 The City Council is considering a range of options for introducing a “principal residence policy” (PRP) through the City Plan Part One Review as a way of managing the growth of **second homes** in the City. A PRP policy limits the sale of new homes to those who will use it as a principal residence.
- 1.92 Analysis of currently available data would not support a city wide Principal Residence Policy.
- 1.93 The 2021 Census indicates that approximately 7.3% of homes in the City are unoccupied. This is a significant growth from the previous Census. However, a degree of caution should be given to this figure given the Census was carried out during the COVID-19 pandemic and the ONS in their summary of unoccupied dwellings data noted some people, for example overseas students or those privately renting, may have moved back in with family members leaving more unoccupied dwellings.
- 1.94 2022 Council Tax data suggests that approximately 5,700 or 4.4% of homes are second or vacant homes in the City.
- 1.95 In examining the data at a ward level the 2021 Census and 2022 Council Tax data both suggest the Regency ward has the highest concentration of vacant and second homes. Queen's Park, Central Hove, Brunswick and Adelaide, Rottingdean Coastal and St. Peter's and North Laine wards also have above average numbers within the City.
- 1.96 Council tax data also indicates relative hotspots within wards/postcodes which have 10 plus second/vacant homes. As part of the evidence gathering for the City Plan Part 1 review further analysis of council tax data post the 2021 Census should inform the policy options.

- 1.97 The 2021 Census data on second addresses in Brighton & Hove highlights the small proportion of second addresses – 5% or 500 homes - in the City that are used as a holiday home for more than 30 days a year.
- 1.98 It is recommended that the Council gives further consideration to data sources on second homes as they become available to inform policy options. For example, whether a more accurate split of unoccupied dwellings broken down by vacant/ second addresses can be provided by the ONS.
- 1.99 It is estimated that 2,218 entire homes being used for **short term lets** in the City. This would equate to 1.7% of the City's 130,394 dwellings. If the government introduce a registration scheme for short term holiday lets this will also help the Council better understand and monitor the number and location of short term holiday lets in the city.
- 1.100 The potential for local planning authorities to manage short term lets through local plan policies is being considered by the government who recently consulted on the introduction of a separate Use Class for short term let accommodation.
- 1.101 This may provide the Council with the ability to better manage short term lets however if the government also introduces permitted development rights to allow the change from C3 dwellings to C5 short term lets without planning permission the Council may need to consider the introduction of an Article 4 Direction to remove the permitted development right in order to manage change of use in certain parts of the City.

2. INTRODUCTION

- 2.1 Brighton & Hove City Council (the City Council) adopted Part 1 of the City Plan in March 2016 and followed this up with the adoption of Part 2 of the City Plan in October 2022. These documents provide the current basis for determining planning applications within the City.
- 2.2 The City Council is commencing work on a new City Plan which, when it is adopted, will replace the existing City Plan. The need for a new Local Plan is driven by a number of factors including the NPPF mandated need to review and assess whether “policies in local plans and spatial development strategies” need updating at least once every five years.
- 2.3 The housing target set in the City Plan Part 1 is more than five years old and therefore is now considered out of date for the purposes of calculating housing land supply. The City no longer has a five year housing land supply and a new Local Plan will allow the City Council to have greater control over the scale and location of housing delivery. This Strategic Housing Market Assessment will act as a building block for the City Plan review and will also feed into the review of Housing Strategy.
- 2.4 Icen Projects and Justin Gardner Consulting (JGC) have been appointed by the City Council to help provide this evidence base document which will be a key consideration when formulating policies within the Local Plan. However, this document does not set policies in itself.

Core Objectives

- 2.5 As set out in the project brief, Brighton & Hove City Council requires this report to address the requirements set out in national policy and guidance including:
- Assessing overall housing need based on the standard methodology set out in national planning guidance;
 - The need for different sizes, types and tenures of housing (including considering the effects of likely constraints on housing deliverability);
 - The need for affordable housing overall and for different categories of affordable housing within the NPPF definition;
 - The housing needs and requirements of specific groups within the local community including families with children, older people, students, people with disabilities, service families, people who rent their homes, and people wishing to commission or build their own homes; and
 - Specific analysis of second home ownership in the city and its potential impact on the local housing market.
- 2.6 The report examines the needs across Brighton and Hove for the period from 2022 to 2041.

3. POLICY REVIEW

- 3.1 This section reviews relevant planning policies at a national and local level; as well as other relevant studies which have been previously prepared for the City – addressing the Build-to-Rent sector, student accommodation; and older persons housing needs.

National Planning Policy Framework (July 2021)

- 3.2 The latest version of the National Planning Policy Framework (NPPF) was published by the Government on 20 July 2021. Paragraph 7 in the NPPF states that the purpose of planning is to contribute to the achievement of sustainable development. It sets out that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
- 3.3 Development plans must include strategic policies to address each local planning authority's priorities for the development and use of land in its area. Plans should apply a presumption in favour of sustainable development. For plan-making, this means that plans should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change and strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so.
- 3.4 Specifically Paragraph 11 states that “strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas, unless...the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area.” This includes for example National Parks and environmental and heritage designations.
- 3.5 In order to support the Government's objective of significantly boosting the supply of homes, Paragraph 60 in the NPPF states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed, and that land with permission is developed without unnecessary delay.
- 3.6 Paragraph 61 sets out that in order to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method set out in national planning guidance, unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

- 3.7 Paragraph 62 goes on to state that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.
- 3.8 Paragraphs 63 – 65 address affordable housing provision. They set out that where an affordable housing need is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless off-site provision or a financial contribution in lieu can be robustly justified, or the agreed approach contributes to the objective of creating mixed and balanced communities.
- 3.9 Paragraph 64 states that the provision of affordable housing should not be sought for residential developments that are not major developments (i.e. less than 10 dwellings), other than in designated rural areas.
- 3.10 Paragraph 65 sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. In addition, other exemptions to this 10% requirement include instances where a site or proposed development:
- Provides solely for Build to Rent homes;
 - Provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
 - Is proposed to be developed by people who wish to build or commission their own homes; or
 - Is exclusively for affordable housing, an entry-level exception site or a rural exception site.
- 3.11 The NPPF's Glossary (Annex 2) provides a definition of affordable housing; as well as definitions of Build to Rent development, local housing need, older people; and self-build and custom housebuilding.
- 3.12 Chapter 6 of the NPPF sets out how the framework seeks to achieve building a strong competitive economy. In Paragraph 81 this is explained as "Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future."

- 3.13 Paragraph 82 provides more specific advice stating that “Planning policies should:
- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
 - b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
 - c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
 - d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.”

Brighton and Hove City Plan, Part 1

- 3.14 Adopted on 24 March 2016, Part 1 of the City Plan seeks to protect and enhance the City’s built and natural environment whilst ensuring that the homes and jobs are provided together with the right infrastructure and community facilities to support the City’s residents, businesses and visitors up to 2030.
- 3.15 **Policy SA6** seeks to create sustainable neighbourhoods and reduce inequalities between neighbourhoods. To deliver balanced communities, the policy requires new residential development “to provide an appropriate amount of affordable housing, mix of dwelling sizes and tenure types and through the City Plan Part 2 ensure new housing meets optional technical standards for access and the nationally described space standards. In areas where there is a concentration of social rented housing, a better choice of housing tenures will be sought”.
- 3.16 **Policy CP1** concerns the delivery of housing within the City. It aims to provide a minimum of 13,200 new homes from 2010 to 2030 at an annual average of 660 dwellings. The policy provides a breakdown of the housing delivery to be met from different sources, including strategic site allocations in the Plan for at least 3,635 dwellings.
- 3.17 **Policy CP14** requires that residential development should be of a density that is appropriate to the identified positive character of the neighbourhood and be determined on a case by case basis although a number of exceptions apply. As a minimum development is “expected to achieve a minimum net density of 50 dwellings per hectare (dph)” except in specified development areas, where a minimum density of 100dpa is expected.

- 3.18 **Policy CP19** considers housing mix in City, it aims to improve housing choice and ensure that the appropriate mix of housing is delivered. The policy does not set out a specific size mix for new residential development, but states that site specific housing mix may be set for individual sites through plan policies and guidance, whereas on other ‘windfall’ sites proposals should have regard to housing mix considerations and be informed by local assessments of housing demand and need. Indicative percentages for the City as a whole based on the need and demand for different dwelling sizes are set out in the supporting text to the policy
- 3.19 **Policy CP20** details the requirement for affordable housing and seeks provision on all sites of 5 or more dwellings. The requirement is stepped depending on the net number of dwellings a site provides as follows:
- 40% onsite affordable housing provision on sites of 15 or more (net) dwellings;
 - 30% onsite affordable housing provision on sites of between 10 and 14 (net) dwellings or as an equivalent financial contribution;
 - 20% affordable housing as an equivalent financial contribution on sites of between 5 and 9 (net) dwellings.
- 3.20 The policy allows for flexibility when applying these targets and gives consideration to circumstances where this provision may not be appropriate such as; local need for affordable housing, accessibility of the site; development costs, planning balance and ability to develop the site successfully.
- 3.21 The policy sets the preferred mix of affordable units to be achieved City wide as 30% one bedroom units, 45% two bedroom units and 25% 3+ bedroom units. The mixture on individual sites is subject to negotiation and up to date assessments of need in the locality.
- 3.22 **Policy CP21** addresses the need for student accommodation within the City. It considers Purpose Built Student Accommodation (PBSA) and Houses in Multiple Occupation (HMOs) separately. Five strategic sites are allocated for new PBSA schemes is, including as part of mixed-use developments. These sites have all since been developed.
- 3.23 In order to ensure that a range of housing needs can be accommodated in the City, Policy CP21 also applies some controls on planning applications for new build HMO properties and changes of use to HMOs of all sizes. These controls are applied in areas where more than 10 per cent of dwellings within a 50 metre radius of the site are already in HMO use (Class C4, mixed C3/C4 or other types of HMO in a sui generis use). Further policies which place controls on HMOs are set out in Policy DM7 in City Plan Part 2 which is considered below.

Brighton and Hove City Plan, Part 2

- 3.24 Adopted in October 2022, Part 2 of the City Plan compliments Part 1 and provides additional policies and allocations for new homes and development.
- 3.25 **Policy DM1** relates to housing quality, choice and mix and sets out the Council's support for a wide choice of high quality homes which will contribute to mixed and balanced communities. Specifically it requires all new residential development to incorporate a range of dwellings, tenures and sizes, as per policy in the Part 1 Local Plan, and make provision for a range and mix of housing /accommodation formats subject to the character, location and context of the site.
- 3.26 In addition residential development is expected to deliver usable private outdoor amenity space; meet minimum nationally described space standards (NDSS); as a minimum be M4(2) (accessible and adaptable) compliant; and for proposals providing 10 or more dwellings, 10% of the affordable residential units and 5% of all the residential units should M4(3) compliant (i.e. be suitable for occupation by a wheelchair user).
- 3.27 **Policy DM4** considers housing for older people; it supports development of older persons housing providing the proposal; meets an identified need, is accessible, is suitable for the occupiers; provides suitable carer and visitor facilities; provides communal space; complies with policy DM1 and contributes to create a mixed, inclusive and sustainable community.
- 3.28 The policy also seeks provision for affordable housing on market-led developments within the C3 Use Class and sets criteria resisting proposals that result in the loss of residential accommodation for older people.
- 3.29 **Policy DM5** looks at supported accommodation specifically for those with specialist and vulnerable needs. Much like Policy DM4 it supports applications for supported accommodation while resisting their loss. However, it looks to cover the types of housing not considered by Policy DM4 such as accommodation the meet the needs of those who are; homeless, disabled, have learning difficulties, mental health needs, dependency addictions and victims of domestic abuse or violence.
- 3.30 **Policy DM6** provides policy for Build to Rent (BtR) housing in the City, it sets out criteria for BtR development as follows;
- The development will improve housing choice and make a positive contribution to the achievement of mixed and sustainable communities'
 - All of the dwellings are self-contained and let separately;
 - The homes are held as build to rent under a covenant for at least 15 years;

- The build to rent housing is under unified ownership and will be subject to common management;
- The development will provide professional and on-site management;
- The development will offer tenancies of at least 3 years available to all tenants with defined in-tenancy rent reviews; and
- The development provides a high standard of accommodation.

3.31 Affordable housing is also covered within the Policy with provision for up to 20% affordable private rented units to be agreed, taking into account overall viability.

3.32 **Policy DM7** provides further policy on HMOs and supports proposals that comply with Policy CP21 of the City Plan Part 1 as well as the following criteria;

- Fewer than 20% of dwellings in the wider neighbourhood area are already in use as HMOs;
- The proposal does not result in a non-HMO dwelling being sandwiched between two existing HMOs in a continuous frontage;
- The proposal does not lead to a continuous frontage of three or more HMOs;
- The internal and private outdoor space standards provided comply with Policy DM1
- Communal living space and cooking and bathroom facilities are provided appropriate in size to the expected number of occupants.

3.33 **Policy DM8** provides further policy on PBSA and supports proposals that comply with Policy CP21 of Part 1 as well as provides all of the following;

- Predominantly cluster units;
- Bedrooms of a sufficient size for living and studying;
- Communal living space, cooking and bathroom facilities commensurate in size to the number of occupants of cluster flats;
- Communal hub space commensurate in size to the number of studio units;
- Acceptable daylighting to all habitable rooms;
- Measures to promote the use of and provide access to sustainable transport including management arrangements to ensure occupants do not keep cars; and

- Effective and appropriate 24 hour security presence.
- 3.34 **Policies SSA1 – SSA4** identify four Strategic Site Allocations (Brighton General Hospital; Combined Engineering Depot; Land at Lyon Close; and Sackville Trading Estate and Coal Yard) which combined will deliver a minimum of 1,100 residential units as part of mixed use developments.
- 3.35 **Policy H1** allocates 22 sites for solely residential development (with some ancillary uses) with an indicative total delivery of 752 residential units across these sites. It also allocates a further 11 sites for mixed-use development providing an indicative total figure of 479 residential units.
- 3.36 **Policy H2** allocates 15 Urban Fringe sites for residential development. The policy sets out a number of specific criteria, including the requirement for an indicative percentage of family sized accommodation (3+ bedrooms) and provision for serviced plots for custom and self-build dwellings unless this would make the scheme unviable. In total these sites have an indicative capacity for 899 units.
- 3.37 **Policy H3** allocates a further two sites for PBSA development in addition to the five allocated in Policy CP21 of Part 1. These two sites are expected to deliver 522 new bedspaces.

Older Persons Housing Needs Assessment – November 2019

- 3.38 This study, prepared by the Housing Learning and Improvement Network (LIN) in 2019, considers the demographic projections of older people in the City, estimates demand for specialist older persons housing, and includes recommendations for a range of high level actions.
- 3.39 The report considers that by 2035 the population of Brighton and Hove aged over 60 will have increased by 39% from 2019 up to 71,800 people. Of this, 16,100 people will be over the age of 80, an increase of 43% from 2019.
- 3.40 The existing supply of extra care housing to rent is below that of comparable local authorities but slightly higher than the national position. The existing supply of social rented sheltered housing is below that of comparable local authorities but in line with the national position.
- 3.41 The supply of residential care beds in Brighton & Hove is above the average supply amongst its comparator authorities. The supply of nursing care beds in Brighton & Hove is above the average supply of comparator authorities but substantially below the national figure.

- 3.42 Looking ahead the report considers the additional requirements for older persons housing in the City to be as follows;
- Housing for older people: 995 units of which 498 for rent and 497 for sale;
 - Extra care housing : 431 units of which 216 for rent and 215 for sale;
 - Residential care: -74 beds (i.e. no net increase); and
 - Nursing care: 364 beds.
- 3.43 The analysis of older persons housing needs is updated in Section 13 of this report.

Student Accommodation Study - November 2019

- 3.44 The 2019 Student Accommodation Study identified that Brighton and Hove is host to approximately 30,000 full-time students enrolled at the universities and institutions based in the City. The report examines the balance between supply and expected demand for student accommodation up to 2030.
- 3.45 Student numbers from both universities were expected to increase until the 2019/20 academic year, at which point they are expected to stay static at a total of 32,225 full-time enrolments. Of this total number 80% were expected to require specific term time accommodation: as such from 2019/20 onwards 25,780 students were expected to require accommodation.
- 3.46 The report expects the supply of PBSA bedspaces to increase from approximately 8,000 in 2019/20 to 13,000 by 2022/23 as the major new developments are completed.
- 3.47 The analysis of student growth and housing needs is updated in Section 12 of this report.

Build to Rent Study – August 2019

- 3.48 Produced by Dixon Searle Partnership, this report looks to assess the demand for Build-to-Rent (BtR) development within Brighton and Hove and considers the potential affordability and viability of Affordable Private Rented (APR) provision within these developments..
- 3.49 Overall, the report concludes that an approach that provides a single percentage requirement for APR across the whole council area would be appropriate. The report goes on to set out options in terms of the percentage of APR units and level of discount against market rent that would be viable within BtR developments.
- 3.50 Given concerns over viability, the report considers that APR provision on sites may could vary from 10-20% depending on the level of market rent. However, the level of discount that is viable will differ according to factors such as development values/location within the City, the rate of Community

Infostructure Levy that is chargeable, and existing use values. With the exception of a few sites which are nil-CIL rated, the report identified that achieving 20% APR and/or discounted rents below 75%-80% of market rents is likely to be challenging.

Second Homes Policy Options

- 3.51 In 2022 the Council's Tourism, Equalities, Communities and Culture Committee (TECC) considered potential policy options surrounding second home ownership in Brighton and Hove. The full Council, as well as the TECC, have expressed support for the possibility of implementing a Principal Residence Policy citywide.
- 3.52 A report to the TECC dated 16 of June 2022 considers the implementation of a Principal Residence Policy in the City and outlines possible policy options. The report details that 2011 Census data indicates that approximately 4.2% of the City's households are second or holiday homes. More recent data set out in the 2018 Visitor Accommodation Study estimates a total of 1,500-2,000 holiday lets in the City with further data from AirDNA.co showing 3,118 properties being actively marketed.
- 3.53 The report considers 3 options for the implementation of such a policy, drawing conclusions as below:
- Option 1 – City Wide principal residency policy - current evidence suggests a city-wide policy is unlikely to be justified.
 - Option 2 – Supportive Policy in City Plan to guide Neighbourhood Plans - should the further review of evidence identify local hotspots which are reaching/exceed a threshold of 20% second homes, a supportive policy could guide neighbourhood plans to bring forward PRP.
 - Option 3 – Neighbourhood Plan policy – neighbourhood forums could include a policy in their Neighbourhood Plans to restrict second homes. This option would only be appropriate if data showed that the proportion of second homes in the ward or neighbourhood areas were close to or had exceeded a threshold of approximately 20%.
- 3.54 The Committee noted the policy option analysis and the recommendation for a combination of Options 2 and 3 for further consideration during the City Plan review, as well as the possibility of a city-wide Principal Residence Policy but added that all options will remain under investigation subject to the results of the 2021 Census and further analysis of up-to-date statistics.
- 3.55 The Committee further noted that the Principal Residence Policy was intended to cover all buyers purchasing properties in new developments specifically as holiday or 2nd homes and that the 15%-20% threshold discussed should therefore include these figures.

4. HOUSING MARKET AREAS

4.1 Paragraph 18 of the Planning Practice Guidance (PPG) relating to Plan Making¹ defines what a Housing Market Area (HMA) is and sets out the approach local authorities should take when defining these. A housing market area is a “*geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.*” The PPG goes on to add:

“These can be broadly defined by analysing:

- *The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*
- *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
- *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).”*

4.2 The guidance sets out a range of suggested data sources for doing this. These include ONS data on internal migration and travel to work areas (TTWA) and HM Land Registry Price Paid data for house prices.

4.3 This slimmed down guidance notably omits any self-containment threshold for defining HMAs. This is unlike the previous version of the PPG which stated that migration self-containment of “typically 70 per cent” excluding long distance moves can help identify a suitable HMA. The scale of a Housing Market Area and its required self-containment rate is therefore less definitive, as long as it is identified using the approach in the PPG. However, the Government’s previous advice remains of some relevance and the 70% threshold had become accepted industry best practice.

4.4 It is also worth noting that in realty HMA boundaries do not generally follow administrative boundaries. Despite this, it is often commonplace, and sensible, for housing market areas to be defined using local authority boundaries. This is because many of the key datasets used in assessing

¹ Reference ID: 61-018-20190315

housing need (such as the household projections) are only published at a local authority level. In many areas, a pragmatic response has therefore been to define HMAs at a local authority level.

- 4.5 These issues were touched upon in the Planning Advisory Services (PAS) Technical Advice Note on Objectively Assessed Housing Need and Housing Targets² (July 2015) which concluded that:

“it is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis becomes impossibly complex.” However, the Technical Advice Note notably adds that *“this is not always possible and it may be the case that some [local authority] areas, particularly those covering an expansive area fall into more than one HMA.”*

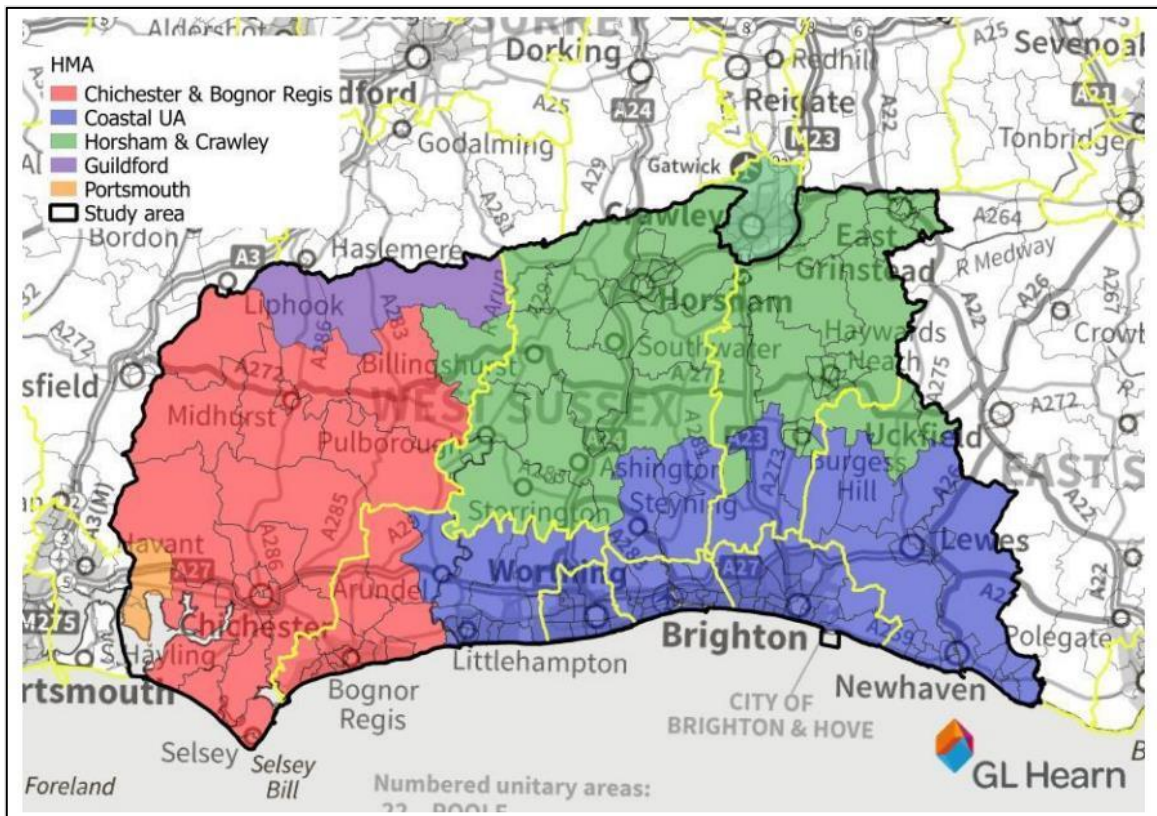
Previous Definition

- 4.6 A previous study³ examining housing market areas covering the West Sussex and Greater Brighton area was undertaken by GL Hearn in 2017. This work drew on Census 2011 data in relation to commuting and migration and HM Land Registry house price data from 2016.
- 4.7 The result of this analysis was the identification of the Coastal Urban Area/Greater Brighton Housing Market Area which included all of Brighton and Hove, Adur and Worthing; the eastern part of Arun District (including Arundel and Littlehampton); the southern parts of Horsham (including Steyning) and Mid Sussex (including an area of overlap in Burgess Hill); and the majority of Lewes District (excluding Newick and Chailey and Wivelsfield ward). Figure 25 of that report is replicated in the figure below.
- 4.8 Since the publication of the HMA study in 2017 work, no more recent commuting data has been published and while there is new migration data this is only at a local authority level and thus self-containment rates cannot be calculated.

² <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>.

³ <https://www.adur-worthing.gov.uk/media/Media,147057,smxx.pdf>

Figure 4.1 - Housing Market Areas in West Sussex and Lewes



Source: GL Hearn, 2017

4.9 As the data below shows, at local authority level, over the last four years Brighton and Hove’s closest relationship remains with Lewes and Adur districts and to a lesser degree Mid Sussex and Worthing (although their positions have changed) compared with Table 4 in the 2017 report. This would suggest that the previously defined HMA remains broadly sound.

Table 4.1 Average Migration Trends with Brighton and Hove (2017-2020)

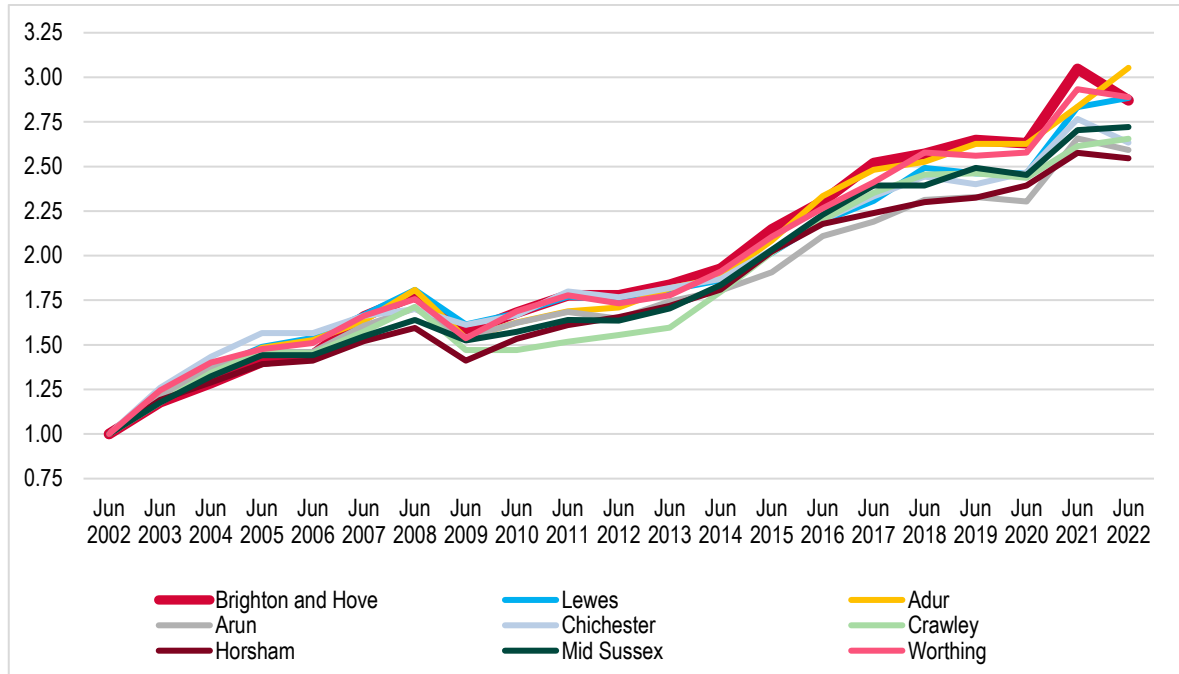
Brighton and Hove	Gross Migration Per 1,000		In Migration		Out Migration	
	1st	2nd	1st	2nd	1st	2nd
	Lewes	7.26	Lewes	1,010	Lewes	1,861
	Adur	6.08	Adur	650	Adur	1,513
	Worthing	3.86	Mid Sussex	493	Worthing	1,072
	Mid Sussex	3.36	Worthing	480	Mid Sussex	999

Source: ONS, Internal Migration: Matrices of Moves by Local Authority (2021)

4.10 House prices and house price change are another indicator of housing market areas. As illustrated in Figure 4.2 all of the West Sussex local authorities, together with Brighton & Hove and Lewes District have a close grouping. However, by June 2022 two distinct groups emerge, the upper group, which have had a greater house price increase, includes Brighton and Hove, Lewes, Adur and Worthing and had minimum indexed growth was 2.87. The second grouping of Horsham, Mid Sussex, Crawley, Arun and Chichester had a maximum indexed growth was 2.72. Again this would

confirm that the previous HMA analysis remains sound as the core of the Coastal Urban Area HMA local authorities have had broadly comparable levels of growth which is distinct from the others.

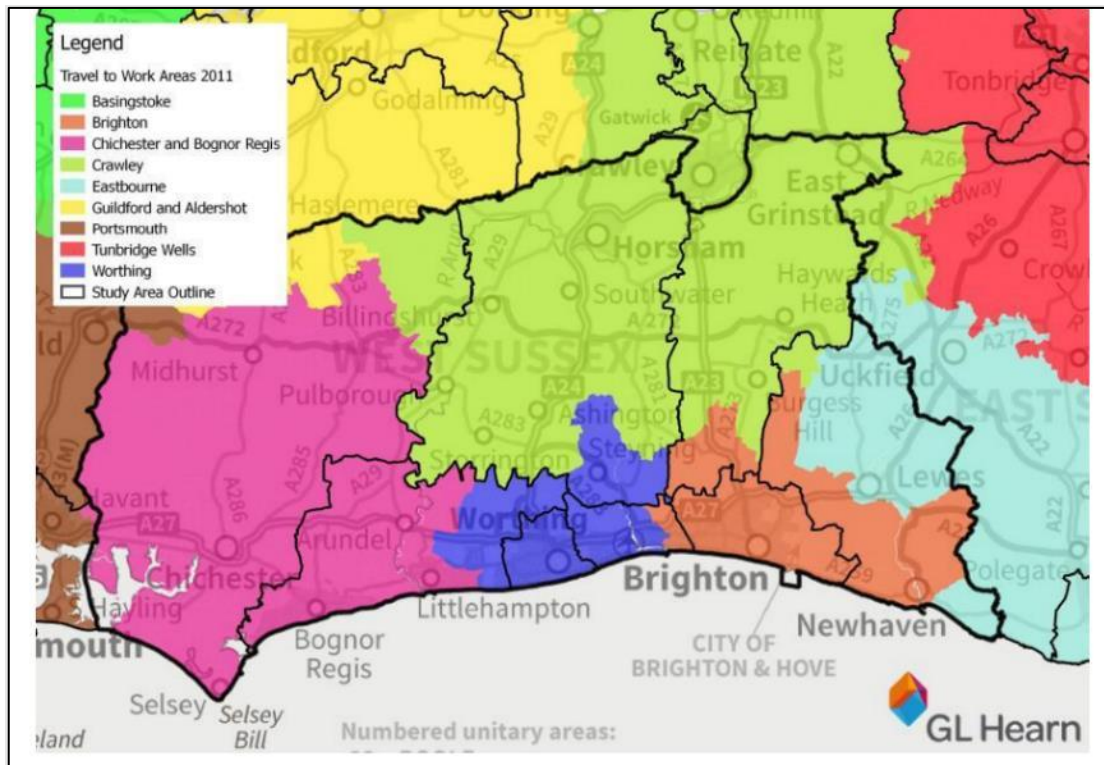
Figure 4.2 Indexed house price change (2002-2022)



Source: ONS 2022

- 4.11 No new data relating to commuting has been published and therefore the Travel to Work Area (TTWA) defined in the 2017 study remains the latest available. This shows a Brighton Travel to Work area which expands into Lewes, Mid Sussex, and Adur.

Figure 4.2 - Travel to Work Areas (2011)



Source: GL Hearn based on 2011 Census data.

- 4.12 Given that all of the data that can be updated shows a consistency with the previous definition there is no justification to move away from the findings of previous research undertaken collaboratively with other authorities in the sub-region; and thus the Greater Brighton HMA is considered to remain valid. As previously calculated this HMA has a self-containment rated of around 85% meaning that it exceeds the typical threshold for an HMA.
- 4.13 Although this report only examines the need for housing in Brighton and Hove, it is produced on the understanding that the City forms the central part of a wider Greater Brighton HMA. As such there is a continuing need for the City Council to liaise with neighbouring authorities on housing need as appropriate as part of the duty to cooperate requirements.

Housing Market Area – Summary

The most recent migration data reconfirms that Brighton's closest relationships in migration terms remain with Lewes, Adur and Worthing. A similar grouping also appears when examining house price change.

We are therefore satisfied that the previously defined Sussex Coast/Greater Brighton HMA remains valid. This area includes all of Brighton and Hove, Adur and Worthing, the majority of Lewes, the eastern part of Arun and the southern parts of Horsham and Mid Sussex.

5. DEMOGRAPHIC BASELINE

- 5.1 As of the 2021 Census, the population of Brighton & Hove (Brighton and Hove) is 277,107: this is a growth of around 3,700 people since the previous 2011 Census. This equates to a growth of around 1.4% since 2011 which is a much lower rate of growth than across the rest of East Sussex (3.6%) and West Sussex (9.4%) and the South East region (7.5%).

Table 5.1 Population Change (2011 - 2021)

	Population (2011)	Population (2021)	Change	% change
Brighton & Hove	273,369	277,107	+ 3,738	+ 1.4%
East Sussex	526,671	545,852	+ 19,181	+ 3.6%
West Sussex	806,892	882,683	+ 75,791	+ 9.4%
South East	8,634,750	9,278,063	+ 643,313	+ 7.5%
England	53,012,456	56,490,045	+ 3,477,589	+ 6.6%

Source: ONS, 2021 and 2011 Census

- 5.2 The table below considers population growth rate in the 20-year period from 2001 to 2021. The analysis shows that over this period the population of Brighton and Hove has grown at a broadly similar rate to that seen in neighbouring county of East Sussex, but below that in West Sussex, the South East region and England.
- 5.3 However, this masks a significantly faster growth from 2001 and 2011 and much slower growth between 2011 and 2021. The slowing of population growth also occurred regionally and nationally but to a much lesser degree than for Brighton and Hove.

Table 5.2 Population Annual Growth Rate (2001 - 2021)

	Growth Rate (2001 – 2011)	Growth Rate (2011 – 2021)	Growth Rate (2001 – 2021)
Brighton & Hove	1.0%	0.1%	0.6%
East Sussex	0.7%	0.4%	0.5%
West Sussex	0.7%	0.9%	0.9%
South East	0.8%	0.7%	0.8%
England	0.8%	0.7%	0.7%

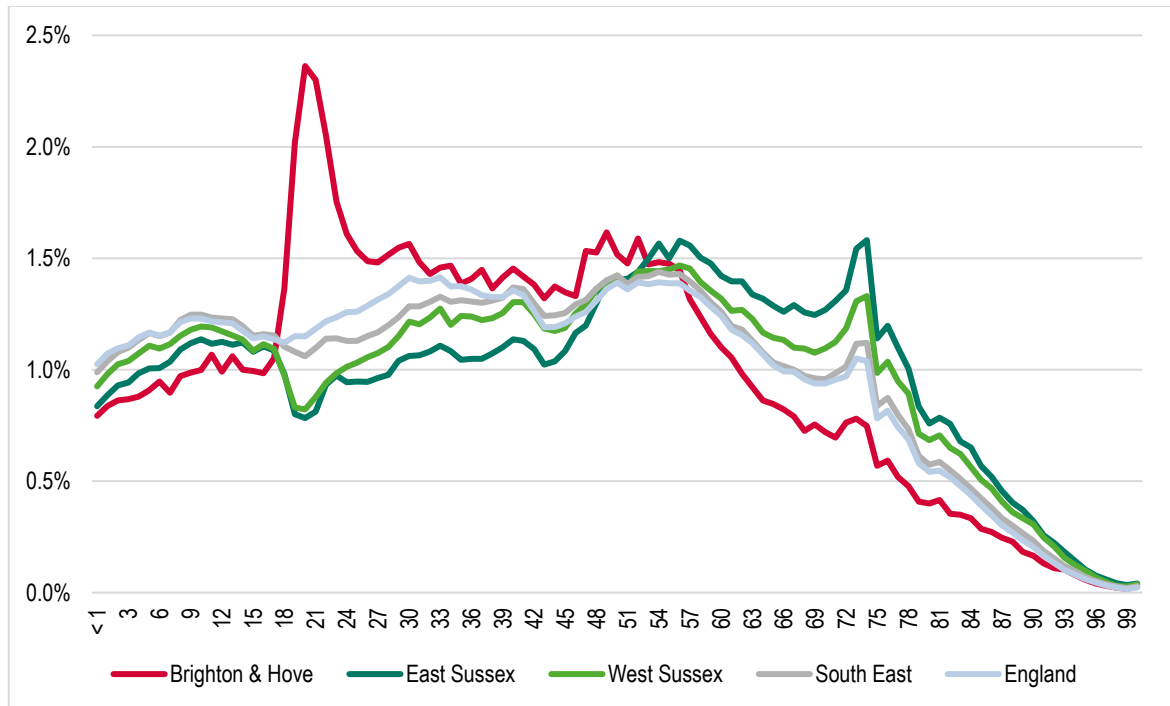
Source: ONS, Census

Age Structure

- 5.4 Figure 5.1 shows the age structure by single year compared with the neighbouring county, regional and national position. This shows that Brighton and Hove has a greater proportion of the population in the working age group, with more people in the 18 – 55 age bands and a particularly in the 18 – 30 group.

- 5.5 The spike in the 18 – 30 age band is likely related to a resident student population and a high proportion of young professionals, which is corroborated by the discussions with local estate and letting agents.

Figure 5.1 - Population Profile (2021)



Source: ONS, 2021 census

- 5.6 In contrast the City has fewer people of school age and younger and those aged 55 and over. It has particularly fewer people of early retirement ages. The relative lack of school-aged children could be related to the lack of, or unaffordability of, family accommodation in the City.
- 5.7 The analysis below summarises the above information (including total population numbers for Brighton and Hove) by assigning population to three broad age groups (which can generally be described as a) children, b) working age and c) pensionable age).
- 5.8 This analysis confirms that, compared with the neighbouring county, regional and national position, Brighton and Hove has greater proportion of the population in the working age group, with 71% of the population in the 16 – 64 age band, compared to 63% nationally.

Table 5.3 Population Profile (2021) – Summary Age Bands

	Brighton & Hove		East Sussex	West Sussex	South East	England
	Population	% of population	% of population	% of population	% of population	% of population
Under 16	41,735	15%	17%	18%	19%	19%
16 – 64	196,394	71%	57%	60%	62%	63%
65 +	38,978	14%	26%	23%	19%	18%
All Ages	277,107	100%	100%	100%	100%	100%

Source: ONS, 2021 Census

- 5.9 In contrast, there are comparatively few people aged under 16 (15% compared to 19% nationally) and 65 and over (14% compared to 18% nationally).

Age Structure Changes

- 5.10 The figure below shows how the age structure of the population has changed in the 10-year period from 2011 to 2021. Whilst there are some differences seen for certain age groups, the overall structure has not changed markedly over time.

Figure 5.2 - Population Age Structure in 2011 and 2021

Source: ONS, 2021 and 2011 Census

- 5.11 Where there are differences, it is often due to cohort effects (i.e. smaller or larger cohorts of the population getting older over time). One notable feature however is the lower proportion of younger children in 2021, which could be related to a lowering of the birth rate (this is discussed in more detail in Chapter 8).

- 5.12 This information is summarised into three broad age bands to ease comparison. The table below shows a minor increase of +1.6% in the 16 – 64 age groups but a much larger increase of +9.2% in the 65+ age groups and a relatively significant decrease of –5.9% in the under 16 age groups.

Table 5.4 Change in Population by Broad Age Group (2011 - 2021)

	2011	2021	Change	% Change
Under 16	44,345	41,735	- 2,610	- 5.9%
16 - 64	193,332	196,394	+ 3,062	+ 1.6%
65+	35,692	38,978	+ 3,286	+ 9.2%
Total	273,369	277,107	+ 3,738	+ 1.4%

Source: ONS, 2021 and 2011 census

Components of Population Change

- 5.13 The table below considers the drivers of population change from 2001 to 2021 (this is data published prior to any corrections due to the 2021 Census and shows ONS monitoring of population estimates). The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes', which are generally small and often related to armed forces personnel or boarding school pupils.
- 5.14 The data shows natural change to be generally falling over time (i.e. the number of excess births compared with deaths is reducing). Notably, natural change turned negative in 2020/21 having been positive for the 19 years previous. This would in part be due to the pandemic although numbers had been falling consistently for some time previous to this potentially as younger couples and families move out of the City.
- 5.15 Migration is variable, but there is also a downward trend. The analysis also shows for the 2001-11 period a significant level of UPC, totalling over 12,000 people over the 10-years. The UPC is positive and suggests that when the 2011 Census was published ONS had previously under-estimated population change.
- 5.16 This latter point is interesting as the mid-year population estimates (MYE) suggest a population in Brighton & Hove of 291,907 in 2021 – some 14,800 higher than the 2021 Census shows. If corrected by use of a UPC for 2011-21 this would be a negative figure; i.e. the complete opposite of the correction needing to be made for the 2001-11 period. This might arguably point to there being possible issues with the Census data in 2011, although it is difficult to be certain.

Table 5.5 Components of population change, mid-2001 to mid-2021 – Brighton & Hove

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	99	170	-1,624	-25	1,174	-206
2002/3	124	268	-1,436	-18	1,165	103
2003/4	372	-290	-1,327	47	1,199	1
2004/5	586	399	856	-16	1,191	3,016
2005/6	627	81	750	2	1,241	2,701
2006/7	819	-752	1,309	-22	1,243	2,597
2007/8	996	201	1,386	-1	1,276	3,858
2008/9	967	240	1,110	-13	1,261	3,565
2009/10	1,230	-496	1,994	-21	1,204	3,911
2010/11	1,235	-429	1,523	3	1,125	3,457
2011/12	1,081	-913	2,594	10	0	2,772
2012/13	968	-1,330	2,628	1	0	2,267
2013/14	1,018	-1,723	3,338	26	0	2,659
2014/15	867	-835	3,400	-9	0	3,423
2015/16	829	-687	2,941	17	0	3,100
2016/17	500	-1,391	1,904	-31	0	982
2017/18	431	-399	2,194	14	0	2,240
2018/19	303	-1,608	1,794	1	0	490
2019/20	150	-1,542	2,190	55	0	853
2020/21	-7	-1,986	2,175	-13	0	169

Source: ONS

Demographic Baseline – Summary

As of the 2021 Census, the population of Brighton & Hove (Brighton and Hove) is 277,107.

Since 2011 the City's population has grown by around 1.4% which is much lower rate of growth than across the rest of Sussex and the South East region. This is also a much slower rate of growth than for the 2001 to 2011 period.

Brighton and Hove has a greater proportion of the population in the working age group, with more people particularly in the 18 – 30 age group which is related to a resident student population and a high proportion of young professionals.

In contrast the City has fewer people of a school age and younger and those aged 55 and over age bands. The availability of family housing is a likely influence on the population of families with children; with households moving out of the City to secure such accommodation.

Population growth in the City is driven by International Migration while natural change has slowed (as families move out of the City) and recently resulted in a net loss, with deaths exceeding births in 2020/21 likely as a partial result of Covid-19. Generally however the City's younger population structure supports both positive natural change and net international in-migration; but with an outward migration movement to surrounding areas. This is similar to other large urban areas and Cities across the country.

6. HOUSING STOCK PROFILE

- 6.1 As of 2021 there were 129,321 dwellings in Brighton and Hove, an increase of 4,904 over the 10-year period from 2011.
- 6.2 Not all dwellings were occupied at the time of the last Census with the total number of Households in the area (provided by the ONS 2021 Census) is slightly lower at 121,401. As such the vacancy rate in Brighton and Hove is at 6%, which is also the vacancy rate seen across England as a whole.
- 6.3 However, the vacancy rate in Brighton and Hove has increased fairly significantly since the 2011 Census when it was at just 2%. This is explored in more detail elsewhere in this report.

Table 6.1 Number of dwellings and households (2021)

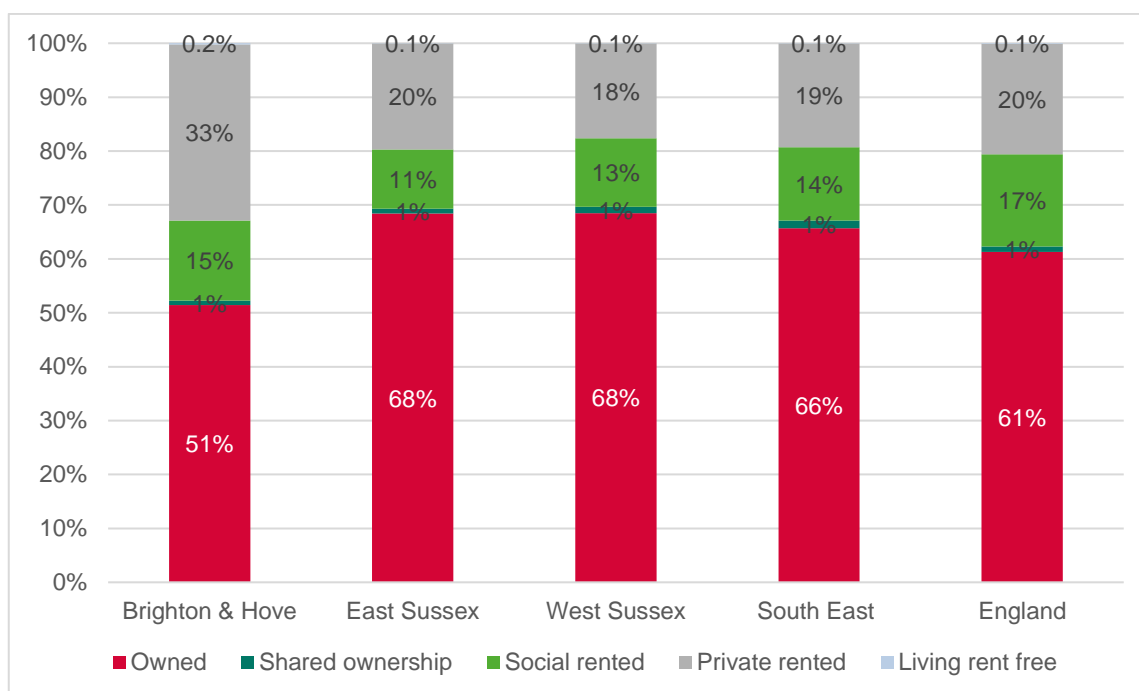
Area	Number of Dwellings (2021)	Number of Households (2021)	Number of Dwellings (2011)	Number of Households (2011)
Brighton and Hove	129,321	121,401	124,417	121,540
England	24,873,321	23,436,086	22,976,066	22,063,368

Source: DLUHC & MHCLG, Live Table 100 Dwelling Stock: Number of Dwellings by Tenure, 2021 and ONS, Census 2021 and 2011

- 6.4 The Council's monitoring data shows that since 2021 an additional 1,073 net dwellings have been built in Brighton and Hove over the 12 months to 31 March 2022. This brings total number of dwellings in the City to an estimated 130,400 dwellings (rounded) in March 2022. The Council's Housing Flow Reconciliation return to DLUHC for 2021-22 showed a slightly different housing stock total of 130,581 dwellings.

Tenure

- 6.5 The breakdown of households by housing tenure in the 2021 Census shows that owner occupation is the most prevalent tenure type in Brighton and Hove, at 51%, the proportion is markedly lower than that seen in East and West Sussex, where it is 68%; as well as the South East region and England as a whole, where it is 66% and 61% respectively.

Figure 6.1 - Households by tenure (2021)

Source: ONS, Census 2021

- 6.6 Data from ONS allows us to track tenure movements since 2011. As shown in the table below, the stock of all forms of social rented accommodation has decreased with local authority stock seeing the loss of 604 units (-5%), whereas private sector stock has increased by +5%. This will have been influenced to a small degree by right to buy sales (which according to DLUHC data total 459 over this period) but is more likely to reflect the relative delivery of each tenure.

Table 6.2 Change in tenure (2011 – 2021)

Brighton and Hove	Local Authority (incl. owned by other LA's)	Registered Provider	Other public sector	Private Sector	Total-Dwellings
2011	12,295	6,709	53	105,360	124,417
2021	11,691	6,665	13	110,952	129,321
Change	- 604	- 44	- 40	+ 5,592	+ 4,904
% Change	- 5%	- 1%	- 75%	+ 5%	+ 4%

Source: DLUHC & MHCLG, Live Table 100 Dwelling stock: Number of Dwellings by Tenure; 2021

- 6.7 Comparing the 2011 and 2021 Census tenure data, allows us to look at the split in private sector housing, i.e. owner occupied or privately rented and how this has changed since 2011.
- 6.8 The table below shows that the largest increase between 2011 and 2021 was in privately rented properties at +10%; whereas the owner occupied and social rented sectors have both experienced negative growth of -4% and -1% respectively – declining in size. The 2011-21 decade has therefore principally seen growth in households living in private rented housing.

Table 6.3 Change in private and social tenure (2011 – 2021)

Brighton and Hove	Owner Occupied (either outright or with a mortgage)	Privately Rented	Socially Rented	Total Dwellings
2011	64,790	35,959	18,187	124,417
2021	62,417	39,684	18,051	129,321
Change	- 2,373	+ 3,725	- 136	4,904
% Change	- 4%	+ 10%	- 1%	+ 4%

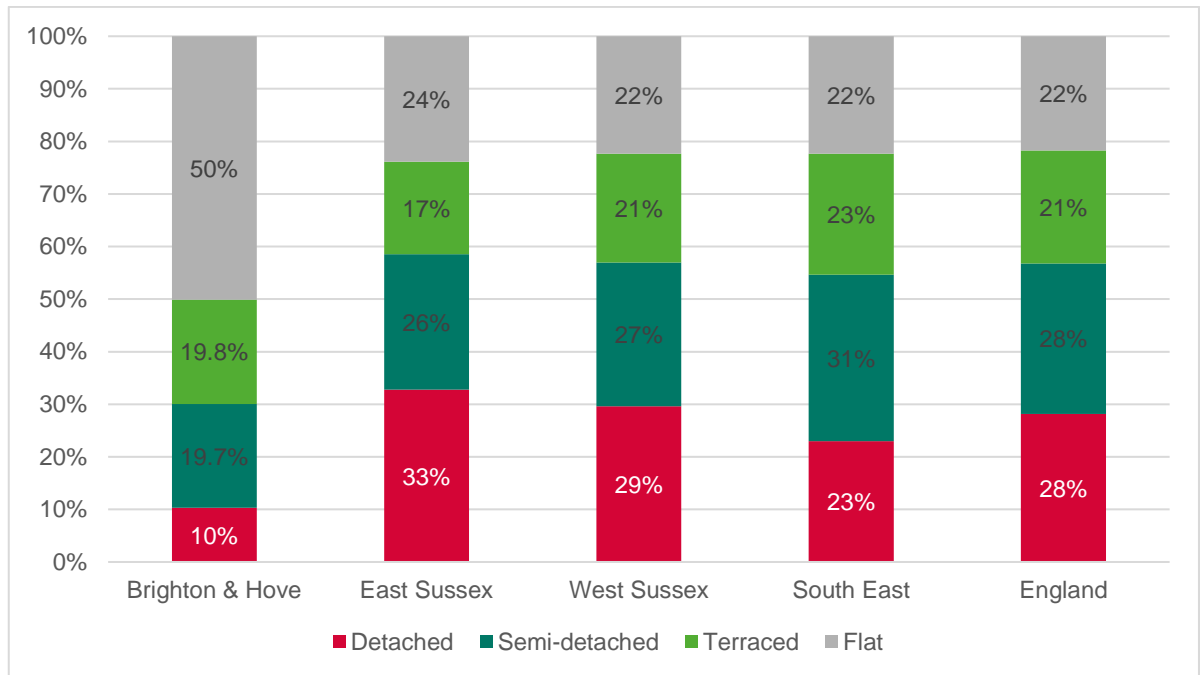
Source: ONS, Census 2021 and 2011

- 6.9 The growth in rental accommodation reflects the structural shift from owner occupation to rental accommodation seen nationally. While the reasons for this are myriad (affordability, lack of access to mortgage products, etc.), national policy is seeking to address this through First Homes and other affordable routes to home ownership. Nonetheless, it is notable that Brighton and Hove has both low home ownership levels and has seen home ownership decline; and these are evident symptoms of the strong affordability pressures evident in the City.

Dwelling Types

- 6.10 The 2021 Census shows that flats were the most common dwelling type within Brighton and Hove at 50% of total dwelling stock, followed by terraced and semi-detached properties both 20% respectively. Detached properties are least common at 10%.
- 6.11 The dwelling stock of Brighton and Hove varies from that of its neighbouring county authorities, the South East region and England. Specifically, there is a much greater proportion of households living in flatted homes at 50% (compared to less than 25%) and a much lower proportion of households living in detached homes at 10% (compared to 33% and 29% in East and West Sussex, 23% in the South East region and 28% in England as a whole).

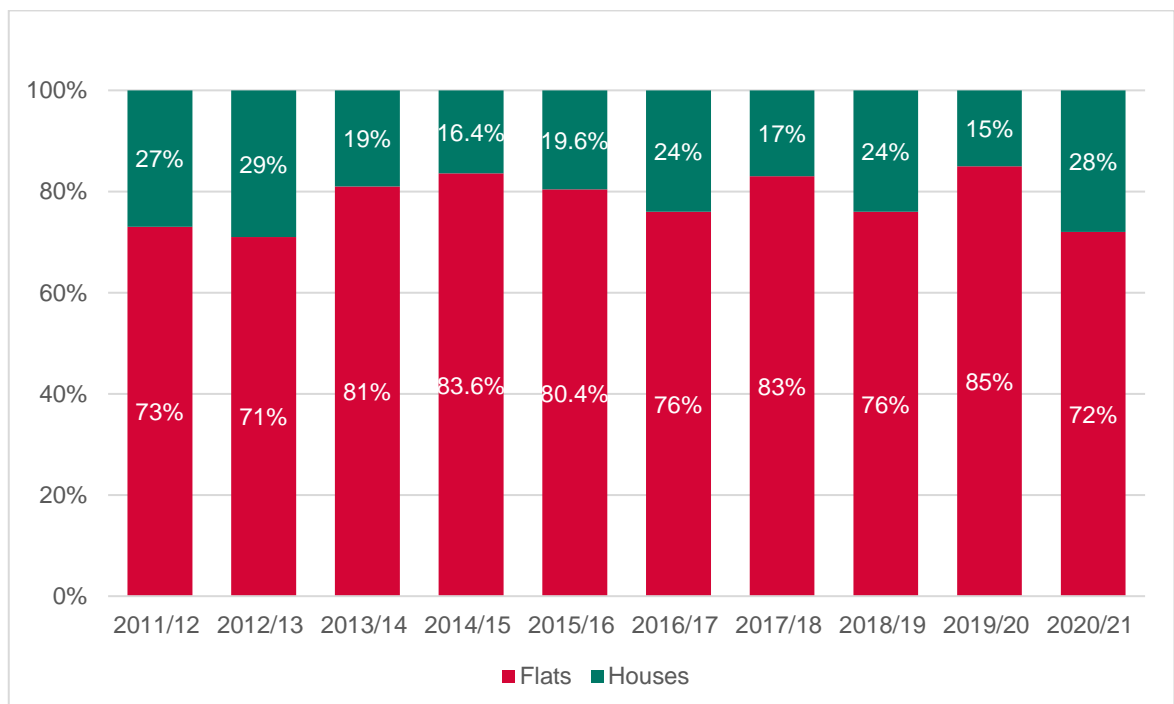
Figure 6.3 - Household Accommodation by type (2021)



Source: ONS, Census 2021

6.12 The City Council’s monitoring data demonstrates that between 2011 and 2021 the vast majority of housing delivery in the City has been flatted development at an average of 78%. As such, Brighton and Hove’s dwelling stock has become more skewed toward flatted dwellings over the last 10-year period.

Figure 6.4 - Net Additional Dwellings by Type (2011/12 - 2020/21)

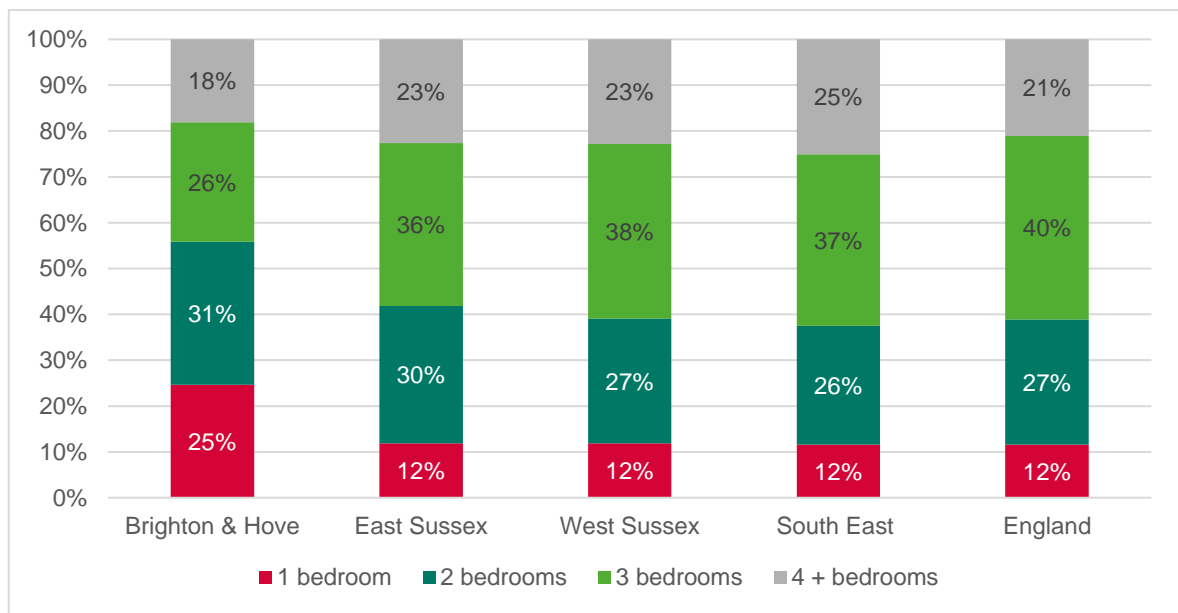


Source: Brighton and Hove Authorities Monitoring Reports, 2011/12 - 2020/21

Bedrooms

- 6.13 The 2021 Census indicates a fairly even split between one (25%), two (31%) and three (26%) bedroom households in the City⁴. This differs from the neighbouring county authorities of East and West Sussex, as well as the wider the South East region and England, which exhibit a significantly lower proportions of one bed households, at 12%, and greater proportions of three or more bed households.

Figure 6.5 - Number of bedrooms (2021)

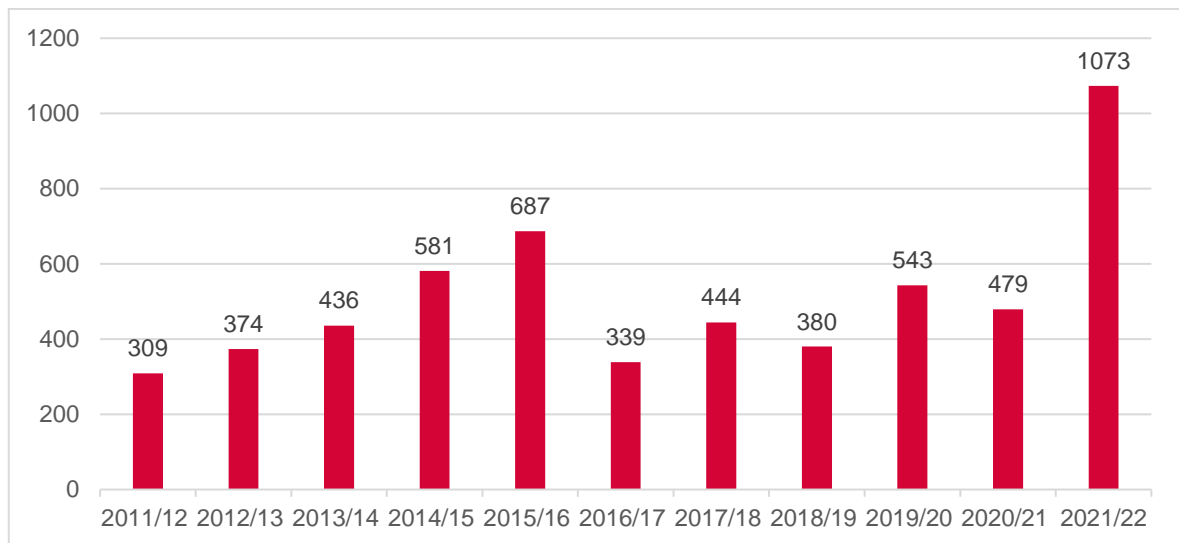


Source: ONS, Census 2021

Residential Completions

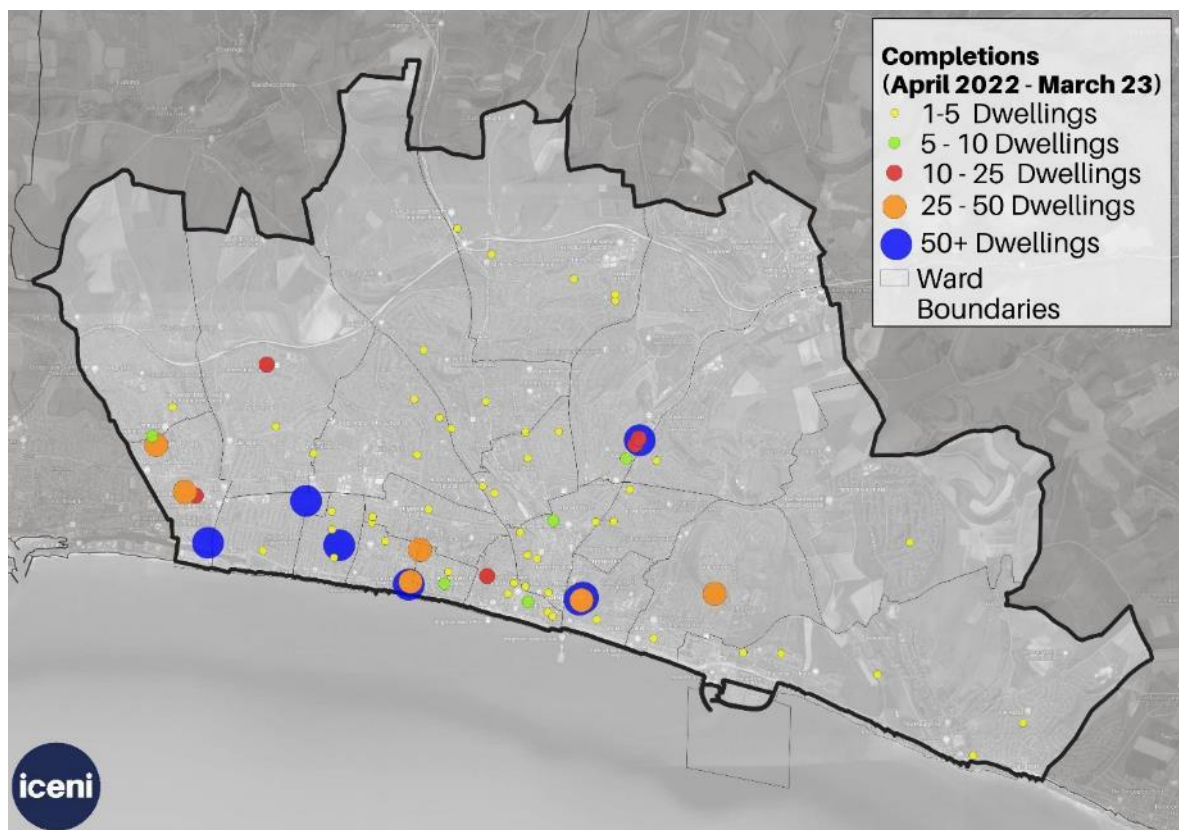
- 6.14 Annual net residential completions in Brighton and Hove have varied since 2011 with highs of 1,073 in 2021/22 and 687 in 2015/16 and a low of 309 in 2011/12. The average annual completion rate has been 513 dwellings per annum (dpa) which is well below the City Plan minimum housing target of 660 dpa.
- 6.15 Delivery more than doubled between 2011/12 and 2015/16 but then halved in 2016/17 compared to the previous year. Since 2015/16 housing delivery has increased overall but has fluctuated between relative increases and decreases year on year before more than doubling again in 2021/22.

⁴ This is the number of bedrooms of residence that a household resides in. Therefore it will not include unoccupied household spaces

Figure 6.5 - Net Annual Completions (2011/12 – 2020/21)

Source: Brighton & Hove City Council Monitoring Data, 2011/12 – 2020/21

- 6.16 The map below shows the location of dwelling completions in Brighton and Hove since April 2022. This follows on from the end of the previous chart. This data is taken from Energy Performance Certificates issued to new build houses. In total 941 dwellings have been completed in this period although there may be some lag in the reporting. There is a spread of completions throughout the City, there are particularly strong clusters of delivery in Edward Street Quarter, Hove and Portslade.

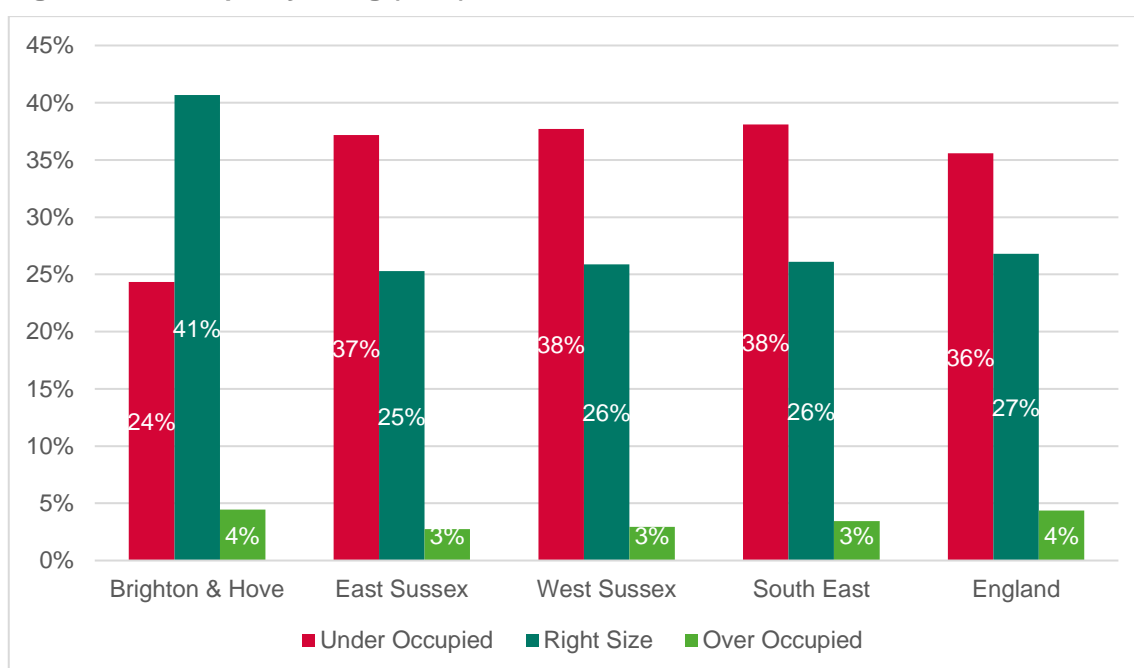
Figure 6.7 - Completions (04/2022 – 03/2023)

Source: Iceni analysis of HM Land Registry EPC data

Occupancy rating

- 6.17 Occupancy rating is assessed in the 2021 Census by comparing the number of bedrooms a household requires to the number of available bedrooms. The required number of bedrooms is based on the age, sex and relationship of the members of each household. Over occupied means more bedrooms are required for the household, under occupied means that the household has more bedrooms than it requires.
- 6.18 Properties in Brighton and Hove are predominantly at the right size (not under or over occupied). There is a lower proportion of under occupied (in this case with 2 or more spare rooms as only 1 spare room can sometimes be necessary e.g. there is a live in carer) than seen in neighbouring county authorities East and West Sussex, the South East region and England as a whole, where properties are larger and predominantly under occupied. This typically reflects the aging population where older households maintain the family home, as well as people buying homes larger than their assessed need when they can afford to do so.

Figure 6.8 - Occupancy rating (2021)



Source: ONS, Census 2021 (over occupied only includes those homes with 2 or more additional beds hence it does not sum to 100%)

- 6.19 The percentage of over occupied properties is slightly higher in Brighton and Hove at 4% compared to East and West Sussex and the South East region where it is 3%, but is in line with England as a whole, which also sees an over occupancy rate of 4% in the 2021 Census.
- 6.20 A higher percentage of over-occupied properties can be a symptom of deprivation within certain areas where households cannot afford to move into larger properties, or a sign of a lack of supply of

larger properties and that an increased number are required. It can often be linked to migrant communities who for finance or social reasons live in multi-generational, over-occupied homes.

- 6.21 A comparison of the bedroom standard occupancy rating of Brighton and Hove in the 2011 and 2021 Census shows that the percentage of under occupied households has increased by 2% whilst over occupied households have decreased by 2% in the 10-year period between 2011 and 2021.

Housing Baseline – Key Points

ONS dwelling stock data indicates that there has been a net increase of 4,904 dwellings in Brighton and Hove between 2011 and 2021, with Council monitoring data showing a further that 1,073 homes built to 31st March 2022. Bringing the total number of dwellings in the city to around 130.400.

Compared to neighbouring counties, regional and national figures, Brighton and Hove has greater proportions of households living in privately rented accommodation and a lower proportion of home owners; a greater proportion of households living in smaller one bed homes and a greater proportion of households living in flatted accommodation.

The average completion rate since 2011/12 has been 513 dwellings per annum (dpa) with the highest annual delivery being 1,073 dwellings in 2021/22. Overall this delivery rate is significantly below the current City Plan target of 660 dpa.

Brighton and Hove sees a lower proportion of under occupied properties compared to its neighbours East and West Sussex, as well as the South East region and England.

7. HOUSING MARKET DYNAMICS

- 7.1 This section of the report examines housing market dynamics in the City and specifically relates to the purchase market. It draws on a range of data sources including HM Land Registry and ONS as well as engagement with local estate agents.

House Prices

- 7.2 In the year to March 2022 the median house price in Brighton and Hove was £392,556. As such, the median house price in Brighton and Hove is above that of its neighbouring county authorities East and West Sussex and the South East region and significantly above the median house price for England as a whole (£270,000).

Table 7.1 Median House Prices (Year ending March 2022)

Area	Price
Brighton & Hove	£392,556
East Sussex	£325,000
West Sussex	£360,000
South East	£355,000
England	£270,000

Source: ONS Median House price for Administrative Geographies

- 7.3 An important feature of the South East regional housing market is the influence of London including long-distance commuting and household movements out of London. This pattern produces a distinct 'commuter effect', increasing demand for housing in specific locations and thereby increasing prices.
- 7.4 This pattern is evident in Brighton and Hove, where a considerable proportion of the workforce access employment in the capital, in part due to the availability of relatively fast and frequent rail services from Brighton to Croydon and central London. Increasing levels of home working may encourage this to a greater degree as employees are required to travel to work less frequently.
- 7.5 However, the relatively higher house prices in Brighton and Hove also reflect the quality of place in the City as well as widespread employment opportunities, excellent services and leisure offer. The City's house prices will also be impacted by demand from students and for short term lets/second homes.

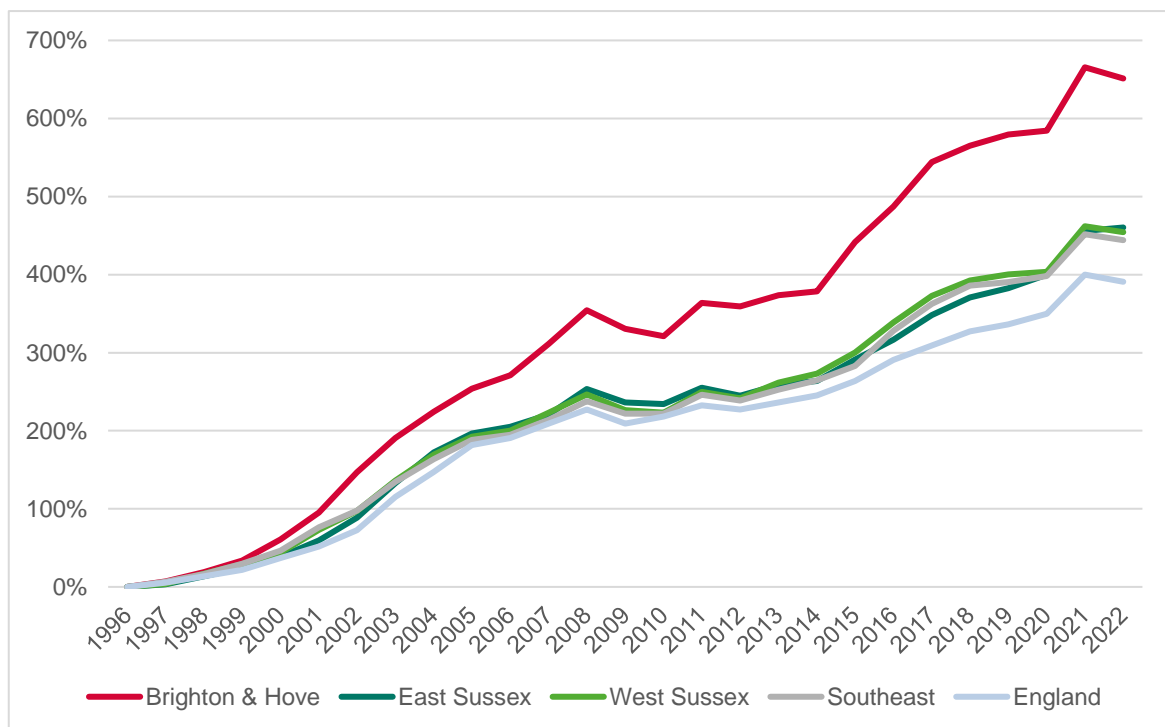
House Price Change

- 7.6 Median house prices in Brighton and Hove have grown by 651% since March 1996, outperforming those of neighbouring counties East Sussex (460%) and West Sussex (454%), the South East region

(444%), England as a whole (391%) by a significant margin. This indicates a relatively higher level of demand relative to supply and a particularly strong market for residential property sales in the city.

- 7.7 More recently the data shows a sharp increase in median house price in the City between 2020 and 2021, with prices jumping by 12%. This was supported by the stamp duty holiday as well as increased demand for housing with outdoor space.
- 7.8 This sharp increase has since partially reversed in all areas but more so in Brighton and Hove, with median prices falling between 2021 and 2022 by -2%. Again this will partly be due to the ending of the stamp duty holiday but also fewer buyers as a result of interest rate increases.

Figure 7.1 - Median House Price Growth Over Time (Year to March 1996 – 2022)



Source: ONS, Median House price for Administrative Geographies

- 7.9 The impact of the stamp duty holiday was seen nationally although house prices increased more rapidly and has declined more rapidly in Brighton and Hove. This may also reflect pandemic influences on the demand for homes on areas by the coast as people sought to leave London for more space and particularly to areas which were still commutable to London.

House Price by Type

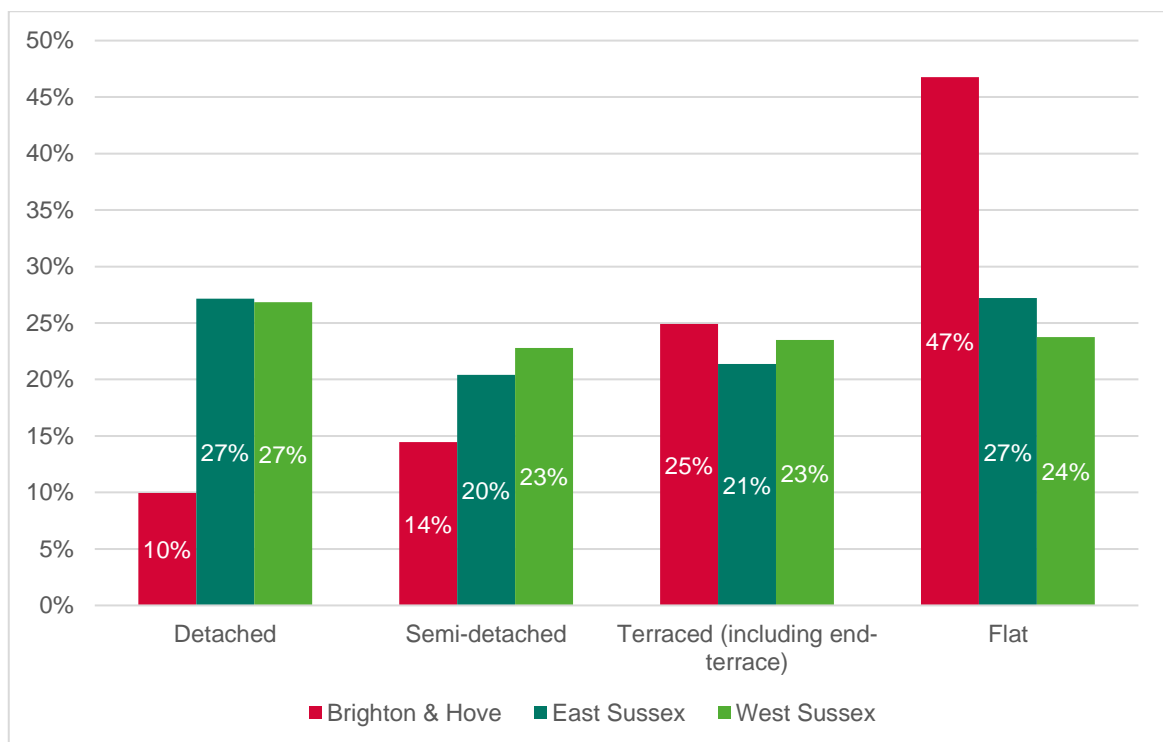
- 7.10 When looking at median prices by property type, Brighton and Hove exhibits prices significantly above the neighbouring counties for all types of property. Prices are also significantly above the average prices for the South East region and for England as a whole.

Table 7.2 Median price by type (Year to March 2022)

Area	Detached	Semi-Detached	Terraced	Flats
Brighton & Hove	£700,000	£461,000	£495,000	£300,000
East Sussex	£480,000	£330,000	£287,000	£190,000
West Sussex	£575,000	£381,293	£320,000	£213,000
South East	£575,000	£374,725	£305,000	£215,000
England	£400,000	£250,000	£223,500	£225,000

Source: ONS data, Median House price for Administrative Geographies

7.11 Figure 7.2 below demonstrates property sales by type in Brighton and Hove and its comparators. The proportional split in property sales largely reflects the existing dwelling stock in the City. The data demonstrates that properties in Brighton and Hove are more likely to be flatted or terraced with 47% and 25% (a combined 72%) of all sales in these types. These proportions differ significantly from East and West Sussex where there is a relatively even split in sales of all property types.

Figure 7.2 - Property sales by type (November 2022)

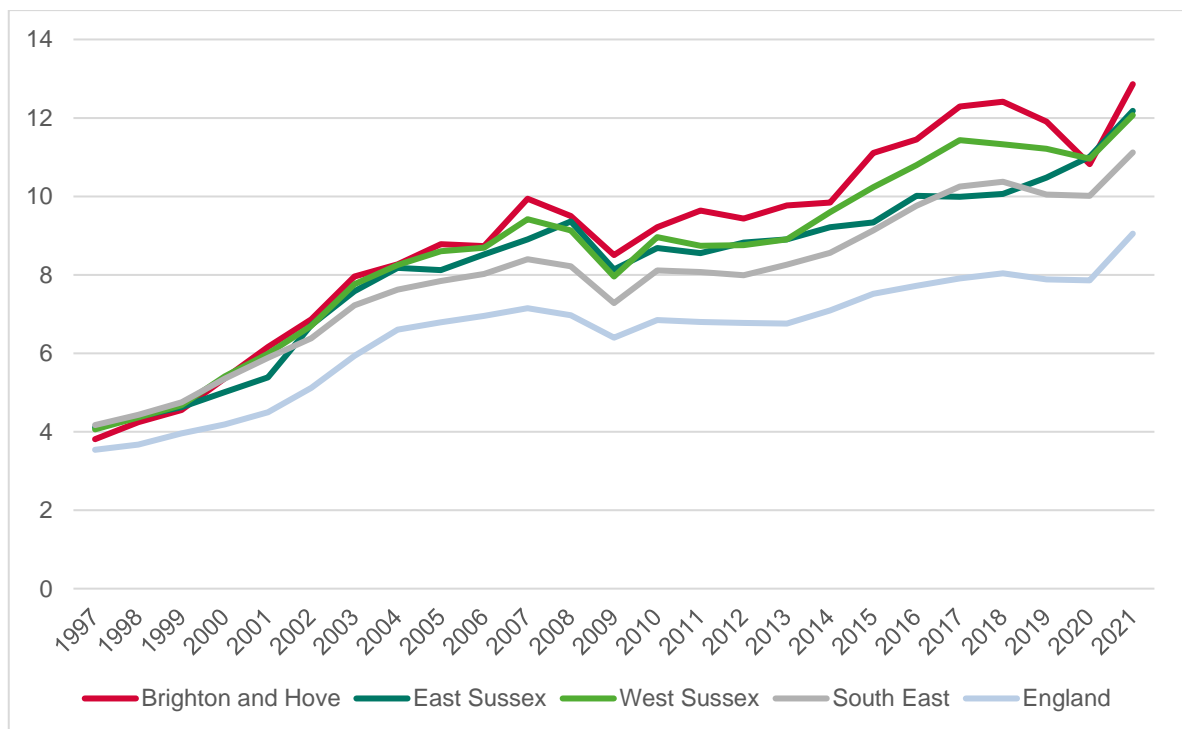
Source: IcenI analysis of HM Land Registry Price Paid Data

7.12 In areas with a greater level of flatted homes it is sometimes expected to see this generate lower values. This is not the case in Brighton and Hove indicating that there is a premium in the City which likely reflects that it is a desirable location to live leading to continuing strong demand.

Affordability

- 7.13 Figure 7.2 below shows median workplace-based affordability ratios over time. This is the ratio between median house prices and median earnings of those working in the City. In all areas affordability has worsened between 1997 and 2021, Brighton and Hove now sees affordability ratios of 12.86, which is worse than those seen in neighbouring counties East and West Sussex (12.18 and 12.07 respectively). However in terms of trends the Sussex and Brighton figures have seen a broad alignment.
- 7.14 Notably, the Brighton and Hove affordability ratio has varied in recent years dipping from 12.41 in 2018 to a low of 10.82 in 2020 but rising to an all-time high of 12.86 in 2021. The earnings estimates are derived from survey based data and can therefore be prone to fluctuations particularly in smaller areas. However, it also reflects the high growth seen in 2020 to 2021 and local earnings not tracking this.

Figure 7.3 – Median Affordability Ratio (1997-2021)



Source: ONS, *Housing Affordability in England and Wales*

- 7.15 These affordability ratios illustrate the difficulty of securing a mortgage in the City for households that don't already have considerable equity.

Agency Engagement – Sales Market

- 7.16 Targeted telephone engagement with local Estate Agents took place in November 2022. The following section collates these views although it should be caveated that not all views were

universal, and the views are also anecdotal. As such they may well contradict each other as well as some of the data elsewhere in this report.

- 7.17 The agents reported that sales demand in Brighton and Hove is quite varied but the highest demand is for three- and four-bed terraced family homes throughout the City. There is also demand for one and two-bed flats, particularly ground floor flats with gardens or access to outside space since the Covid-19 Pandemic.
- 7.18 Most estate agents reported that there is a significant lack of family sized homes across the City leading to a very high demand for these types of properties when they become available. They also commented that development has brought forward a large number of flatted properties but has not brought forward many family sized homes, hence there continues to be a significant shortage and demand for such properties. Some agents reported particularly strong demand for one and two-bed flats in the BN1 postcode, which includes most of the central areas of the city.
- 7.19 Agents indicated that there is a wide range of buyers present in the market, including young professionals, families, buy-to-let investors and older buyers looking to downsize. Commenting that proximity to the fast train links to London, cheaper house prices than London, excellent primary and secondary schools and a pleasant seaside location with plenty of activities are all factors resulting in a strong demand.
- 7.20 It was also reported that buyers are typically either relocating from London to Brighton or moving within the City, predominantly from central Brighton outwards. Agents estimated an approximate split of 60% of buyers relocating and 40% moving within the City.
- 7.21 However, all agents reported that the Covid-19 pandemic led to a sharp increase in demand from buyers relocating from London, with the proportion of buyers relocating increasing to approximately 80% over the pandemic period.
- 7.22 The market has since settled back down and agents reported that although there is still a reasonable supply of properties on the market, buyers are significantly more cautious in light of rising interest rates, inflation and the cost of living crisis, which is leading to fewer offers and sales since the Summer of 2022. In addition, due to recent changes to legislation agents are seeing an increase in the number of landlords selling their properties as renting out is becoming less profitable.
- 7.23 Agents commented that the wide range of buyers and properties is what ensures Brighton has a strong residential sales market, reporting that it is typically buoyant with a steady flow of properties. This translates to properties normally attracting 20 to 30 viewings over a few days and offers received within a matter of days or a few weeks.

7.24 Finally, in terms of demand for affordable housing, agents largely commented that they receive very few enquiries for affordable home ownership products, commenting that the market is predominantly focused on the purchase of existing homes, with relatively few new build homes coming onto the market due to a lack of developable land in the City. This will in part be due to most resales of affordable homes being made through the registered provider rather than estate agents.

Housing Market – Key Points

In the year to March 2022 the median house price in Brighton and Hove was £392,556. This is significantly above the median house price for comparator areas.

Since March 1996 median house prices in Brighton and Hove have increased by 651% a rate of growth that is again significantly above that seen across England and the South East region

When looking at median prices by property type, Brighton and Hove sees higher prices for all types of property than its neighbouring counties, the South East region and England as a whole.

In line with national trends, affordability in the City has worsened with the workplace based median affordability ratio in Brighton and Hove at 12.86.

Local agents reported that sales demand is highest for three and four-bed family homes across the City but also for one and two-bed flats, particularly in the central BN1 postcode.

There is a wide range of buyers with a significant proportion relocating from London to Brighton.

8. OVERALL HOUSING NEED

Introduction

- 8.1 This section of the report considers overall housing need set against the framework of Planning Practice Guidance (PPG) – specifically the Standard Method for assessing housing need. The section also considers demographic trends; with the publication of new 2021 Census data in 2022 it is possible to reset some of the previous population estimates from ONS.
- 8.2 The Census data has been used, alongside other data, to develop a new trend-based projection, which can be considered within the framework of the Standard Method. Where projections are discussed in this section, the analysis looks at the 2023-33 period (as this fits with the Standard Method) with data generally being shown on an annual basis that can be rolled forward for periods post 2033. Further projections have however been developed looking at a 2022-41 period, which aligns with the emerging Local Plan.

Standard Method

- 8.3 The analysis below considers the level of local housing need for Brighton & Hove using the Standard Method. The methodology for calculating housing need is clearly set out by Government in Planning Practice Guidance and follows a four-step process worked through in the following sub-sections. We consider first the implications of use of the 2014-based Household Projections, the use of which is required in the Planning Practice Guidance.

Step One: Setting the Baseline

- 8.4 The first step in considering housing need against the Standard Method is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten-year period, with the current year being the first year i.e. 2023 to 2033. This results in growth of 12,343 households (1,234 per annum) over the ten-year period.
- 8.5 Although this figure is calculated over a ten-year period from 2023 to 2033, Paragraph 12 of the PPG states that this average household growth and the local housing need arising from it can then “be applied to the whole plan period” in calculating housing need.

Step Two: Affordability Adjustment

- 8.6 The second step of the standard method is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment

increases the housing need where house prices are high relative to workplace incomes. It uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available. The formula for the adjustment is as follows.

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

- 8.7 The latest (workplace-based) affordability data is for 2021 and was published by ONS in March 2022. The Government’s Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by 6.25%, with the calculation being shown below. For Brighton & Hove, the ratio for 2021 was 12.86, giving an uplift of 55% - this leads to a housing need of 1,918 dwellings per annum.

Step Three: The Cap

- 8.8 The third step of the Standard Method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:

- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan.
- The second situation is where plans and evidence are more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth (step 1) or the housing requirement in the most recent plan, where this exists.

- 8.9 The Brighton & Hove City Plan was adopted in March 2016 (i.e. over 5 years ago). The cap is therefore calculated as the higher of 40% above the housing target in that plan (660 dwellings per annum) or 40% above household growth (1,234 dwellings per annum). A cap is therefore applied to the household growth which equates to 1,728 dwellings per annum.

Step Four: Urban Uplift

- 8.10 The fourth and final step in the calculation means that the 20 largest urban areas in England are subject to a further 35% uplift. This uplift is intended to ensure that the Governments stated target of 300,000 dwellings per annum is met and that “homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable.” (Paragraph: 035 Reference ID: 2a-035-20201216).

- 8.11 Brighton & Hove is listed within the top 20 urban areas in the country and therefore subject to this additional uplift. **The 35% uplift results in a housing need of 2,333 dwellings per annum for the City.** The table below works through the Standard Method calculations for the City.

Table 8.1 Standard Method Housing Need Calculations using 2014-based Household Projections

	Brighton & Hove
Households 2023	136,900
Households 2033	149,243
Change in households	12,343
Per annum change	1,234
Affordability ratio (2021)	12.86
Uplift to household growth	55%
Uncapped need (per annum)	1,918
Capped need	1,728
Urban Uplift	35%
Overall Housing Need	2,333

Source: Derived from a range of ONS and MHCLG sources

Divergence from the Standard Method (Exceptional Circumstances)

- 8.12 The table above sets out housing need using the Standard Method and whilst this is a relevant consideration Planning Practice Guidance does allow for divergence from these figures (in both an upward and downward direction) where exceptional circumstances can be demonstrated.
- 8.13 An important start point is to understand Government Guidance on this topic. This can be found in Planning Practice Guidance 2a and below are some key quotes for the purposes of this document.

“Is the use of the standard method for strategic policy making purposes mandatory?”

No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances.” - Paragraph: 003 Reference ID: 2a-003-20190220.

“If authorities use a different method how will this be tested at examination?”

Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination. Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method.” - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated).

- 8.14 Paragraph 2a-010 also sets out circumstances where it might be appropriate to plan for a higher housing need figure than the standard method indicates; this includes noting that the method *'does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates'*.
- 8.15 Regarding demographic trends and projections, the guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be applied where relevant. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include using more recent versions of published SNHP.
- 8.16 The PPG does not specifically set out examples of exceptional circumstances but it is considered that there are likely to be two main considerations:
- Firstly, that demographic data on which projections are based is demonstrably wrong and cannot realistically be used for trend-based projections on which the Standard Method is based; and
 - Secondly that demographic trends have changed so much that it is unrealistic to use a set of projections based on information in a trend period to 2014, which is now over 8-years old.
- 8.17 The analysis below principally focuses on the second of the two bullet points above before moving on to look at what might be seen as a reasonable trend-based projection using available information. The focus is particularly on population projections and the report does not seek to challenge the market signals element of the Standard Method with the latest affordability ratio figures published by ONS being used to generate estimates of need. The first analysis below briefly considers the validity of the 2014-based projections.
- 8.18 The NPPF consultation of December 2022 points to there being greater flexibility for local authorities to consider exceptional circumstances and also suggests that consideration will be given to 2021-based projections when these are published in 2024. Given that all data for the 2021-based projections has now been published, this report seeks to estimate what a reasonable 2021-based projection might look like.

2014-based Subnational Population and Household Projections

- 8.19 As set out above one exceptional circumstance might be that the 2014-based subnational household projections (SNHP) that underpin the Standard Method are clearly wrong. One way of considering

this is to compare data for 2021 with recently published Census data. Comparisons are made for both population (as this underpins the household projections) and household estimates.

- 8.20 The table below shows population figures for 2021 from the two sources. The data shows the Census population (-19,358) and households (-13,173) as significantly lower than was projected in the 2014-SNHP – this does suggest that the 2014-SNPP no longer reflects a reasonable view about demographic trends.

Table 8.2 Estimated Population and Households in 2021 – 2014-based projections and 2021 Census

	2014-based SNPP/SNHP	2021 Census	Difference
Population	296,465	277,107	-19,358
Households	134,574	121,401	-13,173

Source: ONS

- 8.21 Overall, in terms of demographic data it is considered there is a strong case to suggest an exceptional circumstance exists in Brighton and Hove which would justify a housing need which is different to the Standard Method as published.

Developing a Trend-Based Projection

- 8.22 The purpose of this section is to develop a trend-based population projection. A key driver of this is due to publication of new (2021) Census data which has essentially reset estimates of population (size and age structure) compared with previous mid-year population estimates (MYE) from ONS.
- 8.23 It is also the case that the 2014-based projections on which the Standard Method is based are now over eight years old and even more recent projections (2018-based being the most recent) pre-date the Census (and MYE data to 2021).
- 8.24 The analysis seeks to provide projections rebased to 2021 (Census data) and draws on ONS MYE data up to 2021 – including data about births, deaths and migration. It should be noted that the projections are based on published data which do have some discrepancies (e.g. between MYE and the Census) – data has therefore been carefully used to be as robust as possible.
- 8.25 The trend-based projections have been developed so that further analysis in the report can readily be undertaken. For example, when looking at older persons' needs it is necessary to understand how the older person population might grow and for the mix of housing a model has been used that looks at the implications of demographic change.

- 8.26 Four projections have been developed looking at estimated migration trends over the past 5- and 10-years. A 5-year period has been chosen as it is consistent with the time period typically used by ONS when developing subnational population projections whilst 10-years has been used as it fits with the period between the two Census, and arguably the longer period can provide more stable outputs.
- 8.27 Within the 5- and 10-year projection categories, two projections have been developed, the first looking at the Census-based population growth in the period to 2021 and the second based on the MYE to 2021 – which has not been corrected for Census data. The four projections can be summarised as:
- 5-year trend taking account of population growth shown by the Census for 2011-21;
 - 10-year trend taking account of population growth shown by the Census for 2011-21;
 - 5-year trend using migration estimates in the MYE for the 2015-20 period; and
 - 10-year trend using migration estimates in the MYE for the 2010-20 period.
- 8.28 We set out below the general method used for each components of the forecasts and the outputs from each. The latest ONS projections are a 2018-based set of SNPP and whilst these are not directly used in the analysis, reference is made to allow comparisons between the ONS position (which was pre-Census) and projections developed below.

Fertility

- 8.29 For fertility it is the case that underestimating population will mean that fertility rates in the SNPP are too high (as ONS is essentially assuming a number of births to fewer people). To make an adjustment, the number of births for 2021/22 in the SNPP is used and then an estimate made of how many births the ONS rates would imply if the population age structure for 2021 is replaced as the base against which births are calculated.
- 8.30 There is also some more recent data about births from the 2021 MYE which can be used to moderate this figure (noting that the SNPP draws on data to 2018). Overall, the analysis suggests birth rates are around 10% lower than was estimated back in the 2018-SNPP.

Mortality

- 8.31 The same issue arises with mortality, in that deaths recorded by MYE are applied to a different population than is now shown with a similar adjustment to fertility being made to take account of data on deaths to 2021. When this data is taken into account the modelled adjustment to death rates are increased by about 9% from the SNPP position.

Migration

- 8.32 When looking at migration our start point is to consider how different migration has been over the 2011-21 period compared to that previously estimated (and projected) by ONS. Essentially the difference in population growth between the two sources is likely to be attributable to migration, this is on the basis that it is expected that births and deaths have been fairly well recorded by ONS.
- 8.33 The table below shows the MYE estimated population to have increased by 19,000 people in the 2011-21 period, whereas the Census now shows a change of just 3,700 – this is a difference of 15,200. This would imply net migration has on average been about 1,520 people lower per annum over the decade to 2021 (15,200/10).

Table 8.3 Brighton & Hove – MYE and Census population estimates

	MYE	Census
2011	272,952	273,369
2021	291,907	277,107
Change	18,955	3,738

Source: Derived from ONS data

- 8.34 It is not known if the difference in population growth (attributed to migration) is due to an over-estimate of in-migration or an under-estimate of out-migration in the MYE figures and in reality it is likely to be a combination of the two.
- 8.35 For the purposes of modelling it has been assumed that the difference is split equally between these two components, i.e. this means that in-migration was on average around 760 people per annum lower in the 2011-21 period and out-migration 760 people higher.
- 8.36 The analysis also seeks to determine a baseline start position for each of in- and out-migration and to do this data from MYE up to 2021 has been used. To be consistent with the methodology used by ONS when developing SNPP data for the previous five years has been studied as well as a 10-year period.
- 8.37 Information about migration estimates is shown in the table below with average figures provided for 2016-21 (latest 5-years), 2013-18 (the 5-year period prior to the last published SNPP), 2009-14 (the 5-year period relevant to 2014-based projections, as used in the Standard Method) and 2011-21 (latest 10-years). The figures shown are all as published by ONS (i.e. excluding any adjustments to take account of differences between the MYE and Census).
- 8.38 The analysis shows net migration to be generally decreasing, from an average net in-migration of around 1,440 people per annum in the 5-years to 2014, down to 670 (net in-migration) for the last 5-years for which data is available.

Table 8.4 Past trends in net migration – Brighton & Hove

	Internal (domestic)	International	All net migration
2009/10	-496	1,994	1,498
2010/11	-429	1,523	1,094
2011/12	-913	2,594	1,681
2012/13	-1,330	2,628	1,298
2013/14	-1,723	3,338	1,615
2014/15	-835	3,400	2,565
2015/16	-687	2,941	2,254
2016/17	-1,391	1,904	513
2017/18	-399	2,194	1,795
2018/19	-1,608	1,794	186
2019/20	-1,542	2,190	648
2020/21	-1,986	2,175	189
Average (2009-14)	-978	2,415	1,437
Average (2013-18)	-1,007	2,755	1,748
Average (2016-21)	-1,385	2,051	666
Average (2011-21)	-1,241	2,516	1,274

Source: ONS MYE

8.39 The table below shows the start point estimate of migration using MYE data up to 2021 (so covering a 5-year period 2016-21). The table shows the average in- and out-migration over this period in Brighton & Hove and the adjustment made to take account of the difference previously shown between population estimates and the Census.

8.40 Over the 2016-21 period ONS estimated an average net migration of 666 people each year, but the Census suggests this was around 1,520 lower and so the base position is net migration of about 855 (net out-migration). Using a similar method for trends over the past 10-years shows net out-migration of 247 per annum. In modelling in- and out-migration figures are treated separately but it is typically easier to compare data when looking at net figures.

Table 8.5 Base estimate of migration – Brighton & Hove – 5-year trend (Census)

	Average (2016-21)	Adjustment	Base position
In-migration	28,434	-761	27,673
Out-migration	27,768	761	28,529
Net migration	666	-1,522	-855

Source: Derived from ONS data

Table 8.6 Base estimate of migration – Brighton & Hove – 10-year trend (Census)

	Average (2011-21)	Adjustment	Base position
In-migration	26,504	-761	25,744
Out-migration	25,230	761	25,991
Net migration	1,274	-1,522	-247

Source: Derived from ONS data

- 8.41 The final set of scenarios simply take the ONS MYE data as published – so taking no account of population change shown by the Census. This is shown in the tables below, identifying a positive level of net migration over the last five and ten years.

Table 8.7 Base estimate of migration – Brighton & Hove – 5-year trend (MYE)

	Average (2016-21)	Adjustment	Base position
In-migration	28,434	0	28,434
Out-migration	27,768	0	27,768
Net migration	666	0	666

Source: Derived from ONS data

Table 8.8 Base estimate of migration – Brighton & Hove – 10-year trend (MYE)

	Average (2011-21)	Adjustment	Base position
In-migration	26,504	0	26,504
Out-migration	25,230	0	25,230
Net migration	1,274	0	1,274

Source: Derived from ONS data

- 8.42 However, it is not a simple process to just apply these figures for each year of the projection as migration can vary over time and each of in- and out-migration need to be considered separately.

In-migration

- 8.43 Levels of in-migration will to some extent vary depending on the size of the population from which migrants will be drawn. If, for example, typically 10% of people in Area A move to Area B in any given year then the size of the population in Area A will impact on the actual numbers moving. If in year 1 there are 10,000 people in Area A then 1,000 would be expected to move to Area B, but if in year 2 the population is only 9,000 there would only be 900 movers.
- 8.44 The age structure will also have an influence on the number of moves as typically older people are less likely to be migrant and so an ageing population might see out-migration reduce over time, although an increasing population generally might be expected to see migration increase.
- 8.45 For the purposes of modelling we have considered the relationship between the national population and the projected number of in-migrants. The latest national projection is a 2020-based ONS publication.
- 8.46 Over time, population growth rates nationally are projected to fall (remaining positive but at a reducing rate) and this is in part (in early years) due to reducing levels of in-migration – although reductions in natural change have the greatest impact over the longer term.

- 8.47 Overall, it is considered with an increasing population that levels of in-migration will increase over time but at a reducing rate. For the purposes of modelling it has been assumed that future in-migration will broadly track the midpoint between rates remaining in-line with national population change and the rates estimated for the 5- or 10-year period to 2020 (depending on the time period used).
- 8.48 Whilst this is an assumption, it is considered to be broadly reasonable given the general direction of demographics both locally and nationally.

Out-migration

- 8.49 For out-migration, levels will vary depending on the size of the population in the area being studied. For example, if the population of Brighton & Hove grows at a faster rate than other locations then there is a larger pool of people from which out-migrants might be drawn. With a growing population, out-migration would therefore be expected to increase over time.
- 8.50 However, it is also noted that at a national level, out-migration in the early years of the projection is projected to fall, whilst a changing age structure (increasing older person population) will to some extent moderate any changes, as older people are less likely to be migrant.
- 8.51 Therefore a consistent method to that used for in-migration has been applied for out-migration, that is the estimated level of out-migration is set at the midpoint between estimated past levels of out-migration and the level that would be expected if the ratio between population growth and out-migration were maintained. As before, this is an assumption, but is likely to be reasonable given the range of data available.

City-wide Projection Outputs

- 8.52 The above estimates of fertility, mortality and migration (including changes over time) have been modelled to develop a projection for the period to 2033 – this date being chosen as it is possible to develop an equivalent estimate of housing need using the framework of the Standard Method. The table below shows projected population growth for each of the scenarios. These show population decline of between 0.2% and 1.9% when modelling a Census trend, but higher figures (2.4%-4.3% when looking at the MYE with no correction for Census estimates). The percentage figures can be put in the context of past trends, with the Census showing growth of 1.4% over a 10-year period.

Table 8.9 Projected population growth under a range of scenarios

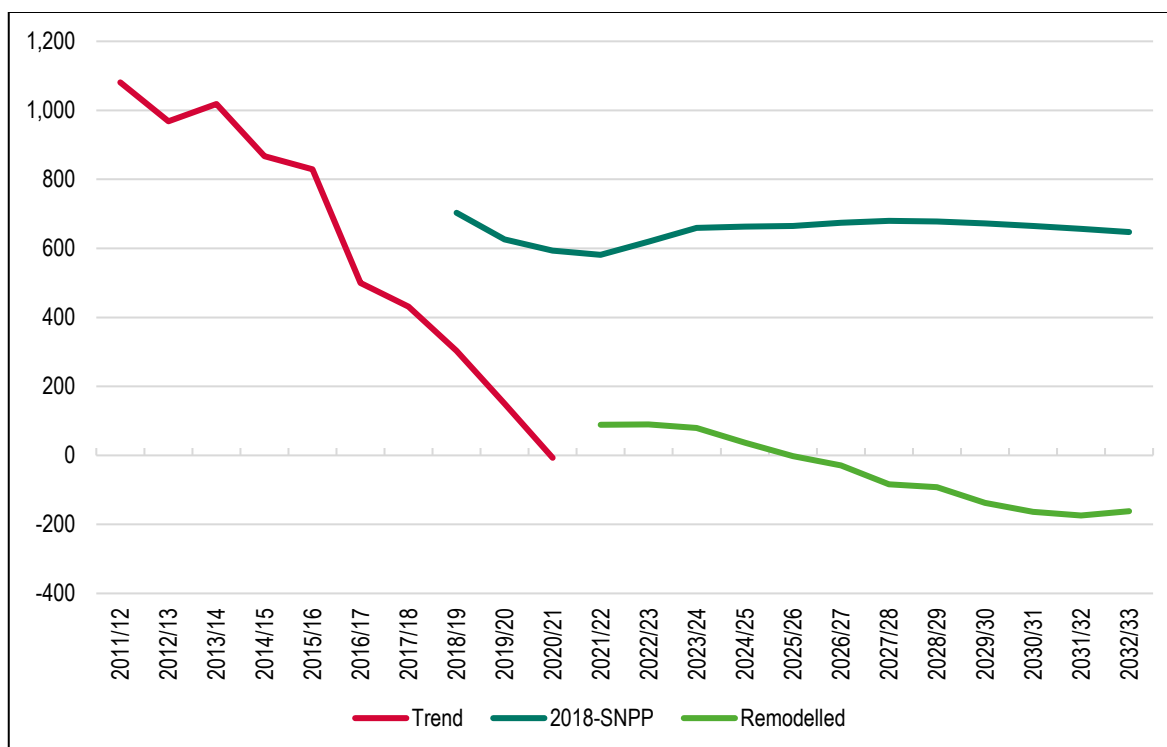
	Population 2023	Population 2033	Change	% change
5-year trend (Census)	275,598	270,268	-5,330	-1.9%
10-year trend (Census)	276,791	276,305	-486	-0.2%
5-year trend (MYE)	278,580	285,297	6,717	2.4%
10-year trend (MYE)	279,781	291,744	11,963	4.3%

Source: Demographic projections

8.53 It is difficult to say which scenario is the most realistic but taking everything in the round it is considered that the two 5-year trend projections are probably the best of the scenarios in methodological and data terms. This is because these scenarios use the time period and data ONS would be using if developing a new projection. ONS would however be unlikely to model the implications on migration of Census data – and this arguably does derive a projection that is a bit on the high side.

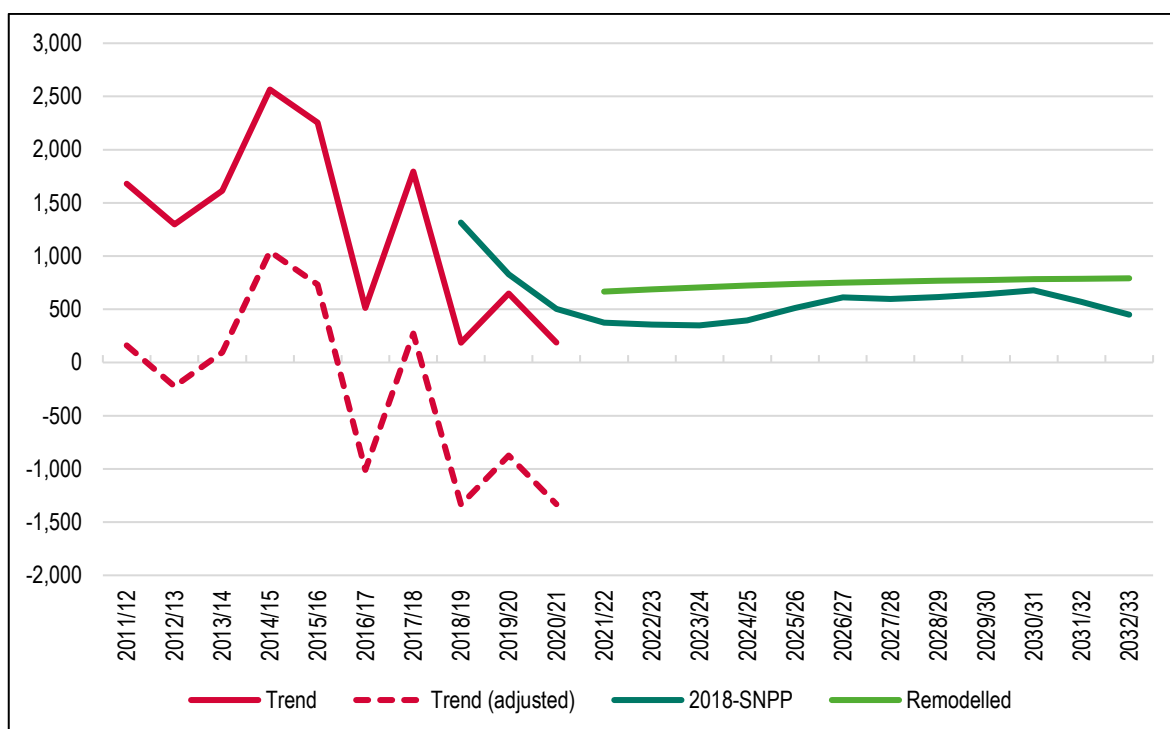
8.54 Below are a series of charts showing key components of change (using the 5-year trend (MYE) projection). For contrast, data is compared with that from the 2018-based SNPP, that being the most recent projection released by ONS.

Figure 8.1: Past trends and projected natural change – Brighton & Hove



Source: ONS and demographic projections

Figure 8.2: Past trends and projected net migration – Brighton & Hove



Source: ONS and demographic projections

- 8.55 The table below shows estimated population growth across the City split into 3 broad age bands (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows the population as a whole being projected to increase by around 6,700 people – this is a 2% increase over the 10-year period. The population aged 65 and over is however projected to see a larger increase – rising by 9,800 people (25%) over the 10-year period.

Table 8.10 Projected change in population by broad age group (2023-33) – Brighton & Hove

	2023	2033	Change	% change
Under 16	40,767	33,069	-7,697	-18.9%
16-64	197,743	202,322	4,579	2.3%
65+	40,070	49,905	9,835	24.5%
TOTAL	278,580	285,297	6,717	2.4%

Source: Demographic projections

Household Estimates

- 8.56 The final part of the projection is to convert population estimates into households by discounting the communal population (to give a household population) and then applying household representative rates (HRR).
- 8.57 The first analysis is however to estimate the number of households in the City as of 2021. The table below shows household estimates from the Census and also dwelling counts from DLUHC live tables.

- 8.58 It can be seen that the number of completions exceeds the growth in households. It is unclear why the Census figures are lower and whilst it is possible there is an error in the Census data, the view has been formed that ONS in future projections is likely to rely on the Census. A small adjustment has been made to the Census figure to bring it in-line with a mid-year estimate and in doing this, a base number of households in 2021 is estimated to be 121,200.

Table 8.11 Change in the number of households and dwellings (2011-21) – Brighton & Hove

	2011	2021	Change
Households	121,540	121,401	-139
Dwellings	124,417	129,321	4,904

Source: ONS (Census) and DLUHC (Table 125)

- 8.59 In projecting forward, data about household representative rates (HRRs) has been drawn from the 2014-based subnational household projections (SNHP). HRRs 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)). The 2014-based figures are used as these underpin the Standard Method and generally have attracted less criticism in terms of building in a suppression of household formation than more recent projections.
- 8.60 Recent SNHP (since the 2014-based release) have come under some criticism. This is largely as they are based on data in the 2001-11 Census period and project forward trends in household formation in this period – one in which housing affordability deteriorated significantly.
- 8.61 In Brighton & Hove, this suppression is particularly evident for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting some continuation of this moving forward to 2021, after which the (lower) rate is held broadly stable.
- 8.62 Data about the communal population has also been drawn from the 2014-SNHP. For all scenarios, the 2014-HRRs have been adjusted to match the estimated number of households shown above with future (projected) years using the same incremental changes as in the base source. The analysis projects an increase of up to 662 households per annum over the 2023-33 period with the 5-year trend (MYE) projection showing an annual figure of 386.

Table 8.12 Projected change in households – range of scenarios

	Households 2023	Households 2033	Change in households	Per annum
5-year trend (Census)	120,540	119,485	-1,056	-106
10-year trend (Census)	121,203	122,736	1,534	153
5-year trend (MYE)	121,623	125,486	3,863	386
10-year trend (MYE)	122,288	128,905	6,617	662

Source: Demographic projections

- 8.63 If were to choose a preferred scenario then it would likely be the 5-year trend (MYE) scenario as the five year trend more closely reflects the methodology used by ONS than the 10-year figures. Furthermore, the lower growth shown by the Census in comparison to the MYE is questionable, although it may accurately reflect temporary lockdown restrictions resulting in a smaller population because of a lack of students for example. Therefore a greater reliance could be placed on the projections based on the Mid-Year Population Estimates.

Standard Method using Alternative Trend-Based Projections

- 8.64 The analysis below calculates housing need using the Standard Method but replacing the 2014-based SNHP with the alternative projections shown above. The need is substantially lower than the analysis using 2014-based projections, with a need shown for up to 1,251 dwellings per annum (compared with 2,333).

Table 8.13 Standard Method Housing Need Calculations using revised demographic projections

	5-year trend (Census)	10-year trend (Census)	5-year trend (MYE)	10-year trend (MYE)
Households 2023	120,540	121,203	121,623	122,288
Households 2033	119,485	122,736	125,486	128,905
Change in households	-1,055	1,533	3,863	6,617
Per annum change	-106	153	386	662
Affordability ratio (2021)	12.86	12.86	12.86	12.86
Uplift to household growth	55%	55%	55%	55%
Uncapped need (per annum)	0	238	600	1,029
Capped need	0	238	600	927
Urban Uplift	35%	35%	35%	35%
OVERALL HOUSING NEED	0	322	810	1,251

Source: Derived from a range of ONS and MHCLG sources

- 8.65 Whilst the Census based 5-year trend data results in a negative need (which has been rounded up to zero as we would not seek to lose homes), a pragmatic response to this would be to assume no net loss although the realism of this projection is clearly questionable given demand for housing in the City.

- 8.66 Overall, it is considered that demographic trends clearly point to a housing need below the Standard Method. Some caution should be exercised in interpreting the figures above as these are largely based on apparent Census trend of very low population growth (aligned with decreasing natural change).
- 8.67 The preferred scenario which uses 5-year trends from the Mid-Year Estimates results in a need for 810 dpa which is above the current Local Plan target but significantly below the standard method. This would suggest that exceptional circumstances exist within Brighton & Hove, but to challenge the standard method is not without risk.
- 8.68 The figures demonstrate on a reasonable set of assumptions that reliance on the 2014-based SNHP to set housing need is unrealistic and under any reasonable scenario would be the maximum need for the City.
- 8.69 The figure of 810 dpa is also consistent with NPPF and PPG (Paragraph 15) in that where it has diverged from the Standard Method it has done so based on exceptional circumstances pertaining to Brighton and Hove and is based on realistic assumptions using best estimate of future growth. As such it should be the starting point for assessing housing need in the City.

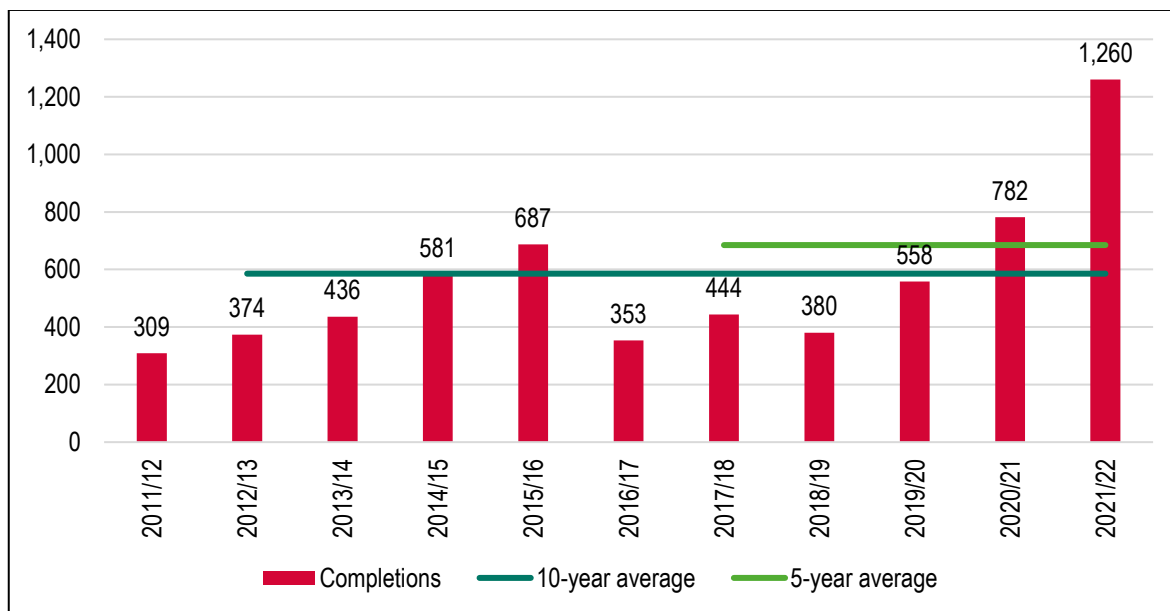
Exceeding the Standard Method

- 8.70 The Planning Practice Guidance (Reference ID: 2a-010-20201216) also sets out circumstances “When might it be appropriate to plan for a higher housing need figure than the standard method indicates”. In summary these includes:
- Growth strategies for the area (e.g. Housing Deals);
 - strategic infrastructure improvements that are likely to drive an increase in the housing need;
or
 - an authority agreeing to take on unmet need from neighbouring authorities
- 8.71 None of these three examples is relevant to Brighton and Hove and the City itself is heavily constrained and has consistently been unable to meet identified needs within its own boundaries.
- 8.72 The final consideration for a housing requirement which is different to the Standard Method is looking at past housing delivery. This is a key part of the PPG, which says (2a-010):

‘There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method... Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests’

- 8.73 The figure below shows housing completions over the period from 2011 to 2022 – this shows average completions of 586 per annum over the past decade and a higher figure of 685 per annum over the past 5-years.

Figure 5.3: Net Completions (2011-21) – Brighton & Hove



Source: DLUHC

- 8.74 Although the latest data is significantly higher than previous years it is somewhat of an outlier and is known to have been significantly influenced by a large number of planning applications being submitted in order to avoid being subject to the introduction of a Community Infrastructure Levy which the Council implemented from October 2020. As a result, it is not expected that these figures will necessarily be replicated over the long term.

Capacity Led Housing Requirement

- 8.75 While the analysis to this point has examined projected housing need, the physical and environmental constraints affecting the City (including the South Downs National Park) mean that it is unlikely that the need will be met in full.
- 8.76 In order for this report to provide more useful outputs we have sought to provide analysis based on what is more likely to be delivered. For this we have used the most recent housing trajectory which seeks to meet the Local Plan figure of 660 dwellings per annum.

Developing a Projection linking to the Housing Trajectory

- 8.77 The data above suggests the Standard Method results in an unreliable figure to use in estimating housing need for the City, whereas alternative projections linked to the 2021 Census data look to be significantly lower. It is therefore worthwhile looking at how population might change based on the

number of homes in the current City Plan housing trajectory (which is a figure below the Standard Method but above some of the alternative Census-based projections).

- 8.78 A bespoke projection has been developed, linking to provision of 660 dwellings per annum, and this projection is then used for other analysis in the report (including looking at the mix of housing).
- 8.79 A scenario has been developed which flexes migration to and from Brighton & Hove (as well as building in improvements to household formation) such that there is sufficient population to fill 660 additional homes each year.
- 8.80 In summary, an approach has therefore been developed that both improves household formation and changes migration to project how population and household structures might change with delivery of the housing trajectory. This projection has been developed to look at the 2022-41 period.
- 8.81 Within the modelling, migration assumptions have been changed so that across the City the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).
- 8.82 A further adjustment has been made to deal with any suppression of household formation within the projections. To do this a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach has been widely used in analysis of this nature and was an approach previously suggested by the Local Plans Expert Group (LPEG).
- 8.83 In developing this projection, a positive level of population growth is derived (population increase of around 12,500 people). The age structure is however still skewed towards older people, although there is a modest increase in the population that might be considered as 'working-age'.

Table 8.14 Population change 2022 to 2041 by broad age bands – Brighton & Hove (linked to housing trajectory)

	Population 2022	Population 2041	Change in population	% change from 2022
Under 16	41,624	34,838	-6,786	-16.3%
16-64	198,731	199,579	848	0.4%
65 and over	39,831	58,246	18,415	46.2%
Total	280,187	292,663	12,477	4.5%

Source: Demographic Projections

Table 8.15 Population change 2022 to 2041 by 5-year age bands – Brighton & Hove (linked to housing trajectory)

	Population 2022	Population 2041	Change in population	% change from 2022
0-4	12,126	11,562	-563	-4.6%
5-9	12,835	10,602	-2,233	-17.4%
10-14	13,881	10,536	-3,344	-24.1%
15-19	17,377	16,262	-1,115	-6.4%
20-24	32,445	33,673	1,228	3.8%
25-29	25,836	28,411	2,575	10.0%
30-34	22,819	23,830	1,011	4.4%
35-39	18,392	18,647	255	1.4%
40-44	17,989	17,392	-598	-3.3%
45-49	17,300	17,182	-118	-0.7%
50-54	18,476	16,773	-1,703	-9.2%
55-59	17,617	15,367	-2,249	-12.8%
60-64	13,265	14,180	916	6.9%
65-69	10,823	14,703	3,880	35.9%
70-74	9,720	14,173	4,453	45.8%
75-79	8,106	12,222	4,117	50.8%
80-84	5,184	8,163	2,979	57.5%
85 +	5,999	8,984	2,985	49.8%
Total	280,187	292,663	12,477	4.5%

Source: Demographic Projections

Housing Need - Summary

The SHMA has calculated the overall housing need set against the NPPF and the framework of PPG – specifically the Standard Method for assessing housing need. This shows a need for 2,333 dwellings per annum. This is based on household growth of 1,234, a (capped) uplift for affordability of 40% and then a further 35% 'Urban areas' uplift.

We have also considered whether there are exceptional circumstances to move away from the Standard Method. This has looked at up-to-date demographic trends and is also mindful of the NPPF consultation of December 2022 which points to there being some greater flexibility for local authorities to consider exceptional circumstances.

The consultation NPPF suggests that consideration will be given to 2021-based projections when these are published in 2024. Given that all data for the 2021-based projections has now been published, this report has assessed what a reasonable 2021-based projection might look like.

The household growth figure used the 2014-based household projections are now over 8-years old (in terms of the base data for analysis) and data from the 2021 Census suggests the 2014-based projections are fundamentally wrong.

Overall, it is clear that population growth has been substantially lower than had been projected back in the 2014 projections and the trends observed previously are no longer reflective of recent trends.

The figures demonstrate that on a reasonable set of assumptions that reliance on the 2014-based SNHP to set housing need is unrealistic and under any reasonable scenario would be the maximum need for the City. This would suggest that exceptional circumstances exist within Brighton & Hove, but to challenge the standard method is not without risk.

Using more up-to-date information, a series of projections were developed to look at different migration and population change estimates (including looking at 5- and 10-year migration trends). These scenarios universally pointed to a housing need (even when using the framework of the Standard Method) significantly below the 2,333 dwellings per annum figure.

The preferred scenario which uses 5-year trends from the Mid-Year Estimates results in a need for 810 dpa. We would recommend that the Council uses this as its housing need figure (although recognising the need to justify the departure from the Standard Method). This level of need is above the current Local Plan target but significantly below the standard method.

In reality, the level of housing delivery in Brighton and Hove is likely to relate more to capacity than housing need. A projection has therefore been developed based on an assumed housing delivery of 660 dwellings per annum which would project forward the target set in the current City Plan.

A further projection was developed to look at the implications of delivery at this level over the 2022-41 period and this suggested that the population of the City might increase by around 12,500 people, with a particular increase in the number of older people (those age 65 and over).

9. AFFORDABLE HOUSING NEED

Introduction

- 9.1 This section provides an assessment of the need for affordable housing in Brighton & Hove. The analysis is for the whole of the City, with data on house prices and incomes being presented at a ward level to identify differences between locations. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 9.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for ‘social/affordable rented housing’ and ‘affordable home ownership’ although in reality it is possible for a home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership.
- 9.3 The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in Planning Practice Guidance in May 2021.

Methodology Overview

- 9.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks at the need for ‘*affordable housing for rent*’ as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of secondary data sources – this figure is then annualised so as to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;

- **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and
- **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

9.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

9.6 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

9.7 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.

9.8 This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and considers a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

9.9 The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

9.10 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

- 9.11 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 9.12 The analysis below considers the entry-level costs of housing to both buy and rent across the City. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 9.13 Data from the Land Registry for the year to June 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £245,000 for a second-hand flat and rising to over £500,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £289,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 9.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to June 2022 – Brighton & Hove

	Lower quartile price
Flat/maisonette	£245,000
Terraced	£400,000
Semi-detached	£388,000
Detached	£509,000
All dwellings	£289,000

Source: ONS Small area house prices

- 9.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £225,000 for a 1-bedroom home, rising to £540,000 for homes with 4-bedrooms.

Table 9.2 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to June 2022 – Brighton & Hove

	Lower quartile price
1-bedroom	£225,000
2-bedrooms	£305,000
3-bedrooms	£425,000
4-bedrooms	£540,000
All Dwellings	£289,000

Source: Land Registry and Internet Price Search

- 9.15 A similar analysis has been carried out for private rents using ONS data covering a 12-month period to September 2022. For the rental data, information about dwelling sizes is provided (rather than types). The analysis shows an average lower quartile cost (across all dwelling sizes) of £925 per month. This is based on charged rather than advertised rates.

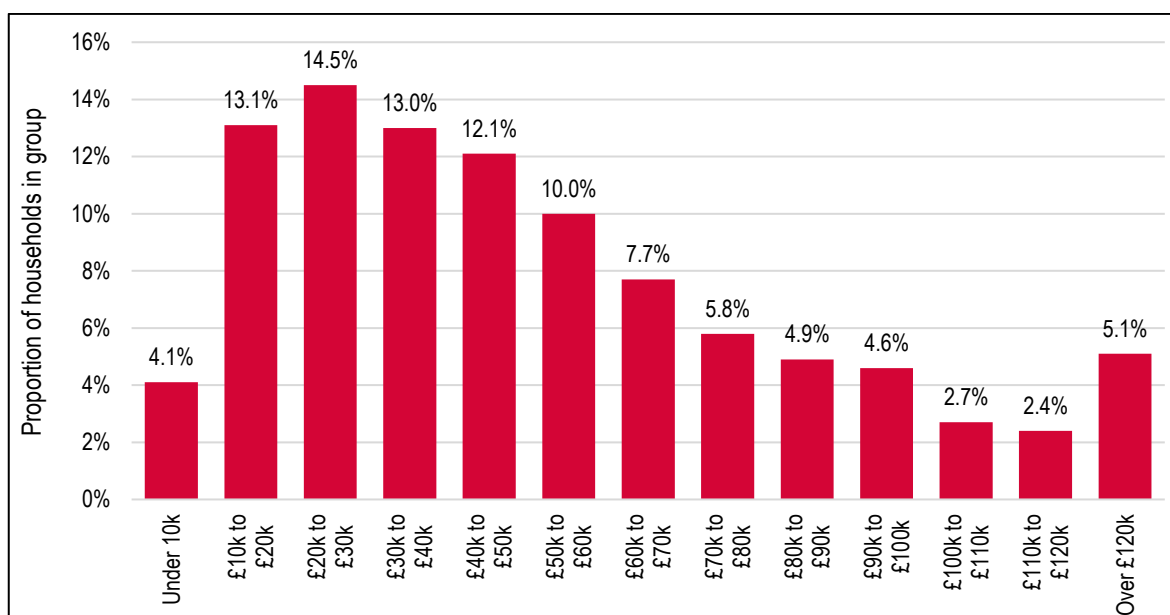
Table 9.3 Lower Quartile Market Rents, year to September 2022 – Brighton & Hove

	Lower Quartile rent, pcm
Room only	£525
Studio	£650
1-bedroom	£865
2-bedrooms	£1,125
3-bedrooms	£1,350
4-bedrooms	£1,890
All properties	£925

Source: ONS

Household Incomes

- 9.16 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.
- 9.17 Drawing this data together an income distribution for the whole City has been constructed for 2022. The figure below shows that around a third of households have incomes below £30,000 with a further quarter in the range of £30,000 to £50,000. Overall, the average (mean) income is estimated to be around £52,300, with a median income of £44,000; the lower quartile income of all households is estimated to be £25,400.

Figure 9.1: Distribution of household income (2022) – Brighton & Hove

Source: Derived from range of data sources

Affordability Thresholds

- 9.18 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- 9.19 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 9.20 At £925 per calendar month, lower quartile rent levels in Brighton & Hove are above average in comparison to those seen nationally (a lower quartile rent of £610 for England in the year to September 2022). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered

that a threshold of 30% is reasonable in a local context, to afford a £925 pcm rent would imply a gross household income of about £37,000 (and in net terms the rent would likely be around 38% of income).

- 9.21 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 9.22 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 9.23 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 9.24 The table below shows the estimated incomes required to both buy and rent (privately). This shows a notable 'gap' across the City. The information in the table below is taken forward into further analysis in this section to look at affordable needs for different types of home.

Table 9.4 Estimated Household Income Required to Buy and Privately Rent

	To buy	To rent (privately)	Income gap
Brighton & Hove	£57,800	£37,000	£20,800

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

- 9.25 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the City. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

- 9.26 In line with the PPG the current need for affordable housing is assessed through analysis of Housing Register information. As part of this project a download of the whole City Council register was provided (as of December 2022) which has been interrogated to estimate the number of households with an affordable housing need – as of this date there were 4,452 households on the Register.

- 9.27 Not all of these households are considered to be in housing need (in a Reasonable Preference Category). For example, a household looking to downsize from a larger home is given high priority by the Council (as it frees up family accommodation) but the household in question is unlikely to have a genuine need. In total it is estimated that 3,935 households have a housing need.
- 9.28 As well as looking at the level of need of households on the register, it is important to understand the living circumstances of those households. In particular, this focusses on current tenure, recognising that households already living in affordable housing would release a home for use by another household if they were to move and hence there is no additional need for housing to be provided (although there may be a mismatch between the homes needed and those released, both in terms of size and location).
- 9.29 The table below shows around 1,076 households are currently living in affordable housing plus 62 for which information was not available; this leaves 3,314 within private sector housing or without accommodation (e.g. homeless) – this is taken to be the estimate of current need.

Table 9.5 Current tenure of households on Housing Register

	Households	% of households
Council Interest (e.g. care leavers)	72	1.6%
Homeless	1,368	30.7%
Homeseeker	1,874	42.1%
Transfer	1,076	24.2%
Unknown	62	1.4%
Total	4,452	100.0%
Excluding transfer & unknown	3,314	74.4%

Source: Brighton & Hove Council, November 2022

Newly-Forming Households

- 9.30 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 9.31 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 9.32 The number of newly forming households has been estimated through demographic modelling (linked to delivery of 660 homes per annum which is the capacity-led housing requirement identified

elsewhere in this report). This is considered to provide the best view about future trend-based household formation in Brighton & Hove.

- 9.33 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by Justin Gardner Consulting (JGC). This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 9.34 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 9.35 The assessment suggests that overall around half of newly forming households will be unable to afford market housing (to rent privately). this equates to an annual average total of 1,072 newly forming households across the city.

Table 9.6 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Brighton & Hove	2,142	50.0%	1,072

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 9.36 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 9.37 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside*

of the register (such as priority homeless household applicants)⁷. Following the analysis through suggests a need arising from 264 existing households each year across the City.

Supply of Social/Affordable Rented Housing Through Relets

- 9.38 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 9.39 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 9.40 On the basis of past trend data it has been estimated that 346 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

Table 9.7 Analysis of Past Social/Affordable Rented Housing Supply, 2018/19 – 2020/21 (average per annum) – Brighton & Hove

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2018/19	844	88.6%	748	59.4%	444
2019/20	672	94.0%	632	55.8%	353
2020/21	414	84.9%	351	68.1%	239
Average	643	89.7%	577	60.0%	346

Source: CoRe

- 9.41 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable Rented Housing

9.42 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 1,165 dwellings per annum across the area. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 9.8 Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Brighton & Hove	174	1,072	264	1,511	346	1,165

Source: Derived from a range of sources

The Relationship Between Affordable Need and Overall Housing Numbers

9.43 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes'

9.44 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

9.45 Firstly, the modelling contains a category in the projection of 'existing households falling into need'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains 'newly forming households'; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

9.46 This just leaves the 'current need'; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are

not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.

- 9.47 The analysis estimates an annual need for 1,165 rented affordable homes, which is notionally 50% of the Local Housing Need of 2,333 dwellings per annum calculated using the Standard Method. It is however significantly higher than a possible delivery figure of 660 dwellings per annum. However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 9.48 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 802 homes per annum across the City – notionally 34% of the Standard Method. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.
- 9.49 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 76 per annum (current need) is in addition to demographic projections.

Table 9.9 Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Brighton & Hove

	Including existing households	Excluding existing households
Current need	174	76
Newly forming households	1,072	1,072
Existing households falling into need	264	0
Total Gross Need	1,511	1,148
Re-let Supply	346	346
Net Need	1,165	802

Source: Derived from a range of sources

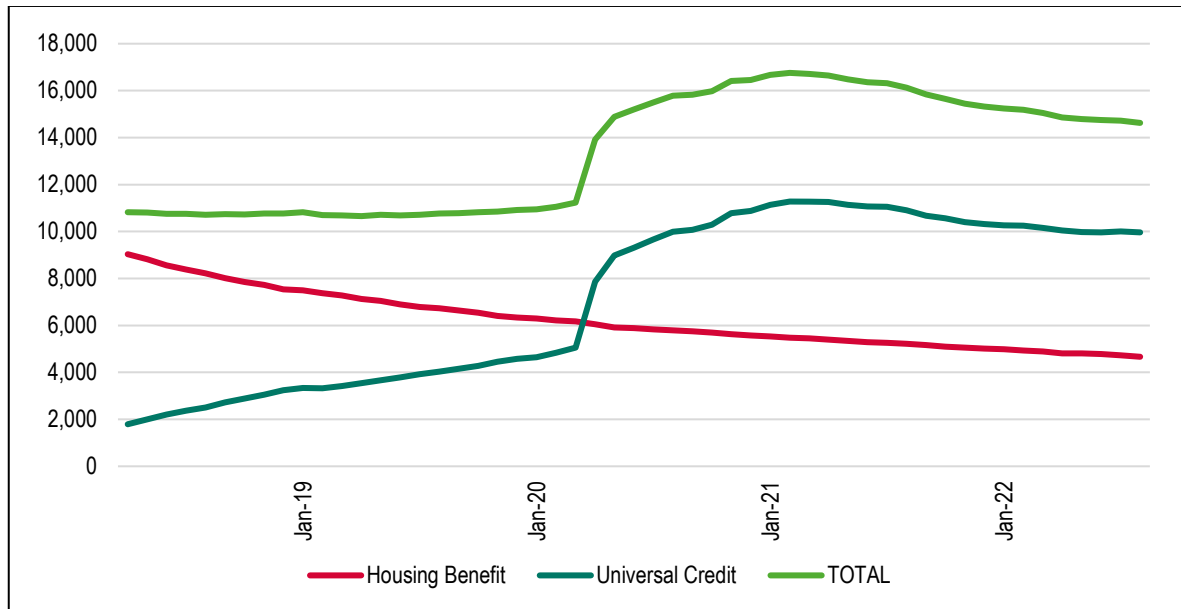
- 9.50 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for

in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

- 9.51 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 9.52 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than Affordable Private Rent which is a specific tenure defined in the context of purpose-built 'Build to Rent' development and is yet to be delivered in Brighton & Hove), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.
- 9.53 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.
- 9.54 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of August 2022, it is estimated that there were around 14,600 benefit claimants in the private rented sector in Brighton & Hove. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and this further complicates any attempts to find a relationship between affordable need and overall housing need.
- 9.55 The figure below shows the trend in the number of claimants in the City. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the pre-2020 data shows a substantial number of households claiming benefit

support for their housing in the private sector (typically around 11,000 households). This demonstrates the contribution that PRS makes to meeting affordable housing need in the City.

Figure 9.2: Number of Housing Benefit claimants in the private rented sector – Brighton & Hove



Source: Department of Work and Pensions

- 9.56 The City Council is already directly delivering housing and has a strong pipeline supply of affordable housing through use of its own land assets. Housing delivery through the City Plan can be expected to secure additional affordable housing. In addition, the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites.
- 9.57 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and in interpreting the affordable need figure consideration needs to be given to the fact that many households forming part of this figure already live in existing housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.
- 9.58 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the City. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided and the potential capacity for delivering such housing within the city. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

9.59 Finally, whilst there is no direct link between the affordable need and overall housing need, it is the case that the levels of affordable need can feed into considerations about housing need, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

9.60 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

9.61 The table below shows current rent levels in the City for a range of products along with relevant local housing allowance (LHA) rates. All of Brighton & Hove falls into the Brighton & Hove Broad Rental Market Area (BRMA) for the purposes of LHA.

9.62 Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents and also that affordable rents are notably lower than both lower quartile and median market rents.

9.63 The LHA rates for all sizes of home are lower than lower quartile market rents and notably below median figures. This does potentially mean that households seeking accommodation in many locations (notably those areas with higher rents) may struggle to secure sufficient benefits to cover their rent.

Table 9.10 Comparison of rent levels for different products – Brighton & Hove

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	LHA (Brighton & Hove)
1-bedroom	£360	£646	£865	£950	£798
2-bedrooms	£423	£814	£1,125	£1,250	£997
3-bedrooms	£485	£893	£1,350	£1,555	£1,197
4-bedrooms	£543	£895	£1,890	£2,200	£1,690
All	£425	£747	£925	£1,200	-

Source: RSH, ONS and VOA

9.64 To some extent it is easier to consider the data above in terms of the percentage one housing cost is of another and this is shown in the table below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focusses on 2-bedroom homes (this is the main stock size held by Affordable Housing Providers, comprising 40% of social rented housing and 41% of affordable rented). This shows that

social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 72% of a current lower quartile rent (65% if comparing with a median rent).

Table 9.11 Difference between rent levels for different products – Brighton & Hove

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Social rent as % of median market rent	Affordable rent as % of LQ market rent	Affordable rent as % of median market rent	LQ market rent as % of median market rent
1-bedroom	56%	42%	38%	75%	68%	91%
2-bedrooms	52%	38%	34%	72%	65%	90%
3-bedrooms	54%	36%	31%	66%	57%	87%
4-bedrooms	61%	29%	25%	47%	41%	86%
All	57%	46%	35%	81%	62%	77%

Source: RSH, ONS and VOA

- 9.65 For the affordability test, a standardised average rent for each product has been used based on the proportion of stock in each size category. The table below suggests that around 35% of households who cannot afford to rent privately could afford an affordable rent, with a further 40% being able to afford a social rent (but not an affordable rent). A total of 25% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 9.12 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	35%
Afford social rent	40%
Need benefit support	25%
All unable to afford market	100%

Source: Affordability analysis

- 9.66 The finding that 35% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.
- 9.67 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the

consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

- 9.68 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes (and particularly socially rented housing) are likely to be required.

Establishing a Need for Affordable Home Ownership

- 9.69 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including households *‘that cannot afford their own homes, either to rent, or to own, where that is their aspiration’*. However, at the time of writing, there is no guidance about how the number of households with a need for affordable home ownership should be measured.
- 9.70 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 9.71 The analysis has been developed in the context of First Homes with national policy now requiring that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

- 9.72 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the City – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 9.73 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 29% already have sufficient income to buy a lower quartile home, with 24% falling in the rent/buy ‘gap’. The final 47% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs)

although in reality it should be noted that many households will spend a higher proportion of their income on housing.

- 9.74 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey). These are used as it is clear that affordable home ownership products are likely to be targeted at households living in private rented housing or who might be expected to access this sector (e.g. newly forming households).

Table 9.13 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Brighton & Hove	29%	24%	47%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 9.75 The finding that a proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is noteworthy and suggests for some households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example access to capital (e.g. for deposits, stamp duty, legal costs) or difficulties obtaining a mortgage (e.g. due to a poor credit rating or insecure employment)). However, some households will choose to privately rent rather than buy for various reasons, for example as a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 9.76 To study the current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2021 Census there were some 39,700 households living in the sector across the City.
- 9.77 Data from the English Housing Survey (EHS) suggests that 60% of all PRS households expect to become an owner at some point (23,800 households if applied to Brighton & Hove) and of these some 40% (9,500 households) would expect this to happen in the next two years. These figures are taken as the number of households potentially having a current need for affordable home ownership before any affordability testing.
- 9.78 As noted above, on the basis of income it is estimated that around 24% of households in the private rented sector sit in the gap between renting and buying. Applying this proportion to the above figures would suggest a current need for around 2,300 affordable home ownership units (120 per annum if annualised over a 19-year period).

- 9.79 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 685 dwellings (505 from newly forming households and 180 from existing households in the private rented sector).
- 9.80 Bringing together the above analysis suggests that there is a need for around 804 affordable home ownership dwellings (priced for households able to afford to rent but not buy on the open market) per annum across the City. This is before any assessment of the potential supply of housing is considered.

Table 9.14 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Brighton & Hove	120	505	180	804

Source: Derived from a range of sources

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

- 9.81 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.
- 9.82 One source is likely to be resales of low cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2022 of 954 homes. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate around 16 resales each year. These properties would become available for households seeking affordable home ownership and can be included as the potential supply.
- 9.83 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Brighton & Hove there were a total of 3,263 resales (i.e. excluding newly-built homes) in the last year (year to June 2022) and therefore around 816 would be priced below the lower quartile. This is 816 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in excess of the level of need calculated.
- 9.84 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Although now dated, a report by

Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyers with a mortgage buy at or below the lower quartile⁵. Other recent data suggests that first time buyers account for around half of home purchase loans⁶ with a total of around 65% of all homes being bought with a loan (35% as cash buyers⁷).

9.85 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (see calculation below):

- % of All Homes Bought with a Mortgage or Loan – 65%
- % of Loans to First Time Buyers – 50%
- % of All Homes Bought by First Time Buyers = 32.5% (50% of 65%)
- % of first time buyers with a mortgage at or below the lower quartile – 40%
- % of All Homes Bought by First Time Buyers at or below the lower quartile = 13% (40% of 32.5%)

9.86 This would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5% compared to 13%). Therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.

9.87 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (16 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (424 per annum (408+16)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (832 per annum (816+16)).

9.88 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 788 dwellings per annum and this reduces to 380 if

⁵ https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

⁶ <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

⁷ <https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb>

50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a surplus of affordable home ownership shown.

Table 9.15 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	804	804	804
LCHO supply	16	424	832
Net need	788	380	-27

Source: Derived from a range of sources

- 9.89 Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

Implication of the Analysis

- 9.90 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is largely based on only considering supply from resales of affordable home ownership. If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 9.91 Regardless, it does seem that there are many households in Brighton & Hove who are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 10% from 2011 to 2021 (following a much higher increase in the 2001-11 period. Over the same period (2011-21), the number of owners with a mortgage dropped by 12%.
- 9.92 However, it is worth reiterating that some households will choose to rent privately for various reasons such as greater flexibility, which may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 9.93 On this basis, and as previously noted, it seems likely in Brighton & Hove that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).
- 9.94 The NPPF (last updated in July 2021) sets out that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as

- a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for affordable home ownership).
- 9.95 Following the introduction of First Homes, the City Council amended its preferred affordable housing tenure split to 55% affordable rent, 25% First Homes and 20% other forms of affordable home ownership.
- 9.96 However, it is not clear that setting a 10% affordable home ownership requirement (of all homes) is the best solution to addressing affordable needs in Brighton & Hove. The NPPF (paragraph 65) does provide some examples where the 10% might not be required, most notably that the 10% would be expected unless this would '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'. In Brighton & Hove, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.
- 9.97 Regarding the national policy for a minimum 25% of affordable housing (secured through s106 agreements) to be provided as First Homes, it is not clear whether there is any scope to reduce or remove this requirement from the current policy in light of specific local circumstances, nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is likely that provision of First Homes could squeeze out (or at least substantially reduce) other forms of low-cost home ownership such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.
- 9.98 Whilst there are clearly many households in the gap between renting and buying, in some cases they will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit). Therefore low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households.
- 9.99 The evidence points to a clear and acute need for rented affordable housing for lower income households, these tenures should continue to be prioritised above low cost homeownership and it is also important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 9.100 There will also be a role for affordable home ownership within any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and

intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and households with different affordable needs to access housing.

- 9.101 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

- 9.102 The analysis and discussion above suggest there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF policy requirements, the Council may need to consider seeking some low cost home ownership homes on major developments.
- 9.103 The analysis below focusses on the cost of discounted market sales (which would include First Homes) needed to make them genuinely affordable, before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that there may be some delivery of other products. This section also provides some comments about Rent to Buy housing.
- 9.104 The reason for the analysis below is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (including First Homes)

- 9.105 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;*
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*

c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,

d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

- 9.106 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status.
- 9.107 Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this). Brighton & Hove Affordable Housing Brief⁸ requires First Homes to be sold at minimum 30% discount against market values but no higher than £250,000.
- 9.108 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that the discounted housing is still more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:
- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Brighton & Hove is £1,125 per month;
 - On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £3,750 per month to afford (£1,125/0.3) or £45,000 per annum; and

⁸ <https://www.brighton-hove.gov.uk/sites/default/files/2022-01/Affordable%20Housing%20Brief%20January%202022.pdf>

- With an income of £45,000, it is estimated that a household could afford to buy a home for around £225,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as $£45,000 \times 4.5 / 0.9$.

9.109 Therefore, £225,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Brighton & Hove. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

9.110 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £305,000, giving a midpoint of £265,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership). It should be noted that a figure of £265,000 is in excess of the price cap for First Homes.

9.111 To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.

9.112 The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock although the overall average 'premium' (of 13%) will be influenced by the profile of homes.

9.113 If the figures for different dwelling types are standardised on the basis of the volume of newbuild sales in different categories then it is estimated that the typical newbuild premium in the City is around 29% (the same as the figure for flats due to over 80% of new sales recorded by Land Registry being flats) – this figure has therefore been used in calculations of OMV and against which a discount can be judged.

Table 9.16 Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to June 2022 – Brighton & Hove

	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£235,000	£303,000	29%
Terraced	£370,000	£470,000	27%
Semi-detached	£353,000	£521,000	48%
Detached	£450,000	-	-
All dwellings	£284,000	£321,000	13%

Source: Land Registry

9.114 The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 29%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £450,000 (rather than the modelled £393,500) then the discount would be up to 50%.

9.115 On the basis of the specific assumptions used, the analysis points to a discount of in excess of 30% being required for all sizes of accommodation. Given there is a cap of £250,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 3+-bedroom homes to be provided as First Homes (and in some cases 2-bedroom homes).

Table 9.17 Affordable home ownership prices – data for year to June 2022 – Brighton & Hove

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£173,000-£199,000	£290,300	31%-40%
2-bedrooms	£225,000-£265,000	£393,500	33%-43%
3-bedrooms	£270,000-£347,500	£548,300	37%-51%
4+-bedrooms	£378,000-£459,000	£696,600	34%-46%

Source: Derived from a range of sources

Key Points in Relation to First Homes

9.116 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied or if the existing policy is adequate.

- *Is there a justification for a discount of greater than 30%, if so, what should it be?*

9.117 The City's current policy seeks a 30% discount although arguably there is a case to seek a discount in excess of 30% - a higher discount will certainly make homes cheaper and therefore potentially open up additional households as being able to afford. In addition, the analysis does suggest that larger homes in particular could potentially need a higher discount to make them affordable.

9.118 However, providing a higher discount is likely to impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market). The Council could therefore investigate higher discounts, but it is not recommended to seek figures higher than 30%, unless this can be proven to not impact on overall affordable delivery. If sticking at 30% it is possible that First Homes would need to mainly be 1-bedroom (to keep within the price cap).

- *Is the maximum price of £250K after discount an appropriate maximum sales value?*

9.119 In Brighton & Hove the answer to this is certainly, yes and this is reflected in current policy. Brighton & Hove is a high price area and there is really no scope for this price cap to be lowered (it cannot be increased). As can be seen from previous analysis, a 30% price discount on a 2-bedroom home would still lead to an estimated purchase price of around £275,000, a figure in excess of the cap.

- *Is the national threshold of £80,000 for household income appropriate?*

9.120 Given the conclusions regarding the price cap, and the fact that there is likely to be a link between prices and incomes (in terms of guidance) it seems reasonable that the upper end threshold is maintained. However, the analysis in this report assumes a household could secure a 4.5 times mortgage multiple (and a 10% deposit). Applying these figures to a £250,000 home would actually lead to an income of £50,000, however it is likely that many households with a higher income are currently unable to afford to buy a home and therefore the higher figure is reasonable. Additionally, it is unclear at this stage what size of mortgage or multiple⁹ lenders might offer against a First Home.

- *What is the level of need for such products?*

9.121 In some ways, this is a difficult question to answer. The analysis is clear that there are likely to be a number of households whose incomes sit in the range of being able to afford to privately rent, but not being able to buy a home. It can be concluded that as long as First Homes are made available for an affordable price, it is likely there will be a strong demand (although some households in the rent/buy gap may not choose a discounted product given that the discount is held in perpetuity).

⁹ How many times income they will allow loanees to borrow.

Alternatively, it is possible that First Homes will see demand from those who can technically afford housing in the existing market – this would not be meeting a need but would arguably provide some demand for this type of home.

9.122 Regardless of the need/demand, it is not recommended that the Council seek to reduce the amount of social/affordable rented homes by prioritising First Homes. The evidence does not support the Council in seeking more than 25% of affordable housing as First Homes.

- *Should the Council set local eligibility criteria?*

9.123 First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. The Council can therefore prioritise key workers for First Homes (for the first three months of marketing), and are encouraged to do so, especially if they have an identified local need for certain professions.

9.124 In Brighton & Hove the current approach set out in the Affordable Housing Brief (updated in January 2022) sees following local eligibility criteria for First Homes are applied during the first three months of marketing:

- “Prospective buyers must have a local connection to Brighton & Hove. They must either have lived in the city continuously for two years or have employment in the City; or special circumstances must exist e.g. fulfilling a caring role;
- Prospective buyers must be key workers. For the purposes of First Homes key workers will include any of the following public sector employees.
 - NHS: Nurses and care assistants in the city
 - Sussex Ambulance Service: Paramedics
 - Police: Police Officers and Community Support Officers
 - Probation Service: Probation Officers and support staff, who work directly with offenders
 - Fire Service: Uniformed fire and rescue staff below principal level
 - Local Authority professions where there is an identified shortage.”

9.125 The Council may wish to ensure that those working in the City do so for at least 16 hours per week in Brighton & Hove. To increase awareness of eligibility the policy may also consider listing (rather than a footnote) military personnel as a key worker (although they are illegible in any case).

9.126 In relation to local authority workers where this is an identified shortage the Council may wish to include teachers and, social care and childcare workers or specifically identify where these shortages can be identified.

9.127 They might also wish to consider those that have a close relative (parent, adult son or daughter or adult sibling) who has lived in the City for a period of time.

Shared Ownership

9.128 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation). This includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider which keeps monthly outgoings down.

9.129 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

9.130 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:

- Open Market Value at Lower Quartile price plus 29% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a Lower Quartile level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25-years at 4%;
- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and

- It is also assumed that shared ownership would be priced for households towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

9.131 The table below shows that to make shared ownership affordable, equity shares in the region of 7% to 17% could work for different sizes of home. This suggests a difficulty in delivering affordable shared ownership as typically 25% minimum shares are required although this may fall to 10% through new regulation but even then a 7% share would be too low. As an alternative the Council could consider additional affordable rented accommodation.

9.132 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely Open Market Value). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 9.18 Estimated Affordable Equity Share by Size – Brighton & Hove

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
Open Market Value	£290,300	£393,500	£548,300	£696,600
Share	14%	13%	7%	17%
Equity Bought	£40,600	£50,000	£38,100	£119,500
Mortgage Needed	£36,600	£45,000	£34,300	£107,500
Monthly Cost of Mortgage	£193	£237	£181	£568
Retained Equity	£249,600	£343,500	£510,100	£577,100
Monthly Rent on Retained Equity	£572	£787	£1,169	£1,323
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£865	£1,125	£1,350	£1,890

Source: Data based on Housing Market Cost Analysis

9.133 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 14% equity share for a 1-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 14% share, but a total cost in excess of £865 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

9.134 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home

will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

- 9.135 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 9.136 In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Ward Level House Price and Income data

- 9.137 The final analysis in this section looks briefly at how house prices, rents and affordability vary across areas within the City – data at ward level being provided in the table below. The information shown is for lower quartile house prices (sales of existing homes) and lower quartile household incomes. The house price has been divided by the income to give an affordability ratio – it is however important to note that this is a different calculation from that used to calculate the affordability ratio in the Standard Method (which uses median data along with individual earned incomes rather than household incomes).
- 9.138 The data shows the highest house prices to be in Hove Park, with a lower quartile price in excess of £500,000 – this area also sees the highest household income. At the other end of the scale, the lowest prices were found in Queen's Park (lower quartile of £240,000) – this location also seeing the lowest incomes. In terms of the affordability calculation, the analysis suggests Hollingdean and Stanmer is the least affordable area and Withdean the most affordable.

Table 9.19 Lower quartile house prices and household incomes by ward

	Lower quartile price (existing homes)	Lower quartile household income	Price to income ratio
Brunswick and Adelaide	£282,000	£27,481	10.26
Central Hove	£272,000	£26,212	10.38
East Brighton	£310,000	£19,464	15.93
Goldsmid	£270,000	£27,355	9.87
Hangleton and Knoll	£344,750	£22,266	15.48
Hanover and Elm Grove	£330,000	£26,030	12.68
Hollingdean and Stanmer	£320,000	£19,884	16.09
Hove Park	£522,500	£38,711	13.50
Moulsecoomb and Bevendean	£316,500	£20,624	15.35
North Portslade	£305,000	£24,147	12.63
Patcham	£410,000	£27,946	14.67
Preston Park	£285,000	£31,248	9.12
Queen's Park	£240,000	£18,914	12.69
Regency	£265,000	£25,969	10.20
Rottingdean Coastal	£357,500	£29,383	12.17
South Portslade	£318,000	£25,160	12.64
St. Peter's and North Laine	£271,000	£24,436	11.09
Westbourne	£295,000	£29,257	10.08
Wish	£317,000	£28,223	11.23
Withdean	£278,000	£32,985	8.43
Woodingdean	£325,000	£25,697	12.65

Source: Derived from a range of sources (including ONS data)

Affordable Housing Need - Summary

Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing.

For affordable home ownership, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

When looking at rented needs, the analysis suggests a need for 1,165 affordable homes per annum across the City.

Despite the level of need being high in relation to demographic trend-based estimates of need, it is not considered that this points to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs.

The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many households identified as having an affordable need are already in existing housing (and therefore do not generate a net additional need for a home). That said, the level of affordable need does suggest the Council should maximise the delivery of such housing at every opportunity.

The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit.

It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

When looking at affordable home ownership products, the analysis is inconclusive about whether or not there is a need. Although the evidence does suggest that there are many households in Brighton & Hove who are being excluded from the owner-occupied sector (as

evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector).

This suggests that a key issue in the City is access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.

The study also considers different types of affordable home ownership (notably First Homes and shared ownership) as each will have a role to play. Shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

Overall, given the cost of housing locally, it seems very difficult for any affordable home ownership products to be provided at costs that can be considered as 'genuinely affordable'. This again points to the need for the Council to prioritise delivery of rented affordable housing where possible.

However, in deciding what types of affordable housing to provide, including the split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing affordable home ownership may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided as well the available capacity within the City. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

10. HOUSING MIX

Introduction

- 10.1 This section considers the appropriate mix of housing across Brighton & Hove, with a particular focus on the sizes of homes required in different tenure groups. It looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

- 10.2 The number of families in Brighton & Hove (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 28,700 as of the 2021 Census, accounting for 24% of households; this proportion is lower than that seen at the regional and national level with particularly low proportions of married couple households with children.

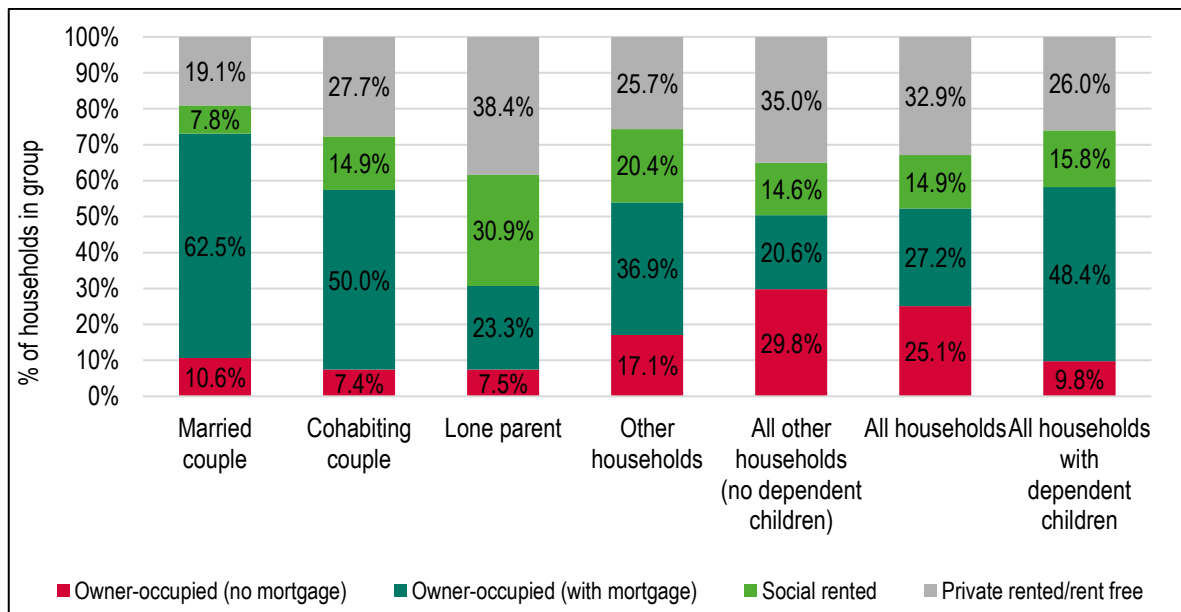
Table 10.1 Households with dependent children (2021)

	Brighton & Hove		South East	England
	No.	%	%	%
Married couple	14,204	11.7%	16.3%	14.4%
Cohabiting couple	5,088	4.2%	4.4%	4.5%
Lone parent	7,229	6.0%	6.0%	6.9%
Other households	2,166	1.8%	2.5%	2.7%
All other households	92,714	76.4%	70.9%	71.5%
Total	121,401	100.0%	100.0%	100.0%
Total with dependent children	28,687	23.6%	29.1%	28.5%

Source: Census (2021)

- 10.3 The figure below shows the tenure of households with dependent children – this data being from the 2021 Census. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Brighton & Hove, only 31% of lone parent households are owner-occupiers compared with 73% of married couples with children.

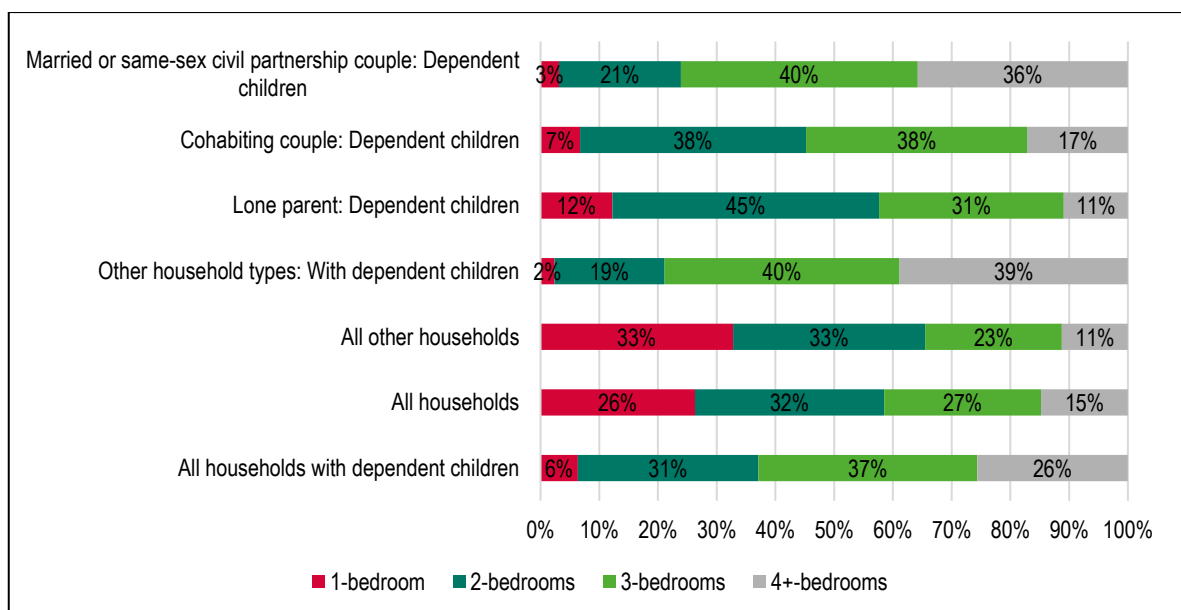
Figure 10.1: Tenure of households with dependent children (2021) – Brighton & Hove



Source: Census (2021)

10.4 The figure below shows the number of bedrooms for family households at the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3+-bedroom housing with variation depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.

Figure 10.2: Number of Bedrooms by Family Household Type, 2011 – Brighton & Hove



Source: Census (2011)

The Mix of Housing

- 10.5 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 10.6 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period from 2022 to 2041.
- 10.7 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across Brighton & Hove and at the regional and national level. Across all tenures, the data shows the dwellings profile in Brighton & Hove is skewed towards smaller properties when compared with regional and national data. In the market sector, it is however the case that more than half (56%) of homes have three or more bedrooms. Observations about the current mix feed into conclusions about future mix later in this section.

Table 10.2 Number of Bedrooms by Tenure, 2011

		Brighton & Hove	South East	England
Owner-occupied	1-bedroom	13%	5%	4%
	2-bedrooms	31%	22%	23%
	3-bedrooms	36%	44%	48%
	4+-bedrooms	20%	30%	25%
	Total	100%	100%	100%
Social rented	1-bedroom	39%	32%	31%
	2-bedrooms	35%	33%	34%
	3-bedrooms	22%	31%	31%
	4+-bedrooms	4%	4%	4%
	Total	100%	100%	100%
Private rented	1-bedroom	44%	24%	23%
	2-bedrooms	32%	37%	39%
	3-bedrooms	13%	27%	28%
	4+-bedrooms	10%	12%	10%
	Total	100%	100%	100%

Source: Census (2011)

Overview of Methodology

- 10.8 The method to consider future housing mix looks at the ages of the Household Reference Persons¹⁰ and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

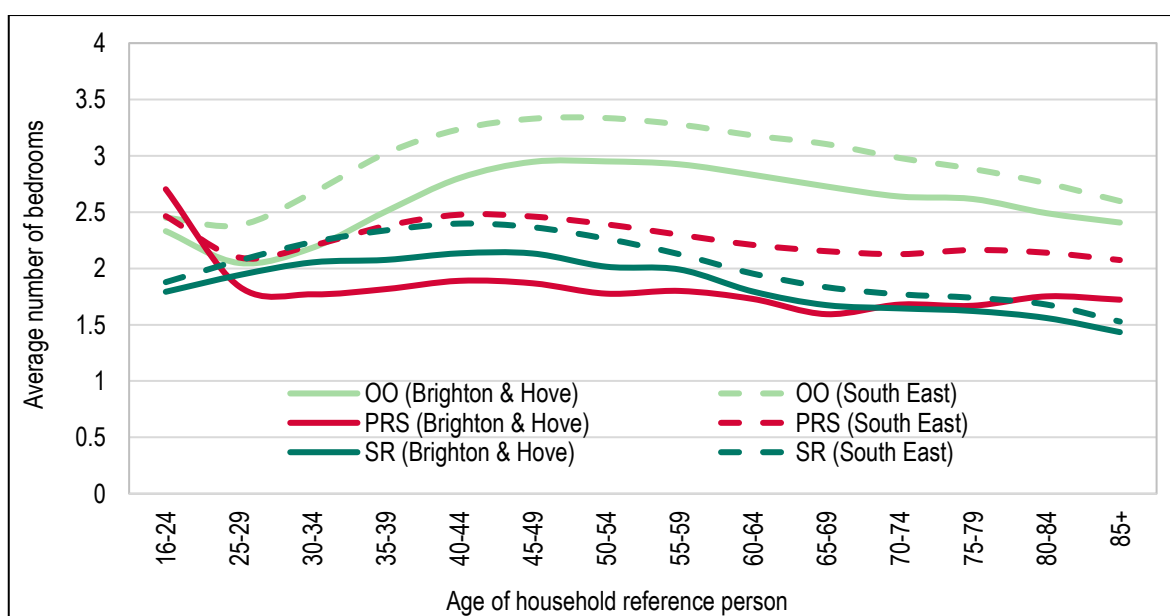
Understanding How Households Occupy Homes

- 10.9 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 10.10 The size of housing which households occupy generally relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.
- 10.11 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.
- 10.12 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 10.13 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

¹⁰ A Household Reference Person (HRP) is an individual person within a household to act as a reference point for producing further derived statistics and for characterising a whole household. This was formerly referred to as the head of household.

10.14 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Brighton & Hove and the South East region. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies the smaller dwelling sizes in Brighton & Hove, although the pattern of average dwelling sizes by age of HRP and tenures are generally similar – the higher number of bedrooms in the private rented sector in the 16-24 age group is likely to be mainly due to the student population of the City.

Figure 10.3: Average Bedrooms by Age and Tenure in Brighton & Hove and the South East



Source: Census (2011)

10.15 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the South East region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and

- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

- 10.16 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in many age groups and in particular some older age groups (and also those aged up to 39). The number of households headed by someone aged 40-59 is projected to see a decline over the period studied.

Table 10.3 Projected Change in Household by Age of HRP in Brighton & Hove – linking to 660 dwellings per annum)

	2022	2041	Change in Households	% Change
16-24	6,662	7,875	1,213	18.2%
25-29	8,098	12,645	4,547	56.1%
30-34	9,883	12,982	3,100	31.4%
35-39	10,927	12,656	1,729	15.8%
40-44	11,375	8,474	-2,901	-25.5%
45-49	12,092	7,520	-4,572	-37.8%
50-54	13,255	9,810	-3,445	-26.0%
55-59	12,726	10,677	-2,050	-16.1%
60-64	9,421	10,707	1,287	13.7%
65-69	7,774	10,853	3,079	39.6%
70-74	7,158	10,706	3,547	49.6%
75-79	5,265	8,398	3,133	59.5%
80-84	3,753	5,785	2,031	54.1%
85 & over	4,032	5,875	1,843	45.7%
Total	122,423	134,963	12,540	10.2%

Source: Demographic Projections

Initial Modelled Outputs

- 10.17 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 10.18 The analysis for rented affordable housing also draws on data from the local authority Housing Register with regards to the profile of need. The data has been taken from a spreadsheet provided by the Council in December 2022 and shows a pattern of need which is focussed on 1- and 2-

bedroom homes but in excess of a quarter of households as requiring 3+-bedroom accommodation (including 4% in the 4+-bedroom category).

Table 10.4 Size of Social/Affordable Rented Housing – Housing Register Information

	Number of households	% of households
1-bedroom	1,515	38.5%
2-bedrooms	1,384	35.2%
3-bedrooms	879	22.3%
4+-bedrooms	157	4.0%
TOTAL	3,935	100.0%

Source: Brighton & Hove Council

- 10.19 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 10.5 Modelled Mix of Housing by Size and Tenure in Brighton & Hove (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market housing	16%	47%	35%	2%
Affordable home ownership	46%	32%	11%	10%
Affordable housing (rented)	45%	34%	18%	3%

Source: Housing Market Model

Table 10.6 Modelled Mix of Housing by Size and Tenure in Brighton & Hove (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market housing	9%	43%	44%	4%
Affordable home ownership	27%	42%	22%	9%
Affordable housing (rented)	35%	36%	26%	3%

Source: Housing Market Model

Table 10.7 Modelled Mix of Housing by Size and Tenure in Brighton & Hove (combining methodologies)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market housing	12%	45%	39%	3%
Affordable home ownership	37%	37%	17%	10%
Affordable housing (rented)	40%	35%	22%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 10.20 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households

who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

- 10.21 Whilst it would not be reasonable to expect to eliminate all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).
- 10.22 The table below shows a cross-tabulation of a household's occupancy rating¹¹ and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were around 47,900 households with some degree of under-occupation and around 1,700 overcrowded households.

Table 10.8 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Brighton & Hove

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	12,340	10,242	22,582
+1	0	14,974	7,794	2,597	25,365
0	7,555	5,031	3,054	530	16,170
-1	680	533	294	72	1,579
-2	56	35	34	14	139
TOTAL	8,291	20,573	23,515	13,456	65,835

Source: Census (2011)

- 10.23 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

¹¹ This is the number of bedrooms in a dwelling compared to the number required by the household occupying it. The required number is based on the age, sex and relationship of the household members. A positive number means that there are more bedrooms than the household requires (under-occupied) and a negative number means that there are too few bedrooms than the household requires (over-occupied).

Table 10.9 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Brighton & Hove

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,017	157	1,174
+1	0	2,733	1,199	277	4,209
0	6,497	2,970	1,363	195	11,025
-1	630	671	298	28	1,627
-2	51	61	35	5	152
TOTAL	7,178	6,435	3,912	662	18,187

Source: Census (2011)

Table 10.10 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Brighton & Hove

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,392	1,075	2,467
+1	0	5,419	1,155	1,508	8,082
0	14,350	5,710	1,898	947	22,905
-1	1,980	909	542	269	3,700
-2	164	123	47	30	364
TOTAL	16,494	12,161	5,034	3,829	37,518

Source: Census (2011)

- 10.24 In using this data in the modelling, an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1').
- 10.25 These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up to as many bedrooms as is needed to resolve the problems.
- 10.26 The adjustments for under-occupation and overcrowding lead to the suggested mix set out in the following table. It can be seen that this tends to suggest a generally smaller size profile for homes needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable. It can also be observed from the mix below that the profile in the affordable sectors is quite similar to the current profile, whereas for market housing there is a notable shift towards smaller homes.

Table 10.11 Adjusted Modelled Mix of Housing by Size and Tenure – Brighton & Hove

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	15%	51%	32%	2%
Affordable home ownership	33%	40%	18%	10%
Affordable housing (rented)	39%	36%	21%	4%

Source: *Housing Market Model (with adjustments)*

Indicative Targets for Different Sizes of Property by Tenure

10.27 The analysis below provides some indicative targets for different sizes of home by tenure. The conclusions take account of a range of factors, including the modelled outputs and an understanding of the existing stock profile. The analysis for rented affordable housing also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented

10.28 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a continuing need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people).

10.29 As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector. Taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 30-35%
- 2-bedroom: 35-40%
- 3-bedroom: 20-25%
- 4+-bedroom: 5-10%

Affordable Home Ownership

10.30 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate (although it is recognised that the analysis elsewhere within this report did not definitively show a need for this tenure of housing):

- 1-bedroom: 30-35%
- 2-bedroom: 40-45%
- 3-bedroom: 15-20%
- 4+-bedroom: 5-10%

Market Housing

- 10.31 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). The conclusions have also slightly boosted figures for larger (4+-bedroom) homes to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended size profile compared with the affordable tenure groups:
- 1-bedroom: 10-15%
 - 2-bedroom: 45-50%
 - 3-bedroom: 30-35%
 - 4+-bedroom: 5-10%
- 10.32 Although these percentage figures are quantified on the basis of modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the City). However, it should be recognised that demand can change over time linked to macro-economic factors and local supply and that policy aspirations could also influence the housing mix sought.
- 10.33 Recent delivery has been focused on smaller homes (80% 1 and 2 bed) and the above mix moves towards delivering a greater number of family sized (2&3 beds) in response to this. However, it is recognised that larger units do come with a trade-off for overall delivery (fewer units in the same space). Delivering a greater number of larger homes and can also impact the viability of development as larger units cost more to build (more materials) as the cost of building an individual unit is related to the size of the unit while demand is likely to be lower for larger homes.
- 10.34 The suggested figures can be used as a monitoring tool to help ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.
- 10.35 The recommendations can also be used to guide the appropriate mix on larger development sites, and the Council could require clear justification where a housing mix is proposed which significantly differs from these suggested figures. Site location and area character will however also influence the appropriate mix of market housing on individual development sites. This is reflected in Policy H2 of

the Part 2 City Plan which allocates of a number of Urban Fringe sites where the Council are looking to deliver a greater percentage of family size homes compared to other allocations.

Built Form

- 10.36 A final issue is a discussion of the need/demand for different built forms of homes. In particular this discussion focusses on bungalows and the need for flats versus houses.

Bungalows

- 10.37 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the City as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.
- 10.38 The table below shows a small proportion of homes in Brighton & Hove are bungalows (7% of all flats and houses) with over half of these having 2-bedrooms, and most of the rest having 3-bedrooms); a higher proportion (9%) of homes across England are bungalows.

Table 10.12 Dwellings by property type and number of bedrooms (March 2020)

	1	2	3	4+	Not Known	All
Bungalow	470	4,700	2,940	680	20	8,810
Flat/Maisonette	35,320	25,610	4,370	1,430	810	67,540
Terraced house	240	8,840	14,250	4,310	100	27,730
Semi-detached house	80	2,460	11,710	3,390	50	17,690
Detached house	30	550	2,740	3,990	70	7,380
All flats/houses	36,140	42,160	36,010	13,800	1,050	129,150
Annexe	-	-	-	-	-	90
Other	-	-	-	-	-	70
Unknown	-	-	-	-	-	1,370
All properties	-	-	-	-	-	130,690
Percentage	1	2	3	4+	Not Known	All
Bungalow	0.4%	3.6%	2.2%	0.5%	0.0%	6.7%
Flat/Maisonette	27.0%	19.6%	3.3%	1.1%	0.6%	51.7%
Terraced house	0.2%	6.8%	10.9%	3.3%	0.1%	21.2%
Semi-detached house	0.1%	1.9%	9.0%	2.6%	0.0%	13.5%
Detached house	0.0%	0.4%	2.1%	3.1%	0.1%	5.6%
All flats/houses	27.7%	32.3%	27.6%	10.6%	0.8%	98.8%
Annexe	-	-	-	-	-	0.1%
Other	-	-	-	-	-	0.1%
Unknown	-	-	-	-	-	1.0%
All properties	-	-	-	-	-	100.0%

Source: Valuation Office Agency

- 10.39 At a national level, estate agents typically report a demand for bungalows and analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).
- 10.40 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is a separate demand from specialist accommodation for older people incorporating some degree of care or support).
- 10.41 As a new build option, bungalows are generally not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 10.42 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 10.43 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively low density which may make them difficult to deliver in the City. As an alternative, fully accessible (M4(2)) ground floor flats or level access housing (lifts in multi-story housing) could be delivered.
- 10.44 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed later in the report). The market for bungalows is likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats versus Houses

- 10.45 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key planning choices will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.

- 10.46 The table below shows for 2-bedroom accommodation the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both Brighton & Hove and England. This shows a very high proportion of flats in Brighton & Hove (62% of all 2-bedroom homes) which would potentially point to the majority of 2-bedroom homes in the future also being flats. The analysis also shows a higher proportion of flats in the social and private rented sectors (over four-fifths of 2-bedroom homes in the PRS are flats).

Table 10.13 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Brighton & Hove	England
Owner-occupied	50%	21%
Social rented	67%	48%
Private rented	81%	50%
All (2-bedroom)	62%	35%

Source: 2011 Census

- 10.47 For completeness, the table below shows the proportion of flats in Brighton & Hove for all sizes of accommodation and different tenures. Of particular note is the small proportion of 3-bedroom homes as flats, other than in the private rented sector (over a third of 3-bedroom PRS homes are flats). It should be noted the figures for the private rented sector will include houses in multiple occupation, although it is not possible from the source used to split these out.

Table 10.14 Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size) – Brighton & Hove

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	93%	50%	8%	2%
Social rented	95%	67%	12%	13%
Private rented	96%	81%	34%	16%
All	95%	62%	12%	5%

Source: 2011 Census

- 10.48 As noted, this analysis would suggest that most 2-bedroom homes are likely to be built as flats in Brighton & Hove. This also reflects the types of development opportunities in Brighton & Hove which tend to be mainly brownfield sites in central or accessible locations.
- 10.49 Planning decisions will have to take account of site characteristics, which in some cases might point towards houses as being more appropriate (e.g. in the urban fringe and some suburban locations). The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing.

Housing Mix - Summary

The proportion of households with dependent children in Brighton & Hove is fairly low with around 24% of all households containing dependent children in 2021 (compared with around 29% regionally and nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.

There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.

The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Brighton & Hove is notable in the market sector).

Across all sectors the analysis points to the highest need being for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 25-35% to have at least 3-bedrooms. Our recommended mix is set out below:

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10-15%	45-50%	30-35%	5-10%
Affordable home ownership	30-35%	40-45%	15-20%	5-10%
Affordable housing (rented)	30-35%	35-40%	20-25%	5-10%

The conclusions for the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households as these are typically the occupants of such tenures.

In the market sector, which includes PRS a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographics. The conclusions have

also slightly boosted figures for larger homes to provide more flexibility and to recognise the potential for a general increase in home working.

The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of affordable home ownership might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

Given the nature of the area and the needs identified, the analysis suggests that the majority of smaller units (1 and 2 bedrooms) are likely to be provided as flats rather than houses. Consideration will also need to be given to site specific characteristics which may lend themselves to a particular type of development for example, the Urban Fringe allocations will see a greater percentage of family sized homes than City Centre sites. There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation is unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

11. PRIVATE RENTAL SECTOR

Private Rental Market

- 11.1 The private rental market in Brighton and Hove makes an important contribution to housing stock. This section examines the sector in more detail.
- 11.2 According to the 2021 Census 32.7% of households in Brighton and Hove are privately renting which is considerably higher than the figure for the South East (19.2%) and England (20.5%). This is also a considerable increase since the previous Census when 29.6% of households were renting privately.
- 11.3 The map below illustrates the distribution of households in the private rented sector (PRS) within the City. This shows the largest concentration in the central areas of both Brighton and Hove and surrounding areas including along the main arterial roads north.

Figure 11.1 - Percentage of households in PRS (2022)



Source: Icen Projects based in ONS Census, 2021

Rental Costs

- 11.4 The table below shows the median rental prices per calendar month by size of property. Much like in the sales market, Brighton and Hove shows higher prices, exceeding both the East and West Sussex median figures as well as the median for the South East overall.

Table 11.1 Median Rental prices by size (pcm) – Year to Sept 2022

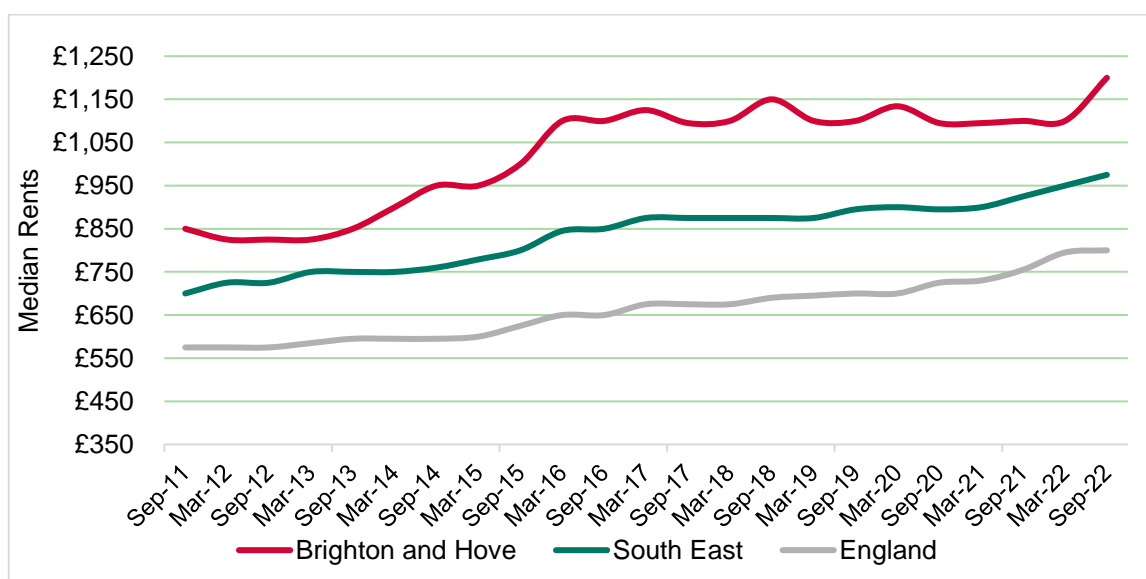
Area	1 Bed	2 Beds	3 Beds	4 Beds +	All
Brighton and Hove	£950	£1,250	£1,555	£2,200	£1,200
East Sussex	£700	£900	£1,195	£1,600	£900
West Sussex	£775	£995	£1,250	£1,665	£975
South East	£800	£995	£1,236	£1,750	£975
England	£715	£793	£895	£1,500	£800

Source: Icen analysis of ONS private rental market summary statistics, 2022

- 11.5 There is slightly less of a premium on smaller rental homes in the City as monthly median rents for 1-bedroom homes are only 19% above the South East but for 2,3 and 4+ bedrooms the uplift is around 26%.

- 11.6 Figure 11.2 shows the change in median rental costs for all properties over time. Both Brighton and Hove and the South East have shown a consistently higher median rental cost than England overall. Median rents in Brighton and Hove have fluctuated more than that of the South East, which is likely due to the smaller sample size. However, overall median rents have remained within the region of £1,050 and £1,200 pcm since March 2016.

Figure 11. 2 - Rental Change over time (2011 – 2022)

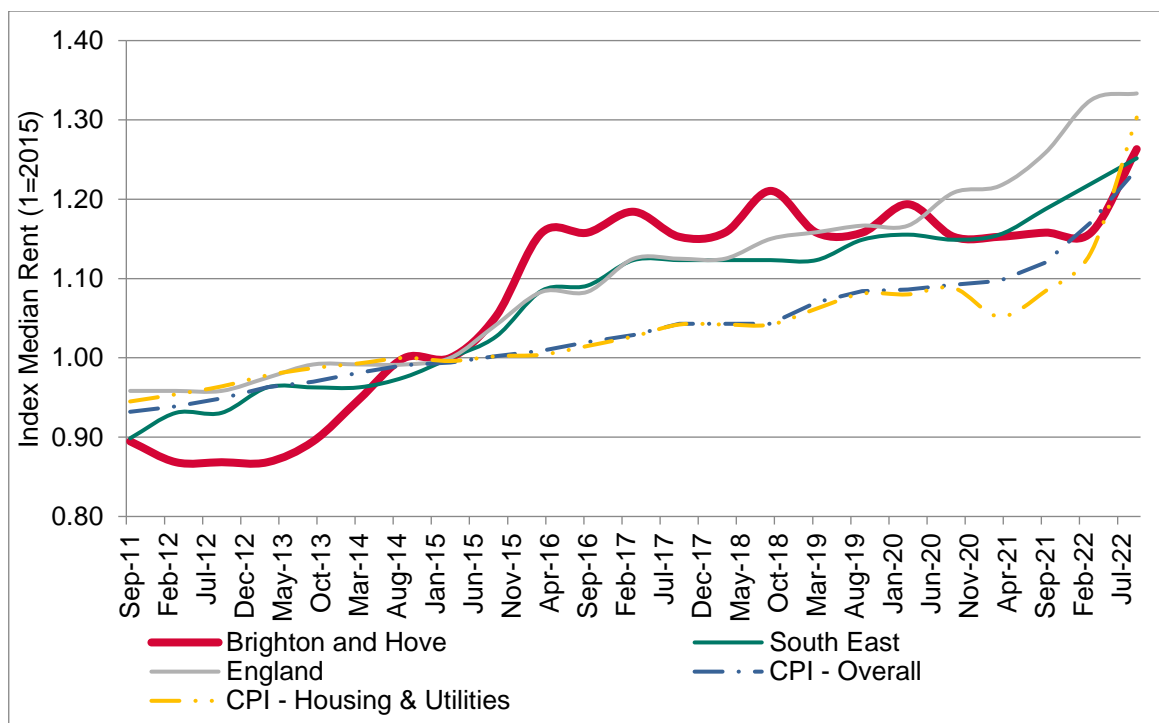


Source: Icen analysis of ONS private rental market summary statistics, 2022

11.7 There is also a notable spike in rental prices over the year to September 2022. This is in part due to increases in interest rates pushing greater numbers of households into the rental market and from private landlords seeking to sell up, thus demand is increased and supply decreased. However this trend is more pronounced in Brighton and Hove than the wider South East.

11.8 We have also indexed this growth against inflation (Consumer Price Index (CPI)) since 2015 (the date that the CPI is indexed to). This shows that for much of the last seven years rental price growth in Brighton and Hove has been above inflation although the well documented increases in the last 12 months mean that this is no longer true. Again this is despite the growth in the market rents over the past 12 months, however these were below inflation levels over the same period.

Figure 11.3 - Indexed Rental Change Versus Inflation (2011-2022)

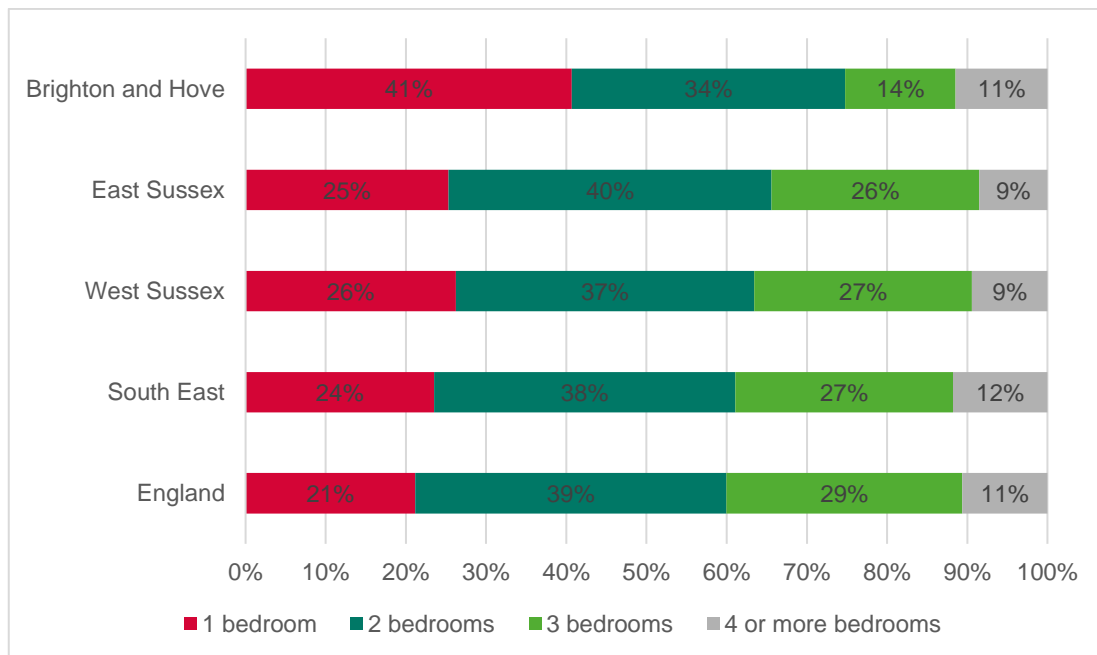


Source: Icen analysis of ONS private rental market summary statistics, 2022

Profile of Rental Homes and Tenants

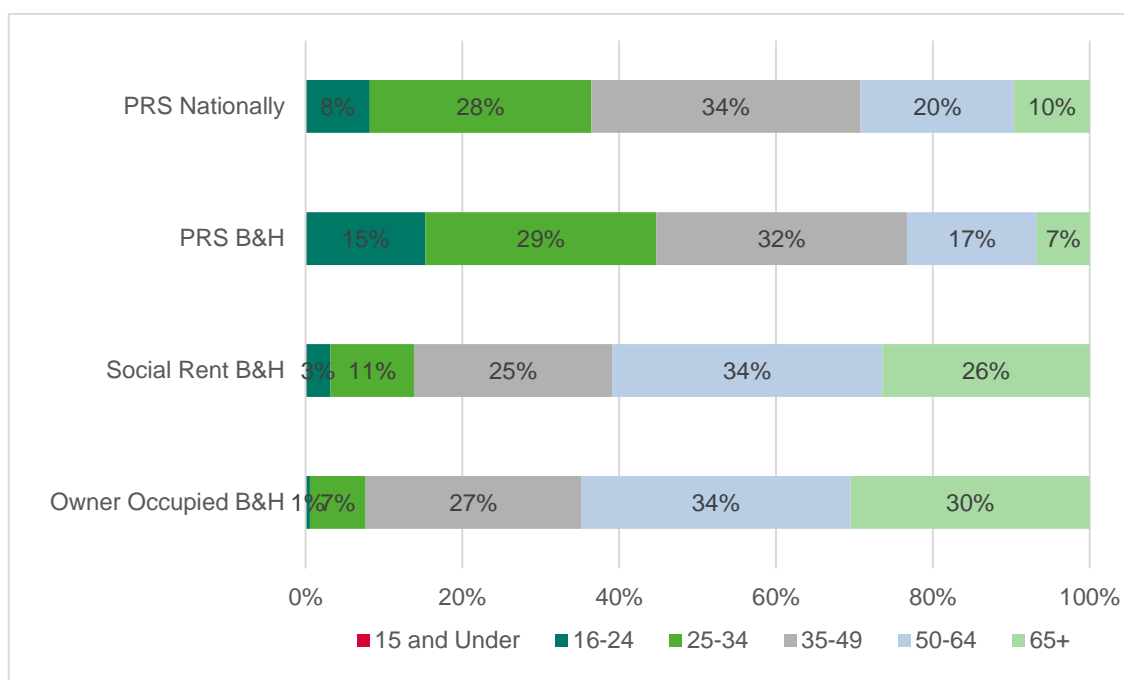
11.9 The figure below shows the size of property occupied by private tenants in Brighton and Hove as of 2021. The largest percentage of rental properties in the City are 1 bedroom (40.7%) followed by 2 beds at 34.1%. This has shifted somewhat since the 2011 Census where 1-beds comprised around 44% indicating a shift towards larger homes now being rent.

11.10 This points to the gap closing with the comparator areas, all of which see higher proportions of 2 bedroom than 1 bedroom properties. Despite this shift, the percentage of 1 bedroom rented units in Brighton & Hove still remains well above the comparator areas.

Figure 11.3 Rental stock by number of bedrooms (2021)

Source: IcenI analysis of ONS Census data, 2021

- 11.11 It is also notable that Brighton and Hove sees a slightly higher proportion of very large rental properties of 4 or more bedrooms, 11.4% compared to the National figure of 10.6%, although this is slightly lower than the wider South East (11.8%).
- 11.12 This analysis may also explain why there is less of a premium on smaller one-bed flats in comparison to the South East as there is a much larger supply.
- 11.13 Using 2021 Census data, we have also examined the age profile of household reference persons across different tenures in the City. As illustrated below, there is a significantly larger percentage of household reference persons that are under 35 in the private rental sector in Brighton and Hove in comparison to both the Social Rental sector and owner occupied sector, although this is not unusual as young single people are not prioritised for affordable housing and tend not to have the funds to raise money for a deposit.
- 11.14 However, a higher percentage of PRS households are headed by someone (note this is not all the population) under 35 (44.7%) in the City compared to Nationally (36.4%). Although not directly shown, the City also has a significantly higher percentage of under 35s in the PRS (71%) than nationally (46%). This highlights the difficulty in younger homes getting on the housing ladder.

Figure 11.4 - Age of Household Reference Person by Tenure (2021)

Source: ONS, Census data 2021

11.15

In terms of the composition of PRS households in Brighton and Hove, there is an over-representation of households consisting of a single person (under 65), cohabiting couples with no children and other family compositions including FT students. These are also over represented in comparison to the national PRS picture and reflects the presence of the Universities.

Table 11.2 Household Composition by Tenure (2011 and 2021)

Household composition	Owner Occupied B&H	Social B&H	PRS B&H 2021	PRS B&H 2011*	PRS Nationally 2021
One-person: Aged 66+	14.2%	16.8%	4.5%	4.6%	5.4%
One-person: Other	16.7%	28.5%	31.3%	32.4%	26.3%
All aged 66+	8.7%	2.8%	0.5%	0.6%	1.7%
Couple: No children	12.0%	4.4%	4.8%	4.9%	6.4%
Couple: Dependent children	16.4%	6.1%	6.8%	5.2%	12.5%
Couple: All children non-dependent	5.4%	4.3%	0.8%	0.5%	1.8%
Cohabiting couple: No children	7.6%	3.7%	15.5%	13.3%	11.0%
Cohabiting couple: With dependent children	4.6%	4.2%	3.5%	3.5%	6.0%
Cohabiting couple: All children non-dependent	0.6%	1.2%	0.3%	0.1%	0.4%
Lone parent: With dependent children	3.5%	12.4%	7.0%	8.4%	11.0%
Lone parent: All children non-dependent	3.3%	8.2%	2.0%	1.1%	2.7%
Other	6.9%	7.3%	23.0%	25.6%	14.7%

Source: IcenI analysis of ONS, Census data 2021 *note that the 2011 data was for 65+

- 11.16 The table also shows that since 2011 there has been a significant growth in the number of couples with dependent children and cohabiting couples with no children living in PRS. In contrast, there has been a decline in “other” households in PRS which includes HMO and All student Households. This may be due to a reduction in all student households due to the increase in PBSA developments which would typically convert them to single person households.
- 11.17 There has also been a reduction in single persons aged under 65 but this might be in part due to a reclassification of the retirement age but also potentially affordability pressures, meaning greater numbers sharing which would be in the “other” classification.

Agency Engagement – Lettings Market

- 11.18 Targeted telephone engagement with local Letting Agents took place in November 2022. The following section collates their views although it should be caveated that not all views were universal, and the views are also anecdotal. As such these views may well contradict each other as well as the data in this report.
- 11.19 Lettings agents reported that the rental property market in Brighton and Hove is very buoyant, with landlords demanding increasingly high rents as they seek to pass on the cost of mortgage/interest rate increases to renters. This is being supported by very strong demand and a shortage of rental housing stock in the City. These factors have combined to mean renters are having to bid for properties allowing landlords to secure record rents.
- 11.20 Agents reported strong demand for a range of property sizes throughout the City but particularly for studios, 1 and 2 bed flats, along with properties with garden space since the Covid-19 Pandemic. There is also a particular demand for rental accommodation in the BN1 postcode in which covers areas within walking distance of the City Centre and with good transport links.
- 11.21 Citing a shortage of these types of rental properties in particular, agents also reported very strong seasonal demand from students in the summer months and a shortage of properties with HMO licenses.
- 11.22 Agents indicated that there is a wide range of renters present in the market, including students, young professionals, couples and families. Agents also reported that a large proportion of renters are relocating from London to Brighton or relocating to Brighton as students, along with many renters already living in Brighton that are moving to new properties.
- 11.23 Agents reported that the Covid-19 pandemic led to a sharp increase in demand, particularly among people wanting to relocate from London seeking more space, gardens/open space, cheaper rents,

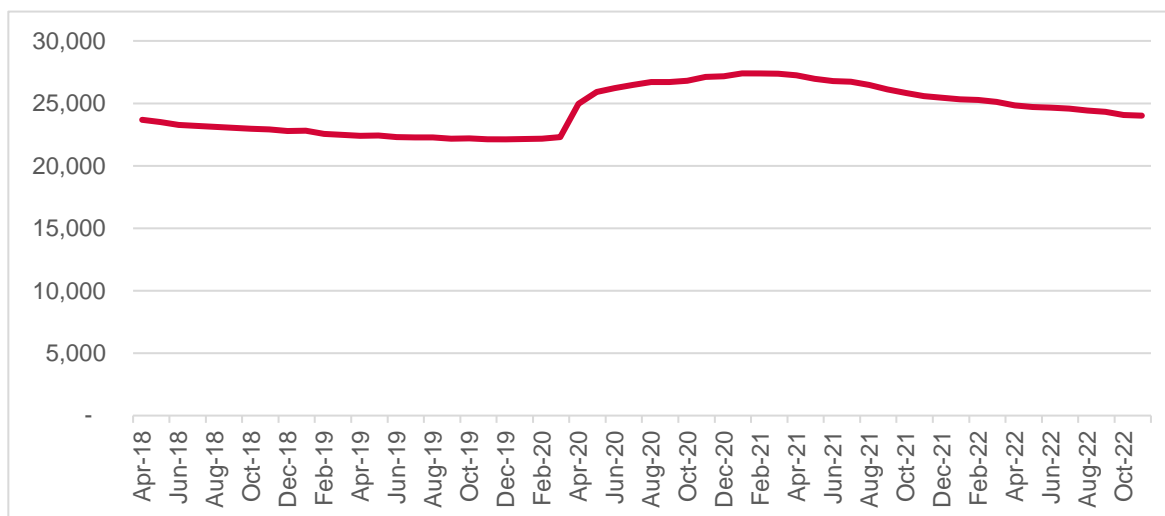
and the pleasant seaside environment whilst also having access to good train connections to employment centres such as Gatwick, Croydon and Central London.

- 11.24 This strong level of demand has continued beyond the pandemic as many professionals have continued to work from home.

Benefit Claimants

- 11.25 The private rented sector in the City also supports many tenants claiming Housing Benefit or Universal Credit which includes an element for housing. The number of claimants has increased slightly since 2018 primarily due to a huge increase of 4,869 new claimants from March to December 2020 caused by the successive Covid lockdowns although the number of claimants has begun to fall it remains higher than that of before the pandemic.
- 11.26 Given the impact that Covid had on the Leisure and Tourism sectors it is unsurprising that this remains high in Brighton and Hove which sees a large amount of leisure related business.

Figure 11.5 - Housing Benefit and Universal claimants in PRS (2018 – 2022)



Source: Icen analysis of DWP Stat-Xplore

- 11.27 Across the city the highest numbers of households in PRS claiming Universal Credit with a housing element are in St. Peter's and North Laine (878), Goldsmid (801), Queen's Park (784) and Regency (756) wards. The lowest numbers are in Patcham (239), North Portslade (238), Woodingdean (209) and Hove Park (169) wards.]
- 11.28 The vast majority of households in PRS claiming Universal Credit with a housing element are comprised of a single person (75%) with the remainder comprised of Single Parent families (13%), Couples with no Children (6%) and Couples with Children (5%).

11.29 To some extent this will reflect the eligibility criteria for affordable rented housing with Families with Children likely to have a higher banding and thus a greater priority for affordable housing. This illustrates the role that PRS plays in accommodating unmet demand for affordable housing, particularly for single person and smaller households.

Build to Rent

11.30 Build to Rent (BtR) is another component of the PRS market. As the name suggests this is purpose built accommodation that is designed for rent, not sale and is typically in the form of large scale apartment schemes under single management.

11.31 In the context of the significant growth in the PRS sector over the last 10 years and a national housing shortage, successive Governments have looked to the PRS to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development . At paragraph 3.23 the Housing White Paper¹² in 2017 states that the Government’s key proposal were to:

“• **change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need**, and to **make it easier for Build to Rent developers to offer affordable private rental homes** instead of other types of affordable housing;

• **ensure that family-friendly tenancies of three or more years are available** for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector.”

11.32 This resulted in specific guidance and changes to the NPPF to include the addition of affordable private rent as a distinct tenure and changes to the definition of affordable housing to include this within it as well as a Build to Rent definition.

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer

¹²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.”

- 11.33 There are a number of sub sectors within the wider purpose built rental sector including ‘Co-Living’ and Purpose Built Student Accommodation (PBSA). This section focusses primarily on Build to Rent while PBSA is covered in the Student Chapter. BtR is defined by the NPPF as “Purpose built housing that is typically 100% rented out”.
- 11.34 In the case of Brighton and Hove this would be self-contained accommodation distinct from Co-living which is generally defined as non self-contained units with shared communal space and amenities (e.g. shared kitchen and dining facilities).

BTR - The Policy Context

- 11.35 In respect of Build to Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e. Build to Rent).
- 11.36 At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.
- 11.37 This was realised through the publication of the revised NPPF (February 2019) which recognises the emergence of purpose-built private rented accommodation as a distinct sector of the housing market.
- 11.38 The NPPF (paragraph 61) also says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need).
- 11.39 The Build to Rent Planning Practice Guidance¹³ states that “If a need is identified, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent. This should recognise the circumstances and locations where build to rent developments will be encouraged – for example as part of large sites and/or a town-centre regeneration area.” (Paragraph: 001 Reference ID: 60-001-20180913).
- 11.40 The PPG also provides guidance as to how Local Authorities can ensure “Family Friendly” tenancies of three years of more. “In granting planning permission for build to rent developments, authorities

¹³ <https://www.gov.uk/guidance/build-to-rent>

should set in place a planning condition requiring scheme operators to offer tenancies of 3 or more years to all tenants in the development, who are eligible to live in the country for that period (under the right to rent). This should apply to all tenants, whether paying market rent or affordable private rent.” (Paragraph: 010 Reference ID: 60-010-20180913)

- 11.41 It also adds that there is no obligation on customers to take up that option if they prefer a shorter term contract and can give notice to terminate the contract at any point. It also adds that any rent of service charge reviews should be in line with an agreed percentage or linked to inflation.
- 11.42 In relation to minimum standards the PPG states that “Individual schemes should meet any relevant local and national planning policy requirements. Affordable private rental homes within any particular scheme should be constructed and managed to the same high quality standards as the market private rental homes. There are no extra national standards in addition to this. (Paragraph: 011 Reference ID: 60-011-20180913).
- 11.43 It also notes that there is “no national requirement for authorities to apply national space standards in their area” and “Where authorities choose to apply them the national policy does not preclude authorities from dis-applying them for particular parts of the local plan area, or for particular development types, such as build to rent schemes.”(Paragraph: 011 Reference ID: 60-011-20180913).
- 11.44 Neither the NPPF, Planning Practice Guidance or local policy specifically relate to Co-living. Although a number of local authorities have published guidance for Co-living accommodation including the Greater London Authority (GLA).

Potential Benefits of Build to Rent

- 11.45 The potential benefits of Build to Rent are best summarised in the Government’s A Build to Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are wide ranging but can include:
- Helping local authorities to meet demand for private rented housing whilst increasing tenants’ choice “as generally speaking tenants only have the option to rent from a small-scale landlord”.
 - Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
 - Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside properties built for sale and affordable housing; and

- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

- 11.46 This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.
- 11.47 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build to Rent as it begins to mature and strengthen as a development sector, the Savills UK Build to Rent Market Update¹⁴ for Q4 2022 states that the market now had 78,700 completed units (up from 50,800 in Q1 2021). There was also an additional 50,500 under construction and 113,400 in the development pipeline, a total of 242,400 units complete or in the pipeline. This is around 42,000 more units than in Q2 2021 and is a significant growth since Q4 2013 when the number was only around 22,000.
- 11.48 Previous editions of the report stated that around 88% of the operational stock was located in City Centre flats but the most recent report states that much of the growth has been in Single Family units with growth seen across an additional 29 local authorities.
- 11.49 This is expected to continue with developers looking at alternative sales strategies including towards BtR management companies in order to de-risk their pipelines. This comes as the number of mortgage offers fall and people are more unable to buy and thus needing to rent.
- 11.50 It is also that case that Buy to Let landlords continue to withdraw from the market at an increasing rate with nationally over 330,000 Buy to Let mortgage redemptions since April 2016. This has reduced the supply of private rented housing.

The Profile of Tenants

- 11.51 The British Property Federation (“BPF”), London First and UK Apartment Association (“UKAA”) published a report¹⁵ (February 2021) profiling those who live in Build to Rent accommodation in London. This is likely to be reflective of the potential demand in Brighton to some degree.
- 11.52 The report shows that around 62% of Build to Rent residents were aged between 25 and 34 compared with 47% in the wider PRS market. The remaining residents included 17% aged between

¹⁴ https://www.savills.co.uk/research_articles/229130/330310-0

¹⁵ https://buildtorent.files.wordpress.com/2021/01/who-lives-in-build-to-rent-1.pdf?mc_cid=624df5d223&mc_eid=e05cc2220b

16 and 24 and 13% aged 35-44, both of which were below the corresponding values for the wider PRS market.

- 11.53 The survey based data identified that incomes are similar to those in PRS accommodation with 43% earning less than £32,000 and 29% earning between £32,000 and £47,000. Typically, Build to Rent residents spend between 29% and 35% of their income of accommodation. This compares to between 29% and 32% in the wider PRS demonstrating a willingness to pay slightly more.
- 11.54 The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers. This is perhaps reflected in the higher incidence of these household types within the Build to Rent sector. Again we would expect this to be the case in Brighton where prices are not dissimilar.
- 11.55 The report also identified a broadly similar balance of people working in the public and private sectors. Around 90.5% of residents in Build to Rent are employed in the private sector compared with only 80% of residents in the wider PRS working in the private sector. The most common industries included Finance and Insurance (25%), Other Services (20%) and IT and Communications (including marketing) (15%).

The Existing Provision

- 11.56 According to the British Property Federation¹⁶ there are seven build to rent developments in the City which are either in the planning pipeline, under construction or operational. The table below set out where these are located. Combined these schemes total 1,542 residential units and provide a significant contribution to the city's housing requirement.

Table 11.3 Build to Rent Supply in Brighton

Development	Type	Units
Pelham Street	Under Construction	135
Anston House	Under Construction	229
Ellen Street, Hove	Under Construction	216
Hove Central	Under Construction	564
York and Elder at Longley Place	Operational	209
The Merchant at Edward Street Quarter	Operational	75
Circus Street	Operational	114
Total		1,542

Source: BPF and Icen Projects

¹⁶ <https://bpf.org.uk/about-real-estate/build-to-rent/>

- 11.57 Information about rent levels and the occupancy profiles for BTR developments in Brighton & Hove has been obtained from the operators of the schemes at Circus Street, The Merchant (Edward Street) and Hove Central (Sackville Road).
- 11.58 The Circus Street and The Merchant developments are in close proximity to each other and are both close to Grand Parade in central Brighton. The Circus Street development is 100% flatted and was originally built for sale but is now being advertised for rent. The Merchant is the build to let element of the Edward Street Quarter redevelopment which also includes Shared Ownership, Affordable Rent and Market Purchase homes. Hove Central is still under construction but will provide purpose-built rented apartments as part of a wider mixed use development and is located close to Hove train station.
- 11.59 Both of the operational BTR developments have a premium (£1,600 – £1,725 pcm for 1-bed) in comparison to the wider PRS stock (£950 pcm) with costs around 65% to 75% above median rents for private rented housing in the City.
- 11.60 it should be noted that this is not a like for like comparison as these developments are offering a range of onsite facilities and additional services as is typical for BTR developments (for example The Merchant advertises a residents' lounge, onsite gym and concierge service within the standard rent),
- 11.61 Because of these costs and the inclusion of these facilities the BTR industry is delivering a premium product in the City. This means that many existing PRS residents within Brighton & Hove will be priced out of the BTR market.

Figure 11.5 - Build to Rent costs versus wider Private Rental Sector Stock



Source: ONS and BTR Operators

- 11.62 Given that the existing supply is being marketed at the higher end of the market and the cost of this accommodation it is unsurprising that it attracts professionals. At Circus Street 90% of tenants are professionals with the other 10% students or young people, while at The Merchant the majority of tenants are professionals.
- 11.63 The catchment of these professionals is also much wider than the City itself with many tenants and prospective tenants moving from London. In such circumstances the current build to rent development is not really addressing a local need.
- 11.64 There were few families in either of the operational development reflecting the type of apartments available (i.e. mainly one and two beds). One agent noted that even the larger units were occupied by friends sharing. The Central Hove development is also predominantly one and two bed flats, but includes a small number of 3-bed units, so will be marketed to a more diverse range of households.
- 11.65 The typical age of tenants in the Merchant was said to be people in their 30s. This would again be reflective of the cost of property and people only starting to earn enough once they have progressed in their career.
- 11.66 Despite the premium these properties are in high demand. At the Merchant there is a waiting list of prospective tenants while at Circus Street the management company is receiving 10 to 20 enquiries immediately after advertising as available.
- 11.67 At Circus Street, most vacant units were said to be let within a seven day period. As a result, most of the time the developments is fully let with the exception of rooms being turned over. This is also the case at the Merchant. This usually means around 1 unit per week being let in Circus Street.
- 11.68 Although longer tenancies were available, most residents in either development have rolling contracts of either 6, 9 or 12 months. Notably, the longer term contracts were not as cost effective for tenants¹⁷ and thus were less popular. This undermines the sector's ability to attract longer term tenants and families although the mix of housing would also contribute to that as well as the criteria in the City Plan Part 2.
- 11.69 Although there appears to be a strong market demand, it appears that it is not a necessarily a local need that the BTR developments are meeting. At the Merchant the agent suggested that only 50%

¹⁷ Rents were slightly higher for longer term lets and would go up in on yearly basis which might not be the case for renewals if demand is low.

of tenants had previously lived in the UK. the majority of residents in Circus Street are not from the local area with residents coming to the City from all over the world.

- 11.70 There is also seasonal demand for Circus Street properties with significant increases during the summer. This includes those working in the City during the summer in tourism and hospitality as well as some who just like the idea of spending the summer in Brighton while either working from home or commuting back to London.
- 11.71 A slightly different picture emerges at the Merchant as most tenants worked from home or more specifically the communal areas. Typical occupations including IT and Recruitment although the agent noted that there were a range of professionals including doctors
- 11.72 The Central Hove development includes studios, 1-, 2- and 3-bedroom homes and is scheduled to open in 2023 meaning that data on tenants is not yet available. The development forms part of a larger mixed use development which also includes some commercial floorspace and a 260 unit care community. This means that they are targeting larger households but also provide inter-generational housing.
- 11.73 The development is looking to meet a local need for both Hove and Brighton but also its proximity to Hove station will make it attractive to London commuters. As a mixed use development they hope to attract businesses that have struggled to attract staff due to a lack of available housing.
- 11.74 The development will also be targeted at longer term tenants as the apartments are unfurnished (although furniture packages are available). The developer hopes to encourage longer stays and believes that familiarity and building friendship with neighbours and staff helps. Those that do move out of the development do so because they have either saved enough for a deposit to buy a house or there is a material change of circumstances, e.g. end of employment contract or break up of relationship.
- 11.75 The development will provide 10% of units as affordable private rent with these units being indistinguishable in terms of design. These units will be provided at a minimum 25% discount on local market rents and will contribute 56 units in total.
- 11.76 Both operators see continuing demand for build to rent and it will be important for the Council to respond to this demand to ensure it meets need and can contribute to wider objectives.

Recommended Policy Response

- 11.77 The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent.

The City Plan Part 2 (adopted in October 2022) does this through Policy (DM6) which requires BtR developments to meet the following range of criteria:

- “a) the development will improve housing choice and make a positive contribution to the achievement of mixed and sustainable communities in accordance with City Plan Part One Policy CP19 Housing Mix;
- b) all of the dwellings are self-contained and let separately;
- c) the homes are held as build to rent under a covenant for at least 15 years;
- d) the build to rent housing is under unified ownership and will be subject to common management;
- e) the development will provide professional and on-site management;
- f) the development will offer tenancies of at least 3 years available to all tenants with defined in-tenancy rent reviews; and
- g) the development provides a high standard of accommodation that complies with the requirements in Policy DM1 Housing Quality, Choice and Mix”

11.78 Although the policy includes a requirement to contribute to mix and balanced communities, in line with Policy CP19, that policy itself is not prescriptive in relation to the mix on individual sites. This is a position we support given that the sector is still evolving.

11.79 However, as a general principle the Council should look to encourage a wider range of BTR developments rather than those just focussed on high end development, as is the case with the current supply. This will ensure it benefits a wider cross-section of the population and in providing competition for the existing supply it will help support driving up standards and potentially release existing housing stock currently in use as HMOs.

11.80 The NPPF’s definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control and these are reflected within the existing policy although this could be strengthened to ensure no tenant is penalised for choosing a longer tenancy.

11.81 In general terms, it is expected that a proportion of Build to Rent units will be delivered as ‘Affordable Private Rent’ housing. PPG¹⁸ states that:

“The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private

¹⁸ ID: 60-002-20180913

market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their Local Plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development”

- 11.82 The second part of Policy DM6 covers this issue adequately and seeks the “provision of up to 20% affordable housing at genuinely affordable rents to be agreed with the council” noting that these will be set against Local Housing Allowance rates. These are currently at £184 per week or £797 per month for a 1-bedroom property. This would equate to a 52% discount on the mid-point of the BtR range in Brighton and Hove (£1,600 – £1,725). This reflects a fundamental problem that the Council is well aware of.

Co-Living

- 11.83 Co-living is an emerging category of housing that provides large scale new build shared housing consisting of ‘cluster flats’ of several bedrooms sharing living / cooking space . It is similar to Build to Rent in providing purpose built rental accommodation but is also very different in planning and housing terms. in particular that the residential units are not self-contained (and therefore in planning terms classed as Sui Generis rather than C3 residential).
- 11.84 Research by JLL on the Co-Living market suggested the market was around 3,100 Units in 2021 with pipeline of around 24,000 units. The majority of existing and pipeline development is in London but there are operators outside of London including pipeline developments in Brighton
- 11.85 Although to date there has been far less Co-living activity in the City, (one scheme of 83 units with planning permission at Melbourne Street with the developer seeking to add further phases (although an initial application for 269 further studios was refused)) it is likely that there will be increasing market interest in providing this type of development following London’s trend given the young demographic and constrained housing supply in Brighton & Hove.

- 11.86 Co-living has not always been viewed favourably particularly in relation to space standards, quality, cost, the turnover of residents and integration into the neighbourhood its use of land which could provide more traditional forms of accommodation and lack of housing mix. However, given there is likely to be some market demand for this type of accommodation policy should respond accordingly.
- 11.87 In order to alleviate concerns with regards to the potential size of units in Co-living development generalised size standards should be stipulated in policy. This should be separate from the size standards in policy DM1 to reflect the fact that there will be an element of shared space.
- 11.88 These could be similar to those being drafted by the Greater London Authority¹⁹ which require units to “not be less than 18 sqm and not more than 27 sqm to avoid being converted to substandard self-contained units”. The GLA guidance also provides some minimum communal space requirements.
- 11.89 The quality of Co-living developments can also be secured through policy. Currently Policy DM1 in City Plan Part 2 sets minimum residential standards. However, the policy could be expanded to include specific reference to co-living and seek certain levels of facilities such as lounge, kitchen and dining space, washing facilities, outdoor amenity space etc. Such a policy exists for HMOs in Birmingham but could be adapted to Brighton.²⁰ Some of the elements of Policy DM6 including single management could also be applied to Co-living developments.
- 11.90 Similarly, the turnover of residents could potentially be lowered through the offering of longer term tenancies although this again should be only on offer and not mandated and residents should not be penalised for choosing longer term tenancies or for ending longer term tenancies with a reasonable notice period.
- 11.91 In order to inform decision making the Council should also engage with the developers at Melbourne Street to get a better understanding of what need the development is aimed at meeting. Specifically whether tenants are transitory (such as those on a short term contract in the City) or if it is meeting a local need by providing accommodation to those already in the City such as graduating students.
- 11.92 In relation to the cost, the Council could seek an affordable housing contribution from the developers (preferably as payment in lieu as affordable tenancies across shared services can be difficult to manage as we have seen with older persons accommodation). The extent of this contribution will need to be viability tested.

¹⁹ <https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/london-plan-guidance/large-scale-purpose-built-shared-living-lpg>

²⁰ Policy DM11 within the Development Management in Birmingham document

- 11.93 The Council has recently published Interim Planning Policy Guidance²¹ on Co-Living Accommodation which sets out its approach to assessing Co-living development proposals in the city. The aim is to ensure that such proposals accord with the development strategy and planning policies within the Brighton & Hove City Plan; contribute to meeting the City's identified housing needs; provide good quality residential accommodation and maintain sustainable neighbourhoods. The guidance states that specific policy requirements will also be considered through the ongoing City Plan review. We would support this approach.
- 11.94 Generally, the provision of high quality and more affordable Co-living will widen the choice of accommodation for the City's residents. It will also contribute towards housing targets although as a communal accommodation it means that every 1.8 bedspaces contributes one unit to the housing target as per the housing delivery test.

²¹ <https://www.brighton-hove.gov.uk/planning/planning-policy/interim-planning-guidance-note-co-living-accommodation#tab--introduction>

PRS – Key Points

According to the 2021 Census 32.7% of households in Brighton and Hove are privately renting which is considerably higher than the figure for the South East (19.2%) and England (20.5%).

Rental costs are also high in Brighton and Hove (median of £1,200 pcm), exceeding both East and West Sussex averages as well as the median for the South East overall.

The majority of PRS properties in Brighton and Hove are small with 40.7% of properties having one bedroom and 34.1% having two bedrooms.

Household Representative Persons of PRS households in Brighton and Hove are broadly younger than other tenures with a total of 13.1% under the age of 34. This reflects the comparatively younger population living in the City and also the presence of the universities and likely a high level of graduate retention. The City also has a higher percentage (25.2%) of HRP in PRS aged over 65 in comparison to the national PRS picture (9.5%).

The composition of PRS households in Brighton and Hove sees an over-representation of single person households (under 65), cohabiting couples with no children and other family compositions including FT students.

Since 2011 there has been a significant growth in the number of couples with dependent children and cohabiting couples with no children living in PRS. In contrast, there has been a decline in “other” households in PRS which may be due to the success of PBSA developments.

The number of housing benefit claimants has increased slightly since 2018 primarily due to a huge increase of 4,869 new claimants from March to December 2020 caused by the successive Covid lockdowns although numbers have fallen since.

Lettings agents reported that the rental property market in Brighton and Hove is very buoyant, strong demand was also reported for a range of property sizes throughout the City but particularly for smaller flats.

There is a wide range of renters present in the market, including students, young professionals, couples and families. The Covid-19 pandemic led to a sharp increase in demand, particularly among people wanting to relocate from London.

This strong level of demand has continued beyond the pandemic as many professionals have continued to work from home.

The Build to Rent market is seeing strong growth in the City as well as nationally, backed by both domestic and international investment.

According to the British Property Federation there are seven build to rent developments in the City which are either in the planning pipeline, under construction or operational. Combined these sites would contribute 1,542 units which provide a significant contribution to the city's housing requirement.

The existing BTR market in the City is priced as a premium product and is meeting a demand from particularly younger professionals many of whom previously lived outside of the City.

As a general principle the Council should support a wider range of BTR developments rather than those just focussed on high end development, as is the case with the current supply. This will ensure it benefits a wider cross-section of the population and in providing competition for the existing supply it will help support driving up standards and release existing supply.

The Council's current Build-to-Rent policy is broadly fit for purpose.

A similar but separate policy should be developed for Co-living developments including separate space and amenity standards and affordable contributions.

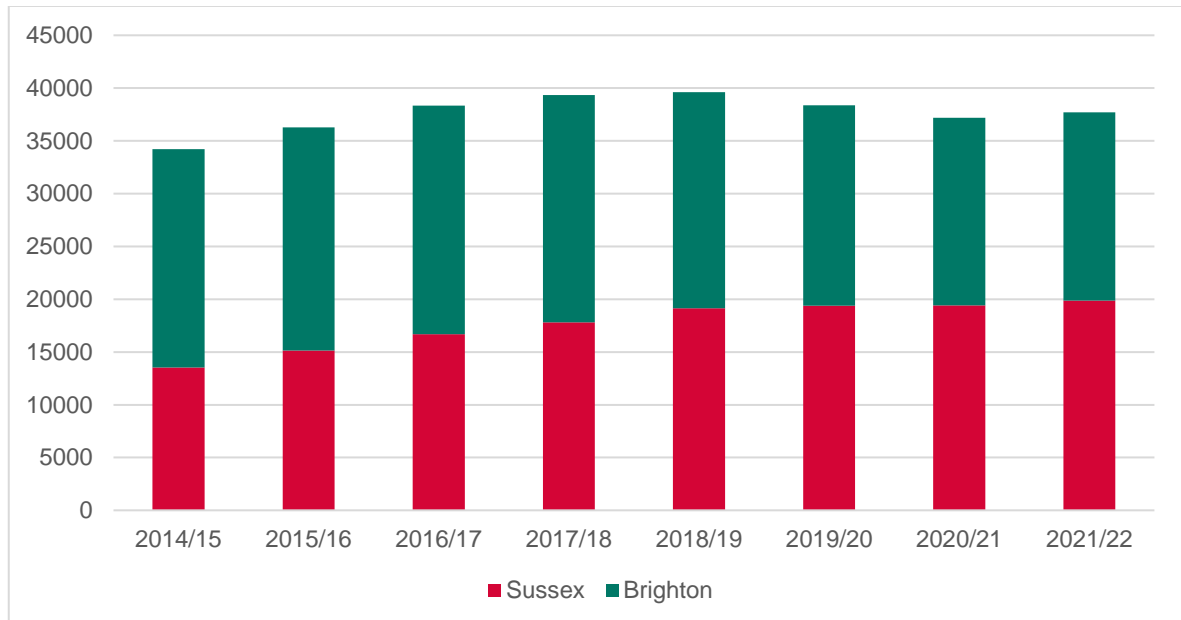
12. STUDENT ACCOMMODATION

- 12.1 The NPPF requires that the housing needs of students are assessed and reflected in planning policies. This section examines the need for student housing in the City and in particular Purpose Built Student Accommodation (PBSA). This includes an examination of the relationship between the student population, PBSA, Homes in Multiple Occupation (“HMOs”) and smaller homes in the general housing stock.
- 12.2 Nationally, there are challenges around the amount of student housing that is available with some reports²² suggesting that the situation is reaching a crisis point. In some cases this has resulted in students queuing overnight to get first access to Purpose Built Student Accommodation (PBSA), living in accommodation quite some distance from their place of study or effectively becoming homeless.
- 12.3 While there is arguably a shortage of student accommodation in Brighton and Hove, according to the same Guardian report the City has not been as badly impacted as other University towns and cities such as Preston, Durham and Bristol. However, the shortage still needs to be addressed.
- 12.4 In the City at the 2021 Census, there were around 33,600 people over the age of 16 that were students. This equates to 14.3% of the City’s population aged over 16. This data includes those at Higher and Further Education facilities but may exclude those on part time courses. It may also undercount students as many were studying remotely during the Covid-19 lockdown when the Census took place.
- 12.5 The City has three higher education (“HE”) establishments which are relevant to this assessment, these being the University of Brighton, the University of Sussex, and the British and Irish Modern Music Institute (BIMM Institute) where the Brighton campus is one of a wider collection of colleges nationally.
- 12.6 There are also further education establishments including Brighton Metropolitan College, the Brighton Academy, Kings Brighton and Northbrook College, however students attending these establishments do not normally require dedicated term-time accommodation.
- 12.7 Drawing on data from the Higher Education Statistics Agency (“HESA”) and the Universities, the figure below sets out the pattern of growth over the last eight years from 2014/15 to 2021/22. The
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²² <https://www.theguardian.com/education/2022/dec/26/uk-student-housing-reaching-crisis-point-as-bad-as-1970s-charity-warns>

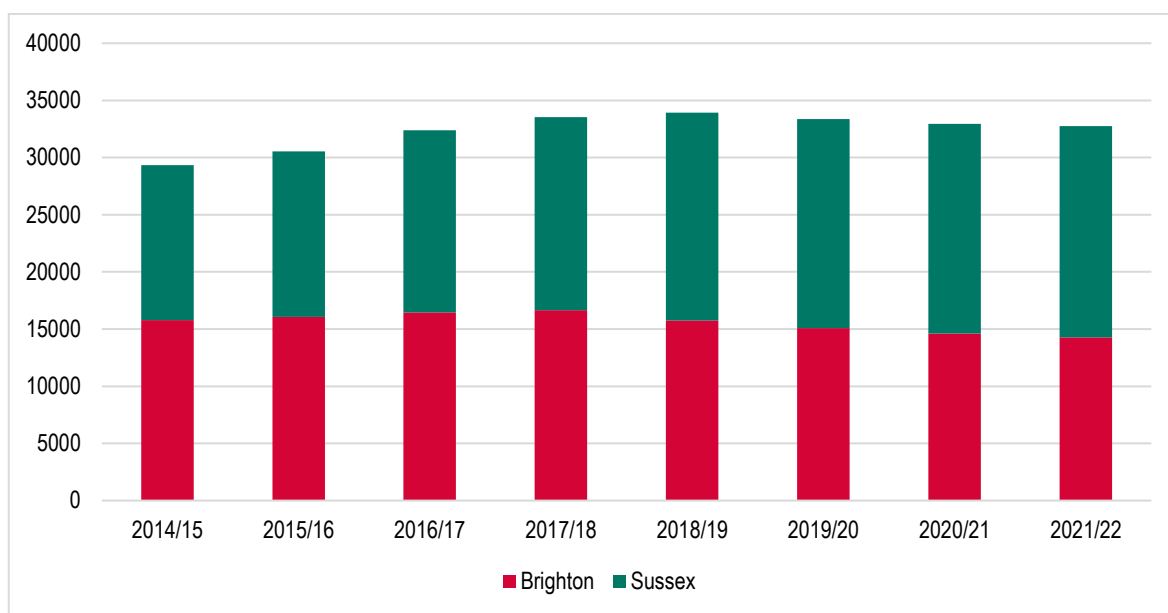
latest data shows that the two Universities have a combined total of 37,700 students. This includes those that are distance learning as well as those at campuses outside of the City. It does not include those studying at the BIMM Institute as the data is not broken down by campus.

Figure 12.1: Students at Universities of Brighton and Sussex (2014-2022)



Source: HESA 2021 and Universities 2022

- 12.8 The number of students in 2021/22 was 1,925 below the 2018/19 peak. There is a broadly even split between the two universities with 53% of students at the University of Sussex. This is in contrast to 2014/15 when only 40% of students were at the University of Sussex. This change reflects a growth over this period at the University of Sussex of around 6,330 students and a decline at the University of Brighton of around 2,900 students.
- 12.9 Housing needs for dedicated term-term accommodation arise principally from full-time students (with those studying part time typically also living and working locally already or living with parents). As of 2021/22, there were 32,750 full-time students at the Universities. This equates to around 87% of all students although this varies from 93% at Sussex and 80% at Brighton. There has been a 1,165 reduction in the number of full-time students from the 2018-19, however this is less than the drop in overall student numbers (1,925 reduction).

Figure 12.2: Full-Time Students at Universities of Brighton and Sussex (2014-2022)

Source: HESA 2022

- 12.10 HESA also provide information on student accommodation for full-time students for each University. This is broken down by eight different typologies and also based on self-completion, so there may be a level of inaccuracy within it. For example 'Own residence' includes a student's permanent residence, which may be owned or rented by them. However, some respondents might believe this to mean any accommodation in which they live. There is also some confusion resulting from students being placed by the Universities in private halls they have nomination rights to. The figures also show there are no University of Brighton students in private sector halls which appears unlikely.
- 12.11 Other categories including university-maintained accommodation (or Halls of Residence), private sector accommodation (or PBSA). 'Other rented accommodation' refers to a more temporary arrangement, such as a yearly house share. 'Not in attendance at the provider' includes those on an employment placement or language year abroad.

Table 12.1 Accommodation of Full-Time Students by Institution (2021/22)

	Provider maintained property	Private-sector halls	Parental/guardian home	Own residence	Other rented accommodation	Other	Not in attendance at the provider	Not known	Total
University of Sussex	2,220	2,460	2,135	3,140	7,275	530	100	610	18,470
	12%	13%	12%	17%	39%	3%	1%	3%	100%
University of Brighton	3,395	0	1,960	2,180	5,500	365	50	830	14,280
	24%	0%	14%	15%	39%	3%	0%	6%	100%
Total	5,615	2,460	4,095	5,320	12,775	895	150	1,440	32,750
	17%	8%	13%	16%	39%	3%	0%	4%	100%

Source: HESA, 2022

- 12.12 If we combine the figures for those shown as living with parents or guardians, living in their own residence or not in attendance, then 29% of the full-time student population already have accommodation. This would indicate that 71% of FT students or 23,185 students require accommodation.
- 12.13 If we remove the 2,000 University of Brighton students currently studying at their Eastbourne campus, then the need would be 21,185 students. This is effectively the overall quantum of student accommodation that currently needs to be provided to meet the needs of the universities.
- 12.14 The University of Brighton currently has 2,469 University owned beds in Halls of Residence within Brighton and Hove (See Appendix). In addition, the University of Sussex owns or manages accommodation totalling 5,053 bedspaces (See Appendix) of which 4,853 is on Campus.
- 12.15 In both cases this is a significant variation from the HESA data on University owned accommodation. The University of Sussex has indicated this may be because the HESA definition relates to property ownership rather than management. For some of their provision (Stanmer Court, Brighthelm and East Slope, which have a combined capacity of 2,896 bedspaces) the University only manages the allocations and student contracts, however they do not own the site.
- 12.16 Council data shows that there are 12 private PBSA schemes in the City which have a combined capacity of approximately 2,236 bedspaces. These range from fairly small developments of 14 units to sizeable developments with 450 bedspaces (see appendix).

Table 12.2 Supply of PBSA by Owner (Brighton and Hove) – 2021/22

Ownership	Bedspaces
University of Brighton	2,469
University of Sussex	5,053
Private – Operational	2,236
Total	9,758

Source: BIHAC, 2023

- 12.17 Removing the total PBSA supply (9,758 bedspaces) from the 21,185 FT students that require accommodation results in a residual need for 11,427 students. This group would require accommodation in the general housing stock.
- 12.18 The Council Tax provides data on the number of HMOs and all student residences in the City. This shows that there are 1,089 HMOs and a further 3,977 households which receive an all-student exemption. This will include students in smaller PRS units including studio and 1-bedroom flats in the PRS.

- 12.19 We have also included Halls of Residence in the table below as it is known that some student HMOs are registered as Halls of Residence. However, this data comes with a caveat in that not all HMOs are registered. It also records households rather than individuals so it is not a like for like comparison with the HESA data (for example an HMO or a cluster flat in a PBSA block would be counted as one property).

Table 12.3 Council Tax Exemptions by Type (2023)

Type	Properties
Halls of Residence	1,964
HMO	1,087
Students	3,977
Total	7,028

Source: BHCC, Council Tax Data, 2023

- 12.20 Similarly, the 2021 Census also measures all student households. This shows a much smaller number of 2,867 households in the City. Although should be caveated by the fact that the Census took place during a Covid-19 lockdown when many students were studying remotely.
- 12.21 According to the 2021 Census there are 11,442 people living in a household where all members are in full-time education. The vast majority of these students are in the PRS (94.9%) with small numbers in social rent (3.5%) and owner occupation (1.6%).
- 12.22 We would therefore exclude those who are in Owner Occupation and Social Rental accommodation as these would be included in the living in their own home category in the HESA data. This would account for 10,855 of the 11,427 residual need.

Table 12.4 Tenure of Residents in All Student Households (2021)

Tenure	Number	%
Owner Occupation	184	1.6%
Social Rent	403	3.5%
PRS	10,855	94.9%
Total	11,442	100%

Source: ONS, Census 2021

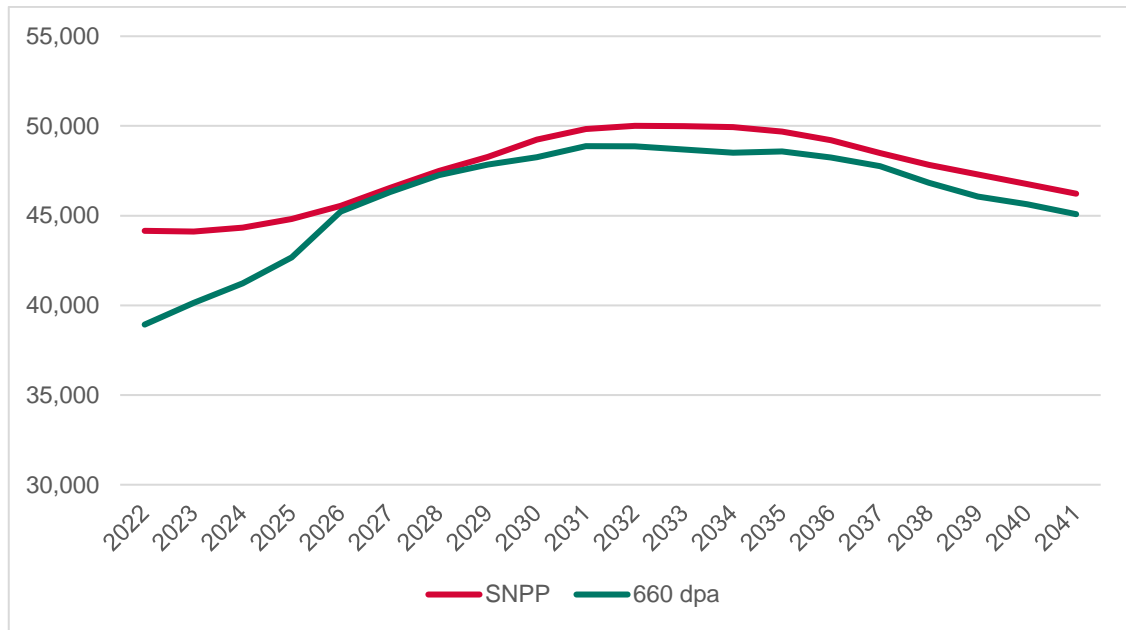
- 12.23 This is not a precise science as the 10,855 students would include some at other FE and HE institutions including the BIMM Institute. Conversely, some students will be living outside the City, in places like Lewes, Shoreham and Burgess Hill and there will be other students who will live with non-students who would reduce this number.
- 12.24 However the broad alignment between the amount of accommodation currently occupied by students and the assessed need for accommodation from students would be expected, as all students are currently living somewhere. It provides comfort in the broad accuracy of the data and assumptions.

- 12.25 However, in considering how to plan for further PBSA development we need to consider whether the universities plan to increase their student roll, explored below, and whether there is a desire to accommodate a greater proportion of students in PBSA rather than the PRS.

Future Growth

- 12.26 The University of Brighton is currently seeking to stabilise numbers rather than grow. However, there are plans to close their Eastbourne Campus in 2024/25 and relocate the 2,000 students to Brighton. The university believe the vast majority of these are FT students as most of the courses at the campus are healthcare related which tend to be more intensive.
- 12.27 The University has no plans to develop additional accommodation for these students and they still expect some students to live in Eastbourne as transport links are good, affordable and accommodation there is also cheaper. These students will initially be placed in the Falmer Campus but this will displace capacity that other students are currently taking up.
- 12.28 In any case, some 20% of students at the Eastbourne campus live with parents or in their own accommodation and would be unlikely to move to Brighton. If these students are subtracted, this would result in an increase the number of students seeking accommodation in Brighton and Hove by around 1,600 students. That said, this only reflects current students and the accommodation needs of future intakes may be closer to the current overall breakdown. This would imply that some 29% of the 2,000 would not require accommodation leaving a total of 1,420 students that would.
- 12.29 The University of Sussex plans to grow to 20,500 students by 2025/26 and c22,000 by 2027/28. This would be an increase of 2,135 students from the current number of 18,865. Under the current plan, the bulk of the growth would come from domestic undergraduates, however the University is experiencing significantly increased interest from international postgraduates.
- 12.30 The expected domestic undergraduate growth reflects a demographic upswing in the number of 18 year olds nationally, which will continue for another 5 years before peaking. The University has seen an increase in interest in recent years from international postgraduates which is a positive for the University as they provide a greater level of income through higher fees.
- 12.31 Drawing on published population projections and those linked to 660 dpa delivery (i.e. housing trajectory/capacity based scenario) we have examined the potential demographic growth in the City for those of a student age (18-24). As the figure below illustrates, this shows some short term growth in both scenarios before falling again post 2031. This is also the case for this age group nationally.

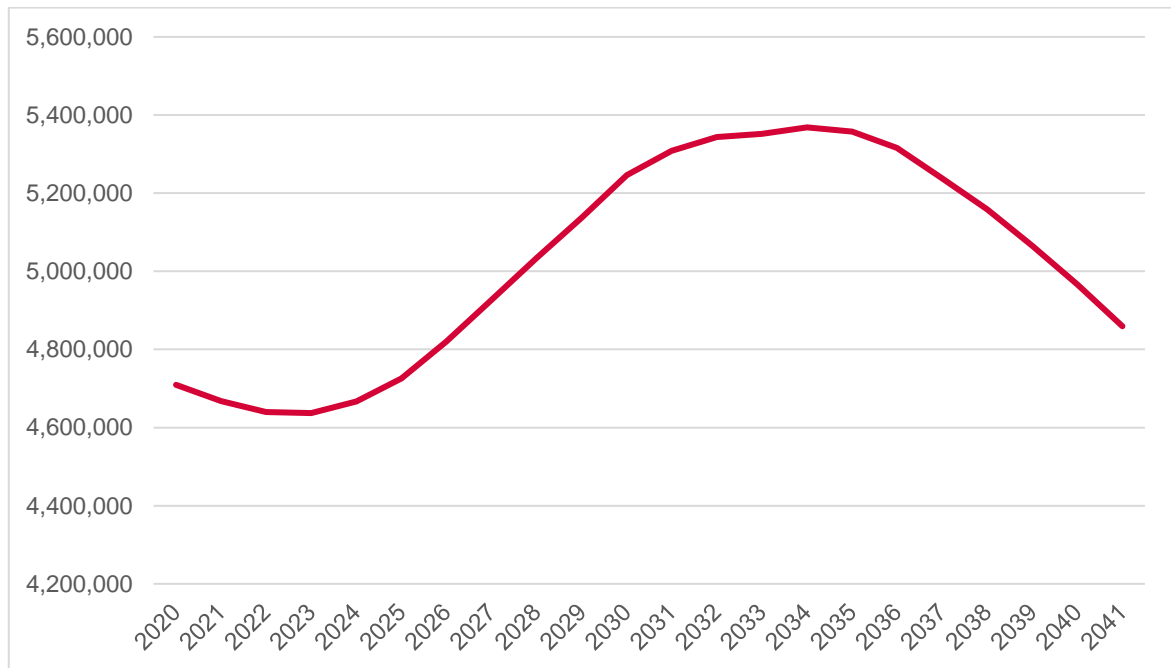
Figure 12.3 - Student Age Population (18-24) by Scenario – Brighton and Hove



Source: ONS and Icen Projects, 2023

12.32 At a national level a more pronounced pattern emerges with strong growth in the late 2020s before starting to fall again from 2036 onwards. However, by 2041 the student age population is still expected to be around 220,000 higher than in 2020.

Figure 12.3 - Student Age Population (18-24) from 2020 -based national projections – England



Source: ONS 2020-based national population projections, 2023

- 12.33 Whilst this could lead to increased demand for student places, there is no onus on the Universities to expand to accept this growth. Whilst the University of Sussex is currently looking to expand (although the reasons for this is not known), the University of Brighton has no plans to do so. It would therefore be inappropriate to assume levels of future growth linked purely to demographics.
- 12.34 If we assume that 93% of the additional students at the University of Sussex are full-time students this would equate to an increase in 1,985 FT students, and if we assume that 71% require accommodation, as they do now, this will increase demand by around 1,410 students.
- 12.35 With the addition of the 1,420 students relocating to Brighton and Hove from Eastbourne this would result in a total increased accommodation need for 2,830 students overall.
- 12.36 To meet their planned growth, the University of Sussex is intending to build an additional 1,879 new bedspaces as part of its West Slope development. This development will not be complete until 2028, with phased delivery starting in 2025. The University will also reduce the capacity of one accommodation block (Norwich House) by four units to meet fire regulations.
- 12.37 There is also a pipeline supply of private sector PBSA which is either consented and/or under construction. In total, these eight sites have a capacity of 1,423 bedspaces. Combined with the changes at the University of Sussex this results in a total pipeline supply of 3,298 units. These calculations indicate there would be an additional 468 bedspaces over and above the currently projected demand.
- 12.38 This could potentially reduce the number of students requiring accommodation in the PRS. However, it should be emphasised that these calculations incorporate a number of assumptions about the increase in future student numbers, percentage of full-time students, and the number of students requiring or seeking PBSA.
- 12.39 Finally, 250 bedspaces are expected at the City's allocated student housing site at Lewes Road Bus Garage. The City's other allocated site at Hollingdean Road is already included in the pipeline supply (99 units).
- 12.40 This site would increase the number of additional bedspaces to 718 by 2027/28 (it is not possible to provide a timeline for this as the numbers provided by the Universities do not set this out). Although there may be a margin of error in these calculations, the steps are set out in the table below.

Table 12.5 Supply and Demand for Student Housing in Brighton

Calculation	Factor	Number
A	Future Growth Students inc. Eastbourne Students	2,830
B	Pipeline Supply	3,298
C=A-B	Residual Bedroom Need	-468
D	Allocations for PBSA	250
E=C-D	Unmet Need	-718

Source: Icen Projects, 2023

- 12.41 Both Universities would support further additional accommodation suggesting that their students are having accommodation issues. There are wider issues such as pressure on the PRS through student HMOs which would justify further development of PBSA in the City. These issues are discussed below and are informed through discussions with the Universities.
- 12.42 Some of the accommodation need can also potentially be met outside of the City and there are applications for development in Falmer (within Lewes District). The City Council should work with neighbouring local authorities to address this need where possible.

Cost of Student Accommodation

- 12.43 The cost of privately-operated PBSA can be very challenging for students, with the average private PBSA costing £244 per week.²³ although this can be as high as £420 per week. Examples of student accommodation at the more deluxe end include Holden Court's Platinum Studio at £385 pw, whilst Alumno in Falmer, which while close to the University of Sussex Campus is some distance from central Brighton, is priced at £273 pw.
- 12.44 Prices can also vary depending on when the booking is made and some PBSA operators are bringing in dynamic pricing (i.e. it is cheaper to book ahead in November for the following September than to secure the same accommodation in June and August).
- 12.45 PBSA prices can therefore equate to around £9,500 per annum for a 39-week contract but students are only given £9,978 maintenance loan with no London weighting, meaning there is virtually nothing left over for other living expenses.
- 12.46 In contrast, University operated PBSA ranges from £120 – £200 per week which equates to between £4,705 and £7,800 per annum if based on a 39 week contract. However, this is typically reserved for first year students, with Brighton University only allocating 10% to 15% to returning students. The

²³ <https://sturents.com/student-accommodation/brighton>

University of Sussex only guarantee accommodation in university owned or managed halls for first years and international students.

- 12.47 The cost of accommodation is also likely to worsen. PBSA for the next academic year is currently being advertised²⁴ at £293 per week on average (£11,472 per annum). The University of Brighton reported that some third-party providers are looking to increase rents by +10% while the University of Brighton themselves are increasing rents by only 5% and typically aim for a £200 ceiling although the lower end might increase to £150.
- 12.48 This illustrates the difficulty of the financial transition from first to second year if only private PBSA is available. However, even HMO accommodation is likely to increase rents over the next year.

HMO accommodation

- 12.49 Room only rates in the PRS, according to ONS statistics, in the year to September 2023 had a lower quartile price²⁵ of £121 per week and studios £150 per week. This equates to £6,292 or £7,800 per annum over a 52 week term.
- 12.50 There is also growing evidence that landlords are moving out of the student rental sector. This is in part due to higher mortgage rates resulting in lower yields. In Zoopla's UK rental market report²⁶ they suggest that the available supply of homes to let in the South East has fallen by more than 25%. It also notes that most landlord sales (51%) are in London and the South East as yields are lowest.
- 12.51 This reduction in supply extends to student housing in Brighton and Hove as reported by local agents and the Universities. The reduced supply of rental accommodation in shared housing may also lead to further rent increases.
- 12.52 Landlords are also facing challenges with the Renter's Reform Bill which plans to ban fixed term tenancies. This means that if students decide to stay at the end of their studies the landlord cannot guarantee accommodation for the next year of students, so they are effectively shut out the market at very late stage in the process.
- 12.53 Consequently, those graduates remaining in the City are now a more positive market for landlords who can be more assured of income rather than risk a void half way through an academic year.

²⁴ www.student.com

²⁵ Taken as a proxy for student accommodation but will include general housing.

²⁶ <https://advantage.zpg.co.uk/insights/rental-market-report/?member=true> (behind registration wall)

- 12.54 Local agents have also suggested that some landlords, particularly those in central areas (which are not typically student areas), have chosen to move to other options such as AirBNB rather than HMOs, possibly as a result of the Covid pandemic where they would have had voids for a year.
- 12.55 Furthermore, the University of Sussex note that the Council's Article 4 Direction, which applies planning controls to changes of use of residential properties to HMOs, limits the opportunities for new student houses to enter the PRS in some areas. The consequence of this is that there is now more demand for University accommodation and privately managed PBSA.
- 12.56 All this might necessitate further movement from HMO accommodation towards private PBSA, which was already gathering pace post-pandemic. The University of Brighton's accommodation officer explained that PBSA is seen by students as more reliable and that some student households had issues with deposits not being returned by smaller landlords.
- 12.57 There are also reported issues with the quality of HMO accommodation, particularly the older HMOs, with damp and mould the most commonly reported issue by students, as well as cold homes due to poor insulation.
- 12.58 Furthermore, landlords are said to be moving away from all-inclusive rental packages to a monthly rent plus bills option which gives greater uncertainty to students. Student households are also finding it difficult to manage bills between themselves, thus driving a move towards PBSA.

Engagement with the Universities

- 12.59 To inform this study we have also engaged with the Universities to gain a better understanding of accommodation issues from their perspective. In both cases, the Universities gave support to additional PBSA supply in the City and wish to be engaged by the Council in discussions about this.

University of Brighton

- 12.60 The University aims for an intake of 4,500 undergraduate students per annum and a total of circa 18,000 students of which around 2,000 are currently based at their Eastbourne campus.
- 12.61 The University has a low intake of international students (around 10%). They do have an aspiration to increase international students but have no fixed target. The profile of students has changed with more Asian students replacing EU students post-pandemic.
- 12.62 Due to increased costs the number of students commuting from home who do not require dedicated term-time accommodation has increased to 20-25% of all students and this is expected to increase further. The University believe that, while costs are similar to those in London, the fact that students

do not receive the level of maintenance loans that those in the capital do (£9,978 per annum compared to £13,022) is pushing more students to live at home and commute longer distances.

- 12.63 Of the remaining students 60% live in the private sector but the University does not record the split between their own accommodation, private PBSA and HMOs. Most of the students in private accommodation are located along the Lewes Road, and in Bevendean, Coldean, Elm Grove, Moulsecoomb and Kemptown.
- 12.64 The University provide a guarantee to first year students of Halls of Residence, although they do not always expect this option to be taken up as many students will already have alternative accommodation. They can be over-subscribed and students that are not placed in halls are placed on a waiting list for alternative accommodation, which includes private PBSA where the University has a nomination right. The University has managed to find accommodation for all the students on their waiting list in a short period of time.
- 12.65 The University have noted anecdotally that student HMO housing is becoming more common in the wider sub-region with more students commuting from less expensive areas such as Newhaven and Shoreham.
- 12.66 The University expect private providers to continue to develop new PBSA in the city. Although they recognise that viability is challenging at this moment of time given inflationary pressures.
- 12.67 The University of Brighton have just completed the development of new halls and new student accommodation at Mithras House in Moulsecoomb. The University also recently sold Moulsecoomb Halls of Residence, which had 167 beds, to the Cathedral Group, and redevelopment of this site for 566 PBSA bedspaces has been granted planning permission and is expected to come on-line in 2025.
- 12.68 To avoid double counting the new site (566 bedspaces) is included in the pipeline supply but the 167 beds at the old accommodation (which were the least popular halls as they have shared bathrooms) are not included in the existing supply.
- 12.69 The University has also recently nominated 200 beds in the Kaplan Living Circus Street development (which is separate to the BtR scheme) to cover any shortfall for a two-year period, as the current halls will be demolished to make way for the new build.
- 12.70 The University are also in the process of looking at their accommodation portfolio and will use the current accommodation application cycle to determine whether further nominations with local PBSA providers are needed to enable their guarantee to students who meet their Halls criteria.

University of Sussex

- 12.71 The University of Sussex report that approximately 26.5% of students reside in University owned or managed accommodation. As with the University of Brighton they do not routinely calculate how many live in PRS, PBSA or living at home.
- 12.72 The profile of international students has fluctuated because of Covid. There are now fewer students from China and more from India, but the University do not know whether this will be a longer term trend. In the latest academic year HESA suggests that 5,725 students are from non-UK countries. This would equate to around 29% of students.
- 12.73 Generally, Chinese students tend to be more affluent than Indian students and less likely to bring families. There is some potential for the PBSA stock to be out of kilter with this new market (too expensive, not enough family accommodation) and this will need monitoring and addressing if this is a permanent change.
- 12.74 As well as delivering the West Slope development the University are seeking incremental growth of bedspaces in the City. An example of this is their proposed partnership with Study Group where they have made a joint change of use planning application for the former Bellerby's College at Voyager House. This would provide 376 new bed spaces should the application be permitted.

BIMM Institute

- 12.75 The British and Irish Modern Music Institute (BIMM Institute) has approximately 7,000 students spread across their eight campuses. The University has been continuously growing and recently incorporated drama, film and contemporary dance schools.
- 12.76 Their Hove Campus is home to around 1,600 students of which 10% are likely to live locally. This would mean that around 1,440 students are seeking accommodation at any one time.
- 12.77 The institute does not have any halls of residence but does have links to the Pavilion Point PBSA scheme in Central Brighton. Although this is an expensive option at £250 per week and according to their accommodation officer only very few students take this up.
- 12.78 The Institute does not have a breakdown of where students currently reside, however their accommodation officer stated that the majority live in HMOs or bedsits, most of which are in Hove. This means that they are less likely to compete with the students at the two universities in Brighton.
- 12.79 About 500 students are looking for accommodation in any one year, most of which are first years. Around 300 are placed by the accommodation officer who has a network of landlord and agencies providing anything from a bedsits up to a 7-bedroom HMO.

12.80 There were no issues finding accommodation for all students last year, although it was recognised that there has been some landlord flight due to too many restrictions placed upon them and increased interest rates.

12.81 Their network has only lost one landlord in the last year and while this number may grow they don't anticipate any major issues. It was also noted that the cost of accommodation is becoming increasingly difficult for students.

Policy Response

12.82 The evidence points to increasing demand for PBSA accommodation as a result of increasing numbers of students in the City and a falling supply of HMO accommodation. This report establishes that the pipeline supply would address the accommodation demand resulting from expected future growth, but would not significantly reduce the number of students living in the PRS nor offset any fall in HMO supply.²⁷ The council should therefore continue to support the provision of additional PBSA capacity.

12.83 Both the University of Brighton and the University of Sussex support the provision of additional PBSA in the City particularly that which is affordable. Additional supply in excess of that currently in the pipeline should ease pressure on the PRS by moving demand for student households from it. Any new PBSA would:

- Serve a growing student population in the city,
- Help rectify mismatches in the type of accommodation which is available and that which is needed,
- Respond to changing student preferences, and
- Replace existing poorer quality accommodation.

12.84 The provision and quality of accommodation will also help support the continued vitality of the Universities which in turn have a beneficial economic impact on the City and help provide a skilled workforce through graduate retention.

12.85 Policy CP21 of Part 1 of the Local Plan and Policy DM8 in Part 2 of the City Plan relate to PBSA. Policy CP21 states that:

²⁷ Future supply of HMOs is difficult to accurately project but can be monitored through Council Tax exemptions and HMO licensing schemes.

“A. The council will encourage the provision of purpose built accommodation to help meet the housing needs of the city’s students. Proposals for new purpose built student accommodation will need to demonstrate that the following criteria have been addressed:

- 1. Proposals should demonstrate that there will be no unacceptable impact upon residential amenity in the surrounding area through issues such as increased noise and disturbance;*
- 2. High density developments will be encouraged but only in locations where they are compatible with the existing townscape (see CP12 Urban Design);*
- 3. Sites should be located along sustainable transport corridors where accommodation is easily accessible to the university campuses or other educational establishments by walking, cycling and existing or proposed bus routes;*
- 4. Proposals should demonstrate that they would not lead to an unacceptable increase in on-street parking in the surrounding area;*
- 5. Proposals should be designed to be safe and secure for their occupants whilst respecting the character and permeability of the surrounding area;*
- 6. Schemes should demonstrate that they have entered into a formal agreement with one of the city’s two Universities or other existing educational establishments within Brighton and Hove. The council will seek appropriate controls to ensure that approved schemes are occupied solely as student accommodation and managed effectively;*
- 7. Permanent purpose built student accommodation will not be supported on sites allocated for housing or with either an extant planning permission for residential development or sites identified as potential housing sites.”*

12.86 As per bullet point six of the Policy, it is correct that support should be given to developments which state which university (or institution) the accommodation is intended to serve. This can be demonstrated through an exclusive nomination right over the development.

12.87 Policy DM8 of the Part 2 City Plan deals with the quality of proposed PBSA which states:

“Planning permission will be granted for new purpose built student accommodation (PBSA) developments, subject to the criteria set out in City Plan Part One Policy CP21, which provide all of the following:

- a) predominantly cluster units;*
- b) bedrooms of a sufficient size for living and studying;*
- c) communal living space, cooking and bathroom facilities commensurate in size to the number of occupants of cluster flats;*
- d) communal hub space commensurate in size to the number of studio units;*
- e) acceptable daylighting to all habitable rooms;*

*f) measures to promote the use of and provide access to sustainable transport including management arrangements to ensure occupants do not keep cars in Brighton & Hove; and
g) effective and appropriate 24 hour security presence.”*

- 12.88 Part a) of the policy is intended to bring forward more affordable cluster flats. The Council could consider extending their Policy to include an element of affordable accommodation within any proposed development. The level of such provision would need to be viability tested but is something that the London Plan has managed to achieve through its H15 Policy.
- 12.89 The Council could consider extending this to encourage development which includes a variety of different types or sizes of accommodation, such as that which is suitable for wheelchair users, for older students including research students, and/or those who have families.
- 12.90 As per PPG (Reference ID: 68-034-20190722) and the Housing Delivery Test Measurement Rulebook²⁸ student housing development can also contribute towards meeting the housing need in the City. Paragraph 10 of the Rulebook states:

“The national average number of students in student only households is 2.5. This has been calculated by dividing the total number of students living in student only households by the total number of student only households in England.”

- 12.91 Therefore, for every additional 2.5 bedspaces provided through Purpose Built Student Accommodation within the City then the City’s housing supply figure as submitted to DLUHC through monitoring returns can be increased by one unit. This ratio may change with the introduction of new data from the 2021 Census.

²⁸ <https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

Student Accommodation – Key Points

Nationally, there are challenges around the amount of student housing that is available. While this shortage may not be as acute in Brighton & Hove as elsewhere the City is still affected.

In 2021/22 the universities had a combined total of 32,750 FT students. This will include those that are distance learning as well as those at campuses outside of the City.

The cost of PBSA is very challenging for the majority of students with most now charging around £250-£260 per week. This can equate to £10,000 per annum but students are only given a maintenance loan of around this amount (with no London weighting).

In comparison, University operated PBSA ranges from £4,705 and £7,800 per annum if based on a 39 week contract. This makes the transition from first to second year particularly difficult if moving from cheaper university accommodation to private PBSA.

The cost of accommodation is also likely to worsen with landlords moving out of the student accommodation sector and private and university owned accommodation increasing rents, in some cases by upwards of 10%.

All this might support the continued move from HMO accommodation towards private PBSA which had already gathered pace for a variety of reasons.

Planned growth at the University of Sussex and a closure of the University of Brighton Eastbourne campus and transfer of students to Brighton and Hove will result in additional demand for PBSA. The additional demand can be met by the additional PBSA accommodation in the pipeline.

The supply of further additional PBSA is also supported by both Universities in the City and would enable pressure on the Private Recent Sector from student demand to be reduced and offset any future losses in the HMO sector. Greater provision and quality of accommodation will also help support the continued vitality of the Universities. The Council should therefore continue to support the provision of additional PBSA capacity.

The Council's existing policies are generally supportive of additional PBSA and are generally fit for purpose. However, the Council may wish to consider extending their Policy to include an element of affordable accommodation within any proposed development and seek to encourage a greater range of different types and sizes of accommodation where possible.

13. OLDER AND DISABLED PEOPLE

Introduction

- 13.1 This section analyses the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

- 13.2 The population of older persons is increasing, and this will potentially drive a need for more housing which is capable of meeting the needs of older persons. Initially a series of statistics about the older person population of Brighton & Hove are presented in the section below.

Current Population of Older People

- 13.3 The table below provides baseline population data about older persons in Brighton & Hove and compares this with other areas. The population data has been taken from the 2021 Census. The table shows that Brighton & Hove has a younger age structure compared to the regional and national average with 14% of the population being aged 65 and over, compared with 19% regionally and 18% nationally.

Table 13.1 Older Persons Population, 2021

	Brighton & Hove	South East	England
Under 65	85.9%	80.6%	81.6%
65-74	7.6%	10.2%	9.8%
75-84	4.4%	6.5%	6.1%
85+	2.0%	2.7%	2.4%
Total	100.0%	100.0%	100.0%
Total 65+	14.1%	19.4%	18.4%
Total 75+	6.4%	9.3%	8.6%

Source: Census (2021)

Projected Future Change in the Population of Older People

- 13.4 Population projections can be used to provide an indication of how the number of older persons might change in the future with the table below showing that Brighton & Hove is projected to see a notable increase in the older person population. The projection based on 660 dwellings per annum shows a

projected increase in the population aged 65+ of around 46% whereas the population aged Under 65 is in contrast projected to decrease by 2.5%.

- 13.5 In total population terms, the projections show an increase in the population aged 65 and over of 18,400 people. This compares with an overall increase of 12,500 across all ages – population growth of people aged 65+ therefore accounts for in excess of 100% of the total projected population change.

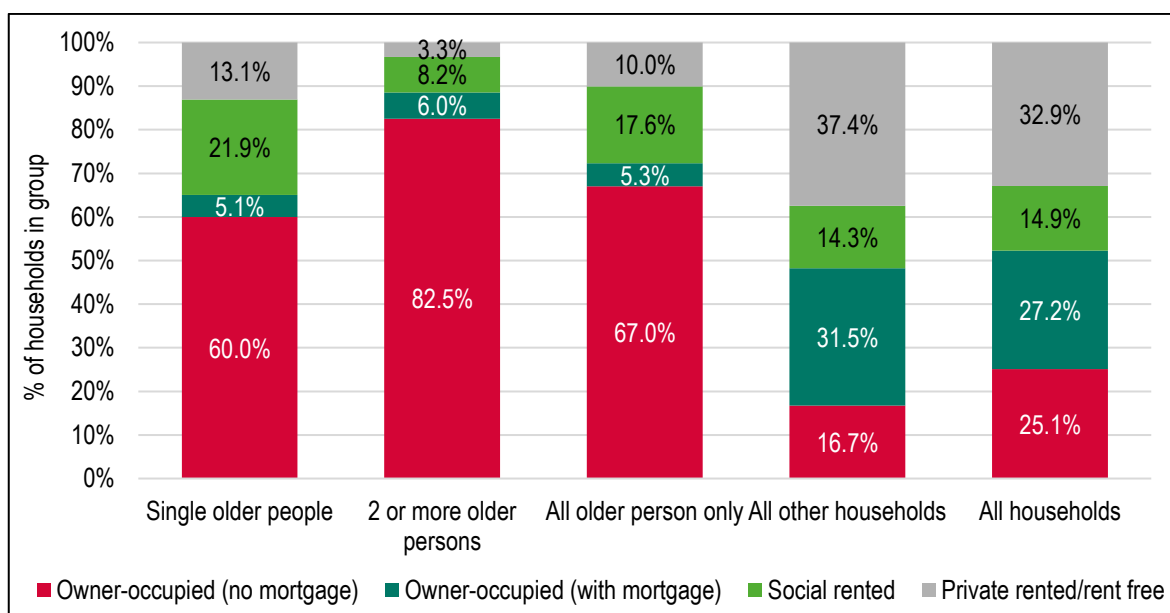
Table 13.2 Projected Change in Population of Older Persons, 2022 to 2041 – Brighton & Hove (linking to delivery of 660 dpa)

	2022	2041	Change in population	% change
Under 65	240,355	234,417	-5,938	-2.5%
65-74	21,663	30,546	8,883	41.0%
75-84	12,488	19,401	6,913	55.4%
85+	5,680	8,299	2,618	46.1%
Total	280,187	292,663	12,477	4.5%
Total 65+	39,831	58,246	18,415	46.2%
Total 75+	18,168	27,700	9,532	52.5%

Source: Demographic projections

Characteristics of Older Person Households

- 13.6 The figure below shows the housing tenure of older person households in the 2021 Census. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older person households are owner occupiers (72.3% of older person households), and indeed the vast majority are owner occupiers with no mortgage (67%) and thus may have significant equity which could if necessary be put towards the purchase of a new home. Some 18% of older persons households across the City live in the social rented sector; whilst the proportion of older person households living in the private rented sector is relatively low at about 10%.
- 13.7 There are also notable differences for different types of older person households with single older people having a somewhat lower level of owner-occupation than larger older person households (although still accounting for the majority of single older person households) and this group also has a much higher proportion living in the social rented sector.

Figure 13.1: Tenure of Older Persons Households in Brighton & Hove, 2021

Source: 2021 Census

Prevalence of Disabilities

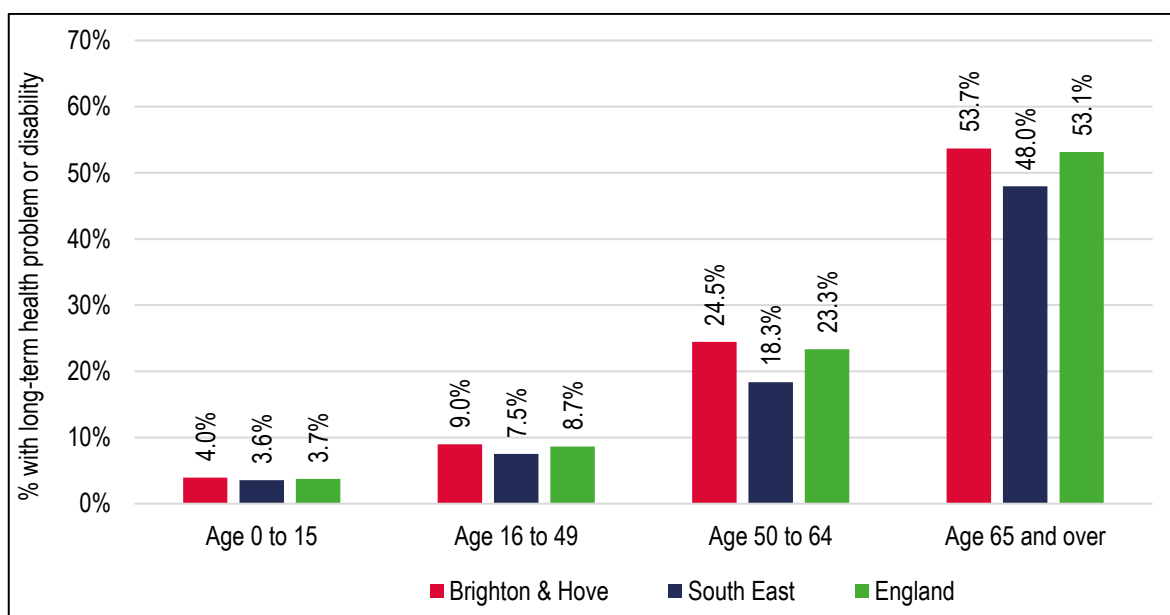
- 13.8 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 29% of households in Brighton & Hove include someone with a LTHPD. This figure is the same as seen across the South East but is slightly below the national average. The figures for the population with a LTHPD also show a similar pattern when compared with the regional and national averages with some 16% of the population having a LTHPD.

Table 13.3 Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Brighton & Hove	35,822	29.5%	44,569	16.3%
South East	1,048,887	29.5%	1,356,204	15.7%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

- 13.9 As noted, it is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows higher levels of LTHPD in each age band within Brighton & Hove when compared with the regional position (and also slightly higher than national averages).

Figure 13.2: Population with Long-Term Health Problem or Disability by Age

Source: 2011 Census

Health Related Population Projections

- 13.10 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.
- 13.11 The analysis undertaken for Brighton & Hove covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites²⁹. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 13.12 Of particular note are the large increases in the number of older people with dementia (increasing by 47% from 2022 to 2041 and mobility problems (up 46% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 23% of total projected population growth.

²⁹ <https://www.pansi.org.uk/> <https://www.poppi.org.uk/>

- 13.13 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

**Table 13.4 Projected Changes to Population with a Range of Disabilities – Brighton & Hove
(linked to delivery of 660 dwellings per annum)**

Disability	Age Range	2022	2041	Change	% Change
Dementia	65+	2,416	3,544	1,128	46.7%
Mobility problems ³⁰	65+	6,323	9,225	2,903	45.9%
Autistic Spectrum Disorders	18-64	1,429	1,470	41	2.9%
	65+	321	480	159	49.4%
Learning Disabilities	15-64	3,725	3,750	25	0.7%
	65+	715	1,045	330	46.1%
Challenging behaviour	15-64	68	68	0	0.1%
Impaired mobility ³¹	16-64	7,100	6,478	-623	-8.8%

Source: POPPI/PANSI and Demographic Projections

- 13.14 Inevitably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes, and those who choose to move into supported housing.
- 13.15 The assessed growth in those with Autistic Spectrum disorders also potentially underplays growth or at least reported growth. A recent report shows that there was a 787% increase in recorded incidence of autism diagnoses³² between 1998 and 2018. According to the report this likely reflects an improvement to diagnostics but potentially (although less likely prevalence).
- 13.16 Not all of the identified growth will need supported accommodation, but the Council are seeing a significant rise in demand for supported accommodation for autistic people.
- 13.17 Furthermore, the overall projected increase in the number of people with any of the disabilities listed above does provide clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations in order to provide a greater number of homes that will allow households to remain living in the same property for longer and thereby reduce the demand for specialist supported housing and care accommodation.

³⁰ People aged 65 and over unable to manage at least one mobility activity on their own, Activities include: going out of doors and walking down the road; getting up and down stairs; getting around the house on the level; getting to the toilet; getting in and out of bed

³¹ A mobility impairment is defined as someone of a working age who experiences either moderate, severe or complete difficulty with mobility and certain activities are limited in any way as a result, such as walking or climbing stairs.

³² Time trends in autism diagnosis over 20 years: a UK population-based cohort study (Russell Et Al) - <https://acamh.onlinelibrary.wiley.com/doi/10.1111/jcpp.13505>

- 13.18 The Council already has a policy in the City Plan (Policy DM1) which requires M4(2) standards for all residential development and this approach should be carried forward in the City Plan review (although it should also be noted that the Government has recently committed to incorporating M4(2) within Building Regulations).

Need for Specialist Accommodation for Older People

- 13.19 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: *Planning Practice Guidance [63-010]*

- 13.20 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply of housing and accommodation within the categories identified above. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that most older people generally want to remain at home rather than move to care) – this will need to be monitored.
- 13.21 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live

in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

- 13.22 These calculations would also cover the need for more specialist types of sheltered accommodation for those with multiple needs that aren't able to live in traditional sheltered/extra care housing e.g. due to mental health issues, substance misuse etc. Although the supply response would be separate to typical sheltered housing.
- 13.23 Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)*'. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 13.24 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 13.25 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years that these rates typically inform their own analysis (subject to evidence based localised adjustments).
- 13.26 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered housing have been merged into a single category (housing with support).

Table 13.5 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP @ (2008) ³³	Housing in Later Life (2012) ³⁴	2016 Housing LIN Review
Provision per 1,000 people aged over 75			
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 (‘proactive range’)
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: *Housing LIN*

13.27 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority’s strategy for delivering specialist housing for older people. For example the degree to which the Council want to promote extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in developing extra care accommodation; and
- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area’s population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to remain living in their existing

³³ Based on the More Choice Greater Voice publication of 2008

(https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

³⁴ https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

homes for longer. This will also be influenced by the extent to which adaptations and accessibility improvements can be incorporated into the existing housing stock.

- 13.28 IcenI and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but would also include care which is provided in a specialist housing with care development (e.g. extra care housing).
- 13.29 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).
- 13.30 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Brighton & Hove, the data shows similar health levels in the older person population and so the prevalence rates used are broadly in line with the figures shown above.
- 13.31 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Brighton & Hove is the 140th most deprived local authority in England (out of 317) – i.e. a slightly higher than average level of deprivation – this suggests a greater proportion of affordable housing than for a local authority in the middle of the range (for housing with support and housing with care).
- 13.32 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 13.33 Overall, the analysis suggests that there will be a need for housing with support (particularly in the market sector) and housing with care (again mainly for market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces (although a modest current surplus).

Table 13.6 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-41 – Brighton & Hove

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	49	817	884	67	464	530
	Affordable	78	1,879	1,411	-468	740	272
Total (housing with support)		126	2,696	2,295	-401	1,204	802
Housing with care	Market	25	52	458	406	241	647
	Affordable	20	159	368	209	193	401
Total (housing with care)		45	211	826	615	433	1,048
Residential care bedspaces		40	724	734	10	385	395
Nursing care bedspaces		45	890	826	-64	433	369
Total bedspaces		86	1,614	1,560	-54	819	765

Source: Derived from Demographic Projections and Housing LIn/EAC

- 13.34 It can be seen that by 2041 there is an estimated need for around 1,850 additional dwellings with support or care across the City. In addition, there is a need for 765 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 425 dwellings. In total, the analysis therefore points towards a need for around 2,275 specialist older person units over the 2022-41 period (120 per annum).
- 13.35 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.
- 13.36 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

LGBT+ Older Persons Housing

- 13.37 Brighton is culturally understood to be the unofficial LGBT+ capital of the UK. Many LGBT+ pubs, clubs, bars, restaurants, cafés, and shops are located around the City and in particular around St

James's Street in Kemptown. In addition, several LGBT+ charities, publishers and social and support groups are located in the city, and Brighton is home to one of the largest Pride events in the UK.

- 13.38 The cultural understanding of the city as an inclusive place for LGBT+ people is reflected in 2021 Census data. This shows that 10.7% of the population aged 16 and over in Brighton and Hove identify as Lesbian, Gay, Bisexual or Other (a total of 25,247 people).
- 13.39 Analysis of the 2021 Census also finds that when compared to the England (2.6%) average, Brighton and Hove has a much higher proportion of the older population identifying as part of the LGBT+ community (5.9%). Similarly the City has a higher proportion of trans population (1%) compared to the rest of England (0.5%).
- 13.40 Recent research³⁵ considering the lives and needs of older LGBT+ people finds that housing, care, and support in later life is a concern for many LGBT+ people, who view the mainstream later living market as not supportive of their needs.
- 13.41 Many older LGBT+ people are sceptical that those providing housing, care and support will be inclusive of them and that they will be treated with dignity and respect³⁶. Consequently, they are likely to change their behaviours to address these concerns, such as hiding their authentic selves, 'going back into the closet', or living more restricted lives compared to their cisgender and/or heterosexual peers.³⁷
- 13.42 Tonic, Stonewall Housing and Opening Doors London jointly carried out research to better understand the housing, care, and support requirements of older LGBT+ people in London. The outcome report Building Safe Choices (2020) found that respondents wanted housing, care and support services that are safe, and which recognise their lives, histories and treat them with dignity

³⁵ Lottmann R and King A. (2020) "Who can I turn to? Social networks and the housing, care and support preferences of older lesbian and gay people in the UK".

https://journals.sagepub.com/doi/full/10.1177/1363460720944588?casa_token=ND13rTrhB

³⁶ King A and Stoneman P. (2017) "Understanding SAFE Housing – putting older LGBT people's concerns, preferences and experiences of housing in England in a sociological context".

³⁷ Almack K. (2018) 'I didn't come out to go back in the closet': ageing and end-of-life care for older LGBT people. In Older Lesbian, Gay, Bisexual and Trans People: Minding the Knowledge Gaps..

and respect. The vast majority reported wanting LGBT+ affirming or accredited housing with care provision.

- 13.43 LGBT+ specific or affirming retirement communities are ones that set out to specifically meet the needs and wants of older LGBT+ people. The term does not imply exclusion of those who do not identify as LGBT+ but actively values those who respect and celebrate LGBT+ people. LGBT+ affirming is also often used in this context, to explain that these are not only “LGBT+-friendly” but genuinely affirming of the lives, histories, needs and desires of LGBT+ people.
- 13.44 LGBT+ accredited retirement communities are ones in which the provider has worked to gain an accreditation, such as Opening Doors London Pride in Care award or the Stonewall Housing Inclusion Standard. Such accreditation seeks to ensure the needs and equality of LGBT+ people are actively embedded in how a scheme operates at all levels from equality monitoring, staff training and education, to day-to-day activities and events, but the provision is not LGBT+ specific.
- 13.45 As with general housing it is important to provide a range of housing options to ensure choice in the market and also to meet specialist need. We would therefore recommend that within the identified need the City Council should support proposals which come forward offering housing with care and housing with support for older LGBT+ communities.

Adults with a Physical Disability

- 13.46 There has been a strategic shift within social care and health towards prevention and early intervention. Whilst residential care can provide a very important role, people with disabilities have a strong desire to live as independently as possible in their own self-contained accommodation with their own front door.
- 13.47 Under the Care Act 2014 Local Authorities must provide accommodation and support to people who have been assessed as needing it. The Act sets out the duty of authorities to shape the market and promote diversity and quality in the provision of efficient, effective, sustainable, services.
- 13.48 An Equalities Impact Assessment and Needs Assessment carried out by the BHCC Health and Social Care Commissioning Team shows that there is a particular need for housing and support for:
- **Young people aged 18-25** leaving the family home, residential colleges or other care settings with conditions such as Cerebral Palsy, other disabilities or brain injuries.
 - **People with brain Injuries that have some behavioural / complex needs** which could put themselves or others at risk.
 - **People with physical disabilities.** There are some people with conditions such as Multiple Sclerosis, Motor Neurone Disease, Huntington’s, who have experienced a stroke, a spinal injury or have an Acquired Brain Injury (ABI) who continue to live at home and need a suitable property.

- 13.49 The report notes that some young people with Cerebral Palsy who have care needs have been placed out of the City in services with people with learning disabilities or in residential care. It also adds that there are also young people with physical disabilities in single person services or small care homes that require high levels of support offering little privacy and independence and at a high cost.
- 13.50 Within Brighton and Hove there are currently 10 flats in 2 supported living services, none of which are accessible to people in wheelchairs and 10 Extra Care flats that are wheelchair accessible. These flats rarely become void so turnover is low and applications are multiple so not everyone's needs are being met.
- 13.51 Whilst there are other some wheelchair accessible flats across the City they do not have support available on site or are clustered together geographically to enable support to be shared.
- 13.52 There is also a need for specialist accommodation both for older people and working age adults. For example there is a need for bariatric accommodation that can house and support people who weigh up to 55 stone. Similarly the HACS team have identified a need for people with complex needs resulting for substance misuse, for example those with an acquired brain injury due to alcohol use.
- 13.53 Extra Care housing provides a preventative service by responding quickly to tenants' changing needs and can respond in emergencies as well as provide planned care.
- 13.54 The Housing LIN report that was commissioned by BHCC³⁸ to report on the gaps in housing provision identified the need for 'supported living for people with a physical disability/ABI both with and without behavioural issues, including people who also have age related needs'.
- 13.55 Demographic projections show:
- Significant increases in all areas of need met by the Health and Social team and increasing complexity of need in the younger adult population.
 - People aged 18-64 predicted to have impaired mobility is estimated to increase by 9% from 2019 – 2030 in Brighton & Hove. This is significantly higher than the average in other areas where it is estimated to increase by 2%. Also in that period it is predicted that there will be 11% more people between 18 and 64 with a moderate disability and a 15% increase in people with a serious

³⁸ Older People Housing Needs Assessment: Report for Brighton & Hove City Council, Housing Learning & Improvement Network, 2019.

disability. This equates to 580 more people out of a total of 1,047 more people with moderate to serious disabilities with personal care needs.

- 11% more people between 18 and 64 with a moderate disability and 15% increase in people with a serious disability.
 - 22% of adults in Brighton & Hove have two or more long term health conditions and this is expected to grow by 20% to 10,500 more people by 2030.
 - BHCC have more people aged 18 to 64 in residential and nursing care in comparison with most other local authorities, with around half of these people placed out of area.
- 13.56 Engagement with people with physical disabilities and their carers as part of the development of the Commissioning Strategy in 2020 identified that people would like to be able to stay in their own home with adaptations if necessary for as long as possible and in some cases to the end of their lives.
- 13.57 Finally, the report notes that Brighton & Hove Clinical Commissioning Group are keen for more local services as they are also placing people in high cost placements outside Brighton & Hove. Adding that they currently fund 2 of the 10 Supported Housing placements in Brighton with Continuing Health Care funding and have identified further people who would benefit from a service like this.

Adults with a Learning Disability

- 13.58 As set out in Table 13.4 above, according to PANSI the number of working age adults with a learning disability is expected to increase by 0.7% (or 25 people) between 2022 and 2041. Those of a retirement age with a learning disability are expected to increase by 46% (or 2,903 people). This is a cohort effect with more people moving into the older age bracket.
- 13.59 In addition, those of a working age with an Autistic Spectrum Disorder are expected to increase by around 3% while those of a retirement age are expected to increase by almost 50%. There is not expected to be any change in those with challenging behaviour.
- 13.60 The City Council's "Adult Learning Disability Strategy The Big Plan 2021 to 2026"³⁹ which covers all adults aged over 18 with a learning disability which is defined by the Department of Health as a "significant reduced ability to understand new or complex information, to learn new skills (impaired

³⁹ <https://www.brighton-hove.gov.uk/sites/default/files/2022-01/Adult%20Learning%20Disability%20Strategy%202021-26%20web.pdf>

intelligence), with a reduced ability to cope independently (impaired social functioning), which started before adulthood”.

- 13.61 The strategy sets out that there is an estimated 5,031 people in the City with a learning disability, of which 25% or 1,259 people have a moderate or severe learning disability. The most common age group for those with a learning disability are those aged 25-34 which account for 22% of the total.
- 13.62 The report also projects need based on older PANSI need based on local population projections which expect a different level of population growth than those linked to 660 dpa. As a result the projected growth is higher as it is based on greater population growth.
- 13.63 Specifically, the Learning Disability Strategy estimates that there will be a total of 6,414 adults (over 18) living with a learning disability (+484 people) in 2035 or which around 5,254 are of a working age. This is an increase of 4% of the population size in 2020. The biggest increase will be in people aged 65 to 74.
- 13.64 An engagement event was carried out in October 2022 with providers to share information on needs. Whilst there is a large provider market, the current market growth is fairly stagnant with providers struggling with cost of living, recruitment and retention and limited property available in the city.
- 13.65 Property challenges in the city are due to a range of issues including the type and style of property which can be limiting in size and accessibility, with key features such as the need for a garden, not too close to neighbours and a driveway, the price of property (both to buy and rent), insecurity of private leases and costs of adaptation being barriers.
- 13.66 The engagement event highlighted the overall need for a growth in services. Specifically it highlighted the increasing need for more individualised accommodation to address compatibility issues and those with behaviours that challenge, who need their own space, such as individual flats within a property.
- 13.67 For individuals who can present with challenging behaviour specialist adaptations are usually required to ensure the property is robust in its infrastructure, which comes at an additional cost. There is also limited accommodation to meet the needs of those with physical needs alongside their learning disability.
- 13.68 Due to the lack of vacancies in the city, a number of individuals are still being placed out of area away from family and friends and often at a higher cost to the Council. There are also a number of individuals who would like to move back to the city. Suitable availability of placements in the city are needed to meet this need both now and in the future.

13.69 The strategy also profiles those with a learning disability and identifies that:

- 8.8% are in paid employment;
- 21% of those accessing support from the Council are in receipt of direct payments;
- Of those receiving support from the Council 820 are getting long term support from the Council;
- 81% are living in stable and appropriate accommodation meaning that 19% are not;
- 40% of those aged 18-64 and 51% of those aged over 65 have as much social contact as they would like; and
- 62% of people who use services are extremely or very satisfied with their care and support and 64% of service users feel safe.

13.70 The strategy sets out the 6 key priorities and workstreams for the City Council and their partners. The City Council recognise that there will be a significant commitment and resource required to carry out the priorities that have been identified. These are:

1. That adults with learning disabilities are empowered to develop and maintain relationships and friendships and are supported to understand how to keep themselves safe. The aim of which will be an increased range of activities and groups, opportunities to learn and increased awareness of their needs.
2. Adults with a learning disability live longer and have healthier and happier lives. The aim of which will be to prevent premature mortality, offer annual health checks, focus on maintaining healthy lifestyles and choices and providing support to do so. In addition healthcare should be accessible and inclusive and information on services is available.
3. That adults with learning disabilities have access to a range of activities, work and learning opportunities in the city with the appropriate level of support they need. The aim of which is to provide a broad range of activities and learning opportunities to promote more adults into employment, apprenticeships and volunteering.
4. Adults with learning disabilities live in good quality accommodation that encourages independence with appropriate support to achieve this with choice of where and whom to live with. The aim of which is to improve the quality and flexibility of housing and support options and with fewer people living outside the City or in hospital.

5. That moves between services or changes in provision, across all ages, are smooth, seamless and supportive. The aim of which is to provide a range of support, information and advice to those going through transitions.
 6. That adults with learning disabilities and their carers have access and know where to go for advice and information on services in the city. The aim of which will provide information and advice which is accessible, consistent, easily available and enables inclusion.
- 13.71 The Council are also about to launch an Autism strategy and initial engagement has shown that there is a significant need for supported living accommodation for autistic people, many of whom also have access needs, a need for accommodation that takes account of sensory needs and physical health conditions.
- 13.72 In particular there is a need for autistic adults with significant mental health conditions. For example, a disproportionate amount of people in local inpatient mental health settings are autistic people waiting because there is not any suitable accommodation for them to move to.

Mental Health

- 13.73 In line with national trends, there has been significant increase in demand for mental health services across all sectors, all ages and most pathways in Brighton and Hove. This includes demand for acute mental health admissions which has resulted in a large number of out of area placements.
- 13.74 PANSI data also provides projections for people of a working age with a range of mental health disorders again these can be linked to the delivery of 660 dwellings per annum. Although it should be stressed not all of these will require a residential solution.
- 13.75 As shown in the table below, there is expected to be an increase across the board with the largest increase in those with Common Mental Disorders (+170 people). The largest percentage increase and also the second largest absolute increase is in those with an Anti-Social personality disorder.

Table 13.7 Projected Changes to Population with a Range of Mental Health Issues – Brighton & Hove (linked to delivery of 660 dwellings per annum)

	Age band	2022	2041	Change	% change
Common mental disorder	18-64	36,613	36,782	170	0.5%
Borderline personality disorder	18-64	4,648	4,671	23	0.5%
Antisocial personality disorder	18-64	6,428	6,560	132	2.1%
Psychotic disorder	18-64	1,352	1,365	13	1.0%
Two or more psychiatric disorders	18-64	13,913	14,035	123	0.9%

Source: PANSI data

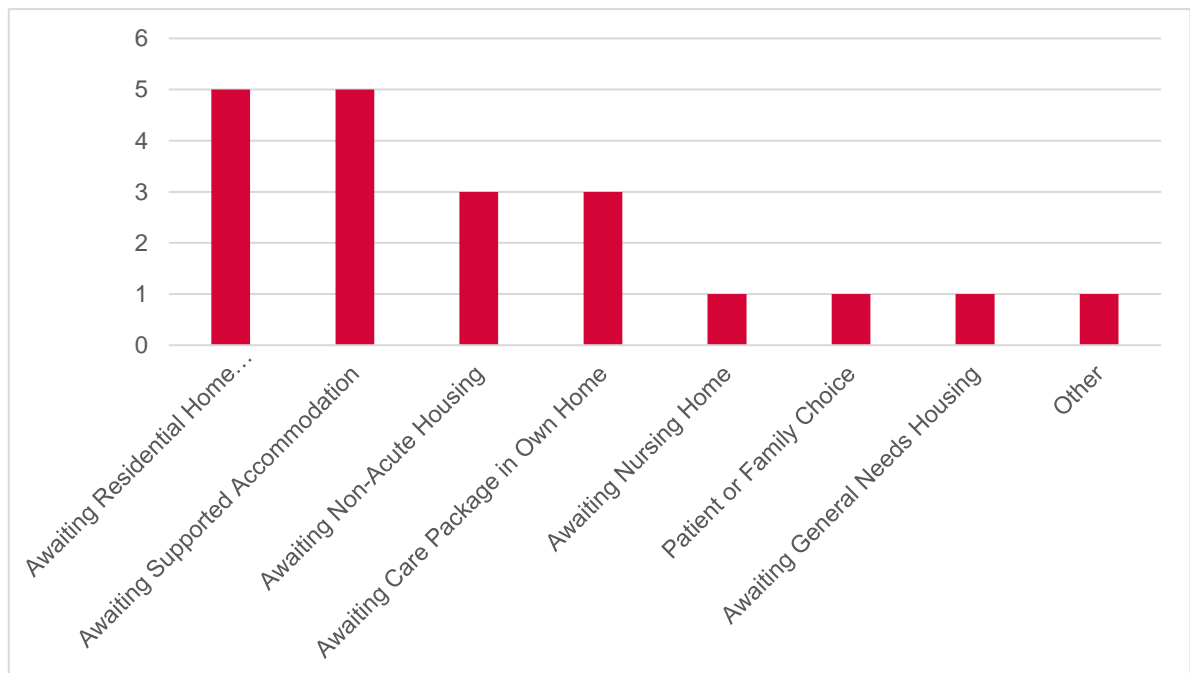
- 13.76 The Mental Health Discharge Improvement Plan for Sussex (2021/22 – 22/23) produced by Sussex Partnership Foundation Trust noted that over the preceding 15 months, admission numbers had

been higher than the pre-COVID three year average, for all bar 2 months and they concluded that this is likely caused by COVID suppressed and COVID generated demand. The Plan modelling suggested that the increase is likely to continue.

13.77 The Plan suggests a significant increase in patients who were medically ready for discharge. As of August 2021, 14.7% of the 368 patients were medically ready for discharge across Sussex. Proportionately Brighton & Hove had the highest number of patients medically ready for discharge.

13.78 Between February and July 2021 there were 20 patients whose discharge was delayed. The main reasons for the delayed transfer of care in Brighton & Hove was a lack of available space in a residential home (5 persons) or supported accommodation (5 Persons).

Figure 13.4 - Reason for Delayed Discharge (Feb – July 2021)



Source: Sussex Partnership Foundation Trust (2023)

13.79 The majority of those waiting for supported accommodation are homeless, i.e. the accommodation is not being provided in place of less suitable existing accommodation but in order to meet both support and housing need.

13.80 H-CLIC data, which is the Government's information service on homelessness and based on returns from each local authority, suggests that around 15% of all homelessness presentations to Brighton and Hove City Council had a support need due to a history of mental health problems.

- 13.81 The Council also report that in March 2022 the embedded Homeless Prevention Officer, funded via the DHSC and CCG, had a case load of 20 in-patients all of whom were suitable for supported or general needs accommodation, and all of whom were homeless.
- 13.82 Brighton and Hove City Council's Adult Social Care data shows that as of October 2021 there were 175 people placed in Mental Health Care homes by the City Council. As shown in the table below, the majority of these were aged 45-65, this will have a notable cohort impact in the next 20 years in relation to demand for specialist elderly accommodation.
- 13.83 Around 46% of those who were placed by the Council were provided for in Brighton and Hove meaning 54% were placed out of area. The majority of which (70%) was due to a lack of appropriate placement rather than through choice (30%).

Table 13.8 Placements in Mental Health Care homes by Age (Brighton and Hove)

Age Range	Number of individuals placed in Residential care	Number of those individuals who require nursing care
18-25	2	0
26-45	37	7
45-65	97	17
65+	39	5

Source: BHCC, 2021

- 13.84 The Council data also shows that 16 people (9%) of those placed in Residential Care Homes would have been better placed in a supported living service if a service had been available. It also shows that around 17% of individuals placed in Mental Health residential care homes required nursing care, many of whom have needs around alcohol or substance misuse.
- 13.85 On average people wait 3 months for a placement but this can be longer for people with specific needs such as substance misuse and mental health. Waiting lists for supported accommodation for those with mental health needs are extensive and demonstrate the current capacity is not sufficient to meet demand, especially for self-contained accommodation.
- 13.86 In October 2021 there were 15 people waiting for supported accommodation with 11 of those waiting for self-contained accommodation. Again this analysis shows a lack of local provision of supported living and residential care accommodation.
- 13.87 Feedback from professionals as part of the engagement for the Brighton & Hove Mental Health & Housing Plan May 2022 found 70% of respondents believed their clients would not be able to access accommodation, which is suitable for their mental health needs, this included lack of affordable housing within the city.

Other Local Priorities

- 13.88 In addition to the reports and analysis referenced above, we obtained further information on local needs and priorities from a meeting with BHCC Health and Adult Social Care (HASC) officers. The notes of this meeting are summarised below.
- 13.89 Council HASC officers highlighted a need to increase the delivery of Extra Care in order to reduce the reliance on more expensive and intensive residential care.
- 13.90 Those currently entering one of the Council's three extra care schemes have an average age of around 65 and require a reasonably high level of care but not to the extent that they need residential care.
- 13.91 As a result the above outputs can be adjusted to a reasonable degree by ensuring that there is no net loss in residential care and the additional 395 units identified for residential care could be shifted to additional Extra-Care demand. This should be managed carefully to ensure there are no temporary shortages of residential care.
- 13.92 The HASC team also noted issues with access to suitable properties for those with a physical disability. In particular they identified a real shortage of wheelchair accessible accommodation. In response, the Council are currently converting an old residential care home into supported accommodation, a similar style of care to extra care for those aged under 55.
- 13.93 This shortage of wheelchair accommodation is evidenced further by the Council typically placing people outside of the City or placing younger people in nursing care due to a lack of more suitable stock. The Council are also occasionally approached by care providers that cannot find suitable accommodation.
- 13.94 The HASC team also noted that the overall level and complexity of needs of those with Learning Disabilities is increasing. This is being complicated by the cost of supported living services increasing from an already high position.
- 13.95 The officers also noted a gap for bariatric wheelchair users and are currently developing two bariatric wheelchair flats (slightly larger than regular wheelchair accessible flats) and two regular wheelchair user flats. This is in addition to the Council's wider housing supply programme which will deliver additional wheelchair accessible accommodation.
- 13.96 There is particular concern as they expect an increase in young people coming through the system that will need to access their range of services as well as population projections which show an increase in need across the board.

- 13.97 There is also a growing need to support those with more complex needs including dementia. One charity has been looking for two years for a replacement building. The HASC team noted that it is becoming increasingly challenging to meet Council duties due to land constraints, affordability, accessibility and viability.
- 13.98 The HASC team also identified other gaps in supply including accommodation for those with learning disabilities and brain injuries across all of Sussex. There has been some joint working with the other Sussex authorities but not for all types of housing. For example the Council are working closely with East and West Sussex County Councils to accommodate people with learning disabilities.
- 13.99 Similarly there is a gap in accommodation for people with multiple complex/compound needs (e.g. substance abuse/misuse etc) with the HASC team noting that this is an extremely challenging cohort to house.
- 13.100 The HASC team also advocated an expansion of the Shared lives scheme. This involves individuals that require care living with an approved host family. This scheme provides excellent levels of care with good outcomes and also typically provides £30,000 per person cost saving compared to other residential solutions⁴⁰.
- 13.101 The HASC team noted that the east of the City has less specialist provision although where people are placed is considered secondary to the need for additional provision and its access to services as it is accepted that individuals' locational preferences cannot always be met.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

- 13.102 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

“This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses”.

- 13.103 There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement

⁴⁰ <https://sharedlivesplus.org.uk/what-is-shared-lives-care/>

communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.

- 13.104 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

- 13.105 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *“use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses).”* C3 (dwelling houses) are defined as *“use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents).”*
- 13.106 Care is defined in the Use Class Order as meaning *“personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment.”*
- 13.107 Personal care has been defined in Regulations⁴¹ as *“the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided.”*
- 13.108 Government has released Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

“It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.”

- 13.109 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care

⁴¹ Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

13.110 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents' care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.
- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

13.111 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative of whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which specifically seeks to do so.

13.112 The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

13.113 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

13.114 The implication for Brighton & Hove is that:

- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
- If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could potentially be sought from a C2 use through policies in a new Local Plan.

13.115 Within the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought as an element of extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

13.116 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);
- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;
- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

13.117 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

13.118 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of the new City Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

13.119 In considering policies for affordable housing provision within housing with care schemes, there is one further factor which warrants consideration which is the practicalities of mixed-tenure schemes.

13.120 The market for extra care developments is currently focused on providers at the affordable and higher ends of the market, with few providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

13.121 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In many instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

13.122 The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

13.123 The analysis below sets out estimates of the number of wheelchair users in the City; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user (in England) where the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age

groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 13.9 Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60-74 years	205,000	7,668,000	27
75-84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

13.124 The analysis also considers the relative health of the population of Brighton & Hove in order to adjust the national rates to make them locally specific. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The table below shows this information by age in Brighton & Hove and England, and also shows the adjustment made to reflect differences in health between the City compared to nationally. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows very slightly lower levels of disability for all age groups in Brighton & Hove, pointing to a slightly lower than average proportion of wheelchair user households.

Table 13.10 Proportion of people with day to day activities limited a lot (by age) – 2011 – Brighton & Hove

	% of age group with day to day activities limited a lot		Brighton & Hove as % of England	Prevalence rate (per 1,000 population)
	Brighton & Hove	England		
Under 60 years	4.1%	4.2%	99.2%	4
60-74 years	13.8%	13.9%	99.1%	26
75-84 years	27.4%	29.1%	94.1%	64
85 years or over	49.4%	52.3%	94.3%	138

Source: 2011 Census

13.125 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 3,364 wheelchair user households in 2022, and that this will rise to 4,353 by 2041 (an increase of just under 1,000).

Table 13.11 Estimated number of wheelchair user households (2022-41) – Brighton & Hove

	Prevalence rate (per 1,000 population)	Household population 2022	Household population 2041	Wheelchair user households (2022)	Wheelchair user households (2041)
Under 60 years	4	220,785	213,009	993	958
60-74 years	26	35,338	46,061	936	1,220
75-84 years	64	12,104	18,746	770	1,192
85 years or over	138	4,830	7,128	666	983
TOTAL		273,057	284,945	3,364	4,353

Source: Derived from a range of sources

13.126 The estimated current number of wheelchair user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 1,815 additional wheelchair user homes in the 2022-41 period – this equates to 14% of all housing need (as set out in the table below). The projected part of the need equates to 8% of a delivery of 660 dwellings per annum.

Table 13.12 Estimated need for wheelchair user homes, 2022-41

	Current need	Projected need (2022-41)	Total current and future need	Housing need (2022-41)	% of Housing Need
All	827	988	1,815	12,540	14.5%
Excl. current need	-	988	988	12,540	7.9%

Source: Derived from a range of sources

13.127 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). These proportions can be expected to increase with an ageing population and applying the national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a potential need for around 11% of market homes to be provided to M4(3) standard along with 30% of affordable – these figures will be lower if the current need is excluded.

Table 13.13 Estimated need for wheelchair user homes by tenure, 2022-41

	Market	Affordable
All	11%	30%
Excl. current need	6%	16%

Source: Derived from demographic projections and EHS prevalence rates

- 13.128 To meet the identified need, the Council could justify seeking a proportion (maybe up to 10%) of all new market homes to be M4(3) compliant and potentially 25% in the affordable sector. This is higher than the 10% currently being sought through current City Plan policy and there may well be viability reasons specific to Brighton and Hove to retain these levels. However, setting higher policy requirements would also compensate for the likelihood that not all sites and developments would be suitable for delivering M4(3) housing.
- 13.129 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the relatively high build out costs (see table below).
- 13.130 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds⁴².
- 13.131 The key outcome is: *'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'*. This change is due to shortly be implemented through a change to building regulations.
- 13.132 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating *'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'*.
- 13.133 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target on specific sites or within some types of development. The table below shows estimated costs for different types

⁴² <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

of accessible dwellings, taken from research supporting the initial 2015 PPG on accessible housing – these costings are now 8-years old but do still provide an indication of the relative costs of different options.

Table 13.14 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi- Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

- 13.134 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliant homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 13.135 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including developments of less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting future planning policies.

Older Persons and Disabled People - Summary

A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

The data shows that Brighton & Hove has a younger age structure and slightly higher levels of disability compared with the national average – age specific rates of disability are generally slightly higher than seen nationally (although not for those whose day-to-day activities are limited a lot). Although having a younger population structure, the older person population is projected to increase notably moving forward. Additionally, the older person population has some distinct characteristics, including a high representation in the owner-occupied sector. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-41 period include:

- *A 46% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth);*
- *A 47% increase in the number of people aged 65+ with dementia and a 46% increase in those aged 65+ with mobility problems;*
- *A need for around 800 housing units with support (sheltered/retirement housing) – split about two-thirds market and a third affordable housing;*
- *A need for over 1,000 additional housing units with care (e.g. extra-care) – the majority (60%) in the market sector;*
- *A need for additional residential and nursing care bedspaces (around 770 in the period – although there is no current need as of 2022); and*
- *a need for around 1,000-1,800 dwellings for wheelchair users meeting technical standard M4(3). This equates to between 8% and 14% of all housing need based on a delivery of 660 dwellings per annum.*

The analysis indicates a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specialist older persons housing and the Council has already adopted a policy to do this.

In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).

There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

14. OTHER SPECIFIC GROUPS

Service Families

- 14.1 There are no military establishments in the Brighton and Hove authority area and most recent Ministry of Defence (MOD) statistics suggest that there are only 10 military or Civilian MOD personnel stationed in the City.
- 14.2 There is an Army Reserve Centre at Quebec Barracks on Dyke Road in Brighton. The nearest full time military base is at Thorney Island near Portsmouth which is about 40 miles distant from Brighton.
- 14.3 This would suggest that there is no need to develop a policy which addresses the specific need of MOD personnel. However, according to the City Council Armed Forces Covenant Officer the City is a magnet for service leavers due to the availability of work including door work in the hospitality industry and for LGBTQ service leavers.
- 14.4 The 2021 Census estimates that there are 5,618 people in Brighton and Hove who have previously served in the armed forces. This includes both regular and reserve armed forces. This equates to around 2.4% of the population.
- 14.5 Furthermore, Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing. Depending on their incomes this group will already largely be accounted for within the city's identified affordable housing need and will not be additional to it.
- 14.6 The Planning Practice Guidance for First Homes requires that any local connection criteria are disapplied for all active members of the Armed Forces, divorced/separated spouses or civil partners of current members of the Armed Forces, spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within 5 years of leaving the armed forces.
- 14.7 The most acute and pressing issues are likely to be finding accommodation for those transitioning out of the forces. First Homes could play a part in meeting this demand as it would provide a discounted route to home ownership.
- 14.8 In addition, the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.

- 14.9 This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

Self and Custom Build

- 14.10 As of 1st April 2016, and in line with the 2015 Self-Build and Custom Housebuilding Act, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.
- 14.11 The Brighton and Hove Self-Build and Custom Housebuilding Register has now covered seven base periods⁴³ from 1st April 2016 up to 30th October 2022. The Council does not currently set any local eligibility criteria for entry onto the register.

Table 14.1 Self and Custom Build Housing Register

Base Period	Individuals	Groups
Base Period 1 (1 st April 2016 – 30 th October 2016)	0	0
Base Period 2 (31 st October 2016 – 30 th October 2017)	9	2
Base Period 3 (31 st October 2017 – 30 th October 2018)	28	4
Base Period 4 (31 st October 2018 – 30 th October 2019)	26	0
Base Period 5 (31 st October 2019 – 30 th October 2020)	26	0
Base Period 6 (31 st October 2020 – 30 th October 2021)	47	0
Base Period 7 (31 st October 2021 – 30 th October 2022)	21	0
Total	157	6
Average (across 6.5 base periods)	24	1

Source: Brighton and Hove Self and Custom Build register

- 14.12 The 2015 Act (as amended) includes a requirement for the Council to grant sufficient planning permissions to meet the demand identified on the Register although this does not need to meet the requirements of the specific applicants. Over the seven base periods, there has been a total of 157 registered expressions of interest in a serviced plot of land.

⁴³ A base period is a period of typically 12 months in which demand for custom and self-build is recorded. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

- 14.13 If this level of demand continues this would equate to a need to permit an average of 24 plots per annum. The Table above provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in Brighton and Hove.
- 14.14 It is worth highlighting that a survey⁴⁴ undertaken by YouGov on behalf of the National Custom and Self-Build Association (“NaCSBA”) in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority’s self-build register may underestimate demand.

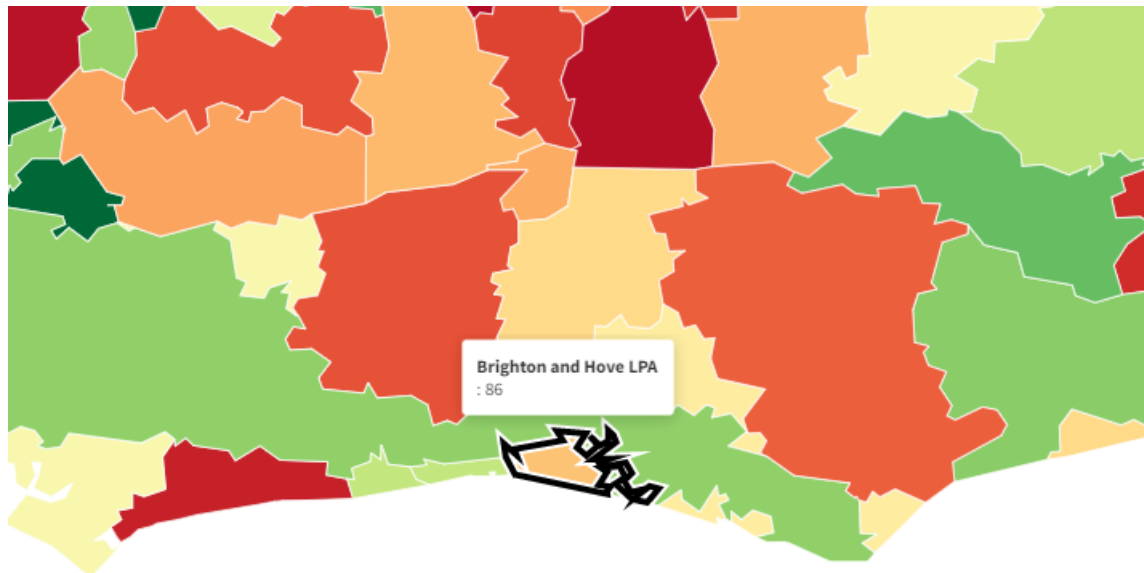
Broader Demand Evidence

- 14.15 In order to supplement the data from the Council’s own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.
- 14.16 First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Although the survey did not gauge the seriousness of this aspiration and to what degree they are likely to self-build in the near future.
- 14.17 Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property.
- 14.18 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Brighton and Hove in relative terms. The association has recently published analysis with supporting maps and commentary titled “Mapping the Right to Build” in 2020. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England.
- 14.19 One of the key maps within the report highlights the areas of strongest demand and this is shown in the figure below. This shows that Brighton and Hove has a need for 86 units per 100,000 head of population.

⁴⁴ A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

- 14.20 Based on the capacity led population projections the population in 2041 is projected to be 292,663. If these rates are applied to that level of population there would be a need for 251 units of accommodation over the next 18 years. This equates to around 14 plots per annum.

Figure 14.1 - Overall Demand for Self-Build Plots per 100,000 of Population



Source: NaCSBA "Mapping the Right to Build," 2020

Policy Response

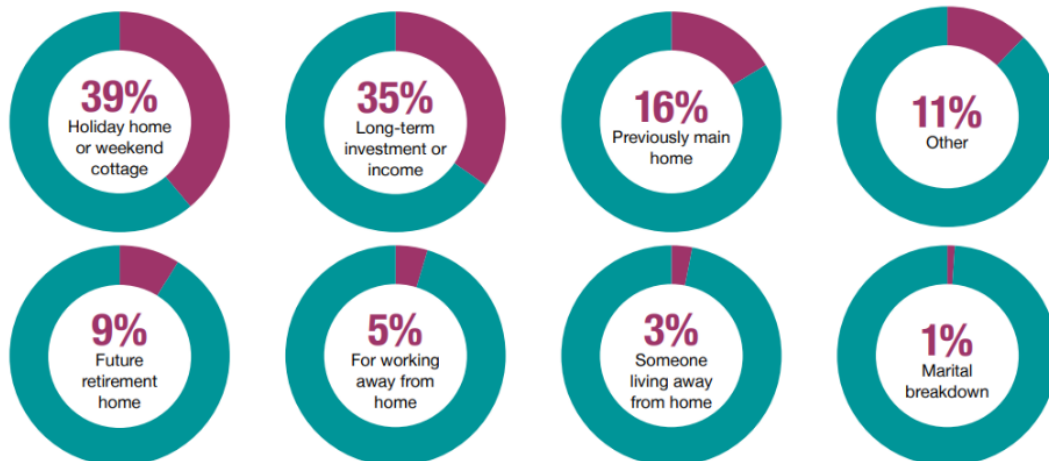
- 14.21 The current City Plan Part 2 Policy DM1 requires proposals to "make provision for a range of and mix of housing/accommodation formats subject to the character, location and context of the site for example, self and custom build housing,"
- 14.22 Also Policy H2 of the City Plan Part 2 states that Urban Fringe sites should "Provision is made for a proportion of serviced plots for self and/ custom build dwellings unless it can be demonstrated that this would make the scheme unviable."
- 14.23 Ideally this policy could be made more specific with regards to the level of any contribution these sites might make. However, the sensitivity of these urban fringe sites within Brighton in terms of landscape & ecology makes this difficult as the extent to which these sites might be required for ecological mitigation and biodiversity net gain (BNG) is not yet known.
- 14.24 The Council may also wish to consider allocating sites specifically for self and custom build. However, we recognise that the opportunity to do this is restricted due to the very limited supply of suitable greenfield land in the city. In the event that this might change the Council could consider allocating any sites which do arise for this purpose.

- 14.25 Although Brighton and Hove does not have a Green Belt a recent appeal decision⁴⁵ in Windsor and Maidenhead demonstrates the importance of delivering custom and self-build homes. This appeal allowed for the delivery of four custom and self-build homes in the Green Belt on the basis that “very considerable weight” was placed on the Borough was not meeting its custom and self-build need.
- 14.26 That said, the need for self and custom build accommodation also needs to be balanced with the needs of general housing and other specific groups in the context of a land supply which is unlikely to meet overall needs.
- 14.27 The City Council should also continue to work in partnership with community led housing providers to deliver additional self-build housing. Previously the Council have successfully applied to the “Brownfield Land Release Fund” for some co-operative schemes. This is important not only to provide additional homes but to ensure that the SME construction industry is supported.

Second Home Ownership

- 14.28 Another component of housing demand in the City is that for second homes. A Second Home, for the purposes of this report, is defined as a property that is not the owner’s sole or main residence. The English Housing Survey⁴⁶ 2018-19 identified reasons for having a second home, these are illustrated in the figure below.

Figure 14.2 - Reason for Second Home



Source: MHCLG, English Housing Survey

⁴⁵ Appeal A Ref: APP/T0355/W/22/3309281

⁴⁶

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898190/2020_EHS_second_homes_factsheet.pdf

- 14.29 As shown, around three quarters of all second homes are either holiday homes (39%) or investment opportunities (buy to let) (35%). This would mean that of the 722,000 people with a second home in England around 280,000 would have holiday homes.
- 14.30 However, a significant proportion of holiday homes are outside the UK with only 64% of those with a second home having one in the UK. Around 14% of those with a second homes have one in the South East with the largest percentage (27%) being in the South West region.
- 14.31 The English Housing Survey also profiles those with a second home. This indicates that almost 80% of those with a second home were aged over 40. Around 69% of second home owners are working and 27% are retired. Only 8% have more than two properties.
- 14.32 As well as occupying second homes as a holiday home many are also rented out either wholly or at times as holiday homes or short term rentals for others to use. This is now typically through websites such as Airbnb or Vrbo.
- 14.33 The Council⁴⁷ recognises that a second home that is frequently occupied can bring economic benefits to the community, however, those that are unused for much of the year provide little or no benefit to the local community. The Council also wish to ensure that the existing housing supply is not underused and is in regular long-term use, while also recognising that housing used as holiday/short term lets do play a role in supporting the visitor economy.
- 14.34 It is also the case that large numbers of second homes and holiday lets can reduce the availability of long term private rental housing and drive up house prices through increased competition. This was intimated to us in our discussions with the Universities who indicated that some landlords are focussing on short term lets when previously they were student HMOs.
- 14.35 A high number of second homes, particularly if unoccupied for much of the year, can also have an adverse impact on local communities and the sustainability of local facilities. If not well managed, short term holiday lets can also lead to issues with anti-social behaviour.

Availability of Data

- 14.36 There is no single dataset which accurately identifies the number of second homes in a local area. A number of data sets need to be interrogated in order to establish the likely number and location of second homes. Census data and council tax data are commonly used as well as published data on

⁴⁷<https://democracy.brighton-hove.gov.uk/documents/g10702/Public%20reports%20pack%2016th-Jun-2022%2016.00%20Tourism%20Equalities%20Communities%20Culture%20Committee.pdf?T=10>

short-term rentals. However these data sources are not without limitations which will be addressed in turn in the sections below.

Second Homes as Holiday Homes

14.37 The 2021 Census collects data of all properties used as a second address, that is not the usual place of residence and where people stay 30 days a year or more. This includes holiday homes, the term-time address of students, those who work away from home and those who spend time between two parents. It does not capture all holiday homes, as it does not capture those second addresses that are stayed at as a holiday home for less than 30 days a year.

Table 14.2 Location of dwellings used as a second address by usual residents (2021)

	Holiday home	Another address when working away from home	Student's term-time address	Student's home address	Another parent or guardian's address	Partner's address	Other (including armed forces)	Total
England	61,070	85,795	8,800	445,715	615,685	190,530	219,855	1,627,450
South East	11,995	14,540	1,230	94,435	109,975	34,075	36,525	302,775
Brighton and Hove	500	580	180	2,480	3,320	1,425	1,425	9,910
Brighton and Hove %	5%	6%	2%	25%	34%	14%	14%	100%

Source: ONS, Census 2021

14.38 Nationally and in the South East Region around 4% of second addresses are due to holiday homes. Within Brighton and Hove the proportion is slightly higher at 5% or 500 homes which equates to around 0.4% of all dwellings in the City.

14.39 For comparison the proportion of second addresses recorded as holiday homes is significantly higher in some neighbouring district as such as Chichester where 19% or 1,085 second addresses are recorded as holiday homes and in Eastbourne where the figures are 11% or 365 holiday homes recorded.

14.40 From this Census dataset, the vast majority of holiday homes in the City (73%) are flats with 42% having 2-bedrooms and 26% having 1-bedroom. Whilst the dataset does not capture all holiday homes, at less than half a percent of all stock this would suggest any impact on the housing market is minor and would have very limited impact on the supply of family homes.

14.41 Within the City the greatest number of holiday homes are found in the Rottingdean Coastal ward although this only accounts for 95 homes. This is followed by the Brunswick and Adelaide (70 homes), Queens Park (60 homes) and Regency and East Brighton Wards (both 55 homes),

Vacant Homes Data

14.42 The recently published 2021 Census data provides data on the number of unoccupied dwellings. Whilst this data is a useful proxy it will not capture second home ownership exactly as there are a number of different reasons why homes might be unoccupied. For example, it will also include those vacant dwellings in a state of disrepair and unfit for habitation, in the process of being sold or leased, is leased as a holiday home, or the previous owner had died. The ONS describe the definition of unoccupied dwellings as:

'...a unit of accommodation with no usual residents, although they may be used by short-term residents or visitors on Census Day. They can be recorded as either of the following on Census Day, 21 March 2021:

- second residence, holiday home or vacant home only;
- occupied by short-term residents or visitors only

14.43 In summarising the data, the ONS note that the Census was carried out during the coronavirus (COVID-19) pandemic and some people, for example overseas students or those privately renting, may have moved back in with family members leaving more unoccupied dwellings.

14.44 The 2021 Census suggests that there were 9,432 unoccupied dwellings in the City (7.2% of all homes). If this were a permanent trend, this would represent a high level of unoccupied dwellings in the city. Although it should be caveated that this data might be impacted by the lockdown restrictions in place at the time of the Census.

14.45 This is also a significant increase from the figure of 4.2% vacant homes recorded in the 2011 Census equating to a growth of around 4,357 household spaces. By comparison the 2001 Census figure for vacant homes was only around 3.8%. Whilst a degree of empty homes is necessary to allow for churn in the market this level would typically be in the region of 3% - 5%.

14.46 The 2021 figure would place Brighton and Hove as 58th on the list of 310 local authorities in England by percentage of vacant homes. The Median number is 5.2% so the City is above average but not significantly so. By comparison, the highest figure is in the City of London (32.9%). There are also a number of other Sussex authorities with higher percentages of vacant homes including Chichester (9.3%), Rother (9.3%), Hastings (8.5%) and Eastbourne (7.8%). This would indicate the level of vacant dwellings in the City is not exceptional in the context of the surrounding area although the growth since 2011 is notable.

14.47 However, given that the 2021 Census data was collected during the period of the Covid-19 pandemic and its associated restrictions, the Council should treat the Census figures with some caution and consider that data alongside more recent Council Tax data on empty homes.

14.48 The vacant homes figures also show large variations within the City itself. As shown in the Table below, vacant homes account for up to 16% of all dwellings in the Regency ward and there are a number of other wards (Queen's Park, Central Hove, Brunswick and Adelaide, Rottingdean Coastal and St. Peter's and North Laine) at or around the 10% mark.

Table 14.3 Vacant Homes by Ward (2021)

Ward	Household Spaces	Households	Vacant HH Spaces	% Vacant HH Spaces 2021	% Vacant HH Spaces 2011	% Vacant HH Spaces 2001
Brunswick & Adelaide	6,387	5,697	690	10.8%	7.0%	5.8%
Central Hove	5,960	5,306	654	11.0%	7.5%	6.1%
East Brighton	7,098	6,572	526	7.4%	4.8%	3.5%
Goldsmid	8,525	7,872	653	7.7%	5.6%	5.0%
Hangleton & Knoll	6,216	5,979	237	3.8%	2.1%	2.3%
Hanover and Elm Grove	6,934	6,565	369	5.3%	2.9%	3.2%
Hollingdean & Stanmer	5,471	5,207	264	4.8%	1.4%	1.4%
Hove Park	4,376	4,224	152	3.5%	2.5%	2.3%
Moulsecoomb & Bevendean	6,053	5,731	322	5.3%	1.6%	2.1%
North Portslade	4,250	4,128	122	2.9%	1.2%	1.6%
Patcham	5,956	5,752	204	3.4%	1.6%	1.8%
Preston Park	6,971	6,530	441	6.3%	3.6%	3.9%
Queen's Park	8,873	7,912	961	10.8%	4.9%	4.1%
Regency	6,612	5,531	1,081	16.3%	6.8%	8.7%
Rottingdean Coastal	7,517	6,727	790	10.5%	8.8%	4.7%
South Portslade	4,246	4,062	184	4.3%	2.9%	1.6%
St. Peter's & North Laine	9,447	8,572	875	9.3%	4.3%	4.3%
Westbourne	4,914	4,555	359	7.3%	5.4%	5.1%
Wish	4,460	4,248	212	4.8%	3.4%	2.9%
Withdean	6,645	6,321	324	4.9%	3.0%	4.2%
Woodingdean	4,063	3,911	152	3.7%	1.8%	1.7%
Brighton and Hove	130,974	121,402	9,572	7.3%	4.2%	3.8%

Source: ONS, 2021

14.49 In all wards there is an increase in vacant homes between 2001 and 2021. Again this should be caveated that the 2021 Census was taken during the pandemic. Although across the City, and in most wards, there was a growth in vacant homes between 2001 and 2011 which and since that time short-term lets have proliferated.

- 14.50 The largest increases in vacant homes over the last 20 years were in the Regency, Queen's Park and Rottingdean Coastal wards, the last of which also has the highest number of second addresses as a holiday home.
- 14.51 Due to the potential impact of the Covid-19 pandemic the 2021 Census figures some caution is needed in extrapolating the vacant homes trend forward, particularly given the much reduced level of empty dwellings indicated by more recent Council Tax data.
- 14.52 The Council takes a number of measures to bring empty homes back into use. According to the Council's latest Housing Statistics Bulletin⁴⁸ 440 empty properties in the private sector have been brought back into use through Council action over the past three years (2019/20-2021/22). This has been achieved through providing advice and assistance to encourage owners to bring their properties back into use and utilising enforcement powers where necessary as well. Once a property has been empty over two years, a Council Tax premium is charged as well to help maximise the number of homes available in Brighton and Hove.
- 14.53 Another assessment of the potential number of second homes in the city can be taken from Council Tax data. Although this figure also includes long term empty homes which in some cases are unlikely to be used as a holiday let or second home. This data also comes with a note of caution as it may not reflect the true number of long term empty properties in the City. This is caused generally by a lack of incentive and oversight of some owners to update the City Council when their properties are brought back into use, particularly properties that are empty between 6 months and 2 years where there is no difference in the Council Tax charged. The data suggests that there are approximately 5,700 second and empty homes in the City as of 2022 or 4.4% of all dwellings.
- 14.54 As shown in the table below, the largest numbers of second and empty homes can be found in Regency ward (662 dwellings or 10%), Moulsecoomb and Bevendean ward (562 dwellings or 9.2%) and St Peter's and North Laine ward (558 dwellings or 5.9%).

⁴⁸ <https://www.brighton-hove.gov.uk/sites/default/files/2022-12/2021-22%20Annual%20Review.pdf>

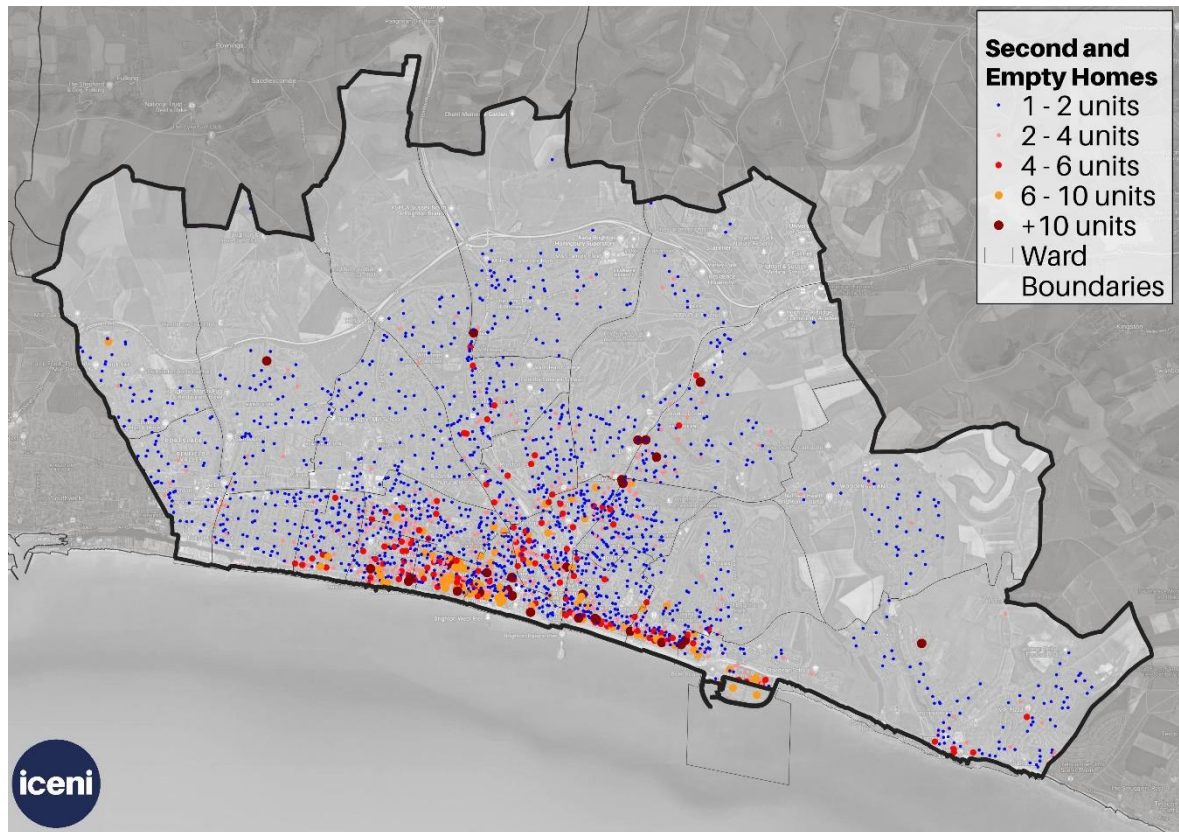
Table 14.4 Second and Empty Homes by Ward (2021)

Ward	2nd Homes
Regency	662
Moulsecoomb & Bevendean	562
St.Peter`s & North Laine	558
Central Hove	472
Queen`s Park	461
Brunswick & Adelaide	410
Rottingdean Coastal	406
Goldsmid	358
East Brighton	302
Preston Park	236
Hanover & Elm Grove	230
Westbourne	199
Withdean	180
Wish	111
Hollingdean & Stanmer	95
Hangleton & Knoll	94
Patcham	91
Hove Park	90
South Portslade	84
Woodingdean	54
North Portslade	47
Total	5,702

Source: BHCC Council Tax Data, 2021

- 14.55 In an urban environment these numbers across a ward are unlikely to cause any sustainability issues for local services. However, there may be smaller areas within individual wards where there are higher levels of second home ownership which might give rise to some issues. The map below seeks to highlight such areas using Council Tax data and illustrates those postcodes which have multiple Council Tax records showing second homes⁴⁹.

⁴⁹ <https://gisgeography.com/inverse-distance-weighting-idw-interpolation/>

Figure 14.3 - Second and Empty Homes (2022)

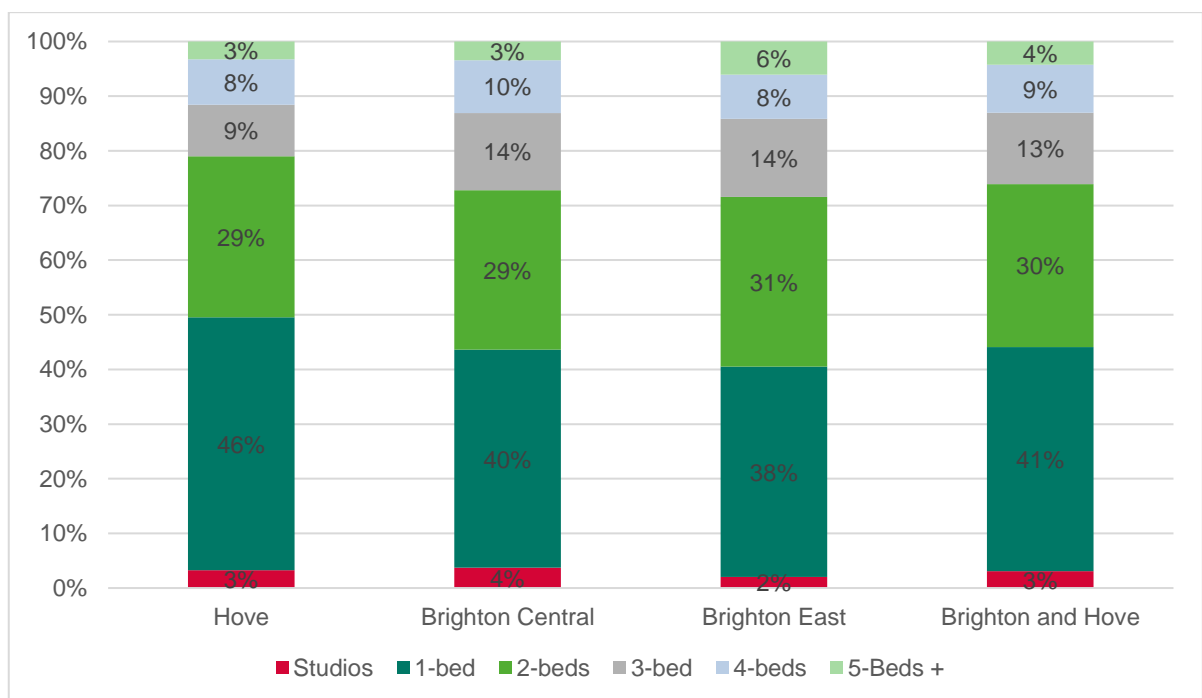
Source: IcenI Projects based on BHCC Council Tax data, 2023

- 14.56 As illustrated, there are relative hotspots of second and empty homes in the City in the Central Hove, Brunswick and Adelaide and Regency Wards and more localised clusters around North Laine and Brighton Marina. These are all likely to be attractive areas for holiday homes or holiday lets. Indeed the City Plan seeks to safeguard visitor accommodation in a 'hotel core zone' in the Central Brighton Area due to its accessible location and the concentration of visitor attractions.
- 14.57 There are also clusters around the former Preston Barracks and Moulsecoomb area which may be students or academics who only live in the area during term time. It may also include former student HMOs which have shifted towards short term lets.
- 14.58 There are also clusters of second homes within specific development such as Kings House in Hove, Rottingdean Place and Brighton Marina. We have engaged with estate agents covering these specific developments and most indicated that it is predominantly buy-to-let investors making enquiries and purchases (70-75%) in these developments.
- 14.59 However, the agents did not think there was so much interest in second home ownership specifically for holiday lets in these developments but did concede that they thought some buyers were likely to use them as a second home at times and renting it out as a short term holiday let at other times.

Short-term Rental Data

- 14.60 The short term rental data analysis company AirDNA⁵⁰ provides a snapshot of short -term lets in the city on AirBnB and Vrbo but not all listing websites and as such it can vary considerably. This shows that there are 3,973 active rentals of which 75% are entire house rentals in the Brighton and Hove market, although this covers a much wider area of the Sussex coast from Saltdean to Pagham.
- 14.61 The website breaks this data down by “neighbourhood” which includes; Brighton Centre (1,195 active rentals) Brighton East (1,026 active rentals) and Hove (737 active rentals). Combined these three neighbourhood areas provide a good proxy for the City’s administrative boundary giving a combined total 2,958 active rentals. If 75% of these are entire homes then this would equate to 2,218 homes being used for short term lets and are not available as long term private rented accommodation. This would equate to 1.7% of the City’s 130,394 dwellings.
- 14.62 The website also provides information on the size of homes being rented. This shows that 69% of rentals in the City are 1 and 2 bedroom homes. This increases to 75% in Hove. Conversely, the size of larger homes (3+-beds) rented in Hove (22%) is lower than for the wider City (28%).

Figure 14.3 – Percentage of Short – Term Lets by Neighbourhood



Source: AirDNA

⁵⁰ <https://www.airdna.co>

- 14.63 Across the Brighton and Hove area daily rates for short term lets average £155 per day. This ranges from £176 in August to £140 in November. Typically those properties listed have an occupancy of 64% during the year although this ranges from 43% in January to 83% in July. These figures reflect seasonal demand within the City as a visitor destination.
- 14.64 The government in its recently published consultation⁵¹ on introducing a [registration](#) scheme for short term lets. The consultation document analysed qualitative and quantitative survey responses and summarised the findings which include:
- The average booking length was 3-4 days and is for 2-3 guests
 - Each short term let was thought to be let out 25-30 days each year.
 - On average hosts listed 1-2 properties and earned £5,000- £6,000 a year.
 - Around 40% of guests at English listings are British residents

Impact on Services

- 14.65 As mentioned previously, in rural areas or coastal villages with high levels of second home ownership there is a risk of services such as schools closing due to there being fewer locals using the area as a principal residence.
- 14.66 We have sought to assess whether this might be an issue in Brighton and Hove. For this we have examined school rolls across the City to see if a concentration of second homes in certain areas within wards might be reducing the number of children attending schools in those areas.
- 14.67 It is difficult to conclusively identify any impact, as across the City the number of children and households with children has been falling. In 2021 there were 28,700 households with dependent children (23.7% of households) this compares to 29,800 on 2011 (24.6%).
- 14.68 Furthermore, GP registrations point to an expected 26% fall in the number of school aged children between 2013 and 2026. This could in part be due to a lack of family housing and/or general affordability issues pricing families out of the City, as demonstrated elsewhere in this report.

⁵¹ <https://www.gov.uk/government/consultations/consultation-on-a-registration-scheme-for-short-term-lets-in-england/consultation-on-a-registration-scheme-for-short-term-lets-in-england#:~:text=Consultation%20on%20a%20new%20use%20class%20for%20short%2Dterm%20lets&text=The%20new%20permitted%20development%20rights,there%20is%20a%20local%20concern.>

- 14.69 There are also wider issues with fertility rates falling. ONS data shows that across England and Wales the number of children per woman in 2012 was around 1.95 and fell to 1.6 in 2020 meaning that it will be almost inevitable that the number of school age children will also fall. Although national fertility rates have shown a recent increase to 1.7 children per woman in 2021.
- 14.70 In Brighton and Hove the number of children per woman has always been notably lower than the national average. The City's fertility rate has fallen from 1.52 in 2008 to 1.07 in 2020. Unlike the rest of the country, the City's fertility rates have not increased in the last year, although they have flatlined.
- 14.71 In those parts of the City where there is a higher number of second and empty homes⁵² the falls in expected number of school aged children are as follows: Hove by 24%, the City Centre by 28% and Brighton East (including the Marina) by 19%. However, the biggest reduction in school aged children is expected in Patcham at 44% which has one of the lowest levels of second and empty homes in the City. This is more likely to be related to the aging population than second home ownership.
- 14.72 The analysis indicates that there is a range of factors that can lead to falling school rolls. There is no clear evidence that the level of second homes is causing such impacts in Brighton and Hove. It appears likely that any impact from second home ownership would be relatively minor and would be masked by wider demographic trends in the City. This highlights the difficulty of identifying direct impacts from second homes on local services, particularly in an urban area where residents have more choice of available facilities within their local area.

Policy Response

- 14.73 The analysis of available data above highlights that within an urban area such as Brighton & Hove the reasons for second or empty homes are more varied than in smaller rural/coastal villages where second homes are predominantly used as holiday homes. The analysis also demonstrates that there is only a limited correlation between second home ownership and the sustainability of local services in the City.
- 14.74 Whilst the number of unoccupied dwellings recorded in the 2021 Census shows a large increase since the 2011 Census data, some caution needs to be given to those figures which may have been significantly affected by the COVID-19 pandemic and they need to be read alongside other data sources such as Council Tax data and short term holiday lettings.
- 14.75 It is recommended that the Council gives further consideration to data sources on second homes as they become available to inform policy options. For example, whether a more accurate split of

⁵² Note this is based on sub-areas used by the Education department of the Council.

unoccupied dwellings in comparison to vacant/ second addresses can be provided by the ONS or by using a mixture of Census and other data sources. As part of government proposed changes to address the growth in short term holiday lets a register of short term lets is proposed to be introduced although the detail of which is still to be agreed. This will give the Council clearer information on the scale and location of short term lets in the City.

- 14.76 The City Council has examined a range of potential responses to increased levels of second home ownership. The analysis of such policies can be found in a report prepared for the Tourism, Equalities, Communities & Culture Committee.⁵³
- 14.77 Most areas within England which have introduced planning policies to address second homes have adopted a “Principal Residence Policy” which seeks to ensure that any new homes are used a main residence by those purchasing the property. Such a policy has typically been introduced in very small rural or coastal communities and largely through neighbourhood plans. There are no known cities or large urban authorities with such a policy in place.
- 14.78 The policy is implemented by way of a planning condition or Section 106 agreement on grant of planning permission and they only apply to new build housing. The restrictions can be placed in perpetuity and would need to be enforced by the Council.
- 14.79 Such a policy cannot apply to the existing stock of housing, including existing second homes and would not prevent the purchase of existing housing stock for use as second homes. New build housing will only form a small proportion of the total dwelling stock in the City. As such, any impacts over time on second home ownership or the affordability of housing in a large urban area is likely to be limited.
- 14.80 A Principal Residence Policy is usually applied at a parish/neighbourhood or ward level where around 20% of homes are used as a second residence. A 20% threshold is generally applied as this is the typically seen as the trigger of ‘harm’ or tipping point for making communities socially unviable. Although the Council’s committee report noted that the 2003 document ‘An Effective Way to Sustain Rural Communities’ suggested a 15% threshold.
- 14.81 The Committee were presented with three planning policy options to consider, these were:
- Option 1 – City Wide principal residency policy
 - Option 2 – Supportive Policy in City Plan to guide Neighbourhood Plans

⁵³<https://democracy.brighton-hove.gov.uk/documents/g10702/Public%20reports%20pack%2016th-Jun-2022%2016.00%20Tourism%20Equalities%20Communities%20Culture%20Committee.pdf?T=10> (page 269 onwards).

- Option 3 – Neighbourhood Plan Policy – neighbourhood forums could include a policy in their Neighbourhood Plans to restrict second homes.

- 14.82 The committee decided that all options were to remain under investigation subject to the results of the 2021 Census and further analysis of up-to-date statistics.
- 14.83 It was noted in the committee report that there was little justification for Option 1 and this is confirmed by our analysis of currently available data. It was also noted that Option 2 would need to be justified in areas which are reaching or exceeding a threshold of 20% of dwellings being used as second homes.
- 14.84 Regency ward is close to the 20% threshold when using the 2021 Census data on unoccupied dwellings (16.3%). However we have noted that the 2021 figures relate to unoccupied dwellings rather than second homes per se and also may have been significantly affected by the COVID-19 pandemic. The 2022 Council Tax data suggests the ward data for second and empty homes is lower (10%).
- 14.85 There are other wards that have around 10% of homes as either vacant or second homes. It is recommended that these areas should continue to be monitored through Council Tax data post the Census to help provide a more robust picture of vacant and second homes. This further data analysis will help to inform the options for a Principal Residence Policy as part of the City Plan Part 1 Review and is particularly pertinent given the reservations around Census data.
- 14.86 The 2021 Census data on second addresses in Brighton & Hove indicates the small proportion of second addresses - 5% or 500 homes - in the City that are used as a holiday home for more than 30 days a year.
- 14.87 Another potential policy response to help limit second home ownership would be to review Council Tax being charged on empty homes. However, the City Council's current position is to charge up to 300% extra for homes which have been empty for over 10 years and this is the maximum allowed under current national legislation.
- 14.88 Analysis of short term let rental data estimates that 2,218 entire homes are being used for short term lets in the City. This would equate to 1.7% of the City's 130,394 dwellings not being available as long term private rented accommodation. The Government has recently consulted⁵⁴ on the potential

⁵⁴ <https://www.gov.uk/government/consultations/introduction-of-a-use-class-for-short-term-lets-and-associated-permitted-development-rights/introduction-of-a-use-class-for-short-term-lets-and-associated-permitted-development-rights#new-national-permitted-development-rights>

introduction of a short-term let use class (C5) which may allow the Council greater opportunity to manage the loss of residential dwellings to short term holiday lets. However as part of a range of options, the government also consulted on whether a change of use from C3 dwellinghouse to a C5 short term let would become a permitted development.

- 14.89 If this was to be introduced the Council may need to consider introducing an Article 4 Direction for specific parts of the City in order for this permitted development right to be removed. This will only be allowed in areas where there is evidence of an issue and as with other Article 4 directives the government has indicated it should be based on the smallest geographical area possible.
- 14.90 As part of the proposed changes a register of short term lets will be introduced although the detail of which is still to be agreed. This will give the Council more information on the scale and location of short term lets in the City. This will be important in providing evidence to support any Council proposal to implement an Article 4 Direction.

Other Specific Groups - Summary

There are no military establishments in the Brighton and Hove and the most recent Ministry of Defence (MOD) statistics suggest that there are only 10 military or Civilian MOD personnel stationed in the City.

This would suggest that there is no need to develop a policy which addresses the specific need of MOD personnel. That said the City is attractive to former MOD personnel due to its providing many jobs in the security industry and has a vibrant LGBTQ community.

Furthermore, Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing.

Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.

Currently Brighton and Hove has 157 individual registered expressions of interest in a serviced plot of land and 6 groups.

If this level of interest continues then the City will need to permit an average of 24 individual plots per annum.

The City Council is considering a range of options for introducing a “principal residence policy” through the City Plan Part One Review as a way of managing the growth of second homes in the city. A PRP policy limits the sale of new homes to those who will use it as a principal residence.

Analysis of currently available data would not support a city wide Principal Residence Policy.

The 2021 Census indicates that approximately 7.3% of homes in the City are unoccupied. This is a significant growth from the previous Census. However a degree of caution should be given to this figure given the Census was carried out during the COVID-19 pandemic and the ONS in their summary of unoccupied dwellings data noted some people, for example overseas students or those privately renting, may have moved back in with family members leaving more unoccupied dwellings.

2022 Council Tax data suggests that there are approximately 5,700 or 4.4% of homes are second or vacant homes in the City.

In examining the data at a ward level the 2021 Census and 2022 Council Tax data both suggest Regency ward has the highest concentration. Queen's Park, Central Hove, Brunswick and Adelaide, Rottingdean Coastal and St. Peter's and North Laine wards also have higher numbers compared with other wards.

Council tax data also indicates relative hotspots within wards/postcodes which have 10 plus second/ vacant homes. As part of the evidence gathering for the City Plan Part 1 review further analysis of council tax data post the 2021 Census should inform the policy options.

The 2021 Census data on second addresses in Brighton & Hove highlight the small proportion of second addresses – 5% or 500 homes - in the City that are used as a holiday home for more than 30 days a year.

It is recommended that the Council gives further consideration to data sources on second homes as they become available to inform policy options. For example, whether a more accurate split of unoccupied dwellings broken down by vacant/ second addresses can be provided by the ONS.

Analysis of short term let rental data by this study suggests an estimated 2,218 entire homes being used for short term lets in the City. This would equate to 1.7% of the City's 130,394 dwellings. If the government introduce a registration scheme for short term holiday lets this will also help the Council better understand and monitor the number and location of short term holiday lets in the city.

The potential for local planning authorities to manage short term lets through local plan policies is being considered by the government who recently consulted on the introduction of a separate Use Class for short term let accommodation.

This may provide the Council with the ability to better manage short term lets however if the government also introduces permitted development rights to allow the change from C3 dwellings to C5 short term lets without planning permission the Council may need to consider the introduction of an Article 4 Direction to remove the permitted development right in order to manage change of use in certain parts of the City.

A1. STUDENT ACCOMMODATION

Table A1.1 Brighton University Accommodation

Hall	Location	Room Type	Contract Length	Rent per week	Total Rooms
Great Wilkins	Falmer	Ensuite	39-50 weeks	£178	160
		Couples Flat		£156 per person	3
Mithras	Moulsecoomb	Ensuite	39-51 weeks	£210	749
		Large ensuite		£224	23
		Premium ensuite		£227	18
Paddock Field	Falmer	Ensuite	39 weeks	£159	469
Phoenix Brewery	City Campus	Ensuite	39 weeks	£175	298
Varley Park	Varley Park	Ensuite	39 weeks	£172-£188	484
		Shared bathroom	39 weeks	£153	225
		Premium shared bathroom	39 weeks	£165	40
Welkin Halls	Hillbrow - Eastbourne	Standard ensuite	40 weeks	£153	181
		Large ensuite	40 weeks	£164	20
Total					2,670
Total Excluding Eastbourne					2,469

Source: University of Brighton

Table A1.2 Sussex University Accommodation

Residence	Location	Bedspaces
Northfield	Falmer Campus	1093
Brighthelm	Falmer Campus	300
East Slope	Falmer Campus	2,117
Swanborough	Falmer Campus	250
Lewes Court	Falmer Campus	487
Norwich House	Falmer Campus	117
Stanmer Court	Falmer Campus	479
Kings Road	City Centre	124
14 Florence Road	Round Hill	7
49 Florence Road	Round Hill	11
18 Clifton Road	Seven Dials	8
8 Windlesham Rd	Hove	11
10 Windlesham Rd	Hove	10
10 York Avenue	Hove	8
12 York Avenue	Hove	9
13 Victoria Road	Central	9
42 Ewhurst Road	Lewis Road	3
TOTAL		5,053

Source: University of Sussex

Table 14.5 Private Sector PBSA

Address	Bedspaces
Abacus House, 6-11 Baker St, Brighton	351
Kings Brighton, 29 - 33 Ditchling Road, Brighton	86
119 Lewes Road, Brighton	51
106 Lewes Road, Brighton	48
112-113 Lewes Road, Brighton	39
19A Castle Street, Brighton	14
Circus Street Development	450
118-132 London Road, Brighton	232
54 Hollingdean Road, Brighton	192
Pelham Terrace, Brighton	189
1 Moulsecoomb Way	373
Crown House, 21 Upper North Street	211
Total Operational	2,236

Source: BHCC

Table 14.6 Private PMSA Pipeline Supply

Address	Complete/Consent	Number of bedspaces
Park Wall Farm Cottages, Falmer	Consent	71
41/42 Park Wall Farm Cottages	Consent	71
56 - 57 Lewes Road	Consent	60
39 to 47 Hollingdean Road	Consent	99
Moulsecoomb Halls	Consent	566
4 and 5 Station Approach, Falmer,	Under consideration	24
Voyager House	Under consideration	376
5 - 8 London Road	Under construction	156
Total Pipeline		1,427

Source: BHCC