Eastbourne Borough Council

Eastbourne and South Wealden Housing Market Assessment

2007

Final Report

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Eastbourne and Wealden Councils

Eastbourne and South Wealden
Housing Market Assessment

A Final Report

by

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Contents

1 SUMMARY

1. A well-integrated housing and labour market operates across Eastbourne and the southern part of Wealden (the Eastbourne HMA Area). High volumes of household migration and travel to work movements take place between the Wealden settlements of Polegate, Pevensey & Westham and Hailsham and the Eastbourne urban area. A much lower level of movement is evident between these areas and settlements in north Wealden such as Uckfield, Heathfield and Crowborough.

2. Compared to CLG projected (trend based) household growth, the housing targets proposed for the Eastbourne HMA area imply a significant restraint. One implication of this might be that workforce growth is relatively modest and lower than past levels of job growth. If job growth in the Eastbourne HMA area is maintained at past levels this could lead to a shortage of labour, though there is scope to reduce unemployment and out-commuting and to increase economic activity rates. However, the main fear amongst stakeholders was that past levels of job growth would not be maintained in the future.

3. **On balance, it is DTZ's view that it is essential that the level of housing proposed in the draft South East Plan is delivered, particularly in the context of the evidence on affordability and housing need presented in this report and all the more important under the scenario where the past rate of job growth is maintained. However it will be important for both authorities and their partners to promote economic development within the Eastbourne HMA area, focusing their efforts on shifting from a low wage economy to one higher skills and wages.**

4. Eastbourne and South Wealden have a high proportion of single person households, at 38% and 30% of all households respectively. The majority of these are older people living alone. Although the main growth is projected in the number of older households (particularly the 75+ age group), largely due to the demographic changes associated with an ageing population there is also expected to be some growth in the younger age cohorts.

5. However, the relationship between household size and type and dwelling size and type is not straightforward. Demand for market homes will reflect a complex set of factors relating to household income and life stage rather than simply household size. In Eastbourne and Wealden, around half of one person households live in dwellings with 2 or more bedrooms. A significant proportion of households in the Eastbourne HMA area therefore choose and are able to occupy homes that are larger than their household size would suggest they need.

6. There is a relatively strong bias in the stock of dwellings within the Eastbourne HMA area towards smaller homes, including a high proportion of flats. However, even when the market area of Eastbourne and South Wealden is considered together, where the stock of the two areas is somewhat complementary because of the high proportions of larger detached and semi detached homes in South Wealden, these apparent imbalances in the stock remain evident. Recent completions in Eastbourne, and to some extent Wealden, have included a higher proportion of flats than has been delivered in the past and this is likely to have reinforced the existing bias within the stock in the Eastbourne HMA area.

7. If the Eastbourne HMA area is to improve its economic performance it will need to improve the quality of life on offer, and try to redress its relative under-representation of higher level skills. Development of good quality and new larger housing could help

to improve the image of Eastbourne and South Wealden and help foster the in-migration of more skilled people into the market area. **One means of encouraging different types and sizes of homes to be developed is to consider allocating a variety of different types and sizes of housing land (in a similar way to that required in employment land allocations).**

8. Eastbourne is one of the most inexpensive districts in the South East in which to buy a property (although the South East is one of the least affordable regions in the Country). However, although house prices are relatively lower affordability is poor because of low household incomes. Levels of owner occupation within Eastbourne are relatively low (68%), compared to 74% in the South East as a whole and 83% in neighbouring Wealden (though South Wealden has particularly high owner occupation at 85%). The proportion of owner occupiers in Eastbourne and the Eastbourne HMA area has declined since 1991.

9. The areas where house prices are the lowest are centred in the towns of the market area - Hailsham, Polegate and Eastbourne. Prices tend to increase outside of these settlements. This partly reflects the premium that people are willing to pay for a more rural location and also the trend of larger dwellings in these locations.

10. In the context of house prices and affordability within the Eastbourne HMA area it is inevitable that a proportion of households find themselves unable to access housing in the open market and fall into housing need. Both the Eastbourne and Wealden Housing Needs Surveys suggested that the need for new affordable homes each year far exceeds the available supply through re-lets, indeed the level of housing need is in excess of the overall housing targets proposed for both authority areas.

11. **In this context, the implication is that Eastbourne Borough Council and Wealden District Council should seek to maximise the provision of affordable housing.** However, given the level of need, it follows that the type of affordable housing provided and the quotas and thresholds applied across the market areas should be developed with consideration to those areas with the greatest affordable housing needs, development economics and the site specific context. DTZ suggest that it might be appropriate to consider a variable approach to affordable housing targets across the Eastbourne HMA area though this would need to be tested through a viability assessment.

12. In Eastbourne in particular, most recent developments have fallen below the authority's affordable housing threshold with a tendency for developers to propose a 'planner's dozen' - 14 dwellings on development sites - to avoid affordable housing contributions. Consideration therefore needs to be given to reducing the threshold for application of affordable housing policies.

13. There appear to be sufficient opportunities for development on either allocated or identified sites (particularly when taking into account expected windfall) in Eastbourne and South Wealden for the next 5 years. Total land supply from allocated and permitted sites provides for around 1,190 potential dwellings over the next 5 years in Eastbourne and 2,670 in South Wealden. The targets for dwelling provision according to the draft South East Plan (1,200 in Eastbourne and 1,750 in South Wealden, 2006-2011 would be met through this available supply. However, Eastbourne plans to deliver a higher level of housing in the first 5 years (360 per annum or 1,800 in total). Evidence on the available land supply suggests this would not be met by allocated sites although anticipated supply from windfall in Eastbourne could fill the gap or additional available supply within South Wealden.

14. Eastbourne has been dependent on windfall development in recent years, which by their nature are unknown in quantity in advance. Firm commitments for the future in Eastbourne are more limited because there are fewer opportunities to allocate land and those that are allocated appear to be multiply constrained – flood risk being one of the main issues. It is important to note therefore that the supply identified here is potential and whether there it is sufficient to ensure that housing targets are met depends to a large extent on whether the sites are deliverable in reality.

2 INTRODUCTION

1.01 In December 2006 DTZ was commissioned to undertake a Housing Market Assessment (HMA) of Eastbourne and the southern area of Wealden district[1]. The core requirement of the HMA is to provide Eastbourne and Wealden Councils with the evidence to:

- Enhance their understanding of the structure of the housing market operating across Eastbourne and the southern area of Wealden
- Better understand housing demand, need and supply in order to plan for the future

1.02 At the outset of the study it was agreed that the HMA would provide information which would fulfil the requirements set out in paragraph 22 of PPS3[2] as well as those elements set out in Annex C, which should be fulfilled by a strategic HMA. Although much of the work on this study was undertaken prior to publication of the final version of the Strategic Housing Market Assessment guidance[3] it is noted that the requirements of the published guidance were largely unchanged.

1.03 DTZ's approach has been to undertake 5 separate working papers, each of which addresses core components of the CLG's Strategic Housing Market Assessment Practice Guidance.[4] A stakeholder event was also undertaken in Eastbourne to allow stakeholders to feedback on the emerging findings from these papers and to discuss policy implications (a summary is provided in Appendix 6). This consultation has informed the drafting of this report. The working papers form the evidence base for this report and address in detail the following:

- Working Paper 1: Future Housing Requirements (Appendix 1)
- Working Paper 2: Housing Land Review (Appendix 2)
- Working Paper 3: Affordable Housing Requirements (Appendix 3)
- Working Paper 4: Size and Type of Housing Required (Appendix 4)
- Working Paper 5: Specific Groups within the Housing Market (Appendix 5)

1.04 This HMA report provides a summary of the key findings from each of these working papers relating to the Eastbourne and southern Wealden market. It also draws out policy implications for Eastbourne and Wealden Councils. The rest of this report is structured as follows:

- The Housing Market Area
- Future Housing Requirements
- The Type and Size of Future Households and Dwellings
- House Prices, Affordability and Housing Need
- Housing Land Supply and Delivery Issues

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[1] Data analysis was undertaken December 2006 – April 2007. The main report has subsequently been amended to reflect the latest housing targets for Wealden (September 2008). Other data has not been updated.
[2] Planning Policy Statement 3 (PPS3) Housing
[3] The SHMA guidance was in draft at the time this study was commissioned and when the working papers were carried out
[4] This HMA was undertaken following the guidance set out in Planning Policy Statement 3 and the draft HMA guidance. However, the requirements in the published guidance are largely unchanged.

3 THE HOUSING MARKET AREA

1.05 The first step in the HMA process is to identify the spatial extent of the housing market areas under examination. A housing market is defined by patterns of household and travel to work movements and the level of self-containment demonstrated in each. DTZ undertook a study of the housing markets within the South East in 2004 for the Regional Assembly.[5] This research considered the extent to which authorities were self contained in terms of household and travel to work movements and identified the sub-regional housing markets in the region. This HMA takes forward these definitions (which identified the Eastbourne market area which includes South Wealden) and the North Wealden area which is influenced by a number of different housing markets.

1.06 For this study, DTZ have mapped household and travel to work movements in more detail, including the movements between the main settlements across the study area, which are shown in Figures 1 and 2.

1.07 Figures 1 and 2 illustrate the *main* movements that people in Eastbourne and Wealden make to move house (Figure 1) and travel to work (Figure 2) and are based on Census 2001 data.[6]

1.08 They reveal a clearly defined and well-integrated housing market operating across Eastbourne and the southern part of Wealden (collectively referred to as the Eastbourne HMA Area). For example, high levels of household movements (Figure 1) take place between the Wealden settlements of Polegate, Pevensey & Westham and Hailsham and the Eastbourne Inner and Eastbourne Coastal urban areas.[7] In contrast, a much lower level of movement is evident between these areas and the settlements across North Wealden, such as Uckfield, Heathfield and Crowborough.

1.09 These patterns also show a highly integrated labour market in operation across Eastbourne and the southern area of Wealden, with the Eastbourne Inner and Eastbourne Coastal areas attracting large commuting flows from Hailsham, Polegate and Pevensey & Westham (Figure 2). This relationship is reciprocal, with Hailsham in particular receiving strong travel to work flows from the Eastbourne Coastal and Eastbourne Inner areas.

1.10 Figure 2 also shows relatively strong travel to work movements from east to west – from Hastings and Bexhill into Eastbourne, from Hailsham into Lewes and from Eastbourne to Brighton and Hove. This can be explained in part by house price differences which mean that a number of those who work in Brighton cannot afford to live there and instead commute from Eastbourne. In turn, a number of those who work in Eastbourne live in the relatively cheaper nearby towns of Hastings and Bexhill. Stakeholders felt that this pattern may have increased since 2001 as the Brighton economy has grown and there has been significant delivery of new housing in Eastbourne. In addition, stakeholders highlighted that the housing market in Lewes is becoming a location for those travelling to work into London. This may have pushed local demand further south to Hailsham and Polegate though people may continue to work in Lewes and commute to it from these towns.

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[5] DTZ (2004) Identifying the Local Housing Markets of the South East for the South East Regional Assembly, South East Housing Board and English Partnerships

[6] In both cases a threshold has been applied to isolate the main movements and reduce the complexity of the picture

[7] In order to provide more detail on the pattern of movements between parts of Wealden and parts of Eastbourne the Borough has been split into two separate areas. These are termed the 'Eastbourne Inner and Eastbourne Coastal areas. More detail on the derivation of the settlements and urban areas used in Figures 1 and 2 is contained in Working Paper 1.

Figure 1: Household Migration in the Year 2000-2001 ≥ 30 People (Source: ONS 2001)

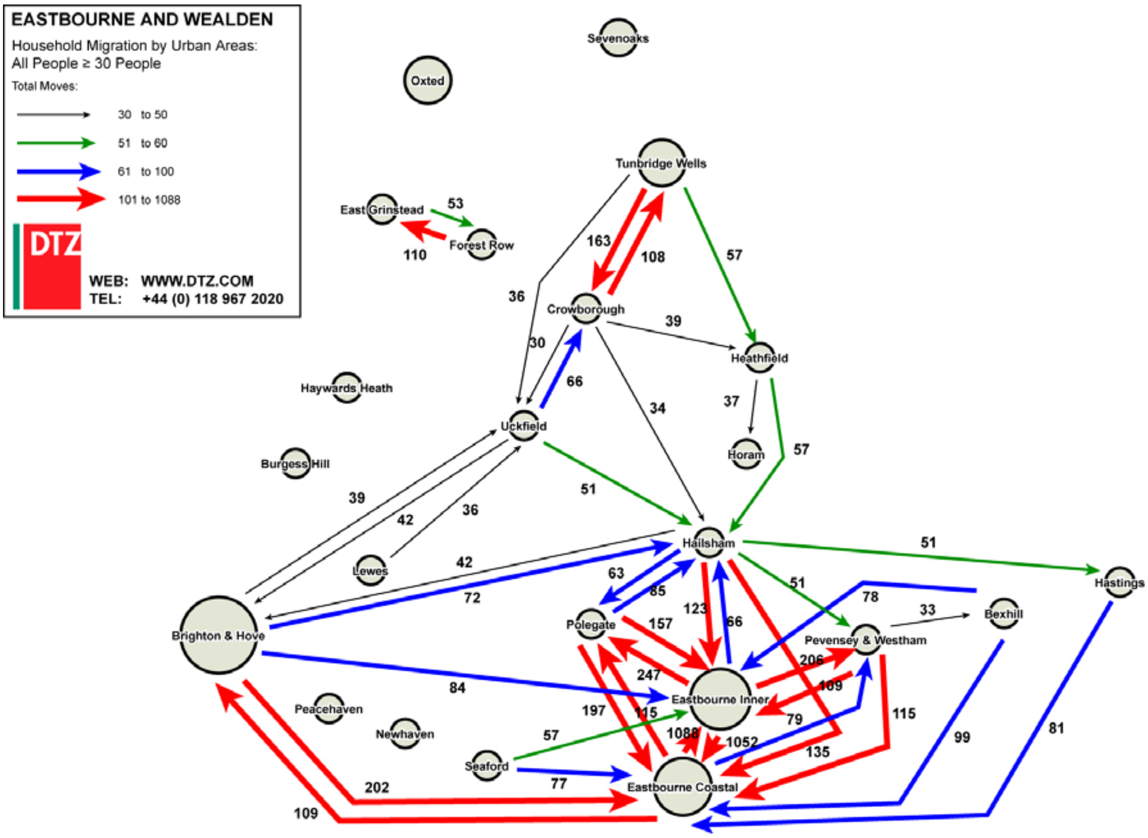
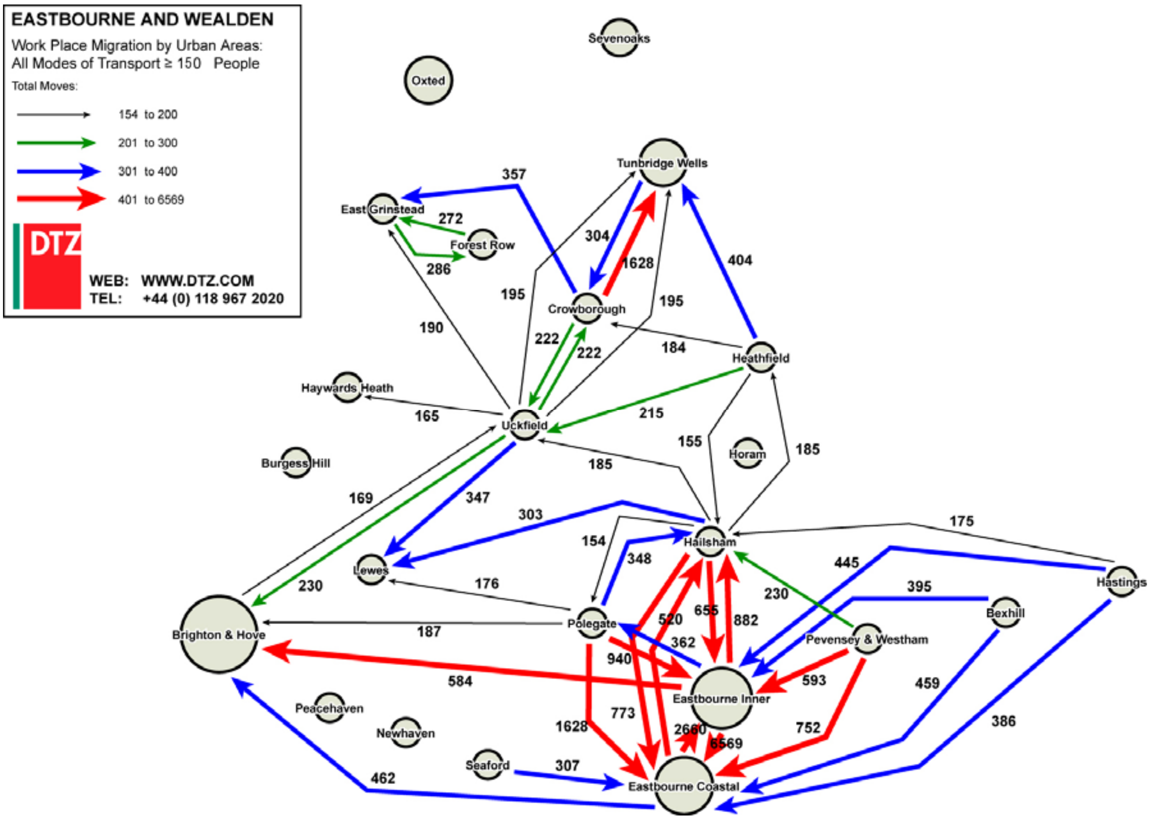


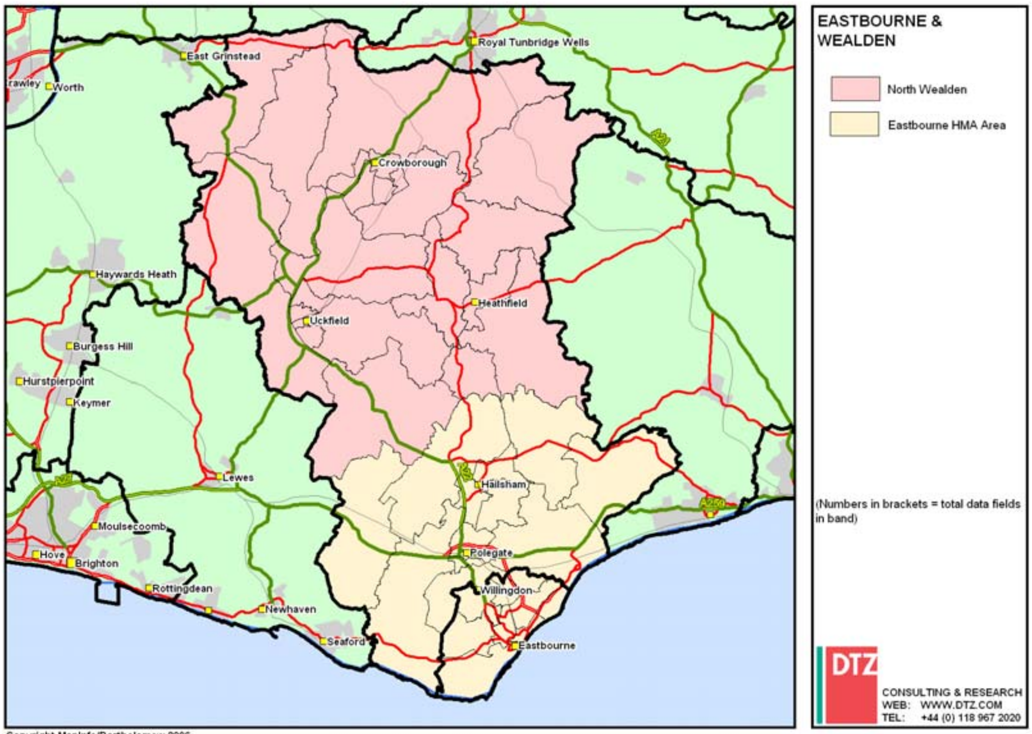
Figure 2: All Travel to Work Movements ≥ 150 People (Source: ONS 2001)



1.11 Overall, therefore, the analysis shows that Eastbourne and the southern area of Wealden district collectively operates as an integrated and self-contained housing market. The spatial definition of this housing market (in terms of the wards it covers), referred to as the Eastbourne HMA area, is shown in Figure 3.

1.12 It also needs to be borne in mind that the 'boundary' between the Eastbourne HMA area and North Wealden is neither rigid nor fixed. Although policies in the two market areas will need to differ to reflect varying characteristics they well may need to be flexible in relation to developments that may straddle both housing market areas.

Figure 3: Spatial Definition of the Eastbourne and South Wealden (Eastbourne HMA) Area



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4 FUTURE HOUSING REQUIREMENTS

1.13 Eastbourne Borough faces marked constraints in its ability to deliver future new housing. An area of outstanding natural beauty (AONB) surrounds the Borough, whilst its wide flood plains and urban character further restrict the supply of land for new housing. Wealden District also faces significant constraints in relation to the AONB.

1.14 The housing constraints faced in Eastbourne and the potential for higher rates of development in South Wealden are recognised in the South East Plan. The Draft South East Plan (as modified by the Secretary of State) sets a target to provide 11,800 net additional dwellings over the period 2006 to 2026 in the Eastbourne HMA area (compared with 4,000 in North Wealden). Over the next 20 years this equates to 590 new dwellings to be provided in the Eastbourne HMA area each year, as shown in Figure 4.

Figure 4: Future Housing Targets for the Eastbourne Housing Market Area

Area	Total New Housing 2006 to 2026	Annual Requirement
Eastbourne	4,800	240
South Wealden	**7,000**	**350**
Eastbourne HMA Area	11,800	590
North Wealden	**4,000**	**200**
Wealden	**11,000**	**550**

Source: Draft South East Plan 2006 / Draft South East Plan Panel Report 2007/ Secretary of State Modifications

1.15 Eastbourne and South Wealden are part of the Sussex Coastal sub-region in the draft South East Plan. The Sussex Coastal statement in the South East Plan emphasises the structural weaknesses in the sub-regional economy (although it should be noted that this sub-region covers a wider geography that the Eastbourne and South Wealden housing market area). The overall aim for the sub-region, outlined in the plan, is to achieve sustainable economic regeneration. The level of housing provision proposed for the sub-region reflects the relatively poor economic performance of the sub-region and the importance of achieving employment development as a higher priority than housing growth. A key question for this HMA is whether the housing target set for the Eastbourne HMA area (Eastbourne Borough and South Wealden) is likely to be sufficient to meet its level of future demographic and economic growth.

1.16 The level of demographic and economic growth anticipated in an area is reflected in **trend-based** projections and **policy based** forecasts of these variables. Central government (DCLG) provides trend based projections of future household and population growth that use past demographic data to inform assumptions about future demographic patterns. They are therefore extrapolations of past trends and assume that what has happened in the past will continue in the future.

1.17 The translation of these demographic projections into housing figures is a matter for regional policy guidance. It is here that policy does and indeed must enter. Ultimately, regional guidance will 'bend' the trends of the projections as policy is taken into account. The draft South East Plan, for example, puts forward a considerably different allocation of housing to districts across the South East than would prevail if trend based (bottom up) household projections alone determined the allocation. The general policy (top down) effect is to shift allocations from areas where housing supply in the future will be constrained into areas where greater growth can be accommodated (in terms of both jobs and housing).

1.18 This helps to explain why the Eastbourne HMA area has trend based household growth[8] (1,040 households per annum) that, over the next 20 years, is almost twice its target rate of new dwelling provision (590 units per annum). The significant historic household and population expansion (particularly over the past 5 years) in Eastbourne is the major contributor to this high rate of projected household growth.

1.19 The future housing targets for the Eastbourne HMA area therefore imply a significant constraint on demand in terms of the number of households that could be expected if previous trends were to continue.

Figure 5: DCLG Trend Based Household Projections 2006 to 2026

	2006	2011	2016	2021	2026	Total Change to 2026	Annual Change
Eastbourne	44,000	48,000	52,000	56,000	59,000	15,000	750
South Wealden[9]	25,000	26,200	27,900	29,500	30,800	5,800	290
North Wealden	36,000	37,800	40,100	42,500	44,300	8,300	415
Eastbourne HMA Area	**69,000**	**74,200**	**79,900**	**85,500**	**89,800**	**20,800**	**1,040**
Wealden	61,000	64,000	68,000	72,000	75,000	14,000	700
East Sussex	226,000	240,000	256,000	272,000	286,000	60,000	3,000
South East	3,445,000	3,626,000	3,822,000	4,013,000	4,184,000	739,000	36,950

Source: DCLG

1.20 Policy based forecasts (which take account of how policy intends to guide future growth and the constraints within local markets) show a very different picture to the trend based projections. According to policy based forecasts produced by the Regional Assembly and East Sussex County Council, the number of households in the Eastbourne HMA is expected to increase at a lower level (390 households per annum) than the future housing targets set in the draft South East Plan, as shown in Figure 6.

Figure 6: Policy Based Household Forecasts 2001 to 2026

	2001	2006	2011	2016	2021	2026	Annual 2001-2006	Annual 2006-2026
Eastbourne	41,300	44,800	45,900	47,100	48,200	49,400	700	230
South Wealden	24,000	24,300	25,100	25,900	26,700	27,500	60	160
North Wealden	34,500	35,000	36,100	37,300	38,400	39,500	100	225
Eastbourne HMA Area	**65,300**	**69,100**	**71,000**	**73,000**	**74,900**	**76,900**	**760**	**390**
Wealden	58,400	59,300	61,200	63,200	65,100	67,000	180	385
East Sussex	329,700	340,800	349,900	359,000	368,100	377,200	2,220	1,820
South East	3,295,800	3,433,300	3,577,100	3,717,100	3,855,600	3,994,200	27,500	28,045

Source: SEERA / East Sussex County Council

1.21 It should be noted that there will always exist a degree of circularity between the housing targets set for an area by regional policy (the South East Plan) and the anticipated level of household growth for that area in policy based forecasts (given that the former is largely derived from the latter). In determining the appropriateness of the future housing targets it

[8] Household growth and dwelling growth should in principal be equally matched
[9] See Working Paper 1 for a full description on how the split between North and South Wealden has been calculated.

is therefore important to establish whether this will be sufficient to accommodate planned economic growth. Each area must for example be able to house the labour force enlargement needed to meet its economic development aspirations, and its ability to do this will be a function of the growth of its dwelling stock.

1.22 DTZ has not been able to obtain the job forecasts (job forecasts are workplace based and therefore show the expected demand for labour within a given location) produced by Experian for Eastbourne and Wealden in connection with the preparation of the South East Plan. We have, however, obtained the historic pattern of job growth across each of the benchmark areas, as shown in Figure 7.

1.23 Between 1996 and 2005 around 1,000 new jobs were added to the Eastbourne economy each year, compared with 720 in Wealden (see Figure 7). Within Wealden district, North Wealden produced the most significant number of new jobs. In contrast, just over half the level of jobs (260 per annum) were generated in South Wealden over the same period. Job growth has therefore been quite buoyant in North Wealden, but less so in the south.

Figure 7: Historic Job (Workplace) Growth Between 1996 and 2005

	Eastbourne	South Wealden	North Wealden	Eastbourne HMA Area	Wealden	East Sussex	South East
1996	29,900	11,400	23,900	**41,300**	35,300	139,700	3,213,000
1997	29,700	12,000	25,200	**41,800**	37,200	146,800	3,334,000
1998	32,200	12,200	24,900	**44,500**	37,100	146,600	3,425,000
1999	34,200	15,200	26,900	**49,400**	42,100	158,900	3,598,000
2000	36,700	14,000	28,100	**50,800**	42,100	163,400	3,663,000
2001	36,200	13,500	28,300	**49,600**	41,800	162,900	3,664,000
2002	35,600	13,400	28,000	**48,900**	41,400	162,000	3,677,000
2003	36,600	13,400	27,200	**50,000**	40,600	159,200	3,628,000
2004	38,100	13,700	27,200	**51,800**	40,900	163,000	3,657,000
2005	40,000	14,000	28,500	**54,100**	42,500	168,200	3,762,000
Change 96 to 05	**10,100**	**2,600**	**4,600**	**12,800**	**7,200**	**28,500**	**549,000**
Annual Change 96 to 05	**1,010**	**260**	**460**	**1,280**	**720**	**2,850**	**54,900**

Source: Annual Business Enquiry

1.24 Economic activity levels in the Eastbourne HMA area are relatively low, as shown in Figure 8. This indicates there is unutilised labour available in the Eastbourne HMA area (particularly when compared with North Wealden).

Figure 8: Economic Activity and Unemployment Rates

	Claimant Count (% Working Age Population) 2007	Economic Activity Rate Census 2001
North Wealden	0.7%	69.9%
South Wealden	1.4%	63.7%
Eastbourne	3.0%	63.3%
Eastbourne HMA	**2.4%**	**63.5%**

Source: Claimant Count 2007 & Census 2001

1.25 Lower economic activity levels in the Eastbourne HMA area are partly a consequence of weaknesses in the local economy. A recent study *"A Blueprint for the Eastbourne/Hailsham Triangle,"* for example, found that the Eastbourne HMA area:

- Has a weak economic base with an over-representation of small firms and declining sectors
- Under-performs relative to the South East on the majority of economic indicators
- Is over-dependent on 'traditional' sector employment
- Has limited opportunities for new inward investment
- Is under-represented in the new growth industries particularly in the 'knowledge' economy

1.26 There are also concerns (expressed during the consultations conducted as part of this study) that the Eastbourne HMA area is becoming dormitory and that skills shortages may deter new job formation in the future (particularly higher paid jobs and those not related to the tourism and retail sectors). These characteristics of the local economy lead DTZ to believe that the Eastbourne HMA area could encounter difficulties in sustaining a high output of new jobs in the future.

1.27 The counterpart of job growth (labour demand) is workforce growth (labour supply). Policy based workforce projections (workforce projections are residence based and therefore show the expected supply of labour within a given location), shown in Figure 9, envisage only a moderate increase in the workforce of the Eastbourne HMA area (190 people per annum) over the next decade. This is considerably lower than the past rate of new job formation which have been over 1,000 per annum 1995 to 2005 (see Figure 7) because it assumes a lower level of housing supply than has been delivered in the past.

Figure 9: Policy Based Workforce Projections

	2001	2006	2011	2016	2021	2026	Annual Change 2006 to 2016	Annual Change 2006 to 2026
Eastbourne	38,900	42,200	42,900	42,900	42,500	41,500	70	-35
South Wealden	25,300	25,400	26,200	26,600	26,800	26,500	120	55
North Wealden	41,200	41,500	42,700	43,300	43,700	43,200	180	85
Eastbourne HMA Area	**64,100**	**67,600**	**69,100**	**69,500**	**69,300**	**68,000**	**190**	**20**
Wealden	66,500	66,900	68,900	69,900	70,500	69,700	300	140
East Sussex	220,900	228,600	234,800	237,400	238,600	235,700	880	355

Source: SEERA / East Sussex County Council

1.28 Figure 9 also shows that the future labour force expansion in South Wealden will provide an essential source of labour supply to not only satisfy its own requirements for job growth but also those in Eastbourne, where the restricted provision of new housing will limit the Borough's ability to accommodate an enlarged workforce.

Policy Implications: Future Housing Provision

1.29 DTZ would draw out the following points in relation to future housing provision in the Eastbourne HMA area:

- Compared to projected household growth, the housing targets proposed for the Eastbourne HMA area imply a significant restraint.

- The implication being that future household growth, coupled with demographic trends including an ageing population, means that workforce growth is likely to be relatively modest and significantly lower than past levels of job growth.
- If job growth in the Eastbourne HMA area is maintained at past levels, this could lead to a shortage of labour. However, there is scope with the Eastbourne HMA area to reduce unemployment, increase economic activity rates and reduce out commuting – there are therefore mechanisms that would allow the economy to adjust. Alternatively, labour may be drawn from outside of the market area to fill new jobs which may mean that demand for housing outstrips supply as in-migrants move in to fill jobs and/or workers commute in from outside Eastbourne and South Wealden.
- However, from consultation with stakeholders, the greater fear appears to be that job growth may well be less than in the past because skills shortages may deter new job formation in the future (particularly higher paid jobs and those not related to the tourism and retail sectors) and the area also has a weak economic base (with an over-representation of small firms and declining sectors), under-performing relative to the South East on the majority of economic indicators.
- If this is the case, it implies that household growth and housing development and workforce and job growth should go hand in hand i.e. lower housing targets relative to the past may be matched by lower job growth relative to the past.
- An alternative scenario would be if job growth is *so* limited that new housing supply outstrips job growth and fuels further out-commuting (particularly to Brighton, London and Gatwick) and in-migration of the less economically active households to the market area.

1.30 On balance, it is DTZ's view that it is essential that the level of housing proposed in the draft South East Plan is delivered, particularly in the context of the evidence on affordability and housing need presented later in this report and all the more important under the scenario where the past rate of job growth is maintained. However, it is important to keep in mind that new housing development will only impact at the margins in terms of its impact on factors such as workforce growth, in-migration and commuting etc since completions in one year will only add around 1% to the stock of housing. DTZ would suggest that an important intervention for Eastbourne Borough Council and Wealden District Council and their partners in terms of the health of the Eastbourne and South Wealden housing market is to promote economic development within the market area. The focus of their efforts should continue to be on shifting from a low wage economy to one higher skills and wages. If successful, the creation of higher skilled and well paid jobs within the market area could result in a reduction in out-commuting with benefits in terms of sustainable development.

1.31 Overall, DTZ believes that a high proportion of future housing growth in Eastbourne HMA (South Wealden and Eastbourne) has the potential to be located in South Wealden given that it shares an integrated labour market with Eastbourne. This is consistent with the draft South East Plan targets and demographic projections, which show the intention to steer growth from North Wealden (where more of the district's housing stock is currently located) into South Wealden.

1.32 South Wealden will therefore have an increasing role in housing the workforce for the Eastbourne and vice versa (Figure 2 shows there are significant numbers of workers who live in Eastbourne and work in Hailsham) and it will be partly a matter of policy and partly a matter of market demand whether job and housing growth is located in Eastbourne or South Wealden.

1.33 We consider in the next section of this report, based on the incomes of households within Eastbourne and South Wealden, the likely proportions of households who might require market, intermediate (or private rented sector) and social rented housing. Although it is important to keep in mind that the proposed targets in the draft South East Plan and Panel report constrain housing supply within the Eastbourne market area in relation to trend based household projections.

5 THE TYPE AND SIZE OF HOUSHOLDS AND DWELLINGS

1.34 One of the new policies in Planning Policy Statement 3 Housing (PPS3) is concerned with achieving a mix of housing to support mixed communities. PPS3 describes the characteristics of a mixed community as a '*variety of housing, particularly in terms of tenure and price and a mix of different households such as families with children, single person households and older people*.'

1.35 Paragraph 22 of PPS3 requires local planning authorities to estimate the proportions of households that might require market, intermediate and social rented accommodation over the plan period. It is possible to produce broad estimates on the basis of household projections and the incomes of households though there are two key uncertainties associated with this approach:

- In the context where housing supply is constrained in relation to household projections or overall demand, this inevitably impacts on the price of housing over time and therefore the ability of households to afford different tenures. This raises more fundamental questions about the adequacy of overall supply before attempting to plan in a more sophisticated way for different tenures or types of housing.

- Secondly, it is impossible to predict how changes to household incomes, house prices and therefore affordability over the next 20 years will change and impact on the ability of households to afford different tenures. We can, however, set out broadly what the different scenarios might be.

1.36 PPS3 also requires local planning authorities to plan for a mix of households on the basis of different types of households that are likely to require housing over the plan period, having regard to demographic profiles and the requirements of specific groups. Developers are expected to bring forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to support mixed communities.

1.37 However, this evidence base raises an important question. How can local planning authorities plan for a mix of households without seeking to control the type and size of market housing? This question is in many respects no different to those that policy makers have faced in the past. Planners in particular are expected to influence outcomes without seeking to control the market. There is a role for local planning authorities in understanding where there are gaps in the choice of dwellings available to local residents and, where appropriate, seeking to address broad imbalances in the stock of dwellings by influencing the mix of dwellings provided through new development, using planning levers such as site allocation, design briefs and density, to provide wider choice.

1.38 DTZ consider that the principles of an approach to considering the mix of homes that might be required in the future is as follows:

- Recognise that planning for a mix of housing is not a precise science and therefore the objective should be to identify and address bias and broad imbalances in the housing market and the existing stock of dwellings through new development
- A range of evidence needs to be considered in addition to projections of future household types, and appropriate weight needs to be given to these factors depending on the circumstances of the site and the characteristics of the existing neighbourhood

1.39 The range of evidence that DTZ consider should inform the mix of dwellings in the Eastbourne HMA area in the future is as follows:

A. The profile of current and future households (evidenced in this report) and what this implies for the mix of dwellings in the future

B. The nature of the existing stock of dwellings (evidenced in this report) and whether there are any particular imbalances in different areas

C. The type and size of recent completions and the impact these might have on the stock of dwellings over time

D. The drivers in the development industry and how these affect the mix of dwellings that developers can deliver (through discussions with local developers and agents)

E. Occupancy and overcrowding (evidenced in this report and in local housing registers) and whether the current stock of dwellings is meeting the needs and demands of Eastbourne and South Wealden residents

F. The relative pressures on different sizes of affordable housing (based on local housing registers and pattern of re-lets) and what this means for the provision of new affordable housing

G. Site specific considerations of viability and the characteristics of existing neighbourhoods (not evidenced in this HMA but see Appendix 7 for ward level stock data and forthcoming viability assessment)

(A) Profile of Current and Future Households

1.40 In order to estimate the likely proportions of households who might require market, intermediate and social rented housing, we need to consider the income distribution of households within the Eastbourne market area and the price of different tenures. This is inevitably a crude estimate because the relationship between house prices and incomes changes over time and affordability also impacts on household decisions whether to form a new household or to move home.

1.41 The Wealden Housing Need Survey (2005) found that existing households within the District have the following incomes (we assume that the incomes of those in South Wealden have a similar profile):

- 15% have incomes of less than £10,000 per annum
- 29% have incomes between £10,001 - £20,000
- 25% have incomes between £20,001 - £32,500
- 10% have incomes between £32,501 - £40,000
- 9% have incomes between £40,001 - £50,000
- 12% have incomes above £50,000

1.42 The incomes of existing households in Eastbourne are lower than those in Wealden:

- 22% have incomes of less than £10,000
- 31% have incomes between £10,001 - £20,000

- 24% have incomes between £20,001 - £30,000
- 8% have incomes between £30,001 - £40,000
- 7% have incomes between £40,001 - £50,000
- 9% have incomes above £50,000

1.43 Lower quartile house prices in the same year in the Eastbourne market area were £130,000 which, based on a mortgage 3.5 times income, would require an income of £37,100 to afford to buy one of the cheapest properties in the market. The cost of renting a 1 bedroom property privately within the Eastbourne market area is around £110 per week or £5,600 per annum. Thus, to rent privately, assuming households spend 25-33% of their income on rental costs, would require an income of between £18,700 - £22,500 per annum.

1.44 This implies that, on the basis of the incomes of existing households within Eastbourne and South Wealden approximately 16-20% would be able to access market ownership; 32-35% would be able to access the private rented sector and intermediate products at similar prices and 45-50% might require subsidised accommodation – either social rented housing or housing benefit to access the private rented sector or relatively inexpensive intermediate housing options. However, there are a number of serious caveats with this analysis:

- The Eastbourne market area is subject to in-migration from outside the District (around 30% of those who moved in Eastbourne Borough in 2005 had moved from outside the authority area according to the HNS). Most in-migrants are likely to be able to afford to buy or rent privately otherwise they would be unable to move.
- Existing households within the market area may also have access to equity if they own their own home or have savings which improve their ability to access market housing.
- In practice, many households stretch themselves further than their incomes would imply – accessing 4 or more times their salary – though access to this level of credit is likely to be much more constrained in the future.

1.45 In very broad terms, the relationship between house prices and incomes in the Eastbourne market area suggests that around 50% could afford market housing (to buy or rent) and around 50% require assistance to access housing. However, the demand for market housing is in practice likely to be higher because of in-migration.

1.46 In terms of the type of households, Eastbourne and South Wealden have a high proportion of single person households, accounting for 38% and 30% of all households respectively (Appendix 4 provides detailed household composition data). It is also worth noting that the majority of these are older people living alone. Growth is projected in the number of older households, largely due to the demographic changes associated with an ageing population. However, whilst the 75+ age group will account for the largest proportion of population growth in Eastbourne, there is also expected to be some growth in the younger age cohorts.

1.47 The composition of households across Eastbourne and Wealden is set to change over the next 20 years if current demographic trends persist (see Figure 10).

Figure 10: Growth in Different Household Types, 2006-2026

Household Type	Growth in Households 2006-2026			
	Eastbourne	Wealden	East Sussex	South East
Couples	-770	-50	-4,160	56,700
Lone Parents	-610	-310	-2,430	10,590
One Person	5,610	7,470	39,290	462,560
Other (multi-person)	370	570	3,730	30,940
Total	**4,600**	**7,680**	**36,430**	**540,960**

Source: DTZ/ South East Regional Assembly *Figures may not sum due to rounding

1.48 Figure 10 shows that the total number of households in both Eastbourne and Wealden is forecast to grow, but a major change in household composition is expected. The number of couple households (with and without children) is forecast to decline, although it is important to note that they will remain a significant group within the population in 2026. The largest increases are expected for single person and other households (multi person households). The majority of new households that form over the next 20 years in both Eastbourne and Wealden are expected to be single person households and a large proportion (60%) of these are likely to be elderly.

Imperfect Relationship Between Household Size and Dwelling Size

1.49 Although household projections for Eastbourne and Wealden anticipate the single person households will account for all of the growth in households over the next 20 years the implications for the type and size of homes required are complex.

1.50 The relationship between household size and type and dwelling size and type is not straightforward. The conventional logic that household size and dwelling size have a direct correlation is misleading. Research by Anglia University highlights that dwellings with more than seven rooms (which DTZ assume equates to around 4 bedrooms or more) are popular and often occupied by single or two-person households. Therefore, policy orientated towards building smaller properties for smaller households might well fail to understand market demand and the aspirations and needs of local people. Furthermore, whilst in practice the growth in households will be driven by smaller households and the ageing population, the majority of these households are likely to be adequately housed. Those that are *active* in the market – and where much of the demand for housing will come from – are likely to be younger households and families.

1.51 It is important to recognise that how people consume housing and use their home is complicated. This is confirmed by the evidence that shows that the size of a household does not translate easily into a particular dwelling size. Figure 11 shows that one third of single person households in the South East live in homes with three or more bedrooms. Over 60% of two person households in the South East live in homes with three or more bedrooms.

Figure 11: Size of Property by Size of Household in South East England

	One Bed	Two Bed	Three Bed	Four Bed	Five Bed	Six or more beds	All
One Person	32	31	29	7	1	0	**100**
Two Person	7	28	43	18	3	0	**100**
Three Person	1	19	56	19	4	1	**100**
Four Person	1	9	55	27	7	2	**100**
Five Person	0	4	39	35	14	8	**100**
Six+ Persons	0	2	38	36	17	7	**100**

Source: Survey of English Housing (2004/05)

1.52 Bearing in mind the lack of a linear relationship between household size and type and dwelling size, which means all projections must be treated with caution, DTZ has produced **indicative** estimates of the types of dwellings that might be required, based on projected household growth within the authority areas. These are set out in Figure 12a and 12b. The basis for these estimates is the application of the proportions in Figure 11 to the household projections in Figure 10 (see Appendix 4 for further discussion).

Figure 12a: Household Growth and Indicative Dwelling Requirements, Eastbourne

Household Type	Growth in Households 2006-26	Number of Bedrooms					
		One	Two	Three	Four	Five	Six+
Couple	-770	-40	-150	-370	-170	-40	-10
Lone Parent	-613	-4	-200	-330	-60	-20	0
One Person	5,606	1,810	1,760	1,610	370	40	20
Other	373	2	90	160	90	30	5
Total	4,596	1,770	1,500	1,080	230	20	10

Source: DTZ/ South East Regional Assembly Household Projections & Survey of English Housing

Figure 12b: Household Growth and Indicative Dwelling Requirements, Wealden

Household Type	Growth in Households 2006-26	Number of Bedrooms					
		One	Two	Three	Four	Five	Six+
Couple	-50	-2	-10	-24	-11	-3	-1
Lone Parent	-310	-2	-100	-170	-30	-10	0
One Person	7,470	2,410	2,350	2,150	490	6	30
Other	570	4	130	250	140	40	10
Total	7,680	2,410	2,370	2,210	590	90	30

Source: DTZ/ South East Regional Assembly Household Projections & Survey of English Housing

1.53 The caveat with this analysis is that it assumes that the size of dwelling that certain types of households currently live in will continue in the future ie, one third of one person households will occupy homes with 3 bedrooms or more and two thirds of two person households will occupy homes of 3 bedrooms or more and so on. In reality, evidence suggests that as incomes rise households will aspire to and consume more space although current levels of affordability are likely to have limited this in recent years having declined since 2001. Studies suggest that as incomes rise, demand for neighbourhood quality increases, together with house size.[10] Furthermore, the estimates in Figures 12a and 12b are based on how current households live across all tenures. In practice, the size of homes

[10] CLG (2007) Strategic Housing Market Assessment – Practice Guidance

occupied varies considerably between the owner occupied and social rented sectors. It is also likely to vary between households who are accessing market housing for the first time and may have limited financial resources and those trading up who may have considerable equity.

1.54 In summary, Figures 12a and 12b show the increase in households by the size of dwelling they may demand over the next 20 years based on household growth in Eastbourne and Wealden. Change is expected to be driven primarily by single person households but dwelling requirements are unlikely to correspond neatly to the size of the household. If current living arrangements continue, over 30% of the dwellings required for new households over the next 20 years will be for 3, 4 and 5 bedrooms or more. Around 30% will be for 2 bed dwellings and just under 30% will be for one bed properties (The pattern is similar in Wealden and so the implications for South Wealden within the Eastbourne HMA area are broadly the same).

1.55 Furthermore, Figures 12a and 12b imply that around one third of single person households expected to form within Eastbourne are likely to occupy homes with three or more bedrooms. However, these households projections and indicative dwelling requirements should not drive future dwelling provision – it will be important to consider a range of other factors, including the existing stock of homes within the Eastbourne HMA area.

(B) Characteristics of the Existing Stock of Homes

1.56 Homes that have already been built will house 80-90% of the population of households in 2026, including the majority of new households. New completions will add up to 1% to the stock of dwellings each year. Whilst this is significant over long periods of time it is important to consider future housing requirements within the context of the existing stock.

1.57 Figure 13 shows that Eastbourne has a significant proportion of flats (32% of the dwelling stock in the authority area) compared to Wealden (10%), East Sussex (22%) and the South East (18%). This is moderated to some extent by the stock in South Wealden which means that the proportion of flats in Eastbourne HMA area is lower, at 24%.

Figure 13: Proportion of Different Types of Dwellings (Census 2001)

	Detached House	Semi Detached House	Terraced House	Flat/ Maisonette	Caravan/ Temporary	Total
Eastbourne	18%	23%	26%	32%	0%	100%
South Wealden	40%	36%	13%	9%	2%	100%
Eastbourne HMA Area	**26%**	**27%**	**22%**	**24%**	**1%**	**100%**
North Wealden	50%	27%	12%	11%	0%	100%
Wealden	46%	31%	12%	10%	1%	100%
East Sussex	34%	25%	19%	22%	0%	100%
South East	30%	29%	23%	18%	1%	100%

Source: Census 2001

1.58 The balance of different types of dwellings is also reflected in the size of homes available. The Eastbourne HMA area has a high proportion (39%) of small homes with 4 rooms (equivalent to 1 or 2 bedrooms), compared to 30% in the South East as a whole. When Eastbourne is considered on its own the proportion of homes in the stock with 4 rooms of less rises to 43%. This is a characteristic common to other urban areas, though it appears to be more extreme in Eastbourne than other urban areas that DTZ has encountered during our HMA work in the South East.

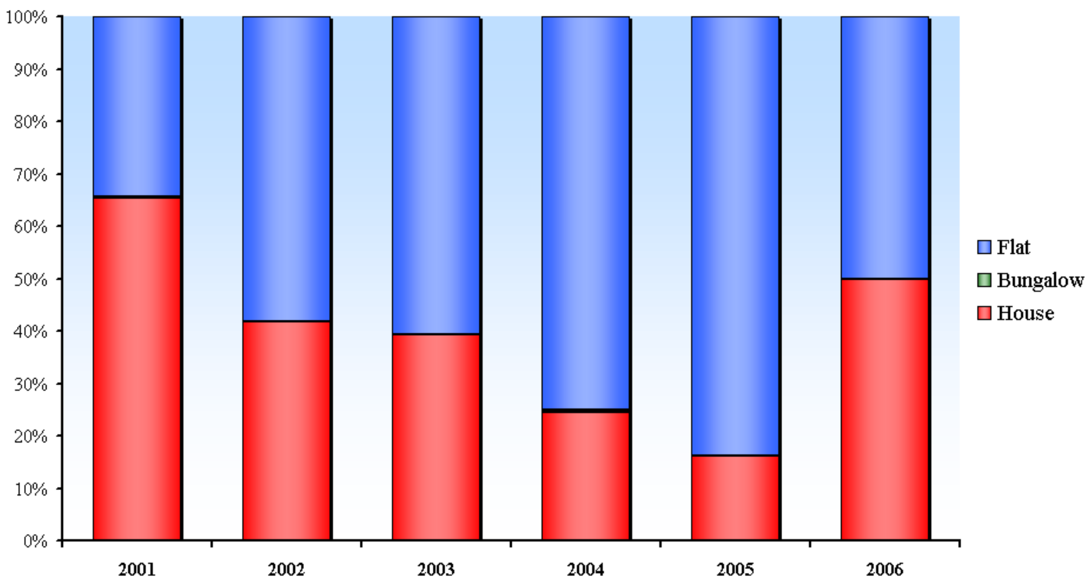
1.59 In summary, there are therefore relatively strong biases in the stock of dwellings within the Eastbourne HMA area. This can be largely explained by the urban nature of Eastbourne. However, even when the functional housing market area of Eastbourne and South Wealden is considered together, where the stock of the two areas is somewhat complimentary, these apparent imbalances in the dwelling stock are still relatively pronounced.

(C) The Pattern of New Completions in Eastbourne and Wealden

1.60 Another important factor in considering the mix of dwellings for households in the future is what has been delivered within Eastbourne and Wealden over recent years. How has the recent pattern of completions impacted upon the overall stock of dwellings? What are the implications for the dwelling stock and the needs of future households if this pattern of completions continued into the future?

1.61 Figure 14 presents data on the type of completions by private enterprise (open market housing) within Eastbourne since 2001 and clearly shows the proportion of flats completed in the authority areas has increased over the last 6 years (data is only available at the local authority level). Over 80% of new homes delivered within Eastbourne in 2005 were flats. This is a higher proportion of flats than delivered in East Sussex and the South East as a whole, although it appears that the pattern changed in 2006 with even numbers of flats and houses developed.

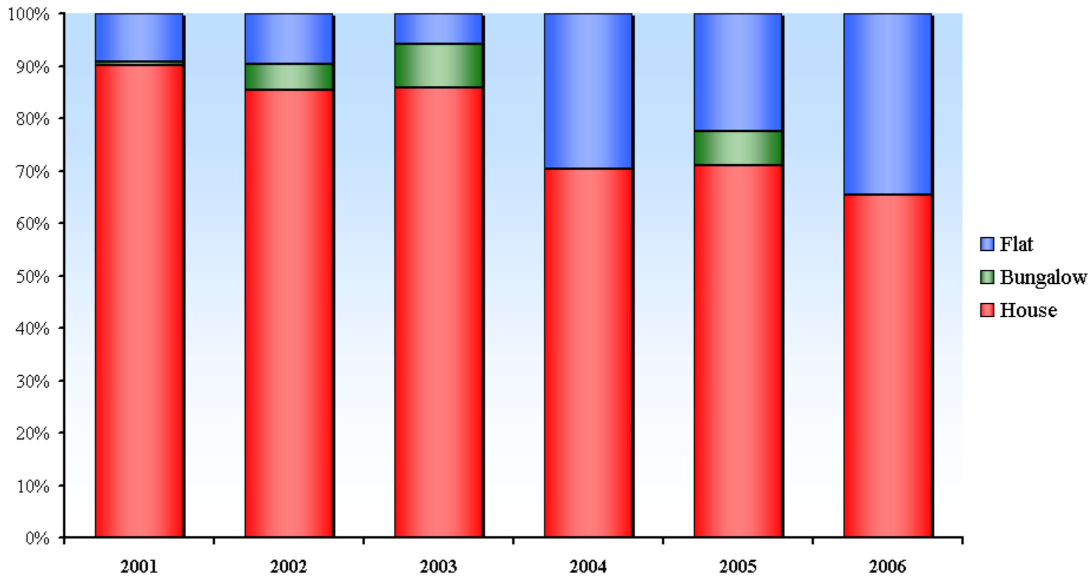
Figure 14: Type of Completions in Eastbourne (Private Enterprise)



Source: NHBC

1.62 Figure 15 presents the pattern for Wealden as a whole. It is not possible to break the data down to north and south Wealden but it is likely that completions in South Wealden over the last 5 years have complimented those in Eastbourne to some extent – through the delivery of houses rather than flats.

Figure 15: Type of Completions in Wealden (Private Enterprise)



Source: NHBC

1.63 To some extent the pattern of recent completions is likely to have been driven by declining affordability, which means that households (as a whole) can afford less space. Declining affordability has also meant that households have delayed purchasing properties, which in turn has created additional demand for private rented dwellings and, in turn, facilitated the growth of the Buy-to-Let (BTL) market. The BTL and investment market is well suited to the provision of flats, which can often be purchased off-plan, and at a discount.

1.64 The emphasis in planning policies on delivering development within town centres on brownfield site and at higher densities has supported and reinforced this pattern. This is particularly relevant to Eastbourne given the limited opportunities to develop within the Borough and means that the majority of new development is delivered on brownfield sites as relatively higher densities. A further factor that has led to the growing emphasis on provision of flats and smaller units is competition for land. Potential purchasers of land bid up the price of land by assuming ever more dense levels of development.

(D) Drivers in the Development Industry

1.65 It is also useful to consider what drives the development industry to deliver a certain mix of dwellings on sites. It is important to note that in most cases this will not be driven by an analysis of population and households in the local area. As the previous analysis in this section makes clear, focusing on the demographic characteristics of households is unhelpful if those households cannot afford to purchase a new home on the open market or, conversely, they may be able to afford more living space than their household size might indicate.

1.66 The type and size of dwellings that a developer will propose on a particular site is likely to be based on the following factors:

- The type and size of dwelling they have succeeded in selling in either the local area or in other similar locations (and therefore for which there is a known market)
- The scale of demand or pressure on particular dwellings in the existing stock – through discussion with local agents
- Related to the above, the return on capital invested i.e. the mix of dwellings that will provide a quick sale once completed
- The value of the land once contributions for affordable housing and other obligations have been factored in

(E) Occupancy and Overcrowding

1.67 Occupancy levels can provide an indication of the interaction between households and dwelling sizes and whether the needs and demands of households within Eastbourne and Wealden's housing markets are being met. If there is evidence of significant overcrowding then this may point to the need for increased provision of larger dwellings. However, it is important to note that it is largely income and wealth that determines how much space households are able to occupy and therefore the provision of larger dwellings per se would not necessarily ensure the needs of particular households are met.

1.68 Occupancy is measured by the bedroom standard where a value of –1 implies that there is one room too few for the household that occupies the dwelling and that by this measure the dwelling is overcrowded.

1.69 Overcrowding in the owner occupied sector in Eastbourne and Wealden is limited and on a par with levels in at the South East as a whole at 3%.

1.70 Figure 16 shows that overcrowding is relatively high within Eastbourne and within the Eastbourne HMA area in the social rented sector. 20% of households living within the social rented sector in Eastbourne are living in overcrowded homes and 16% within South Wealden, compared to 15% in the South East as a whole. In all cases however, this is likely to have increased since 2001 given the overall pressure of affordability within the housing market and consequent increases in demands on the social rented sector. Levels of overcrowding are also relatively significant in the private rented sector in Eastbourne at 20% of households living in private rented accommodation.

Figure 16: Overcrowding within the Social Rented Sector

	Social Rented - 0 or higher	Social Rented - -1 or less
Eastbourne	80%	20%
South Wealden	84%	16%
Eastbourne Market Area	81%	19%
North Wealden	83%	17%
Wealden	84%	16%
East Sussex	84%	16%
South East	85%	15%

Source: Census: 2001

1.71 'Under occupancy' levels in the social rented sector (ie, occupancy ratings above 1) in Eastbourne are on a par with those in the South East as a whole. However, it is worth noting that around 1 in 6 social rented tenants are under-occupying their dwellings. It is likely that the majority of these are older households – many of whom are reluctant to downsize. 'Under occupation' is common within the owner occupied sector and reflects the fact that many households can afford to occupy homes that meet their wider aspirations and lifestyles (as evidenced earlier in this report by the substantial numbers of small households living in large dwellings). In the social rented sector, there are fundamentally different drivers in operation. Households are limited in the type and size of home that they occupy by local authority and RSL allocation policies and the limited supply of affordable housing overall which means that only basic needs are likely to be met. The only exception to this being older tenants who, for example, may have remained in the family home after their children have left.

Policy Implications: The Tenure, Type and Size of Households and Dwellings

1.72 Analysis of household incomes and house prices in the Eastbourne market area suggests that a significant proportion of existing households (45-50%) would be unable to access either home ownership or private renting based on their current incomes. However, a proportion (around 30%) of the overall demand for homes in Eastbourne comes from in-migrants and so the actual demand for market housing is likely to be much higher. Furthermore, the level of housing provision proposed in the draft South East Plan effectively represents a constraint on projected household growth so the question of what tenure of homes should be provided is complicated. DTZ suggest that, in the situation where housing growth is constrained, the level of affordable housing required is more a question of what is practically possible in terms of viability, consideration of priority housing needs and the makeup of existing communities rather than an objective assessment of the proportions of different households needing different tenures. The issue of affordable housing is discussed further in the next section.

1.73 The evidence relating to the type and size of current and future households and dwellings can be summarised as follows:

- Single person households are expected to account for almost all of the growth in households over the next 20 years in the Eastbourne HMA area but it is important to keep in mind that family type households (couples and lone parent headed households) will continue to account for a significant proportion of all households.

- Growth in one person households is expected in the Eastbourne HMA area but does not imply the need for the majority of market dwellings to be small homes. The demand for market homes will reflect a complex set of factors relating to household income and life stage rather than simply household size. A further point to note is that housing and planning policies have very limited influence over what happens to a development after it is built out and occupied (other than houses that are retained in perpetuity for affordable housing).

- Recent completions in Eastbourne and Wealden have included a higher proportion of flats than has been delivered in the recent past. In Eastbourne, which already has a comparatively smaller sized stock of dwellings, this is likely to reinforce the existing bias in the housing stock. Continued provision of a high volume of flats is likely to add inflexibility to the stock over time (flats cannot be extended and converted as easily as houses).

- Continued provision of flats in Eastbourne could have implications for Wealden, which has a higher proportion of larger dwellings, perhaps pushing up prices of these dwellings, given their relative scarcity.

- Furthermore, the extent to which flat development in Eastbourne is dependent on investors is not known, but the future of the BTL market is uncertain. It has emerged in a period of rising property prices, low interest rates and poorly performing alternative investments. Were this context to change, new investment within BTL and therefore demand for flats could be turned off, with consequences for delivery of housing overall within Eastbourne.

- In many urban areas in the South East the majority of new flats within town centres are rented out to private tenants. This is likely to be replicated in Eastbourne and is reflected to some extent in the growth of the private rented sector between 1991 and 2001. Along with a proportion of social renting that new development is required to provide this has implications for the turnover of residents within these new developments and can sometimes make for relatively less stable communities (though this depends on the characteristics of the existing neighbourhood, the scale of the development and other factors as well). There are also relatively high levels of overcrowding evident in Eastbourne and South Wealden within the social and private rented sectors.

- The drivers behind the type and size of homes that developers propose are very different to those under consideration by local authorities. However, it is important to have an appreciation of these factors in order to understand and influence the mix of dwellings in the future.

- Finally, it is important to remember the role that new development plays in the housing market. In the same way that first time buyers are essential to the functioning of the market by allowing other households to trade up, new housing provides the space for other households to move into so that those below them on the housing ladder can move up. Newly built housing has a significant premium. On average property in the second hand market in the South East is nearly 30% cheaper than equivalent newly built property[11]. This means that it is not always attractive to first time buyers and may primarily appeal to those trading up who can afford to pay more and, as they are trading up, will often want more space.

1.74 In summary, the projected increase in small households in the future should not be taken as simplistically meaning that all, or even necessarily the majority, of new provision should be of 1 or 2 bed properties. The authorities must consider how this growth is likely to be accommodated. Satisfying demand for larger property through new development could well free up significant volumes of smaller dwellings. It could also help to increase choice in the Eastbourne HMA market area, which currently has a bias towards smaller dwellings.

1.75 On the basis of this range of evidence DTZ consider that it is difficult to determine what the 'right' type and size of dwellings is for new developments in the future. In addition, it is important to remember that the authorities have relatively limited levers to influence the pattern of completions in the open market. Moreover, local authorities cannot influence what happens to a development once it is built out in terms of future occupants and in terms of extensions and conversions that households make to their homes which will change the type and size of the dwelling stock over time.

1.76 However, there is a role for local planning authorities in understanding where there are gaps in the choice of dwellings available to local residents if they are to influence the mix of dwellings provided in the future.

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[11] Chapter 4, Barker Review (December 2003) Interim Report: Analysis

1.77 There is evidence of a bias towards smaller dwellings within Eastbourne and further development of this kind would reinforce this, although South Wealden provides a wider range of dwellings in the market area.

1.78 Furthermore, if the Eastbourne HMA area is to improve its economic performance it has to compete more in terms of the quality of life on offer, and try to redress its relative under-representation of higher level skills. Development of good quality and new larger housing could help to improve the image of Eastbourne and South Wealden and help foster the in-migration of more skilled people into the market area. A more skilled resident workforce would enhance the ability of the Eastbourne HMA area to attract mobile business investment and thus contribute to future economic development. This would also help to maximise the benefits that can be derived from the more limited rates of new housing provision in the future in Eastbourne.

1.79 The implication is that any attempts to influence the type of market housing to be provided for in the Eastbourne HMA area should not be dictated solely by analysis of where there are gaps in relation to future housing demand arising from forecast household types. There is a need to take into account wider economic and social regeneration objectives. Decisions about future provision of housing, both in the market and affordable sector, should not be divorced from policy ambitions that Eastbourne BC and Wealden DC and their partners hold for the area as an integrated housing and labour market.

1.80 In this respect DTZ believe that increasing the provision of larger housing (3 and 4 bedroom housing) in the Eastbourne HMA area might be viewed as desirable in policy terms. Whilst the type of housing available will not on its own drive in-migration, the provision of high quality housing could help support a wider strategy to encourage in-migration of more highly skilled and higher income households into the area, which could help address current skills issues. DTZ believes this would also help to contribute to realising future economic development ambitions, such as those outlined in the Eastbourne Hailsham Triangle Blueprint, which states the objective that,

- *"The Eastbourne Hailsham Triangle will be a dynamic, successful and sustainable economy, providing an exceptional quality of life and opportunities for all,"* and;
- *"Having diverse well paid jobs for local people, with a workforce skilled to match employment opportunities."*

1.81 The evidence presented in this report provides a case for supporting the development of a higher (than in the past) proportion of larger homes within the Eastbourne market area in the future, where development opportunities permit.

1.82 The question is, how can Eastbourne Borough Council and Wealden District Council address this imbalance without being too prescriptive about the size and type of market homes? We suggest Wealden may consider the following options for policy. Full discussion of the trends in the type and size of development in the South East and further policy recommendations that the Council may wish to consider are provided in DTZ's research for SEERA and SEEDA on Housing Type and Size in the South East.[12] There are two key policy areas that the Council may wish to consider however.

1.83 DTZ consider that one means of encouraging a greater range of different types and sizes of homes to be developed is to consider allocating a variety of different types and sizes of

[12] DTZ (2007) Housing Type and Size in the South East for the South East Regional Assembly and SEEDA (available on the Draft South East Plan website)

housing land (in a similar way to that required in employment land allocations). In order to secure larger homes (3 and 4 bedroom housing) there may be a need to identify suitable sites in suburban areas for example that might be suited to lower density and larger units. A variety of sites would also help to ensure that, were the market to change, there is the opportunity to deliver a different type of development. There would be a strong case for authorities to work together broadly within the Eastbourne HMA area to ensure that a range of different sites are available to facilitate the delivery of a range of different dwellings across the housing market area and to provide the opportunity to deliver different types of dwellings at different times as market circumstances change.

1.84 Second, the Councils have relatively strong influence over the design and density of new development and issues around the appropriate nature of development in terms of local character. National policy has generally encouraged higher densities, which has meant that, where competition for land is intense, developers have bid up the price of land by assuming that they will be permitted to deliver at higher densities in order to recoup the cost of the land. In recent years, this has favoured the development of lots of small units at higher densities on sites. This implies that authorities should give relatively high priority to developing policies or principles on design, particularly on significant sites, where site briefs could be put in place, or areas expected to accommodate the majority of new development – this may also go some way to managing developers expectations about the densities that could be achieved. In areas where larger homes are deemed appropriate, and therefore likely to be delivered at lower densities, the Council might wish to set maximum densities. This would likely impact on the type of dwellings eg the balance between flats and houses.

1.85 Finally, in Eastbourne, where the majority of the Borough's area is already urbanised, the Council may wish to identify different character areas or zones within the town where different policies might apply. Whilst general evidence might point to the case for securing a proportion of larger dwellings in Eastbourne and South Wealden, the appropriate mix for a particular site needs also to take into account site specific viability and the characteristics of the existing neighbourhood in terms of existing tenure patterns and household and dwelling types. For example, some areas may be suitable for high density because existing or planned infrastructure could support more households. The majority of new development within Eastbourne will occur within existing neighbourhoods. Thus, the Borough Council's policies need to be formed in relation to existing neighbourhoods, the strategy for their development in the future and how best new development can contribute to improving housing outcomes and promoting the development of sustainable places to live.

6 HOUSE PRICES, AFFORDABILITY AND HOUSING NEED

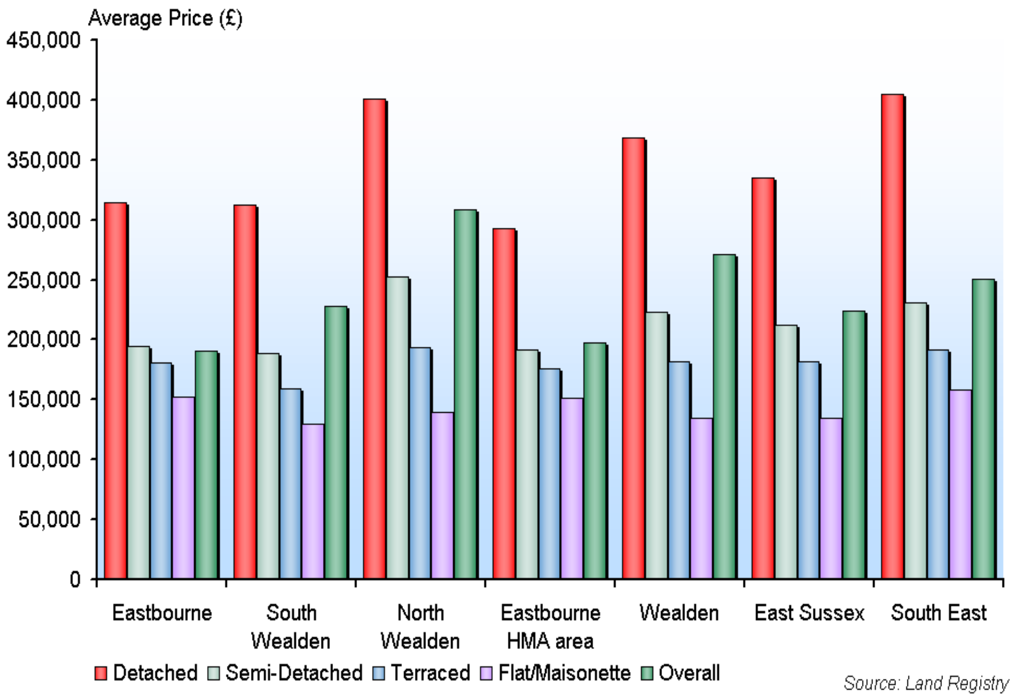
1.86 It is important to consider housing need within the context of house prices and affordability within the Eastbourne market area. Given the evidence on house prices and affordability within the market area it is inevitable that a proportion of households find themselves unable to access housing in the open market and fall into housing need.

House Prices

1.87 The latest data on house prices is summarized in Figure 16. Prices for south Wealden (£228,077) lie between the regional and county average, and above that for Eastbourne (£190,812). The average for the Eastbourne housing market area is approximately £7,000 higher than Eastbourne itself at £197,914. Eastbourne is one of the most inexpensive districts in the South East in which to buy a property (although it is important to note that the South East is one of the least affordable regions in the Country).

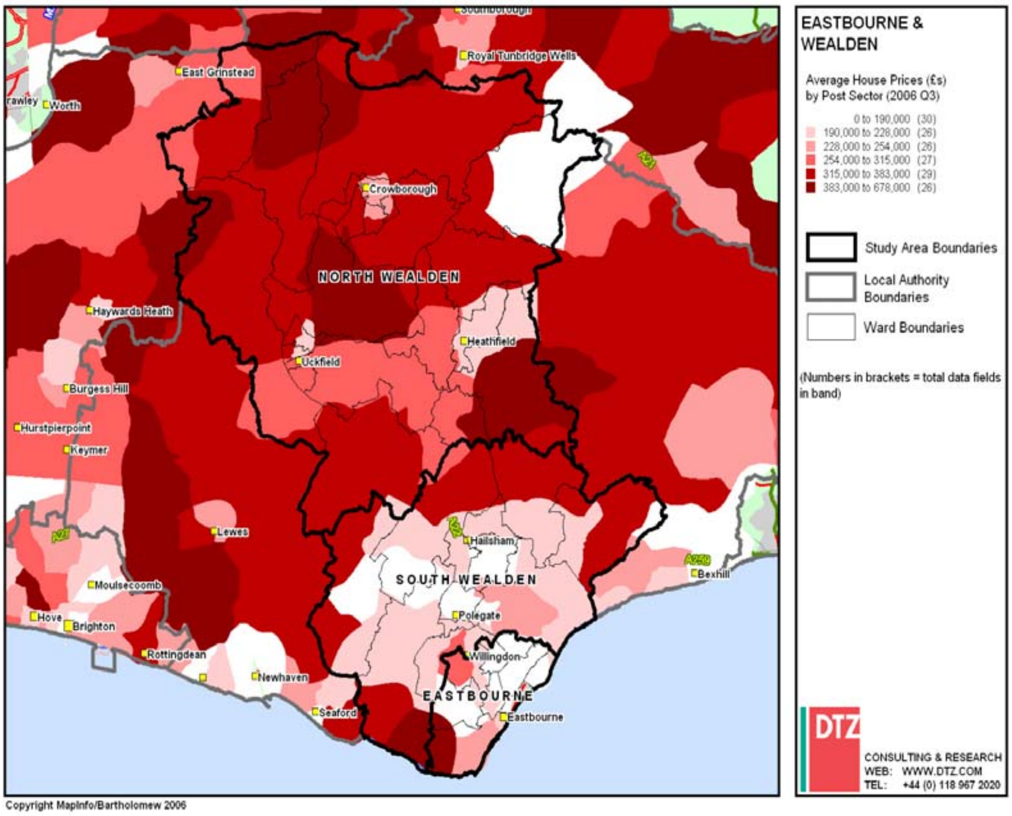
1.88 Interestingly, although houses are generally cheaper in Eastbourne than the other benchmark areas, flats are more expensive in Eastbourne than in all other benchmarks apart from the South East. The South East has the highest prices in this type with Eastbourne (£152,528) and Eastbourne HMA (£150,827) areas having the second and third highest respectively. In part, this might be explained by relatively large numbers of new completions, which have pushed up the average price of flats in the Borough and the willingness of purchasers to pay for a sea view.

Figure 16: Current House Prices by Type, October – December 2006



1.89 The areas where house prices are the lowest are centred in the towns in the market area - Hailsham, Polegate and Eastbourne. Prices tend to increase outside of these settlements. This partly reflects the premium that people are willing to pay for a more rural location and also the trend of larger dwellings in these locations.

Figure 17: Overall Average House Prices at Postcode Sector Level, 2006 Q3



1.90 There are distinct pockets of high house price rises along the coast in Eastbourne and also in the western part of South Wealden. Although prices are higher in Wealden, between 1996 and 2006 Eastbourne has seen the highest increases in house prices (by 236% over the 10 year period). In addition, the Eastbourne market area (200%) and East Sussex (207%) have seen increases above those for the South East as a whole (188%).

1.91 Whilst Eastbourne and the market area have the lowest overall house prices these areas have seen the highest proportional rise in house prices over the past ten years. This pattern of high increases in lowest priced areas indicates a growing issue of affordability as households are forced to consider cheaper areas in the search for affordable homes.

1.92 According to the Land Registry the average price of flats/maisonettes is higher in Eastbourne than in north and south Wealden (see analysis below), yet the entry level for purchasing such a property is actually lower in Eastbourne. This can partly be attributed to a significant distinction in price between properties in Eastbourne that have a sea-view and those that do not. An entry level flat in Eastbourne is over £4,000 cheaper than in North Wealden and just under £14,000 cheaper than in South Wealden.

1.93 In all of the study areas, flat/maisonette prices and terraced house prices have increased at a higher rate than overall house prices over the same period. In turn, flat/maisonette prices have increased at a higher rate than terraced houses. In Eastbourne this may reflect a significant number of new flats being built – which are on the whole more expensive than the existing stock particularly because of those that have a sea view and attract a price premium. However, this might also suggest that there is a relative shortage of flats/maisonettes and possibly a lack of terraced houses in relation to demand, although DTZ suggest this is unlikely to be the case given the large stock of smaller dwellings in

Eastbourne's stock. DTZ suggest that information on relative prices of different types of dwellings is monitored along with other factors in the consideration of the future mix of dwellings – prices are a useful indicator of demand.

Tenure Profile

1.94 Figure 18 shows that at 68%, levels of owner occupation within Eastbourne are relatively low, compared to 74% in the South East as a whole and 83% in neighbouring Wealden. Furthermore, the proportion of owner occupiers in Eastbourne has declined since 1991 when it was 71%. However, the proportion of owner occupiers in South Wealden is high, at 85% and when considered together with Eastbourne the level of owner occupation within the Eastbourne HMA area is 74%, on a par with the South East as a whole.

1.95 The private rented sector has grown in Eastbourne since 1991 (12%) to 16% in 2001. This is likely to reflect worsening affordability which has prevented the continued expansion of the owner occupied sector and the continued decline in the availability of social rented accommodation – both of which are likely to have boosted demand for private renting. It is likely that the private rented sector has expanded further since 2001, reflecting further declines in affordability (evidenced later in this report) and, stakeholders suggested, a growing student housing market.

Figure 18: Tenure Profile 2001

	Total	Owned	Social Rented	Private Rented
Eastbourne	40,927	68%	16%	16%
South Wealden	23,847	85%	8%	7%
North Wealden	34,463	82%	8%	10%
Eastbourne HMA area	64,774	74%	13%	13%
Wealden	58,261	83%	8%	9%
East Sussex	214,638	75%	12%	13%
South East	3,287,488	74%	14%	12%

Source: Census 2001

1.96 The Eastbourne HMA area has experienced a similar pattern of change with a decline from 76% owner occupation in 1991 to 74% in 2001 although this is entirely due to the change in Eastbourne since owner occupation has remained at 85% in South Wealden over the period.

Affordability

1.97 Figures 19 shows how affordability ratios for Eastbourne and Wealden compare with the benchmark areas of East Sussex and the South East. Clearly, affordability has worsened in all areas between 2002 and 2006. Affordability for all areas has stabilised since 2004 with Wealden's ratio growing at the slowest rate. However, since 2005 East Sussex as a whole has seen relatively sharp increases again.

1.98 Currently, Eastbourne is less affordable than Wealden with a Lower Quartile House Price to Earnings Ratio of around 9. This reflects relatively lower incomes within Eastbourne rather than higher house prices. Since 2003, Eastbourne has become less affordable than the South East as a whole, but remains more affordable than East Sussex. Furthermore, between 2002 and 2005 Eastbourne's affordability declined at a faster rate than any of the other areas and this is likely to have increased demand for the private rented sector.

Figure 19: Lower Quartile House Prices to Lower Quartile Earnings Ratios

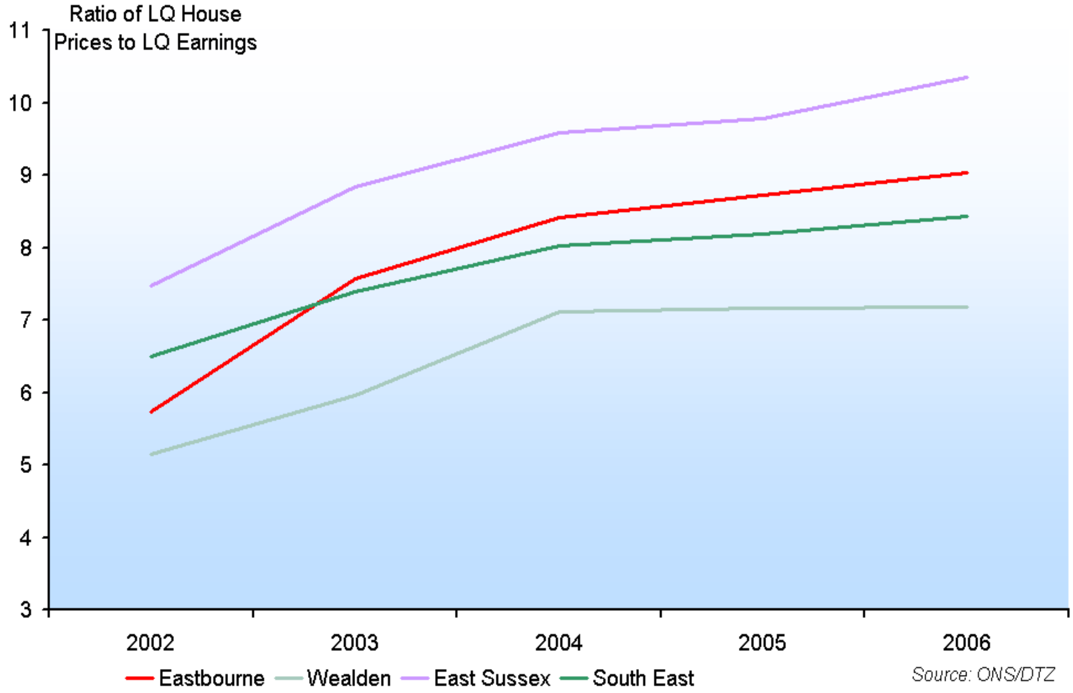


Figure 20: Affordability for Key-Workers

	Entry level House Price	Income Required to Purchase	Key Worker Income % of Income Required
Eastbourne	£94,600	£29,960	72.6%
Wealden	£117,900	£37,340	58.3%
East Sussex	£103,490	£32,770	67.9%
South East	£124,080	£39,290	56.1%

Source: JRF – 'Can't Work Can't Buy'

1.99 As shown in Figure 20, average key worker earnings are less than the income required to purchase a home in Eastbourne, Wealden and the benchmark areas of East Sussex and the South East. However, in Eastbourne, key workers earn on average 73% of the income required to purchase an entry-level house which is likely to mean that in practice many are able to access home ownership - compared to 58% in Wealden, which is less affordable for key workers.

1.100 The Joseph Rowntree Foundation (JRF) study 'Affordability and the Intermediate Housing Market' provides analysis of the Intermediate Housing Market at the District level. The study separates its analysis by broad and narrow definitions of the Intermediate Housing Market (defined in Appendix 3).

Figure 21: Narrow and Broad Definitions of households in the Intermediate Housing Market

	%		Number	
	Broad	**Narrow**	**Broad**	**Narrow**
Eastbourne	56.9	39.7	4,639	3,235
Wealden	56.7	38.7	5,611	3,831
East Sussex	56.4	38.0	22,964	15,447
South East	52.9	33.8	432,100	276,449

Source: JRF – 'Affordability and the Intermediate Housing Market'

1.101 According to this measure, Eastbourne has a larger percentage of its households in the intermediate housing market at 57% ie 57% of households are priced out of the housing market in terms of being able to buy their own homes. This mirrors the trends identified in the DCLG data presented earlier in this report. Lower earnings levels in Eastbourne mean that it is less affordable to its residents than Wealden is to its residents.

Evidence of Housing Need

1.102 The Eastbourne Housing Needs Survey (2005) suggested that 86% of households in Eastbourne live in accommodation suitable for their needs but that affordability is a major issue, particularly for new households. The Survey concluded that around 850 affordable homes are needed each year, 370 more than available through the supply of re-lets each year. To meet this shortfall, Eastbourne would need to deliver around six times the amount of new affordable housing that it currently delivers.

1.103 Wealden's Housing Need Survey revealed that the vast majority (98%) of households live in accommodation suitable for their needs. However, affordability was found to be a major issue especially for new forming households. The stock of affordable homes is significantly lower than the national average and although around 380 re-lets occur each years there is a need for around 1,200 affordable homes each year and therefore a shortfall of around 800 homes.

1.104 It is not the purpose of this report to review these studies, rather to provide evidence of the *nature* of housing need within the authority areas and in particular, the nature of priority need, since it is unlikely that the totality of housing need can be addressed. DTZ has therefore focused on the evidence relating to the size of homes required by those on the waiting lists within Eastbourne and Wealden, the pattern of relets and whether new affordable supply meets this need.

1.105 Evidence of <u>all</u> households currently on the housing waiting list in Eastbourne suggests that:

- The highest need is for 1 bed properties across all types of applications. Households requiring this size of accommodation outnumber those requiring 2 bed properties at a ratio of 2:1
- Both housing association and council transfer applicants requiring 1 bed properties are of a higher number than those requiring larger property. This reveals that transfers are made more than purely on the requirement of a larger property

1.106 However, the scale of housing need evidenced by the Eastbourne Housing Need Survey and the numbers on waiting and transfer lists is unlikely to be met. There is a need therefore to consider the requirements of those in priority need.

1.107 Figure 22 illustrates the specific accommodation requirements of those in Eastbourne considered to be in priority need. Priority need in Eastbourne is defined by those in Bands 1 and 2 on waiting lists within the authority. Band 1 households are homeless (as defined in Part VII of the Housing Act 1996 as amended by the Homelessness Act 2002) and have been placed in temporary accommodation. Applicants within this band can also include applicants eligible for Eastbourne Borough Council's transfer incentive scheme because they are under-occupying family accommodation and seeking a move to smaller accommodation.

1.108 In summary, analysis of <u>all</u> households on Eastbourne's waiting lists suggests that around 60% of households in need require 1 bedroom accommodation. However, analysis of households in *priority* need (Bands 1 and 2), as in figure 23, demonstrates that a higher proportion of these households require accommodation that has 2 or more bedrooms.

Figure 22: Proportion of Applicants (Overall and Bands 1-3) Requiring 1 Bedroom and 2 Bedroom + Sized properties

	1 Bedroom	2 Bedroom +
Overall	59%	41%
Band 1	53%	47%
Band 2	41%	59%
Band 3	61%	39%

Source: Eastbourne District Council

1.109 According to Wealden District Council's waiting lists, the accommodation requirements of <u>all</u> households on the housing waiting and transfer list for the District are as follows:

- Just under half of the houses on the waiting lists in Wealden require a 1 bed property
- The majority (70%) of households registered for a council *transfer* are awaiting 2 bed properties. This is also true of those awaiting a Housing Association transfer.
- Retired households on the waiting list are almost exclusively awaiting 1 bed properties, although this is based on what they need rather than what they would like.

1.110 It is possible to identify categories of households on the waiting lists within Wealden who have the most severe housing needs and are therefore those households that the Council and its partners will need to re-house as a priority.

1.111 These include households on waiting lists within the District who are homeless (as defined under the Homelessness Act 2002), households occupying unsanitary or overcrowded housing, people who need to move on medical or welfare grounds, and people who need to move to a particular locality within the local authority's district, where failure to meet that need would cause hardship to themselves or others.

1.112 Analysis of households in priority need illustrates that only 26% of households in priority need within Wealden require 1 bedroom properties. Over 60% require a 2 bed property. However, a small number of households (particularly those in temporary accommodation) require 3 or larger properties. Although the overall numbers of households requiring large properties are small they are often considered to be in the highest priority need – including five families currently living within Bed and Breakfast accommodation in the District.

Affordable Housing Stock and the Pattern of Relets

1.113 Eastbourne Borough Council's and RSL dwelling stock within Eastbourne is predominately comprised of 1, 2 and 3 bed properties and a low proportion of 4, 5 and 6 bed properties:

- 22% of the social rented stock is 1 bed (general needs) with a further 1% 1 bed retirement and 9% studio accommodation (general needs and retirement homes)
- 26% is 2 bed (general needs) with a further 1% of 2 bed retirement homes
- 33% is 3 bed accommodation with a further 2% of 4 bed homes

1.114 38% of Wealden's social rented stock is located within South Wealden and has a similar profile to the stock in Eastbourne with around one third of stock 1 bed, one third 2 bed and one third 3 bed or more. South Wealden's RSL stock (accounting for around 25% of social rented stock in south Wealden) is biased towards 2 bed general needs accommodation however, which accounts for almost half of all properties managed by RSLs in the area. This may reflect the pattern of recent completions by the RSLs. In the South East as a whole these have been overwhelmingly biased towards 2 bed flats.

The Pattern of Re-Lets

1.115 Whilst the profile of the affordable housing stock within Eastbourne appears relatively broad – there is a spread of 1, 2 and 3 bedroom properties - it is the pattern of re-lets that matters in terms of the ability to house those in priority need.

1.116 In Eastbourne over the last three years, the most frequently re-let properties are 1 and 2 bed flats. This is perhaps unsurprising considering 1 and 2 bed properties together comprise around 60% of total stock. However, what is interesting is the relatively low re-letting of 3 bed properties considering they make up over 30% of total stock. This points towards a pattern of lower frequency of re-lets and longevity in the tenure of larger properties.

1.117 Figure 23 shows how this pattern of re-lets impacts upon the likelihood of different households being re-housed. Although this report shows that households requiring 1 bedroom properties are most numerous, the availability of 1 bedroom accommodation through re-lets means that these households are more likely to be re-housed than those who require larger properties.

Figure 23: Ratio of Waiting List Applicants (Bands 1-3) to Re-Lets in Eastbourne

	Re-lets					
Waiting list	**1**	**2**	**3**	**4**	**5**	**6**
1	2.7					
2		3.6				
3			3.7			
4				3.8		
5					*	
6						*

Source: Eastbourne Borough Council
*Figures too small to provide reliable comparison

1.118 Figure 23 illustrates that for every 1 bedroom home that becomes available through a re-let, there are around 3 households waiting to be re-housed. For households requiring a 3 or 4 bedroom home there are around four households waiting for each re-let. Presenting the data in this way illustrates that the greatest pressure within the affordable housing sector is on the larger 3 and 4 bed properties. Households requiring larger homes (typically families with young children) are likely to face the longest wait for re-housing.

Figure 24: Wealden Ratio of all Waiting List Applicants to Re-lets

Waiting List – Size of Home Needed	Re-lets – Size of Homes That Become Available						
	1	2	3	4	5	6	Sheltered
1 Bedroom	3.6						
2 Bedrooms		3.1					
3 Bedrooms			2.7				
4 Bedroom				33			
5 Bedrooms					25		
6 Bedrooms						6	
Sheltered							1.4

Source: Wealden District Council's Housing Management Systems

1.119 South Wealden re-lets accounted for 34% of Wealden's total re-lets in the period. This is consistent with its share of the affordable housing stock in Wealden. However, there is a bias towards the re-lets of 1 and 2 bed flats and sheltered accommodation within south Wealden. Wealden therefore faces similar difficulties in meeting the needs of larger households.

New Affordable Housing and Losses through Right to Buy

1.120 There has been a steady stream of Right to Buy sales since 1999 accounting for 13% of total stock in Eastbourne. Prior to 2006-2007 an average of 70 properties per annum were sold through the scheme in Eastbourne. This is a significant number in light of the level of new affordable housing that has been delivered over this period ie, in practice it means that there have been no net additions to the stock of affordable housing with new completions and right to buy cancelling each other out.

1.121 Breaking down right to buy sales by property size shows that 44% of homes sold through the scheme were 3 bed houses. This is significant since 12% of those on the Council's waiting list require a 3 bed home and, as illustrated in Figure 23, Eastbourne Borough Council faces difficulties in housing larger families.

1.122 Completions of new affordable homes within Eastbourne and Wealden have been relatively limited when the scale of housing need is considered and losses through RTB are taken into account. Total completions (all housing) within Eastbourne in 2005/06 were 448 dwellings. In this year, affordable completions represented 12.7% of total completions. More recently, since 2001/02, intermediate type accommodation has made up around one third of affordable completions (averaged over years since 2001/02).

1.123 In Eastbourne, the majority of social rented completions (over 70%) since 2001/02 have been 1 and 2 bed flats and houses. Over 80% of intermediate completions in Eastbourne over this period have been 1 and 2 bed flats and houses. This is similar to the type of completions across the South East. In recent years, the vast majority of RSL completions have been flats (2 bedrooms or less). To a large extent this follows the pattern of market completions (increasingly larger proportions of 2 bed flats) since the majority of new affordable housing is secured through new market development.

Policy Implications: Housing Need and Affordable Housing

Explore Joint Working

1.124 First, given that Eastbourne and South Wealden operates as one functional housing market, it would make sense to considering working jointly to secure affordable housing through new development in the future. The Eastbourne housing market functions as a single reasonably integrated housing market, though different parts of the market area have distinct characteristics. There is therefore much to be gained in considering the development of common policies by the housing and planning authorities in Eastbourne and Wealden (in relation to south Wealden).

- *Common Allocations Policy for Eastbourne and Wealden. For example, new housing development in the future may primarily occur in South Wealden and there may be a desire in the future for strategic sites to meet cross-boundary needs. In this situation, aligning allocations policies to facilitate this could deliver practical benefits, although this would need considerable examination to ascertain the impact on both authorities*

Affordable Housing Policies

1.125 In the context of house prices, incomes and the affordability of housing in Eastbourne and Wealden it is inevitable that a proportion of households are unable to meet their need in the market place without assistance. The totality of housing need is unlikely to be addressed – indeed it is in excess of the overall housing numbers proposed in draft RSS for Eastbourne and south Wealden and new affordable housing supply will only be a proportion of this.

1.126 Local authorities are required to justify their affordable housing policies with evidence of housing need. The evidence presented in the Eastbourne and Wealden Housing Need Surveys and summarised here suggests that any level of affordable housing could be justified on the basis of the evidence on housing need. The level of housing need is not the only consideration therefore in developing affordable policies, and DTZ would argue, not the prime consideration given the scale of housing need evident within the two authorities.

1.127 In this context, DTZ recommend that Eastbourne and Wealden authorities seek to maximise the provision of affordable housing. However, given the level of need, it follows that the type of affordable housing provided and quotas and thresholds across the market area should be developed with consideration to the following factors:

- Priority housing need – given that the totality of need cannot be met, authorities will need to understand and focus on the needs of households who are the priority for housing and how far the authorities are able to meet their needs in relation to changes in the stock of housing (through new completions and loss of stock through Right to Buy) and the pattern of re-lets (evidenced in this report)
- The economics of development on particular sites – various factors, including the availability of grant or other funding for different types of affordable housing will determine what contribution a particular development is able to make to affordable housing

- The site specific context – including the scale of the development, the existing neighbourhoods to which it will relate in terms of the characteristics of existing households the type and size of the homes

1.128 **Priority Need:** There is a case therefore for focusing on priority housing needs within the two authorities and their market area, since these are the households that the authorities are most likely to re-house in the short to medium term. It is therefore the needs of these households that are relevant in the consideration of the stock and new supply available to meet need.

1.129 DTZ recommend that the size and type of affordable housing provided in connection with new development should take account of analysis of the characteristics of those households that the local authority has a duty to house and the existing pattern of available relets (evidenced in this report). This evidence should be regularly monitored and the implications fed into discussions with housing associations.

1.130 Evidence in this report suggests that the majority of households in need in both authority areas (across the Eastbourne HMA area) require 1 bedroom dwellings. However, their requirements reflect local authority allocation policies which mean that certain households are only entitled to 1 bedroom even though most would aspire to more space if they were able to meet their own need. However, in the context of shortfall in supply overall, only basic needs are likely to be met, though the marginal cost of extra room could be justified.

1.131 However, when the needs of those in highest priority for re-housing are considered, a substantial proportion require larger properties. The stock of affordable housing in both Eastbourne and South Wealden is a mix of 1, 2 and 3 bed properties. However, there are limited numbers of larger homes.

1.132 Furthermore, it is the smallest stock that becomes available for re-let most frequently. This means that small households more likely to be re-housed and families requiring more than 2 bedrooms likely to wait longer than those requiring only 1 or 2.

1.133 There appears to be pressure, in common with many other authorities in South East, on the larger affordable housing stock. This is supported by evidence on overcrowding presented in this report, with a significant proportion of households in social rented accommodation living in overcrowded conditions in Eastbourne and Wealden.

1.134 Finally, it is important to note that the stock of affordable housing, particularly larger properties, is declining over time because of Right to Buy and relatively low levels of new affordable provision. The problem of housing need therefore will not go away, even with increased economic growth in Eastbourne. In modern economies, economic growth tends to create both low and high value jobs. There will continue to be a proportion of households unable to meet their needs within the market. Additionally, new affordable completions have been limited and the type and size of these completions in Eastbourne and Wealden is unlikely to help to tackle pressure on larger stock.

1.135 **Development Economics:** The key policies that will impact on viability are those in relation to the provision of affordable housing and other contributions that are sought, usually through Section 106 agreements. DTZ consider that affordable housing targets and thresholds should be set following consideration of development economics. Local authorities need to develop their affordable housing policies with consideration of the viability of securing different levels of affordable housing and the site size thresholds at which affordable housing policies apply.

1.136 Development economics are likely to vary considerably across the Eastbourne HMA area. The development of greenfield sites is generally subject to fewer risks and uncertainties than brownfield sites; which means that broadly a higher level of affordable housing should be capable of being provided than if new development were relying heavily on difficult brownfield sites.

1.137 In general house prices are higher in Wealden than in Eastbourne Borough, although the southern part of the Borough commands very high prices. DTZ would expect these differences in house prices to be reflected in land values, and the appetite for development. It should therefore be possible to achieve higher affordable housing quotas in areas where house prices are highest.

1.138 Thus there is likely to be a need to establish different affordable housing targets for different parts of the market area. Flexibility may also be required in applying any target depending on particular site characteristics: it may for example be necessary to accept a lower level of provision where the development is on land that requires complex and costly remediation or unusual infrastructure requirements.

1.139 Local house price data presented in Figure 17 provides an indication of how development economics is likely to vary across the market area, although it is important to note we have not undertaken an assessment of viability. Areas of high house prices are likely to mean there is an opportunity to generate greater development value of new housing developments and in these areas it should be possible to secure a higher level of affordable housing contributions than in the areas where house prices are lowest. There are many other factors that will impact on development values (and therefore the viability of affordable housing targets) which will need to be considered in relation to specific sites eg remediation costs or the requirement to contribute to wider infrastructure for example, however, the house price data in Figure 17 suggests it might be appropriate to consider a tiered approach to affordable housing targets across the Eastbourne HMA area (though a viability assessment would need to investigate the appropriateness of different affordable housing quotas).

1.140 Figure 17 shows that house prices vary across Eastbourne Borough and it therefore should be possible to secure relatively higher levels of affordable housing in high value areas (the far south west of the Borough) and lower levels in parts of central Eastbourne. However, this approach would need to be flexible to site specific circumstances.

1.141 There is also the need to consider thresholds at which affordable housing policies will apply. Eastbourne's current adopted threshold is 15 dwellings – developments of 15 homes of more are required to provide 30% affordable housing. Wealden has a threshold of 10 dwellings within the development boundaries of the main towns (including Hailsham and Polegate) and 3 dwellings in the villages and rural areas.

1.142 The main advantage of affordable housing thresholds for local authorities is that it focuses limited resources – it would be costly to process and negotiate on every small development and to some extent the administrative costs of this might outweigh the benefits of any contributions secured through small sites. It is also assumed that small scale developments may be less likely to be able to support the delivery of affordable housing and/or the costs to the developer of getting involved in negotiations over affordable housing on small sites may too costly for a small development to justify.

1.143 The disadvantage of affordable housing thresholds is that a 'threshold effect' may develop. In Eastbourne in particular, most recent developments have fallen below the authority's affordable housing threshold. Stakeholders cited the tendency of developers to propose a 'planner's dozen' - 14 dwellings on development sites - to avoid affordable housing contributions. This is clearly undesirable for both affordable housing delivery and housing delivery overall. This is cited by the authority as the key reason that affordable housing targets have not been achieved over the last 5 years, despite buoyant housing delivery overall.

1.144 To prevent the threshold effect there is a strong argument for adopting the principle of securing affordable housing on all housing development sites. Furthermore, small sites are not necessarily less able to support affordable housing contributions – particularly because small sites may not be burdened by the requirement to support strategic infrastructure requirements. However, there may be good reasons in terms of the cost implications for employing policies that are proportionate to the scale of development. It would be worth considering through a viability assessment, whether thresholds could be reduced or removed.

1.145 DTZ would suggest that there is a need to improve the understanding of development economics within Eastbourne and Wealden. An assessment of the viability of proposed affordable housing policies is a logical extension of HMA process. The new PPS3 requires local authorities to make plans and policies that are achievable. Local authorities need to assess whether their land supplies are realistically likely to deliver new dwellings within the next 5 years – thus they need a broad understanding about the viability of development on sites that they will allocate for housing development. Local authorities also need to assess whether their policies in relation to allocated (or other) sites impact upon the viability of development. The changing funding arrangements for affordable housing provision also introduce a degree of uncertainty into the overall economics of new housing developments. In the past it has generally been possible for RSLs to secure grant aid for affordable housing provision on sites made available through the Section 106 process. This may not be the case in future.

1.146 However, there is a balance to be struck – the two authorities are unlikely to be able to devote significant resources to developing expertise on development economics. DTZ suggest therefore that the two authorities develop a high level understanding of how viability varies across the two market areas and how it is affected by different site specific factors. Ultimately, it will be for developers to demonstrate whether specific sites are unviable to deliver certain levels of affordable housing. However, there may be a case for the two authorities undertaking detailed assessments of viability on strategic sites that are critical to housing delivery overall and are likely to contribute significantly to affordable housing delivery.

1.147 **Site Specific Considerations:** In addition to development economics, DTZ believe that the authorities should also consider the following 'site specific' factors in determining the appropriate level of affordable housing in new developments. This is the range of evidence that DTZ has considered in advising local authorities and developers on the appropriate mix of new homes (including the level of affordable housing) on large development sites in the South East:

- The composition of existing households in terms of household type (families, couples, single person etc) and the age profile of existing households
- The tenure of existing households in adjacent neighbourhoods (levels of owner occupation, private renting and social renting)
- Levels of economic activity, unemployment and deprivation

- The nature of the existing stock of dwellings (the type and size of flats and houses in the neighbourhood)
- Evidence of pressures on particular types and sizes of homes through examination of relative house price changes and discussions with local agents

7 SPECIFIC GROUPS WITHIN THE HOUSING MARKET

1.148 Certain groups within the housing market have needs and requirements that may be different to the population as a whole and these might need to be considered in developing housing and planning policies in the future. Groups that have a relatively high incidence within the population in Eastbourne, compared to the South East as a whole include:

- Older people
- Disabled people

1.149 However, there are other, specific groups, although relatively small in the population as a whole, whose needs merit consideration since they are often very different to those in the population as a whole or may have implications for the rest of the housing market. These include:

- Black and Minority Ethnic people
- Migrant workers (particularly recent EU migration from the A8 Accession Countries)
- Students

Older People

1.150 Figure 25 demonstrates that in 2006, 25% of the population in Eastbourne and 21% in Wealden were aged 65 years or older. In both authority areas the proportion of the population in the older age groups is higher than in the South East as a whole.

Figure 25: Residents who are Over Retirement Age (65+)

	Total Population	Retirement Age Population	%
Eastbourne	89,670	21,800	25%
Wealden	140,020	39,800	21%
East Sussex	492,320	121,900	23%
South East	8,000,650	1,509,500	16%

Source: Census 2001

1.151 Future demographic change is likely to continue this trend as the population ages in line with nationwide trends. Trend-based forecasts expect the 65 and over age group to increase in number by 43% between 2003-2021 in Wealden and by 33% in Eastbourne. The significance of this is made apparent when total population change across all age groups is considered, which is expected to be 12% in Wealden, and 21% in Eastbourne[13].

1.152 Household growth will be driven by one person households within Eastbourne and Wealden and a significant proportion will be elderly. However, whilst the 75+ age group will account for the largest proportion of population growth in Eastbourne, there is also expected to be some growth in the younger age cohorts.

1.153 Although our analysis has focused on people in the population over the age of 65 it is important to note that there can be no formal definition of when people are deemed old. In

[13] Sub Regional Housing Needs Study, DCA, 2005

terms of individual circumstances and public policy, significant changes arise when people retire from work, become incapacitated in some way, and linked to this lose the ability to live independently. Entitlement to benefits kicks in at particular ages, but in reality there are different stages of old age. Research at the national level and consultation with stakeholder within the Eastbourne market area reveals a number of important points about this group:

- Older households have high levels of owner occupation and so there will be increasing numbers of older home owners in the future. Some research suggests that older people tend to own lower value homes (with obvious implications for their choices and their ability to draw on housing assets)[14]
- The overwhelming majority of older households will prefer to remain in their present home but this may, in some cases, be because of the lack of attractive alternatives. Sometimes the only alternatives available to older people are sheltered housing or care homes.[15] At present, many do not consider moving home
- Many older people will wish to retain their independence in their existing home by arranging adaptations for example. Some may emigrate, though this is limited at present. Those who do decide to move home tend to do so in earlier old age (e.g. following retirement) or in later old age when they need extra care and independent living is a struggle
- However, whether they move early or late in old age, moving will involve much more than the choice of a house. The issues involved extend beyond physical design and include social relationships, access to shopping and services and awareness of future needs. Some older people may move because their house is in disrepair or is unmanageable
- Moving home is a major 'life' decision, entailing important financial and personal decisions. On the financial side key issues include consideration of whether to use the value in the property to support an existing lifestyle, provide for care costs, or to assist the next generation to study or to enter the housing market. On the personal side, moving home raises issues about proximity to family and friends, formal and informal caring networks etc. Attitudes to these issues are in part culturally determined so people from differing backgrounds may be inclined to place different priorities on different aspects of their decisions
- Most of those in the 45-65 age group are likely to be adequately housed in the immediate term in the sub-region. However, growth in the 75+ age group presents policy challenges. Policy makers will need to consider the housing, health and care needs of elderly people in the round, recognising that the majority of elderly people are owner occupiers. Policy makers will also need to consider the implications for policy of increasing reliance on equity release to pay for care, planning for efficient delivery of services, and considering the requirements of older people in the design of new neighbourhoods

1.154 These issues are almost certain to grow over time as people live longer and as pension provision becomes less certain. Governments are increasingly likely to look to encourage people to use housing equity to pay for their various needs.

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[14] Appleton, N (2002) Planning for the Majority: The Needs and Aspirations of Older People in General Housing *Joseph Rowntree Foundation*
[15] ibid

Disabled People

1.155 The proportion of disabled people within the population in Eastbourne is relatively high (at 21% or 11,400 people) compared the proportions in East Sussex (20%) and the South East (16%) as a whole. However, a significant proportion of people who have a disability in Eastbourne remain economically active. 68% of working age people in Eastbourne who have a disability are economically active, compared to 71% in Wealden. This compares to 80% of the working age population as a whole in Eastbourne that are economically active.

1.156 Disability is also strongly linked to age. Of all households with a disability in both Eastbourne and Wealden over 50% are 60 years or older, with 43% 75+ years in Wealden. This has obvious implications for the future housing market within both Eastbourne and Wealden, given that these age groups are expected to grow at a faster rate than the rest of the population. However, there are also slightly higher economic activity rates amongst the population who are over retirement age in Eastbourne (14% economically active) compared to the South East (13%) as a whole.

1.157 Centrally available data does not illustrate the extent to which disability amongst Eastbourne and Wealden's residents effects their housing requirements. Levels of economic activity amongst Eastbourne and Wealden's disabled population who are working age would imply that many are able to meet their own housing needs within the open market, if it is assumed that economic activity is a proxy for income. However, national research highlights that disabled people are more likely to live in poor housing conditions than the population as a whole.[16]

1.158 People with a limiting long term illness in Eastbourne and Wealden do not appear to live in dwellings that are different from the population as a whole in terms of tenure. The majority of Eastbourne's (79%) and Wealden's (89%) residents who have a limiting long term illness live in homes that are either owner occupied or rented privately with 21% in Eastbourne and 11% in Wealden living in the social rented sector. Levels of social renting are higher amongst those with a limiting long term illness than amongst the population as a whole in Eastbourne and Wealden however it is less market than in England as a whole, where 29% of those with limiting long term illnesses live in the social rented sector.

1.159 The Eastbourne and Wealden Housing Needs Surveys suggest that 15% of all homes in Eastbourne and 10% in Wealden are adapted to meet the need of a disabled person[17]. Given the number of disabled people within the population and the likelihood that this will rise as the population of Eastbourne and Wealden ages, this implies that a shortfall in suitable accommodation for this group may develop in the future.

Black and Minority Ethnic Households

1.160 There is a relatively limited Black and Minority Ethnic population in both Eastbourne and Wealden compared with the South East as a whole. In Eastbourne there is a high proportion of White British households making up 93%, whilst in Wealden this figure is higher at 95%, compared with 91% in the South East.

1.161 The data also indicates that the largest proportion of BME households in Eastbourne in 2001 were of Eastern European origin - these households accounted for 30% of BME households in Eastbourne (and 21% in Wealden). Whilst comprehensive data is not available on what has happened since 2001, data on National Insurance registrations

[16] Survey of English Housing
[17] DCA Housing Needs Survey 2005

shows that 920 people were registered as working in Eastbourne in 2007, around one third were from Poland. The figure was 450 in Wealden and it is expected that NI registrations under estimate the actual level of migration from workers in recent years.

1.162 Owner occupation is the dominant tenure amongst BME households (in line with the population as a whole). However, a relatively higher proportion of BME households are social or private rented sector tenants. There are particularly high levels of private renting amongst BME households at 20% within Eastbourne compared to 15% in East Sussex and 16% in the South East as a whole.

1.163 National research demonstrates that a relatively high proportion of BME households live in overcrowded conditions compared to the population as a whole, despite owner occupation rates being relatively high amongst some groups within these communities (particularly Indian and Pakistani households).[18] BME households are more likely to be on low incomes than other households and a disproportionate number live in overcrowded or poor housing conditions.[19]

Migrant Workers

1.164 There is limited information available on the number of recent EU migrants that have come to Eastbourne and Wealden. Anecdotal evidence suggests that these households are not yet seeking assistance through housing advice officers, which might suggest that their numbers are low, or that they have been accommodated within the open market.

1.165 It is possible to make some assumptions about the extent to which the recent wave of EU migration has impacted upon Eastbourne and Wealden by considering the characteristics of the existing population and the type of jobs available within the area.

1.166 Census data shows that the largest component of the BME population in Eastbourne comprised people of Eastern European origin in 2001. Although relatively small, the presence of an existing community of Eastern Europeans is likely to have facilitated movement to the area by new migrants from the new European Accession Countries (A8).

1.167 Eastbourne and Wealden has a relatively large number of jobs in the hospitality, catering, agricultural and retail industries which suggests that migrant workers would be attracted to the area to serve the gaps in the local labour market.

1.168 The top 10 occupations nationally for migrants from Accession Countries are include jobs within the hotel, catering and hospitality sectors as waiting staff, cleaners, kitchen and catering assistants.[20] These occupations are more significant in the labour market in Eastbourne than in East Sussex and the South East as a whole.

1.169 This development raises questions about the impact these migrants will have on the housing markets of Eastbourne and Wealden. The majority occupy dwellings in the private rented sector – with anecdotal evidence suggesting that they share dwellings intensively. This is likely to place additional demand on low cost private rented dwellings within Eastbourne in particular. Although there is a lack of data on this issue at present, understanding of how migrant workers are accommodated could be improved through discussion between the authorities and local employers (often employment agencies) and private landlords.

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[18] Joseph Rowntree Foundation (2002) Ethnic Diversity, neighbourhoods and housing
[19] ODPM (2003) Housing Research Summary – Housing and Black and Minority Ethnic Communities: Review of the Evidence Base
[20] Home Office (2006) Accession Monitoring Report

1.170 Most EU migrants are initially ineligible for help under homelessness legislation and for allocation of local authority housing, at least until they have been working in the UK for some period of time[21]. The majority therefore occupy dwellings in the private rented sector – with anecdotal evidence suggesting that they share dwellings intensively with many in pre-arranged tied accommodation. This is likely to place additional demand on low cost private rented dwellings within Eastbourne in particular but also means that these migrants are more susceptible to overcrowding and to living in properties in poor condition.

1.171 Over time, this trend may have implications beyond the private rented sector. Migrant workers that choose to settle within the area are likely to aspire to buy housing in the future and they are likely to settle in cheaper areas in Eastbourne, where it is easier to access the housing ladder initially.

Students

1.172 Around 400 students at the University of Brighton live in university owned accommodation within Eastbourne. A further 2,000 students live in private rented accommodation within the town. The population of students living in the Eastbourne is not large in comparison to other areas of the UK but their impact has the potential to be significant due to the specialised nature of their housing requirements. Indeed, some stakeholders suggested that the student housing market within Eastbourne was booming.

1.173 There is likely to be an increased demand for student accommodation in the future if the University expands, particularly if any expansion occurs without corresponding growth in university owned accommodation.

1.174 There may be a number of implications for housing within Eastbourne if student numbers grow (or fall) and these are likely to be similar to the impacts associated with increased numbers of migrant workers.

1.175 Houses in Multiple Occupation (HMOs) are home to one million students nationwide. The April 2006 HMO Licensing will affect approximately 20% of HMOs and has the potential to reduce the supply of this type of accommodation as well as improve the quality of a proportion of it. Stakeholders have suggested that, as a result of licensing some poor stock has been removed from the supply of HMOs and some landlords leaving the sector as a result of licensing, supply may be failing to meet demand.

Policy Implications: Specific Groups in the Housing Market

1.176 In Eastbourne and Wealden the needs of specific groups can be broadly divided into two categories:

- Households who require specially adapted/purpose built housing (particularly older people and disabled people and to some extent students and possibly migrant workers)
- Households who are limited in their ability to access the housing market or require accommodation which is beyond their means (particularly BME households on lower incomes and migrants workers)

[21] A8 migrants are eligible under the selection scheme and homelessness legislation. If they remain both registered and in work for 12 months continuously with the same employer, the law will treat them on a par with other EU nationals. However, an A8 National who is working but fails to register with the Home Office will be ineligible for housing assistance.

1.177 The population in Eastbourne and Wealden is ageing and the growth in households in the future is expected to be driven to some extent by the ageing population. Stakeholders at the consultation events expressed concern about the type of accommodation available for older people and the 'risk' that there would be growing demand and pressure to develop American style retirement complexes. What is clear is that older households require choice and quality options within the housing markets, including options within mainstream housing to take account of a variety of ages and circumstances. Those that do move house will do so early or late in old age with implications for the type of dwelling or services they will demand. The design of dwellings and neighbourhoods will be important, particularly with regard to access, mobility, services and activities on offer. Some older households may wish to move closer to or remain near family and so it is important that there is a wide choice of housing available. This issue is common to both authorities and would merit further investigation by the authorities, perhaps working jointly, in order to investigate different types of provision (market and affordable) that will be attractive to older households in the future.

1.178 In the longer term, the introduction of Lifetime Homes standards to new homes will help to improve the suitability of the housing stock to the needs of older people and disabled people. Though even assuming all new development meets Lifetime Homes standards this is only likely improve the adaptation of the stock by up to 1% to the housing stock each year – so there is no guarantee that those households who would benefit from these properties will be able to access them – particularly since new homes are more expensive than homes in the second hand stock. However, by 2026, 10-20% of the stock may achieve Lifetime Home Standards which is likely to improve availability in the future. In the social rented sector there may be scope for the Councils to do more by matching households with particular needs to specifically suited properties that become available through re-let, or by feeding in this evidence on specific needs into negotiations over the nature of new affordable housing provision.

1.179 The overall number of students and migrant workers within the population in Eastbourne and Wealden is limited at present. However, there is potential for both groups to grow and, assuming that they are accommodated in the private rented sector this would have implications for this tenure. Rapid growth in the numbers of households in these groups could push up demand for cheaper private rented accommodation and could also reduce the available supply of this accommodation for other vulnerable households, including households on housing benefit occupying the private rented sector.

1.180 In other areas across the County, students and migrant workers have been accommodated in Houses in Multiple Occupation and there is evidence of migrant workers in particular sharing intensively. Local authorities now have the power to license HMOs and to ensure that these houses meet health and safety standards, to ensure that vulnerable households are protected. DTZ recommend that the authorities, Eastbourne in particular, monitor this situation by talking to key stakeholders such as the University of Brighton, in relation to student numbers and local employment agencies and landlords, in relation to the population of migrant workers and the extent to which their housing requirements are being adequately met.

8 HOUSING LAND SUPPLY AND DELIVERY ISSUES

1.181 It should be noted that an assessment of housing land supply is not a component of the Housing Market Assessment and therefore the evidence presented here represents an overview of the evidence and issues. We have reviewed data for both authorities, particularly since the two authorities are likely to need to work together in the future and much of the development in the south of Wealden will in practice serve the Eastbourne housing market area. We have examined the following evidence:

- The existing supply by examining allocations, housing trajectories and assumptions about windfall
- The extent to which these allocations are deliverable and what actions might need to be taken to bring them forward for development
- Past performance by examining the extent to which the two authorities have delivered against their previous housing targets and what this implies for future performance
- Evidence on the location, type and size of future development sites and the implications for the nature of future housing development in Eastbourne and Wealden

1.182 This report also considers forward land supply against the requirements in the new Planning Policy Statement 3 (November 2006) and the draft Housing Land Availability Guidance that was issued with the draft PPS3 in December 2005.

1.183 PPS3 requires local authorities to allocate five years supply of housing land which is capable of being developed within that period. It also requires authorities to allocate or identify a further 10 years supply of housing land for the future so that a continuous supply of land is available for development in order to ensure that housing targets are delivered.

1.184 Whilst the two authorities cannot be expected to meet these requirements immediately, consideration of what is meant by the new policy and the current land supply situation in both authority areas will help the authorities to plan for this requirement in the future.

1.185 The key question for this report is whether each authority has sufficient land allocated in relation to the housing target in the draft South East Plan for the next 5 years. Delivery in the short term is likely to be the immediate priority for both Eastbourne and Wealden authorities.

Draft South East Plan Housing Targets

1.186 Figure 26 sets out the housing targets to 2026 for Eastbourne and Wealden. Eastbourne is required to deliver 4,800 new homes over the next 20 years and Wealden is required to deliver 11,000 under the Secretary of State’s modifications to the draft South East Plan. This equates to around 240 homes per annum in Eastbourne (although Eastbourne also plans to deliver more homes in the first 5 years of the new planning period (360 homes per annum) and 550 in Wealden as a whole, equating to around 200 in North Wealden and 350 in South Wealden.

1.187 In order to examine whether each authority has a 5 year supply of housing land we need to examine whether there are sufficient sites to deliver 360 new homes every year for the next 5 years in Eastbourne and 350 homes per annum for the next 5 years in South Wealden.

Eastbourne therefore needs sufficient land to deliver 1,800 homes and South Wealden needs sufficient land to deliver 1,750 homes (see Figure 26).

Figure 26: Housing Targets in the Draft South East Plan

	Eastbourne	Wealden	North Wealden	South Wealden
Draft South East Plan Total Provision 2006-2026	4,800	8,000	3,400	4,600
Draft South East Plan Target for 2006-2011	1,200	2,000	850	1,150
Draft South East Plan Annual Average Provision 2006-2026	240	400	170	230
Secretary of State's Modifications 2006-2026 (Total)	4,800	11,000	4,000	7,000
Implied Secretary of State's Modifications Target for Period 2006-2011	1,200	2,750	1,000	1,750
Implied Secretary of State's Modifications Annual Average Provision	240	550	200	350

Source: Draft South East Plan 2006-2026 / Panel Report: August 2007/ Secretary of State's Modifications
Note: Figures for North and South Wealden under the Secretary of State's modifications assume the same split as the Draft South East Plan figures

1.188 In examining the extent to which both authorities have a 5 year supply of housing land to meet their housing targets it is appropriate first to consider the supply of allocated sites with and without planning permission (Figure 27). These can be seen as firm commitments because they are either formally allocated or have been given either outline or full planning permission and therefore the principle of housing development is either established or relatively advanced. It is possible to estimate the number of homes that could be accommodated on this land by applying assumptions about density.

Figure 27: Housing Land Supply 2006-2011

	Eastbourne	Wealden	North Wealden	South Wealden
Total Allocated and permitted sites (hectares)	17.8			
Total Allocated and Permitted sites (homes)*	1,190	2,740	*1,330*	*1,480*
Additional Identified Land (hectares) Wealden's Non-Statutory Plan	-	54.9	*20.7*	*34.1*
Additional Identified Land (homes) Wealden's Non-Statutory Plan	-	1,920	*725*	*1,195*
Total Supply (hectares)	**18**	**-**	**-**	**-**
Total Supply (homes)	**1,190**	**4,660**	**2,050**	**2,670**

Source: Wealden non-Statutory Local Plan 2005/ Wealden Annual Monitoring Report, 2005-06
*Includes 223 completions in Wealden in 2006/07
**Includes 85 allocated units in North Wealden from the Adopted Local Plan. There are no remaining allocations in South Wealden

1.189 Figure 27 shows that around 1,200 homes could be accommodated on land with planning permission for housing or land that is allocated within Eastbourne. The majority of this supply is made up of sites with planning permission which account for over 1,000 dwellings and it is assumed that the remaining allocation of 1.8 hectares will be developed at densities consistent with recent development at around 67 per hectare. This equates to two thirds of Eastbourne's housing target for the next 5 years. South Wealden has sufficient allocated and permissioned land to accommodate around 2,670 new homes over the next 5 years, which is consistent with its target (1,750) for the next 5 years. A density of 35 dwellings per hectare is assumed for South Wealden given past development and the District Council's policy.

1.190 When all of the potential sources of housing supply are considered alongside the firm commitments (allocated and permitted sites) it appears that Eastbourne and South Wealden have sufficient *opportunities* to deliver their housing targets for the next 5 years. Figure 28 shows that Eastbourne's supply of windfall, when added to existing permissions and allocations, would deliver around 2,300 homes over the next 5 years (compared to a target of 1,800 new homes). This supply of land (34.7 hectares) would become insufficient to deliver 5 years supply of homes if development was at average densities below 55 dwellings per hectare. In South Wealden around 3,350 homes would be delivered from all available sources (compared to a target of 1,400 homes).

Figure 28: Anticipated Additional Supply From Windfall and Urban Capacity

	Eastbourne	Wealden	North Wealden	South Wealden
Windfall (hectares)	16.9	23.3	9.3	14.0
Windfall (homes)	1,130	820	330	490
Other sources of Urban Capacity (hectares)	-	7.4	3.0	4.4
Other Sources of Urban Capacity (homes)	-	260	100	160
Total Supply (hectares)	**16.9**	**30.7**	**12.3**	**18.4**
Total Supply (homes)	**1,130**	**1,080**	**430**	**650**

Source: Wealden non-Statutory Local Plan 2005/ Wealden Annual Monitoring Report, 2005-06
*Windfall and urban capacity sources are apportioned to North and South Wealden based on the distribution of supply from 'Total Allocations, available sites and permitted' and 'Additional identified land'.

1.191 However, in both Eastbourne and Wealden, this assumes that all of these sites are deliverable and therefore likely to come forward and deliver new homes within the next 5 years. This is unlikely to be the case and therefore there is a need to understand what the realistic supply of new homes is likely to be on sites that come forward over the next 5 years.

1.192 PPS3 introduces a further test in relation to the deliverability of the sites allocated in the 5 year supply. Although the overall quantity of land identified in Eastbourne and Wealden may be sufficient to deliver housing targets it will only actually deliver these targets if the development sites are realistic and achievable.

1.193 Local authorities are required to produce housing trajectories and these are meant to reflect the expected timetable for development of different sites. Trajectories take into account various factors that determine the timing of when completions will come forward including constraints that impact upon the delivery of sites that comprise the trajectory.

1.194 Eastbourne's trajectory excludes its allocations and focuses on other known commitments (sites with planning permission) and their expected completion dates for the first three years. For the final two years of the period the trajectory is based on expected windfall supply. According to this, Eastbourne would exceed the Structure Plan target of 8,900 dwellings for the period 1991-2011 by 160 units. For the period 2006-2011 it would fall short of its target by 343 units but when previous 'over-provision' in the period 1991-2006 is considered the net result would be provision of 160 above the Structure Plan target. If current allocations were to be included in the trajectory then provision of housing could be as much as 320 above target.

1.195 In recent years Eastbourne has exceeded its Structure Plan targets, which were originally set in April 1991. Since 1998 the Borough has consistently delivered above its annualised target of 445 dwellings per annum. Eastbourne has consistently exceeded its Structure Plan requirements in the past 5 years, although completions for the year 2005-2006 dropped by 24% compared with the previous year. This can be attributed to the near completion of Sovereign Harbour, a large brownfield site previously used for mineral extraction. On average, Eastbourne has exceeded its target by 31 dwellings per year since 1991.

1.196 It is not within the scope of this study to consider the delivery constraints for particular sites since this would require more detailed research and possibly detailed site surveys. However, it is possible to identify some broad issues, which will affect the deliverability of development in the next 5 years and beyond.

1.197 In Eastbourne the local planning authority is not aware of any specific issues that present a barrier to delivering housing to meet the authority's trajectory in the next 5 years, particularly since the authority is set to exceed its targets for the plan period. However, barriers to delivery are on the horizon for sites that have been identified for completion post 2011. Some of the known challenges are outlined below:

- Eastbourne has major geographical constraints on development due to having areas of land at risk from flooding (less than 4.5m above sea level). This is particularly the case in respect to provision beyond 2011 where housing is expected to come from greenfield sites as it is expected that the supply of previously developed sites will be more limited in the future
- Of the 680 units allocated for development post 2011 further work on the feasibility of the sites has revealed that there are serious feasibility issues with some of the sites at Eastbourne Park. These include flood risk, transport and accessibility requirements. The land in the area is particularly saturated making development difficult
- 85 out of the 150 units identified in the 2005 Eastbourne Housing Potential Survey are also identified as at risk from flooding
- Not only do these apparent constraints threaten overall delivery in Eastbourne in the future they will also impact upon the ability to secure affordable housing since it is likely that land values will also need to support other infrastructure priorities in order to bring forward difficult sites

1.198 A significant proportion of the land area across Wealden and Eastbourne is designated as AONB (illustrated on the maps in Appendix 2). This means that development opportunities in the west of Eastbourne and in the southern most part of Wealden are limited.

1.199 Neither Eastbourne nor Wealden have yet completed employment land reviews, which may provide additional opportunities for housing development in both authority areas. In Eastbourne for the year 2005-2006 only 0.1 hectares of employment land was converted to housing.

1.200 The locations of commitments for the period 2006-2011 are concentrated in the south of Wealden District and in Eastbourne Borough, which together make up the Eastbourne market area. The majority of dwelling commitments are on large sites (sites with 10 or more dwellings). The extent of AONB designation across Eastbourne and Wealden limits where new housing can be delivered.

1.201 The highest concentration of commitments in Eastbourne is focused in the centre and east of the Borough with some wards expected to deliver up to 500 dwellings over the next 5 years. The A22 also provides transport links to the agglomeration of wards with large commitments in the south Wealden and around the settlements of Polegate and Hailsham.

1.202 Eastbourne’s current policy is to secure 30% affordable housing on sites of 15 or more dwellings. A relatively high proportion of development opportunities in the west and south of Eastbourne are likely to be less than 10 dwellings which implies that it will also be difficult to secure affordable housing on some of Eastbourne’s sites.

1.203 In recent years a significant proportion of completions in Eastbourne and Wealden have been on small sites (fewer than 10-15 dwellings). These have fallen below affordable housing thresholds in the two authority areas. This has meant that it has been more difficult to secure affordable housing and is one of the reasons that total completions of affordable dwellings as a proportion of all development has been low in both authority areas (less than 10% in Eastbourne since 1998/99). It is important to note that there have been other factors that have limited in Eastbourne the amount of affordable housing secured through new development – typically other infrastructure needs compete with affordable housing needs for funding through Section 106 contributions.

Policy Implications: Housing Land Supply

1.204 There appear to be sufficient opportunities for development on either allocated or identified sites (and taking into account expected windfall) in Eastbourne and South Wealden for the next 5 years. Total land supply from all of these sources provides for around 2,300 potential dwellings over the next 5 years in Eastbourne and 3,350 in South Wealden. The targets for dwelling provision according to the Draft South East Plan are less than this in both cases at 1,200 in Eastbourne (though the Council plan to deliver 1,800) and 1,750 in South Wealden, 2006-2011.

1.205 However, Eastbourne has been dependent on windfall development in recent years, which by their nature are unknown in quantity in advance. New land is yet to be allocated formally although there remain some housing allocations in Eastbourne Park which may be carried forward into the new LDF, though these sites are multiply constrained. It is important to note therefore that the supply identified here is potential and whether there it is sufficient to ensure that housing targets are met depends to a large extent on whether the sites are deliverable in reality.

1.206 There is new emphasis in PPS3 on ensuring that allocated sites are capable of being developed straightaway. If the authorities were to be judged against the requirements in the new PPS3, which require a 5 year supply of, deliverable sites and a further 10 years identified (and preferably allocated) based on the available evidence it is unlikely that sufficient land is available in each authority to meet this. Eastbourne has slightly more leeway because as a predominately urban area it may be permitted to make an allowance for windfall development and thus may not need to demonstrate that it has 5 years worth of sites allocated.

1.207 Eastbourne has exceeded its targets for the last 8 years although this is in a buoyant housing market and other factors have contributed to increased delivery in urban areas. This may not continue indefinitely but does suggest that the capacity to deliver in Eastbourne is higher than targets given to the Borough.

1.208 Firm commitments for the future in Eastbourne are more limited because there are fewer opportunities to allocate land and those that are allocated appear to be multiply constrained – flood risk being one of the main issues.

1.209 In summary, in Eastbourne and South Wealden current *allocations* are insufficient to meet full PPS3 requirements. Although PPS3 requirements are new it is likely that authorities will increasingly be expected to comply with them. There appear to be broadly adequate permissions and allocations to deliver housing targets over the next 5 years when Eastbourne and South Wealden are considered together. However, there is limited land supply identified beyond 2011 in both authorities and lead in times for infrastructure and development suggest that progress needs to be made soon to secure delivery for the future.

1.210 The review of employment land, which is planned across Eastbourne and Wealden, may offer some opportunities in this respect. However, a key issue will be the extent to which allocated and identified sites can be brought forward for development. South Wealden has a sufficient potential land supply, which implies that, if appropriate action is taken, housing completions could be secured in line with the planned target. DTZ recommend that the priority for both authorities is to investigate the deliverability of sites that are allocated or identified for development in the next 5 years and put in place measures to unlock barriers to delivery to ensure that the sites come forward.

1.211 The location and type of sites available for development in both areas will impact on the nature of development that is secured in the future. Sites located in the south of Wealden and in Eastbourne will predominately serve the Eastbourne housing market as opposed to the rest of Wealden.

1.212 Most of the development committed in Eastbourne and Wealden over the next 5 years is expected to be on sites with 10 or more dwellings. This implies that there should be opportunities to secure affordable housing. However, we have not considered the economics of development on these sites or other competing demands on development contributions (eg, other infrastructure requirements or remediation costs).

1.213 A large proportion of development over the next 5 years in both authority areas will be on previously developed land, as in the past. To some extent this will favour certain types of development, since previously developed sites tend to be urban in nature (or within existing settlements) and thus it is possible and often appropriate to seek higher densities and flats instead of housing. Evidence presented earlier in this report demonstrates that the Eastbourne housing market area has a large stock of smaller dwellings, which is likely to have been reinforced by the recent completions. Future development may reinforce this pattern in Eastbourne since most will be focussed on previously developed sites. However development in the towns of Hailsham and Polegate and on greenfield allocations over the next 5 years and beyond in the south of Wealden provide an opportunity to secure a wider choice of housing in the market.

1.214 There are also likely to be challenges to delivery in the future, including over-coming flood risk, environmental constraints and, likely changes to the strength of the housing market.[22] Eastbourne has met its Structure Plan targets and delivery of new homes has been particularly strong over the last 5 years. However, the delivery of new housing over this period has been supported by a particularly robust housing market. A down turn in the housing market would impact on the delivery of housing in the market area. DTZ would suggest that this is a realistic scenario and therefore that overall delivery will be at risk at some point in the future. Should the market change, developers are likely to propose and bring forward a different type of development (the popularity of higher density flatted development, supported by the Buy to Let market may taper off). Should the market change and this type of development dry up there is likely to be an even greater risk to delivery in Eastbourne.

1.215 DTZ recommend that one means of encouraging a greater range of different types and sizes of homes to be developed within the market area is to consider allocating a variety of different types and sizes of housing land (in a similar way to that required in employment land allocations). This would also help to ensure that, were the market to change, there is the opportunity to deliver a different type of development. The two authorities would need to work together within their market area to ensure that a range of different sites are available to facilitate the delivery of a range of different dwellings across the housing market area which will serve the residents in both authority areas. Not only would this provide the opportunity to deliver different types of dwellings at different times as market circumstances change and mitigate some of the risks associated with a downturn in the housing market, it would also ensure that there are suitable sites to deliver different types and sizes of new homes. The type of developments delivered in South Wealden will be particularly important to the type and size of homes available in the market area, since evidence presented earlier in this report demonstrated that this helps to balance the bias towards smaller dwellings (and particularly flats) within Eastbourne.

[22] Most housing market economists, including David Miles at the Bank of England are predicting a slow down in the housing market in the short to medium term